

Valuation Report

Bansi S. Mehta Valuers LLP Registered Valuer - Securities or Financial Assets Registration No. IBBI/RV - E/06/2022/172 11/13 Botawala Building, 2 nd Floor, Horniman Circle, Fort, Mumbai – 400 001	GT Valuation Advisors Private Limited Registered Valuer - Securities or Financial Assets Registration No. IBBI/ RV-E/05/2020/134 11th Floor, Tower II, One International Centre, Senapati Bapat Marg, Prabhadevi (W) Mumbai – 400 013
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Dated: May 04, 2023

To,

The Audit Committee and the Board of Directors Aditya Birla Fashion and Retail Limited Piramal Agastya Corporate Park, Building 'A', 4th and 5th Floor, Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla, Mumbai - 400 070.	The Audit Committee and the Board of Directors TCNS Clothing Co. Limited 119, New Manglapuri, W House, Mandi Road, Sultanpur, Mehrauli, New Delhi-110030.
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Sub: Recommendation of fair share exchange ratio for the proposed amalgamation of TCNS Clothing Co. Limited ("TCNS") into Aditya Birla Fashion and Retail Limited ("ABFRL")

Dear Sir / Madam,

We refer to the engagement letter (s) whereby, Bansi S. Mehta Valuers LLP (hereinafter referred to as "BSM") and GT Valuation Advisors Private Limited (hereinafter referred to as "GTVAPL") have been appointed on April 18, 2023 and April 27, 2023 by Aditya Birla Fashion and Retail Limited (hereinafter referred to as "ABFRL" or "Transferee Company") and TCNS Clothing Co. Limited (hereinafter referred to as "TCNS" or "Transferor Company"), respectively, to recommend fair share exchange ratio for the proposed amalgamation of TCNS into ABFRL on a going concern basis ("Proposed Amalgamation"), as more particularly provided for in the scheme of amalgamation ("Scheme"). We had begun our work earlier based on confirmation received from ABFRL and TCNS respectively.

ABFRL and TCNS are hereinafter jointly referred to as "Companies" or "Clients" and individually referred to as "Company", as the context may require.

ABFRL and TCNS shall hereinafter together be referred to as "Valuation Subjects"

BSM and GTVAPL are hereinafter jointly referred to as "Valuers" or "we" or "us" in this report.

The fair share exchange ratio for this Report refers to the number of equity shares of ABFRL, which would be issued to the equity shareholders of TCNS pursuant to the Proposed Amalgamation.

SCOPE AND PURPOSE OF THIS REPORT

Aditya Birla Fashion and Retail Limited ("ABFRL") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed in India on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE"). The registered office of the



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Company is located at Piramal Agastya Corporate Park, Building 'A', 4th and 5th Floor, Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla, Mumbai - 400 070.

The Transferee Company is engaged in the business of manufacturing, marketing, sales and/or distribution of fashion apparel, footwear and accessories through offline and/or online channels including wholesale, retail and e-commerce under multiple owned and licensed brands.

TCNS Clothing Co. Limited ("TCNS") is a public limited Company incorporated in India having its registered office at, 119, New Manglapuri, W House, Mandi Road, Sultanpur, Mehrauli, New Delhi-110030. The equity shares of TCNS are listed on BSE and NSE.

The Company is primarily engaged in the business of women apparels and accessories under the brand name "W", "Aurelia", "Wishful" and "Elleven".

It is understood from perusal of the draft Scheme of Amalgamation ('Draft Scheme') shared with us that ABFRL proposes to acquire shares in TCNS from its promoters pursuant to a Share Purchase Agreement. The said acquisition would trigger an open offer under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 ("Takeover Code"). Acquisition of 51% (fifty-one percent) of the paid-up equity share capital of TCNS by ABFRL, pursuant to acquisition of holding of the Promoter of TCNS and the open offer is a condition precedent to the proposed merger of TCNS into ABFRL.

It may be noted that any change in this assumption would impact the fair share exchange ratio recommended by us.

The proposed amalgamation of TCNS into ABFRL is in accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013 or any statutory modifications, re-enactment or amendments thereof for the time being in force ("the Act") read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("the Rules"), as amended from time to time and all other applicable provisions, if any, of the Act and any other applicable law for the time being in force including the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the circulars issued therein, in each case, as amended from time to time, and in a manner provided in the Draft Scheme of Amalgamation ('the Scheme'). It is understood that the said Scheme shall be in accordance with Section 2(1B) of the Income Tax Act, 1961.

