



To,
Burnpur Cement Limited
The Board of Directors,
7/1, Anandilal Poddar Sarani (Russel Street)
5th Floor, Flat No – 5B, Kanchana Building
Kolkata-700 071

Date- 17th Jan'2019

Dear Members of the Board

Sub: Fairness Opinion on the Draft Scheme of Reduction of Capital between BCL and its Shareholders

We understand that Board of Directors of Burnpur Cement Limited (hereinafter referred as "BCL") is considering a scheme of arrangement whereby there will be Reduction of Capital of the Company (hereinafter referred to as "Draft Scheme") under sections 66 of the Companies Act 2013 and other applicable provisions of the Companies Act, 2013 (hereinafter referred to as "Act").

The draft scheme of arrangement for Reduction of Capital provides for -

- " Upon the Scheme coming into effect, the issued and paid-up share capital of the Company will be reduced by 80%, on proportionate basis. Accordingly, the paid-up value of each Equity Share of the Company will be reduced from Rs 10 per share to Rs. 2 per share. Subsequent to reduction in issued and paid up value of equity shares of the Company from Rs. 10 to Rs. 2 per equity share and in terms of the provisions of section 94 of the Companies Act, 1956, section 61 of the Companies Act, 2013, and other applicable provisions, if any, every five equity shares of Rs. 2 each will be consolidated into one equity share of Rs. 10 each, fully paid up. Approval of this Scheme by the Shareholders and/or Creditors of the Company, as the case may be, and sanction by the Hon'ble National Company Law Tribunal shall be sufficient compliance with the provisions of sections 61 and 64 of the Companies Act, 2013 and other applicable provisions, if any relating to the aforesaid consolidation of face value of equity shares. It is clarified that the reduction of share capital from Rs. 10 per share to Rs. 2 per share and consolidation of every five equity shares of Rs. 2 each into one equity share of Rs. 10 each, will be executed simultaneously. The Company will issue Equity Shares (in physical or dematerialized form) having face value and paid up value of Rs. 10 per share.

Accordingly, upon coming into effect the Scheme of Reduction of Capital, the total issued and paid up Equity Share Capital of the Company shall be reduced from Rs. 86,12,43,630 divided into 8,61,24,363 Equity shares of Rs. 10 each, fully paid-up, to Rs. 17,22,48,730 divided into 1,72,24,873 Equity Shares of Rs. 10 each, fully paid-up. "

1. BACKGROUND OF THE COMPANY

Profile of Company

M/s. 'Burnpur Cement Limited' is a listed Company having its shares listed and traded on BSE Limited (formerly known as 'Bombay Stock Exchange Ltd') and on NSE Limited (formerly known as 'National Stock Exchange Ltd').

The Registered Office of the Company is situated at Palasdiha, Panchgachia Road, Asansol-713 341, West Bengal.

The Issued, subscribed and paid-up capital of the Company as on 31st March, 2018 is Rs. 86,12,43,630 /- comprising of 8,61,24,363 equity shares of Rs.10 each.

As per the Audited financial statements for the period ended 31st March, 2018, there is an accumulated loss of Rs. 102,97,34,893 /-

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2. SCOPE AND PURPOSE OF THE REPORT

- 2.1 We understand that the Board of Directors of the Company wish to set off the accumulated losses by way of corporate restructuring exercise wherein the Issued, subscribed and paid-up capital of the Company would be set off to the extent of Rs. 68,89,94,900 (Rupees Sixty Eight Crores Eighty Nine Lakhs Ninety Four Thousand Nine Hundred only) thereby reducing the Equity Share Capital by 80%.
- 2.2 In this connection, the management of the Company has engaged Finshore Management Services Ltd to submit a report on the fairness of the Scheme as per the requirements of the SEBI Circular No. CFD/ DIL3/CIR/ 2017/21 dated March 10, 2017. Our scope of work includes commenting only on the fairness of the scheme.
- 2.3 This report is subject to the scope and limitations detailed hereinafter. As such the report is to be read in totality, and not in parts and in conjunction with the relevant documents referred to in this report. This report has been issued only for the purpose of the facilitating the Scheme and should not be used for any other purpose.

