


For MUKAND LIMITED

K. J. MALLYA
Company Secretary



ASHIKA CAPITAL LTD

CIN: U30009WB2000PLC091674
SEBI Authorised Merchant Banker
SEBI Registration No.: INM 000010536

July 16, 2018
ACL: MUM: 2017-18:0040

To,
The Board of Directors,
Mukand Limited.
3rd Floor, Bajaj Bhawan,
Jamnalal Bajaj Marg,
226, Nariman Point,
Mumbai-400021.

Sub: Fairness opinion for the proposed amalgamation of Mukand Engineers Limited with Mukand Limited.


Dear Sir/Madam,

We refer to the Engagement Letter dated May 11, 2018 and our ongoing discussions, wherein the management of Mukand Limited ('Company') has requested Ashika Capital Limited ('Ashika') to provide a Fairness Opinion on the proposed amalgamation of Mukand Engineers Limited with Mukand Limited.

I. Background of the Companies

- A. **Mukand Limited ("Mukand" or "ML"):** ML is part of Bajaj Group of companies with Shah Family being a co-promoter. This is a company incorporated under Companies Act on November 29, 1937. The company is currently having its registered office in Mumbai, Maharashtra. The company was formerly known as Mukand Iron & Steel Works Limited and changed its name to Mukand Limited in June, 1989. As on date equity shares of the company are listed on BSE (Security code: 500460) and NSE (Symbol: MUKANDLTD). The International Securities Identification Number (ISIN) of ML (ISIN: INE304A01026).

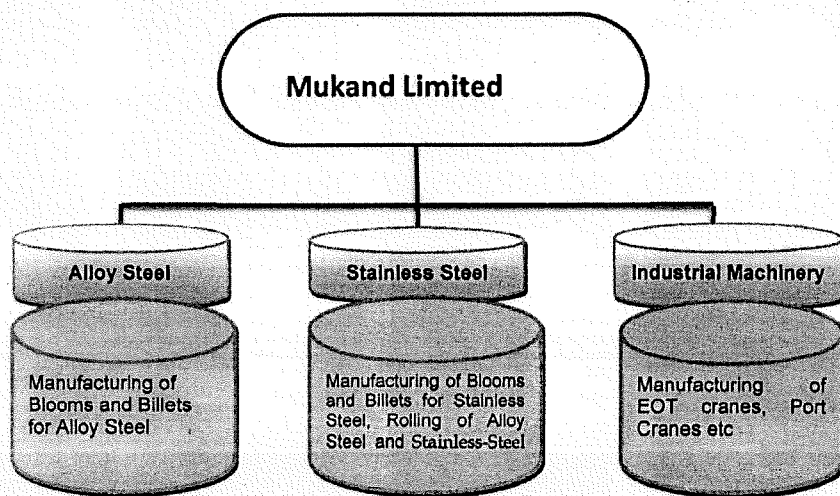
The Business overview of Mukand limited is presented below:

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Shareholding of Mukand Limited as on March 31, 2018 is as follow;

Particulars	Number of shares	Percentage
Promoter Group	10,33,94,145	73.12
Public	3,80,11,716	26.88
Total	14,14,05,861	100

Subsidiaries, Associates & JVs of Mukand Limited

- Mukand Engineers Limited (Associate Company)
- Mukand Sumi Metal Processing Limited (JV)
- Mukand Global Finance Limited (Subsidiary)
- Mukand Sumi Special Steel Limited (JV)
- Vidyavihar Containers Limited (Subsidiary)

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- Mukand International FZE (Subsidiary)
- Mukand International Limited (Subsidiary)
- Mukand Vijaynagar Steel Limited (Subsidiary)
- Whiteleaf Heavy Private Limited (Subsidiary)
- Technosys Industrial Machinery Private Limited (Subsidiary)

- B. **Mukand Engineers Limited ("MEL")**: MEL is a public limited company listed on BSE (Security code: 532097) and NSE (Symbol: MUKANDENG). The International Securities Identification Number (ISIN) of MEL (ISIN: INE022B01014). MEL is incorporated under the provisions of the Companies Act, 1956 on January 30, 1987. MEL is an associate company of Mukand Limited and is engaged in the business of constructing projects covering civil, structural, mechanical, piping, electrical and instrumentation works across industries such as petro chemicals, oil exploration and refineries, fertilizers, steel plants, aluminum plants, thermal and nuclear plants. Further, it engages in the engineering, procurement, and construction of civil and structural works, plant equipment, and electrical and automation, as well as water, fire protection, air conditioning, air pollution control, and ventilation systems.