We understand that as a consideration for the Proposed Amalgamation, equity shares of ABFRL would be issued to the equity shareholders of TCNS.

In this connection, ABFRL and TCNS have appointed BSM and GTVAPL respectively, to submit a joint report recommending the fair share exchange ratio to Audit Committee / Board of Directors / any other committee formulated by the respective Companies for the Proposed Amalgamation (hereinafter referred to as "Report"). Accordingly, this Report is in compliance with the regulatory requirements.

It is also understood that the non-convertible debentures ("NCDs") of ABFRL are listed on BSE. We understand that there shall be no change in terms and conditions of the Listed NCDs pursuant to this Scheme. The holders of the Listed NCDs as on the Effective Date will continue to hold the Listed NCDs, without any interruption and on the same terms. We have considered the said NCDs while arriving at the fair exchange ratio.

We would like to emphasize that certain terms of the Proposed Amalgamation are stated in our report, however the detailed terms of the Proposed Amalgamation shall be more fully described and explained in the Scheme document to be submitted with relevant authorities in relation to the proposed amalgamation. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the underlying Scheme.

We understand that the appointed date for the Proposed Amalgamation shall be the Effective Date as defined in the Scheme or such other date as the competent authority may direct or approve.



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For the purpose of this report, we have considered the Valuation Date as May 03, 2023.

The scope of our services is to conduct a relative (and not absolute) valuation exercise as at the Valuation Date to determine the equity value of Valuation Subjects and then arrive at the fair share exchange ratio using internationally accepted valuation methodologies as may be applicable to Valuation Subjects and report on the same in accordance with generally accepted professional standards including ICAI Valuation Standards 2018 issued by the Institute of Chartered Accountants of India.

The Valuers have worked independently in their analysis. The Valuers have independently arrived at different values per share of the Valuation Subjects. However, to arrive at the consensus on the fair share exchange ratio for the Proposed Amalgamation, appropriate minor adjustments, rounding-off has been done in the values arrived at by the Valuers.

We have been provided with the limited reviewed standalone/ consolidated statement of profit and loss of ABFRL and TCNS for the quarter ended December 31, 2022; provisional financial statements of ABFRL and TCNS for the year ended March 31, 2023. The Management has informed us that there are no other unusual/abnormal events in the Companies materially impacting their operating/ financial performance after March 31, 2023, until the Report Date. It may be noted that ABFRL and TCNS have not declared any dividend between March 31, 2023 and the Report Date. Further, we have been informed by the Company that to the best of their knowledge, material information regarding the business of each of the Valuation Subjects has been disclosed to us.

We have relied on the above while arriving at fair share exchange ratio for the Proposed Amalgamation.

We have been informed that:

- i) There would not be any capital variation in the Companies till the proposed amalgamation becomes effective, without approval of the shareholders and other relevant authorities.
- ii) Till the Proposed Amalgamation becomes effective, neither of the Companies would declare any substantial dividends having materially different yields as compared to the past few years.
- iii) There would be no significant variation between the draft Scheme and final Scheme approved and submitted with the relevant authorities.

We have been informed that, in the event either of the Companies restructure their equity share capital by way of share split/ consolidation/ issue of bonus shares/ merger/ demerger/ reduction of share capital before the Proposed Amalgamation becomes effective, the issue of shares pursuant to the fair share exchange ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.

This Report is our deliverable for the above engagement.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts and in conjunction with the relevant documents referred to therein.



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SOURCES OF INFORMATION

In connection with this exercise, we have received/ obtained the following information about the Valuation Subjects from the Management of the respective Company:

- Annual Reports for the year ended 31 March 2022 and earlier years for ABFRL and TCNS;
- Limited reviewed unaudited standalone/ consolidated statement of profit and loss of ABFRL and TCNS for the quarter ended December 31, 2022;
- Provisional financial statements and standalone/ consolidated balance sheet of ABFRL and TCNS as on March 31, 2023;
- Shareholding pattern of ABFRL and TCNS as at the Report Date;
- Financial Projections of ABFRL for FY 2024 to FY 2028;
- Financial Projections of TCNS for FY 2024 to FY 2028;
- Details of employee stock options granted and outstanding as on the Report Date for ABFRL and TCNS;
- Information about the two-stage acquisition of 51% shareholding of TCNS;
- Draft Scheme of Arrangement between the Companies pursuant to which Proposed Amalgamation is to be undertaken;
- Discussions with the Management to obtain requisite explanation and clarification of data provided, to inter-alia understand their perception of historical and expected future performance of ABFRL and TCNS;
- Information available in public domain and databases such as S&P Capital IQ, AceTp and websites of NSE, BSE etc.;
- Other relevant information and documents for the purpose of this engagement;

