

IN THE HIGH COURT OF JUDICATURE FOR RAJASTHAN, AT JAIPUR BENCH
ORIGINAL JURISDICTION
COMPANY APPLICATION NO. 18 OF 2011

In the Matter of Sections 391(1) and 393 of the Companies Act, 1956 (the "Act");

AND

In the Matter of Mangalam Cement Limited

AND

In the Matter of Scheme of Amalgamation of Mangalam Timber Products Limited with Mangalam Cement Limited.

Mangalam Cement Limited, a Company)
incorporated under the provisions of the)
Companies Act, 1956 and having its)
Registered Office at Aditya Nagar-326520,)
Morak, District: Kota, in the State of Rajasthan.) ... Applicant/Transferee Company

NOTICE CONVENING THE MEETING OF THE UNSECURED CREDITORS OF
MANGALAM CEMENT LIMITED, THE APPLICANT COMPANY

To

The Unsecured Creditors of Mangalam Cement Limited (the Applicant Company)

TAKE NOTICE that by an Order pronounced on the 7th April, 2011, in the above Company Application, the Hon'ble High Court of Judicature for Rajasthan, Jaipur Bench has directed that a meeting of the Unsecured Creditors of the Applicant Company be convened and held at the Registered Office of the Company at P.O. Adityanagar 326520, Morak, Dist. Kota, Rajasthan on Saturday, the 21st day of May, 2011 at 4.00 p.m., for the purpose of considering and if thought fit, approving with or without modification(s), the Scheme of Amalgamation of Mangalam Timber Products Limited (hereinafter referred to as "MTPL"), the Transferor Company, with Mangalam Cement Limited (hereinafter referred to as "MCL"), the Transferee Company.

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, the meeting of the 300 number of Unsecured Creditors of the Applicant Company as on 31.03.2010 will be held for the purpose of considering and if thought fit, approving with or without modification(s), the Scheme of Amalgamation as aforesaid at the Registered Office of the Company at P.O. Adityanagar 326520, Morak, Dist. Kota (Raj) on Saturday, the 21st day of May, 2011 at 4.00 p.m. at which time and place you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting either in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorized representative, is deposited at the Registered Office of the Applicant Company at Aditya Nagar-326520, Morak, District: Kota, in the State of Rajasthan, not later than 48 hours before the date and time of the said meeting.

TAKE FURTHER NOTICE that your authorized representative can attend the said meeting with a supporting resolution/power of attorney authorizing him/her to attend the meeting and deposit the same at the Registered Office of the Applicant Company at Aditya Nagar-326520, Morak, District: Kota, in the State of Rajasthan, at least 48 hours before the date and time of the said meeting.

The Hon'ble High Court of Judicature for Rajasthan, Jaipur Bench has appointed Ms. Sonal Singh, Advocate to be the Chairperson of the said Meeting.

A copy of the Scheme of Amalgamation, the Statement under Section 393 of the Companies Act, 1956 and a Form of Proxy and Attendance Slip are enclosed.

Sd/-

Ms. Sonal Singh

Chairperson appointed for the meeting

Jaipur

Dated this 12th day of April, 2011.

Registered Office:
Aditya Nagar-326520
Morak
District: Kota
Rajasthan

Note : All alterations made in the Form of Proxy should be initialed.
Enclosures: as above.

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In the Matter of Mangalam Cement Limited

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Mangalam Cement Limited, a Company	)	
incorporated under the provisions of the	)	
Companies Act, 1956 and having its	)	
Registered Office at Aditya Nagar-326520,	)	
Morak, District: Kota, in the State of Rajasthan.	)	... Applicant/Transferee Company

PART A

EXPLANATORY STATEMENT UNDER SECTION 393 OF
THE COMPANIES ACT, 1956

1. Pursuant to the Order dated 7TH April, 2011, passed by the Hon'ble High Court of Judicature for Rajasthan, Jaipur Bench in respect of the aforesaid Company Application, a meeting of the 300 number of Unsecured Creditors as on 31.03.2010 of Mangalam Cement Limited (hereinafter referred to as "MCL"), the Applicant/Transferee Company, will be held on Saturday, the 21st day of May, 2011 at the Registered Office of the Company at P.O.Adityanagar 326520, Morak, Dist. Kota (Raj) at 4.00 p.m., for the purpose of considering, and if thought fit, approving with or without modification(s), the proposed Scheme of Amalgamation ("the Scheme") under Section 391 to 394 of the Companies Act, 1956 of Mangalam Timber Products Limited (hereinafter referred to as "MTPL"), the Transferor Company. A copy of the said order is available for inspection at the Registered Office of the company at Aditya Nagar-326520, Morak, District: Kota, in the State of Rajasthan between 9.00 a.m. and 12.30 p.m. on any working day of the Applicant Company till 21st May, 2011.
2. In this statement, Mangalam Cement Limited, the Applicant/Transferee Company, is hereinafter referred to as "MCL" and Mangalam Timber Products Limited, the Transferor Company is hereinafter referred to as "MTPL".
3. The Boards of Directors of MCL and MTPL have approved the Scheme and are of the opinion that the proposed amalgamation would be in the interest of MCL and MTPL and also in the public interest of all concerned. Further, the creditors of MCL and MTPL will not be prejudiced nor their interest will be affected as a result of the Scheme coming into effect. The amalgamation will not cost any additional burden on the equity shareholders of MCL and MTPL. The Board of Directors of MCL recommends the Scheme for the approval by the equity shareholders and unsecured creditors of MCL. The Scheme would be operational from the Appointed Date, being 1st April, 2010, or such other date as the Hon'ble High Court of Judicature for Rajasthan, Jaipur Bench and the Hon'ble High Court of Orissa at Cuttack may suggest or prescribe. A copy of the Scheme, setting out the terms and conditions of the amalgamation of MTPL with MCL is annexed to this Statement.
4. With effect from the Appointed Date, the Undertaking (as defined in Clause 1(ix) of the Scheme) of MTPL shall pursuant to the provisions of Sections 391 to 394 of the Companies Act, 1956 ("the Act") and all other applicable provisions of applicable laws, rules and regulations for the time being in force, without any further act or deed, stand transferred to and be vested in or deemed to have been transferred to or vested, as a going concern, into MCL together with all the estates, assets, titles and interest of MTPL therein, subject however, to all existing charges, liens, mortgages and encumbrances, if any, affecting the same or any part thereof.
5. MCL was incorporated on the 27th day of October, 1976 under the Indian Companies Act, 1956 by the name Mangalam Cement Limited, under Certificate of Incorporation No. 1705 of 1976-77 issued by the Registrar of Companies, Rajasthan, Jaipur.
6. The Authorised Share Capital of MCL as on 31st March, 2010 is Rs. 60,00,00,000/- comprising of 2,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each; Rs.40,00,00,000/- comprising of 4,00,00,000

Equity shares of Rs.10/- each; Rs.18,00,00,000/- comprising of 1,80,00,000 Optionally Convertible Cumulative Redeemable Preference Shares (OCCPS) of Rs.10/- each. The Issued, Subscribed & Called up Share Capital of MCL as on 31st March 2010 is Rs.26,69,37,800/- comprising of 2,66,93,780 Equity Shares of Rs.10/- each. The Registered Office of MCL is at Aditya Nagar - 326 520, Morak, District: Kota, in the State of Rajasthan. The equity shares of MCL are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. As on date there is no change in the issued, subscribed and paid up share capital of MCL.

