



# VC CORPORATE ADVISORS PVT LTD.

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**PRIVATE & CONFIDENTIAL**

Dated : June 26, 2018

**The Board of Directors**

**LUX INDUSTRIES LIMITED**

PS Srijan Tech Park, 10th Floor, DN-52,

Sector-V, Salt Lake City,

Kolkata - 700 091,

Dear Sir,

**Sub: Proposed scheme for amalgamation of J. M. Hosiery & Company Limited ("JMH" or "Transferor Company 1") and Ebell Fashions Private Limited ("Ebell" or "Transferor Company 2") (hereinafter collectively referred to as "Transferor Companies") into Lux Industries Limited ("Lux" or "Transferee Company") with effect from 01 April 2018 ("Appointed Date").**

**Re: Fairness Opinion**

**PURPOSE:**

This has reference to our engagement letter dated June 25, 2018 whereby Lux Industries Limited has requested us to provide a Fairness Opinion in terms of the requirements of SEBI Circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and SEBI circular no. CFD/DIL3/CIR/2018/2 dated January 3, 2018, on the recommendation of fair equity shares exchange ratio report dated June 26, 2018 ("Valuation Report") issued by S. R. Batliboi & Co. LLP ("Valuer") for the proposed amalgamation of J. M. Hosiery & Company Limited ("JMH") and Ebell Fashions Private Limited ("Ebell") (hereinafter collectively referred to as "Transferor Companies") into Lux Industries Limited ("Lux" or "Transferee Company") with effect from 01 April 2018 ("Appointed Date") under section 230 and section 232 and other applicable provisions of the Companies Act, 2013 (including any



SEBI AUTHORISED MERCHANT BANKERS

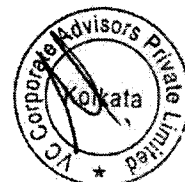
statutory modifications(s) thereof). We understand that the proposed Scheme will be considered by the Audit Committee and the Board of Directors of the Transferee Company.

The equity share entitlement ratio for this opinion refers to number of equity shares of the face value of INR 2/- of Lux Industries Ltd which would be issued to the shareholders of JMH and Ebell.

The information contained herein and our report is confidential. It is intended only for the sole use of captioned purpose including for the purpose of obtaining requisite approvals as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### BACKGROUND AND SCOPE OF THIS REPORT:

- (i) J. M. Hoslery & Company Limited, the "Transferor Company 1", is a public limited company having Corporate Identity Number U18109WB2004PLC100233, was originally incorporated as "Todi Hoslery Private Limited" on October 20, 2004 under the Companies Act, 1956 in the State of West Bengal and converted to Public Limited Company in the year 2012 and subsequently rechristened to its present name i.e., J.M. Hoslery & Company Limited and a fresh Certificate of Incorporation consequent upon change of name was issued on July 29, 2015 by the Registrar of Companies, West Bengal and is a company within the meaning of the Companies Act, 2013. The Transferor Company 1 is engaged, *inter alia*, in the business of manufacturing, marketing, selling and distribution of knitted apparel including hosiery.
- (ii) Ebell Fashions Private Limited, the "Transferor Company 2", is a private limited company, having Corporate Identity Number U25191WB1997PTC084787, was originally incorporated as "Ebel Polymers Private Limited" on June 30, 1997 under the Companies Act, 1956 in the State of West Bengal and subsequently changed its name into Ebell Fashions Private Limited and a fresh Certificate of Incorporation consequent upon change of name was issued on May 07, 2013 by the Registrar of Companies, West Bengal and is a company within the meaning of the Companies Act, 2013. The Transferor Company 2 is engaged, *inter alia*, in the business of manufacturing, marketing, selling and distribution of knitted apparel for women.
- (iii) Lux Industries Limited, the "Transferee Company", is a public listed company incorporated having Corporate Identity Number L17309WB1995PLC073053, was originally incorporated as "Lux Hosiery Industries Limited" on July 21, 1995 under the Companies Act, 1956 in the State



of West Bengal and subsequently rechristened to its present name i.e., Lux Industries Limited and a fresh Certificate of Incorporation consequent upon change of name was issued on October 24, 2007 by the Registrar of Companies, West Bengal and is a company within the meaning of the Companies Act, 2013. The Transferee Company is engaged, *inter alia*, in the business of manufacturing, marketing, selling and distribution of knitted apparel including hosiery. The shares of the Transferee Company are listed on the National Stock Exchange of India Limited & BSE Limited.

