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Report on the

Valuation of

ZENITH CAPITALS LIMITED

&

HUBEK ENGINEERING LIMITED

&

MHAGUJKAR AGROCON LIMITED

And

Exchange Ratio for

The proposed merger of

HUBEK ENGINEERING LIMITED

and

MHAGUJKAR AGROCON LIMITED

with

ZENITH CAPITALS LIMITED

DATE

31st March, 2013

Introduction

M/s Gulab & Associates. has been engaged by the Board of Directors of Zenith Capitals Limited ("Transferee") to provide assistance (the "Mandate") in determining the share exchange ratio (the "Exchange Ratio") for the proposed merger of Hubek Engineering Limited and Mhagujkar Agrocon Limited (here-in-after collectively referred to as "Transferors") with and into the Transferee company (also referred to as the "Transaction" or the "Merger").

This document (the "Valuation Report" or "Report"), within the limits and with the cautions, qualifications, and caveats provided, has been prepared for the sole purpose of supporting the valuation and decision-making process of the Board of Directors of the Transferee and, therefore, may not be used in any other scope and is not intended for use by any other individual or entity. In addition, it is not appropriate to use this Valuation Report as a basis for granting credit to or conferring rights of any kind on employees, creditors, or other holders of financial instruments issued by the both Transferee & Transferors(here-in-after collectively referred to as "Parties"), companies which they hold directly and/or indirectly, or any other entity whatsoever.

In fulfilling this Mandate and performing all valuations, Gulab & Associates., Chartered Accountants has relied on the truth, completeness and accuracy, in all respects, of the documents, data and information (provided by the both Transferee & Transferors –in short "Information"), without undertaking any independent verification, certification and/or analysis.

Additionally, in reference to the forecast data, Gulab & Associates Chartered Accountants has relied on this information being correct, based on reasonable assumptions and reflecting the most accurate possible assessment of the management of the Parties regarding their future performance of its business. None of the information stated in the Valuation Report may be considered a guarantee or an indication of prospective earnings or financial performance of the Parties. In preparing the Valuation Report, Gulab & Associates., Chartered Accountants does not and has not given any advice, nor undertaken any verification of a legal or tax nature and/or due diligence relating to the Merger.

This Valuation Report is, of necessity, based on current economic and market conditions in addition to the information made available to us and taken into consideration as at the date of this Report.

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Each of the valuation techniques selected – which represent recognized methodologies, widely used in valuation practice – presents intrinsic limitations. These valuations should not be considered individually, but rather interpreted as inseparable parts of a single valuation process. As such, in no event may individual parts of the Valuation Report be used separately from the Valuation Report as a whole.

The valuation methodologies and the resulting economic values have been determined for the sole purpose of indicating a range for the Share Exchange Ratio for the Merger which may be considered reasonable and in no event should the valuations provided in the Valuation Report be considered indications of value in a context other than that currently being examined. The valuations provided in this Report have been carried out on a stand-alone basis and, therefore, the results of the analysis exclude any considerations relating to potential operational synergies resulting from the Merger which may generate value for shareholders.

Purpose of the report

The purpose of this Report is to provide the Board of Directors of the Parties the elements and points of references that will aid in the determination, in its independent judgement, of the fairness of the Exchange Ratio to be proposed in the Extraordinary General Meeting of Shareholders of the Parties called to approve the Merger.

The analysis and valuations contained in this Report have, therefore, the sole scope of determining an appropriate value range for the Exchange Ratio. As such, the values obtained cannot in any way be considered estimates of the economic value and/or current or future market value of the parties on a stand-alone and/or a joint basis.

Valuation Methodologies

Valuation of share is a result of combination of various factors and attended circumstances related to the business which is being valued. There can be no single method of share valuation, which may be universally applicable, valuation is an exercise, which is influenced to a great extent by affecting factors and thus is not an exact science or a pure mathematical exercise. The valuer has to further depend upon his judgement and imagination to decide about the discounting/capitalisation rates to be applied for the valuation.

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According to standard valuation practice, the fundamental precondition for obtaining significant and comparable valuations in merger transactions is the consistency and comparability of the methods applied according to the characteristics of the companies and/or groups being valued.

In addition, a second fundamental principle often adopted for merger valuations is the "stand alone" assumption. That is, a valuation perspective based on the current configuration and future prospects of the Parties on an independent basis, without taking any potential synergies from the merger into account.

As stated previously, the selected methodologies – which represent recognised techniques, widely used in valuation practice – should not be considered individually, but rather as different parts of a single valuation process. Independent use of the results obtained from each methodology, without duly considering the complementary relationship with other methodologies, will result in loss of the meaningfulness of the valuation process itself.

In selecting and applying the stated methods, Gulab & Associates., Chartered Accountants considered the advantages and limitations implicit in each on the basis of common practice in this sector and its own experience. Further the same valuation method was employed for all the companies as there was no reason to use different methods.

On the basis of these considerations and in view of the distinctive characteristics of both the Transferee and the Transferors, the type of transaction and the market sector in which they operate, the following valuation methodologies have been selected:

(a) **Net Asset Value or Net Worth Method:** Net Asset Value of the business is arrived at as of a particular date. The assets have to be valued at the replacement of the realisable value. This method cannot be altogether avoided in a case of a going concern.

