

Date: 3 September 2018

To,
Board of Directors

Lux Industries Limited
PS Srijan tech Park,
10th Floor, DN-52,
Sector-V, Salt Lake City,
Kolkata – 700 091
West Bengal, India

Sub: Clarifications required by Bombay Stock Exchange in relation to the valuation report on recommendation of fair exchange ratio for the purpose of merger of J. M. Hosiery & Co Limited and Ebell Fashion Private Limited into Lux Industries Limited dated 26 June 2018 ("Valuation Report") issued to the board of directors of Lux Industries Limited ("Lux Industries")

Dear Sir/Madam,

With reference to the above subject and point no. 3 of the query posted on the website of Bombay Stock Exchange on 29 August 2018, we would like to clarify the following:

1. Equity shares of Lux Industries are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange (BSE) and such equity shares have recorded sufficient trading volumes. Accordingly, Market Price Approach has been considered appropriate for the purpose of valuation of equity shares of Lux Industries. Hence, we have assigned 100% weightage to Market Price Approach and not considered Comparable Companies' Multiples Approach for valuation of equity shares of Lux Industries.
2. Equity shares of J.M. Hosiery & Co Limited ("JMH") and Ebell Fashions Private Limited ("Ebell") are not listed on any recognised stock exchanges in India or any other country. Hence, Market Price Approach has not been considered appropriate for the purpose of valuation of equity shares. Accordingly, Comparable Companies' Multiples Approach has been considered appropriate for the purpose of valuation of equity shares of JMH and Ebell.

Respectfully submitted,

S.R. Batliboi & Co. LLP

ICAI Firm Registration Number: 301003E/E300005



per Ravi Bansal

Partner

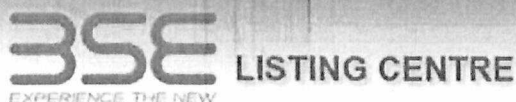
Membership No.: 049365

Place: Mumbai

Date: 3 September 2018



Encl: Clarifications required by BSE in relation to Valuation Report



(index.aspx) Scrip Code :539542

Scrip Name :Lux Industries Ltd

ISIN :INE150G01020

Welcome 11157 | Logout

Compliance Module (Compliance_Signed.aspx) | Listing Module (Issue_Create.aspx) | Change Password (changepassword.aspx) | Corporate Announcement (CorporateRedirect.aspx)^{new} | Listing Fee Bills (alf_bills.aspx)^{new} | Market Intelligence (GetQuote/index.aspx) | Circulars (circulars.aspx)^{new} | Investor Complaints (InvComplaints.aspx) | XBRL (xbrl.aspx) | GST Preparedness (http://listing.bseindia.com/download/InitialLetter_Listing.pdf) | Sustainability Officer Details (SustainabilityOfficer_Details.aspx) | CGS Tool | Company Registration (RegistrationForCA.aspx)^{new} | GST (gst.aspx) | BSE's International Convention Hall (aboutConvHall.aspx)^{new} | Paid Up Capital Tab (FullPaid.aspx)

User Manual
(<http://listing.bseindia.com/download/HelpManual.zip>) |
Help Desk (helpdesk.aspx?id=539542)

Annual Disclosure under SEBI(SAST) Regulations, 2011 has to be forwarded only to corp.relations@bseindia.com

BSE Remarks

Comment

Date

Time

Please Comment

Send

Prasad

1. Update Share Capital details in the interface. Also share break up Companies wise for shares allotted. 2. Certified true copy of the resolution passed by the Board of Directors of the company : Submit board resolution for J.M.Hosiery & Co Limited and Ebell Fashions Private Limited. 3. In computation of fair exchange ratio table, kindly elaborate below table for which figures which are considered as Nil (Refer Page No 11 & 12). 4. Quarterly compliance Report on Corporate Governance as per Regulation 27 (2)(a) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as per Annexure II :Not Submitted. 5. If as per the company, approval from the shareholders through postal ballot and e-voting, as required under Para (I)(A)(9)(a) of Annexure I of SEBI Circular no.CIR/CFD/CMD/16/2015 dated November 30, 2015, is not applicable then as required under Para (I)(A)(9)(c) of said SEBI circular, submit the following: Since it is mentioned in the covering letter Not Applicable submit an undertaking from the auditor and board resolution. 6. Brief details of the transferee/resulting and transferor/demerged companies as per format enclosed at Annexure V :Kindly share brief details of the Cancellation of shares, Mention pre net worth for both the Transferor Companies. Further for Lux Industries post net worth figures not in sync with the interface, incorporate pre shareholding pattern for both the Transferor Companies. For No of shareholders & Pan of the Promoters Annexures not attached. 7. Submit net worth certificate of the Transferor Companies. 8. Confirmation by the Managing Director/ Company Secretary as per format enclosed as Annexure VII : Confirm point no e whether applicable or not. 9. Submit Annual Report of Lux Industries for FY 2017-18. 10. Certificate from the merchant banker for Information Memorandum of the Transferor Companies. 11. Details of Directors and Promoters of the companies involved in the scheme. 12. Undertaking that Transferee Entity not issuing/re-issuing any shares not covered under Draft scheme. 13. Undertaking that as on date of application there are no outstanding Warrants/instruments/agreements which give right to any person to take the equity shares in the transferee entity at any future date. 14. Submit calculation towards Sebi fees.