During the discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. Besides the above information and documents, there may be other information provided by the Companies which may not have been perused by us in any detail, if not considered relevant for the defined scope. The Clients have been provided with the opportunity to review the draft report (excluding the recommended fair share exchange ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Report.

ABFRL and TCNS have informed us that Axis Capital Limited and ICICI Securities Limited (individually or together referred to as "Fairness Team") have been appointed by the Companies respectively to provide fairness opinion on the fair share exchange ratio for the purpose of the Proposed Amalgamation. Further, at the request of the Companies we have had discussions with the Fairness team in respect of our respective valuation analysis.

PROCEDURES ADOPTED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information.
- Used data related to ABFRL and TCNS and their peers, available in public domain.
- Discussions with the Management to:
 - Understand the business and fundamental factors that affect its earning-generating capability including strengths, weaknesses, opportunity and threats analysis and historical financial performance.
 - Enquire about the historical financial performance, current state of affairs, business plans, and the future performance estimates.
- Identification of suitable comparable companies in discussion with the Management.
- Undertook Industry Analysis:
 - Researched publicly available market data including economic factors and industry trends that may impact the valuation.



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- Analysis of key trends and valuation multiples of comparable companies using proprietary databases subscribed by us or our network firms.
- Obtained and analysed market prices, volume data and other relevant information for ABFRL and TCNS.
- Obtained and analysed data of peers available in public domain, as deemed relevant by us for the purpose of the present exercise.
- Selection of appropriate internationally accepted valuation methodology/(ies), after deliberations and consideration to the sector in which the Valuation Subjects operate and analysis of their business operations.
- Arrived at the equity value of the Valuation Subjects in order to determine fair share exchange ratio for the Proposed Amalgamation.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

This Report is subject to the limitations detailed in respective engagement letters. As such, the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein and in the context of the purpose for which it is made.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Report ("Report Date"); (iii) unaudited standalone/ consolidated statement of profit and loss of ABFRL for the year ended March 31, 2023 and unaudited standalone/ consolidated balance sheet of ABFRL as on March 31, 2023; (iv) unaudited financial statements for year ended March 31, 2023 of TCNS; (v) Financial projections as provided by the Management for ABFRL and TCNS and the assumptions underlying the financial projections; (vi) accuracy of the information available in public domain with respect to the comparable companies identified including financial information; (vii) market price reflecting the fair value of the underlying equity shares of ABFRL and TCNS; and data detailed in the Section- Sources of Information.

We have been informed that the business activities of the Valuation Subjects have been carried out in the normal and ordinary course between March 31, 2023 and the Report Date and that no material changes have occurred in their respective operations and financial position between March 31, 2023 and the Report Date.

Valuation analysis and results are specific to the purpose of valuation and as per the agreed terms of the respective engagements. It may not be valid for any other purpose or as of any other date. Also, it may not be valid if done on behalf of any other entity.

A valuation of this nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on and the information made available to us as of, the date hereof. This Report is issued on the understanding that the Management has drawn our attention to all the matters, which they are aware of concerning the financial position of the Valuation Subjects and any other matter, which may have an impact on our opinion, on the fair share exchange ratio for the Proposed Amalgamation. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The recommendation rendered in this Report only represent our recommendation based upon information furnished by the Companies and gathered from public domain (and analysis thereon) and the said recommendation shall be considered to be in the nature of non-binding advice. Our recommendation should not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors.



