



# TURNAROUND CORPORATE ADVISORS PRIVATE LIMITED

A SEBI Registered Category-I Merchant Banker

December 10, 2021

Ref: TCA/FO- MIL/ Fairness Opinion/21-22

To,  
Board of Directors  
Mirza International Limited  
A-7, Mohan Cooperative Industrial Estate  
Mathura Road, New Delhi -110044

Dear Sirs,

**Subject: Fairness Opinion on Share Exchange Ratio for the purpose of proposed Composite Scheme of Arrangement under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 amongst RTS Fashions Private Limited, Mirza International Ltd and Redtape Limited**

## 1. Background:

We, M/s Turnaround Corporate Advisors Private Limited, a Category I Merchant Banker registered with the Securities and Exchange Board of India (SEBI), having registration no. MB/INM000012290 have been appointed by M/s Mirza International Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 14/6, Civil Lines, Kanpur- 208001, Uttar Pradesh -and corporate office at A-7, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi -110044 (“MIL” or “Transferee Company” or “Demerged Company”) to provide a fairness opinion on share exchange ratio recommended by CA Sandeep Kumar Agrawal, Registered Valuer in respect of Securities or Financial Assets (IBBI Registration No.: IBBI/RV/06/2019/10705) (“hereinafter referred to as “Valuer”), who is the appointed valuer under a proposed composite scheme of arrangement (“scheme” or “proposed scheme”) for the purpose of the following:

- A. Proposed amalgamation of RTS Fashions Private Limited (“RFPL” or “Transferor Company”) with (“MIL” or “Transferee Company”) [“Part 2 of the Proposed Scheme/ “Proposed Amalgamation”]; and
- B. Proposed Demerger of Branded Business/Redtape Business of Mirza International Limited as defined in the proposed scheme (“hereinafter referred to as “Demerged Undertaking”) from Mirza International Limited (“MIL” or “Transferee Company” or “Demerged Company”) and its consequent vesting into Redtape Limited (“Redtape Ltd.” or “Resulting Company”) [post

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amalgamation as mentioned in point A above) [**Part 3 of the Proposed Scheme/ “Proposed Demerger”**].

**Transferor Company, Resulting Company and Transferee Company shall hereinafter collectively be referred to as “Companies”.**

## **2. Brief Background about the Companies:**

**A. Mirza International Limited (“MIL” or “Transferee Company” or “Demerged Company”)** is an existing company incorporated on September 05, 1979 under the provisions of the Companies Act, 1956. The present registered office of MIL is situated at 14/6, Civil Lines, Kanpur, Uttar Pradesh -208001. The CIN of MIL is L19129UP1979PLC004821.

Presently, MIL is engaged in design, development, manufacturing, marketing, trading, export and retailing of leather footwear, sports shoes, garments & apparels, leather goods and accessories, and other related activities. MIL also owns and operates a leather tannery for captive consumption. As on date, MIL has the following business verticals:

- ✦ **Private Label/White Label Business:** Under this business vertical, MIL is engaged in design, development, manufacturing, export and sale of leather footwear to various Private Labels in United Kingdom (UK), United States of America (USA), European and Non-European Countries. Private Label Business is pre-dominantly export wholesale made-to-order (MTO) business.
- ✦ **Branded Business/Redtape Business:** Under this business vertical, MIL is engaged in design, development, trading, marketing and retailing of leather shoes, sports shoes, garments & apparels and other accessories under ‘REDTAPE’ brand and other Brands owned by MIL. ‘REDTAPE’ is a well-known brand in leather and sports footwear, garments & apparels. Branded Business is pre-dominantly domestic retail business.
- ✦ **Leather Tannery Business:** MIL owns and operates one of the most modern tanneries in India which is engaged in procuring and processing of leather. Tannery is backward integration for captive consumption and acts as the backbone for the Private Label Business.

The Equity Shares of MIL are listed at BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”).

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**B. RTS Fashions Private Limited (“RFPL” or “Transferor Company”)** is an existing company incorporated on August 19, 2019 under the provisions of the Companies Act, 2013. The present registered office of RFPL is situated at 14/6, Civil Lines, Kanpur, Uttar Pradesh -208001. The CIN of RFPL is U19120UP2019PTC120284.

Presently, RFPL is engaged in the business of purchase, sale and trading of soiling and packing material and other related activities. RFPL, through its step down wholly owned subsidiary-Mirza UK Ltd (“**Mirza UK**”), is engaged in design, development, marketing and distribution of leather shoes in UK, USA and other European Markets.

As on date, the equity Shares of RFPL are not listed on any recognized stock exchange in India.

