

Date: Tuesday, September 24, 2024

To,

To, The Board of Directors, Hindustan Foods Limited ("HFL"), Office No. 03, Level 2, Centrium, Phoenix Market City, 15, Lal Bahadur Shastri Rd, Kurla, Mumbai, Maharashtra, India, 400070	To, The Board of Directors, Avalon Cosmetics Private Limited ("ACPL") Unit No 03, Level 02, Centrium, Phoenix Market City, Kurla, Mumbai, Maharashtra, India, 400070	To The Board of Directors, Vanity Case India Private Limited ("VCIPL"), Office No. 03, Level- 02, Centrium Phoenix Market City, 15 Lbs Marg, Kamani Junction, Kurla (West), Mumbai, Maharashtra, India, 400070
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Dear Members of the Board,

Sub.: Fairness Opinion on the proposed Scheme of Arrangement between Avalon Cosmetics Private Limited ("the Demerged Company" or "ACPL") and Vanity Case India Private Limited ("the Transferor Company" or "VCIPL") and Hindustan Foods Limited ("the Resulting Company" or "the Transferee Company" or "HFL") and their respective shareholders ("Scheme").

We, Swaraj Shares and Securities Private Limited, refer to our offer letter dated **Monday, September 09, 2024**, whereby Hindustan Foods Limited has appointed us as an Independent Merchant Banker for furnishing Fairness Opinion on the basis of valuation carried out by Bhavesh M. Rathod, Chartered Accountants, Registered Valuer, vide its valuation report dated **Tuesday, September 24, 2024** for the purpose of proposed Scheme of Arrangement between Avalon Cosmetics Private Limited and Vanity Case India Private Limited and Hindustan Foods Limited and their respective shareholders, pursuant to the provisions of the Companies Act, 2013 (including statutory modifications or re-enactments thereof) for the time being in force, (hereinafter referred to as "Scheme" / "Scheme of Arrangement").

Scope of Engagement:

The Companies have appointed SSSPL to issue fairness opinion for the proposed Scheme in terms of the SEBI circular and applicable SEBI regulations. SSSPL is issuing this fairness opinion ("Fairness Opinion") in capacity of an Independent Merchant Banker based on valuation of report dated September 24, 2024 containing recommendation of fair value of Share / Swap ratio for proposed Scheme. Valuation report issued by Mr. Bhavesh M. Rathod, a registered Valuer with Reg no IBBI/ RV/06/2019/10708.

1. BACKGROUND OF THE COMPANY


Avalon Cosmetics Private Limited ("ACPL")


Avalon Cosmetics Private Limited, the "Demerged Company", is a private limited company incorporated under the provisions of the Companies Act, 1956 under the corporate identification number U24246MH2003PTC140203. The Demerged Company is primarily engaged in the business of contract


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Maharashtra, India

manufacturing of FMCG products comprising of home care, personal care and foods and beverages. It has various business units out of which one is Contract Manufacturing (Nashik) Business unit.

Further Details of ACPL:

CIN	U24246MH2003PTC140203
Name	AVALON COSMETICS PRIVATE LIMITED
ROC Name	ROC Mumbai
Registration Number	140203
Date of Incorporation	29/04/2003
Email Id	investorrelations@thevanitycase.com
Registered Address	UNIT NO 03, LEVEL 02, CENTRIUM, PHOENIX MARKET CITY, KURLA, Mumbai City, MUMBAI, Maharashtra, India, 400070
Address at which the books of account are to be maintained	-
Listed in Stock Exchange(s) (Y/N)	No
Category of Company	Company limited by shares
Subcategory of the Company	Non-government company
Class of Company	Private
ACTIVE compliance	ACTIVE Compliant
Authorised Capital (Rs)	11,21,00,000
Paid up Capital (Rs)	8,84,70,490
Date of last AGM	30/09/2023
Date of Balance Sheet	31/03/2023
Company Status	Active

(Source: Company)

Vanity Case India Private Limited ("VCIPL")

Vanity Case India Private Limited, the "Transferor Company", is a private limited company incorporated under the provisions of the Companies Act, 1956 under the corporate identification number U74999MH2012PTC357921. The Transferor Company is engaged in the business of making strategic investments in the similar business with the firms, corporates, companies in India or abroad in the business as contract manufacturing of cosmetics, toilet preparations, packers and dealers in foodstuffs of all description for humans and animals and other dairy products.