7. MCL is engaged in manufacture of cement and has two cement manufacturing plants, both located at Aditya Nagar - 326520, Morak, District: Kota, in the State of Rajasthan having a combined capacity to produce 2 million metric tonnes of cement per year. MCL has also set up a Captive Thermal Power Plant of 17.5 MW capacity for its captive consumption. MCL is also producing electrical energy through 7 wind mills having a total capacity of 6.15 MW which are located at Jaisalmer, in the State of Rajasthan. The cement produced by MCL is sold under the brand name "Birla Uttam Cement". The objects for which MCL was established are set out in its Memorandum & Articles of Association.

8. MTPL was incorporated on the 27th day of August, 1982 under the Companies Act, 1956 by the name Mangalam Timber Products Limited. The Registered Office of MTPL is at Kusumi - 764 059, Nabarangpur District, in the State of Orissa (now known as Odissa).

9. The Authorised Share Capital of MTPL as on 31st March, 2010 is Rs.20,00,00,000/- comprising of 2,00,00,000 Equity Shares of Rs.10/- each. The Issued, Subscribed and Paid-up Share Capital of MTPL is Rs.18,32,74,000/- comprising of 1,83,27,400 Equity Shares of Rs.10/- each. As on date there are no changes in the issued, subscribed and paid-up share capital of MTPL.

10. MTPL is engaged in manufacture of Medium Density Fibre Board (MDF) from its factory located at Kusumi, Nabarangpur, in the State of Orissa. MTPL sells its products under the brand name "DURATUFF". MDF is used in making furniture, Particle Boards, Doors and all kinds of carpentry work. The objects for which MTPL was established are set out in its Memorandum & Articles of Association.

11. The proposed amalgamation would enable MCL, the Transferee Company, to carry on and conduct its business more efficiently and advantageously with better economies of scale, optimum utilization of various resources, better management of the cash pool structure, greater ability to raise resources for conducting business, achieve synergies in business and functional areas especially it would provide additional opportunities in supply chain and procurement related areas, further development and growth of the business activities and leverage stronger capital base for future expansion/growth.

It is submitted that the amalgamation of MTPL with MCL will be effected by the Scheme under Sections 391 to 394 of the Act. The Board of Directors of MTPL and MCL have approved the Scheme at their separate meetings held on the 29th October 2010 and 23rd October 2010 respectively. MTPL and MCL had appointed Chartered Accountants of International repute M/s. Ernst & Young Pvt. Ltd. for carrying out the valuation of the businesses of MTPL and MCL and accordingly they have recommended the share exchange ratios of equity shares. A copy of their Report dated 28th September 2010 is available for inspection. MCL had also engaged the services of M/S V C Corporate Advisors Pvt. Ltd. an independent merchant banker, to issue a fairness opinion on the share exchange ratios recommended by the valuers in their valuation report. In connection with such engagement M/S V C Corporate Advisors Pvt. Ltd. has issued a fairness opinion dated 19th October 2010 to the Board of Directors of MCL, which states that, as on such date, the share exchange ratios are fair, from a financial point of view, to the holders of equity shares of MCL. The said opinion was issued based on various assumptions and considerations and is available for inspection and should be read in its entirety for information regarding the assumptions made and the factors considered in rendering in such an opinion.

12. (a) The pre and post amalgamation capital structure of MCL is and will be as follows:-

	Pre Amalgamation	Post Amalgamation
	Rs. in Crore	Rs. in Crore
Authorised Share Capital	60.00	80.00
Issued,Subscribed and Called-up Capital	26.694	28.46

(b) The pre amalgamation capital structure of MTPL is as follows:-

	Rs. in Crore
Authorised Share Capital	20.00
Issued, Subscribed and paid-up Capital	18.327

(c) The pre and post amalgamation shareholding pattern of MCL is and will be as follows:-

	Pre Amalgamation (As on 30.09.2010)	Post Amalgamation (Expected)
	Percentage	Percentage
Promoter and Promoter Group	25.72	25.32
Mutual Funds	1.89	1.78
Financial Institutions/Banks	0.51	0.48
Central Government/ State Government	-	-
Insurance Companies	1.66	1.56
Foreign Institutional Investors	1.92	1.80
Bodies Corporate	36.15	36.24
Individuals	30.29	30.76
Others	1.86	2.06
Total	100	100

(d) The pre amalgamation shareholding pattern of MTPL is as follows:-

	Pre Amalgamation (As on 30.09.2010)
	Percentage
Promoter and Promoter Group	37.77
Mutual Funds	0.13
Financial Institutions/Banks	-
Central Government/State Government	-
Insurance Companies	-
Foreign Institutional Investors	0.01
Bodies Corporate	17.08
Individuals	41.19
Others	3.82
Total	100

13. MCL shall, before allotment of the Equity Shares in terms of the Scheme, as an integral part of the Scheme without any further act, deed, matter or thing and without following the procedure laid down under applicable provisions of the Act:

(a) Consequent to and as part of the amalgamation of MTPL with MCL herein, the Authorised Share Capital of MTPL shall stand merged into and combined with the Authorised Share Capital of MCL pursuant to the Scheme without any further act or deed and without payment of any registration or filing fee on such combined Authorised Share Capital under Section 611 of the Act, MTPL and MCL having already paid such fees thereon. Accordingly, the Authorised Share Capital of MCL resulting from the amalgamation of MTPL with MCL shall be a sum of Rs.80,00,00,000/- divided into 2,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each; 6,00,00,000 Equity Shares of Rs.10/- each; 1,80,00,000 Optionally Convertible Cumulative Redeemable Preference Share (OCCPS) of Rs.10/- each; and Issued, Subscribed & Paid up/ Called up Share Capital shall be Rs.28,46,15,200/- divided into 2,84,61,520 Equity Shares of Rs.10/- each.

(b) Clause V of the Memorandum of Association of the Transferee Company and Article 4 of the Articles of Association of MCL shall stand altered accordingly.

14. In consideration of transfer of Undertakings of MTPL to MCL as provided in the Scheme, MCL will pay and discharge the consideration by issuing its new equity shares to the members of MTPL pursuant to amalgamation of MTPL with MCL, as more particularly described in sub-clauses of Clause 11 of the Scheme and as under:

(a) Upon the Scheme coming into effect, and without any further application, act or deed, MCL shall, in consideration of the amalgamation, issue and allot to the members of MTPL holding fully paid-up Equity Shares in MTPL and whose names appear in the Register of Members of MTPL on such date ("the Record Date"), as the Board of Directors of MCL shall determine, Equity Shares of Rs.10/- each in MCL credited as fully paid up with rights attached thereto as hereinafter mentioned (hereinafter referred to as the "New Equity Shares") in the following ratio:

1(One) new Equity Share of Rs.10/- each in MCL credited as fully paid up for every 10 (Ten) Equity Shares of Rs.10/- each fully paid-up held by them in the capital of MTPL.

(b) No fractional shares shall be issued by MCL in respect of the fractional entitlements, if any, to which the members of MTPL may be entitled. The Board of Directors of MCL shall consolidate all such fractional entitlements, and issue and allot the Equity Shares in lieu thereof to a Director and/or Officer(s) to whom such new Equity Shares are allotted, shall sell the same in the market and pay to MCL the net sale proceeds thereof, whereupon MCL shall distribute such net sale proceeds to the members of MTPL in proportion to their fractional entitlements.