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The decision to carry out the transaction (including consideration thereof) lies entirely with the Management/ Board of Directors of the respective Company and the work, and the findings shall not constitute recommendation as to whether or not the Management / the Board of Directors of the Company should carry out the transaction.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data. In accordance with the terms of our respective engagements, we have carried out relevant analysis and evaluations through discussions, calculations and such other means, as may be applicable and available. We have assumed and relied upon, without independently verifying (i) the accuracy of the information that was publicly available, sourced from subscribed databases; and (ii) the accuracy of information made available to us by the Companies; both of which formed a substantial basis for this Report. While information obtained from the public domain or external sources have not been verified for authenticity, accuracy or completeness, we have obtained information, as far as possible, from sources generally considered to be reliable. We assume no responsibility for such information. Our valuation does not constitute an audit or review in accordance with the auditing standards applicable in India, accounting / financial / commercial / legal / tax / environmental due diligence or forensic/ investigation services and does not include verification or validation work. In accordance with the terms of our engagement / appointment letters and in accordance with the customary approach adopted in valuation exercises, we have not audited, reviewed, certified, carried out a due diligence, or otherwise investigated the historical financials/ financial information or individual assets or liabilities, provided to us regarding the Companies / subsidiary / associates / joint ventures / investee companies, if any. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in such historical financials / financial statements. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Our conclusion is based on the assumptions and information given by / on behalf of the Companies. The Management has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis / results.

It may herein be noted that the projections are responsibility of the Management. Our scope of work does not enable us to accept responsibility for the accuracy and completeness of the information provided to us. We have, therefore, not performed any audit, review or examination of any of the historical information or prospective information used and therefore, we do not express any opinion with regard to the same.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. This Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited / unaudited balance sheets of the Companies / subsidiary / associates / joint ventures / investee companies, if any. No investigation of Companies' (or their investee companies) claim to title of assets has been made for the purpose of this Report and Companies' (or their investee companies) claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature. Our conclusion of value assumes that the assets and liabilities of the Valuation Subjects, reflected in their respective latest balance sheets remain intact as of the Report Date.



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It should be understood that the valuation of any entity or its assets is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we have relied on explanations provided by the Management and have made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. This valuation could fluctuate with lapse of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions, financial and otherwise, of the companies, and other factors which generally influence the valuation of Valuation Subjects and their assets.

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Clients are the only authorized user of this Report and is restricted for the purpose indicated in the engagement letter. This restriction does not preclude the Clients from providing a copy of the report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this report. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Clients or Companies, their directors, employees or agents. The Report should not be used, distributed, circulated copied or reproduced without obtaining our prior written approval for any purpose other than the purpose for which it is prepared.

We accept no responsibility or any direct or indirect liability towards any third party including but not limited to any person, who may have been provided a copy of this Report for intended use in connection with the Scheme and hence, no party other than the Client shall have any recourse to us in relation to this engagement. In no event, we shall be liable for any loss, damage, cost or expense arising in any way from any acts carried out by the Companies referred herein or any person connected thereto.

We have not carried out any physical verification of the assets and liabilities of the Valuation Subjects and take no responsibility for the identification of such assets and liabilities.

This Report does not look into the business/ commercial reasons behind the Proposed Amalgamation nor the likely benefits arising out of it. Similarly, it does not address the relative merits of the Proposed Amalgamation as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is restricted to recommendation of fair share exchange ratio for the Proposed Amalgamation only.

We must emphasize that realization of forecasted free cash flow or the realizability of the assets at the values considered in our analysis will be dependent on the continuing validity of assumptions on which they are based. Our analysis therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to the future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences could be material. To the extent that our conclusions are based on the forecasts, we express no opinion on achievability of those forecasts. The fact that we have considered the projections in this valuation exercise should not be construed or taken as our being associated with or a party to such projections.

Certain terms of the proposed amalgamation are stated in our report, however the detailed terms of the proposed amalgamation shall be more fully described and explained in the Scheme document to be submitted with relevant authorities in relation to the proposed amalgamation. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the underlying Scheme.



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The valuation analysis and results thereof for recommendation under this Report are governed by concept of materiality.

The fee for the engagement is not contingent upon the results reported.

We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given by any other to the Companies. In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents.

It is understood that this analysis does not represent a fairness opinion. This report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. We are not responsible to any other person / party for any decision of such person / party based on this report. Any person / party intending to provide finance / invest in the shares / business of the Valuation Subjects / their holding companies / subsidiaries / associates / investee companies / other group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision.

This Report is subject to the laws of India.

Neither the Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the purpose of determining the fair share exchange ratio for the proposed amalgamation and relevant filings with regulatory authorities in this regard, without our prior written consent. It is clarified that reference to this Report in any document and / or filing with any recipient, in connection with the Proposed Amalgamation, shall not be deemed to be an acceptance by the Valuers of any responsibility or liability to any person / party other than the Companies.

