

November 09, 2023

To,  
The Board of Directors  
Brand Concepts Limited  
140/2/2, Musakhedi Square  
Indore - 452 001

The Board of Directors  
IFF Overseas Private Limited  
Ring Road Square, Musakhedi,  
Indore - 452 001

**Sub.: Fairness opinion on Share Exchange ratio contained in the Fair Share Exchange Ratio Report in relation to the 'Proposed Scheme of Amalgamation'**

Dear Sir / Madam,

We, Sundae Capital Advisors Private Limited (referred to as "Sundae" or "We"), refer to the engagement letter dated **November 01, 2023**, wherein we have been requested to provide a fairness opinion on valuation report to be issued by valuer w.r.t. the proposed Scheme of Amalgamation between IFF Overseas Private Limited (hereinafter referred to as the "Transferor Company") with Brand Concepts Limited (hereinafter referred to as the "Transferee Company") and their respective shareholders.

#### SCOPE AND PURPOSE OF THIS REPORT

The Company has appointed Abhinav Agarwal, Registered Valuer (Securities or Financial Assets) having registration number IBBI/RV/06/2019/12564 (referred to as "Valuer") for recommendation of Fair Share Exchange Ratio for the Proposed Scheme of Amalgamation and our scope is restricted to examine the valuation report issued by the Valuer and issue our independent opinion as to the fairness Share Exchange Ratio in the Share Exchange Report in relation to the 'Proposed Scheme of Amalgamation' ("**Fairness Opinion**").

All terms not specifically defined in this fairness opinion shall carry the same meaning as in the valuation report.

#### BRIEF BACKGROUND OF THE COMPANIES

##### **IFF Overseas Private Limited (hereinafter referred to as the "Transferor Company")**

IFF OVERSEAS PRIVATE LIMITED is a company incorporated under the Companies Act, 2013 having its registered office at Ring Road Square, Musakhedi, Indore - 452 001 In (hereinafter referred to as the "Transferor Company"). The Transferor Company is engaged, inter alia, in the business of designers, stockists, distributors, importers, exporters, spinners, weavers, ginners, pressers, packers, balers, liners, cleaners, processors, doublers, combers, knitters, dyers, bleachers, printers, calenderers, sellers, buyers, mercerisers, barters, shippers of all products, and merchandise, related to all natural and manmade fibres, yards, Fabrics, Filter Systems woven & Nonwoven products, Filters Bags, Air Filters, Water Filters, Filter paper & pads, Chemical Filters, Oil Filters, Filter rods, Cigarette filters, Blankets, Shone inners, Felts, Conveyor being, Endless Beltings, P.V.C. Belting, Floor and other covering and furnishings, Industrial Garments, Readymade Garments, wrapping materials, Canvas & Tarpaulins Hand gloves, Slit tapes, nylon Tapes, woven sacks, Laminated bads, gunny bags, Water Bags, Cotton Waste, Jute Waste, fibre waste, textiles related inputs including cotton, linen, hemp, jute,



silk, artificial silk, rayon, nylon manmade synthetic fibres, staple synthetic yarn and wool hair for industrial and other uses.

The authorised, issued, subscribed and paid-up share capital of the Transferor Company as on date is as under:

Particulars	INR
<b>Authorized Share Capital</b>	
61,00,000 equity shares of INR 10 each	6,10,00,000
<b>Total</b>	<b>6,10,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
42,50,400 equity shares of INR 10 each	4,25,04,000
<b>Total</b>	<b>4,25,04,000</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid-up share capital of the Transferor Company till the date of approval of the Scheme by the Board of the Transferor Company

**Brand Concepts Limited (hereinafter referred to as the “Transferee Company”)**

Brand Concepts Limited (L51909MH2007PLC174702) is a company incorporated under the Companies Act, 1956 having its registered office at 140/2/2, Musakhedi Square, Ring Road, Indore - 452 001 (hereinafter referred to as the “Transferee Company”). The Transferee Company was incorporated as a private company i.e., Brand Concepts Private Limited on October 04, 2007 and the same was converted into public limited company i.e., Brand Concepts Limited on December 08, 2017 vide certificate of Registrar of Companies, Mumbai. The shares of the company got listed at National Stock Exchange, SME Emerge Platform on 10th January, 2018 and the shares of the company got migrated from SME Emerge Platform to Main Board platform of National Stock Exchange of India Limited (NSE) and directly listed on BSE Limited (BSE).