Upon the issue of MCL's equity shares in terms of Clause 14(a) and (b), the provisions of Section 81 (1A) of the Act shall be deemed to have been complied with and such issue shall be an integral part of this Scheme.

(c) The New Equity Shares of MCL to be issued and allotted in lieu of the Equity Shares of MTPL, as aforesaid, shall rank *pari passu* in all respects with the existing Equity Shares of MCL.

(d) The equity shareholders of MTPL whose demat account details may be available with MTPL, or who may provide such details to MCL on or before such date as may be determined by the Board of Directors of MCL in this regard, shall be issued the equity shares of MCL (as they may be entitled to pursuant to this Scheme) in the dematerialised form, and the remaining equity shareholders of MTPL shall be issued physical equity share certificates with regard to the equity shares of MCL as they may be entitled to pursuant to this Scheme. Such physical equity share certificates (if any) shall be sent by MCL to each of the equity shareholders of MTPL at their respective registered addresses, as appearing in the register of members maintained by MTPL with respect to their shareholders (or in the case of joint shareholders - to the address of that one of the joint shareholders whose name stands first in such register of members in respect of such joint shareholding) and MCL shall not be responsible for any loss in transit.

(e) The Equity Shares of MTPL, if any, held by MCL shall stand cancelled upon the Scheme coming into effect and in lieu thereof no new Equity Shares shall be issued and/or allotted by MCL to any person whatsoever.

(f) All equity shares of MCL issued pursuant to the Scheme shall be listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The listing of all New Equity Shares of MCL shall be completed within a period of 60 days from the Record Date of MTPL or such longer period as may be required for the purpose by the relevant/appropriate stock exchanges. The listing shall be subject to compliance of the conditions and requirements of Stock Exchanges, SEBI and other authorities.

15. On the Scheme becoming effective, MCL shall account for the Scheme and its effects in its books of account with effect from the Appointed Date as per the "Pooling of Interest Method" of accounting, prescribed in Accounting Standard (AS) 14 'Accounting for Amalgamations' under Companies (Accounting Standards) Rules, 2006, as under :

i) On and from the Appointed Date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of Directors of MCL, be required and except to the extent required otherwise by law, the reserves of MTPL shall be merged with the corresponding reserves of MCL.

ii) All assets and liabilities, including reserves, subject to sub-clause 12.4 of the Scheme, of MTPL transferred to MCL under the Scheme, shall be recorded in the books of accounts of MCL at the book value as recorded in MTPL's books of accounts.

iii) To the extent that there are inter-company balances between MTPL and MCL, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books and records of MCL for the reduction of any assets or liabilities, as the case may be.

iv) As between the Appointed Date and the Effective Date there would be no accrual of interest or other charges in respect of any inter-company loans or balances between MTPL and MCL. Further there would be no accrual of income or expense on account of any other transactions including, *inter alia*, any transactions in the nature of sale or transfer of any goods or services between MTPL and MCL during the period between the Appointed Date and the Effective Date.

v) The difference between the value of shares issued by MCL and the book value of net assets taken over as per sub-clause 12.2 of the Scheme, shall either be credited to General Reserves or such other reserves or debited to the Securities Premium Account, and the balance if any, shall be adjusted against general reserve/accumulated credit balance in the Profit and Loss Account and if no such credit balance is available debited to Goodwill, as the case may be, and as may be determined by the Board of directors of MCL.

vi) In case of any difference in accounting policy between MTPL and MCL, the impact of the same till the Appointed Date will be quantified and adjusted in the General Reserves of MCL to ensure that the financial statements of MCL reflect the financial position on the basis of consistent accounting policy.

vii) Notwithstanding the above, the Board of Directors of MCL, in consultation with statutory auditors, is authorized to account any of the balances in any other manner, if such accounting treatment is considered more appropriate.

Viii) The application and reduction of the Securities Premium Account, as per sub-clause 15(v) above, shall be effected as an integral part of the Scheme itself as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital and the order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.

16. Upon the Scheme becoming effective, the objects of the Memorandum of Association of MTPL shall form part of the objects of the Memorandum of Association of MCL, in addition to its existing objects.

17. On the Scheme coming into effect, MTPL shall, without any further act or deed, stand dissolved without winding up.

18. The Scheme is and shall be conditioning upon and subject to the approval by the requisite majorities of the shareholders and creditors of MTPL and MCL.

i) Approval of the Scheme by the requisite majority of the members of MTPL and the members of MCL and requisite majority of such other persons of MTPL and MCL as the Hon'ble High Court of Judicature for Rajasthan, Jaipur Bench and the Hon'ble High Court of Judicature of Orissa, Cuttack may direct;

ii) Sanction of the Scheme by the Hon'ble High Court of Judicature of Rajasthan, Jaipur Bench and the Hon'ble High Court of Judicature of Orissa, Cuttack;

iii) Such other sanctions and approvals including sanctions of any governmental or regulatory authority, as may be required by law in respect of the Scheme being obtained; and

iv) The certified copies of the Orders of the Hon'ble High Court of Judicature of Rajasthan, Jaipur Bench and the Hon'ble High Court of Judicature of Orissa, Cuttack referred to in Clause 18(ii) above being filed with the respective Registrar of Companies.

Accordingly, the Scheme although operative from the Appointed Date, shall become effective on the Effective Date, being the last of the dates on which all the orders, sanctions, approvals, consents, conditions, matters or filings referred to above have been obtained or filed.

19. In pursuance of the said Order of the Hon'ble High Court of Judicature for Rajasthan, Jaipur Bench, the meeting of the unsecured creditors of MCL will be held at the Registered Office of the Company at P.O. Adityanagar 326520, Morak, Dist. Kota (Raj), on Saturday, the 21st day of May 2011 at 4.00 p.m., at which time and place you are requested to attend for the purpose of considering and approving the following Special Resolution:

Special Resolution under Sections 391, 393 and 394 of the Companies Act, 1956, Rules 67 to 87 of the Companies (Court) Rules, 1959:

"RESOLVED THAT pursuant to Sections 391, 393 and 394 of the Companies Act, 1956 ("the Act"), Rules 67 to 87 of the Companies (Court) Rules, 1959 ("the Rules") and other applicable provisions, if any, of the Act and the Rules, and subject to sanction by the Hon'ble High Court of Judicature of Rajasthan, Jaipur Bench and the Hon'ble High Court of Orissa, Cuttack and other requisite consents and approvals, if any, being obtained, and subject to such

terms and conditions and modifications as may be imposed, prescribed or suggested by the said Hon'ble High Courts or other appropriate authorities, the Scheme of Amalgamation ("the Scheme") of MTPL with MCL, in terms of the draft of the Scheme placed before the meeting and initialed by the Chairperson for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors of MCL be and are hereby authorized to sign, seal and deliver all documents, agreements and deeds and do and perform all acts, matters and things and to take all such steps as may be necessary or desirable to give effect to this resolution."

On the approval of the Scheme by the members of MTPL and the members of MCL pursuant to Section 391 of the Act, it shall be deemed that the said members have also accorded all relevant consents under Section 17 of the Act and that the following objects shall deem to be added to clause 3 of the main objects of the Memorandum of Association of MCL, pursuant to section 17 of the Act.

