

Independent Auditor's Certificate

The Board of Directors

Borosil Limited

1101, 11th Floor, Crescenzo, G-Block,
Plot No C-38, Opp. MCA Club,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400051,
Maharashtra, India.

1. This Certificate is issued in accordance with the terms of our engagement letter and in our capacity as Statutory Auditors of Borosil Limited ('Demerged Company' or 'Company').
2. The Management of the Company is proposing a draft Composite Scheme of Arrangement amongst Borosil Limited ("Demerged Company") and Klass Pack Limited ("Resulting Company" or "Transferee Company") and Borosil Technologies Limited ("Transferor Company") and their respective shareholders and creditors under Sections 230-232 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 ('the Scheme').
3. The Management of the Company has prepared the accompanying undertaking in relation to non-applicability of requirements prescribed in Part I(A)(10)(a) read with conditions prescribed in Part I(A)(10)(b) of the SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 dated 23rd November, 2021 (as amended from time to time) ('SEBI Circular') in respect of draft Composite Scheme of Arrangement amongst Borosil Limited ("Demerged Company") and Klass Pack Limited ("Resulting Company" or "Transferee Company") and Borosil Technologies Limited ("Transferor Company") and their respective shareholders and creditors ('the Scheme') ("the Undertaking") pursuant to Part I(A)(10)(c) of SEBI Circular in connection with the Scheme in terms of provisions of Sections 230-232 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 (" the Act") . The Undertaking signed by the Company and initialed by us for the purpose of identification is attached to the Certificate.

Management's responsibility

4. The preparation of the Undertaking is the sole responsibility of the management of the Demerged Company including the preparation and maintenance of all the accounting and other relevant supporting records and documents in relation to the Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Undertaking and applying appropriate basis of preparation.



5. The Management is also responsible for ensuring that the Demerged Company complies with the requirements of the SEBI Circular and the Companies Act, 2013 in relation to the Scheme and for providing all the information to the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE").
6. The Management of the Company is also responsible to ensure that details mentioned in the attached Undertaking are true and correct.

Auditor's responsibility

7. Pursuant to the SEBI Circular, it is our responsibility to provide a reasonable assurance on whether requirements under Paragraph I(A)(10)(b) of Part I of the SEBI Circular pertaining to obtaining approval of the majority of public shareholder to the Scheme are applicable to the Company.
8. A reasonable assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the reporting criteria. Accordingly, we have performed the following procedures in relation to this certificate:
 - (i) Read the Scheme and relevant guidelines to determine whether the requirements of Part I(A)10(a) and I(A)(10)(b) of the SEBI Circular are applicable to the Company.
 - (ii) Read the attached undertaking prepared by the Company.
 - (iii) Our examination did not extend to any aspects of a legal or propriety nature covered in the Scheme.

Further, our scope of work did not involve us performing any audit tests in the context of our examination. We have not performed an audit, the objective of which would be to express an opinion on the specified elements, accounts or items thereof, for the purpose of this certificate. Accordingly, we do not express such opinion.

9. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes 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.
10. 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

11. Based on our examination and according to the information, explanations and representations provided to us by the Management, we are of the opinion that, the requirements of Paragraph I(A)(10)(b) of Part I of the SEBI Circular are not applicable to the Demerged Company.

Restriction on use

12. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the requirements of the provisions of SEBI Circular. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have as statutory auditors of the Company or otherwise. Nothing in this certificate, nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as statutory auditors of the Company.
13. This certificate is addressed to and provided to the Board of Directors of the Demerged Company solely for the purpose of enabling them to comply with the requirements of Part I(A)(10)(C) of SEBI Circular which require them to submit the certificate by the statutory auditors along with the accompanying Undertaking, duly approved by the Board of Directors of the Company, for onward submission to the NSE and BSE and should not be used, referred to or distributed for any other purpose or to any other party without our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care 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 **Chaturvedi & Shah LLP**
Chartered Accountants
Firm Registration No. 101720W / W100355



