

**MEMORANDUM OF ASSOCIATION
OF
ARVIND LIMITED
WITH
ARTICLES OF ASSOCIATION**

ARVIND

Registered under Act VII 1913 on the 1st day of June 1931

**Regd. Office :
Naroda Road,
Ahmedabad - 380 025**

2020



GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS
Registrar of Companies,
Gujarat, Dadra and Nagar Haveli

**Fresh Certificate of Incorporation Consequent upon
Change of Name**

Corporate Identity Number : L17119GJ1931PLC000093

IN THE MATTER OF **M/s. THE ARVIND MILLS LTD.**

I hereby certify that **THE ARVIND MILLS LTD.** which was originally incorporated on **First** day of **June, Nineteen Hundred Thirty One** being an existing company as per Section 3 of the Companies Act, 1956 as **THE ARVIND MILLS LIMITED** having duly passed the necessary resolution in terms of Section 21 of the Companies Act, 1956 and the approval of the Central Government signified in writing having been accorded thereto under Section 21 of the Companies, 1956, read with Government of India, Department of Company Affairs, New Delhi, Notification No. G. S. R. 507 (E) dated 24-06-1985 vide SRN A35366897 dated 15/04/2008 the name of the said Company is this day changed to **ARVIND LIMITED** and this certificate is issued pursuant to Section 23(1) of the said Act.

Given under my hand at Ahmedabad this **Fifteenth** day of **April Two Thousand Eight.**



Sd/-
[KAMAL HARJANI]
Asst. Registrar of Companies,
Gujarat,
Dadra & Nagar Haveli

CERTIFICATE OF INCORPORATION

No. 1720 of 1931-1932

I hereby certify that THE ARVIND MILLS LIMITED

is this day incorporated under the Indian Companies Act, VII of 1913 and that the Company is Limited.

Given under my hand at **BOMBAY** this **FIRST** day of **JUNE**, One Thousand Nine Hundred and **THIRTY ONE**



Sd/-
[H.C.B. MITCHELL]
Registrar of Companies

Certificate under Section 103 (2) of the Indian Companies Act,
VII of 1913, that a Company is entitled to commence business.

I hereby Certify, That the

The Arvind Mills Limited

which was incorporated under the Indian Companies Act, VII of 1913, on the
First day of June 1931, and which has this day filed a
statutory declaration in the prescribed form that the conditions of Section 103 [1 (a) to (d)] of the
said Act have been complied with, is entitled to commence business.

Given under my hand at Bombay this Thirtieth day of July
One Thousand Nine Hundred and Thirty-one.



Registrar of Companies.

