

STRICTLY PRIVATE & CONFIDENTIAL

Date: 27/12/2021

To,

The Board of Directors,
Kilpest India Limited
at 7C, Industrial Area, Govindpura,
Bhopal, MP-462023

The Board of Directors,
3B Blackbio Biotech India Limited
309, 7C, Industrial Area, Govindpura,
Bhopal, MP-462023

Sub: Fairness Opinion on the valuation carried out by M/s. R V Shah & Associates Chartered Accountants, (Chartered Accountants)

Re: Proposed Amalgamation of 3B Blackbio Biotech India Limited (3BBBIL) (Hereinafter referred to as the "Transferor Companies") and Kilpest India Limited (KIL), (Hereinafter referred to as the "Transferee Company")

Dear Sir(s),

We, Capital Square Advisors Private Limited (CSAPL), refer to our engagement letter which has been accepted by you on September 09, 2020, whereby you have appointed us as an Independent Merchant Banker for furnishing Fairness Opinion on the basis of valuation carried out by M/s. R V Shah & Associates, Registered Valuer, vide its valuation report dated December 27th, 2021, in terms of the Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the propose amalgamation of 3B Blackbio Biotech India Limited (3BBBIL) (Hereinafter referred to as the "Transferor Companies") and Kilpest India Limited (KIL), (Hereinafter referred to as the "Transferee Company") pursuant to Scheme of Amalgamation under Section 230-232 of the Companies Act, 2013 (Hereinafter referred to as the "Proposed Transaction").

PURPOSE OF VALUATION UNDERTAKEN BY THE VALUER

- We have been informed that the Board of Directors of the Company have considered and approve a proposal for Amalgamation of 3B Blackbio Biotech India Limited (3BBBIL) (Hereinafter referred to as the "Transferor Companies") and Kilpest India Limited (KIL), (Hereinafter referred to as the "Transferee Company") pursuant to Scheme of Amalgamation under Section 230-232 of the Companies Act, 2013 (Hereinafter referred to as the "Proposed Transaction").
- In this regard, M/s. R V Shah & Associates, Registered Valuer (hereinafter referred to as "Valuer") was appointed by the Company to carry out the valuation with a view to recommend a swap ratio for exchange of shares.
- The information contained herein and our report is confidential. It is intended only for the sole use of captioned purpose including for the purpose of obtaining requisite approval as per the requirement.

1. SOURCES OF INFORMATION

For the purposes of fairness opinion, we have relied upon the following sources of information:

- a) Certified Valuation report dated December 27th 2021, issued by M/s. R V Shah & Associates, Registered Valuer.
- b) Audited Financial Statements of Transferor Companies and Transferee Company for the financial year 2020-21.

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- c) Audited Half Year Financials for the period 01/4/2021 to 30/09/2021 of the Transferor Company.
- d) Scheme of Amalgamation under Section 230-232 of the Companies Act, 2013
- e) Shareholding Pattern of Transferor Companies and Transferee Company.
- f) Such other information and explanations as we have required and which have been provided by the Company & M/s. R.V.Shah & Associates Chartered Accountants.

2. BACKGROUND INFORMATION OF TRANSFEROR COMPANIES AND TRANSFEE COMPANY

- a) The Transferor Company was incorporated on 12th November, 2010 as a Private Limited Company under the Companies Act, 1956 under the name and style of "3B BLACKBIO BIOTECH INDIA LIMITED" as per the Certificate of Incorporation issued by the Registrar of Companies, Gwalior having CIN U24232MP2010PTC024717. The Transferor Company is engaged in the business of manufacturer in the field of RT-PCR and NGS based Molecular Diagnostic Kits, engaged in design, development, manufacturing and commercialization of PCR based Molecular Diagnostic kits, PCR Enzymes & PCR Reagents. The registered office of the Transferor Company is situated at 7C, Industrial Area, Govindpura, Bhopal, MP-462023. The shares of the Transferor Company are not listed on any stock exchange.

