

KEYNOTE

February 07, 2022

**The Board of Directors
Borosil Limited**
1101, 11th Floor, Crescenzo, G-Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051

**The Board of Directors
Klass Pack Limited**
1101, 11th Floor, Crescenzo, G-Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051

**The Board of Directors
Borosil Technologies Limited**
1101, 11th Floor, Crescenzo, G-Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051

Dear Sir(s)/Madam(s),

Reg: Fairness Opinion in connection with the Composite Scheme of Arrangement amongst Borosil Limited (“BL” or “Demerged Company”) and Klass Pack Limited (“KPL” or “Resulting Company” or “Transferee Company”) and Borosil Technologies Limited (“BTL” or “Transferor Company”) and their respective shareholders and creditors (‘Scheme’)

Keynote Financial Services Limited (“Keynote” or “we” or “us”) is a Category I Merchant Banker registered with Securities Exchange Board of India (“SEBI”). We understand that the Board of Directors of Borosil Limited (“BL”) is contemplating a demerger of its Scientific and Industrial Products Business (“Demerged Undertaking”) (as defined in the Scheme) into Klass Pack Limited (“KPL”) (“Proposed Demerger”) and it is also proposed to amalgamate Borosil Technologies Limited (“BTL”) with KPL (“Proposed Merger”) as part of composite scheme of arrangement under Sections 230 to 232 of the Companies Act, 2013 (“Scheme”). Proposed Demerger and Proposed Merger are hereinafter referred to as “Proposed Restructuring”.

In connection with the aforesaid, we have been requested by the management of BL to issue a Fairness Opinion, as to the fairness of the valuation of the Proposed Restructuring as on February 04, 2022 (“Valuation Date”). We have perused the documents / information provided by you in respect of the said Scheme and the Valuation Report as issued by M/s. SSPA & Co., Chartered Accountants dated February 07, 2022.



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Company Profile:

Borosil Limited

BL is a public company incorporated under the provisions of the Companies Act, 1956. BL is engaged in the business of manufacturing and trading of scientific and industrial products and consumer products. The equity shares of BL are listed on BSE Limited and the National Stock Exchange of India Limited.

The Scientific and Industrial Products Business of BL means the business in relation to manufacturing and trading of scientific and industrial products such as laboratory glassware, instruments, disposable plastics, liquid handling systems, vials and explosion proof lighting glassware and other bench top equipment used by the pharmaceutical industry, research and development, education and healthcare segments of the market and the joint and inseparable manufacturing facility located at Bharuch which produces scientific & industrial and consumer products.

Klass Pack Limited

KPL is a public company incorporated under the provisions of the Companies Act, 1956. KPL is engaged in the manufacture and supply of pharmaceutical vials and ampoules to the pharmaceutical industry for over 15 years and has its manufacturing facilities at Nashik, Maharashtra. BL holds ~82.49% of the issued, subscribed and paid up equity share capital of KPL.

Borosil Technologies Limited

BTL is a public company incorporated under the provisions of the Companies Act, 1956. BTL is engaged in the business of manufacturing of scientific instruments. BTL is a wholly owned subsidiary of BL.

Rationale of the Proposed Restructuring:

1. Given its diversified business, it has become imperative for the Demerged Company to reorient and reorganize itself in a manner that allows imparting greater focus on each of its businesses. With this repositioning, the Demerged Company is desirous of enhancing its operational efficiency while it continues with its consumer products business.
2. The proposed demerger pursuant to this Scheme is expected, *inter alia*, to result in following benefits:
 - (i) value unlocking of scientific and industrial products business with ability to achieve valuation based on respective-risk return profile and cash flows;
 - (ii) attracting business specific investors and potential strategic partners and providing better flexibility in accessing capital, focused strategy and utilization for sustained growth and thereby enable de-leveraging of the respective businesses in the longer-term;



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- (iii) segregation and unbundling of the scientific and industrial products business of the Demerged Company into the Resulting Company, will enable enhanced focus on the Demerged Company and the Resulting Company for exploring opportunities in their respective business domains; and
 - (iv) focused management approach for pursuing the growth in the respective business' verticals and de-risk the businesses from each other.
3. As part of the restructuring exercise, it is proposed to consolidate the resources of the Transferor Company with the Transferee Company. The said amalgamation will result in the following benefits:
 - (i) Streamline the corporate structure and consolidation of resources within the Transferee Company leading to greater synergies and operational synergy;
 - (ii) Opportunities for employees of the Transferor Company to grow in a wider field of business;
 - (iii) Optimal utilization of resources and better management and administration; and
 - (iv) Reduction of administrative responsibilities, multiplicity of records and legal and regulatory compliances.
4. In order to achieve an optimum equity share capital base which will commensurate with business activities of the Resulting Company subsequent to the demerger and merger as stated above, it is proposed to reduce the face value of the equity shares and reorganise the equity share capital of the Resulting Company prior to the said demerger and merger.
5. The proposed restructuring is in the interest of the shareholders, creditors, employees, and other stakeholders of the Parties.

