Annexure- C

Recommendation of Fair Equity Share Exchange Ratio as consideration for the Proposed Amalgamation ('Proposed Transaction' / 'Merger') of Mangalam Laboratories Private Limited (First Transferor Company) and Shri JB Pharma Private Limited ('SJPPL') ('Second Transferor Company') with Mangalam Drugs and Organics Limited ('MDOL') ('Transferee Company')

15.03.2024

Nitish Chaturvedi
Registered Valuer (Securities or Financial Assets)
IBBI Registration No. IBBI//RV/03/2020/12916

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For Mangalam Drug & Organics Ltd.

Jayant Bad

Company Secretary

Date: 15.03.2024

To,
The Board of Directors,
Mangalam Laboratories Private Limited
Rupam Building, 3rd Floor, 239, P D'Mello Road Near GPO, Fort,
Mumbai, Maharashtra

To,
The Board of Directors
Shri JB Pharma Private Limited
Rupam Building, 3rd Floor, 239, P D'Mello Road Near GPO, Fort,
Mumbai, Maharashtra

To,
The Audit Committee & Board,
Mangalam Drugs and Organics Limited
Rupam Building, 3rd Floor, 239, P D'Mello Road Near GPO, Fort,
Mumbai, Maharashtra

Dear Sirs,

Sub: Recommendation of Fair Equity Share Exchange Ratio as consideration for the Proposed Amalgamation ('Proposed Transaction', 'Merger') of Mangalam Laboratories Private Limited (hereinafter referred as "MLPL" or "First Transferor Company") and Shri JB Pharma Private Limited (hereinafter referred as "SJPPL" or "Second Transferor Company") with Mangalam Drugs and Organics Limited ('MDOL') ('Transferee Company')

We understand that the Management of above companies are contemplating a Scheme of Amalgamation under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, and Rules framed there under (hereinafter referred to as "the Scheme") whereby it is proposed to merger Mangalam Laboratories Private Limited ("MLPL" or "First Transferor Company") and M/s Shri JB Pharma Private Limited ("SJPPL" or "Second Transferor Company") into Mangalam Drugs and Organics Limited ("MDOL" or "the Transferee Company"), on a going concern basis.

In this regard, Nitish Chaturvedi, Registered Valuer (Securities or Financial Assets[1]) with IBBI Registration No.: IBBI//RV/03/2020/12916 (referred to as 'Valuer') have been appointed to recommend the fair share exchange ratio of equity shares for the proposed amalgamation of Mangalam Laboratories Private Limited, Shri JB Pharma Private Limited and Mangalam Drugs and Organics Limited (MLPL, SJPPL and MDOL are hereinafter jointly referred to as 'the Companies') as required under the provisions of the Companies Act, 2013 and also as required under various SEBI circulars including SEBI Master Circular no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, SEBI Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/215 dated November 3, 2020 read with SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (jointly referred to as "SEBI Circulars"), as amended for Schemes of Arrangement involving companies listed on recognized stock exchanges in India.

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For Mangalam Drugs & Organics Ltd.
Company Secretary

NITISH CHATURVEDI
Reg. No. IBBI/RV/03/2020/12916
REGISTERED VALUER

This Report is structured under the following broad heads:

- Background
- Information sources
- Valuation Standards followed and Procedure adopted for Valuation
- Valuation Methodology
- Share Issuance Ratio and Conclusion
- Scope Limitation

BACKGROUND

MANGALAM LABORATORIES PRIVATE LIMITED

- MLPL is a Private Limited Company having Corporate Identity Number U99999MH1988PTC049485, incorporated under the Companies Act, 1956 on 4th day of 03rd November, 1988 under the name and style of 'Mangalam Laboratories Private Limited', and deemed to exist within the purview of the Companies Act, 2013. The Registered Office of the First Transferor Company is situated at 239, 3rd Floor, Rupam Building, P'D Mello Road, Near G.P.O., Mumbai - 400001, Maharashtra, India.
- The Company is engaged in the business of dealing in organic and inorganic chemicals and heavy chemicals including but not limited to other pharmaceutical products. The First Transferor Company is a Wholly Owned Subsidiary of the Transferee Company.