Further Details of VCIPL:


CIN	U74999MH2012PTC357921
Name	VANITY CASE INDIA PRIVATE LIMITED
ROC Name	ROC Mumbai
Registration Number	357921


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Date of Incorporation	06/06/2012
Email Id	investorrelations@thevanitycase.com
Registered Address	OFFICE NO. 03, LEVEL- 02, CENTRIUM PHOENIX MARKET CITY, 15 LBS MARG, KAMANI JUNCTION, KURL, A (WEST), Mumbai City, MUMBAI, Maharashtra, India, 400070
Address at which the books of account are to be maintained	-
Listed in Stock Exchange(s) (Y/N)	No
Category of Company	Company limited by shares
Subcategory of the Company	Non-government company
Class of Company	Private
ACTIVE compliance	ACTIVE Compliant
Authorised Capital (Rs)	25,00,000
Paid up Capital (Rs)	24,13,100
Date of last AGM	29/09/2023
Date of Balance Sheet	31/03/2023
Company Status	Active

Hindustan Foods Limited (“HFL”)


Hindustan Foods Limited is a public limited company incorporated under the provisions of the Companies Act, 1956 under the corporate identification number L15139MH1984PLC316003 and is listed on BSE Limited and National Stock Exchange of India Limited. The Transferee Company / the Resulting Company is primarily engaged in the business of contract manufacturing of FMCG products comprising primarily of home care, personal care, foods and beverages and job working of shoes, leather products.


Company URL: - <https://www.hindustanfoodslimited.com/>

Further Details of HFL:


CIN	L15139MH1984PLC316003
Name	HINDUSTAN FOODS LIMITED
ROC Name	ROC Mumbai
Registration Number	316003
Date of Incorporation	31/12/1984
Email Id	investorrelations@thevanitycase.com
Registered Address	Office No. 03, Level 2, Centrium, Phoenix Market City, 15, Lal Bahadur Shastri Rd, Kurla, Mumbai City, Mumbai, Maharashtra, India, 400070
Address at which the books of account are to be maintained	-
Listed in Stock Exchange(s) (Y/N)	Yes
Category of Company	Company limited by shares
Subcategory of the Company	Non-government company
Class of Company	Public


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ACTIVE compliance	ACTIVE Compliant
Authorised Capital (Rs)	55,15,22,530
Paid up Capital (Rs)	24,51,46,706
Date of last AGM	15/09/2023
Date of Balance Sheet	31/03/2023
Company Status	Active

2. SOURCE OF INFORMATION

- Draft Scheme of Arrangement under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013
- Audited Financial Statements of ACPL and VCIPL as of 30th June 2024, Audited Financial Statements of HFL, ACPL and VCIPL as on 31st March, 2024, and Limited Reviewed Financials Statement of Hindustan Foods Limited ("HFL") as on 30th June 2024.
- Shareholding Pattern of the HFL, ACPL and VCIPL as on the date of this report
- Copy of Memorandum and Article of Association of the HFL, ACPL and VCIPL.
- Valuation Report of Registered Valuer
- Other relevant details regarding the Company such as the shareholding pattern and other relevant information and data, including information in the public domain.

