

STRICTLY CONFIDENTIAL

September 16, 2016

The Board of Directors,
The Bombay Dyeing & Manufacturing Company Limited
Neville House,
J. N. Heredia Marg,
Ballard Estate,
Mumbai – 400001

Dear Sirs,

We refer to the engagement letter dated September 15, 2016 (“**Engagement Letter**”) whereby The Bombay Dyeing & Manufacturing Company Limited (“**Bombay Dyeing**” / “**Company**”) has requested JM Financial Institutional Securities Limited (“**JM Financial**”) to provide a fairness opinion to the Board of Directors of Bombay Dyeing (“**Fairness Opinion**”) in accordance with the provisions of the Securities and Exchange Board of India (“**SEBI**”) circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 (“**SEBI Circular**”) in relation to the proposed scheme of amalgamation of Archway Investment Company Limited (“**Archway**”), the wholly owned subsidiary of the Company with the Company under the provisions of Section 391 to Section 394 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956 and Companies Act, 2013 (“**Proposed Scheme**”).

Companies that are party to the Proposed Scheme

- (a) Bombay Dyeing, a company incorporated and registered under the provisions of the Indian Companies Act, 1866, having its registered office at Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai – 400001. Bombay Dyeing is engaged in the business of selling textiles, manufacture of Polyester Staple Fibre (PSF) and real estate development. The equity shares of Bombay Dyeing are listed on the BSE Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”). BSE and NSE are together hereinafter referred to as the “**Stock Exchanges**”. The global depository receipts of Bombay Dyeing are listed at Societe de la Bourse de Luxembourg.
- (b) Archway, a company incorporated and registered under the provisions of the Companies Act, 1956 having its registered office at Neville House, J. N. Heredia Marg, Ballard Estate, Mumbai – 400001. Archway is an investment company. The sole business activity carried on by the Archway is the activity of holding shares of its group companies. The equity shares of Archway are not listed on any stock exchanges.

Background of Proposed Scheme

We understand that the Proposed Scheme, inter alia, provides for amalgamation of Archway (“**Transferor Company**”) with Bombay Dyeing (“**Transferee Company**”) in accordance with the terms and conditions mentioned in the Proposed Scheme.

As specified in the Proposed Scheme, the Transferor Company is a wholly owned subsidiary of the Transferee Company and therefore there shall be no issue of shares by the Transferee Company in this regard. Further, upon the Proposed Scheme becoming effective, all equity shares of the Transferor Company held by the Transferee Company (held either directly or through its nominees) shall stand cancelled without any further application, act or deed.

JM Financial Institutional Securities Limited

(Formerly known as JM Financial Institutional Securities Private Limited)

Corporate Identity Number : U65192MH1995PLC092522

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Scope and Purpose

The Company has obtained a certificate from the Statutory Auditor, M/s Kalyaniwalla & Mistry dated September 9, 2016 (“**Auditor Certificate**”) stating that since the Scheme does not entail change in the shareholding pattern of Bombay Dyeing, valuation report from an independent chartered accountant as required under Para 4 (a) of SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 shall not be required.

In this connection, the management of Bombay Dyeing has engaged JM Financial Institutional Securities Limited (“**JM Financial**”) to submit fairness opinion as per the requirements of SEBI circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015 in relation to the Proposed Scheme to the Board of Directors of Bombay Dyeing.

This Fairness Opinion is addressed to the Board of Directors of Bombay Dyeing. This Fairness Opinion is subject to the scope, assumptions, exclusions, scope limitations and disclaimers detailed hereinafter. As such the Fairness Opinion is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. The same has been issued as per the requirements of SEBI circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015.

The Transferor Company is a wholly owned subsidiary of the Transferee Company and therefore there shall be no issue of shares by the Transferee Company in this regard. Further, upon the Proposed Scheme becoming effective, all equity shares of the Transferor Company held by the Transferee Company (held either directly or through its nominees) shall stand cancelled without any further application, act or deed. Further, upon the Proposed Scheme becoming effective, all the fully convertible debentures of Rs 100/- each held by Bombay Dyeing shall also stand cancelled.