In addition, this Report does not in any manner address the price at which equity share of ABFRL and TCNS shall trade following announcement of the Proposed Amalgamation and we express no opinion or recommendation as to how the shareholders of either of the Companies should vote at any shareholders' meeting(s) to be held in connection with the Proposed Amalgamation. Our report and opinion/ valuation analysis contained herein is not to be construed as advice relating to investing in, purchasing, selling or otherwise dealing in securities.

The Valuers will owe the responsibility only to the Board of Directors of the Companies that have appointed them as per the terms of the Engagement letters and nobody else.

Any discrepancies in any table / annexure between the total and the sums of the amounts listed are due to rounding-off.



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Disclosure of RV Interest or Conflict, if any and other affirmative statements

We do not have any financial interest in the Clients, nor do we have any conflict of interest in carrying out this valuation, as of the date of the engagement letter till the Report Date. We further state that we are not related to the Company or their promoters, if any or their director or their relatives. Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation.



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SHAREHOLDING PATTERN**ABFRL**

The issued and subscribed equity share capital of ABFRL as of Report Date is INR 948.8 crores consisting of 94,88,13,663 equity shares of face value of INR 10 each. The shareholding pattern is as follows:

Shareholding Pattern as on Report Date	No. of Shares	% Shareholding
Promoter & Group	52,62,99,516	55.5%
Public	41,76,44,601	44.0%
Non-Promoter-Non-Public	48,69,546	0.5%
Grand Total	94,88,13,663	100.0%

Source: Management

We have considered the number of equity shares on diluted basis after taking into account, appropriate adjustments for warrants outstanding and ESOPs, which are not settled through the trust route. Accordingly, the diluted number of equity shares considered by us is 1,01,62,22,831 equity shares of INR 10 each.

TCNS

The issued and subscribed equity share capital of TCNS as of Report Date is INR 12.34 crores consisting of 6,17,23,668 equity shares of face value of INR 2 each.

The shareholding pattern as on Report Date is as follows:

Shareholding Pattern as on Report Date	No. of Shares	% Shareholding
Promoter & Group	1,98,76,757	32.2%
Public	4,18,46,911	67.8%
Grand Total	6,17,23,668	100.0%

Source: Management

We have considered the number of equity shares on diluted basis after taking into account, appropriate adjustments for ESOPs outstanding.

Accordingly, the diluted number of equity shares considered by us is 6,45,11,127 equity shares of INR 2 each.



APPROACH FOR RECOMMENDATION OF FAIR SHARE EXCHANGE RATIO

The Proposed Amalgamation contemplates amalgamation of TCNS into ABFRL. Arriving at the fair share exchange ratio for the Proposed Amalgamation of TCNS into ABFRL would require determining the relative value of equity shares of ABFRL and TCNS. These values are to be determined independently, but on a relative basis for the Valuation Subjects, without considering the effect of the Proposed Amalgamation.

Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for Proposed Amalgamation and our reasonable judgment, in an independent and bona fide manner.

The Valuation Approach adopted by BSM and GTVAPL is given in Annexure 1A and 1B respectively (Annexure 1A and 1B together referred to as Annexures).

BASIS OF FAIR EQUITY FAIR SHARE EXCHANGE RATIO

The basis of the amalgamation of TCNS into ABFRL would have to be determined after taking into consideration all the factors and methods mentioned hereinabove. Though different values have been arrived at under each of the approaches/ methods as mentioned in the Annexures, for the purposes of recommending the fair share exchange ratio for Proposed Amalgamation, it is necessary to arrive at a final value for each Valuation Subject. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Valuation Subjects, but at their relative values to facilitate the determination of the fair share exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches/ methods applied for the present valuation exercise.

The fair share exchange ratio has been arrived at on the basis of a relative equity valuation of Valuation Subjects based on the various approaches/ methods explained in the Annexures and various qualitative factors relevant to each company and the business dynamics and growth potentials of the businesses of the Valuation Subjects, having regard to information base, key underlying assumptions and limitations.

While we have provided our recommendation of the fair share exchange ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the fair share exchange ratio. The final responsibility for the determination of the fair share exchange ratio at which the Proposed Amalgamation shall take place will be with the Board of Directors of the respective Companies, who should take into account other factors such as their own assessment of the Proposed Amalgamation and input of other advisors.