3. TRANSACTION OVERVIEW

The Scheme of Arrangement inter-alia provides for:

- Demerger of the Contract Manufacturing (Nashik) Business ('the Demerged Undertaking') of Avalon Cosmetics Private Limited (the 'Demerged Company' or 'ACPL') into Hindustan Foods Limited (the 'Resulting Company' or 'HFL');
- Amalgamation of Vanity Case India Private Limited ('the Transferor Company' or 'VCIPL') with Hindustan Foods Limited (the 'Transferee Company' or 'HFL').

The Scheme of Arrangement is divided into the following parts:

- Part A** - Deals with Definitions, Interpretation and Share Capital;
- Part B** - Deals with demerger of the Contract Manufacturing (Nashik) Business of the Demerged Company into the Resulting Company;
- Part C** - Deals with amalgamation of the Transferor Company with the Transferee Company;
- Part D** - Deals with the general terms and conditions applicable to this Scheme.

4. RATIONALE OF THE SCHEME


Demerger of the Contract Manufacturing (Nashik) Business of the Demerged Company into the Resulting Company.


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HFL is engaged in the contract manufacturing of various FMCG segment products such as extruded foods, cereals, frozen processed foods, farinaceous foods, fabric care, hair care, household insecticides, surface cleaning, food and beverages, aerosol, pump spray products, baby products, all type of mosquito coils, repellants, liquid vaporizers, other products related to foot care, footwear and allied products. The Contract Manufacturing (Nashik) Business of ACPL is engaged in soups manufacturing. ACPL is entirely held by the Kothari Group, one of the Promoters of HFL.

In order to enable greater focus on soup manufacturing segment, the Scheme provides for the demerger of the Contract Manufacturing (Nashik) Business of ACPL into HFL.


Amongst others, the demerger of the Contract Manufacturing (Nashik) Business of ACPL into HFL would result in the following benefits: -

- (a) Concentrated management focus on the businesses in a more professional manner and to create a more competitive business both in scale and operations. The Resulting Company would develop combined long-term corporate strategies and financial policies, thus enabling better management and accelerated growth of the business;
- (b) Enhancement of net worth of the combined business to capitalize on future growth potential since both entities are engaged in similar areas of business;
- (c) Expansion and diversification of business, foraying into new product line and broadening the customer base;
- (d) Operational rationalization, organizational efficiency and optimal utilization of various resources due to pooling of management, administrative and technical skills of various resources of both the companies, better administration, and cost reduction, including reduction in managerial, administrative and other common costs;
- (e) Providing better flexibility in accessing capital, focused strategy and specialization for sustained growth; and
- (f) Creation of value for shareholders and various stakeholders.


Amalgamation of the Transferor Company with the Transferee Company


- (a) The Transferor Company forms part of the Promoter of the Transferee Company. It is owned by Kothari Group and Dempo Group.
- (b) The Transferor Company presently holds 4,64,58,145 equity shares of the Transferee Company of face value of INR 2/- each, representing about 40.55% of the total paid up share capital of the Transferee Company as on date.
- (c) It is proposed to amalgamate the Transferor Company into the Transferee Company, as a result of which the shareholders of the Transferor Company (Kothari Group and Dempo Group) who also form part of the Promoter of the Transferee Company shall directly hold shares in the Transferee Company.
- (d) This will lead to clear cut and straight forward shareholding structure and eliminating needless layers of shareholding tiers and at the same time demonstrate the Promoter's direct commitment and engagement with the Transferee Company and improve the confidence of all shareholders.


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5. OPINION AND CONCLUSION

In accordance with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the relevant SEBI Master Circulars thereto, based on our examination of the Valuation Report received from registered valuer, such other information/undertakings/representations provided to us by the Management and our high level analysis and evaluation of such information and subject to the scope limitations as mentioned hereinabove and to the best of our knowledge and belief, we are of the opinion that the recommendation made by the registered valuer of the Share Entitlement Ratio is fair and reasonable which is as under:

For equity shareholders of the Demerged Company	<i>"19 fully paid-up Equity Shares of the face value of INR 2/- each of the Transferee Company shall be issued and allotted for 100 equity shares of face value INR 10/- each fully paid up held by such shareholder in the Demerged Company pursuant to the Demerger."</i>
For equity shareholders of the Transferor Company	<i>"4,64,58,145 equity shares of the face value of INR 2/- each fully paid-up of the Transferee Company shall be issued and allotted as fully paid up to the equity shareholders of the Transferor Company in the proportion of their holding in the Transferor Company. In the event the Transferor Company holds more than 4,64,58,145 fully paid up equity shares of the Transferee Company (without incurring any additional liability) on the Record Date, New Equity Shares to be issued and allotted by the Transferee Company to the shareholders of the Transferor Company shall stand increased by such additional number of equity shares held by the Transferor Company."</i>

Our scope of work did not include the following: -

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


We hereby declare that we have no direct or indirect interest in the Companies/ 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 the Demerged Company, the Transferor Company and Transferee Company or their related companies 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 similar intimations. We would not be responsible for any litigation or other actual or threatened claims.


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

We are on the opinion that the Proposed Scheme of Arrangement to be fair.

Thanking you,

Yours faithfully,

For Swaraj Shares and Securities Private Limited



Tanmoy Banerjee
(Director)


INM000012980


Place: Mumbai


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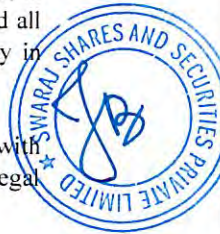
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Annexure – I: Caveats

1. Our opinion and analysis is limited to the extent of review of documents as provided to us by the Management of the Companies and the Draft Scheme of Arrangement. We have relied on accuracy and completeness of all the information and explanations provided by the Management. We have not carried out any due diligence or Independent Verification or validation to establish its accuracy or sufficiency.
2. The Scope of our work has been limited both in terms of the areas of the Business and operations which we have reviewed and the extent to which we have reviewed them. There may be matters, other than those noted in this Reports, which might be relevant in the context of the transaction and which a wider scope might uncover.
3. Our work does not constitute an audit, due diligence or verification of historical financials or including the working results of the Company or the business referred to in this report. Accordingly, we do not express any opinion on the fairness or accuracy of any financial information referred to in this report.
4. We have no present or planned future interest in of the Companies and the fee payable for this opinion is not contingent upon the opinion reported herein. The Company has been provided with an opportunity to review the draft opinion as a part of our standard practice to make sure that factual accuracy / omission are avoided in our opinion.
5. Our fairness opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Draft Scheme or any matter related thereto.
6. The opinion contained herein is not intended to represent at any time other than the date that is specifically stated in this report. This opinion is issued on the understanding that the Management has drawn our attention to all matters of which they are aware, which may have an impact on our opinion up to the date of signature. We have no responsibility to update this report for events and circumstances occurring after the date of this Report.
7. We have assumed and relied upon the truth, accuracy and completeness of the information, data and financial terms provided to us used by us; we have assumed that the same are not misleading and do not assume or accept any liability or responsibility for any independent verification of such information or any independent technical valuation or appraisal of any of the assets, operations or liabilities of the Company.
8. Our engagement is limited to preparing the report to be submitted to the client. We shall not represent in front of any person for answering any specific queries raised by them pertaining to this report and we shall not be liable to provide any evidence for any matters stated in the Report nor shall we be liable or responsible to provide any explanation or written statement for any assumption, information, methodology or any other matter pertaining to the report.
9. Whilst all reasonable care has been taken to ensure that the factual statements in the report are accurate, neither ourselves, nor any of our Directors, Officers or Employees shall in any way be liable or responsible either directly or indirectly for the contents stated herein. Accordingly, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such factual statements. We expressly disclaim any and all liabilities, which may arise based upon the information used in this report. We are not liable to any third party in relation to the issue of this report.
10. Our report should not be constructed as an opinion or certifying the compliance of the Scheme of Arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implication or issues arising from the proposed Scheme of Arrangement.





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