"(i) To establish, own, erect, acquire, work and manage veneer mills, plywood factories and similar mills and factories and to peel, produce, manufacture and prepare for market, store, stock, buy, sell, export, import, distribute, deal in and carry on business in veneers, veneer products, veneers for tea-chests, packing cases and commercial boards, decorative veneers, veneers for furniture and cabinet making and other purposes, tea chests, commercial plywood, plywood for cabinet making, coach building, ship building, aeroplanes, partitions, panellings, doors, windows and other construction purposes, decorative veneer boards, lamination boards, black boards, fibre boards, composite boards, compressed boards, pressed boards, hard boards, chip boards, bent wood, moulded wood and any other articles of like nature whether synthetic or natural.

(ii) To carry on business as timber merchants, saw mill proprietors and timber growers and to buy, sell, grow, prepare for market, manipulate, import, export and deal in timber and wood of all kinds and to manufacture and deal in articles of all kinds in the manufacture of which timber or wood is used and to carry on business as general merchants and to buy, clear, plant and work timber estates and to carry on any other business which may seem to the Company capable of being conveniently carried on in connection with any of the above or calculated directly or indirectly to render profitable or enhance the value of the Company's property or rights for the time being."

20. All costs, charges, expenses, fees, taxes, duties and levies in connection with the Scheme, arising out of or incurred in carrying out and implementing the Scheme and matters incidental thereto, shall be borne and paid by MCL. In the event the Scheme does not take effect or stands withdrawn for any reason whatsoever, each Company shall pay and bear their own costs.

21. In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights or liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person.

22. In the event of revocation under sub-clause 17.4 of the Scheme, no rights and liabilities whatsoever shall accrue to or be incurred inter se to MTPL and MCL or their respective shareholders or creditors of employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, MCL shall bear all costs.

23. If any part of this Scheme hereof is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

24. The Boards of Directors of MTPL and MCL shall be entitled to revoke, cancel and declare the Scheme of no effect if the Boards of Directors are of the view that the coming into effect of the Scheme could have adverse implications on MTPL and/or MCL.

25. The Scheme is not intended in any manner to have any beneficial effect on the material interests, if any, of the Directors of MCL except to the extent of their respective shareholdings, if any, in MCL.

26. The Scheme will take effect from the Appointed Date mentioned therein, namely 1st day of April, 2010, subject to all requisite approvals, consents and sanctions in law being duly obtained.

27. MCL is in a sound financial position as can be seen from its latest audited accounts for the year ended 31st March, 2010. As on 31st March, 2010, MCL had net fixed assets of Rs. 31944.20 Lakhs and as on that date, current assets including loans and advances aggregated to Rs. 30318.52 Lakhs and current liabilities including provisions aggregated to Rs. 19597.20 Lakhs.

28. As on 31st March, 2010, MTPL had net fixed assets of Rs. 2485.98 Lakhs and as on that date, the current assets including loans and advances aggregated to Rs.5693.65 Lakhs and the current liabilities including provisions aggregated to Rs.2429.37 Lakhs.

29. Any income or profit accruing or arising to MTPL and all costs, charges, expenses and losses or taxes incurred by MTPL shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of MCL and shall be available to MCL for being disposed of in any manner as it thinks fit.

30. The rights and interests of the Equity shareholders and the creditors of MCL will not be prejudicially affected by the Scheme.

31. There is no likelihood that any Equity shareholder/creditor of MTPL would be prejudiced as a result of the proposed Scheme being passed. The latest audited accounts of MTPL and MCL indicate that they are in a solvent position and the amalgamated Company i.e. MCL, would emerge stronger and thus would be able to meet the liabilities as they arise in the ordinary course of business.

32. No investigation proceedings have been instituted or are pending in relation to MCL under Sections 235 to 251 of the Act.

33. There are no winding up proceedings pending against MCL.

34. The Scheme has also been approved by the Bombay Stock Exchange Limited and National Stock Exchange of India Limited by their separate letters dated 8th February 2011 and 21st January 2011 respectively.

35(a) None of the Directors of MCL have any material interest in the Scheme, save and except, to the extent of the shareholding of the following Directors of MCL in the share capital of MTPL and MCL which is as follows: As on 30.09.2010

MCL:

Name	No. of Shares of Rs.10/- each held in MTPL	No. of Shares of Rs.10/- each held in MCL
Smt. Vidula Jalan	103527	5000
Shri K C Jain	-	6840
Shri K K Mudgil	-	1000
Shri T S Vishwanath	-	4000

(b) None of the Directors of MTPL have any interest in the Scheme, save and except, to the extent of their shareholding in MTPL and MCL which is as follows:

MTPL:

Name	No. of Shares of Rs.10/- each held in MTPL	No. of Shares of Rs.10/- each held in MCL
Smt. Vidula Jalan	103527	5000

As this Explanatory Statement only sets out material information and facts and does not replicate the entire Scheme, members are requested to read entire text of the Scheme carefully to get acquainted with the provisions of the Scheme.

Sd/-
Ms.Sonal Singh
Chairperson appointed for the meeting

Dated this 12th day of April, 2011

Registered Office:
Aditya Nagar - 326 520
Morak
District - Kota
Rajasthan

Annexure : Scheme of Amalgamation - Part B

The following documents will be open for inspection at the Registered Office of MCL between 9.00 a.m. and 12.30 p.m. on any working day of MCL till 21st May 2011:

1. The Memorandum and Articles of Association of Mangalam Cement Limited;
2. The Memorandum and Articles of Association of Mangalam Timber Products Limited;
3. The Audited Balance Sheet and Profit & Loss Account of Mangalam Cement Limited for the year ended 31st March, 2010;
4. The Audited Balance Sheet and Profit & Loss Account of Mangalam Timber Products Limited for the year ended 31st March, 2010;
5. Unaudited financial results for the quarter ended 31st December 2010 as published by Mangalam Cement Limited, pursuant to Clause 41 of the Listing Agreement;
6. Certified copies of Orders dated 7th April 2011 passed by the High Court of Judicature for Rajasthan, Jaipur Bench in Company Application No. 18 of 2011;
7. Copies of letters approving the Scheme by the Bombay Stock Exchange Limited and National Stock Exchange of India Limited by their separate letters dated 8th February 2011 and 21st January 2011 respectively;
8. Copy of the valuation report dated 28th September 2010 issued by the valuers viz., M/S. Ernst & Young Pvt. Ltd.
9. Copy of the fairness opinion dated 19th October 2010 issued by M/S. V C Corporate Advisors Pvt.Ltd. on valuation of shares done by the valuers;
10. Scheme of Amalgamation;
11. Auditors Certificate to the effect that the accounting treatment contained in the Scheme of Amalgamation is in compliance with all accounting standards specified by the Central Government in Section 211(3C) of the Companies Act, 1956.

This Statement may be treated as the Statement under Section 173 and also under Section 393 of the Companies Act, 1956. A copy of the Scheme and this Statement may also be obtained by the unsecured creditors of the Applicant Company from the Registered Office of the Applicant Company during any working day.

