

Certificate No: MMN/C/2023-2024/Feb/016A

To  
Board of Directors  
HLE Glascoat Limited  
H - 106, Phase IV, G.I.D.C. Estate  
Vitthal Udyognagar, District Anand  
Gujarat - 388 121, India

**INDEPENDENT AUDITOR'S CERTIFICATE ON NON-APPLICABILITY OF  
CONDITIONS STIPULATED UNDER PARA 10(b) READ WITH PARA 10(a) OF PART  
I OF THE SEBI MASTER CIRCULAR NO. SEBI/HO/CFD/POD-2/P/CIR/2023/93  
DATED JUNE 20, 2023 ("SEBI MASTER CIRCULAR")**

1. This certificate is issued in accordance with your letter dated February 10, 2024.
2. We, M M Nissim & Co LLP, Chartered Accountants, the statutory auditors of the HLE Glascoat Limited ("the Company") have been requested by the management of the Company to certify the non-applicability of conditions under paragraph 10(b) read with paragraph 10(a) of Part I of the SEBI Master Circular to the Scheme of Amalgamation of Kinam Enterprise Private Limited ("Transferor Company") with the Company and their respective shareholders under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 ("Act") ("Scheme"). The accompanying Undertaking approved by the Board of Directors of the Company at its meeting held on 13<sup>th</sup> February 2024 (the "Undertaking") stating the reasons for non-applicability of conditions stipulated under paragraph 10(6) read with paragraph 10(a) of Part I of the SEBI Master Circular, has been prepared by management of the Company in connection with proposed Scheme in terms of provisions of the Act read with the rules made thereunder and pursuant to SEBI Master Circular.
3. In connection with the requirements as stated in paragraph 2 above, we have been provided by the Company, a certified copy of the Scheme and the certified copy of the Undertaking approved by the Board of Directors (as attached herewith). We have attached the Undertaking for identification purpose only.

**Managements' Responsibility for the Statement**

4. The preparation of the Undertaking is the responsibility of the management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents supporting the contents of the Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Undertaking.



5. The Management is also responsible for ensuring that the Company complies with the requirements of the SEBI Master Circular and the Act in relation to the Scheme and for providing all the information to the SEBI, BSE Ltd and National Stock Exchange of India Limited.

**Auditor's Responsibility**

6. Pursuant to the said letter, it is our responsibility to report based on procedures performed. In this regard, we have performed the following procedures:
  - Obtained a certified copy of the Scheme.
  - Obtained a certified copy of the Undertaking.
  - Read the Scheme and reviewed the Undertaking to confirm whether conditions as stipulated under paragraph 10(b) read with paragraph 10(a) of Part I of the SEBI Master Circular are applicable to the Company in relation to the Scheme.
7. Pursuant to the SEBI Master Circular, it is our responsibility to examine the Scheme and provide reasonable assurance whether the conditions as stipulated under paragraph 10(6) read with paragraph 10(a) of Part I of the SEBI Master Circular and as set out in the Undertaking are applicable to the Company in relation to the Scheme or not. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate audit evidence on the reporting criteria as mentioned above.
8. We carried out our examination in accordance with the Guidance Note on Reports or Certificates for Special Purpose (Revised 2016), issued by the Institute of Chartered Accountants of India. The Guidance note requires that we comply with the ethical requirements of the code of ethics issued by the Institute of Chartered Accountants of India.
9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

10. Based on the procedures performed by us as above, and according to the information and explanations given to us, in our opinion, the conditions stipulated under paragraph 10(b) read with paragraph 10(a) of Part I of the SEBI Master Circular as set out in the Undertaking are not applicable to the Company in relation to the Scheme.



**Restriction on Use**

11. This Certificate has been issued at the request of the Board of Directors of the Company solely in connection with the requirements prescribed under paragraph 10(c) of Part I of the SEBI Master Circular and for onward submission to the Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, Regional Director, Securities and Exchange Board of India, Hon'ble National Law Company Tribunal or any other regulatory authorities / purposes pursuant to the requirements of the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Circulars issued by SEBI from time to time as may be required to give effect to the Scheme and uploading the same on Company's website. This certificate should not be used, quoted or referred for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For M M Nissim & Co LLP  
Chartered Accountants  
FRN: 107122W/W100672

Dimple Maru  
Partner

Membership No: 141312  
UDIN: 24141312BKCMIP2800  
Date: 13<sup>th</sup> February, 2024



## UNDERTAKING IN RELATION TO NON-APPLICABILITY OF PARAGRAPH 10(b) READ WITH PARAGRAPH 10(a) OF PART I OF SEBI MASTER CIRCULAR NO. SEBI/HO/CFD/POD-2/P/CIR/2023/93 DATED JUNE 20, 2023 ("SEBI MASTER CIRCULAR")

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### 1. Background

1.1 This is with reference to the draft Scheme of Amalgamation of Kinam Enterprise Private Limited (the "Transferor Company") with HLE Glascoat Limited (the "Transferee Company" or the "Company") and their respective shareholders under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 ("Scheme").