(b) **Profit/Price Earning Basis Method:** Earnings potential of the business is the most important determinant in case of going concern. For this purpose, both past and future projected earnings have to be analysed and then capitalised at an appropriate yield rate to arrive at the value of the business. The capitalisation rate so factored has to be decided depending upon various factors such as the earning trend in the industries, P/E ratios prevailing in the industry etc.

(c) **Market Value Method :** This method can be used for the valuation is by taking the average of the quotes in the stock markets over a period of time for company's shares and further adjusting them for the speculative factor. This method of valuation of the business is used on presumption that stock market quotations reflect the health of the business. This method should not be used in cases where the markets are being dominated by BULL/BEAR pressures. Again this method cannot be used where the shares of the company are not quoted in the stock exchange.

(d) **Dividend Yield Method:** This method considers Return on Investment to the shareholders as an indicator of the value of the business. The return is purely based on the dividend policy of the company. For this purpose, average of the dividend payout is discounted at a certain rate to arrive at the value of the shares. The said discounting rate is arrived at considering various factors as mentioned above in case of valuation based earning method. However, this method is used only in case of valuation of minority, interest, as the dividend policy does not always reflect the correct value of business.

To sum up, in our opinion, valuation of the respective party in respect of the merger can be best arrived at by adopting the basis guidelines issues by various authorities viz. the Ministry of Finance, Department of Economic Affairs, Investment Division etc. together with net asset value with future prospects of the business, quality and experience management with future diversification plan including capacity of fund management.

Conclusions

In consideration of the valuation guidelines aforesaid and on the basis of assumptions, information and data provided to us by the management of the Parties assumed to be true and fair, we would like to opine that the Net Assets Value or the Net Worth Method will be the fair valuation of shares (The detailed calculation sheet is enclosed separately for each company as "Annexure A") as mentioned under:

Name	**Value (per share)**	**Nature**
Hubek Engineering Limited	10	Transferor
Mhagujkar Agrocon Limited	10	Transferor
Zenith Capitals Limited	7.66	Transferee

As the value per share of the listed company is lower as compared to the unlisted companies and hence the exchange ratio be not at par. In our opinion and considering the net worth of Zenith Capitals Limited and the capitals base which is less comparing to the unlisted entities. However, to give the advantage of being listed and value at par it should be justified if we give the exchange ratio at par. Further, the exchange ratio even if given at par shall not be detrimental to the interest of the existing shareholders of the Transferee Companies.

Therefore according to the above valuation and discussions (ignoring fractional difference) we would opine that the Fair Ratio of Exchange in respect of Merger is as below:

Name	Exchange Ratio	Nature
Hubek Engineering Limited	1 for 1	Transferor
Mhagujkar Agrocon Limited	1 for 1	Transferor
Zenith Capitals Limited	Not Applicable	Transferee

We would like to opine that aforesaid valuation methods to determine the values of the companies as justified on the basis of the fact that these valuation methods are recognised economic methods to calculate enterprise values and the basis for determining the values of companies taking part in the merger are appropriate and in line with recognised principles of company valuation.

To conclude, in a nutshell, results achieved from the aforesaid valuation methods selected, it can be considered that the Share Exchange Ratio which the Board of Directors of the Parties intends to propose to the General Meeting of Shareholders is, from a financial perspective, fair.

For Gulab & Associates.
Firm Registration No : 120358W
Chartered Accountants

GULAB & ASSOCIATES Chartered Accountants MUMBAI 104242

Gulab A. Singh
Proprietor
Membership No. 104242

Place: Mumbai
Date: 13th September, 2013

Encl: Annexure A showing the detailed computation of fair valuation of shares of each company.

Annexure A

ZENITH CAPITALS LIMITED

Fair Value of share of the Company as on 31.03.2013

	Amt in Rs.
Paid-up Equity Capital	1,92,00,000
Add – Reserves & Surplus (Excluding Revaluation Reserves)	(44,93,847)
Total Net worth	1,47,06,153

Total Net worth	1,47,06,153
No of Shares (Rs. 10/- paid up) Equity Shares-(No of shares)	19,20,000
Value per share (in Rs.) Equity Shares	**7.66**

HUBEK ENGINEERING LIMITED

Fair Value of share of the Company as on 31.03.2013

	Amt in Rs.
Paid-up Equity Capital	35,00,00,000
Add – Reserves & Surplus (Excluding Revaluation Reserves)	1,59,227
Total Net worth	35,01,59,227

Total Net worth	35,01,59,227
No of Shares (Rs 10 paid up)	3,50,00,000
Value per share (in Rs.)	**10**

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MHAGUJKAR AGROCON LIMITED

Fair Value of share of the Company as on 31.03.2013

Amt in Rs.

Paid-up Equity Capital	34,00,00,000
Add – Reserves & Surplus (Excluding Revaluation Reserves)	1,77,848
Total Net worth	**34,01,77,848**

Total Net worth	**34,01,77,848**
No of Shares (Rs 10 paid up)	3,40,00,000
Value per share (in Rs.)	**10**