PART - B
SCHEME OF AMALGAMATION
(UNDER SECTIONS 391 & 394 OF THE COMPANIES ACT, 1956)
Of
Mangalam Timber Products Limited
With
Mangalam Cement Limited

PART - I
(Preliminary)

1. DEFINITIONS:

In this Scheme, unless inconsistent with the meaning or context thereof, the following expressions shall have the following meanings:

- i. "Act" means The Companies Act, 1956, including any statutory modifications, re-enactments or amendments thereof.
- ii. "Appointed Date" means the 1st day of April, 2010 or such other date as the Hon'ble High Court of Judicature of Rajasthan, Jaipur Bench and the Hon'ble High Court of Judicature of Orissa, Cuttack may direct.
- iii. "Effective Date" means the last of the dates on which all the orders, sanctions, approvals, consents, conditions, matters or filings referred to in clause 15 hereof have been obtained or filed.
- iv. "Scheme" means this Scheme of Amalgamation of the Transferor Company with the Transferee Company in its present form or with such modifications as sanctioned by the Hon'ble High Court of Judicature of Rajasthan, Jaipur Bench and the Hon'ble High Court of Judicature of Orissa, Cuttack.
- v. "MCL" means Mangalam Cement Limited, a Company incorporated under the Act and having its registered office at Aditya Nagar - 326520, Morak, District: Kota, in the State of Rajasthan.
- vi. "MTPL" means Mangalam Timber Products Limited, a Company incorporated under the Act and having its registered office at Kusumi, Nabarangpur - 764 059, in the State of Orissa.
- vii. "Transferor Company" means MTPL.
- viii. "Transferee Company" means MCL.
- ix. "Undertaking of the Transferor Company" means and includes:
 - (i) All the properties, assets, rights and powers of the Transferor Company; and
 - (ii) all the debts, liabilities, duties and obligations of the Transferor Company.

Without prejudice to the generality of the foregoing clause the said Undertaking shall include all rights, powers, interests, authorities, privileges, liberties and all properties and assets, moveable or immovable, freehold or leasehold, real or personal, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature and wherever situate including land, buildings, plant and machinery, office equipments, inventories, investments in shares, debentures, bonds and other securities, sundry debtors, cash and bank balances, loans and advances, leases and all other interests and rights in or arising out of such property together with all liberties, easements, advantages, exemptions, approvals, licenses, trade marks, patents, copyrights, import entitlements and other quotas, if any, held, applied for or as may be obtained hereafter by the Transferor Company or which the Transferor Company is entitled to together with the benefit of all respective contracts and engagements and all respective books, papers, documents and records of the Transferor Company.

- x. Word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed thereto.

2. SHARE CAPITAL:
The Authorised, Issued, Subscribed and Paid-up Share Capital of the Transferor Company and the Transferee Company as on 31st March, 2010 were as under:-
- i. Mangalam Timber Products Limited (the Transferor Company):
- | | |
|---|----------------|
| AUTHORISED SHARE CAPITAL: | (Rs.) |
| 2,00,00,000 Equity Shares of Rs.10/- each | 20,00,00,000/- |
| ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL: | |
| 1,83,27,400 Equity Shares of Rs.10/- each | 18,32,74,000/- |
- iv. Mangalam Cement Limited (the Transferee Company):
- | | |
|---|----------------|
| AUTHORISED SHARE CAPITAL: | |
| 2,00,000 Redeemable cumulative Preference Shares of Rs.100/- each | 2,00,00,000/- |
| 4,00,00,000 Equity Shares of Rs.10/- each | 40,00,00,000/- |
| 1,80,00,000 Optionally Convertible Cumulative Redeemable Preference Share (OCCPS) of Rs.10/- each | 18,00,00,000/- |
| ISSUED, SUBSCRIBED & CALLED UP SHARE CAPITAL : | |
| 2,66,93,780 Equity Shares of Rs.10/- each | 26,69,37,800/- |
3. OBJECTS AND REASONS:
- Transferee Company (MCL) is engaged in manufacture of cement and has two cement manufacturing plants, both located at Aditya Nagar - 326520, Morak, District: Kota, in the State of Rajasthan having a combined capacity to produce 2 million metric tonnes of cement per year. MCL has also set up a Captive Thermal Power Plant of 17.5 MW capacity for its captive consumption. MCL is also producing electrical energy through 7 wind mills having a total capacity of 6.15 MW which are located at Jaisalmer, in the State of Rajasthan. The cement produced by MCL is sold under the brand name "Birla Uttam Cement". Transferor Company (MTPL) is engaged in manufacture of Medium Density Fibre Board (MDF) from its factory located at Kusumi, Nabarangpur, in the State of Orissa. MTPL sells its products under the brand name "DURATUFF". MDF is used in making furniture, Particle Boards, Doors and all kinds of carpentry work.
 - MCL and MTPL are part of BK Birla Group of Companies. MCL and MTPL are essentially engaged in their respective business segment for manufacture of products whose consumers are large in numbers and which require large distribution network. The businesses of MCL and MTPL can be combined conveniently and carried on in conjunction more advantageously.
 - The amalgamation will enable appropriate consolidation and integration of the activities of the Transferor Company and the Transferee Company with pooling and more efficient utilisation of their resources, reduction in overheads and other expenses and improvement in various other operating parameters. The amalgamation will result in the formation of a larger and stronger entity having greater capacity for conducting its operations more efficiently and competitively. The Scheme is proposed accordingly and will have beneficial results for the said Companies, their shareholders, employees and all concerned.
 - By amalgamation of Transferor Company with the Transferee Company, the asset base, manufacturing capacity and market network of the Transferee Company will increase, which will enable it to conduct operations in the most cost effective and efficient manner to enhance the profitability of the Transferee Company.
 - A larger and growing company will mean enhanced financial and growth prospects for the people and organizations connected with the Transferor Company and Transferee Company and will be in the interest of shareholders, employees and all concerned.

- 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.
- vii. The financial strength and marketing capability of the Transferee Company can further accelerate the scaling up of the operations of the Transferor Company and aim to create a position of leadership in the products manufactured by the Transferor Company.
- viii. The amalgamation of Transferor Company (MTPL) with Transferee Company (MCL) will make the product of MTPL more competitive in the market. 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.

PART - II (The Scheme)

4. TRANSFER OF UNDERTAKING:

4.1 With effect from the Appointed Date and upon this Scheme becoming effective, all the assets and liabilities and the entire business of the Transferor Company shall stand transferred to and vest in the Transferee Company, without any further act or deed, as per the provisions contained herein.

4.2 Without prejudice to the generality of the above and to the extent applicable, unless otherwise stated herein, with effect from the Appointed Date and upon this Scheme becoming effective:

(i) All assets of the Transferor Company, as are movable in nature or incorporeal property or are otherwise capable of transfer by manual or constructive delivery and/or by endorsement and delivery or by vesting and recordal pursuant to the Scheme, shall stand vested in Transferee Company and shall become the property and an integral part of the Transferee Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual or constructive delivery or by endorsement and delivery, as appropriate to the property being vested and title to the property shall be deemed to have been transferred accordingly.

All other movable properties of the Transferor Company, including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, shall without any further act, instrument or deed, become the property of the Transferee Company, and the same shall also be deemed to have been transferred by way of delivery of possession of the respective documents in this regard. No stamp duty is payable on the transfer of such movable properties, being vested in the Transferee Company.

(ii) All immovable properties, including land together with the buildings and structures standing thereon of the Transferor Company, whether freehold or leasehold and all documents of title, rights and easements in relation thereto shall stand transferred to and be vested in and transferred to and/or be deemed to have been and stand transferred to and vested in the Transferee Company, without any further act or deed done or being required to be done by the Transferor Company and/or the Transferee Company. The Transferee Company shall be entitled to and exercise all rights and privileges attached to the immovable properties and shall be liable to pay the ground rent and taxes and fulfill all obligations in relation to or applicable to such immovable properties. The mutation or substitution of the title to the immovable properties shall, upon the Scheme becoming effective, be made and duly recorded in the name of the Transferee Company by the appropriate authorities pursuant to the sanction of the Scheme by the relevant High Courts in accordance with the terms hereof. The value of the immovable property as indicated in Annexure-1 may be considered as fair value for the purpose of calculation of stamp duty, if any, payable on transfer of the same pursuant to this Scheme.