SHRI JB PHARMA PRIVATE LIMITED

- SJPPL was initially incorporated as Limited Liability Partnership under the Limited Liability Partnership Act, 2008. However, on 09th May, it has been converted to a Private Limited Company under the Companies Act, 2013 with Corporate Identification Number U21001MH2023PTC402579.The registered office of the Rupam Building, 3rd Floor, 239, P D'Mello Road Near GPO, Fort, Mumbai, Maharashtra.
- The Company is engaged in the business of buying, retailing and whole-selling all kinds of pharmaceuticals, pharmaceutical line chemicals, pharmaceutical products and bulk drugs.
- The Company is one of the Promoter of the Transferee Company and holds 26,50,000 Equity Shares of Rs. 10/- each thereby aggregating to 16.74 % in Share Capital of the Transferee Company.

MANGALAM DRUGS AND ORGANICS LIMITED

- MDOL having Corporate Identification Number L24230MH1972PLC116413 is a public limited company incorporated on 18th April 1972 and having its registered

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For Mangalam Drugs & Organics Ltd.
Company Secretary

NITISH CHATURVEDI

office at Rupam Building, 3rd Floor, 239, P D'Mello Road Near GPO, Fort, Mumbai, Maharashtra.

- MDOL is engaged in the manufacturing of Active Pharmaceutical Ingredients (APIs) and Intermediates at VAPI – Gujarat in 1977. It has a multi-product manufacturing facility on two locations, and an in-house Research & Development laboratory recognized by the Department of Scientific & Industrial Research, Delhi Government of India (DSIR).
- Over the last three decades, MDOL has acquired worldwide reputation as a single stop destination for frontline Anti-malaria. They also have a diversified product range having synergies in operations and economies of scale. MDOL is amongst the top companies in Asia in all the products it makes; and is also the largest manufacturer of some of its products in the world.
- Equity shares of MDOL are listed on the Bombay Stock Exchange ("BSE").
- The shareholding pattern of MDOL as of 14th March 2024 is as under:

Particulars	Total number of shares held	% shareholding
Promoter & Promoter Group	79,64,046	50.32%
Public	78,64,202	49.68%
Total	**1,58,28,248**	**100.00%**

INFORMATION SOURCES

We have relied on the following sources of information and documents provided to us by the Management:

- Audited financial statements of MLPL for the period ended 31st December 2023
- Audited financial statements of SJPPL for the period ended 31st December 2023
- Management Certified financial statements with Limited Review Report of MDOL for the period ended 31st December 2023
- Projected financials of MDOL for the period 01st January 2024 till 31st March 2028
- Projected financials of SJPPL for the period 01st January 2024 till 31st March 2028.
- Draft Scheme of Amalgamation
- Latest shareholding details of MPLP, SJPPL and MDOL
- Our regular discussions with management representatives of the companies.

We have also relied on published and secondary sources of data whether or not made available by the Companies.

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For Mangalam Drugs & Organics Ltd.
Company Secretary

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VALUATION STANDARDS FOLLOWED AND PROCEDURES ADOPTED FOR VALUATION

- We have performed the valuation analysis, to the extent possible, in accordance with ICAI Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India ('IVS'). IVS 301 on Business Valuation deals with valuation of a business or business ownership interest (i.e., it includes valuation of equity shares).
- In connection with this exercise, we have adopted the following procedures to carry out the valuation analysis:
  - Requested and received relevant data from the Management.
  - Discussions with the Management on understanding of the businesses of the Companies - business and fundamental factors that affect their earning capacity including historical performance, future plans and prospects, etc.
  - Obtained and analyzed data available in public domain, as considered relevant by us.
  - Obtained and analyzed market prices and other data involving equity shares of the Companies and of comparable companies.
  - Selection of valuation approach and valuation methodology/ (ies), in accordance with IVS, as considered appropriate and relevant by us.
  - Determination of values of the equity shares of the Companies, as relevant
  - Preparation and issuance of this valuation report

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For Mangalam Drugs & Organics Ltd.

