

KEYNOTE

July 03, 2015

The Board of Directors
Binani Industries Limited
Mercantile Chambers
12, J. N. Heredia Marg,
Ballard Estate,
Mumbai - 400 001, India

The Board of Directors
Binani Metals Limited
Mercantile Chambers
12, J. N. Heredia Marg,
Ballard Estate,
Mumbai - 400 001, India

Dear Sir/Madam,

Reg: Fairness Opinion on the Share Entitlement ratio with respect to the Scheme of Amalgamation of Binani Metals Limited ("BML") with Binani Industries Limited ("BIL") and their respective shareholders

Keynote Corporate Services Limited ("**Keynote**" or "**we**" or "**us**") is Category I Merchant Banker registered with Securities Exchange Board of India ("SEBI"). We have been requested to issue a report on fairness on the Share Entitlement ratio with respect to the Scheme of Amalgamation of Binani Metals Limited ("BML") with Binani Industries Limited ("BIL") and their respective shareholders. We have perused the documents/information provided by you in respect of the said Amalgamation and the Valuation Report as issued by **Walker Chandiook & Co LLP** dated July 03, 2015 and state as follows:

Company Profile:

Binani Industries Limited ("BIL") is the flagship company of the Braj Binani Group and is a fast growing, multidimensional business conglomerate with sales, manufacturing, R&D operations spread in Asia, Europe and Middle East. BIL's diversified businesses deliver products, solutions and information services for industries spanning cement, glass fiber, zinc, construction and EPC contracts. The equity shares of BIL are listed on the BSE Limited, National Stock Exchange of India Limited ("NSE") and Calcutta Stock Exchange Limited ("CSE"). BIL as a holding company provides support relating to managerial and financial matters of its subsidiaries and is desirous of also providing infrastructural support to the said subsidiaries engaged in production of power, cement, metals and fibres.

Issued, Subscribed and Fully Paid- up Share Capital:

- 29,596,425 Equity shares of Rs. 10/- each fully paid up;
- 12,000,000 0.01%Preference shares of Rs. 100/- each

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Keynote Corporate Services Limited

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Binani Metals Limited is engaged into the business of providing logistic solutions, media and publication services, trading in shares & securities and trading & export of goods. The equity shares of BML are listed on the Calcutta Stock Exchange Limited.

Subscribed and Paid- up Share Capital:

- 35,432 Equity shares of Rs. 1,000/- each fully paid up;
- 29,800 8% Non- Cumulative Redeemable Preference Shares of Rs. 1,000/- each fully paid up

Rationale of the Report:

We have been informed that, pursuant to a Scheme of Amalgamation under sections 391 to 394 (*hereinafter referred to as "the Scheme"*) and subject to necessary approvals, the management of BIL is proposing an internal restructuring by amalgamating BML with BIL for consolidation and simplification of the corporate structure, reducing administrative & operative cost and achieving operational and management efficiency.

In this regard, we have been requested to suggest Fairness on the Share Entitlement ratio for issue of equity and preference shares of BIL to the shareholders of BML for the purpose of proposed amalgamation.

Sources of Information:

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

- a) Valuation Report by **Walker Chandiok & Co LLP** dated July 03, 2015;
- b) Historical Audited Consolidated Financial statements of BIL and BML for the year ended March 31, 2015;
- c) Traded Stock Price of BIL on the NSE;
- d) Draft Scheme of Amalgamation;
- e) Other relevant information/documents regarding BIL and BML such as their history, past and present activities, the amalgamation process, future plans and prospects post the amalgamation including information available through public domain

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

Our Recommendation:

As stated in the Valuation Report, **Walker Chandiok & Co LLP** has recommended the following Share Entitlement Ratio:

"50 (Fifty) equity shares of BIL of INR 10/- each fully paid for every 1 (One) equity share of BML of INR 1,000/- each fully paid."

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“10 (Ten) 0.01% Non-cumulative Redeemable Preference Shares of Rs. 100/- each fully paid up of BIL for every 1 (One) 8% Non-cumulative Redeemable Preference Shares of Rs. 1,000/- each in BML”

The aforesaid Amalgamation shall be pursuant to the Draft Scheme of Amalgamation and shall be subject to receipt of approval from the Jurisdictional High Court of Calcutta and other statutory approvals as may be required. The detailed terms and conditions of the amalgamation are more fully set forth in the Draft Scheme of Amalgamation. Keynote has issued the fairness opinion with the understanding that Draft Scheme of Amalgamation shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme of Amalgamation alters the transaction.

Based on the information, data made available to us, including the Valuation Report, to the best of our knowledge and belief, the share entitlement ratio for the equity shareholders as suggested by Walker Chandiook & Co LLP proposed under the Scheme of Amalgamation is fair in our opinion.

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 BIL and BML for the purpose of this opinion. Our work does not constitute an audit or certification or due diligence of the working results, financial statements, or estimates of value to be realized for the assets of BIL and BML. We have solely relied upon the information provided to us by BIL and BML. We have not reviewed any books or records of BIL and BML (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 BIL and BML 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 BIL and BML. 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 BIL and BML 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 the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of BIL and BML with respect to these matters. In addition, we have assumed that the Draft Scheme of Amalgamation 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 Amalgamation.

We understand that the managements of BIL and BML 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 Amalgamation, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that BIL and BML 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 BIL and BML or any of its assets, nor did we negotiate with any other party in this regard.

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We have acted as a financial advisor to BIL and BML for providing a fairness view on the share entitlement ratio and will receive a fee for our services.

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.

It is understood that this letter is solely for the benefit of and confidential use by the Board of Directors of BIL and BML, shareholders of BIL and BML, SEBI and the Stock Exchanges for the purpose of this transaction and may not be relied upon by any other person and may not be used or disclosed for any other purpose without our prior written consent. The opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified above, under any Indian or foreign law, Statute, Act, guideline or similar instruction. Management of BIL and BML should not make this report available to any party, including any regulatory or compliance authority/agency except as mentioned above. The letter is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.

We express no opinion whatever and make no recommendation at all as to BIL's or BML's underlying decision to effect to the proposed transaction or as to how the holders of equity shares or preference shares of BIL and BML should vote at their respective meetings 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 BIL and BML will trade following the announcement of the transaction or as to the financial performance of BIL and BML following the consummation of the transaction.

In no circumstances however, will Keynote Corporate 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 Corporate Services Limited or its associates, directors or employees by any third party, BIL and BML and their affiliates shall indemnify them.

For **KEYNOTE CORPORATE SERVICES LTD**



Uday Patil
Director- Investment Banking
SEBI Registration No. INM000003606
(Merchant Banker)

Keynote Corporate Services Limited