(iii) All debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheets of the Transferor Company shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of the Trans-

feree Company, and the Transferee Company shall, and undertakes to, meet, discharge and satisfy the same. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this clause.

However, any loans, advances and other obligations due from the Transferee Company to the Transferor Company, or vice versa, inter se shall stand cancelled and shall be of no effect.

- (iv) All contracts, deeds, bonds, agreements, schemes, arrangements and other instruments, permits, rights, entitlements, licenses including those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Transferor Company, or to the benefit of which, the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on, against or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
 - (v) Any and all registrations, goodwill, licenses, trademarks, service marks, copyrights, domain names, applications for copyrights, trade names and trade marks, appertaining to the Transferor Company shall stand transferred to and vested in the Transferee Company.
 - (vi) All taxes payable by or refundable to the Transferor Company, including all or any refunds or claims shall be treated as the tax liability or refunds/ claims as the case may be of the Transferee Company, and any tax incentives, advantages, privileges, exemptions, credits, holidays, remissions, reductions, etc., as would have been available to the Transferor Company, shall pursuant to sanction of the Scheme, be available to the Transferee Company.
- 4.3 The transfer and vesting of the Undertaking of the Transferor Company, as aforesaid, shall be subject to the existing charges, mortgages and encumbrances, if any, over or in respect of any of the assets or any part thereof, provided however that such charges, mortgages and/or encumbrances shall be confined only to the relative assets of the Transferor Company or part thereof on or over which they are subsisting on transfer to and vesting of such assets in the Transferee Company and no such charges, mortgages, and/or encumbrances shall extend over or apply to any other asset(s) of the Transferee Company. Any reference in any security documents or arrangements (to which the Transferor Company is a party) to any assets of the Transferor Company shall be so construed to the end and intent that such security shall not extend, nor be deemed to extend, to any of the other asset(s) of the Transferee Company. Similarly, the Transferee Company shall not be required to create any additional security over assets acquired by it under this Scheme for any loans, debentures, deposits or other financial assistance already availed/to be availed by it and the charges, mortgages, and/or encumbrances in respect of such indebtedness of the Transferee Company shall not extend or be deemed to extend or apply to the assets so acquired by the Transferee Company.
- 4.4 Subject to the other provisions of this Scheme, all licenses, permissions, approvals, consents, registrations and no-objection certificates obtained by the Transferor Company for its operations and/or to which the Transferor Company is entitled to in terms of the various Statutes and/or Schemes of Union and State Governments, shall be available to and vest in the Transferee Company, without any further act or deed and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Transferee Company. Since the Undertaking of the Transferor Company will be transferred to and vested in the Transferee Company as a going concern without any break or interruption in the operations thereof, the Transferee Company shall be entitled to the benefit of all such licenses, permissions, approvals, consents, registrations and no-objection certificates and to carry on and continue the operations of the Undertaking of the Transferor Company on the basis of the same upon this Scheme becoming effective. Further, all benefits, including, under Income Tax, Excise (including Modvat/Cenvat), Sales Tax, VAT, Service Tax, etc., to which the Transferor Company is entitled to in terms of the various Statutes and/or Schemes of Union and State Governments shall be available to and vest in the Transferee Company upon this Scheme becoming effective.
- 4.5 The order passed by the Hon'ble High Court of Judicature of Orissa, Cuttack sanctioning the Scheme shall be considered as the principal instrument as the vesting of the immovable property under the Scheme is lying and situate in the State of Orissa.

5. LEGAL PROCEEDINGS:

If any suits, actions and proceedings of whatsoever nature (hereinafter called "the Proceedings") by or against the Transferor Company are pending on the Effective Date, the same shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme, but the Proceedings may be continued and enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as the same would or might have continued and enforced by or against the Transferor Company, in the absence of the Scheme.

6. CONTRACTS AND DEEDS:

6.1 Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements, engagements and other instruments of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which have not lapsed and are subsisting on the Effective Date, shall remain in full force and effect against or in favour of the Transferee Company as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto.

6.2 The Transferee Company shall, if and to the extent required by law, enter into and/or issue and/or execute deeds, writings or confirmations, or enter into any Tripartite Arrangement, confirmation or novation to give formal effect to the provisions of this Clause and to the extent that the Transferor Company is required prior to the Effective Date to join in such deeds, writings or confirmations, the Transferee Company shall be entitled to act for and on behalf of and in the name of the Transferor Company.

7. SAVING OF CONCLUDED TRANSACTIONS:

The transfer of the Undertaking of the Transferor Company under Clause 4 above, the continuance of Proceedings under Clause 5 above and the effectiveness of contracts and deeds under Clause 6 above, shall not affect any transaction or Proceedings already concluded by the Transferor Company on or before the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things done and executed by the Transferor Company in respect thereto, as if done and executed on its behalf.

8. EMPLOYEES:

On and from the Effective Date:

8.1 All the employees of the Transferor Company in service on the Effective Date shall become the employees of the Transferee Company on the same terms and conditions on which they are engaged by the Transferor Company without treating it as a break, discontinuance or interruption in service on the said date.

8.2 Accordingly the services of such employees for the purpose of Provident Fund, Pension, Gratuity, Superannuation or other statutory provisions and for all purposes will be reckoned from the date of their respective appointments with the Transferor Company.

8.3 It is expressly provided that the Provident Fund, Pension Fund, Gratuity Fund, Superannuation Fund or any other Fund or Funds created or existing for the benefit of the employees, as applicable, of the Transferor Company shall be continued by the Transferee Company and the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever, including in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such Fund or Funds shall become those of the Transferee Company. Alternatively, the accumulated balances, if any, standing to the credit of the employees of the Transferor Company, in such of the said Fund or funds as the Board of Directors of the Transferee Company may determine, will be transferred to such other existing or new Fund or Funds which may be established and recognised by the concerned authorities. Pending the transfer as aforesaid, the Provident Fund, Gratuity Fund, Superannuation Fund and other such dues of the said employees of the Transferor Company would be continued to be deposited in the existing funds respectively.

9. DISSOLUTION OF THE TRANSFEROR COMPANY:

The Transferor Company shall be dissolved without winding up pursuant to the provisions of Section 394 of the Act.

10. BUSINESS IN TRUST FOR THE TRANSFEREE COMPANY:

With effect from the Appointed Date and up to the Effective Date:

- 10.1 The Transferor Company shall carry on and be deemed to have carried on all their business and activities and shall hold and stand possessed of and be deemed to have held and stood possessed of all their assets for and on account of and in trust for the Transferee Company.
- 10.2 The Transferor Company shall carry on its business and activities with due diligence and business prudence and shall not charge, mortgage, encumber or otherwise deal with their assets or any part thereof, nor incur, accept or acknowledge any debt, obligation or any liability or incur any major expenditure, except as is necessary in the ordinary course of their business, without the prior written consent of the Transferee Company.
- 10.3 All profits or income accruing or arising to the Transferor Company or expenditure or losses arising or incurred by the Transferor Company including accumulated losses shall for all purposes be deemed to have accrued as the profits or income or expenditure or losses, as the case may be, of the Transferee Company.

