

Annexure- H

Mukand Ltd.

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CIN : L99999MH1937PLC002726

**REPORT ON RECOMMENDATION OF THE AUDIT COMMITTEE OF MUKAND LIMITED
ON THE SCHEME OF AMALGAMATION AMONGST MUKAND LIMITED, MUKAND
ENGINEERS LIMITED, MUKAND GLOBAL FINACE LIMITED AND ADORE TRADERS &
REALTORS PRIVATE LIMITED**

The following members were present:

Shri Dhirajlal S. Mehta Chairman
Shri N.C. Sharma
Shri Prakash V. Mehta

Shri Niraj Bajaj – Chairman & Managing Director (CMD), Shri Suketu V. Shah – Joint Managing Director (JMD), Smt. Bharti Gandhi, Director, Shri Pratap Ashar, Director, Shri S.B. Jhaveri – Chief Financial Officer and Shri U. V. Joshi, Controller of Accounts were present by invitation.

Shri K.J. Mallya, Company Secretary was in attendance.

1. Preamble and Background

1.1. A draft scheme of amalgamation amongst Mukand Limited (“**Mukand**” or “**Company**”), Mukand Engineers Limited (“**MEL**”), Mukand Global Finance Limited (“**MGFL**”) and Adore Traders & Realtors Private Limited (“**Adore**”) and their respective shareholders and creditors under Sections 230 to 232 read with Section 52 and other applicable provisions of the Companies Act, 2013, as applicable (“**Scheme**”), was placed before the Audit Committee of the Company (“**Audit Committee**”), at their meeting held on 16th July, 2018, for consideration and for providing its recommendation on the Scheme to the Board of Directors of the Company involving the following:

- a) Amalgamation of Adore with MGFL,
- b) Amalgamation of MGFL (post merger of Adore) and MEL with the Company,

in accordance with Section 2(1B) of the Income Tax Act, 1961 (“**Amalgamation**”). The appointed date for Amalgamation under the Scheme is 1st April, 2019 (“**Appointed Date**”).



MGFL is a wholly owned subsidiary of the Company and Adore is a wholly owned subsidiary of MGFL. Further, as on 30th June, 2018, Mukand holds 36.11% of equity share capital of MEL. Hence MEL is an associate of Mukand.

- 1.2. MEL as on 30th June, 2018, holds 0.48% equity shares and 0.93% cumulative redeemable preference shares of Mukand. MEL contemplates sale of such share at an opportune time. Upon the Scheme becoming effective, Equity Share & Preference Shares of Mukand, if any, held by MEL & transferred to Mukand, shall stand cancelled & Equity Share Capital & Preference Share Capital of Mukand shall reduce accordingly.
- 1.3. This report of the Audit Committee is made in order to comply with the requirements of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017 issued by the Securities and Exchange Board of India ("**SEBI Circular**").
- 1.4. Pursuant to and in compliance with the SEBI Circular, the Audit Committee at their meeting held on 16th July, 2018 has examined the following documents, amongst others:
 - i) Draft Scheme, duly initialed by the Company Secretary of the Company for the purpose of identification;
 - ii) Valuation report of Mukand and MEL dated 14th July, 2018 issued by M/s Sharp & Tannan, Independent Chartered Accountants, Stating per share value of Mukand and MEL ("**Valuation Report**");
 - iii) Share Exchange Ratio Report dated 14th July, 2018 issued by M/s Sharp & Tannan, Independent Chartered Accountants, prescribing the Share Exchange Ratio for amalgamation of MEL with Mukand ("**Share Exchange Ratio Report**")
 - iv) Fairness opinion dated 16th July, 2018 issued by Ashika Capital Limited (Category I SEBI registered Merchant Banker), providing the fairness opinion on the Share Exchange Ratio recommended by M/s Sharp & Tannan in their Share Exchange Ratio Report ("**Fairness Opinion**");
 - v) Certificate dated 16th July, 2018 from a) M/s Haribhakti & Co. LLP, Chartered Accountants, statutory auditors of the Company and b) M/s. K.K. Mankeshwar & Co, Chartered Accountants, statutory auditors of MEL in terms of Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**LODR Regulations**") read with Para I(A)(5)(a) of Annexure-I of the SEBI Circular confirming that the accounting treatment contained in the Scheme is in compliance with LODR Regulations and circulars issued there under and all the Indian Accounting Standards notified by the Central Government under the Companies Act, 2013;
 - vi) Net worth certificate dated 16th July, 2018 issued by M/s. Sanjay & Snehal, Chartered Accountants, certifying the pre & post Scheme net worth of the Company.
- 1.5. After detailed consideration of the aforesaid documents and discussions on the same, the recommendation arrived at by the Audit Committee is given below in paragraph 4 of this report.



