

CONFIDENTIAL

30th July 2014

The Board of Directors,
Arvind Limited,
Naroda Road,
Ahmedabad 380 025

Dear Members of the Board:

I. Engagement Background

We understand that the Board of Directors of Arvind Ltd. is considering the demerger of "Real Estate Business" undertaking of Arvind Ltd. ("Demerged Company" / "Arvind") into Arvind Infrastructure Ltd. ("Resulting Company" / "Arvind Infra") through a Scheme of Arrangement under section 391-394 of the Companies Act, 1956.

The scheme envisages demerger of the "Real Estate Business" undertaking ("Demerged Undertaking") of Arvind into Arvind Infra as per terms and conditions more fully set forth in the Scheme of Arrangement to be placed before the Board for their approval.

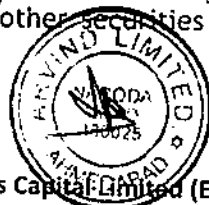
In consideration of the demerger of the "Real Estate Business" undertaking of Demerged Company into the Resulting Company pursuant to the Scheme of Arrangement, for every 10 (Ten) equity shares of the face value of Rs. 10/- each held by the shareholders of Demerged Company, the Resulting Company shall issue and allot 1 (One) equity share of the face value of Rs. 10/- each fully paid up (hereinafter referred to as the "Share Entitlement Ratio").

In connection with the aforesaid, you requested our Fairness Opinion ("Opinion") as of the date hereof, as to the fairness of the Share Entitlement Ratio to the Equity Shareholders of the Demerged Company.

Scheme of Arrangement

This Scheme of Arrangement provides for:

- (i) Under this scheme, the Real Estate Business undertaking (including investments in shares and other securities of Real Estate division and granting of loans etc. to



Axis Capital Limited (Erstwhile "Axis Securities and Sales Limited")



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Corp. Office: Axis House, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai - 400 025

Arvind Infrastructure Ltd.), which Arvind is engaged in, either directly or through its subsidiary and joint ventures will be transferred to Arvind Infrastructure Ltd ("Arvind Infra")

- (ii) Arvind Infra is a 100% subsidiary of Arvind
- (iii) On the record date, all shareholders of the Demerged Company will be entitled to receive shares in the Resulting Company
- (iv) The Resulting Company will issue shares in the ratio of 10:1 of share capital of the Demerged Company
- (v) Arvind will retain all the undertakings, businesses and activities which are not exclusively related to or utilized by the Infrastructure undertaking for the Infrastructure Business

II. Basis of Opinion

In the Rationale of the scheme, it has been provided that, as part of an overall re-organization plan and in order to achieve greater efficiencies in operations and with the intent of providing focus and greater attention to Real Estate Business of the Demerged Company, it is considered necessary, desirable and expedient to transfer the Demerged Undertaking to the Resulting Company. The transfer therefore will enable focused management orientation to the businesses of the Demerged Undertaking. The demerger is also expected to improve the competitiveness of the businesses in their respective markets.

A brief history of each of the aforesaid companies is as under -

- (a) Arvind Limited, a listed public limited company incorporated under The Indian Companies Act, 1956, having its registered office at Naroda Road, Ahmedabad - 380 025 (the "Demerged Company"), is a flagship company of the Lalbhai Group, engaged in the business spanning across entire value chain of textiles. It was originally incorporated for manufacturing and marketing of textile products. However, it has grown and diversified in several distinct business activities such as establishing and operating exclusive brand outlets, manufacturing management business, infrastructure development business through its subsidiary and joint ventures ("Infrastructure Business") etc.
- (b) Arvind Infrastructure Limited, is an unlisted company incorporated under the Companies Act, 1956, having its registered office at Naroda Road, Ahmedabad -380 025 (the "Resulting Company"), engaged in the business of real estate development, construction and infrastructure activities. The Resulting Company is a wholly owned subsidiary of the Demerged Company.