The Details of Capital Structure of 3BBIL as on 31st March, 2021 is as follows:

Authorized Capital	Amount (INR)
12,00,000 Equity Shares of Rs. 10/- each	1,20,00,000/-
Issued, Subscribed and Paid-up Capital	Amount (INR)
10,27,500 Equity Shares of Rs. 10/- each	1,02,75,000/-

- b) The Transferee Company was incorporated on 27th May, 1972 as a Private Company under the Companies Act, 1956 under the name and style of "KILPEST PRIVATE LIMITED" as per the Certificate of Incorporation issued by the Registrar of Companies, Gwalior having CIN L24211MP1972PLC001131. And then a fresh certificate of incorporation consequent upon change of Name was issued on 6th March, 1995 by the Registrar of Companies, Gwalior and the name was changed from Kilpest Private Limited to Kilpest India Limited. The Transferee Company is engaged in the business of agro-chemicals and is into manufacturing, dealing of pesticides, insecticides, micro fertilizers etc.. The shares of the Transferee Company are currently listed on BSE Limited. The registered office of the Transferee Company is presently situated at 7C, Industrial Area, Govindpura, Bhopal, MP-462023.



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The Details of Capital Structure of KIL as on 31st March, 2021 is as follows:

Authorized Capital	Amount (INR)
1,50,00,000 Equity Shares of Rs. 10/- each	15,00,00,000/-
Issued, Subscribed and Paid-up Capital	Amount (INR)
75,08,100 Equity Shares of Rs. 10/- each	7,50,81,000/-

(*Source: Company Management)

3. VALUATION METHODOLOGY ADOPTED BY THE VALUER

For the purposes of valuation, the Valuer has adopted the 3 approaches; which is relevant for Company are as follows:

- "Asset Approach"
- "Market Approach"
- "Income Approach"

4. FINDINGS OF CAPITAL SQUARE ADVISORS PRIVATE LTD ("CASPL")

We have gone through the valuation report dated December 27th, 2021 of M/s R V Shah & Associates, Registered Valuer, having their office at 108, Sujata, Station Road, Malad East, Mumbai – 400 097 for the purpose of ascertaining the reasonableness of the valuation as done by them. We have taken into consideration the fairness on the various methodologies as considered by M/s R V Shah & Associates, Registered Valuer for the said valuation.

5. COMMENT ON THE VALUATION

Asset Approach

The value arrived at under this approach is based on the audited financial statements of the business and may be defined as Shareholders' Funds or Net Assets owned by the business. The balance sheet values are adjusted for any contingent liabilities that are likely to materialise. The Net Asset Value is generally used as the minimum break-up value for the transaction since this methodology ignores the future return the assets can produce and is calculated using historical accounting data that does not reflect how much the business is worth to someone who may buy it as a going concern.

Market Approach

Under the Market Approach, the valuation is based on the market value of the company in case of listed companies and comparable companies trading or transaction multiples for unlisted companies. The Market Approach generally reflects the investors' perception about the true worth of the company.

Market Price ("MP") Method

Under this method, the market price of an equity share of the company as quoted on a recognized stock exchange is normally considered as the fair value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded. The market value generally reflects the investors' perception about the true worth of the company.

Comparable Companies Multiples ("CCM") Method

Under this methodology, market multiples of comparable listed companies are computed and applied to the business being valued in order to arrive at a multiple based valuation. The difficulty here in the selection of a comparable company since it is rare to find two or more companies with the same product portfolio, size, capital structure, business strategy, profitability and accounting practices. Whereas no publicly traded company provides an identical match to the operations of a given company, important information can be drawn from the way comparable enterprises are valued by public markets. In case of early stage company and different business model the problem aggravates further.

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Securities and Exchange Board of India (Issue Of Capital And Disclosure Requirements) Regulations, 2018

Pricing of frequently traded shares

Regulation 164. (1) If the equity shares of the issuer have been listed on a recognised stock exchange for a period of twenty-six weeks or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

- a. the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty-six weeks preceding the relevant date; or
- b. the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.

Comparable Transactions Multiples ("CTM") Method

The valuation is undertaken on the basis of multiples derived from valuations of similar transactions in the industry in the near history. Relevant multiples have to be chosen carefully and adjusted for differences between the circumstances. This valuation approach is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation.