29-08-2018

02:30 PM

S.R. BATLIBOI & Co. LLP
Chartered Accountants

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VALUATION REPORT

To
The Board of Directors

26 June 2018

Lux Industries Limited
PS Srijan Tech Park,
10th Floor, DN-52,
Sector-V Salt Lake City,
Kolkata – 700 091,
West Bengal, India.

Sub: Recommendation of fair exchange ratio for the proposed merger of J. M. Hosiery & Co Limited and Ebell Fashions Private Limited into Lux Industries Limited

Dear Sir / Madam,

We refer to the engagement letter whereby, Lux Industries Limited ("Lux" or the "Client") has appointed S. R. Batliboi & Co. LLP ("SRBC" or "Valuer" or "We") for recommendation of fair exchange ratio of equity shares for the proposed merger of J. M. Hosiery & Co Limited ("JMH") and Ebell Fashions Private Limited ("Ebell") into Lux Industries Limited ("Lux") ("Proposed Merger"), based on the discussions that we have had with and information that we have received from the representatives and Management of Lux ("Management") from time to time in the above matter.

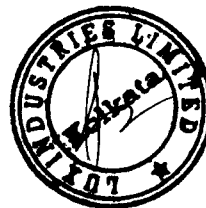
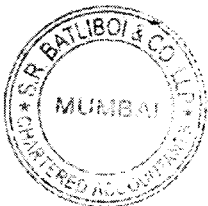
Lux, JMH and Ebell are hereinafter jointly referred to as the "Companies".

SCOPE AND PURPOSE OF THIS REPORT

Lux is engaged in manufacturing and selling of knitwear for men, women, and children. Product profile of Lux includes vests, briefs, socks, boxers, trunks, lounge wear, T-shirts, active wear and thermal wear. The equity shares of Lux are listed on the Bombay Stock Exchange ("BSE") and the National Stock Exchange in India ("NSE"). For year ended 31 March 2018, it reported net sales of INR 11,377.5 mn and net profit after tax of INR 792.3 mn.

JMH is engaged in manufacturing and selling of knitted apparels for men and women. Product profile of JMH mainly includes innerwear and casualwear. For year ended 31 March 2018, it reported net sales of INR 2,917.6 mn and net profit after tax of INR 164.4 mn.

Ebell is engaged in manufacturing and selling of bottom wear for women. Product profile of Ebell includes leggings, premium leggings, winter leggings and track pants. For year ended 31 March 2018, it reported net sales of INR 1,978.7 mn and net profit after tax of INR 210.5 mn.



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Report on recommendation of fair exchange ratio for the proposed merger of J. M. Hosiery & Co Limited and Ebell Fashions Private Limited into Lux Industries Limited

We understand that the Management is contemplating the merger of JMH and Ebell into Lux under a composite scheme of Arrangement and Amalgamation under the provisions of Sections 230-232 of the Companies Act, 2013 and The Companies Rules 2016, As a consideration for this Transaction, equity shareholders of JMH and Ebell would be issued equity shares of Lux.

For the aforesaid purpose, the Board of Directors of Lux has appointed SRBC to recommend a fair exchange ratio, for the issue of Lux's equity shares to the equity shareholders of JMH and Ebell, to be placed before the Audit Committee/Board of Directors of Lux.

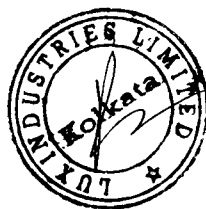
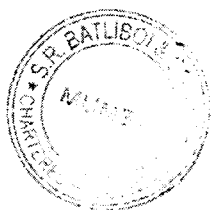
We understand that the appointed date for the merger is 1 April 2018 or such other date as approved by the Courts.