We have independently applied approaches / methods discussed in the Annexures, as considered appropriate, and arrived at the relative value per share of the Valuation Subjects for determination of fair share exchange ratio for the Proposed Amalgamation. To arrive at the consensus on the fair share exchange ratio for the Proposed Amalgamation, suitable minor adjustments / rounding off have been done.



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In the light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following fair share exchange ratio for the Proposed Amalgamation:

To the equity shareholders of TCNS

11 (Eleven) equity shares of ABFRL of INR 10/- each, fully paid-up for every 6 (Six) equity shares of TCNS of INR 2/- each, fully paid-up.

It should be noted that we have not examined any other matter including economic rationale for the Proposed Amalgamation per se or accounting, legal or tax matters involved in the Proposed Amalgamation.

Respectfully submitted, BANSI S. MEHTA VALUERS LLP Registered Valuer Registration Number: IBBI/RV – E /06/2022/172   Partner DRUSHTI R. DESAI Registration Number: IBBI/RV/06/2019/10666 UDIN: 23102062864YEKT2097 Place: Mumbai Date: May 04, 2023	Respectfully submitted, GT VALUATION ADVISORS PRIVATE LIMITED Registered Valuer Registration Number: IBBI/ RV-E/05/2020/134   Director DARSHANA KADAKIA Registration Number: IBBI/RV/05/2022/14711 Place: Mumbai Date: May 04, 2023
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Annexure 1A - Approach to Valuation – BSM

It is universally recognized that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose.

For the purpose of arriving at valuation of the Valuation Subjects, we have considered the valuation base as 'Fair Value'. Our valuation, and this report, is based on the premise of 'going concern value'. Any change in the valuation base, or the premise could have significant impact on our valuation exercise, and therefore, this Report.

It may be noted that the Institute of Chartered Accountants of India (ICAI) on June 10, 2018, has issued the ICAI Valuation Standards ("IVS") effective for all the valuation reports issued on or after July 1, 2018. IVS are mandatory for a valuation done under the Companies Act, 2013, and recommendatory for valuation carried out under other statutes/ requirements. We have given due cognizance to the same in carrying out the valuation exercise.

IVS 301 on Business Valuations deals with valuation of a business or business ownership interest (i.e., it includes valuation of equity shares).

IVS 301 specifies that generally, the following three approaches are used for valuation of business/business ownership interest:

1. Market approach
2. Income approach
3. Cost approach

Each of the above approaches are discussed in the following paragraphs.

1. Market Approach

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities. The common methodologies under the Market Approach are as under.

a) Market Price Method:

This method involves determining the market price of an entity based on its traded price on the stock exchange over a reasonable period of time.

Equity shares of ABFRL and TCNS are listed on NSE and BSE and are frequently traded.

We have determined the market price of shares of ABFRL and TCNS based on volume weighted average price on NSE (being stock exchange with higher turnover) for sixty days upto the Valuation Date.



b) Comparable Companies Multiple Method (“CCM”)

This method involves valuing the valuation subject based on market multiples of comparable companies.

We have considered appropriate EV/EBITDA Multiple based on Comparable Companies to the maintainable EBITDA of the businesses.

We have valued the ethnic business of ABFRL by discounting their future cash flows since these are in growth phase where cashflows would be a better indicator of the value.

In our analysis we have taken into consideration the current market parameters and have made adjustments for the two-stage acquisition of 51% shareholding of TCNS

c) Comparable Transaction Multiple Method (“CTM”)

The Transferee Company proposes to acquire substantial stake from the promoters of the Transferor Company and would make an open offer to acquire further shares from the public shareholders. We have also valued TCNS under CTM at the price for the above transactions.

2. Income Approach

Income approach is a valuation approach that converts maintainable future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted, or capitalised) amount.

We have used this approach for valuation of shares of ABFRL and TCNS for which forecasts were made available to us by the Managements.

- *Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company's capital

- *Appropriate discount rate applied to cash flows to equity i.e., the cost of equity:*

Discount rate, which is the opportunity cost of capital provided i.e. the rate of return the capital provider expects to earn on other investments of equivalent risk.

For the purpose of computing value under the DCF Method, we have relied on the projections provided by the Management. It may be noted that projections are the responsibility of the Management. We have, therefore, not performed any audit, due diligence of any prospective information used and therefore, do not express any opinion with regards to the same. However, we have reviewed and analysed the projections for their acceptability.