Shareholding of Mukand Engineers Limited as on March 31, 2018 is as follows;

Particulars	Number of shares	Percentage
Promoter Group	66,64,933	53.01
Public	59,07,467	46.99
Total	1,25,72,400	100

- C. **Mukand Global Finance Limited ("MGFL")**: MGFL, wholly owned subsidiary of Mukand Ltd, operates as a non-banking financial company in India and is engaged in borrowing and lending funds, as well as provides advisory services.
- D. **Adore Traders and Realtors Private Limited ("Adore" or "ATRPL")**: ATRPL is engaged in the business of Trading, Real estate and Loans and Investments. ATRPL is wholly owned subsidiary of Mukand Global Finance Limited. ATRPL is engaged in the business of Trading, Real estate and Loans and Investments.
- E. **Mukand Sumi Metals Processing Ltd. ("MSMPL")**: Mukand has entered into a JV with Sumitomo Corporation to manufacture and market bars & wires. Company is performing well for the last 3 fiscals and is expected to continue in same fashion for the coming years. MSMPL's total capacity is at 72000 MTPA of cold finished bright bars and wires of which at present company utilizes the

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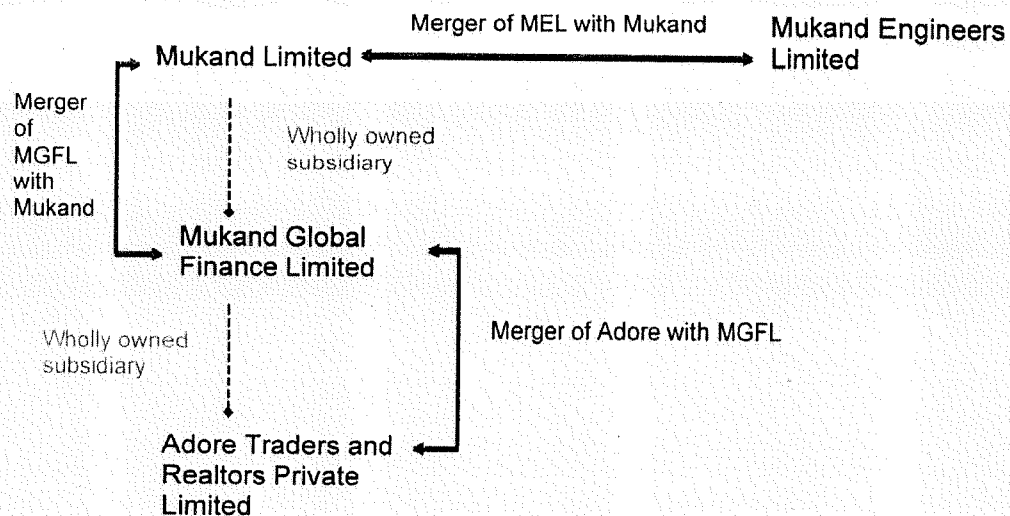
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capacities to the tune of 4500 MT per month. 60.07% stake in MSMPL is held by ML and balance 39.93% by Sumitomo Corporation Japan.

- F. **Mukand Sumi Special Steel Ltd. ("MSSSL")**: Alloy Steel operations of ML is also being carried out through a JV with Sumitomo Corporation. Alloy Steel product portfolio of ML includes Wire Rods and Bar Rods, its products have operations in various automobile industry products like wheel bearings, cold forgings, pinions, crankshafts, brake flanges, fuel injection nozzles, transmission gears, and springs, as well as for commercial vehicle joint and roller bearing wire applications; wire rods for solenoid valve application; and bainitic steel. 51% stake in MSSSL is held by ML and balance 49% by Sumitomo Corporation.