Company Secretary

VALUATION APPROACHES AND METHODOLOGIES

- As the MLPL is wholly-owned subsidiary of the MDOL, no consideration shall be payable pursuant to the Merger by Absorption of MLPL with the Transferee Company, and the equity shares held by the MDOL in MLPL shall stand cancelled without any further act, application or deed.
- As per the Scheme, the equity shareholders of SJPPL will be issued 'Equity Shares' of MDOL as consideration for the proposed amalgamation. In accordance with IVS, to arrive at the fair share exchange ratio, it is required to determine the fair value of equity shares of SJPPL and fair value of equity shares of MDOL. These values are to be determined on a per share basis and are to be determined independently without considering the proposed transaction. The values are then to be assessed on a relative basis to determine the share exchange ratio.
- For the purpose of valuation, it is necessary to select an appropriate basis of valuation amongst the various valuation techniques. It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. The application of any particular method of valuation depends upon various factors including the size of company, nature of its business and purpose of valuation. Further, the concept of valuation is all about the price at which a transaction takes place i.e., the price at which seller is willing to sell and buyer is willing to buy. Accordingly, a fair and reasonable approach for valuing the shares of the company is to use a combination of these methods.
- IVS 301 read with IVS 103 specifies that generally the following three approaches for valuation of business / business ownership interest are used:
    - Cost Approach
    - Market Approach
    - Income Approach

<u>Cost Approach - Net Asset Value (NAV) method</u>

- The value under cost approach is determined based on the underlying value of the assets which could be on book value basis, replacement cost basis or on the basis of realizable value. Under NAV method, total value of the business is based either on net asset value or realizable value or replacement cost basis. The Adjusted NAV method determines the value of the business by replacing the book value of the assets with their fair values, to the extent applicable. NAV methodology is most applicable for the business where the value lies in the underlying assets and not the ongoing operations of the business.
- We have applied the NAV method to determine the value of shares of MDOL. However, we have not assigned any weight to it as the Company is a going concern and this method does not capture the future earning capacity of MDOL.
- We have not considered the NAV method to determine the value of shares of SJPPL as this method does not capture the future earning capacity of the business

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Income Approach – Discounted Cash Flows (DCF) method

- Under the Income Approach, business is valued by converting maintainable or future amount of cash flows to a single current amount either through discounting or capitalization. DCF Method seeks to arrive at the value of the business based on its future cash flows generating capability and the risks associated with the said cash flows. FCFF or free cash flows to the firm ("FCFF") represents the cash available for distribution to both the owners and the creditors of the business. Risk-adjusted discount rate or Weighted Average Cost of Capital ("WACC") is applied to free cash flows in the explicit period and that in perpetuity. Adjustments pertaining to debt, surplus/non-operating assets including investments, cash & bank balance and contingent assets/liabilities and other liabilities, as relevant, are required to be made in order to arrive at the value for equity shareholders. The total value for the equity shareholders so arrived is then to be divided by the number of equity shares to arrive at the value per equity share of the company.
- We have considered the DCF method to determine the value of shares of MDOL and SJPPL as the going concern assumption is valid, cash flows are estimable for future period and relevant projections, inputs and assumptions are available for valuation. Moreover, DCF method is more scientific in nature and hence has been considered for valuation.

Market Approach – Comparable Companies' Multiple (CCM) method

- Under CCM Method, the value of shares of the subject company is determined on the basis of multiples derived from valuations of comparable companies. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. The Comparable Companies' Multiple Method arrives at the value of the company by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences, such as growth potential, past track record, size, company dynamics, etc.
- We understand from the Management that there are no companies listed on stock exchanges operating in similar business line as SJPPL thus making the method ineffective for use for the said valuation purpose. Considering this, we have not considered the CCM method of valuation to determine the value of shares of SJPPL.
- However, based on the discussion with Management we understand that there are comparable listed companies operating in the similar business line as MDOL and hence we have considered CCM method of valuation to determine the value of shares of MDOL.