In our analysis we have taken into consideration the current market parameters and have made adjustments for the two-stage acquisition of 51% shareholding of TCNS



3. Cost Approach:

It is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). IVS 301 on Business Valuations and IVS 103 on Valuation Approaches and Methods specify that common methodologies for Cost Approach are Replacement Cost Method and Reproduction Cost Method. These methods involve determining the value of the asset based on the cost that will have to be incurred to recreate/replicate the asset with substantially the same utility as that of the asset under valuation.

In a going concern scenario earning power of a business, as reflected under the Earnings based and Market approaches, are of greater importance, with the values arrived at on the net assets basis being of limited relevance. Further, ABFRL and TCNS are players in apparel space. They operate predominantly on an asset light rental model. Cost Approach based on the net asset value of a company would not capture the future outlook and the growth potential of the Valuation Subjects. Therefore, we have not used cost approach to determine the value of Valuation Subjects.

Fair Valuation:

We have arrived at the fair value of equity shares of the Valuation Subjects under Market Approach by averaging the value derived under Market Price, Comparable Companies Multiple Method and Comparable Transaction Method (in case of TCNS). The said value is then averaged with value derived under DCF Method by applying weight of 66.7% to Market Approach and 33.3% to Income Approach.

The computation of fair share exchange ratio for Amalgamation of TCNS into ABFRL by BSM is tabulated below:

Valuation Approach	TCNS (A)		ABFRL (B)	
	Value per Share of TCNS (INR)	Weight	Value per Share of ABFRL(INR)	Weight
Cost Approach*	NA	NA	NA	NA
Income Approach – DCF Method (i)	517.2	33.3%	299.7	33.3%
Market Approach				
Market Price Method (ii)	485.5	22.2%	231.2	33.3%
Comparable Transaction Method (iii)**	503.0	22.2%	NA	NA
Comparable Companies Multiples method (iv)	483.5	22.2%	289.4	33.3%
Relative Value per Share (Weighted Average of (i), (ii), (iii) and (iv))	499.5		273.5	
Fair Share Exchange Ratio (A : B) (Rounded)	6 : 11			



Recommendation of share exchange ratio for the proposed amalgamation of TCNS into ABFRL

NA = Not Applied / Not Applicable

*As mentioned earlier, we have not considered it appropriate to determine the value under Cost Approach as the net asset value of a company would not capture the future outlook and the growth potential of the Valuation Subjects.

** We have not used Comparable Transaction Method for ABFRL due to lack of comparable transactions given the size and varied nature of operations of ABFRL.



Annexure 1B - Approach to Valuation - GTVAPL

We have given due cognizance to the ICAI Valuation Standards ("IVS") for the purpose of arriving at the valuation of the Companies. The valuation base considered is Fair Value. The IVS defines Fair Value as "Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the Valuation Date".

IVS 301 provides guidance on the valuation approaches and methodologies that can be considered by the valuer for valuation of business asset / business ownership interest (i.e., valuation of equity shares).

As per the guidance provided in IVS 301 following three approaches can be used for valuation of business / business ownership interest. The valuation techniques can be broadly categorized as follows:

- a) Market Approach:
 - i. Market Price Method
 - ii. Comparable Transaction Multiple Method
 - iii. Comparable Companies Multiple Method
- b) Income Approach – Discounted Cash Flow Method
- c) Cost/Asset Approach
 - i. Replacement Cost Method
 - ii. Reproduction Cost Method

Market Approach

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as business. The commonly used methodologies under this approach are presented hereunder:

Market Price ("MP") Method

The market price of an equity shares as quoted on stock exchanges is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares.

The equity shares of Companies are listed on NSE and BSE and there are regular transactions in its equity shares with adequate volumes. Thus, the share prices observed on NSE over a reasonable period, considering the volume traded was higher, have been considered for arriving at the value per equity share of the Companies under the Market Price method. We have considered the volume weighted average price on NSE, for Sixty trading days up to the Valuation Date.

Comparable Companies Multiple ("CCM") Method

Under this method, value of the equity shares of a company/ business undertaking is arrived at by using multiples derived from valuations of comparable companies traded on active market. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. The value arrived using the relevant multiples under this method is adjusted for cash and cash equivalents, investments, debt & debt-like items and other matters as considered appropriate.



Recommendation of share exchange ratio for the proposed amalgamation of TCNS into ABFRL

In the present valuation analysis, we carried out research on comparable companies for ABFRL and TCNS, listed on Indian Stock exchanges and having similar operations. The multiples of identified comparable companies have been applied for determining the value per share of the Companies under this method.