II. Relationship between Companies and proposed transaction



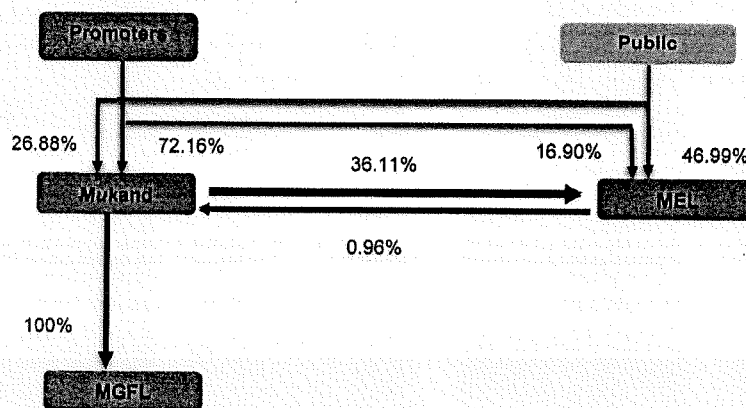
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[Signature]
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III. Current Shareholding



IV. Rationale

- Combination of synergies to develop and further grow and diversify with better funds and efficient utilization of resources.
- Proposed Amalgamation would result in greater economies of scale and will provide a larger and stronger base for potential future growth.
- 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.
- The Amalgamation will bring about simplicity in working, reduction in various statutory and regulatory compliances and related costs, which presently must 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.
- The Amalgamation will streamline the decision-making process, help in better utilization of human resources and will also provide better career opportunities to employees.

For MUKAND LIMITED
[Signature]
M. J. MALLYA
Company Secretary



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V. Proposed Structure

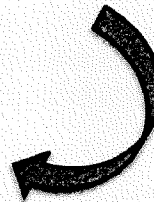
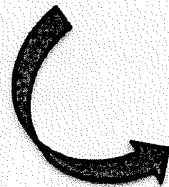
The proposed scheme of amalgamation (under sections 230-232, 2013 and other applicable provisions of the companies act, 2013 and rules there under) amongst Adore Traders & Realtors Private Limited, Mukand Global Finance Limited, Mukand Engineers Limited and Mukand Limited and their respective Shareholders and Creditors. The Amalgamation is explained below;

- Adore with Mukand Global Finance limited, no consideration shall be discharged since 100% shares of Adore are owned by MGFL.
- Further Amalgamation of Mukand Global Finance Limited with Mukand Limited there is no consideration involved as 100% shares of MGFL is held by ML.
- Additionally, for amalgamation of Mukand Engineering Limited with Mukand Limited, equity shares of Mukand Limited shall be issued to the shareholders of Mukand Engineering Limited based on share exchange ratio, as recommended by Sharp and Tannan.

VI. Post Amalgamation Structure

Promoters

Public



VII. Scope of Work

The scheme of arrangement and amalgamation involves MGFL, Adore, MEL and Mukand. However, in terms of our engagement letter we have been appointed to provide fairness opinion on the share exchange ratio for the proposed amalgamation of MEL into ML.

For MUKAND LIMITED

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VIII. Sources of Information

For the purpose of examination and for arriving at the opinion, we have relied upon the following sources of information provided by the management of the companies:

