

**FAIRNESS OPINION REPORT ON VALUATION FOR THE PROPOSED SCHEME
OF AMALGAMATION**

OF

KINAM ENTERPRISE PRIVATE LIMITED

WITH

HLE GLASCOAT LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS

By



Navigant

Navigant Corporate Advisors Limited

804, Meadows, Sahar Plaza Complex,

J.B. Nagar, Andheri Kurla Road,

Andheri East, Mumbai-400 059

Email Id- navigant@navigantcorp.com

Web: www.navigantcorp.com

13th February, 2024

SEBI Registered Category I Merchant Banker

SEBI Registration No. INM000012243



Notice to Reader

Navigant Corporate Advisors Limited (“Navigant” / “NCAL” or “Authors of the Report”) is a SEBI registered ‘Category I’ Merchant Banker in India and was engaged by Board of Directors of **HLE GLASCOAT LIMITED (“HLE ” or “Transferee Company”)** to prepare an Independent Fairness Opinion Report (“**Report**”) with respect to providing an independent opinion and assessment as to Fairness of Valuation Report and Swap Ratio determined by RBSA Corporate Advisors LLP, **Registered Valuer (SFA) (“Valuer” / “Independent Valuer”)** an Independent Valuer for the purpose of intended proposed Merger of **KINAM ENTERPRISE PRIVATE LIMITED (“KEPL” or “Transferor Company”)** into **HLE** pursuant to a Scheme of Amalgamation under section 230 to 232 and other applicable Clauses of the Companies Act, 2013 (“Scheme”).

HLE and KEPL are collectively referred to as “Companies”.

The Report has been prepared on the basis of the review of information provided to Navigant and specifically the Report on Swap Ratio (hereinafter referred as Valuation Report) prepared by Valuer as an Independent Valuer. The Report does not give any valuation or suggest any Swap Ratio; however, this Report is limited to provide its Fairness Opinion on the Valuation Report.

The information contained in this Report is selective and is subject to updates, expansions, revisions and amendments. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent.

This Report is based on data and explanations provided by the Management and certain other data culled out from various websites believed to be reliable. Navigant has not independently verified any of the information contained herein. Neither the Company nor Navigant, nor affiliated Bodies Corporate, nor the Directors, Shareholders, Managers, Employees or Agents of any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information contained in the Report. All such Parties and Entities expressly disclaim any and all liability for or based on or relating to any such information contained in, or errors in or omissions from, this Report or based on or relating to the Recipients’ use of this Report.



Date: 13th February, 2024

To,
HLE GLASCOAT LIMITED
H-106 GIDC Estate, Vithal Udyognagar, Gujarat, 388121

Dear Members of the Board,

Engagement Background

We understand that the Board of Directors of **KINAM ENTERPRISE PRIVATE LIMITED (“KEPL” or “Transferor Company”)** and **HLE GLASCOAT LIMITED (“HLE ” or “Transferee Company”)** are considering a Scheme of Amalgamation between KEPL and HLE and their respective Shareholders (“the Scheme”) under the provisions of Sections 230 to 232 of the Companies Act, 2013, as may be applicable, and also read with Section 2(1B) and other relevant provisions of the Income-tax Act, 1961, as may be applicable, for Merger of KEPL into HLE on a going concern basis.

We understand that the Valuation as well as the Swap Ratio thereof is based on the Valuation Report dated 13th February, 2024 issued by RBSA Corporate Advisors LLP, **Registered Valuer (SFA) (“Valuer”/ “Independent Valuer”)** (IBBI Registration No. **IBBI/RV/06/2019/12263**).

We, Navigant Corporate Advisors Limited, a SEBI registered Category-I Merchant Banker, have been engaged by HLE to give a Fairness Opinion (“Opinion”) on Valuation Report dated 13th February, 2024 issued by RBSA Corporate Advisors LLP, **Registered Valuer (SFA) (“Valuer”/ “Independent Valuer”)** (IBBI Registration No. **IBBI/RV/06/2019/12263**).

Background of the Companies

- **KINAM ENTERPRISE PRIVATE LIMITED (KEPL)**

- **“KINAM ENTERPRISE PRIVATE LIMITED”** was incorporated as a Private Limited Company under the name and style “KINAM ENTERPRISE PRIVATE LIMITED” on 26th June, 2023 in the State of Gujarat, vide Certificate of Incorporation Number U43229GJ2023PTC14234 issued by the Registrar of Companies.
- KEPL is engaged in the business of providing efficient and reliable heat exchanger solutions to customers across various industries and the primary objective is to design, manufacture and deliver high quality heat exchangers that meets the unique needs of customers. The Transferor Company strives to offer innovative and sustainable solutions that provide



optimal thermal performance, minimize downtime, and reduce operating costs. Currently KEPL does not have any material business operations apart from holding investment in KPEPL.