**C. Redtape Limited (“Redtape Ltd.” or “Resulting Company”)** is an existing company incorporated on December 08, 2021 under the provisions of the Companies Act, 2013. The present registered office of Redtape Ltd. is situated at Plot No. 08, Sector-90, Noida, Uttar Pradesh-201301. The CIN of Redtape Ltd. is U52609UP2021PLC156659.

Redtape Ltd. has been incorporated for the purpose of the proposed Scheme of Arrangement. After demerger becoming effective, Redtape Ltd. will continue the Branded Business/Redtape Business of MIL.

As on date, the equity Shares of Redtape Ltd. are not listed on any recognized stock exchange in India.

### **3. About Turnaround Corporate Advisors Private Limited:**

Turnaround Corporate Advisors Private Limited (hereinafter referred to as “**Turnaround**” or “**TCA**” or “**we**” or “**us**”) is a Private Limited Company incorporated under the provisions of the Companies Act, 2013 with the Registrar of Companies, NCT of Delhi and Haryana. TCA is a Category I Merchant Banker registered with SEBI with Registration No.: MB/INM000012290.

### **4. Scope and Purpose of the Opinion**

This Fairness Opinion is being issued in terms of the requirement of SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017. The purpose of the opinion is to safeguard the interest of the shareholders of the Companies and this opinion shall be made available



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to the Boards of Directors and Shareholders of the Companies at the time of their respective meetings to pass the necessary resolutions for the approving and adopting the proposed scheme and, to the extent mandatorily required under applicable laws of India, may be produced before judicial, regulatory or governmental authorities, in connection with the proposed scheme.

**This opinion is restricted to meet the above mentioned purpose only and may not be used for any other purpose whatsoever or to meet the requirement of any other laws, rules, regulations and statutes.**

#### **5. Sources of the Information**

We have received the following information from the management of MIL for the purpose of our opinion:

- Draft Proposed Composite Scheme of Arrangement under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 amongst MIL, RFPL and Redtape Ltd. & their respective Shareholders and Creditors.
- Report on share exchange ratio by CA Sandeep Kumar Agrawal, Registered Valuer, dated December 10, 2021 along with supporting workings.

In addition to the above, we have also obtained explanations and other information as considered necessary by us for our exercise from the management of MIL.

#### **6. Fairness Opinion**

We have reviewed the methodologies and important factors considered by the Valuer for the purpose of providing his recommendation on the Share Exchange Ratio for the purpose of proposed amalgamation and proposed demerger. A brief summary of some of the important factors considered by the Valuer are as follows:

##### **A. With respect to Proposed Amalgamation:**

- RFPL owns 100% equity stake of RTS Fashion Limited (“**RTS Dubai**”) which in turn owns 100% equity stake of Mirza (UK) Limited, United Kingdom (“**Mirza UK**”). Therefore, Mirza UK is wholly owned step-down subsidiary of RFPL. RFPL does not have any major assets and business except investment in 100% equity stake of Mirza UK (through RTS Dubai). Mirza UK has an experienced and dedicated team engaged in design and development of leather footwear, leather goods and accessories for UK and other Overseas Markets.

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- ii. In view of the above holding structure, the value of RFPL is basically derived as the value of its ultimate/step down wholly owned subsidiary- Mirza UK and accordingly to arrive the fair valuation of Equity Shares of RFPL, fair valuation of Mirza UK has been considered.
- iii. W.r.t fair valuation of Mirza UK, the Valuer has considered the Fair Valuation report dated December 04, 2021 issued by M/s. CapShire UK LLP, Chartered Accountants, London, United Kingdom for valuation of shares (using DCF Method) of Mirza UK. The Valuer has reviewed the valuation workings of Mirza UK including relevant documents and financial data and other information and only after having concurrence with the same; taken the fair value of Mirza UK, for the purpose of deriving the fair value of shares of the RFPL.
- iv. Accordingly, fair valuation of RFPL has been determined by the Valuer using Adjusted Net Asset Value Method ("**Adjusted NAV Method**") where book value of investment has been replaced by fair value of such investments determined as above. Further, Valuer has also provided illiquidity discount to arrive the final value of RFPL considering RFPL as well as its subsidiaries are unlisted.
- v. For the purpose of arriving the fair valuation of Equity Shares of MIL, Valuer has applied DCF Method and Market Price Method (considering Equity Shares of MIL are listed on BSE and NSE).

**B. With respect to Proposed Demerger**

- i. The management of MIL has proposed that, in consideration of proposed demerger of the Branded Business/Redtape Business, all equity shareholders of MIL (after giving effect to the amalgamation of RFPL into MIL) shall hold same percentage of shareholding of Redtape Ltd. as they were holding in MIL prior to the proposed demerger to create a mirror image of their equity shareholding of MIL in Redtape Ltd.

