

Mukand Ltd.

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CIN : L99999MH1937PLC002726

13th January, 2017

<p>1. Department of Corporate Services BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. ISIN CODE : INE304A01026 INE304A04012 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 ISIN CODE : INE304A01026 INE304A04012 NSE Scrip Name : MUKAND LTD.</p>
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- Sub:**
- 1) Scheme of Arrangement and Amalgamation amongst Mukand Limited, Mukand Vijayanagar Steel Limited and Mukand Alloy Steels Private Limited and their respective shareholders and creditors.
 - 2) Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”).

Dear Sir,

1. We would like to inform you that the Board of Directors (“**Board**”) of Mukand Limited (“**Company**” or “**Mukand**”), a listed company, on 12th January, 2017, has considered and approved, after recommendation of the Audit Committee of the Company, a scheme of arrangement and amalgamation amongst the Company, Mukand Vijayanagar Steel Limited (“**MVSL**”) and Mukand Alloy Steels Private Limited (“**MASPL**”) and their respective shareholders and creditors under the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 (“**Scheme**”) as detailed below:
 - 1.1. Slump sale of alloy steel rolling and finishing business of the Company (“**Transferred Undertaking**”) to MVSL on a going concern basis (“**Slump Sale**”);
 - 1.2. Amalgamation of MVSL (post Slump Sale) with MASPL in accordance with Section 2(1B) of the Income Tax Act, 1961 (“**Amalgamation**”).

The Appointed Date for Slump Sale and Amalgamation under the Scheme is 1st January 2017.
2. MVSL and MASPL are wholly owned subsidiaries of the Company as on 31st December, 2016. The Board of Directors of MVSL and MASPL at their respective Board meetings held on 12th January, 2017 have also approved the said Scheme.
3. The Scheme shall be subject to the approval of the shareholders, creditors, Securities and Exchange Board of India, the stock exchanges where shares of the Company are listed, the income tax authorities, the Registrar, Official liquidator, the National Company Law Tribunal, and / or such other competent statutory /regulatory authorities as may be required under applicable law.
4. Mukand is a multi-product, multi-division company involved in the manufacture of speciality alloy steels blooms /billets at Ginigera,Koppal District, Karnataka, stainless steel finished products, rolling & finishing of blooms / billets into bars & rods and industrial machinery at Dighe, Thane District, Maharashtra. The Company is a supplier of alloy steels, mainly to the automobile and auto component industry. The shares of the Company are listed on the BSE Limited (“**BSE**”) and National Stock Exchange of India Limited (“**NSE**”).




5. MVSL, an unlisted public company, has been incorporated inter alia for the manufacture of alloy steel bars, rods, structurals, rails, etc. MASPL, an unlisted private limited company, has been incorporated to carry out the alloy steel manufacturing activities.

6. The details of turnover and net-worth of the undertaking involved is as under:

(INR in Crs)

Particulars	Transferred Undertaking	% to total turnover / Net Worth of the Company
Total Turnover for 12 months ended 31 st March, 2016	1,501.82	54.97 %
Net-worth as on 31 st March, 2016	201.02	43.07%

7. The details of turnover and net-worth of the companies involved are as under:

(INR in Crs)

Particulars	Company	MVSL	MASPL
Total Turnover** for 12 months ended 31 st March, 2016	2,731.88	NIL	NIL
Net-worth as on 31 st March, 2016	466.69*	(6.92)	(0.03)

* Excluding Revaluation Reserve of INR 1,651.38 Crs. | ** excluding other income

8. As a result of the proposed restructuring, the shareholding pattern of the companies involved in the Scheme shall remain same pre and post the Scheme becoming effective.

9. The following consideration is proposed to be discharged under the Scheme :

9.1. **Slump Sale** – A consideration of INR 227 Crs shall be discharged to the Company within 6 months from the effective date of the Scheme or such other date & terms as determined by the Boards of Directors of the concerned companies.

9.2. **Amalgamation** – MASPL shall issue its equity shares to the shareholders of MVSL (i.e. the Company), in accordance with a share entitlement ratio of **3:1** (“**Share Entitlement Ratio**”), such that upon this Scheme becoming effective, the Company shall be entitled to receive 3 fully paid up equity share of MASPL of INR 10 each for every 1 equity share of INR 10 each held in MVSL.

10. The Share Entitlement Ratio mentioned in Paragraph 9 above has been arrived at based on the valuation report prepared by M/s Sharp & Tannan, independent Chartered Accountants, and confirmed by a fairness opinion prepared by JM Financial Institutional Securities Ltd, independent merchant banker (Category I SEBI registered Merchant Banker) and approved by the Audit Committee and Board of the Company.


11. This Scheme is expected to better realise the potential of the alloy steel rolling and finishing business of the Company and enhance value for the Company and its stakeholders. The rationale for the Scheme is set out below:

- a) Focused attention on the alloy steel rolling and finishing business resulting in improved efficiency & operations
- b) Unlocking of value for the stakeholders
- c) Improved cash flow
- d) Retirement of Company debts
- e) Rationalization & simplification of the group structure

Thanking you,

Yours faithfully,

For **Mukand Limited**


Name : Mr. K J Mallya

Designation: Company Secretary

Authorised Signatory