R. Koria
Partner
Membership No. 35629
UDIN: 22035629AASQNE5791



Place: Mumbai
Date: 07 February 2022

BOROSIL®

Borosil Limited

CIN: L36100MH2010PLC292722

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UNDERTAKING IN RELATION TO NON-APPLICABILITY OF PARAGRAPH (A)(10)(b) READ WITH PARAGRAPH (A)(10)(a) OF PART I OF SEBI MASTER CIRCULAR NO. SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 DATED NOVEMBER 23, 2021 ("SEBI MASTER CIRCULAR")

- 1.1 This is in connection with the draft 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 under Sections 230-232 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 2013 ('the Scheme').
- 1.2 The Scheme *inter alia*, envisages the following:
- (a) reduction and reorganisation of share capital of KPL;
 - (b) the demerger, transfer and vesting of the Demerged Undertaking (*as defined in the Scheme*) from BL into KPL on a *going concern* basis, the consequent issue of shares by KPL and reduction and cancellation of the existing paid-up share capital of the KPL held by BL; and
 - (c) the amalgamation of BTL with KPL.
- 1.3 Pursuant to Paragraph (A)(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 only 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.
- 1.4 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.



1.5 BL hereby undertakes that, the requirements stated in Paragraph (A)(10)(b) read Paragraph (A)(10)(a) of Part I of the SEBI Master Circular i.e. approval by majority of public shareholders of BL to the Scheme is not applicable to BL.

1.6 Consideration under the Scheme:

(a) Reduction and reorganisation of share capital of KPL:

No consideration is proposed to be issued under the Scheme, for the reduction and reorganization of the share capital of KPL.

(b) Demerger of the Demerged Undertaking of BL into KPL:

For demerger of the Demerged Undertaking of BL into KPL, KPL shall issue and allot, on a proportionate basis to the shareholders of the Demerged Company whose name is recorded in the register of members and records of the depository as members of the Demerged Company as on the Record Date, as under:

3 (Three) fully paid up equity shares of INR 1/- each of the Resulting Company (post proposed re-organisation of share capital) credited as fully paid up, for every 4 (Four) fully paid-up equity shares of INR 1/- each of the Demerged Company.

(c) Merger of BTL into KPL:

Immediately upon effectiveness of Part III of the Scheme, BTL will become a wholly owned subsidiary of KPL and the entire paid-up share capital of BTL will be held by KPL. Accordingly, upon amalgamation of BTL with KPL, there shall be no issue of shares as consideration for the said amalgamation.

1.7 Reasons for non-applicability:

A. Reduction and reorganization of share capital of KPL

Reason for non-applicability:

As on date, KPL is an unlisted entity, thus, the provisions stated in Paragraph (A)(10)(b) of Part I of the SEBI Master Circular i.e. approval by majority of public shareholders of the listed entity to the Scheme is not applicable to KPL.



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B. Demerger of Demerged Undertaking (as defined in the Scheme) into KPL

1) Para (A)(10)(b)(i)

"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:

Fact pattern upon demerger coming into effect:

- Issue of shares by the Resulting Company to the existing members of the Demerged Company

Resulting Company shall issue and allot equity shares on a proportionate basis to the shareholders of the Demerged Company, whose name is recorded in the register of members of the Demerged Company on the Record Date, as per the Share Entitlement Ratio specified in Clause 8.1 of the Scheme i.e., 3 (Three) fully paid up equity shares of INR 1/- each of the Resulting Company (post proposed re-organisation of share capital) credited as fully paid up, for every 4 (Four) fully paid-up equity shares of INR 1/- each of the Demerged Company.

- Cancellation of the equity shares held by the Demerged Company in Resulting Company

Simultaneous with the issuance of equity shares by the Resulting Company to the members of the Demerged Company, the existing shares of the Resulting Company held by the Demerged Company will be cancelled.

