



STRICTLY PRIVATE AND CONFIDENTIAL

April 19, 2024

To,
The Board of Directors,
Aditya Birla Fashion and Retail Limited,
Piramal Agastya Corporate Park,
Building 'A', 4th and 5th Floor, Unit No. 401, 403,
501, 502,
L.B.S. Road, Kurla, Mumbai - 400 070

Dear Sirs,

Sub: Fairness Opinion on the share entitlement ratio and implications on the listed NCD holders for demerger of Demerged Undertaking of Aditya Birla Fashion and Retail Limited into Aditya Birla Lifestyle Brands Limited

There is a proposal before the Board of Directors of Aditya Birla Fashion and Retail Limited ("Demerged Company" or "ABFRL") to demerge the Demerged Undertaking of ABFRL into Aditya Birla Lifestyle Brands Limited ("Resulting Company" or "ABLBL"), under a scheme of arrangement under sections 230-232 of Companies Act, 2013, including the rules and regulations made thereunder (hereinafter referred to as the "Scheme"). The said transaction is referred to as the "Proposed Demerger".

The Management of the ABFRL ("the Management") vide engagement letter dated April 12, 2024 ("Engagement Letter") has engaged Inga Ventures Private Limited ("Inga"), to provide a fairness opinion to the Board of Directors of ABFRL on the share entitlement ratio of demerger of Demerged Undertaking of ABFRL into ABLBL and comments on impact of the Scheme on the NCD holders pursuant to the Proposed Demerger as recommended by the Valuer, viz. Bansi S. Mehta Valuers LLP, Registered Valuer ("BSM" or "Valuer") under their report issued dated April 19, 2024 ("Valuation Report")

Background and Purpose

Profile of Aditya Birla Fashion and Retail Limited

Aditya Birla Fashion and Retail Limited is a public company, limited by shares, incorporated under the Companies Act 1956 bearing CIN: L18101MH2007PLC233901 having its registered office at Piramal Agastya Corporate Park, Building 'A', 4th and 5th Floor, Unit No. 401, 403, 501, 502, L.B.S. Road, Kurla, Mumbai - 400 070.

ABFRL has issued certain Non-Convertible Debentures (NCDs) that are listed on BSE which include Non-Convertible Debentures with ISIN INE647008107 and redemption amount of INR 400 Crores ("NCD 1"), Non-Convertible Debentures with ISIN INE647008115 and redemption amount of INR 500 Crores ("NCD 2") and Non-Convertible Debentures with ISIN INE647008123 and redemption amount of INR 750 crores ("NCD 3"). ABFRL has proposed NCD 2 to be transferred to ABLBL and NCD 1 and NCD 3 to be retained.

NCD 2 holders of Demerged Company will become NCD 2 holders of Resulting Company with the same terms and conditions.



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Profile of Demerged Undertaking

The Demerged Company is engaged in the business of manufacturing, marketing, sales and/or distribution of fashion apparel, footwear and accessories through offline and/or online channels including wholesale, retail and e-commerce under four lifestyle brands viz Louis Phillippe, Van Heusen, Allen Solly and Peter England along with casual wear brands viz. American Eagle and Forever 21, sportswear brand Reebok and the innerwear business under Van Heusen brand. The Demerged Undertaking of ABFRL would be transferred in the Resulting Company.

Profile of Remaining Business

It means all the business, units, divisions, undertakings, and assets and liabilities of the Demerged Company other than the Demerged Undertaking.

Profile of Aditya Birla Lifestyle Brands Limited

The Resulting Company is a public company, limited by shares, incorporated under the Companies Act, 2013 bearing corporate identification number U46410MH2024PLC423195 and having its registered office at Piramal Agastya, Building A, 401, 403, 501, 502, LBS Road, Kurla, Mumbai Maharashtra 400070 (hereinafter referred to as "Resulting Company"). The Resulting Company was incorporated on April 9, 2024 as a wholly owned subsidiary of the Demerged Company.

The proposal also envisages, inter alia, vertical demerger of Demerged Undertaking of ABFRL into ABLBL, whereby shareholders of ABFRL will become shareholders of ABLBL and their respective shareholdings will be mirrored.

Also the Scheme proposes transfer of NCD 2 of ABFRL to ABLBL whereby the NCD 2 holders of ABFRL will become NCD 2 holders of ABLBL with the same terms and conditions.

The Valuer has arrived at share entitlement ratio for demerger as follows:

For every 1 (one) equity share of face and paid-up value of Rs 10/- (ten) each held in Demerged Company, 1 (one) equity share of face and paid-up value of Rs. 10/- (ten) each of Resulting Company to be issued to the equity shareholders of Demerged Company

ABFRL in terms of the Engagement Letter have requested us to issue our independent opinion as to the fairness of the share entitlement ratio and implications on the listed NCD holders recommended by the Valuer ("Fairness Opinion").

Source of Information

For arriving at the opinion set forth below, we have received from the Management and any information available in the public domain:

1. Valuation Report issued by the Valuer;
2. Draft Scheme between ABFRL and ABLBL and their shareholders and creditors;
3. Limited reviewed financial results of ABFRL for the period ending on December 31, 2023.
4. Carved out Balance Sheet of Demerged Undertaking and Remaining Business of the Demerged Company as at December 31, 2023
5. Cashflows of the Demerged Undertaking and the Remaining Business of the Demerged Company from FY 2024-25 to FY 2028-29
6. Other relevant information and documents for the purpose of this engagement;





7. Other relevant details regarding the Companies such as their history, past and present activities, future plans and prospects, existing shareholding pattern and other relevant information and data, including information in the public domain;
8. Such other information and explanations as required and which have been provided by the Management including Management Representations;
9. Such other Information received during discussion with the Valuer

Scope Limitations

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by the Demerged Company for the purposes of this Fairness Opinion. We express no opinion, and accordingly, accept no responsibility with respect to or for such information, or the assumptions on which it is based, and, we have simply accepted this information on an "as is" basis, and, have not verified the accuracy and/or the completeness of the same from our end.