Market Approach – Market Price method

- Under the Market Price method, the market price of an equity share as quoted on a recognized Stock Exchange is normally considered as the value of the equity shares of that company, where such quotations are arising from the shares being regularly and frequently traded. Generally, market value is reflective of the investors' perception about the actual worth of the company. However, in certain situations, the value of

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Company Secretary

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the share as quoted on the stock market would not be regarded as a proper index of the fair value of the share especially where the market values are fluctuating in a volatile capital market. Further in case of amalgamation, where the value of shares of one company is required to be evaluated against the value of shares of another company, the volume of shares traded and available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

- Regulation 164(5) of Chapter IV of SEBI ICDR Regulations reads as under-

  For the purpose of this Chapter, "Frequently traded shares" means shares of the issuer, in which the traded turnover on any recognised stock exchange during the 240 trading days preceding the relevant date, is at least ten per cent of the total number of shares of such class of the shares of the issuer.

  Explanation: For the purpose of this regulation, 'stock exchange' means any of the recognized stock exchange(s) in which the equity shares of the issuer are listed and in which the highest trading volume in respect of the equity shares of the issuer has been recorded during the preceding 90 trading days prior to the relevant date."

  The equity shares of the Company are traded on the BSE. However, as per Explanation to regulation 164(5) of the SEBI ICDR Regulations, the exchange on which higher trading volume of equity shares during the preceding 90 trading days prior to the relevant date, is recorded, is to be considered for the pricing computation.

  Since, MDOL is a listed company and equity shares of MDOL are traded on BSE over a reasonable period, we have considered Market Price method to determine the value of equity shares of MDOL. We understand that the shares are frequently traded as per SEBI ICDR Regulations

- We have been informed by the management of MDOL that the date of the board meeting is 15th March 2024. We have therefore considered the relevant date as 14th March 2024for the said purpose. We have considered equity share prices upto i.e., trading day preceding to the relevant date for undertaking the valuation analysis.

- We understand that the shares of MDOL are traded on BSE and NSE both and we have therefore considered the trading volume and share prices as per NSE to compute the Applicable Minimum Price based on the regulations 164(1) of the SEBI ICDR regulations. We have determined the applicable minimum price under ICDR Guidelines as below Annexure

SCOPE LIMITATIONS AND DISCLAIMERS

- Valuation analysis and results are specific to the purpose of valuation mentioned in this report as per agreed terms of our engagement. It may not be valid for any other purpose or as at any other date.

- We owe responsibility to only the Management of the Company that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this valuation report. Our valuation report cannot be used for any other purpose. This report has been prepared for the Management of CIL solely for the purpose of the proposed amalgamation envisaged in the Scheme. This report should not be used for any other purpose.

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Company Secretary

- Our analysis is based on the market conditions and the regulatory environment that currently exists. However, changes to the same in the future could impact the company and the industry it operates in, which may impact our valuation analysis.
- Neither we nor any of our affiliates are responsible for updating this report because of events or transactions occurring subsequent to the date of this report.
- We have considered and relied on the information provided to us by the Management including financial information, significant transactions and events occurring subsequent to the balance sheet date. We understand that the information provided to us and the representations made to us (whether verbal or written) are reliable and adequate. We have derived our conclusions and recommendation from the information so provided and we are thus reliant on the given information to be complete and accurate in every significant aspect. We are made to believe that the Management of the Companies have informed us about all material transactions, events or any other relevant factors which are likely to have an impact on our valuation recommendation
- In the ultimate analysis, valuation will have to capture the exercise of judicious discretion by the Valuer and judgment taking into account all the relevant factors. There will always be several factors which are not evident from the face of the financial statements, but which will strongly influence the worth of a share. Examples of such factors include quality and integrity of the management, capital adequacy, asset quality, earnings, liquidity, size, present and prospective competition, yield on comparable securities and market sentiment, etc. This concept is also recognized in judicial decisions.
- This Report does not look into the business / commercial reasons behind the transaction. We have no present or planned future interest in either of the companies and the fee for this certificate is not contingent upon the values reported therein. Our valuation analysis should not be construed as an investment advice. We do not express any opinion on the suitability or otherwise of entering into any transaction with the companies.

