



Igarashi Motors India Limited

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REPORT OF THE AUDIT COMMITTEE OF IGARASHI MOTORS INDIA LIMITED RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT OF AGILE ELECTRIC SUB ASSEMBLY PRIVATE LIMITED WITH THE COMPANY

Members Present in the meeting

Mr. Hemant M Nerurkar, Chairman of Committee & Independent Director

Mr. K K Nohria, Independent Director

Mr. S Radhakrishnan, Independent Director

In Attendance

Mr. R Chandrasekaran – Chief Financial Officer

Mr. P Dinakara Babu – Company Secretary

Background

A meeting of the Audit Committee was held on the 27th May ,2017 to consider and recommend the proposed draft Scheme of Arrangement ('Scheme') that facilitates the

- a. Amalgamation of Agile Electric Sub Assembly Private Limited, the Holding Company of Igarashi Motors India Limited (hereinafter referred as the Transferor company) with Igarashi Motors India Limited (hereinafter referred as the 'Transferee company') under section 230 read with section 232 and other applicable provisions of the Companies' Act 2013; and
- b. Issue of fully paid bonus equity shares only to the public shareholders of the Transferee Company in order to protect the interest of the public shareholders and to ensure compliance of minimum public shareholding post the merger.

Based on the recommendation of this committee, the Board of Directors has approved the draft Scheme in their meeting held on 27th May 2017. Further, the approved draft Scheme along with other documents, as required under the Securities and Exchange Board of India's ('SEBI') Circular No .CFD/DIL3/CIR/2017/21 dated 10th March, 2017, was filed with NSE and BSE. NSE was nominated as 'designated stock exchange' for the purpose of coordinating with SEBI.

As per SEBI Circular No .CFD/DIL3/CIR/2017/21 dated 23rd March, 2017, the 'relevant date' for the purpose of valuation of shares in the case of merger shall be the date of Board meeting in which the draft scheme of merger is approved.

Accordingly, in the given case, 27th May 2017 (i.e. Date of Board meeting) was considered as relevant date for the purpose of valuation. However, NSE was of the opinion that the 'relevant date' cannot be on weekend and in such a scenario, the day preceding the said weekend shall be considered as 'relevant date' Therefore, NSE has requested the Company to submit a revised valuation report after considering '26th May 2017' as the relevant date vide their letter No. NSE/LIST/11901 dated July 10, 2017. Accordingly, the share exchange ratio as provided in the draft Scheme needs to be revised.

In light of the above, a meeting of the Audit Committee was held on the 2nd August, 2017 to consider and recommend the changes to be factored in the proposed Scheme. In this regard, the following documents were placed before the Audit Committee:

- a) Draft Scheme of Arrangement (after factoring the revised share exchange ratio);
- b) Revised Valuation Report dated July 31, 2017, submitted by independent valuers M/s. S.R. Batliboi & Co LLP, Chartered Accountants
- c) Fairness Opinion dated August 01,2017 issued by SBI Capital Markets Limited

Recommendation of the Audit Committee:

The Audit Committee recommends that the share exchange ratio in the approved Scheme be revised inter – alia taking into consideration the revised Valuation report dated July 31,2017 issued by S.R. Batliboi & Co. LLP, Chartered Accountants Mumbai, and the Fairness Opinion report dated August 01,2017 issued by SBI Capital Markets Limited to the Board of Directors for approval and for favorable consideration by the Stock Exchanges and SEBI.

Date: 2nd August, 2017
Place: Chennai


Hemant M Nerurkar
Chairman of Audit Committee