



RBSA Capital Advisors LLP

SEBI Registered Category I Merchant Banker
Registration Code: INM000011724

Report Ref No: RCA/FAS/2017-18/AMD/502

May 11, 2017

**The Board of Directors,
Relaxo Footwears Limited**
Aggarwal City Square, Plot No.10,
Sector-3, Rohini,
New Delhi – 110085

Sub: Fairness Opinion on Share Exchange Ratio for the proposed Amalgamation of Marvel Polymers Private Limited and Relaxo Rubber Private Limited with Relaxo Footwear Limited

Dear Sirs,

We refer to our Engagement Letter dated 21/01/2017 ("Engagement Letter"), whereby Relaxo Footwears Limited ("RFL") has requested RBSA Capital Advisors LLP ("RBSA"/ "We") to provide a Fairness Opinion to RFL on the Share Exchange Ratio (as defined below) recommended by G. K. Choksi & Co, Chartered Accountants (the "Valuer") vide their report dated 11/05/2017 ("Valuation Report"/ "Report"), in relation to the proposed scheme of arrangement between RFL and Marvel Polymers Private Limited ("MPPL") and Relaxo Rubber Private Limited ("RRPL")

MPPL and RRPL shall be collectively referred to as "Transferor Companies". RFL, MPPL and RRPL shall be collectively referred to as "Companies".

Scope and Purpose of this Report

(A) Relaxo Footwears Limited (CIN –L74899DL1984PLC019097, PAN – AAACR0259D) was incorporated on the 13th day of September, 1984 as a private company limited by shares. Subsequently, RFL was converted into a public limited company and the name was changed to "Relaxo Footwears Limited" with effect from 31st day of March, 1993. Equity shares of RFL are listed on National Stock Exchange and Bombay Stock Exchange. The registered office of RFL is presently located at Aggarwal City Square, Plot No.-10, Manglam Place, District Centre, Sector-3, Rohini Delhi - 110085.

It is primarily involved in manufacture, trade or otherwise deal in footwear of all kinds, forms, qualities, specifications and sizes and in particular in those made of rubber/ plastic/ leather/ cloth/ canvas or combinations thereof. The company has state of the art manufacturing facilities in Haryana, Rajasthan and Uttarakhand. The selling arrangements are through its wholesale, export, modern trade and company operated retail network.

(B) Marvel Polymers Private Limited (CIN – U74899DL1990PTC041000, PAN – AAACM1375M) was incorporated on the 26th day of July, 1990 as a private company limited by shares. The registered office of MPPL is presently located at A-4, Udyog Nagar, Peera Ghari, New Delhi - 110041.

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Head Office: 912, Venus Atlantis Corporate Park, Anandnagar Main Road, Prahaladnagar, Ahmedabad – 380015 Tel: +91 79 4050 6000
Corporate Office: 21-23, T.V. Industrial Estate, 248-A, S.K. Ahire Marg, Off. Dr. A.B. Road, Worli, Mumbai – 400030 Tel: +91 22 6130 6000

*Certified True Copy
For Relaxo Footwears Limited*

Company Secretary



RBSA Capital Advisors LLP

The company is currently engaged in the business of letting on lease its property with limited or absolute interest to public body, corporations, companies, society or associations or any person for consideration as the company may deem fit. MPPL owns one industrial warehouse located at Udyog Nagar, New Delhi, which is currently leased out to RFL.

(C) **Relaxo Rubber Private Limited** (CIN – U25199DL1982PTC013445, PAN – AAACR4694Q) was incorporated on the 7th day of April, 1982 as a public company limited by shares under the name "Relaxo Rubbers Limited". Subsequently, the company was converted into a private company and the name was changed to "Relaxo Rubbers Private Limited" on 22nd day of August, 2006. Further, the name of the company was changed again to "Relaxo Finance Private Limited" on 29th day of August, 2008. Lastly, the name of the company was changed from "Relaxo Finance Private Limited" to "Relaxo Rubber Private Limited" on 23rd day of December, 2008. The registered office of RRPL is presently located at Flat No. 216, Allied House, Inderlok Chowk, Delhi - 110035.

The company is currently engaged in the business of letting on lease its property with limited or absolute interest to public body, corporations, companies, society or associations or any person for consideration as the company may deem fit. RRPL owns one industrial warehouse located at Bahadurgarh, Haryana, which is currently leased out to RFL.

We understand that the Board of Directors of Companies are proposing to amalgamate MPPL and RRPL with RFL pursuant to a scheme of amalgamation under the provisions of Section 230-232 and other applicable provisions of the Companies Act, 2013 and corresponding provisions of the Companies Act, 1956 (the "Scheme").