○ **Shareholding Pattern:**

Name of the Shareholders	No of Shares	% Shareholding
Kirit Mehta	33,23,977	49.75%
Mehul Mehta	33,23,976	49.77%
HLE Glascoat Limited	33,407	0.50%
Total	66,81,360	100.00%

● **HLE GLASCOAT LIMITED**

- **“HLE GLASCOAT LIMITED”** was incorporated on 26th June,1991 in the State of Gujarat, vide Certificate of Incorporation Number L26100GJ1991PLC016173 issued by the Registrar of Companies.
- HLE is engaged in the business of design, manufacture, development, dealing, selling and market of standard as well as customized glass lined equipment, reactors, receivers/ storage tanks, dryers, filters, heat exchangers, condensers, columns, agitators, valves, pipes and fittings and spares thereof.
- HLE is a Listed Company having its shares listed and traded on BSE Limited and the National Stock Exchange of India Limited (“NSE”).
- The Registered Office of HLE is situated at H-106 GIDC Estate, Vithal Udyognagar, Gujarat, 388121.
- The shareholding pattern of HLE as of 31st December, 2023 is as under:

Name of the Shareholders	No of Shares	% Shareholding
Promoters	4,55,28,472	66.69%
Public	2,27,37,008	33.31%
Total	6,82,65,480	100.00



Transaction Overview and Rational

It is proposed to amalgamate KEPL into HLE. This arrangement would inter alia have the following benefits:

1. Consolidation as a single entity shall provide several benefits like reducing the number of legal entities, reducing the multiplicity of legal and regulatory compliances and reduction of costs, which would be beneficial for all stakeholders;
2. Simplification of the shareholding structure and reduction in the shareholding tiers;
3. Synergies that exist between the Transferor Company and the Transferee Company will ensure better cash flows and better business efficiency, avoid duplication of work and efforts and reduce managerial overlaps towards their common advantage; and
4. Enhance shareholder value accruing from consolidation of business, thus contributing to the overall growth prospects of the Transferee Company.

Information relied upon:

We have prepared the Fairness Opinion Report on the basis of the information provided to us and inter alia the following:

Share Exchange Ratio Report by RBSA Corporate Advisors LLP, Registered Valuer (SFA) ("Valuer"/ "Independent Valuer") (IBBI Registration No. IBBI/RV/06/2019/12263) dated 13th February, 2024;

- Other information and explanations as provided by the Management.

Further, we had discussions on such matters which we believe are necessary or appropriate for the purpose of issuing the Valuation Report.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed to be good and marketable and we would urge the Company to carry out the independent assessment of the same prior to entering into any transaction, after giving due weightage to the results of such assessment.



We have been informed that all information relevant for the purpose of issuing the Fairness Opinion Report has been disclosed to us and we are not aware of any material information that has been omitted or that remains undisclosed.

Our Opinion and Analysis is limited to the extent of review of the Valuation Report by the Valuer and the Draft Scheme Document. In connection with the opinion, we have

- A) Reviewed the Draft Scheme Document and the Valuation Report by the Valuer dated 13th February, 2024.
- B) Reviewed Audited financial statements of KEPL for the period ended 31st December, 2023;
- C) Reviewed Memorandum and Articles of Association of HLE and KEPL;
- D) Reviewed Limited Reviewed financial statements of KEI and KPEPL for the period ended 31st December 2023;
- E) Reviewed Draft Scheme of Amalgamation;
- F) Held discussions with the Valuer, in relation to the approach taken to Valuation and the details of various methodologies utilized by them in preparing the Valuation Report and recommendations;
- G) Reviewed historical Stock Prices and Trading Volumes of HLE at BSE and NSE;
- H) Reviewed such other information and explanations as we have required and which have been provided by the Management of KEPL and HLE.