3. SOURCE OF INFORMATION

We have relied on the following information provided by the Company for framing our opinion on the fairness of the Scheme:

- Draft of the Scheme of Reduction of Capital between Burnpur Cement Limited and its Shareholders.
- Audited financial statement for period ended March 31, 2018.
- Other relevant details regarding the Company such as the shareholding pattern and other relevant information and data, including information in the public domain.

4. KEY FEATURES OF THE DRAFT SCHEME

- As per the last Audited Balance sheet as at 31st March, 2018 the Company has an accumulated loss of Rs. 102,97,34,893/- (Rupees One Hundred Two Crores Ninety Seven Lakhs Thirty Four Thousand Eight Hundred Ninety Three only)
- As the Company has huge accumulated losses, and in order to give true and fair view of the Financials of the Company and to reflect Financial Position of the Company with available assets, the Board of Directors of the Company has felt the need to cancel any paid-up share capital which is lost or is unrepresented by available assets.



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➤ **Effect of the Draft Scheme**

- i) **The Pre and Post Reduction Shareholding pattern of the Company will be as follows:**

Sl. No.	Category	Pre - Scheme (Equity Shares of Rs. 10 each)		Post - Scheme (Equity Shares of Rs. 10 each)	
		No. of Shares	%	No. of Shares	%
1	Promoter	2,37,90,973.00	27.62	47,58,195.00	27.62
2	Non-Promoter (Public)	6,23,33,390.00	72.38	1,24,66,678.00	72.38
	Total	8,61,24,363.00	100.00	1,72,24,873.00	100.00

➤ **IMPACT OF THE SCHEME ON EMPLOYEES/ WORKERS AS MENTIONED IN THE SCHEME OF REDUCTION OF CAPITAL**

The Scheme shall not have any adverse impact on the employees/workers of the Company and they would, in fact be generally benefited as Scheme would help in improving the financial position of the Company.

➤ **IMPACT OF THE SCHEME ON CREDITORS AS MENTIONED IN THE SCHEME OF REDUCTION OF CAPITAL**

The proposed Reduction of Capital would not involve either the diminution of any liability in respect of un-paid share capital or the payment to any shareholder of any paid-up share capital. Hence, no creditor of the Company will be adversely affected by the proposed reduction of Capital, rather the proposed Reduction of Capital would help in improving the financial position of the Company.

➤ **IMPACT OF THE SCHEME ON LEGAL PROCEEDINGS AS MENTIONED IN THE SCHEME OF REDUCTION OF CAPITAL**

The Scheme would not affect any legal or other proceedings by or against the Company.

➤ **CONDITIONS PRECEDENT AS MENTIONED IN THE DRAFT SCHEME OF REDUCTION OF CAPITAL**

This Draft Scheme is and shall be conditional upon and subject to:

- The Company obtaining the Observation Letter from the Designated Stock Exchange for the implementation of the Scheme.
- A special resolution approving the reduction is passed by the Shareholders.



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- iii) The Draft Scheme being approved by the National Company Law Tribunal under Section 66 of the Companies Act, 2013.
- iv) The certified copy of the order of the Hon'ble National Company Law Tribunal sanctioning this Draft Scheme being filed with the Registrar of Companies, Kolkata, West Bengal.
- v) All other sanctions and approvals as may be required by law in respect of this Draft Scheme being obtained.

5. Basis of our opinion

Rationale of the Draft Scheme (as per Draft Scheme of arrangement for Reduction of Capital)

Upon the Scheme becoming effective and after obtaining the necessary approvals, consents, permissions etc, the Issued, subscribed and paid-up equity share capital of the Company shall be Rs. 17,22,48,730 /- after reduction of Rs. 68,89,94,900/- being accumulated losses to that extent out of total losses amounting to Rs. 102,97,34,893/-.

The Scheme is merely a Reduction in the Paid-up Share Capital Account of the Company prepared in terms of section 66 of the Companies Act, 2013 and does not envisage transfer or vesting of any of the properties and/or liabilities of the Company to any person or 'entity'. The Scheme also does not involve any conveyance or transfer of any property of the Company.