The scope of our services is to conduct a relative (and not absolute) valuation of equity shares of the Companies and report a fair exchange ratio for the Proposed Merger in accordance with internationally accepted professional standards.

We have been provided with audited financial statements and other financial information of the Companies for the year ended 31 March 2018 and earlier period. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Valuation Report ("Report"). Further, the Management has informed us that all material information impacting the Companies have been disclosed to us.

The Management has informed us that:

- (a) There would not be any capital variation in the Companies till the Proposed Merger becomes effective;
- (b) Till the Proposed Merger becomes effective, neither Companies would declare any dividend which are either materially different than those declared in the past few years or having materially different yields.
- (c) There are no unusual/abnormal events in the Companies since the last audited accounts till the Report date materially impacting their operating/financial performance.
- (d) Biswanath Hosiery Mills Limited ("BHML") owns all the brands of the products which are currently manufactured and marketed by JMH (except brand "Target" which is owned by JMH). BHML has granted a license to JMH to use all the brands exclusively on non-revocable basis for the period of 20 years (from 26 June 2018 to 25 June 2038) at a royalty of INR 200,000/- p.a. Also, post the proposed merger the above arrangement will continue with the merged entity on the same terms as mentioned above.



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Chartered Accountants

Report on recommendation of fair exchange ratio for the proposed merger of J. M. Hosiery & Co Limited and Ebell Fashions Private Limited into Lux Industries Limited

- (e) BHML owns all the brands of the products which are currently manufactured and marketed by Ebell. BHML has granted a license to Ebell to use all the brands exclusively on non-revocable basis for the period of 20 years (from 26 June 2018 to 25 June 2038) at a royalty of INR 75,000/- p.a. Also, post the proposed merger the above arrangement will continue with the merged entity on the same terms as mentioned above.

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

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.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Report on recommendation of fair exchange ratio for the proposed merger of J. M. Hosiery & Co Limited and Ebell Fashions Private Limited into Lux Industries Limited

SOURCES OF INFORMATION

In connection with this exercise, we have used the following information about the Companies as received from the Management:

- Audited financials for years ended 31 March 2014 to 31 March 2018 for JMH and Ebell;
- Audited financials for the year ended 31 March 2018 for Lux
- Brand licensing arrangement dated 26 June 2018 between JMH and BHML
- Brand licensing arrangement dated 26 June 2018 between Ebell and BHML

Besides the above listing, there may be other information provided by the Client which may not have been perused by us in any detail, if not considered relevant for our defined scope.

During the discussions with the Management, we have also obtained explanations and information considered reasonably necessary for our exercise. Lux has been provided with the opportunity to review the draft report (excluding the recommended exchange ratio) as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our report.

PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

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

- Requested and received financial and qualitative information
- Obtained data available in public domain
- Discussions (physical/over call) 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.
- Undertook Industry Analysis:
 - Research publicly available market data including economic factors and industry trends that may impact the valuation
 - Analysis of key trends and valuation multiples of comparable companies/comparable transactions using:
 - SRBC' internal transactions database
 - Proprietary databases subscribed by us
- Selection of internationally accepted valuation methodology/(ies) as considered appropriate by us.



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Report on recommendation of fair exchange ratio for the proposed merger of J. M. Hosiery & Co Limited and Ebell Fashions Private Limited into Lux Industries Limited

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The recommendation contained herein is not intended to represent value at any time other than valuation date of 25 June 2018 ('Valuation Date'). We have no obligation to update this report.

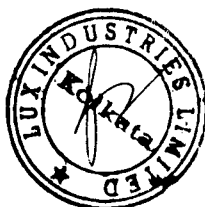
This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Valuation Date and (iii) are based on the audited financial statements of the Companies as at 31 March 2018. The Management has represented that the business activities of the Companies have been carried out in the normal and ordinary course between 31 March 2018 and the Report date and that no material changes have occurred in their respective operations and financial position between 31 March 2018 and the Report date. Further, the Management has represented that there is no change in the share capital of the Companies between 31 March 2018 and the Report date.

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. 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 Lux 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.

The determination of exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into accounts all the relevant factors. There is, therefore, no indisputable single exchange ratio. While we have provided our recommendation of the 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 exchange ratio of the equity shares of Lux, JMH and Ebell. The final responsibility for the determination of the exchange ratio at which the Proposed Merger shall take place will be with the Board of Directors of Lux who should take into account other factors such as their own assessment of the Proposed Merger and input of other advisors.

In the course of the valuation, we were provided with both written and verbal information, including market, financial and operating data as detailed in the section - Sources of Information.