**CAPITAL STRUCTURE**

The share capital of the Transferor Company 1 as on 31st March, 2018 is as follows:

| Particulars                                   | INR                |
|---|--------------------|
| <b>Authorised Share Capital</b>               |                    |
| 75,00,000 equity shares of INR 10 each        | 7,50,00,000        |
| <b>Total</b>                                  | <b>7,50,00,000</b> |
| <b>Issued, Subscribed and Paid-up Capital</b> |                    |
| 74,46,006 equity shares of INR 10 each        | 7,44,60,060        |
| <b>Total</b>                                  | <b>7,44,60,060</b> |

The share capital structure of the Transferor Company 2 as on 31st March, 2018 is as follows:

| Particulars                                   | INR              |
|---|------------------|
| <b>Authorised Share Capital</b>               |                  |
| 2,50,000 equity shares of INR 10 each         | 25,00,000        |
| <b>Total</b>                                  | <b>25,00,000</b> |
| <b>Issued, Subscribed and Paid-up Capital</b> |                  |
| 2,35,000 equity shares of INR 10 each         | 23,50,000        |
| <b>Total</b>                                  | <b>23,50,000</b> |

The share capital structure of the Transferee Company as on 31st March, 2018 is as follows:

| Particulars                                  | INR                |
|--|--------------------|
| <b>Authorised Share Capital</b>              |                    |
| 4,50,00,000 equity shares of INR 2 each      | 9,00,00,000        |
| 56,00,000 Preference shares of Rs.100/- each | 56,00,00,000.00    |
| <b>Total</b>                                 | <b>9,00,00,000</b> |
| <b>Issued &amp; Subscribed</b>               |                    |
| 2,77,37,500 Equity Shares of Rs.2/- each     | 5,54,75,000        |
| <b>Total</b>                                 | <b>5,54,75,000</b> |
| <b>Fully Paid Up</b>                         |                    |
| 2,52,53,000 Equity Shares of Rs.2/- each     | 5,05,06,000        |
| <b>Total</b>                                 | <b>5,05,06,000</b> |



**SOURCES OF INFORMATION:-**

For the purposes of fairness opinion, we have relied upon the following sources of information –

- a. Memorandum and Articles of Association of the Transferee Company and the Transferor Companies,
- b. Annual Accounts of the Transferee Company and the Transferor Companies for last 3 financial years,
- c. Draft of the proposed Scheme of Amalgamation between the Transferee Company and the Transferor Companies,
- d. Equity Share Entitlement Ratio Report dated June 26, 2018 issued by the Valuer and related workings.

We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the representative of the Transferee Company.

**EXCLUSIONS AND LIMITATIONS:-**

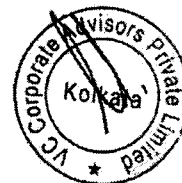
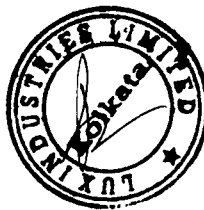
Our conclusion is based on the information furnished to us being, complete and accurate in all material aspects. We have relied upon the financials and the information and representations furnished to us and have not carried out any audit of such information.

We have not carried on any independent valuation or appraisal of any of the assets or liabilities of the companies.

Our work does not constitute verification of financials or including the working results of the companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.

We assume no responsibility for updating or revising our opinion on the circumstances or events after the date hereof.

Our opinion is not, nor should it be construed as our opining or certifying the compliance of the proposed scheme of arrangement with the provisions of any law including companies, taxation and capital market related laws or as regards any legal implications or issues arising thereon, except for the purpose expressly mentioned herein.



**CONCLUSION: -**

We have reviewed the methodology used by the Valuer for arriving at the share entitlement ratio for the amalgamation of the Transferor Companies with the Transferee Company and also reviewed the working and underlying assumptions adopted to arrive at the values, for the purpose of recommending the share entitlement ratio as per the Report submitted by the Valuer.

"We have accordingly formed an opinion that the exchange ratio as recommended by the Valuer i.e., 29 (Twenty Nine) equity shares of Lux of INR 2/- each fully paid up for every 100 (One hundred) equity shares of JMH of INR 10/- each fully paid up and 1142 (One thousand one hundred and forty two) equity shares of Lux of INR 2/- each fully paid up for every 100 (Hundred) equity shares of Ebell of INR 10/- each fully paid up, is fair to the shareholders of Lux."

Yours Faithfully,  
For VC CORPORATE ADVISORS PRIVATE LIMITED

*Anup Kumar Sharma*  
ANUP KUMAR SHARMA  
(VICE PRESIDENT)  
SEBI REGN No. INM0000011096