The Transferee Company is engaged inter alia, To carry on in India and/or in abroad the business of stabilizing, promoting and developing the image of major National & International brands of famous companies of Indian as well as of international origin, to establish their product in the market with new innovative concepts for which to act as their marketing consultants, market researchers, public relations and promotional agency and for which do publicity in the market through all modes, trading, dealing, acting as agents, sub- agents, stockist, distributors in all kinds of their consumer products including garments, apparels, fashion wears, luggage, made-ups and related accessories.

To carry on the business of manufacturers, makers, processors, buyers, sellers, distributors, importers, exporters, dealers in all kinds of consumer products including garments, apparels, fashion wears, luggage, ladies’ handbags, made-ups, and related accessories.

The authorised, issued, subscribed and paid-up share capital of the Transferee Company as on date is as under:

Particulars	INR
<b>Authorised Share Capital</b>	



Particulars	INR
1,50,00,000 equity shares of INR 10 each	15,00,00,000
<b>Total</b>	<b>15,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
1,11,07,800 equity shares of INR 10 each	11,10,78,000
<b>Total</b>	<b>11,10,78,000</b>

Subsequent to the above date, there has been no change in the authorised, issued, subscribed and paid-up share capital of the Transferee Company till the date of approval of the Scheme by the Board of the Transferee Company. The equity shares of the Transferee Company are listed on the BSE and NSE.

The Transferee Company has 504,140 (Five Lacs Four Thousand One Hundred and Fourty) outstanding employee stock options under the ESOP Plans 2020, the exercise of which may result in an increase in the issued and paid-up share capital of the Transferee Company. The Transferee Company may, from time to time, in accordance with the Act, rules and regulations framed by the SEBI including the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, Issue of Capital and Disclosure Requirements) Regulations, 2018 and other Applicable Laws, issue securities under this Brand ESOP 2020 or make allotment in accordance with the terms and conditions of the Brand ESOP 2020.

## **RATIONALE TO THE SCHEME**

The proposed amalgamation of the Transferor Company with the Transferee Company in accordance with this Scheme would enable both the companies to realize benefits of greater synergies between their businesses. Further it would make available to them - financial resources, technological upgradation, technological resources as well as the managerial, technical, distribution and marketing resources of each other in the interest of maximizing shareholder and stakeholder value as the Transferor Company and Transferee Company's business activities can complement each other.

The amalgamation will result in better integration, financial strength and flexibility for the amalgamated entity, which would result in maximizing overall shareholder value, and will improve the competitive position of the combined entity and reduction in operational costs and increase operational efficiency.

Better control on utilization of production capacity due to integration of the manufacturing process and optimization of the working capital.

Improved organizational capability and leadership, arising from the pooling of human capital that has diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.

The amalgamation will result in significant reduction in multiplicity of legal and regulatory compliances which at present are required to be made separately by the Transferee Company and Transferor Company

## **SYNERGIES OF BUSINESS OF THE ENTITIES INVOLVED IN THE SCHEME**



The amalgamation would result in synergy benefits arising out of single value chain and greater sustainable operations of a value adding business line by manufacturing bags, travel gears, various type of accessories and other related products with greater operational flexibility.

Synergy of operations will be achieved, resulting in optimization of the common facilities such as manpower, office space, administration etc. Other infrastructure could also be better utilized, and duplication of facilities could be avoided resulting in optimum use of facilities and cost savings and thus achieving economies of scale.

#### IMPACT OF THE SCHEME ON THE SHAREHOLDERS

The amalgamation shall not in any manner be prejudicial to the interests of the concerned shareholders, creditors, employees and/ or general public at large.

The proposed scheme will have no detrimental effect on the shareholders of either the Transferor Company or the Transferee company.

#### COST BENEFIT ANALYSIS

Though the Scheme would lead to incurring of some costs towards implementation of the Scheme, however the benefit of the Scheme over the long term horizon far outweigh such cost for the stakeholders of Brand Concepts Limited considering that the amalgamation would result in enhanced efficiency in cash management of the amalgamated entity and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities and to maximize shareholders value.

#### **SOURCE OF INFORMATION AND REPRESENTATIONS**

For the purpose of forming our opinion on the Share Exchange Report, we have relied on the discussions with the Management and the following information and documents made available to us:

- Fair Share Exchange Ratio dated November 08, 2023 by Abhinav Agarwal, Registered Valuer – Securities or Financial Assets having registration number IBBI/RV/06/2019/12564
- Management certified draft scheme
- Necessary explanations and information from the management of Company.
- Discussion with the Valuer.
- Other information as available in public domain.