Cost Approach

The Cost Approach, also known as the Asset-based Approach, involves methods of determining a company's value by analysing the market value of a company's assets.

Net Asset Value ("NAV") Method

The Net Asset Value ("NAV") method under cost approach, consider the assets and liabilities, including intangible assets and contingent liabilities. The net assets, after reducing the dues to the preference shareholders, if any, represent the value of the company or firm. This valuation approach is used where the business requires reasonable amount of capital expenditure and working capital.

Pricing of infrequently traded shares

Regulation 165. Where the shares of an issuer are not frequently traded, the price determined by the issuer shall take into account the valuation parameters including book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies:

Provided that the issuer shall submit a certificate stating that the issuer is in compliance of this regulation, obtained from an independent valuer to the stock exchange where the equity shares of the issuer are listed.

Income Approach

Discounted Cash Flow ("DCF") Method

DCF uses the future free cash flows of the company discounted by the firm's weighted average cost of capital (the average cost of all the capital used in the business, including debt and equity), plus a risk factor measured by beta, to arrive at the present value. Beta is an adjustment that uses historic stock market data to measure the sensitivity of the Company's cash flow to market indices, for example, through business cycles.

The DCF method is a strong valuation tool, as it concentrates on cash generation potential of a business. This valuation method is based on the capability of a company to generate cash flows in the future. The free cash flows are projected for a certain number of years and then discounted at a discount rate that reflects a Company's cost of capital and the risk associated with the cash flows it generates. DCF analysis is based mainly on the following elements:

- Projection of financial statements (key value driving factors)
- The cost of capital to discount the projected cash flows.



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6. RECOMMENDATION OF SHARE EXCHANGE RATIO

The share exchange ratio has been arrived at on the basis of a relative equity valuation of the Companies based on the various approaches/methods explained herein earlier.

As stated in the valuation report, the Valuer has recommended the following share swap ratio:

833 equity shares of INR 10/- each fully paid up of Kilpest India Limited to be issued for every 100 equity shares of INR 10/- each fully paid up of 3B Blackbio Biotech India Limited.

Based on the information including Valuation Report and the propose Scheme of Amalgamation we are of the opinion that, the Share Exchange Ratio as recommended by M/s R V Shah & Associates , Registered Valuers fair and reasonable.

7. EXCLUSIONS AND LIMITATIONS

For the purpose of our opinion we have relied upon the information provided to us and have not carried out any audit *and due* diligence of any independent verification of such information.

8. DISCLAIMER CLAUSE

Our scope of work did not include the following:-

Carrying out a market survey / financial feasibility for the Business of Transferor Companies and Transferee Company
Financial and Legal due diligence of Transferor Companies and Transferee Company

We hereby declare that we have no direct or indirect interest in the Company / assets valued. Our work did not constitute an audit in accordance with Generally Accepted Auditing Standards, an examination of internal controls or other attestation or review services. Accordingly, we do not express an opinion on the information presented.

It may be noted that this Fairness Opinion is expressed solely with reference to requirements under Regulation 37 of LODR and the purpose and scope of this assignment is restricted to opine about fairness of valuation already done by the valuer.



The management of 3BBBIL and KIL or their related parties are prohibited from using this opinion other than for its sole limited purpose and not to make a copy of this opinion available to any party other than those required by statute for carrying out the limited purpose of this opinion. This opinion is not meant for meeting any other regulatory or disclosure requirements, save and except as specified in this opinion, under any Indian or Foreign Law, Statute, Act, Guidelines or similar instructions. We would not be responsible for any litigation or other actual or threatened claims.

We have been engaged by the respective companies to issue a Fairness Opinion and will receive a fixed fee for rendering this Fairness Opinion, which is independent of the happening or otherwise of the proposed activities.

The Fairness Opinion Report is only a free and fair opinion and does not constitute a commitment by CSAPL to underwrite, subscribe for or place of securities or to extend or arrange credit or to provide any other services.

Thanking you,

For, Capital Square Advisors Private Limited

Mr. Tanmoy Banerjee

(Vice President)

Place: MUMBAI

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