We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of the Demerged Company and its related parties (holding company / subsidiary /associates /joint ventures etc.) and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of the Demerged Company and other related entities which forms part of the group.

We have not reviewed any internal management information statements or any non-public reports, and instead, with your consent, have relied upon information that was publicly available or provided or otherwise made available to us by the Demerged Company on an "as is" basis for the purposes of this Fairness Opinion. We are not experts in the evaluation of litigation or other actual or threatened claims, and accordingly, we have not evaluated any litigation or other actual or threatened claims.

The Management estimate of future financial performance is on best estimate basis at the time of its preparation. These estimates do not provide any assurances of the achievability of the same. Actual results achieved during the period covered may vary from those contained in the Management estimates and the variation may be material.

We have assumed that there are no circumstances that could materially affect the business or financial prospects of the Demerged Company and other related entities which forms part of the group.

We understand that the Management, during our discussion with them, would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining any and all necessary regulatory or other consents, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the Scheme. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have an obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we were not authorized to solicit, and did not solicit, interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving the Demerged Company, other related entities which forms part of the group or any of its assets, nor did we negotiate with any other party in this regard.

We express no opinion whatsoever and make no recommendation at all as to the Demerged Company's underlying decision to effect the Proposed Demerger. The fee for the engagement is not





contingent upon the results reported. We also do not provide any recommendation to the holders of equity shares or secured or unsecured creditors of the Demerged Company with respect to the Proposed Demerger. We also express no opinion, and accordingly, accept no responsibility for or as to the price at which the equity shares of ABFRL will trade following the announcement of the Proposed Demerger or as to the financial performance of ABFRL following the consummation of the Proposed Demerger. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders / investors should buy, sell or hold any stake in ABFRL or any of its related parties.

Our report is not, nor should it be construed as opining or certifying the compliance of the proposed transaction with the provisions of any law including companies, competition, taxation (including transfer pricing) and capital market related laws or as regards any legal implications or issues arising in India or abroad from such Proposed Demerger.

Conclusion

As understood, upon the Scheme being effective, all the shareholders of ABFRL would also become the shareholders of ABLBL and their shareholding in ABLBL would mirror their existing shareholding in ABFRL prior to the demerger and the outstanding issued and paid up share capital of ABLBL will get cancelled.

In accordance with Regulation 37 and 59A 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, such other information / undertakings/representations provided to us by the Management and our independent 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 Valuer of the share entitlement ratio is fair and reasonable which is as under:

The share entitlement ratio for the proposed demerger of Demerged Undertaking of ABFRL into ABLBL is as under:

For every 1 (one) equity share of face and paid-up value of Rs 10/- (ten) each held in Demerged Company, 1 (one) equity share of face and paid-up value of Rs. 10/- (ten) each of Resulting Company to be issued to the equity shareholders of Demerged Company

Consideration of factors for opining on the comments on the impact of the Scheme on NCD holders:

- NCD 2 of ABFRL that would be transferred to the Resulting Company with the same terms including coupon rate, tenure, redemption price and quantum.
- The Management has provided outlook of operating and financial cashflows of the Demerged Undertaking. Based on these cash flows of Resulting Company as projected by the Management, it is understood that the Resulting Company will meet the interest and repayment obligations of such NCD 2 holders. Hence, the overall economic interest of NCD 2 holders will not be adversely affected pursuant to the Proposed Demerger
- Similarly, the Management has provided their outlook of operating and financial cashflows of the Demerged Company. Based on these cash flows including incremental borrowings and the equity fundraise as projected by the Management, it is understood that the Demerged Company will meet the interest and repayment obligations of NCD 1 and NCD 3 holders. Based on the above,





the economic interest of NCD 1 and NCD 3 holders would not be affected pursuant to the Proposed Demerger

Hence, based on the foregoing considerations, examination of the Valuation Report, such other information / undertakings / representations provided to us by the Management and our independent 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 Valuer with respect to the share entitlement ratio and comments on impact of the Scheme on the NCD holders is fair and reasonable.

Distribution of the Fairness Opinion

This Fairness Opinion is provided solely for the benefit of the Board of Directors of ABFRL and is for the purpose of submission to the Stock Exchanges and SEBI. Further, the Fairness Opinion may be disclosed on the website of ABFRL and the Stock Exchanges and also be made part of the explanatory statement to be circulated to the shareholders and/or creditors of the ABFRL, if required. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without Inga's prior written consent.

However, ABFRL may provide a copy of the Fairness Opinion if requested / called upon by any regulatory authorities of India subject to ABFRL promptly intimating Inga in writing about receipt of such request from the regulatory authority. The Fairness Opinion should be read in totality and not in parts. Further, this Fairness Opinion should not be used or quoted for any purpose other than the purpose mentioned hereinabove. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then, we will not be liable for any consequences thereof and shall not take any responsibility for the same. Neither this Fairness Opinion nor its contents may be referred to or quoted to / by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties.

In no circumstances however, will Inga or its management, directors, officers, employees, agents, advisors, representatives and controlling persons of Inga accept any responsibility or liability including any pecuniary or financial liability to any third party.

Yours truly,

For Inga Ventures Private Limited




Kavita Shah

Partner