

Audit Committee Report dated 30th July 2014, recommending the Draft Scheme of Arrangement between Arvind Limited and Arvind Infrastructure Limited (a wholly owned subsidiary of the Company) and their respective shareholders and creditors

Members of Audit Committee comprising of (1) Mr. Dileep Chokshi (2) Mr. Prabhakar Dalal and (3) Mr. Bakul Dholakia of which the following members were present:

1. Dr. Bakul Dholakia - Member
2. Mr. Prabhakar Dalal - Member

Present in meeting:

1. Mr. Jayesh Shah, Director & CFO
 2. Mr. Milan Shah , Dy. CFO
 3. Mr. Jagdish Dalal, VP - Legal & Secretarial
 4. Mr. R. V. Bhimani, Company Secretary
 5. Mr. Shreyas Choksi, Representative of Sorab S. Engineer & Co., Statutory Auditors of the Company.
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1. A Draft of the Scheme of Arrangement between Arvind Limited (Arvind) and Arvind Infrastructure Limited (AIL) and their respective shareholders and creditors for demerger and transfer of Real Estate Undertaking into AIL and reduction and restructuring of share capital pursuant to Sections 391 to 394 read with Sections 78, 100 to 103 and other relevant provisions of the Companies Act, 1956 and Companies Act, 2013 was presented to the Audit Committee in its meeting held on July 30, 2014.
 2. The Audit Committee members noted that in terms of the Securities and Exchange Board of India (SEBI) Circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 as



amended by SEBI Circular No. CIR/CFD/DIL/8/2013 dated 21st May, 2013, the Scheme is required to be considered and recommended by the Audit Committee of the Company as well.

3. The Audit Committee, pursuant to requirements, under the aforesaid circular and after considering the following documents placed before it :
- Draft of the Scheme
 - Share Entitlement Ratio Report dated 29th July, 2014 of M/s. PAM & Associates, Chartered Accountants, Baroda and
 - Fairness Opinion dated 30th July, 2014 of M/s. AXIS Capital Limited, Merchant Bankers, Mumbai

hereby reports that the demerger of the Real Estate Undertaking as envisaged in the Scheme shall be beneficial to all the stakeholders of the Company.

The Audit Committee has noted that :

- The demerger will enable Transferor Company viz. Arvind Limited to focus and enhance its residue core business operations by streamlining operations and cutting costs, ensure better and more efficient management control.
- The demerger will enable investors to separately hold investments both in Arvind Limited and Transferee Company viz. Arvind Infrastructure Limited which best suit their investment strategies and risk profiles.
- As the activities of Arvind Limited and that of the Arvind Infrastructure Limited are interrelated in nature, de-merger shall help to reorganise Arvind Limited by consolidation and integration of its' operations with the activities of the Arvind Infrastructure Limited as a part of group restructuring.



- Arvind Infrastructure Limited would have a larger net worth base, and greater borrowing capacity, which would provide it a competitive edge over others, especially in view of the increasing competition.

With the aforesaid objectives, it is proposed to demerge the Real Estate Undertaking of Arvind Limited and transfer it to Arvind Infrastructure Limited .

4. In the light of the foregoing, the Audit Committee recommends the Draft Scheme for favourable consideration by the Stock Exchanges and Securities and Exchange Board of India.

By the Order of the Audit Committee

For Arvind Limited



Company Secretary