We have obtained explanations and information considered reasonably necessary for our exercise, from the executives of the company. Our analysis considers those facts and circumstances present at the date of this Fairness 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 the company for the purpose of this opinion. With respect to the estimated financials, if any, provided to us by the management, we have assumed that such financials were prepared in good faith and reflect the best currently available estimates and judgments by the management of the company. We express no opinion and accordingly accept no responsibility with respect to or for such estimated financials or the assumptions on which they were based. 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 business. We have solely relied upon the information provided to us by the management. We have not reviewed any books or records of the business (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 the business 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 the business. 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 the business 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 the business with respect to these matters. In addition, we have assumed that the Proposed Scheme of Amalgamation will be approved by the appropriate authorities, if any, 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 the business 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 approvals for the Proposed Scheme of Amalgamation, no restrictions will be imposed that will have a material adverse effect on the benefits of the transaction that the business 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 the business or any of its assets, nor did we negotiate with any other party in this regard.

We have acted as a financial advisor to the purchaser for providing a fairness opinion on the proposed transaction and will receive professional fees for our services. In the ordinary course of business, Sundae is engaged in merchant banking business including corporate advisory, re-structuring, valuations, etc. We may be providing various other unrelated independent professional advisory services to the purchaser and seller in the ordinary course of our business.

It is understood that this letter is solely for the benefit of and use by the Board of Directors of the purchaser 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 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 the purchaser underlying decision to effect to the proposed transaction or as to how the holders of equity shares of the



purchaser 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 the purchaser will trade following the announcement of the transaction or as to the financial performance of the purchaser following the consummation of the transaction.

In no circumstances however, will Sundae or its associates, directors or employees accept any responsibility or liability to any third party. Our liability (statutory or otherwise) for any economic loss or damage arising out of the rendering this opinion shall be limited to amount of fees received for rendering this Opinion as per our engagement with the purchaser.

## OUR OPINION

With reference to above and based on information and explanation provided by the management of purchaser, after analyzing the Draft Scheme of Amalgamation, and based on our examination of the Valuation report and our independent analysis and subject to the exclusions and limitations mentioned hereinabove and to the best of our knowledge the opinions are as follows:

Name	BRAND CONCEPTS LIMITED ("Transferee Company")			IFF OVERSEAS PRIVATE LIMITED ("Transferor Company")		
	Value per share in INR	Weights (Wgt)	Value x Wgt	Value per share in INR	Weightage (Wgt)	Value x Wgt
Market Approach <sup>1</sup>	480.24	100%	480.24	NA	NA	NA
Income Approach <sup>2</sup>	261.36	0%	0	167.51	75%	125.63
Asset Approach <sup>3</sup>	28.50	0%	0	41.82	25%	10.46
<b>Relative Value Per share</b>	480.24			136.09		
<b>Share Exchange Ratio</b>	<b>100</b>			<b>353</b>		

Further, as noted by the Registered Valuer,

- For valuation of Transferee Company, zero weightage has been given to Income approach and Asset Approach as the pricing of shares of a listed entity (frequently traded) cannot be less than the pricing as derived in accordance with Regulation 164(1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time).
- There is no specific method of valuation provided in the Articles of Association of the Transferor and Transferee Companies.

### Recommendation by Valuer

*"100 (One Hundred) fully paid-up equity shares of the face value of ₹ 10/- (Rupees Ten only) each in Transferee Company for every 353 (Three Hundred and Fifty-Three) fully paid-up shares of ₹ 10/- (Rupees Ten only) held in the Transferor Company"*

<sup>1</sup> Market Price Method (Regulation 164 of SEBI (ICDR) Regulations, 2018)

<sup>2</sup> Discounted Cash Flow Method

<sup>3</sup> Adjusted Net Asser Value Method



Based on the information, data made available to us, including the Share Exchange Ratio Recommending Fair Share Exchange Ratio of Abhinav Agarwal, Registered Valuer (Securities or Financial Assets) having registration number IBBI/RV/06/2019/12564, to the best of our knowledge and belief, the Share exchange ratio contained in the Fair Share Exchange Ratio in relation to the 'Proposed Scheme of Amalgamation', in our opinion, is fair and reasonable.

The aforesaid Scheme of Amalgamation shall be subject to the receipt of approvals from Hon'ble National Company Law Tribunal, Mumbai Bench and other statutory authorities as may be required. The detailed terms and conditions are more fully set forth in the Draft Scheme of Amalgamation. Sundae has issued this Fairness Opinion with the understanding the Draft Scheme of Amalgamation shall not be materially altered and the parties hereto agree that the Fairness Opinion shall not stand good in case the final Scheme of Amalgamation alters the transaction.

*for Sundae Capital Advisors Private Limited*  
*(SEBI Regn. No. INM000012494)*



**NitiN Somani**  
Director