### 2. Consideration under the Scheme

The consideration proposed under the Scheme is as under:

"

8.1.1 Upon the Scheme becoming effective and upon the amalgamation of the Transferor Company with the Transferee Company in terms of this Scheme:

8.1.1.1 the investment in equity shares of the Transferor Company held by the Transferee Company shall stand cancelled in the books of the Transferee Company; and

8.1.1.2 the Transferee Company shall, without any further act, deed, issue and allot on a proportionate basis to each shareholder of the Transferor Company (except Transferee Company itself), whose name is recorded in the register of members on the Effective Date, in accordance with the terms of the Scheme and without any further application, act, deed, payment, consent, instrument or deed issue 100 (One Hundred) fully paid up equity shares of Rs.2/- each of the Transferee Company ("Transferee Company New Equity Shares"), credited as fully paid up for every 559 (Five Hundred Fifty Nine) fully paid equity shares of Rs.10/- each held by such shareholder or his/ her/ its heirs, executors, administrators or successors in the Transferor Company ("Share Entitlement Ratio")."

### 3. Requirement of SEBI Master Circular

3.1 Pursuant to Paragraph 10(b) of Part I of the SEBI Master Circular, wherein it is mandated for listed companies to ensure that the Scheme submitted with the Hon'ble National Company Law Tribunal, for sanction, shall be acted upon in certain cases, if the votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders against the Scheme.

3.2 The SEBI Master Circular further provides that in cases where the Scheme does not fall within the cases mentioned in Paragraph 10(b) of Part I of the SEBI Master Circular, the listed entity shall furnish an undertaking certified by the auditor and duly approved by the Board of the company clearly stating the reasons for non-applicability of the aforesaid requirement.

3.3 In terms of the Scheme and Paragraph 10(b) read with Paragraph 10(a) of Part I of the SEBI Master Circular, the Company hereby undertakes that the requirement under the SEBI Master Circular pertaining to obtaining approval of the majority of the public shareholders of the Company to the Scheme is not applicable to the Company.

#### 4. Reasons for non-applicability:

The detailed reasons for non-applicability of obtaining approval of the majority of public shareholders to the Scheme are as follows:

##### 4.1 Para 10(b)(i)

*"Where additional shares have been allotted to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the listed entity, or"*

##### Reason for non-applicability:

As per Clause 8.1. of the Scheme mentioned above, all the shareholders of the Transferor Company (except the Company itself) shall be allotted equity shares of the Company in proportion of their shareholding in the Transferor Company on amalgamation of the Transferor Company with the Company.

This Clause of the SEBI Master Circular is not applicable since the Scheme does not contemplate issue and allotment of any additional shares to the Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter/ Promoter Group of the Company.

##### 4.2 Para 10(b)(ii)

*"Where the Scheme of Arrangement involves the listed entity and any other entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group".*



Reason for non-applicability:

This Clause of the SEBI Master Circular is not applicable since the Scheme does not involve any transaction between the listed entity and any other entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group.

4.3 Para A 10(b)(iii)

*"Where the parent listed entity has acquired, either directly or indirectly, the equity shares of the subsidiary from any of the shareholders of the subsidiary who may be Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the parent listed entity, and if that subsidiary is being merged with the parent listed entity under the Scheme."*

Reason for non-applicability:

The Scheme provides for the amalgamation of the Transferor Company with the Transferee Company. However, this Clause of the SEBI Master Circular is not applicable to the Scheme as the Transferor Company was not acquired by paying consideration in cash or in kind in the past from any of the shareholders of the Transferor Company who may be Promoter/ Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the Company.

4.4 Para 10(b)(iv)

*"Where the scheme involving merger of an unlisted entity results in reduction in the voting share of pre-scheme public shareholders of listed entity in the transferee / resulting company by more than 5% of the total capital of the merged entity."*

Reason for non-applicability:

This Clause of the SEBI Master Circular is not applicable as the proposed amalgamation of the Transferor Company with the Transferee Company will not result in reduction in the voting share of pre-scheme public shareholders of the Company in the Company by more than 5% of the total capital of the merged entity.

4.5 Para 10(b)(v)

*"Where the scheme involves transfer of whole or substantially the whole of the undertaking of the listed entity and the consideration for such transfer is not in the form of listed equity shares."*

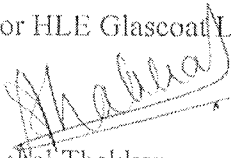


Reason for non-applicability:

This requirement of the SEBI Master Circular is not applicable as the Scheme provides for consideration to be issued by the Company, in form of its listed equity shares for amalgamation of the Transferor Company with the Company.

In view of the aforesaid, the requirement of obtaining consent of majority of public shareholders voting, as stated at Paragraph 10 (b) read with Paragraph 10(a) of the SEBI Master Circular is not applicable to the proposed Scheme.

For HLE Glascoat Limited

  
Akhil Thakkar

Company Secretary



Place: Anand

Date: February 13, 2024