The key features of the Scheme provided to and relied upon by us for framing a fairness opinion on transfer of Demerged Undertaking of Arvind into Arvind Infra are as under:

- Upon the coming into effect of the Scheme and with effect from the Appointed Date, the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) of the Demerged Company shall stand transferred to and be vested in or deemed to have been transferred to or vested in, as a going concern, into the Resulting Company
- As consideration for the transfer, equity shares in the Resulting Company shall be issued to the equity shareholders of the Demerged Company
- All the Shareholders of the Demerged Company shall become shareholders of the Resulting Company on the record date
- Every equity shareholder of the Demerged Company shall receive 1 (One) equity share of Rupees Ten each of the Resulting Company for every 10 (Ten) equity shares he holds in the Demerged Company as on the Record date for the implementation of the Scheme
- The shares held by the Demerged Company in the Resulting Company shall be cancelled and reduced in terms of Section 100 of the Companies Act, 1956. Hence, on implementation of the Scheme, the shareholding in the Resulting Company shall mirror that of the Demerged Company
- Share entitlement ratio is based on a valuation report submitted by P A M Associates
- The equity shares of Resulting Company will be listed and admitted to trading on all stock exchanges where the shares of Demerged Company are listed. The Resulting Company shall enter into such arrangements and give such confirmations and/or undertaking as may be necessary in accordance with the applicable Laws or regulations for complying with the formalities of such Stock Exchanges. On such formalities being fulfilled, the Stock Exchanges shall list and/or admit such equity shares also for the purpose of trading.

We have taken the foregoing facts (together with the other facts and assumptions set forth in section III of this Opinion) into account when determining the meaning of "fairness" for purposes of this Opinion.



III. Limitation of Scope and Review

Our Opinion and analysis is limited to the extent of review of documents as provided to us by the Resulting Company and the Demerged Company including the valuation report prepared by P A M Associates and a Draft of the Scheme of Arrangement.

We have relied upon the accuracy and completeness of all information and documents provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We did not review any financial forecasts relating to the Demerged Company and/ or its subsidiaries and the Resulting Company. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Demerged Company and / or its subsidiaries or the Resulting Company and / or its subsidiaries. In particular, we do not express any opinion as to the value of any asset of the Demerged Company and / or its subsidiaries or the Resulting Company and / or its subsidiaries, whether at current prices or in the future. We also believe that the same bears very limited relevance, given that the scheme creates a mirror shareholding pattern as explained earlier.

We do not express any opinion as to the price at which shares of the Demerged Company and/or the Resulting Company may trade at any time, including subsequent to the date of this Opinion. In rendering our Opinion, we have assumed, that the Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary Regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Demerged Company and / or its subsidiaries, Resulting Company and / or its subsidiaries and their respective Shareholders.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on the Demerged Company and / or its subsidiaries, Resulting Company and / or its subsidiaries and their respective shareholders, nor does our Opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Companies have obtained such advice as it deemed necessary from qualified professionals. In addition, we express no view or opinion as to the fairness of the amount or nature of, or any other aspects relating to, the compensation to any officers, directors or employees of any parties to the Scheme, or class of such persons, relative to the Entitlement Ratio or otherwise.

We assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the transfer and



vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company as contemplated in the Scheme provided to us and is not valid for any other purpose. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

We have in the past provided, and may currently or in the future provide, investment banking services to the Demerged and the Resulting Company and/or its subsidiaries or their respective affiliates that are unrelated to the proposed Scheme, for which services we have received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of Axis Capital Ltd. may actively trade securities of the Demerged and/or the Resulting Company and / or its subsidiaries or group companies or for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the Opinion expressed herein are for the benefit of the Board of Directors of the Demerged Company and/or Resulting Company in connection with its consideration of the Scheme and for none other. Neither Axis Capital Ltd., nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

Our 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 Scheme or any matter related thereto.

IV. Conclusion

Based on and subject to the foregoing, we are of the opinion that, as of the date hereof, Share Entitlement Ratio is fair to the Equity shareholders.

Very truly yours,
For Axis Capital Ltd.



Authorized Signatory