Further, we have undertaken the valuation of ABFRL using the Sum of the Parts ("SOTP") method, for which we have valued the standalone business comprising of lifestyle and stores business segment and have separately derived the fair value of its operating investee companies / subsidiaries / JVs which represents Ethnic wear business.

Comparable Transaction Multiple ("CTM") Method

Under this method, the value of the equity shares of a company/ business undertaking is arrived at by using the prices / multiples implied by reported transactions of comparable companies. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. This method also includes deriving the value of the subject company from a transaction involving the company's own securities, with appropriate adjustments as necessary.

We have been informed, that the Transferee Company proposes to acquire a significant stake from the promoters of the Transferor company. Pursuant to the acquisition, the Transferee Company shall make an open offer to the public shareholders. Taking into consideration the proposed transaction, it is deemed appropriate to take into consideration the transaction value for the valuation of TCNS.

Discounted Cash Flow ("DCF") Method

The DCF method values the asset by discounting the expected free cash flows expected to be generated by the asset for the explicit forecast period and also the perpetuity value (or terminal value) in case of assets with indefinite life.

The DCF analysis is mainly based on the following elements:

a) **Estimated future free cash flows:**

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

b) **Appropriate discount rate to be applied to cash flows i.e., the cost of capital:**

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

In general DCF method is a widely accepted valuation methodology, as it concentrates on the cash generation potential of the business. Thus we have used this method to capture the values of the Companies.

We have used the free cashflow to firm (the "FCFF") approach under the DCF method to estimate the equity values, based on the financial projections of the Companies provided by their respective managements. We have undertaken the valuation of ABFRL using the Sum of the Parts ("SOTP") method, for which we have valued the standalone business comprising of lifestyle and stores business segment and have separately added the value of its operating investee companies / subsidiaries / JVs which represents Ethnic wear business.



Recommendation of share exchange ratio for the proposed amalgamation of TCNS into ABFRL

Please note that we have relied on explanations, financial projections and information provided by the managements of the Companies. The financial projections and its underlying assumptions are only the best estimates of the respective managements for the companies' growth and sustainability of profitability margins. Although, we have reviewed the data for consistency and reasonableness, we have not independently investigated or otherwise verified the data provided.

Cost Approach

As per IVS 103, Cost Approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost). IVS 301 on Business Valuations and IVS 103 on Valuation Approaches and Methods specify that common methodologies for Cost Approach are Replacement Cost Method and Reproduction Cost Method. These methods involve determining the value of the asset based on the cost that will have to be incurred to recreate/replicate the asset with substantially the same utility as that of the asset under valuation.

The Cost Approach is generally used when an asset can be quickly recreated with substantially the same utility as the asset to be valued; or in case where liquidation value is to be determined; or income approach and /or market approach cannot be used. We have therefore not considered the Cost Approach for Valuation Subjects.

Fair Valuation:

We have arrived at the fair value of equity shares of both Companies by applying below mentioned weights to the value derived under various methods.

The computation of fair equity share exchange ratio for Amalgamation of TCNS into ABFRL by GTVAPL is tabulated below:

Valuation Approach	TCNS (A)		ABFRL (B)	
	Value per Share of TCNS (INR)	Weight	Value per Share of ABFRL(INR)	Weight
Cost Approach*	NA	NA	NA	NA
Income Approach – DCF Method (i)	487.7	33.3%	286.2	33.3%
Market Approach				
Market Price method (ii)	485.5	22.2%	231.2	33.3%
Comparable Transaction method (iii)**	503.0	22.2%	NA	NA
Comparable Companies Multiples method (iv)	477.0	22.2%	280.9	33.3%
Relative Value per Share (Weighted Average of (i),(ii), (iii) and (iv))	488.2		266.1	
Fair Share Exchange Ratio (A/B) (Rounded)	6 : 11			

NA = Not Applied / Not Applicable



Recommendation of share exchange ratio for the proposed amalgamation of TCNS into ABFRL

*As mentioned earlier, the Cost/Asset approach is not used in the present case, since both the Companies i.e., ABFRL & TCNS, are going concerns and hence an actual realization of their operating assets is not contemplated.

**We have not considered this method for valuation of ABFRL as we were not able to identify closely comparable transactions in the recent past.