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SHARE ISSUANCE RATIO AND CONCLUSION

- The basis of the amalgamation of SJPPL into MDOL would have to be determined after taking into consideration all the factors and methods mentioned in this Report. Though different values have been arrived at under each of the above methods, for the purposes of recommending the fair exchange ratio of equity shares it is necessary to arrive at a final value for each of the Companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies, but at their relative values to facilitate the determination of the Fair Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.
- The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various approaches / methods explained herein earlier and various qualitative factors relevant to each company and the business dynamics and growth potential of the businesses of the Companies, having regard to information base, key underlying assumptions and limitations. We have independently applied methods discussed above, as considered appropriate, i.e., NAV Method and Discounted Cash Flow Method for SJPPL and NAV Method, DCF method, CCM Method and Market Price Method for MDOL, and arrived at the assessment of the value per equity share of SJPPL and MDOL.
- In determining the fair value per share of MDOL we have used NAV Method, DCF Method, CCM Method and Market Price Method and have assigned Nil, 25%, 25% and 50% weights to each method respectively.
- As per the Discounted Cash Flow Method, the fair value of the company is determined based on its future ability to generate future cash flows. The company has been constantly growing in terms of revenue and expects the same growth in future at a steady rate. Hence, we have assigned 25% weight to it in determining the fair value per share of MDOL.
- In the comparable companies method, the value of the company is determined by comparing the company's relative valuation with that of other companies of the same industry, size and risk. The competitors identified are of different size and risk. Hence, we have assigned 25% weight to Comparable Companies Method
- In Case of frequently traded shares of a company the value of the shares is also determined as per regulation 164A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (ICDR Regulations). Since Mangalam Drugs is a frequently traded company we have used Market price method. We have assigned 50% weight to the Market price method as this reflects the market sentiments in a better way.
- In determining the fair value per share of SJPPL we have used NAV Method and DCF Method and have assigned 100% weights to DCF Method.
- As per the Net Asset Value Method, the fair value of the company is determined by subtracting the total fair value of liabilities from the total fair value of assets. In case of SJPPL, the assets majorly include the investments made in various entities. Since we have considered the fair value of investments in determining the value as per DCF Method, we have assigned Nil weight to NAV Method.

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- As per the Discounted Cash Flow Method, the fair value of the company is determined based on its future ability to generate future cash flows. The company is expecting to grow in terms of revenue and margins in future. Hence, we have assigned 100% weight to it in determining the fair value per share of SJPPL.
- In the Comparable Companies' method, the value of the company is determined by comparing the company's relative valuation with that of other companies of the same industry, size and risk. SJPPL does not have any revenue in FY 2022-23 and till the valuation date. Hence, we have not considered the CCM Method to determine the fair value per share of SJPPL.
- In light of the above and on consideration of all the relevant factors and circumstances as discussed and outlined hereinabove referred to earlier in this Report for the proposed amalgamation and upon the proposed Scheme becoming effective, in our opinion, we recommend Fair Equity Share Exchange Ratio for the amalgamation of SJPPL with MDOL as below:

MDOL shall without any further act or deed, issue and allot 265 Equity Shares of Rs. 10/- each to the Eligible Members of SJPPL for every 1 (One) Equity Share of Face Value of Rs. 10/- each held by Eligible Members of SJPPL.

Yours faithfully,

NITISH CHATURVEDI REGISTERED VALUER Reg. No. IBBI/RV/03/2020/12916

Nitish Chaturvedi
Registered Valuer (SFA)
IBBI Reg. No.: IBBI//RV/03/2020/12916
Place: Mumbai
Date: 15.03.2024

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Company Secretary