- Management certified financial statements of MEL, MSSSL and MSMPL for Financial year 2017-18 and division wise Management certified Balance sheet of ML as on March 31, 2018.
- Financial Projections of ML (division wise), MEL, MSSSL and MSMPL with key financial assumptions, from Financial year 2018-2019 to Financial year 2022-2023, as made available to us;
- Income Tax Return for Assessment year 2017-2018 & draft computation of Total Income for Assessment year 2018-19 for ML, MEL and MSMPL;
- Details of Contingent Liabilities as on March 31, 2018 of ML, MEL and MSMPL
- Certified copy on project viability obtained from Deodhar Associates dated May 23 2017 for 5.96 acres of plot of land owned by Mukand at LBS Marg, Kurla, Mumbai.
- Various other agreements and/or documents and/or information related with ML and MEL;
- List of Assets and Liabilities pertaining to Road Construction Division of Mukand.
- Details of Free hold and lease hold land of Mukand as on March 31, 2018.
- Details in relation to order backlog and future orders to be received of Machine Building Division of ML and MEL.
- Brief Overview of ML and MEL and their past and current operations provided by the Management;
- Amount and cost of long term and short-term debt of ML, MEL, MSSSL and MSMPL as on March 31, 2018
- Draft Scheme of Amalgamation for contemplated restructuring.
- Published & secondary sources of data, whether or not made available by the companies.
- Other information provided as well as discussions held with the Management and other key personnel regarding past, current and future business operations;
- Such other analysis, reviews and inquiries, as we considered necessary for the purpose of this engagement.

IX. Exclusions and Limitations

We have relied upon and assumed, without independent verification, the truthfulness, accuracy, and completeness of information that was provided or made available to us by the companies in all material respects for the purpose of this Fairness Opinion. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based. The scope of our assignment did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any financial or analytical information used during the course of our work. We have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to the date of our Fairness Opinion.

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This Fairness Opinion is prepared solely for the purpose of discussion by the management of the Companies in relation to the proposed Proposed scheme of arrangement between Adore Traders & Realtors Private Limited and Mukand Global Finance Limited and Mukand Engineers Limited and Mukand Limited and shall not be disclosed or referred to public or to any third party other than the purpose as mentioned above.

This Fairness Opinion is prepared with a limited purpose/scope as identified/stated earlier and will be confidential being for use only to which it is issued. It must not be copied, disclosed or circulated in any correspondence or discussions with any person, except to whom it is issued and to those who are involved in this transaction and for various approvals for this transaction.

This Fairness Opinion does not give any valuation or suggest any share exchange ratio. However, it is limited to provide its fairness opinion on the Valuation Report given by the Valuer. In no circumstances, will Ashika or its directors, officers, employees and controlling persons of Ashika accept any responsibility or liability including any pecuniary or financial liability to any third party. We shall not be liable for any losses whether financial or otherwise or expenses arising directly or indirectly out of the use of or reliance on the information set out herein.

X. Valuation Methodologies

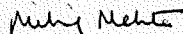
The rules under Companies Act, 2013 have prescribed certain methods that a Valuer can adopt while performing a valuation. Each method proceeds on different fundamental assumptions, which have greater or lesser relevance, and at times even no relevance to a given situation. Thus, the methods to be adopted for a particular valuation must be judiciously chosen. The Valuer shall decide the approach to valuation based upon the purpose of the valuation in accordance with the applicable standards if any, and can choose from Income Approach, Asset Approach, and Market Approach.

For valuation of the equity shares of the Mukand Limited and Mukand Engineering Limited, valuer has considered Discounted Cashflow Method, Replacement Cost Method and Market price method as it is the most suitable method of valuation as it estimates the cash flows that would be available to a shareholder based on normal operations. Appropriate weightage is allotted to each method to arrive at the weighted average value of the shares of Mukand Limited and Mukand Engineering Limited.

XI. Conclusion

In light of the above and based on our examination of the Transaction, Valuation Report and such other information provided to us by companies and our independent analysis and evaluation of such information and subject to the scope and limitations as mentioned herein and to the best of our knowledge and belief we are of the opinion that as on the date hereof, the share exchange ratio of 1:2.60 (i.e. 5 shares of Mukand Limited shall be issued for every 13 shares of Mukand Engineering Ltd) as recommended by Sharp and Tannan is fair and reasonable for the shareholders of Mukand Limited

Thanking you,
For Ashika Capital Limited


Mihir Mehta
Vice President-MBD



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