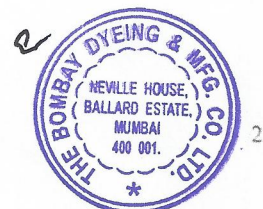
Source of Information

For the said examination and for arriving at the opinion set forth below, we have:

- a) reviewed the draft of the Proposed Scheme;
- b) reviewed publicly available relevant financial information relating to the Companies; and
- c) reviewed the information provided by the Company through its management representation letter and held discussions with the management;

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 Company for the purposes of this opinion. We have not conducted any due diligence, other than a review of such information / documents as has been provided to us and expressly set out in this Fairness Opinion and express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties, facilities, assets and liabilities of the Companies, and neither express any opinion with respect thereto nor accept any responsibility thereof. We have not made any independent valuation or appraisal of the assets or liabilities of the Companies, nor have we been furnished with any such appraisals. We have

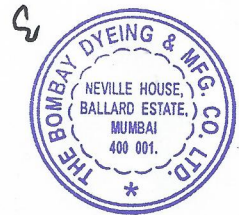


not reviewed any internal management information systems and instead, with your consent, have relied upon relevant information that was publicly available or provided or otherwise made available to us by the Company for the purposes of this Fairness Opinion. We are not experts in the evaluation of contingent liabilities, litigation or other actual or threatened claims. We are not legal, taxation or actuarial advisors and accordingly, our opinion should not be construed as certifying the compliance with the provisions of any law including company and taxation laws or any legal, accounting or taxation implications or issues related to the Proposed Scheme. In addition, we have assumed that the Proposed Scheme will be approved by all the necessary regulatory authorities and that the Proposed Scheme will be consummated substantially in accordance with the terms set forth in the draft of the Proposed Scheme provided to us. We have not considered any contingent liabilities for the purposes of this Fairness Opinion. Also, the management of the Company has confirmed that there is no other material information other than already provided which is necessary for the purposes of this Fairness Opinion. We have assumed that in the course of obtaining necessary regulatory or other consents or approvals for the Proposed Scheme, no change/ restrictions will be imposed that will have a material adverse effect on the benefits of the Proposed Scheme that may have been contemplated. We understand that the management of the Company, during our discussion with them, has drawn our attention to all such information and matters which may have an impact on our analysis and opinion. 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 Companies or any of its assets, nor did we negotiate with any other party in this regard.

In the ordinary course of business, the JM Financial group is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the JM Financial group may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Proposed Scheme.

We express no opinion whatsoever and make no recommendation at all as to the Company's underlying decision to effect the Proposed Scheme or as to how the holders of equity shares or secured or unsecured creditors (as applicable) of the Company should vote at their respective meetings held in connection with the Proposed Scheme. We also do not provide any recommendation to the creditors of the Company with respect to Proposed Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Proposed Scheme apart from that is relevant to the Fairness Opinion. We express no opinion and accordingly accept no responsibility as to the price at which the equity shares of the Company will trade following the announcement of the Proposed Scheme or the price at which the equity shares of the Company will trade following the Proposed Scheme being made effective. We also express no opinion and accordingly accept no responsibility for the value of the equity shares of the Company at any future date or their financial performance following the announcement of the Proposed Scheme / consummation of the Proposed Scheme. Shareholders should make their independent assessment of the economic benefits as also the overall Proposed Scheme for arriving at their decision.

Conclusion



Archway is a wholly-owned subsidiary of Bombay Dyeing and therefore there shall be no issue of equity shares by Bombay Dyeing upon Archway's amalgamation with Bombay Dyeing. Further, upon the Proposed Scheme becoming effective, all equity shares and fully convertible debentures of Rs 100/- each of Archway held by Bombay Dyeing (held either directly or through its nominees) shall stand cancelled without any further application, act or deed.

In light of above and based on our examination of the Proposed Scheme, the Auditor Certificate, such other information provided and represented to us by Bombay Dyeing and our independent analysis and evaluation of such information and subject to the scope and limitations as mentioned hereinabove and to the best of our knowledge and belief, we are of the opinion that the above proposal is fair for the equity shareholders of Bombay Dyeing.

Distribution of the Fairness Opinion

This Fairness Opinion is addressed only to the Board of Directors of Bombay Dyeing and is for the purpose of submission to the Stock Exchanges under the SEBI Circular. Further, the Fairness Opinion may be disclosed on the website of Bombay Dyeing and the Stock Exchanges and also be made part of the explanatory statement to be circulated the shareholders and/or creditors of the Company. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without JM Financial's prior written consent. The Fairness Opinion should be read in totality and not in parts.

In no circumstances however, will JM Financial or its directors, officers, employees and controlling persons of JM Financial accept any responsibility or liability including any pecuniary or financial liability to any third party.

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. 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.

Yours truly,

For JM Financial Institutional Securities Limited



Authorized Signatory