To maintain the mirror image of equity shareholding of Redtape Ltd., it is proposed that, entire existing pre-scheme paid up share capital of Redtape Ltd. which consists of 50,000 Equity Shares of Rs. 02 each aggregating to Rs. 1,00,000 will be replaced by equal number of 9% Non-cumulative Compulsorily Redeemable Preference Shares (CRPS) i.e 50,000 CRPS of Rs. 02 each aggregating to Rs. 1,00,000.

Major terms & conditions of CRPS proposed to be issued under this scheme are as follows:



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Name of the Instrument	Non-cumulative Compulsory Redeemable Preference Shares (CRPS)
Face Value (Rs.)	Rs. 02 per CRPS
Coupon Rate	9.00% per annum
Convertible/Non-Convertible	Non-Convertible
Cumulative/ Non-Cumulative	Non-Cumulative
Tenure	Maximum 5 years with call option available to the Issuer Company and Shareholders for early redemption
Redemption Value (Rs.)	At par i.e Rs. 02 per CRPS

Any reference to CRPS in this fairness opinion report shall have above mentioned terms of issuance.

- ii. Since, after the proposed demerger, the entire Equity Share Capital to be issued by Redtape Ltd. will be held by the Equity Shareholders of MIL exactly in the same proportion as they are holding in MIL prior to demerger, no formal Share Valuation and Share Swap Ratio is required.
- iii. In view of the above, valuation for the purpose of issue of the equity shares upon de-merger is not applicable under Asset Approach, Income Approach or Market Approach.

As stated in the Share Exchange Ratio Report, Valuer has recommended the following share exchange ratio:

#### A. For the purpose of Proposed Amalgamation

- i. 22 Equity Shares of face value Rs. 02 each of MIL credited as fully paid up to the Equity Shareholders of RFPL for every 10 Equity Shares of face value of Rs. 10/- each held in RFPL.

#### B. For the purpose of Proposed Demerger

01 Equity Share of face value Rs. 02 each of Redtape Ltd. credited as fully paid up to the Equity Shareholders of MIL (post giving effect to amalgamation proposed in the Scheme) for 01 Equity Share of face value of Rs. 02/- each held in MIL.

- C. Re-organization of existing pre-scheme equity shares (i.e. 50,000 Equity Shares of Rs. 02 each aggregating to Rs. 1,00,000) of Redtape Ltd.



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*01 CRPS of face value Rs. 02 each of Redtape Ltd. credited as fully paid up to Equity Shareholders of Redtape Ltd. for 01 Equity Share of face value of Rs. 02/- each held in Redtape Ltd.*

In other words, entire existing pre-scheme paid up share capital of Redtape Ltd. which consists of 50,000 Equity Shares of Rs. 02 each will stand cancelled pursuant to the Proposed Scheme and 50,000 CRPS of Rs. 02 each will be issued by Redtape Ltd., in place of such cancelled equity shares.

**Based on the information and data made available to us including the Share Exchange Ratio Report and the proposed composite scheme of arrangement and subject to disclaimers as mentioned in this report, we are of the opinion that, the Share exchange ratio, as suggested by CA Sandeep Kumar Agrawal, Registered Valuer, is fair and reasonable.**

#### **7. Disclaimer:**

Our scope of work did not include the following:-

- An audit of the financial statements of the Companies.
- Carrying out a market survey / financial feasibility for the Business of the Companies.
- Financial and Legal due diligence of Companies.

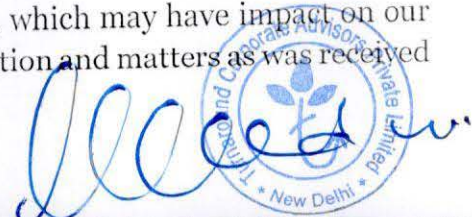
It may be noted that in carrying out our work we have relied on the integrity of the information provided to us for the purpose, and other than reviewing the consistency of such information, we have not sought to carry out an independent verification, thereof.

We assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by the management of MIL.

We have not carried out any independent verification of the accuracy and completeness of all information as stated above. We have not reviewed any other documents other than those stated above.

We do not assume any obligation to update, revise or reaffirm our Opinion because of events or transactions occurring subsequent to the date of this report.

We understand that the management of MIL during our discussions with them would have drawn our attention to all such information and matters, which may have impact on our opinion. In this opinion we have included all such information and matters as was received by us from the management of MIL.



The fee for our services is not contingent upon the result of the proposed demerger. TCA's appointment was formalized via engagement letter dated December 04, 2021.

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

In no event, will TCA, its Directors and employees be liable to any party for any indirect, incidental, consequential, special or exemplary damages (even if such party has been advised of the possibility of such damages) arising from any provision of this opinion.

Thanking You

For Turnaround Corporate Advisors Private Limited



**(HEEMADRI MUKERJIA)**  
Managing Director