There is reduction of the Paid-up Share Capital of the Company by 80%, so that post reduction, the Nominal value and paid-up value of each equity share shall be reduced from Rs. 10/- each to Rs. 2/- each and consequently, every five(5) equity shares of Rs. 2 each will be consolidated into one(1) equity share of Rs. 10 each, fully paid up .The Reduction of capital shall be on proportionate basis and there shall not be any change in percentage of shareholding of any shareholder of the Company.

In order to re-align the relation between capital & assets; and to accurately and fairly reflect the liabilities & assets of the Company in it's books of accounts; and for better presentation of the financial position of the Company, the Board of Directors has decided to write off the accumulated losses against reduction in the paid-up share capital of the Company in accordance with section 66 of the Companies Act, 2013 read with the National Company Law Tribunal (Procedure for Reduction of Share Capital of the Company) Rules, 2016 and other applicable provisions.



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6. OPINION AND CONCLUSION

Subject to the caveats as detailed hereinafter, based on our review as above and the information and explanation furnished to us, and also the fact that the requirement for valuation report as mentioned in Para 4 of Annexure —I to the SEBI Circular No. CFD/ DIL3/CIR/ 2017/21 dated March 10, 2017 is not applicable to the Draft Scheme of Reduction of Capital of the Company since:

- 1) There shall not be any change in proportion of shareholding of any of the pre-scheme shareholders of the Company
- 2) There shall not be allotment of any new equity shares upon reduction of Capital. Only, the nominal value and paid-up value of each equity share shall be reduced from Rs. 10/- each to Rs. 2/- each shall be given effect to and consequently, every five(5) equity shares of Rs. 2 each will be consolidated into one(1) equity share of Rs. 10 each, fully paid up.
- 3) All the pre-scheme shareholders shall remain the shareholders of the Company after post scheme in the same proportion.

We are of the opinion that the Draft Scheme of Reduction of Capital to be fair.

For Finshore Management Services Limited
(SEBI Regd. CAT-I Merchant Banker, Regn. No.: INM000012185)


S. Ramakrishna Iyengar
Director



Date: 17th Jan'19
Place: Kolkata

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Annexure-1: Caveats

1. Our opinion and analysis is limited to the extent of review of documents as provided to us by the Management of Burnpur Cement Limited and the Draft Scheme. We have relied on accuracy and completeness of all the information and explanations provided by the Management. We have not carried out any due diligence or independent verification or validation to establish its accuracy or sufficiency.
2. The scope of our work has been limited both in terms of the areas of the business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Report, which might be relevant in the context of the transaction and which a wider scope might uncover.
3. Our work does not constitute an audit, due diligence or verification of historical financials or including the working results of the Company or the business referred to in this report. Accordingly we do not express any opinion on the fairness or accuracy of any financial information referred to in this report.
4. The fairness opinion is based on and is subject to the conditions precedent mentioned under Point 4 "Conditions Precedent As Mentioned In The Scheme Of Reduction Of Capital".
5. We have no present or planned future interest in Burnpur Cement Limited and the fee payable for this opinion is not contingent upon the opinion reported herein. The company has been provided with an opportunity to review the draft opinion as a part of our standard practice to make sure that factual accuracy / omissions are avoided in our final opinion.
6. Our fairness opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Draft Scheme or any matter related thereto.
7. The Opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this Report. This opinion is issued on the understanding that the Management has drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.
8. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us or used by us; we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Company.
9. Our engagement is limited to preparing the report to be submitted to the Client. We shall not represent in front of any person for answering any specific queries raised by them pertaining to this report and we shall not be liable to provide any evidence for any matters stated in the report nor shall we be liable or responsible to provide any explanation or written statement for any assumption, information, methodology or any other matter pertaining to the report.



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10. Whilst all reasonable care has been taken to ensure that the factual statements in the report are accurate, neither ourselves, nor any of our Directors, Officers or Employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report. We are not liable to any third party in relation to the issue of this report.
11. Our report should not be construed as an opinion or certificate certifying the compliance of the Draft Scheme of amalgamation with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implication or issues arising from draft amalgamation.
12. Finshore Management Services Limited (FMSL) maximum liability relating to this valuation report shall be limited to 50% of the fees paid to FMSL for rendering the service. This provision shall survive the completion of this engagement.



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