11. ISSUE OF SHARES

- 11.1 Upon the Scheme coming into effect, and without any further application, act or deed:

The Transferee Company shall, in consideration of the amalgamation, issue and allot to the members of Transferor Company (MTPL) holding fully paid-up Equity Shares in MTPL and whose names appear in the Register of Members of MTPL on such date ("the Record Date"), as the Board of Directors of the Transferee Company shall determine, Equity Shares of Rs.10/- each in the Transferee Company credited as fully paid up with rights attached thereto as hereinafter mentioned (hereinafter referred to as the "New Equity Shares") in the following ratio:

1(One) new Equity Share of Rs.10/- each in the Transferee Company credited as fully paid up for every 10 (Ten) Equity Shares of Rs.10/- each fully paid-up held by them in the capital of Transferor Company.

- 11.2 No fractional shares shall be issued by the Transferee Company in respect of the fractional entitlements, if any, to which the members of the Transferor Company may be entitled. The Board of Directors of the Transferee Company shall consolidate all such fractional entitlements, and issue and allot the Equity Shares in lieu thereof to a Director and/or Officer(s) to whom such new Equity Shares are allotted, shall sell the same in the market and pay to the Transferee Company the net sale proceeds thereof, whereupon the Transferee Company shall distribute such net sale proceeds to the members of the Transferor Company in proportion to their fractional entitlements.

Upon the issue of Transferee Company's equity shares in terms of Clause 11.1.1 and Clause 11.2, the provisions of Section 81 (1A) of the Act shall be deemed to have been complied with and such issue shall be an integral part of this Scheme.

- 11.3 The New Equity Shares of the Transferee Company to be issued and allotted in lieu of the Equity Shares of MTPL, as aforesaid, shall rank pari passu in all respects with the existing Equity Shares of the Transferee Company.
- 11.4 The equity shareholders of the Transferor Company whose demat account details may be available with the Transferor Company, or who may provide such details to the Transferee Company on or before such date as may be determined by the Board of Directors of the Transferee Company in this regard, shall be issued the equity shares of the Transferee Company (as they may be entitled to pursuant to this Scheme) in the dematerialised form, and the remaining equity shareholders of the Transferor Company shall be issued physical equity share certificates with regard to the equity shares of the Transferee

Company as they may be entitled to pursuant to this Scheme. Such physical equity share certificates (if any) shall be sent by the Transferee Company to each of the equity shareholders of the Transferor Company at their respective registered addresses, as appearing in the register of members maintained by the Transferor Company with respect to their shareholders (or in the case of joint shareholders - to the address of that one of the joint shareholders whose name stands first in such register of members in respect of such joint shareholding) and the Transferee Company shall not be responsible for any loss in transit.

- 11.5 The Equity Shares of Transferor Company, if any, held by the Transferee Company shall stand cancelled upon the Scheme coming into effect and in lieu thereof no new Equity Shares shall be issued and/or allotted by the Transferee Company to any person whatsoever.
- 11.6 All equity shares of the Transferee Company issued pursuant to the Scheme shall be listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The listing of all New Equity Shares of the Transferee Company shall be completed within a period of 60 days from the Record Date of the Transferor Company or such longer period as may be required for the purpose by the relevant/appropriate stock exchanges. The listing shall be subject to compliance of the conditions and requirements of Stock Exchanges, SEBI and other authorities.
- 11.7 Consequent to and as part of the amalgamation of the Transferor Company with the Transferee Company herein, the Authorised Share Capital of the Transferor Company shall stand merged into and combined with the Authorised Share Capital of the Transferee Company pursuant to the Scheme without any further act or deed and without payment of any registration or filing fee on such combined Authorised Share Capital under Section 611 of the Act, the Transferor Company and the Transferee Company having already paid such fees thereon. Accordingly, the Authorised Share Capital of the Transferee Company resulting from the amalgamation of the Transferor Company with the Transferee Company shall be a sum of Rs.80,00,00,000/- divided into 2,00,000 Redeemable cumulative Preference Shares of Rs.100/- each; 6,00,00,000 Equity Shares of Rs.10/- each; 1,80,00,000 Optionally Convertible Cumulative Redeemable Preference Share (OCCPS) of Rs.10/- each; and Issued, Subscribed & Paid up/ Called up Share Capital shall be Rs.28,46,15,200/- divided into 2,84,61,520 Equity Shares of Rs.10/- each. Clause V of the Memorandum of Association of the Transferee Company and Article 4 of the Articles of Association of the Transferee Company shall stand altered accordingly.
12. ACCOUNTING:
- 12.1 On and from the Appointed Date and subject to the provisions hereof and such other corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company, be required and except to the extent required otherwise by law, the reserves of the Transferor Company shall be merged with the corresponding reserves of the Transferee Company.
- 12.2 All assets and liabilities, including reserves, subject to sub-clause 12.4 of the Scheme herein below, of the Transferor Company transferred to the Transferee Company under the Scheme shall be recorded in the books of accounts of the Transferee Company at the book value as recorded in the Transferor Company's books of accounts.
- 12.3 To the extent that there are inter-company balances between the Transferor Company and the Transferee Company, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books and records of Transferee Company for the reduction of any assets or liabilities, as the case may be.
- 12.4 As between the Appointed Date and the Effective Date there would be no accrual of interest or other charges in respect of any inter-company loans or balances between the Transferor Company and the Transferee Company. Further there would be no accrual of income or expense on account of any other transactions including, inter alia, any transactions in the nature of sale or transfer of any goods or services between the Transferor Company and the Transferee Company during the period between the Appointed Date and the Effective Date.
- 12.5 The difference between the value of shares issued by the Transferee Company and the book value of net assets taken over as per sub-clause 12.2 of the Scheme herein above, shall either be credited to General Reserves or such other reserves or debited to the Securities Premium Account, and the balance if any, shall be adjusted against general reserve/accumulated credit balance in the Profit and Loss Account and if no such credit balance is available debited to Goodwill, as the case may be, and as may be determined by the Board of directors of the Transferee Company.

- 12.6 In case of any difference in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date will be quantified and adjusted in the General Reserves of the Transferee Company to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 12.7 Notwithstanding the above, the Board of Directors of Transferee Company, in consultation with statutory auditors, is authorized to account any of the balances in any other manner, if such accounting treatment is considered more appropriate.
- 12.8 The application and reduction of the Securities Premium Account, as per sub-clause 12.5 above, shall be effected as an integral part of the Scheme itself as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital and the order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the Act confirming the reduction.

13. APPLICATIONS:

The Transferee Company and the Transferor Company shall, with all reasonable dispatch, make necessary applications under Sections 391 to 394 of the Act, to the Hon'ble High Court of Judicature of Rajasthan, Jaipur Bench and the Hon'ble High Court of Judicature of Orissa, Cuttack respectively, for sanction and carrying out of the Scheme and for consequent dissolution of the Transferor Company without winding up and apply for and obtain such other approvals, as required by law. Any such application shall, upon constitution of the National Company Law Tribunal under Section 10FB of the Act, be made and/or pursued before the National Company Law Tribunal, if so required. In such event references in this Scheme to the Hon'ble High Court of Judicature of Rajasthan, Jaipur Bench and the Hon'ble High Court of Judicature of Orissa, Cuttack shall be construed as references to the National Company Law Tribunal and/or the appropriate Benches thereof as the context may require.