Accordingly, it is evident from the above that all the members of the Demerged Company would get equity shares in Resulting Company in proportion to their entitlement as per Share Entitlement Ratio enshrined in Clause 8.1 of the Scheme and there would be no allotment of additional shares 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.

Thus, this requirement of the SEBI Master Circular is not applicable as the Scheme does not contemplate any issue of additional consideration to Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the Company.



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2) **Para (A)(10)(b)(ii)**

"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:

Fact pattern upon demerger coming into effect:

- It is pertinent to note that, BL holds 82.49% of the equity share capital of KPL. Hence, KPL is a subsidiary of BL and as a result is not part of the Promoter/ Promoter Group of BL as the relationship is only through the Demerged Company, thus, KPL cannot be categorized as part of Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of BL.
- As mentioned in para (1) above, Resulting Company shall issue and allot equity shares on a proportionate basis to the shareholders of the Demerged Company, whose name is recorded in the register of members of the Demerged Company on the Record Date, as per the Share Entitlement Ratio specified in Clause 8.1 of the Scheme. Further, the equity shares of the Resulting Company held by the Demerged Company will be cancelled. In such a case, benefit, if any, of the Scheme shall be to the advantage of all shareholders of the Demerged Company.
- Since all the members of the Demerged Company are being issued equity shares of the Resulting Company, the benefit of the Scheme would accrue to the advantage of all the equity shareholders of the Demerged Company. Thus, the objective of safeguarding the interest of the minority shareholders is met in this case.
- Thus, this requirement of the SEBI Master Circular is not applicable as the Scheme does not involve any transaction between a 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

3) **Para (A)(10)(b)(iii)**

"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."



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Reason for non-applicability:

The Scheme neither envisages an acquisition of equity shares of a subsidiary of the parent listed company and does not provide for merger of a subsidiary with parent listed company and hence, this condition of the SEBI Master Circular is not applicable in the instant case.

4) **Para (A)(10)(b)(iv)**

"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:

The Scheme does not provide for merger of unlisted entity into listed entity and hence, this condition of the SEBI Master Circular is not applicable in this case.

5) **Para (A)(10)(b)(v)**

"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;

For the purpose of this clause, the expression "substantially the whole of the undertaking" in any financial year shall mean twenty per cent or more of value of the company in terms of consolidated net worth or consolidated total income during previous financial year as specified in Section 180(1)(a)(ii) of the Companies Act, 2013."

Reason for non-applicability:

As mentioned in para (1) above, Resulting Company shall issue and allot equity shares on a proportionate basis to the shareholders of the Demerged Company, whose name is recorded in the register of members of the Demerged Company as holding equity shares on Record Date, as per the Share Entitlement Ratio specified in Clause 8.1 of the Scheme.

Upon the effectiveness of the Scheme, the equity shares of the Resulting Company shall be listed on both, BSE Limited and National Stock Exchange of India Limited, as provided in Clause 8.11 of the Scheme.

Thus in view of the above, this condition of the SEBI Master Circular is not applicable in the instant case.



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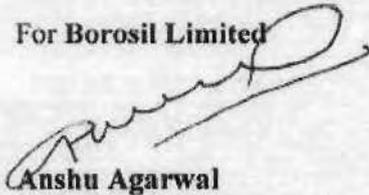


C. Merger of BTL into KPL

Reason for non-applicability:

As on date, both, BTL and KPL are unlisted entities, thus as a result, for amalgamation of BTL into KPL, the provisions stated in Paragraph (A)(10)(b) of Part I of the SEBI Master Circular i.e. approval by majority of public shareholders of the listed entity to the Scheme, will not be applicable to BTL and KPL.

For Borosil Limited



Anshu Agarwal
Company Secretary & Compliance Officer
FCS No. 9921



Date: February 7, 2022

Place: Mumbai

