

REPORT OF THE AUDIT COMMITTEE OF BRAND CONCEPTS LIMITED DATED 9TH NOVEMBER, 2023 CONSIDERING THE DRAFT SCHEME OF AMALGAMATION UNDER SECTION 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT 2013 BETWEEN IFF OVERSEAS PRIVATE LIMITED ("TRANSFEROR COMPANY") WITH BRAND CONCEPTS LIMITED ("TRANSFeree COMPANY") AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS ("THE SCHEME").

Members Present:

- | | |
|-------------------------------|-----------------|
| 1. Mr. Abhinav Kumar | (DIN: 06687880) |
| 2. Mr. Manish Saxena | (DIN: 08014657) |
| 3. Mr Narendra Tulsidas Kabra | (DIN: 06851212) |

1. Background:

A meeting of the Audit Committee ("Committee") was held on 9th November, 2023 inter alia, to consider and if thought fit, recommend to the Board of the Directors the proposed Scheme of Amalgamation under Section 230 to 232 of the Companies Act 2013 ('the Act') and the other applicable provisions of the Act between IFF Overseas Private Limited ("Transferor Company") with Brand Concepts Limited ("Transferee Company") and their Respective Shareholders and Creditors ('the Scheme').

The Appointed Date for the Amalgamation under the Scheme is 1st April, 2024 or such other date as may be mutually agreed between the Transferor Company and Transferee Company, and approved by the NCLT and shall be operative from the Effective Date (as defined in the Scheme).

The Scheme will be presented before the NCLT (as defined in the Scheme) under Section 230 to 232 of the Companies Act 2013 and other applicable provisions of the Act, the rules and regulation made thereunder, and will also be in compliance of Section 2(1B) of the Income Tax Act, 1961 and Master Circular of SEBI vide no. SEBI/HO/CFD/POD-2/CIR/2023/93 dated 20th June 2023, issued by SEBI ("Scheme Circular") and other applicable circulars, if any.

In terms of the Scheme Circular, a Report from the Audit Committee is required recommending the draft Scheme, taking into consideration, inter alia, the Valuation Report, and commenting on the need for the amalgamation, rationale of the Scheme, impact of the Scheme on the Shareholders, cost benefit analysis of the Scheme and synergies of business of the entities involved in the Scheme.

This Report of the Committee is made to comply with the requirements of the Scheme Circular.

2. Salient features of the Scheme:

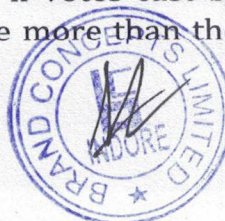


The Audit Committee noted the salient features of the Scheme, which, inter alia are as under:

- a) Upon this Scheme becoming effective and in consideration of the amalgamation of the Transferor Company into the Transferee Company in terms of the Scheme, the Transferee Company shall, without any application or deed, issue and allot 12,04,077 (Twelve Lakh Four Thousand & Seventy-Seven) equity shares of face value of Rs. 10/- (Rupees Ten only), credited as fully paid-up, to the shareholders of the Transferor Company whose names appear in the register of members as member of the Transferor Company, including records of beneficial owners maintained by a depository or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of the Transferee Company, on the Record Date in the following share exchange ratio:

100 (One Hundred) equity shares of Transferee Company of Rs. 10/- (Rupees Ten only), each as fully paid-up to be issued and allotted for every 353 (Three Hundred Fifty-Three) equity shares of the face value of Rs. 10 (Rupees ten only) each held by the in the Transferor Company;

- b) The Appointed Date for the Amalgamation under the Scheme is 1st April, 2024 or such other date as may be mutually agreed between the Transferor Company and Transferee Company, and approved by the NCLT and shall be operative from the Effective Date (as defined in the Scheme);
- c) The Scheme shall be effective subject to following:
- Approval of the Scheme by the stock exchanges and SEBI pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 and Scheme Circular;
 - Approval of the Scheme by the requisite majority of the Shareholders and or Creditors of the Transferor Company and the Transferee Company as may be directed by NCLT;
 - Approval by the Public Shareholders through e-voting in terms of part 1 (A)(10)(a) of SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20 June, 2023 or any other relevant circular and the Scheme shall be acted upon only if votes cast by the Public Shareholders in favour of the proposal are more than the number of



votes cast by the public shareholders against it.

iv. Sanction of the Scheme by NCLT having jurisdiction over the Transferor Company and the Transferee Company;

v. The Certified true copy of the NCLT Order(s) (as defined in the Scheme) sanctioning the Scheme being filed with the jurisdictional Registrar of Companies by the Transferor Company and the Transferee Company.

d) Dissolution of Transferor Company without winding up.

e) Equity shares to be issued by the Transferee Company to the shareholders of Transferor Company will be listed on BSE Limited and National Stock Exchange of India Limited.

3. Documents pursued by the Committee:

The Report of the Audit Committee is made after considering the following:

a) The Scheme;

b) Share Exchange ratio mentioned in Valuation Report dated 9th November, 2023 issued by RV FCS Abhinav Agarwal, Registered Valuer (SFA) (IBBI Membership No.: IBBI/RV/06/2019/12564), Independent Registered Valuer, providing, inter alia, the methodology adopted and the valuation arrived at for share exchange ratio ("**Valuation Report**");

c) Fairness opinion dated 9th November, 2023 issued by Sundae Capital Advisors Private Limited, an Independent SEBI registered Category I Merchant Banker, providing its opinion on the fairness of the Equity Share Exchange Ratio ("**Fairness Opinion**");

d) Auditor's Certificate pursuant to paragraph 5(a) of Part I of the SEBI Scheme Circular to the effect that the accounting treatment contained in the Scheme is in compliance with all the Accounting Standards specified by the Central Government under Section 133 of the Act, read with applicable rules framed thereunder and other generally accepted accounting principles; and

4. Need for the Amalgamation:

a) To achieve a simplified group and business structure.

b) Business of the Transferor Company can be carried on more economically.

c) To achieve advantages of the combined assets, resources and complementary



strengths for future expansion and growth of the business of the Transferee Company.

5. Rationale of the Scheme:

- a) The proposed amalgamation of the Transferor Companies 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 are similar and complement each other.
- b) 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.
- c) Better control on utilization of production capacity due to integration of the manufacturing process and optimization of the working capital.
- d) 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.
- e) 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

6. Impact of the Scheme on the Shareholders:

- a) The amalgamation shall not in any manner be prejudicial to the interests of the concerned shareholders, creditors, employees and/ or general public at large.
- b) The proposed scheme will have no detrimental effect on the shareholders of either the Transferor company or Transferee company.

7. Cost benefit analysis of the Scheme:

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.

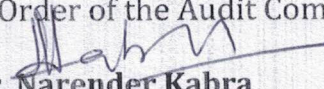
8. Synergies of business of the entities involved in the Scheme:

- a) 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.
- b) 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.

9. Recommendation of the Audit Committee

The Audit Committee after due consideration and deliberation, inter alia, the Scheme, Share exchange ratio/ Valuation Report, Fairness Opinion, the need for amalgamation, rationale of Scheme, synergies of business of the Transferor Company and Transferee Company, impact of the Scheme on the Shareholders and cost benefit analysis of the Scheme and other documents, as placed in the meeting, recommends the Scheme for favorable consideration by the Board of Directors of the Company, the Stock Exchanges, SEBI and other appropriate authorities.

By Order of the Audit Committee of **BRAND CONCEPTS LIMITED**


Mr. Narender Kabra
Chairman of the Audit Committee
DIN-06851212

Date- 09-11-2023
Place- Indore

