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KEYNOTE

Annexure - 5

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68

13th November 2018

The Board of Directors,

Gujarat Fluorochemicals Limited
Survey Number 16/3, 26 and 27,
Village Ranjitnagar 389380,
Taluka Ghoghamba,
District Panchmahal, Gujarat

Dear Sir,

Reg: Fairness Opinion in connection with the proposed demerger of Chemical Business Undertaking of Gujarat Fluorochemicals Limited ("GFL") into a proposed new company ("Resulting Company")

Keynote Corporate 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 Board of Directors of Gujarat Fluorochemicals Limited is contemplating a Scheme of Arrangement ("Scheme") for the demerger of its Chemical Business Undertaking into its wholly-owned subsidiary (hereinafter referred to as "Resulting Company") pursuant to provisions of Sections 230 to 232 and other applicable provisions of the Companies Act, 2013.

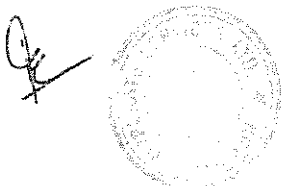
In connection with the aforesaid, we have been requested by the Board of Directors of GFL to issue a Fairness Opinion as of the date hereof, as to the fairness of the Share Allotment/ Entitlement Ratio to the Equity Shareholders of GFL. We have perused the documents/ information provided by you in respect of the Scheme and the Valuation Report as issued by Walker Chandiook & Co LLP ("WCC") dated 13th November 2018 and state as follows:

Company Profile:

Gujarat Fluorochemicals Limited (GFL), a subsidiary of Inox Leasing and Finance Limited, and incorporated in 1987, has evolved as a producer of chloromethanes, refrigerants and Polytetrafluoroethylene (PTFE) in India. The Company is a part of the Inox Group, which is diversified across the industrial gases, engineering plastics, refrigerants, chemicals, cryogenic engineering, renewable energy and entertainment sectors. GFL primarily supplied CFC and HCFC to more than 75 countries globally. As CFCs were eventually phased out under the Montreal Protocol, in 2007 the Company forward integrated into PTFE (Poly Tetra Fluoro Ethylene) by commissioning a technologically advanced PTFE facility in Dahej, Gujarat. Shares of GFL are listed on National Stock Exchange of India Limited ("NSE") and Bombay Stock Exchange Limited ("BSE").

GFL also carries on other business through its subsidiaries in India:

1. **Inox Leisure Limited ("ILL"):** National multiplex chain operator, with 509 screens in 127 properties across 64 cities in India, with a total capacity of 1,24,941 seats. Shares of ILL are listed on BSE and NSE.



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Keynote Corporate Services Limited

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CIN-L67120MH1993PLC072407

2. **Inox Wind Limited ("IWL"):** Wind turbine manufacturer with a wind turbine manufacturing capacity of 1,600 MW and a cumulative installed base of 2.4 GW. Shares of IWL are also listed on BSE and NSE.
3. **Inox Renewables Limited ("IRL"):** Wind farming business, Inox Renewables Limited operates wind farms with a total capacity of 31 MW. IRL is a 100% subsidiary of GFL.

Rationale of the Scheme:

GFL is engaged in the business of manufacturing chemicals, refrigerants, fluoropolymers, etc. Further, through investments in its subsidiaries, GFL is also engaged in Wind Energy, Wind Farming, Entertainment and other businesses. Each of the business activities being carried out by GFL are distinct and diverse in its business characteristics with different risk and return profiles & capital and operational requirements. The management of GFL believes that the scheme will provide better flexibility to investors to select investments which best suit their investment strategies and risk profile for each of the businesses of GFL. It will also result in economies in business operations; provide optimal utilization of resources and greater administrative efficiencies

In consideration of the demerger of the Chemical Business Undertaking of GFL into the Resulting Company, for every 1 (one) fully paid equity shares of face value of Re. 1/- each held by the shareholders of GFL, 1 (one) fully paid equity share of face value of Re. 1/- each of the Resulting Company shall be issued and allotted (referred to as the "Share Allotment / Entitlement Ratio").