14. APPROVALS AND MODIFICATIONS:

The Transferor Company and the Transferee Company (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorise) are empowered and authorised:

- 14.1 To assent from time to time to any modifications or amendments or substitutions of the Scheme or of any conditions or limitations which the Hon'ble High Court of Judicature of Rajasthan, Jaipur Bench and the Hon'ble High Court of Judicature of Orissa, Cuttack and/or any authorities under law may deem fit to approve or direct or as may be otherwise deemed expedient or necessary by the respective Board of Directors as being in the best interest of the said companies and their shareholders.
- 14.2 To settle all doubts or difficulties that may arise in carrying out the Scheme and to do and execute all acts, deeds, matters and things necessary, desirable or proper for putting the Scheme into effect.

Without prejudice to the generality of the foregoing the Transferor Company and the Transferee Company (by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorise) shall each be at liberty to withdraw from this Scheme in case any condition or alteration imposed by any authority is unacceptable to them or as may otherwise be deemed expedient or necessary.

15. SCHEME CONDITIONAL UPON:

The Scheme is conditional upon and subject to:

- 15.1 Approval of the Scheme by the requisite majority of the members of the Transferor Company and the members of the Transferee Company and requisite majority of such other persons of Transferor and Transferee Company as the Hon'ble High Court of Rajasthan, Jaipur Bench and Hon'ble High Court of Orissa, Cuttack may direct;
- 15.2 Sanction of the Scheme by the Hon'ble High Court of Judicature of Rajasthan, Jaipur Bench and the Hon'ble High Court of Judicature of Orissa, Cuttack;
- 15.3 Such other sanctions and approvals including sanctions of any governmental or regulatory authority, as may be required by law in respect of the Scheme being obtained; and
- 15.4 The certified copies of the Orders of the Hon'ble Hon'ble High Court of Judicature of Rajasthan, Jaipur

Bench and the Hon'ble High Court of Judicature of Orissa, Cuttack referred to in Clause 15.2 above being filed with the respective Registrar of Companies.

Accordingly, the Scheme although operative from the Appointed Date, shall become effective on the Effective Date, being the last of the dates on which all the orders, sanctions, approvals, consents, conditions, matters or filings referred to above have been obtained or filed.

16. COSTS, CHARGES AND EXPENSES:

All costs, charges, expenses, fees, taxes, duties and levies in connection with the Scheme, arising out of or incurred in carrying out and implementing the Scheme and matters incidental thereto, shall be borne and paid by the Transferee Company. In the event the Scheme does not take effect or stands withdrawn for any reason whatsoever, each Company shall pay and bear their own costs.

17. RESIDUAL PROVISIONS:

- 17.1 On the approval of the Scheme by the members of the Transferor Company and the members of the Transferee Company pursuant to Section 391 of the Act, it shall be deemed that the said members have also accorded all relevant consents under Section 17 of the Act and that the following objects shall deem to be added to clause 3 of the main objects of the Memorandum of Association of the Transferee Company, pursuant to section 17 of the Act.
- "(i) To establish, own, erect, acquire, work and manage veneer mills, plywood factories and similar mills and factories and to peel, produce, manufacture and prepare for market, store, stock, buy, sell, export, import, distribute, deal in and carry on business in veneers, veneer products, veneers for tea-chests, packing cases and commercial boards, decorative veneers, veneers for furniture and cabinet making and other purposes, tea chests, commercial plywood, plywood for cabinet making, coach building, ship building, aeroplanes, partitions, panellings, doors, windows and other construction purposes, decorative veneer boards, lamination boards, black boards, fibre boards, composite boards, compressed boards, pressed boards, hard boards, chip boards, bent wood, moulded wood and any other articles of like nature whether synthetic or natural.
- (ii) To carry on business as timber merchants, saw mill proprietors and timber growers and to buy, sell, grow, prepare for market, manipulate, import, export and deal in timber and wood of all kinds and to manufacture and deal in articles of all kinds in the manufacture of which timber or wood is used and to carry on business as general merchants and to buy, clear, plant and work timber estates and to carry on any other business which may seem to the Company capable of being conveniently carried on in connection with any of the above or calculated directly or indirectly to render profitable or enhance the value of the Company's property or rights for the time being."
- 17.2 The Transferee Company and the Transferor Company (acting through their respective Board of Directors) be and are hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to the Scheme and to resolve any doubts, difficulties or questions, whether by reason of any orders of the relevant High Courts or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of the Scheme and/or any matters concerning or connected therewith.
- 17.3 The amalgamation of the Transferor Company with the Transferee Company under this Scheme has been proposed in compliance with the provisions of Section 2(1B) of the Income-Tax Act.
- 17.4 In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights or liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person.

Annexure - 1

Details of Immovable Properties of Transferor Company and its market value

Land with Factory Building comprised in an area of 128.56 Acres situate at Village (Mouza): Kusumi, Nabarangpur District, Pin Code - 764 059, in the State of Orissa (now known as Odisha) under Patta Khata No.238, 239, 16, 219, 453, 308, 477/90, 218, 84, 477/16, 477/250, 203ka, 302, 477/135, 333, 334, 341, 342, 11, 236 respectively, valuing Rs.1141.56 Lacs as on 26th November 2010

AND

Free-hold land comprised in an area of 0.43 Acre situate at Block No. 185, Mouza: Dhanot, Taluka: Kallol, District: Mehsana, in the State of Gujrat, valuing Rs.8.60 Lacs as on 26th November 2010.

Company Application No. 18 of 2011
In the High Court of Judicature for Rajasthan at Jaipur Bench
Original Jurisdiction
In the Matter of the Companies Act, 1956;
And
In the Matter of an application under Section 391(1) and
393 of the said Act;
And
In the Matter of
Mangalam Cement Limited Applicant

PROXY

I, the undersigned as unsecured creditor of the above company hereby appoint Mr./Mrs. _____ and failing him/her Mr./Mrs. _____ as my proxy, to act for me at the meeting of unsecured creditors to be held at the Registered Office of the Company at P.O. Adityanagar 326520, Morak, Dist. Kota (Raj), on the 21st day of May, 2011 at 4.00 o'clock in the afternoon, for the purpose of considering and, if thought fit, approving, with or without modification, a Scheme of Amalgamation proposed to be made between the said company and its unsecured creditors and at such meeting and any adjournment thereof, to vote, for me and in my name _____ [here, 'if for', insert 'for'; 'if against', insert 'against', and in the latter case, strike out the words below after 'Scheme of Amalgamation'] the said Scheme of Amalgamation either with or without modification as my proxy may approve.

Dated this day of, 2011.

Signature :

Address :

ATTENDANCE SLIP

MANGALAM CEMENT LIMITED

Registered Office: Aditya Nagar 326 520, Morak, Dist: Kota, Rajasthan

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Folio No. / DP-ID / Client ID No. of share(s) held

I certify that I am a Member / Proxy / Authorised Representative for the member of the Company.

I hereby record my presence at the meeting of the Unsecured Creditors of the Company convened pursuant to the Order dated 7th April, 2011 of the Hon'ble High Court of Judicature for Rajasthan at Jaipur Bench on Saturday, the 21st day of May, 2011 at 4.00 p.m. at the Registered Office of the Company at P.O. Adityanagar 326520, Morak, Dist. Kota (Raj).

Full Name of the Member / Proxy / Authorised Representative attending the Meeting: _____

First Holder / Joint Holder / Proxy / Authorised Representative
(Strike out whichever is not applicable)

.....

Signature of the Member/Proxy.