2. Rationale of the Scheme

This Scheme of Amalgamation is expected to enable better realisation of potential of the businesses and yield beneficial results and enhanced value creation for the companies, their respective shareholders, lenders and employees. The rationale for the Scheme is set out below:

- i) Greater potential to the combined entity to develop and further grow and diversify with better funds and efficient utilization of resources.
- ii) Further, Proposed amalgamation would result in greater economies of scale and will provide a larger and stronger base for potential future growth.
- iii) The Amalgamation will result in simplification of the management structure with one listed company in group leading to better administration and reduction in costs for more focused operational efforts, rationalization, standardization and simplification of business processes.
- iv) The Amalgamation will result in simplification of Group Structure of Mukand.
- v) The Amalgamation will bring about simplicity in working, reduction in various statutory and regulatory compliances and related costs, which presently have to be duplicated in different entities, reduction in operational and administrative expenses and overheads, better cost and operational efficiencies and it will also result in coordinated optimum utilization of resources.
- vi) The Amalgamation will streamline the decision making process, help in better utilization of human resources and will also provide better career opportunities to employees.

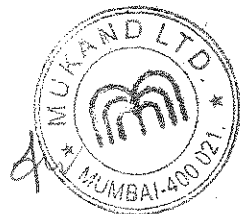
3. Proposed Scheme of Amalgamation

The following points were noted by the Audit Committee at its meeting held on 16th July, 2018:

- 3.1. No consideration is proposed for amalgamation of Adore with MGFL since Adore is a wholly owned subsidiary of MGFL. Similarly, no consideration is proposed for amalgamation of MGFL with Mukand since MGFL is a wholly owned subsidiary of Mukand.
- 3.2. Further, the Audit Committee reviewed the Valuation Report, Fairness Opinion, the Share Exchange Ratio Report and the Valuation Report and noted that the Share Exchange Ratio Report recommended the share exchange ratio for amalgamation of MEL into Mukand as under:

Mukand shall issue its equity shares to the shareholders of MEL, in accordance with a share exchange ratio of 5:13 (“**Share Exchange Ratio**”), such that upon this Scheme becoming effective, the shareholders of MEL (except Mukand) shall be entitled to receive 5 fully paid up equity share of INR 10/- each of Mukand for every 13 equity shares in MEL of INR 10/- each.

- 3.3. Further, the Fairness Opinion confirmed that the Share Exchange Ratio mentioned in the Share Exchange Ratio Report is fair.



4. **Recommendation of the Audit Committee**

The Audit Committee, after perusal, deliberation and review of the provisions of the Scheme along with the Valuation Report, the Share Exchange Ratio Report and the Fairness Opinion and other documents listed above finds the transactions as listed in the Scheme, along with the Appointed Date mentioned in the scheme, the arrangements provided therein including the Valuation Report and the Share Exchange Ratio to be in the interest of all the Companies involved, their shareholders and other stakeholders and is therefore, also fair and reasonable. Accordingly, the Audit Committee unanimously recommends the Scheme to the Board of Directors for its approval and for a favorable consideration by the Securities and Exchange Board of India, the BSE Limited and National Stock Exchange of India Limited, National Company Law Tribunal and any other regulatory authority as may be required.

Place: Mumbai
Date: 16th July, 2018



For Mukand Limited

D S Mehta

Dhirajlal S. Mehta
[Chairman of the Audit Committee]

DM

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CIN L45200MH1987PLC042378

REPORT ON RECOMMENDATION OF THE AUDIT COMMITTEE OF MUKAND ENGINEERS LIMITED HELD ON 16TH JULY 2018 ON THE SCHEME OF AMALGAMATION AMONGST MUKAND LIMITED, MUKAND ENGINEERS LIMITED, MUKAND GLOBAL FINANCE LIMITED AND ADORE TRADERS & REALTORS PRIVATE LIMITED

The following Directors were present:

1. Shri Prakash V. Mehta - Chairman
2. Shri N. Ramanathan
3. Shri R. Sankaran

Under Invitation:

Shri R. G. Golatkar, Chief Financial Officer.

Shri Dhawal J. Vora, Company Secretary was in attendance.