Sources of Information:

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

- Valuation Report by Walker Chandiook & Co LLP dated 13th November 2018;
- Draft Scheme of Arrangement between GFL and Resulting Company and their Respective Shareholders;
- Annual reports for FY 2016-2017 and 2017-2018 of Gujarat Fluorochemicals Limited.

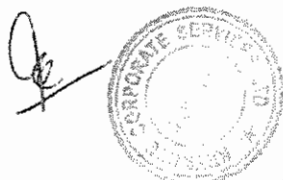
In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our analysis.

Our Recommendation:

As stated in the Valuation Report by Walker Chandiook & Co LLP, they have recommended the following:

"1(one) fully paid equity share of Re.1 (Rupees one) each of the Resulting Company for every 1 (one) fully paid equity share of Re.1 (Rupees one) each held in GFL"

The aforesaid demerger shall be pursuant to the 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, including the Share Allotment Ratio Report, to the best of our knowledge and belief, the Share Allotment/ Entitlement Ratio as recommended by Walker Chandiook & Co LLP in relation to the proposed Draft Scheme of Arrangement is Fair to the equity shareholders of Gujarat Fluorochemicals Limited 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 GFL 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 GFL. We have solely relied upon the information provided to us by GFL. We have not reviewed any books or records of GFL (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 GFL 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 GFL. 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 GFL 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 GFL 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 GFL 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 GFL 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 GFL or any of its assets, nor did we negotiate with any other party in this regard.



We have acted as a financial advisor to GFL for providing a Fairness Opinion and will receive a fee for our services.

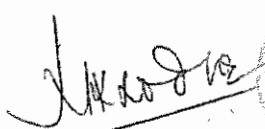
In the ordinary course of business, Keynote is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of Keynote may 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.

The Fairness Opinion is addressed only to the Board of Directors of GFL 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 GFL 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 GFL'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 GFL 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 GFL will trade following the announcement of the Transaction or as to the financial performance of GFL 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, GFL and their affiliates shall indemnify them.~~

For **KEYNOTE CORPORATE SERVICES LTD**



Nipun Lodha

Exec. Vice President and Head Corporate Finance

Strictly Private and Confidential

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To
The Board of Directors,
Gujarat Fluorochemicals Limited,
Survey Number 16/3, 26 and 27,
Village Ranjitnagar 389380,
Taluka Ghoghamba,
District Panchmahal, Gujarat

To
The Board of Directors,
INOX Fluorochemicals Limited,
Survey Number 16/3, 26 and 27,
Village Ranjitnagar 389380,
Taluka Ghoghamba,
District Panchmahal, Gujarat

Date: 11 December, 2018

Reg: Recommendation of fair Share Entitlement Ratio for the propose demerger of chemical business undertaking of Gujarat Fluorochemicals Limited ("GFL") into Proposed NewCo.

Dear Sir,

This refers to the Fairness Opinion dated 13 November, 2018 for the proposed demerger of the Chemical Business Undertaking of GFL into Proposed NewCo. ("Fairness Opinion") issued by Keynote Corporate Services Limited ("We" or "KCSL").

We are informed based on your email dated 11 December 2018, that the Proposed NewCo. referred to in the Fairness Opinion has been incorporated on 6 December, 2018 as INOX Fluorochemicals Limited. Accordingly we confirm that the Fairness Opinion can be used for proposed scheme of Arrangement by INOX Fluorochemicals Limited.

Please not that all the terms of the Engagement Letter Dated 13 November, 2018 and the clauses mentioned in the Fairness Opinion remain same and are applicable to INOX Fluorochemicals Limited.

Yours sincerely,

For KEYNOTE CORPORATE SERVICES LTD



Nipun Lodha
Exec. Vice President and Head Corporate Finance