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Chartered Accountants

Report on recommendation of fair exchange ratio for the proposed merger of J. M. Hosiery & Co Limited and Ebell Fashions Private Limited into Lux Industries Limited

We have not independently investigated or otherwise verified the financial information provided by Lux. 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 the financial statements. Also, with respect to explanations and information sought from Lux, we have been given to understand by the Management of Lux that they have not omitted any relevant and material factors about the Companies 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 information given by/on behalf of the Companies. The Management of Lux has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations, and that the Companies will be managed in a competent and responsible manner. Further, this Valuation 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 sheet of the Companies. Our conclusion of value assumes that the assets and liabilities of the Companies, reflected in their respective latest balance sheets remain intact as of the Report date.

The report does not address the relative merits of the Proposed Merger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

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 Lux. 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.

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 proposed Scheme of Arrangement and Amalgamation, without our prior written consent. In addition, this report does not in any manner address the prices at which equity shares of Lux will trade following announcement of the Proposed Merger and we express no opinion or recommendation as to how the shareholders of either company should vote at any shareholders' meeting(s) to be held in connection with the Proposed Merger.

Our appointment was formalised via engagement letter dated 25 June 2018, however, the work had started earlier.



S.R. BATLIBOI & Co. LLP
Chartered Accountants

Report on recommendation of fair exchange ratio for the proposed merger of J. M. Hosiery & Co Limited and Ebell Fashions Private Limited into Lux Industries Limited

SHAREHOLDING PATTERN

Lux Industries Limited

The issued and subscribed equity share capital of Lux as at 31 March 2018 is INR 50.5 mn consisting of 25,253,000 equity shares of face value of INR 2 each. The shareholding pattern is as follows:

Shareholding Pattern as on 31-3-2018	No of Shares	% Share Holding
Promoter & Group	18,615,000	73.71%
Public- Institutions	1,165,175	4.61%
Public- Non Institutions	5,472,825	21.67%
Grand Total	25,253,000	100.00%

Source: BSE filing

J. M. Hosiery & Co Limited

The issued and subscribed equity share capital of JMH as at 31 March 2018 is INR 74.5 mn consisting of 7,446,006 equity shares of face value of INR 10 each. The shareholding pattern is as follows:

Shareholding Pattern as on 31-3-2018	No of Shares	% Share Holding
Promoter & Group	7,362,006	98.87%
Lux Industries Limited	84,000	1.13%
Grand Total	7,446,006	100.00%

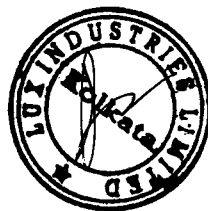
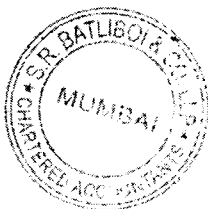
Source: Management of Lux

Ebell Fashions Private Limited

The issued and subscribed equity share capital of Ebell as at 31 March 2018 is INR 2.4 mn consisting of 235,000 equity shares of face value of INR 10 each. The shareholding pattern is as follows:

Shareholding Pattern as on 31-3-2018	No of Shares	% Share Holding
Promoter & Group	235,000	100.00%
Grand Total	235,000	100.00%

Source: Management of Lux



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Report on recommendation of fair exchange ratio for the proposed merger of J. M. Hosiery & Co Limited and Ebell Fashions Private Limited into Lux Industries Limited

APPROACH - BASIS OF MERGER

The Proposed Scheme of Amalgamation contemplates the merger of JMH and Ebell into Lux. Arriving at the fair exchange ratio for the Proposed Merger of JMH and Ebell into Lux would require determining the relative value of the equity shares of Lux, JMH and Ebell. These values are to be determined independently, but on a relative basis for the Companies.

There are several commonly used and accepted methods for determining the fair exchange ratio for the Proposed Merger of JMH and Ebell into Lux, which have been considered in the present case, to the extent relevant and applicable, and subject to availability of information, including:

1. Market Price method
2. Comparable Companies Multiples method
3. Discounted Cash Flows method
4. Net Asset Value method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of the Companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Market Price Method

The market price of an equity share as quoted on a stock exchange, where the shares regularly and freely traded in, is normally considered as the value of the equity shares of that company. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, the equity shares of Lux are listed on BSE and NSE. Lux's equity shares recorded the highest trading volume on NSE. Accordingly, the share price of Lux as observed on NSE have been considered for arriving at the value per share of Lux under the market price method.



