VC CORPORATE ADVISORS PVT LTD.

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PRIVATE & CONFIDENTIAL

Dated : 21.06.2019

The Board of Directors	The Board of Directors
Mangalam Cement Limited	**Mangalam Timber Products Limited**
Regd. Ofice: P.O.:Aditya Nagar, Morak,	**Regd. Ofice:** Village :Kusumi, P.O. &
District: Kota - 326520, Rajasthan	District:Nabarangpur – 764 059, Odisha

Dear Sir,

Sub: Proposed scheme for amalgamation of Mangalam Timber Products Limited ("MTPL" or "Transferor Company") into Mangalam Cement Limited ("MCL" or "Transferee Company") with effect from 01 April 2019 ("Appointed Date").

Re: Fairness Opinion

1. *PURPOSE:*

Please refer to the engagement letter dated May 15, 2019 appointing VC Corporate Advisors Private Limited ("**VCAPL**"), a SEBI Registered Category (I) Merchant Banker, to provide a Fairness Opinion on the recommendation of fair equity shares exchange ratio issued by CA Sanjai Kumar Gupta, Chartered Accountant ("**Valuer**") vide their report dated June 21, 2019 ("**Valuation Report**") in terms of the SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ("**SEBI Circular**"), for the proposed scheme of amalgamation of Transferor Company with Transferee Company and their respective shareholders pursuant to sections 230-232 and other applicable provisions of the Companies Act, 2013 (hereinafter termed as "**Scheme**").

The equity share entitlement ratio for this opinion refers to number of equity shares of the face value of INR 10/- of Mangalam Cement Limited which would be issued to the equity shareholders of the Transferor Company.

The information contained herein and our report is confidential. It is intended only for the sole use of captioned purpose including for the purpose of obtaining requisite approvals as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

2. BRIEF BACKGROUND OF THIS REPORT:

(i) **Mangalam Timber Products Limited ("Transferor Company")**: Mangalam Timber Products Limited is a public listed company, incorporated on 27th day of August, 1982

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under the provisions of the Companies Act, 1956, having its registered office at Village :Kusumi, P.O. & Dist.:Nabarangpur - 764 059, in the State of Odisha.The Transferor Company is a Company within the meaning of the Companies Act, 2013 havingCorporate Identification Number L02001OR1982PLC001101.Equity shares ofthe Transferor Companyarelisted on the BSE Limited (BSE) andTheNational Stock Exchange of India Limited (NSE). The Transferor Company is primarilyengaged in manufacture of Medium Density Fibre Board (MDF) from its factory located at Kusumi, Nabarangpur, in the State of Odisha. The Transferor Company sells its products under the brand name "DURATUFF". MDF is used in making furniture, Particle Boards, Doors and all kinds of carpentry work.

(ii) **Mangalam Cement Limited ("Transferee Company")**: Mangalam Cement Limitedis a public listed company incorporated on 27th day of October, 1976 under the provisions of the Companies Act, 1956 having its registered office at P.O.:Aditya Nagar - 326520, Morak, District: Kota, in the State of Rajasthan. The Transferee Company is a Company within the meaning of the Companies Act, 2013 having Corporate Identification Number L26943RJ1976PLC001705. Equity shares ofthe Transferee Company are listed on the BSEand NSE. The Transferee Companyis a well-established cement manufacturing Company having two cement manufacturing plantslocated at Morak in the State of Rajasthan with a consolidated installed capacity of 4.0 MTPA and one cement grinding plant located at Aligarh, in the State of Uttar Pradesh. At present, the Transferee Company produces Ordinary Portland Cement (OPC) and Portland Pozzolana Cement (PPC) using the dry process. The cements are marketed under the brand name of "Birla Uttam". The Transferee Company has also set up two Captive Thermal Power Plants of 17.5 MW each. Apart from this, the Transferee Company also owns 13 (Thirteen) Wind Mills at Jaisalmer, Rajasthan with anaggregate capacity of 13.65 MW generation per day.Recently, the Transferee Company has invested approximately Rs.100 Crores in a Waste Heat Recovery unit (WHR) with a capacity of 11 MW atMorak plant in the State of Rajasthan which is scheduled to be commissioned in September 2019.

3. CAPITAL STRUCTURE

i. The share capital of Transferor Company as on 31st March, 2019 is as follows:

Particulars	Rupees in Lakhs
Authorised Share Capital	
2,50,00,000 equity shares of Rs.10/- each	2,500.00
35,00,000 7.5% Non-Cumulative Redeemable Preference Shares of	3,500.00
Total	**6,000.00**
Issued, Subscribed and Paid-up Capital	
1,83,27,400 equity shares of Rs.10/- each fully paid up	1,832.74
Add: Forfeited Shares (originally paid up)	0.21
34,47,000 7.50% Non-Cumulative Redeemable Preference Shares	3,447.00
Total	**5,279.95**

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ii. The share capital of Transferee Company as on 31st March, 2019 is as follows:

Particulars	Rupees in Lakhs
Authorised Share Capital	
4,00,00,000 equity shares of Rs.10/- each	4,000.00
2,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each	200.00
1,80,00,000 Optionally Convertible Cumulative Redeemable	1,800.00
Total	**6,000.00**
Issued, Subscribed and Paid-up Capital	
2,66,93,780 equity shares of Rs.10/- each	2669.38
Total	**2,669.38**

As on date, the authorized, issued, subscribed and paid-up capital of the Transferor Company and the Transferee Company remains the same as stated hereinabove

