

KEYNOTE

25
YEARS
OF CREATING
VALUE
THROUGH
RELATIONSHIPS
AND
TRUST

16th March, 2020

The Board of Directors,
GHCL Limited,
GHCL House, Opp. Punjabi Hall, Near Navrangpura Bus Stand,
Navrangpura, Ahmedabad – 380 009, Gujarat

Dear Sir,

Reg: Fairness Opinion in connection with the proposed demerger of Textiles business of GHCL Limited ("GHCL")

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 management of GHCL Limited ("GHCL" or "The Company") is contemplating a Scheme of Arrangement ("Scheme") for the demerger of the Textiles business of GHCL. The proposed realignment is to be carried out pursuant to the Scheme of Arrangement under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

In connection with the aforesaid, we have been requested by the management of GHCL to issue a Fairness Opinion as of the date hereof, as to the fairness of the Share Allotment/ Entitlement Ratio to the Equity Shareholders of GHCL. We have perused the documents / information provided by you in respect of the said Arrangement and the Valuation Report as issued by N.S. Kumar & Co., Chartered Accountants, dated 16th March 2020 and state as follows:

Company Profile:

GHCL Limited is engaged in the business of (i) manufacture and sale of inorganic chemicals (including but not limited to Soda Ash (Dense grade and Light grade), Sodium Bicarbonate, Industrial Salt, Consumer Products Business) ('Chemical business') (ii) manufacture and sale of textiles (including but not limited to yarn manufacturing, weaving, processing, cutting and sewing of home textiles products) ('Textiles business').

Rationale of the Report:

Keeping in view the interest of all stakeholders of the Company, the management of GHCL intend to transfer Textiles business of GHCL to the Resulting Company (to be incorporated), which would enable a more efficient, effective and focused management and utilization of resources and talent, and for administrative convenience. It is expected that such restructuring will be beneficial for GHCL and its shareholders as it would result in a better focus on the Demerged Business and the Remaining Business, and unlock the value of the said businesses for the shareholders. Further, the demerger will enable the Remaining Business of



Keynote Financial Services Limited

(formerly known as Keynote Corporate Services Limited)

The Ruby, 9th Floor, Senapati Bapat Marg, Dadar (West), Mumbai - 400028

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the GHCL to provide focused leadership and management attention on its Chemical business, through its specialized team which has built expertise over the years.

Our Recommendation:

As stated in the Valuation Report by N.S. Kumar & Co., Chartered Accountants, they have recommended the following:

“1(one) fully paid equity share of Rs.2 (Rupees Two) each of the Resulting Company for every 1 (one) fully paid equity share of Rs. 10 (Rupees Ten) each held by shareholders of GHCL”

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

Based on the information, data made available to us, to the best of our knowledge and belief, the Share Allotment / Entitlement Ratio as recommended by N.S. Kumar & Co., Chartered Accountants in relation to the proposed Draft Scheme of Arrangement is Fair to the equity shareholders of GHCL in our opinion.

Sources of Information:

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

- Share Entitlement Ratio Report by N.S. Kumar & Co., Chartered Accountants dated 16th March, 2020
- Shareholding pattern of GHCL as on 31st December 2019.
- Draft Scheme of Arrangement between GHCL and Resulting Company and their Respective Shareholders.
- Annual report for FY 2017-2018 and 2018-2019 of Standalone Unaudited Results as on December 31, 2019

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



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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 GHCL 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 GHCL. We have solely relied upon the information provided to us by GHCL. We have not reviewed any books or records of GHCL (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 verification of the properties or facilities of GHCL 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 GHCL. 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 GHCL for the purpose of this opinion. We are not experts in the evaluation of litigation or other actual or threaten 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 GHCL with respect to these matters. In addition, we have assumed that the Draft Scheme of Arrangement will be approved by the regulatory authorities and that the proposed Transaction will be consummated substantially in accordance with the terms set forth in the Draft Scheme of Arrangement.

We understand that the management of GHCL 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 for the Draft Scheme of Arrangement, no restrictions will be imposed that will have a material adverse effect on the benefits of the Transaction that GHCL 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 GHCL or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to GHCL 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 Transaction.

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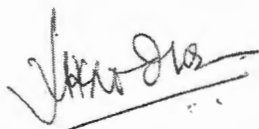
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The Fairness Opinion is addressed only to the Board of Directors of GHCL and is for the purpose of submission to the Stock Exchanges under the SEBI Circular. Further, the Fairness Opinion may be disclosed on the website of GHCL and the Stock Exchanges 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.

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

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, GHCL and their affiliates shall indemnify them.

For Keynote Financial Services Limited



Nipun Lodha

Exec. Vice President and Head Corporate Finance



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