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Report on recommendation of fair exchange ratio for the proposed merger of J. M. Hosiery & Co Limited and Ebell Fashions Private Limited into Lux Industries Limited

Comparable Companies' Multiple ("CCM") method

Under this method, value of equity shares of a company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies and transactions in unlisted companies. 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.

We have considered Enterprise value to Earnings before interest, tax, depreciation and amortization (EV/EBITDA) multiple of the comparable listed companies for the purpose of our valuation.

The total equity value is then divided by the total number equity shares for arriving at the value per equity share of the Companies under CCM method.

Discounted Cash Flows ("DCF") Method

Under the DCF method the projected free cash flows to the equity shareholders are discounted at the cost of equity. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

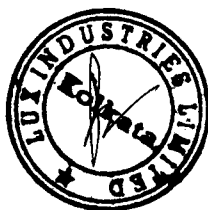
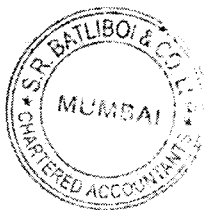
Estimating future free cash flows:

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

Appropriate discount rate to be applied to cash flows i.e. the cost of equity:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the equity capital providers (namely equity shareholders). The opportunity cost to the equity capital provider equals the rate of return the equity capital provider expects to earn on other investments of equivalent risk.

We have not used DCF method as the Management has not provided us with the financial projections.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Report on recommendation of fair exchange ratio for the proposed merger of J. M. Hosiery & Co Limited and Ebell Fashions Private Limited into Lux Industries Limited

Net Asset Value ("NAV") Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach may be used in cases where the assets base dominates the earnings capability. A scheme of amalgamation would normally be proceeded with, on the assumption that the companies amalgamate as going concerns and an actual realization of the operating assets is not contemplated.

We have not used NAV method as it does not capture the earning capacity of the business and hence NAV would not be representative of fair value.

MAJOR FACTORS THAT WERE TAKEN INTO ACCOUNT DURING THE VALUATION

- The equity shares of Lux are frequently traded on both the stock exchanges, BSE & NSE in India.
- Key operating / financial parameters of the Companies vis-à-vis its comparable companies.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

Report on recommendation of fair exchange ratio for the proposed merger of J. M. Hosiery & Co Limited and Ebell Fashions Private Limited into Lux Industries Limited

BASIS OF FAIR EXCHANGE RATIO

The basis of the merger of JMH and Ebell into Lux 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 above methods, for the purposes of recommending the recommending the fair exchange ratio of equity shares it is necessary to arrive at a final value for each of the Companies' shares. It is however important to note that in doing so, we are not attempting to arrive at the absolute equity values of the Companies, but at their relative values to facilitate the determination of the fair exchange ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approaches / methods.

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

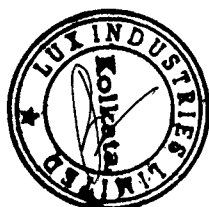
We have independently applied methods discussed above, as considered appropriate, and arrived at their assessment of value per share of Lux, JMH and Ebell.

The computation of fair exchange ratio for merger of JMH into Lux is tabulated below:

Valuation Approach	Lux		JMH	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach – Net Asset Value Method	127.0	0%	122.9	0%
Market Approach – Market Price method	1,779.1	100%	-	0%
Market Approach – Comparable Companies Multiples Method	-	0%	526.2	100%
Relative Value per Share	1,779.1		526.2	
Fair Exchange Ratio (rounded off)			0.29	

In 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 exchange ratio for the Proposed Merger of JMH into Lux:

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.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Report on recommendation of fair exchange ratio for the proposed merger of J. M. Hosier & Co Limited and Ebell Fashions Private Limited into Lux Industries Limited

The computation of fair exchange ratio for merger of Ebell into Lux is tabulated below:

Valuation Approach	Lux		Ebell	
	Value per Share (INR)	Weight	Value per Share (INR)	Weight
Asset Approach – Net Asset Value Method	127.0	0%	2,203.3	0%
Market Approach – Market Price method	1,779.1	100%	-	0%
Market Approach – Comparable Companies Multiples Method	-	0%	20,325.4	100%
Relative Value per Share	1,779.1		20,325.4	
Fair Exchange Ratio (rounded off)			11.42	

In 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 exchange ratio for the Proposed Merger of Ebell into Lux:

1,142 (One thousand one hundred and forty two) equity shares of Lux of INR 2/- each fully paid up for every 100 (One Hundred) equity shares of Ebell of INR 10/- each fully paid up.

Respectfully submitted,

S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Ravi Bansal
Partner

Membership No: 049365

Place: Mumbai

Date: 26 June 2018