4. RATIONALE FOR THE SCHEME

i. The Transferor Company and the Transferee Company are under common management. The said Companies have been looking at suitable proposals for consolidation for improving their financial and operating parameters and strengthening their position to grow and develop their business more effectively. With the view to integrate thebusiness activities undertaken by both, the Transferor Company and the Transferee Company, under a single entity, it is proposed to amalgamate the said Companies under the terms and conditions of this Scheme. The proposed amalgamation of the two companies will streamline group structure reducing the multiplicity of legal and regulatory compliances required at present and accordingly this amalgamation is proposed.

ii. In the circumstances, it is considered desirable and expedient to amalgamate the Transferor Company with the Transferee Company in the manner and on the terms and conditions stated in this Scheme of Amalgamation.

iii. The amalgamation will increase the asset base and the net worth of the Transferee Company which in turn will enable it to conduct operations in the most cost effective and efficient manner to enhance the profitability of the Transferee Company.

iv. The amalgamation will enable appropriate consolidation and integration of the activities of the Transferor Company and the Transferee Company with pooling and more efficient utilization of their resources, reduction in overheads and other expenses and improvement in other parameters. The amalgamation will result in formation of a larger and stronger entity having greater capacity for conducting its operations more efficiently, economically and competitively.

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v. The existing operating business and activities of the Transferee Company will continue to constitute the main business and activity of the merged entity with the greater share of the assets and turnover of the merged entity being contributed by such operating business and activities. The business of the Transferor Company would, inter alia, benefit greatly from the larger infrastructure, easier access to finance and better outreach of the Transferee Company.The amalgamation will enable the merged entity to have a more rational asset holding structure. As such the undertakings of the two companies can be combined, run and managed together more conveniently and advantageously. The amalgamation will enable the amalgamated entity to pursue and grow its business and other opportunities in each of its business segment more effectively.

vi. The amalgamation will enable the Transferor Company and the Transferee Company to pool their financial, managerial, technical and other resources in order to meet the global challenges and competitive market conditions. In particular, it would be prudent and beneficial that the financial resources be pooled together, as the magnitude of the capital and marketing investments contemplated will be better met by two companies merged together and considerable synergy of operations will be achieved. The Financial strength and marketing capability of the Transferee Company can further accelerate the scaling up of the operations of the Transferor Company and the aim to create a position of leadership in the products manufactured by the Transferor Company. The amalgamation will create a better and amore competitive market for the productsmanufactured by the Transferor Company. Their combination will result in strong financial structure and will facilitate resource mobilization, financial consolidation, lowering the cost of borrowing, increased operational efficiency and integrated management functioning. As such the amalgamation of the Transferor Company with the Transferee Company will enable greater realization of the potential of the businesses of the Transferor Company and the Transferee Company in the merged entity. The consolidation of undertakings of the companies will also result in the formation of a larger and a more broad based and diversified company having greater capacity to raise and access funds for growth and expansion of its business, marketing and selling its products and services and conducting trade on more favourable terms.

vii. All Equity Shares held by the Transferee Company in the Share Capital of the Transferor Company shall stand cancelled, without any further act or deed from the Appointed Date and, without any further obligation in this regard. All preference shares held by the Transferee Company in the Transferor Company shall be cancelled without issue and allotment of any new shares in lieu thereof to any person whatsoever. Such cancellation will rationalise and adjust the relationship between capital and assets suitably. The same will also enable the Transferee Company to have a more

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appropriate capital base and increase shareholders value.

The Scheme is proposed accordingly and will have beneficial results for the said Companies, their shareholders, employees and all concerned

5. SOURCES OF INFORMATION:-

The cut-off date for the valuation exercise has been considered as at April 1, 2019 (**'Valuation Date'**). For the purposes of fairness opinion, we have relied upon the following sources of information –

a) Memorandum and Articles of Association of the Transferee Company and the Transferor Company,

b) Audited financial statements of the Transferee Company and Transferor Company for the financial years ('FY') ended March 31, 2017, March 31, 2018 and March 31, 2019.

c) Draft of the proposed Scheme of Amalgamation between the Transferee Company and the Transferor Company,

d) Equity Share Entitlement Ratio Report dated June 21, 2019 issued by the Valuer and related workings.

e) Such other information, documents, data, reports, discussions and verbal & written explanations from Transferors Company and Transferee Company as well as advisors for proposed merger/ amalgamation, information available at public domain & websites as were considered relevant for the purpose of the Fairness Opinion.

6. EXCLUSIONS AND LIMITATIONS:-

Our conclusion is based on the information furnished to us being, complete and accurate in all material aspects. We have relied upon the financials and the information and representations furnished to us and have not carried out any audit of such information.

We have not carried on any independent valuation or appraisal of any of the assets or liabilities of the companies.

Our work does not constitute verification of financials or including the working results of the companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.

We assume no responsibility for updating or revising our opinion on the circumstances or events after the date hereof.

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Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed scheme of arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon, except for the purpose expressly mentioned herein.

CONCLUSION: -

We have reviewed the methodology used by the Valuer for arriving at the share entitlement ratio for the amalgamation of the Transferor Company with the Transferee Company and also reviewed the working and underlying assumptions adopted to arrive at the values, for the purpose of recommending the share entitlement ratio as per the Report submitted by the Valuer.

In light of the forgoing and subject to the exclusions and limitations as detailed hereinbefore, we hereby certify that the share exchange / swap ratio as given below, recommended by the Valuer, for the proposed amalgamation of MTPL would be fair and reasonable:

For Equity Shareholders of Mangalam Timber Products Limited	For every 22 (Twenty Two) equity shares of face value INR 10 each fully paid up of MTPL will get 1 (One) equity shares of face value INR 10 each fully paid up of MCL.

Yours Faithfully,

For **VC CORPORATE ADVISORS PRIVATE LIMITED**

Anup Kumar Sharma

ANUP KUMAR SHARMA

(VICE PRESIDENT)

SEBI REGN No. INM0000011096

Place: Kolkata

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