

Mukand Ltd.

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30th March, 2017

<p>1. Department of Corporate Services BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.</p> <p>ISIN CODE : INE304A01026 INE304A04012</p> <p>BSE Scrip Code : 500460</p>	<p>2. Listing Department National Stock Exchange of India Ltd., Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex Bandra (E), Mumbai – 400051</p> <p>ISIN CODE : INE304A01026 INE304A04012</p> <p>NSE Scrip Name : MUKAND LTD.</p>
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Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”).

Dear Sir,

Mukand Limited (**Mukand**) and Sumitomo Corporation, Japan (**SC**) have agreed to enter into a joint venture to engage in the business of rolling and finishing of alloy steel. A share subscription and shareholders agreement was signed between the parties in Tokyo, Japan on 30 th March 2017. The joint venture will be undertaken through Mukand Alloy Steels Private Limited (**MASPL**).

The joint venture will bring together the expertise of both the companies, building on Mukand’s engineering and technical expertise and Sumitomo’s global resources and marketing expertise in the alloy steel business. The business is currently being conducted by Mukand and will be transferred to a subsidiary which will amalgamate into MASPL through a scheme of arrangement, subsequent to which, Sumitomo shall invest in MASPL. The completion of the transaction is subject to various regulatory approvals and fulfilment of certain conditions precedent.

About Mukand:

Incorporated in the year 1937, Mukand is a publicly traded company. The Company is in the manufacturing business of Stainless Steel, Industrial Machinery and Alloy Steel., with manufacturing facilities in Thane, Maharashtra and Hospet, Karnataka. Mukand produces over 400 grades of specially engineered steel. The company also exports its alloy steel, stainless steel products and industrial machinery to developed and developing countries.

Mukand’s alloy steel is widely used in the automobile and auto component industry for the production of transmission parts, , steering components, suspension springs, fuel injection equipment, braking systems, drive axles, fasteners, bearings, etc. Mukand shall produce alloy steel billets or bars at Hospet and this entire production is proposed to be sold to the JV for onward rolling, processing and sale.




About Sumitomo (SC):

Sumitomo Corporation (SC) is a leading Fortune 500 global trading and business investment company with 108 locations in 66 countries and 22 locations in Japan. The entire SC Group consists of more than 800 companies and nearly 70,000 personnel. SC conducts commodity transactions in all industries utilizing worldwide networks, provides related customers with various financing, serves as an organizer and a coordinator for various projects, and invests in companies to promote greater growth potential. SC's core business areas include Metal Products, Transportation and Construction Systems, Environment and Infrastructure, Media, Network, Lifestyle Related Goods and Services, Mineral Resources, Energy, and Chemical and Electronics.

Disclosures required to be provided as per the Listing Regulations and SEBI Circular CIR/CFD/CMD/4/2015 dated September 9, 2015 are enclosed herewith.

Kindly take note of the above and bring it to the notice of all concerned.

Thanking you,

Yours faithfully,
For **Mukand Limited**



K J Mallya
Company Secretary

Enclosed: As Above



ANNEXURE REFERRED TO HEREINABOVE

Background:

As disclosed to BSE Limited and National Stock Exchange *vide* letter dated January 13, 2017, the Board of Directors of Mukand at their meeting held on 12th January, 2017, had approved a Scheme of Arrangement and Amalgamation (**Scheme**) amongst Mukand Limited(Mukand), Mukand Vijayanagar Steel Limited (MVSL) and Mukand Alloy Steels Private Limited (MASPL) subject to the approval of the Stock Exchanges, National Company Law Tribunal, shareholders, creditors and such other competent statutory and regulatory authority as may be required under applicable law. Pursuant to the aforesaid Scheme, the 'alloy steel rolling and finishing business of the Company ("**Transfer Undertaking**") is to be transferred to MVSL, a wholly owned subsidiary(WOS) of the Company, by way of a slump sale on a going concern basis at book values. Thereafter, MVSL would be amalgamated into MASPL, another WOS of the Company, under purchase method of accounting at fair values. Pursuant to amalgamation, all assets, including intangible assets (whether or not recorded in the books of accounts) shall be recorded at its fair values by MASPL. As consideration for amalgamation, MASPL will be issuing its equity shares to the shareholders of MVSL i.e. Mukand.

On receipt of requisite approvals and implementation of the above Scheme, (i.e. after transfer of Transfer Undertaking into MASPL), Mukand proposes to induct Sumitomo Corporation, Japan(SC) as a JV Partner for the alloy steel rolling and finishing business. Upon such investment, Mukand shall hold 51% and Sumitomo shall hold 49% of MASPL. In this regard Mukand, Sumitomo and MASPL have executed a Share Subscription and Shareholders' Agreement (SSHA) on March 30, 2017. The closing under the SSHA is subject to the necessary approvals from the relevant statutory and regulatory authorities and subject to the fulfilment of various conditions precedent.

1. The details of aforesaid SSHA as required under the Listing Regulations and SEBI Circular CIR/CFD/CMD/4/2015 dated September 9, 2015 are as under:-

Sr. No.	Particulars	Details
1.	Name of the parties with whom the agreement is entered	SC, Mukand and MASPL
2.	Purpose of entering into the agreement	Mukand and SC are forming a joint venture to engage in alloy steel rolling and finishing business through MASPL. SC shall acquire 49% of the shares of MASPL subject to regulatory approvals and fulfilment of other terms and conditions.
3.	Shareholding, if any, in the entity with whom the agreement is executed;	MASPL is currently a WOS of Mukand.
4.	Significant terms of the agreement (in brief) special rights like right to appoint directors, first right to subscription in case of issuance of shares, right to restrict any change in capital structure et.;	Significant terms of the Agreement are as follows (in brief): a. Mukand and SC shall have the right to nominate equal number of directors on the Board of Directors of MASPL. b. Mukand and SC shall have quorum rights at meetings of the Board of MASPL as well as in general meetings.



		<p>c. Mukand and SC have affirmative vote rights in respect of important matters concerning MASPL.</p> <p>d. Mukand and SC have rights of pre-emption in case of fresh issuance of shares.</p> <p>e. In case Mukand or SC propose to transfer their shares in MASPL then the other party shall have a right of first refusal and a tag along right.</p>
5.	Whether the said parties are related to promoter / promoter group / group companies in any manner. If yes, nature of relationship;	<p>SC and its associates hold 39.93% of equity capital of Mukand Sumi Metal Processing Ltd., a subsidiary of Mukand.</p> <p>MASPL is a WOS of Mukand.</p>
6.	Whether the transaction would fall within related party transactions? if yes, whether the same is done at "arms length"?	MASPL is a WOS of Mukand. The transaction is at "arms length".
7.	In case of issuance of shares to the parties, details of issue price, class of shares issued.	203,77,014 equity shares of MASPL constituting 49% of MASPL is proposed to be issued to SC at closing subject to fulfilment of various conditions precedents. The price at which the shares will be issued to SC i.e. the total investment amount, shall be calculated prior to closing and will be based on an enterprise value of Rs. 28,200 million and adjusted on the basis of borrowings and the actual net working capital.
8.	Any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc;	None of the nominees of SC are on the Board of Mukand. Hence there is no potential conflict of interest arising out of the above agreement.