Leave of Absence was granted to Mr. Rajesh Shah on his prior intimation for the same.

Shri Prakash V. Mehta occupied the Chair.

1. Preamble and Background

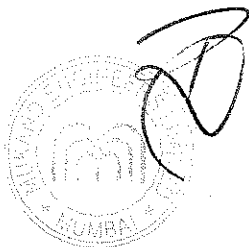
1.1. A draft scheme of amalgamation amongst Mukand Engineers Limited (“**MEL**” or “**Company**”), Mukand Limited (“**Mukand**”), Mukand Global Finance Limited (“**MGFL**”) and Adore Traders & Realtors Private Limited (“**Adore**”) and their respective shareholders and creditors under Sections 230 to 232 read with Section 52 and other applicable provisions of the Companies Act, 2013, as applicable (“**Scheme**”), was placed before the Audit Committee of the Company (“**Audit Committee**”), at their meeting held on 16th July, 2018, for consideration and for providing its recommendation on the Scheme to the Board of Directors of the Company involving the following:

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- b) Amalgamation of MGFL (post merger of Adore) and MEL with Mukand,

in accordance with Section 2(1B) of the Income Tax Act, 1961 (“**Amalgamation**”). The appointed date for Amalgamation under the Scheme is 1st April, 2019 (“**Appointed Date**”).

MGFL is a wholly owned subsidiary of Mukand and Adore is a wholly owned subsidiary of MGFL. Further, as on 30th June, 2018, Mukand holds 36.11% equity share capital of MEL. Hence, MEL is an associate of Mukand.

1.2. MEL, as on 30th June, 2018, holds 0.48% equity shares and 0.93% cumulative redeemable preference shares of Mukand. MEL contemplates to sell such shares at an opportune time. Upon the Scheme becoming effective, equity shares and preference shares of Mukand, if any, held by MEL and transferred to Mukand, shall stand cancelled as a result



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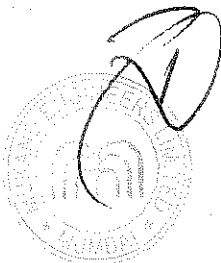
of which the equity share capital & preference share capital of Mukand shall reduce accordingly.

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- iv) Fairness opinion dated 14th July, 2018 issued by SPA Capital Advisors Limited, an independent merchant banker (Category I SEBI registered Merchant Banker), providing the fairness opinion on the share exchange ratio recommended by M/s Sharp & Tannan in the Share Exchange Ratio Report ("**Fairness Opinion**");
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1.5. After detailed consideration of the aforesaid documents and discussions on the same, the recommendation arrived at by the Audit Committee is given below in paragraph 4 of this report.



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2. Rationale of the draft Scheme

2.1. This Scheme of Amalgamation is expected to enable better realisation of potential of the businesses and yield beneficial results and enhanced value creation for the companies, their respective shareholders, lenders and employees. The rationale for the Scheme is set out below:

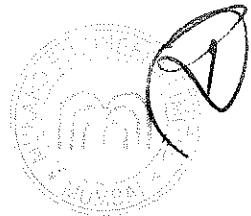
- i) Greater potential to the combined entity to develop and further grow and diversify with better funds and efficient utilization of resources.
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5 fully paid up equity shares of INR 10/- each of Mukand for every 13 equity shares in MEL of INR 10/- each.

3.3. Further, the Fairness Opinion confirmed that the share exchange ratio mentioned in the Share Exchange Ratio Report is fair.

4. Recommendation of the Audit Committee

The Audit Committee, after perusal, deliberation and review of the provisions of the Scheme along with the Valuation Report, the Share Exchange Ratio Report, the Fairness Opinion and other documents listed above finds the transactions as listed in the Scheme, along with the Appointed Date mentioned in the Scheme, the arrangements provided therein including the Valuation Report and the Share Exchange Ratio to be in the interest of all the Companies involved, their shareholders and other stakeholders and is therefore, fair and reasonable. Accordingly, the Audit Committee unanimously recommends the Scheme to the Board of Directors for its approval and for a favorable consideration by the Securities and Exchange Board of India, the BSE Limited and National Stock Exchange of India Limited, National Company Law Tribunal and any other regulatory authority as may be required.

Place: Mumbai
Date: 16th July, 2018



For Mukand Engineers Limited

A handwritten signature in black ink, appearing to read "Prakash V. Mehta". The signature is written in a cursive style and is positioned above a horizontal line.

Mr. Prakash V. Mehta
Chairman of the Audit Committee