Our Recommendation:

As stated in the Valuation Report by M/s. SSPA & Co., Chartered Accountants, they have recommended the following equity share entitlement ratio for the Proposed Demerger:

"3 (Three) equity share of KPL of INR 1 each fully paid up (post proposed re-organisation of share capital) for every 4 (Four) equity shares of BL of INR 1 each fully paid up."

Further, as per the Scheme, the face value of Equity Shares of KPL will get reduced from the present amount of INR 16,32,94,900 divided into 16,32,949 equity shares of INR 100 each fully paid to INR 1,63,29,490 divided into 16,32,949 equity shares of INR 10 each fully paid up. Immediately upon such reduction, every 1 equity share of KPL of face value of INR 10 each shall be further split into 10 equity shares of INR 1 each, such that the issued, subscribed and paid up equity share capital of KPL shall be INR 1,63,29,490 divided into 1,63,29,490 equity shares of INR 1 each fully paid up. Hence, as part of this capital reduction and reorganization, the number of equity shares shall change from 16,32,949 to 1,63,29,490.



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After the Proposed Demerger, BTL will become a wholly-owned subsidiary of KPL i.e. entire paid-up share capital of BTL will be held by KPL. Upon the effective date, pursuant to merger of BTL with KPL, the entire shareholding of KPL in BTL will be cancelled and no equity shares shall be issued to the shareholders of BTL as consideration upon its merger with KPL.

The aforesaid shall be pursuant to the Scheme and shall be subject to receipt of approval from any competent authority as may be applicable and other statutory approvals as may be required. The detailed terms and conditions of the Proposed Restructuring are more fully set forth in the Scheme. Keynote has issued the Fairness Opinion with the understanding that Scheme shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme alters the Proposed Restructuring.

Based on the information, data made available to us, to the best of our knowledge and belief, the Equity Share Entitlement Ratio as recommended by M/s. SSPA & Co., Chartered Accountants in relation to the proposed Composite Scheme of Arrangement is fair to the equity shareholders of BL, KPL and BTL in our opinion.

Sources of Information:

For arriving at the Fairness Opinion set forth below, we have relied upon the following sources of information:

- Valuation Report by M/s. SSPA & Co., Chartered Accountants dated February 07, 2022.
- Composite Scheme of Arrangement between BL, BTL and KPL.
- Annual reports for FY 2019-2020 and FY 2020-2021 of BL, KPL and BTL.
- Audited Financial Statements as at 31st December 2021 for KPL and BTL.
- Limited Review Financial Statements for 9 months ended 31st December 2021 of BL.
- Management Projections from FY 2021-2022 to FY 2025-2026 for Demerged Undertaking, BTL and KPL.

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our Analysis from the management of BL.

Exclusions and Limitations:

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the companies for the purpose of this opinion. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of the companies. We have solely relied upon the information provided to us by the companies. We have not reviewed any books or records of the companies (other than those provided or made available to us). We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title



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verification of the properties or facilities of the companies and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of the companies. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by the companies for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threatened claims and hence have not commented on the effect of such litigation or claims on this opinion. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of the companies with respect to these matters. In addition, we have assumed that the Scheme will be approved by the regulatory authorities and that the Proposed Restructuring will be consummated substantially in accordance with the terms set forth in the Scheme.

We understand that the management of the companies during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals, no restrictions will be imposed that will have a material adverse effect on the benefits of the Proposed Restructuring that the companies may have contemplated. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving the companies or any of their assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to the companies for providing a Fairness Opinion and will receive a fee for our services.

In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Proposed Restructuring.

The Fairness Opinion is addressed only to the Board of Directors of BL and is for the purpose of submission to the Stock Exchanges under the SEBI Circular. Further, the Fairness Opinion may be disclosed on the website of the companies and the Stock Exchanges and also be made part of the explanatory statement to be circulated to the shareholders and / or creditors of the Company. The Fairness Opinion should be read in totality and not in parts. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without Keynote's prior written consent. If this Fairness Opinion is used by any person other than whom it is addressed or for any purpose other than the purpose state hereinabove, then we will not be liable for any consequences thereof.

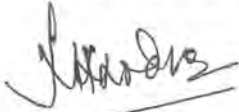


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We express no opinion whatever and make no recommendation at all as to the companies' underlying decision to effect to the Proposed Restructuring or as to how the holders of equity shares or preference shares or secured or unsecured creditors of the companies should vote at their respective meetings, if any, held in connection with the Proposed Restructuring. We do not express and should not be deemed to have expressed any views on any other terms of Proposed Restructuring. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of the companies will trade following the announcement of the Proposed Restructuring or as to the financial performance of the companies following the consummation of the Proposed Restructuring.

In no circumstances however, will Keynote Financial Services Limited or its associates, directors or employees accept any responsibility or liability to any third party and in the unforeseen event of any such responsibility or liability being imposed on Keynote Financial Services Limited or its associates, directors or employees by any third party, the companies and their affiliates shall indemnify them.

For Keynote Financial Services Limited



Nipun Lodha

Exec. Vice President and Head Corporate Finance

Place: MUMBAI