In order to comply with the requirements of the regulator, the Companies have appointed a Valuer for the Amalgamation. In this connection, the Management has engaged RBSA Capital Advisors LLP ("RBSA Advisors") to submit a report on the fairness of the report provided by the Valuer with respect to Amalgamation. Our scope of work includes commenting only on the fairness of the recommendation in the report by the Valuer and not on the fairness or economic rationale of the Amalgamation per se.

This report is our deliverable in respect of our Fairness Opinion on report by Valuer for the proposed amalgamation of MPPL and RRPL with RFL.

This report is subject to the scope, assumption, exclusion, limitations and disclaimers detailed hereinafter. As such the report is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. The report has been issued only for the purpose of facilitating the Amalgamation and should not be used for any other purpose.

Sources of Information

In arriving at the opinion set forth below, we have reviewed:

1. The Draft Scheme of Arrangement;
2. Audited financial statements of RFL for the year ended 31st March, 2016;
3. Limited Review Reports and financials of RFL for nine months ending 31 December 2016;

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For Relaxo Footwears Limited*

Company Secretary

4. Audited Financial Statements of Transferor Companies for the year ended 31st March, 2016;
5. Unaudited Provisional Financial Statements of Transferor Companies for six months ending 30 September, 2016;
6. Shareholding pattern of RFL and Transferor Companies as on 31st March 2017.
7. Certain assets and financial information relating to the Transferor Companies provided to us by RFL;
8. Held discussions with the Valuer and perused the Valuation Report; and
9. Information provided by leading database sources, market research reports and other published reports.

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our analysis.

Exclusions and Limitations

We have not carried out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent appraisal of any assets or liabilities of the Companies.

Our work did not constitute a validation of the financial statements of the Companies, and accordingly, we do not express any opinion on the same. If there were any omissions, inaccuracies or misrepresentations of the information provided by the Management, it may have a material effect on our findings.

No consideration has been given to liens or encumbrances against the assets, beyond the loans and disclosed in the accounts. Therefore no liabilities have been assumed for matters of legal nature.

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, limitations, restrictions or condition will be imposed that would have an adverse effect on the Companies.

This opinion is based on business, economic, market and other conditions as they existed as of May 11, 2017. Subsequent events or circumstances that could affect the conclusions set forth in the Opinion include, without limitation, adverse changes in industry performance or market conditions and changes to the business, financial condition and results of operations of the Company. RBSA Advisors is under no obligation to update, revise or reaffirm the Opinion.

RBSA Advisors has relied upon the representations that the information provided by it, or on its behalf, is accurate and complete in all material respects. While all public information (including industry and statistical information) was obtained from sources we believe are reliable, RBSA Advisors makes no representation as to the accuracy or completeness thereof, and we have relied upon such public information without further verification.

The opinion should not be construed, to be investment advice in any manner whatsoever. Furthermore, no opinion, counsel or interpretation is intended in matters that require legal, accounting, tax or other

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For Relaxo Footweares Limited*

Company Secretary



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appropriate professional advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources.

The fee for our services is not contingent upon the results of the proposed Amalgamation. This opinion is subject to laws of India.

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 Scheme or any matter related thereto.

Valuer's Recommendation

As stated in the valuation report, the Valuer has recommended a consideration of

- a. 20,158 (Twenty Thousand One Hundred Fifty Eight) Equity Share of RFL of Re.1/- (Rupee One Only) each, fully paid up for every 100 (One Hundred) Equity Share of Rs.100/- (Rupees One Only) each held by equity shareholders of MPPL ("New Equity Shares").
- b. 3,124 (Three Thousand One Hundred Twenty Four) Equity Share of RFL of Re.1/- (Rupee One Only) each, fully paid up for every 100 (One Hundred) Equity Share of Rs.100/- (Rupees One Hundred Only) each held by equity shareholders of RRPL ("New Equity Shares").

The ratio in which equity shares of RFL are to be issued and allotted to the shareholders of the Transferor Companies is referred to as the "Share Exchange Ratio".

Our Comment on the Valuer's Report

In the circumstance, having regards to the relevant factors and on the basis of information and explanations provided to us, in our view, the proposed consideration as recommended by the Valuer, which forms the basis for the proposed Amalgamation, is fair in our opinion.

The aforesaid Amalgamation shall be pursuant to the scheme of amalgamation and shall be subject to receipt of approval from the National Company Law Tribunal, New Delhi and other statutory approvals as may be required. The detailed terms and conditions of the Amalgamation shall be more fully set forth in the draft scheme of amalgamation. We have issued the fairness opinion with the understanding that scheme of amalgamation shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final scheme of amalgamation alters the transaction.

Yours Truly,
For RBSA Capital Advisors LLP
SEBI Registered Category I Merchant Banker
Registration Code: INM000011724

Rajeev Shah
Managing Director

Certified True Copy
For Relaxo Footwears Limited
[Signature]
Company Secretary