This Opinion is intended only for the sole use and information of HLE and in connection with the Scheme, including for the purpose of obtaining Judicial and Regulatory Approvals for the Scheme or the purpose of complying with the SEBI Regulations and requirement of Stock Exchanges on which the Company is listed, and for no other purpose. We are not responsible in any way to any Person/Party/Statutory Authority for any decision of such Person or Party or Authority based on this opinion. Any Person/Party intending to provide finance or invest in the Shares/Business of either KEPL and/or HLE or their Subsidiaries /Joint Ventures/Associates shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

For the purpose of this Assignment, Navigant has relied on the Valuation Certificate for the proposed "Scheme of Arrangement" of KEPL and HLE and their respective Shareholders and information and explanation provided to it, the accuracy whereof has not been evaluated by Navigant. Navigant's work does not constitute certification or due diligence of any past working results and Navigant has relied upon the information provided to it as set out in working results of the aforesaid reports.

Navigant has not carried out any physical verification of the Assets and Liabilities of the Companies and takes no responsibility on the identification and availability of such Assets and Liabilities.



We hereby give our consent to present and disclose the Fairness Opinion in the Board /General Meetings of KEPL and HLE and to the Stock Exchanges and to the Registrar of Companies. Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed scheme of Arrangement with the provisions of any Law including Companies, Taxation and Capital Market related Laws or as regards any Legal implications or issues arising thereon.

The information contained in this Report is selective and is subject to updating, expansions, revisions and amendment, if any. It does not purport to contain all the information recipients may require. No obligation is accepted to provide recipients with access to any additional information or to correct any inaccuracies which might become apparent. Recipients are advised to independently conduct their own investigation and analysis of the business of the Companies. The Report has been prepared solely for the purpose of giving a Fairness Opinion on Valuation Certificate issued for the proposed Scheme of Arrangement between KEPL and HLE and their respective Shareholders, and may not be applicable or referred to or quoted in any other context.

Our opinion is dependent on the information provided to us being complete and accurate in all material respects. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. The scope of our assignment does not involve performing Audit tests for the purpose of expressing an Opinion on the Fairness or Accuracy of any Financial or Analytical information used during the course of our work. As such we have not performed any audit, review or examinations of any of the historical or prospective information used and, therefore, do not express any Opinion with regard to the same. In addition, we do not take any responsibility for any changes in the information used for any reason, which may occur subsequent to this date.

We have assumed that the Final Scheme will not differ in any material respect from the Draft Scheme Document shared with us.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on KEPL and HLE and their respective Shareholders, nor does our Opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the respective Companies have obtained such advice as they deemed necessary from qualified Professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, government investigation or other contingent liabilities to which KEPL and HLE and/or their Associates/ Subsidiaries, are or may be Party.

The Company has been provided with an opportunity to review the Draft Opinion as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Final Opinion. Our 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 Scheme or any matter thereto.



Our Fairness Opinion:

Based upon Valuation work carried out by RBSA Corporate Advisors LLP, Registered Valuer (SFA) (“Valuer”/ “Independent Valuer”) we are of the Opinion that the purpose of the proposed Merger of KEPL into HLE are fair, from a financial point of view.

The fairness of the Proposed Merger is tested by:

- (1) Considering whether the Valuation Methods adopted by RBSA Corporate Advisors LLP, Registered Valuer (SFA) (“Valuer”/ “Independent Valuer”) depict a correct picture on the value of shares of all companies;
- (2) Calculating the Fair Market Value of Companies;
- (3) Considering qualitative factors such as economies of scale of operations, synergy benefits that may result from the proposed Merger of KEPL into HLE .

In the light of the above and on a consideration of all the relevant factors and circumstances as discussed and outlined in the valuation report, dated 13th February, 2024 issued by RBSA Corporate Advisors LLP., it has been recommended by the Valuer that the fair exchange ratio for the proposed amalgamation shall be as follows:

“100 (One Hundred) Equity Shares of Rs. 2 each fully paid up of HLE for every 559 (Five hundred and Fifty Nine) equity shares of Rs. 10/- each fully paid up of KEPL.

The rationale for Share Exchange Ratio as explained above, will be issued as assumed by RBSA Corporate Advisors LLP, Registered Valuer (SFA) (“Valuer”/ “Independent Valuer”) is justified.

We are in opinion that, RBSA Corporate Advisors LLP, Registered Valuer (SFA) (“Valuer”/ “Independent Valuer”) is justified by taking the Fair Value of Companies, and covers each aspect of valuation.

This being of our best of professional understanding, we hereby sign the Fairness Opinion Report on Valuation.

For Navigant Corporate Advisors Limited



Sarthak Vijlani

Managing Director

Date: 13.02.2024, Place: Mumbai