MEMORANDUM OF ASSOCIATION
OF
ARVIND LIMITED

- I. The Name of the Company is “ **ARVIND LIMITED.**”
- II. The Registered Office of the Company will be situated in Ahmedabad.
- III. The objects for which the Company is established are:-
- (1) To carry on the business of spinning, weaving or manufacturing or dealing in cotton or other fibrous substances and the preparation, dyeing or colouring of any of the said substances and the sale of yarn, cloth or other manufactured fibrous products.
- (2) To carry on all or any of the business following, namely, cotton spinners and doublers flax, hemp and jute spinners, linen manufacturers, flax, hemp, jute and wool merchants, wool combers, worsted spinners, woolen spinners, yarn merchants, worsted stuff manufacturers, bleachers and dyers, and makers of vitriol, bleaching and dyeing materials and to purchase, comb, prepare, spin, dye and deal in flax, hemp, jute, wool, cotton, silk and other fibrous substances, and to weave or otherwise manufacture, buy and sell and deal in linen, cloth and other goods and fabrics, whether textile, fringed, knitted or looped and to supply power, and to carry on or be interested in the businesses of flour mill proprietors, pressing and ginning mill proprietors and oil mill proprietors, paper mill proprietors and ice manufacturers in all their branches and either in Ahmedabad or other parts of India.
- * (a) To purchase or otherwise acquire, manufacture refine, treat, reduce, distill, smelt, store, hold, transport, use, experiment with, prospect for, mine, bore, extract, market, distribute, exchange, supply, sell and otherwise dispose of, import, export and trade and generally deal in any and all kinds of petroleum and petroleum products, oil gas and other volatile substances, asphalt, ozokerite, sulphur-clays, bitumen, bituminous substances, carbon, carbon black, hydro-carbon and mineral substances, phosphates, nitrates, coal ores, minerals and in general subsoil products and subsurface deposits of every nature and descriptions and the products or the bye-products which may be derived, produced, prepared, developed compounded, made or manufactured therefrom and substances obtained by mixing any of the foregoing with other substances.
- (b) To produce, manufacture, use, buy, import, export or otherwise acquire, sell, distribute, deal in and dispose of, chemicals and chemical products of every nature and description and compounds, intermediates, derivatives and bye-products thereof and products to be made therefrom (hereafter for convenience referred to generally as chemicals and chemical products) including specifically but without limiting the generality of the foregoing, calcium carbide, calcium cyanamide, lime nitrogen, nitrogen, oxygen, nitrogenous compounds, fertilisers, acids, alkalies, sizes, oils, metallurgical reagents, floatation reagents, wetting agents, insecticides and fumigents, plastic and resins, dyestuffs, catalytic agents, goods, drugs, biologicals, pharmaceuticals, serums, vitamin products, hormones sutures, and ligatures and other products for use in prevention, treatment or cure of disease or disabilities in men or animals textiles auxiliaries, bleaching agents, pigments, insecticides, pesticides, tannis, essences, disinfectants, salts, colours, paints, glues, gums, mineral and other waters compositions, cements, oils, varnishes, compounds, dyestuffs organic or mineral intermediates, soap and washing materials, perfumes, toilet articles and cosmetics and proprietary articles of all kind, laboratory reagents, sizing, industrial and other preparations and generally products and articles of any nature and kind whatsoever, products derived from phosphates, mines, limestone, quarries, bauxite mines, petroleum, natural gas and other natural deposits, useful or suitable in the manufacture of chemical and other products as herein above defined and all substances, apparatus and things capable of being used in connection with any of the foregoing or required by customers dealing with the Company.

* The alterations in the Memorandum by addition of sub-clauses (a) to (o) were made by the Special Resolution passed at the General Meeting held on 19th May, 1967 and were confirmed by the High Court of Gujarat by its Order dated 3rd October, 1967 in Company Petition No. 14 of 1967.

- (c) To establish and carry on the business of manufacturers of and dealers in ceramics, procelain, china clay and cement products, high tension and low tension insulators and carry on the trade and business of potters, makers of porcelain, tiles, earthenware and cement and lime manufacturers and manufacturers of cement products like asbestos, cement sheets, pipes, precast products, lime bricks and plasters etc.
- (d) To establish and carry on the business of manufacturers and dealers in procelain enamelled or ceramic coated products, glass products made from raw materials, or of purchased glass pottery (whiteware) including dinner ware, electrical procelain (electronic and special ceramics), sanitary ware floor, and wall tiles, art pottery and other pottery, stoneware, terra cotta or other glazed products and abrasive, raw materials, equipment and machinery used in manufacture of glass, pottery or porcelain enamelled ware and to carry on the business of designers, decorators, ceramic sculptors, processors of ceramic products, retail and wholesale distributors of raw materials and equipments used in manufacture of finished ceramic products or of finished ceramic products, department stores or gift shop buyers (china and glass).
- (e) To carry on the business as manufacturers and exporters of and dealers in fire-clay, bricks, refractory goods, pottery and other products, insulating bricks, acid-proof bricks and shapes, refractories containing high alumina, basic refractories, high heat duty bricks, silica, siliminite and magnesite bricks of all sizes and shapes.
- (f) To carry on the business of manufactures and dealers in steel structurals, malleable iron castings, cast iron castings, steel forgings and to carry on the business of iron founders, mechanical, electrical, structural, civil, chemical, water supply and general engineers, and manufacturers of agricultural implements and other machinery, tool makers, iron, brass and other metal founders, boiler makers, millwrights, machinists, iron and steel converters, smiths, woodworkers, builders, painters, metal-lurgists, gas makers, saddlers, civil drawers, tube pipe and tube manufacturers, moulders, fitters, galvanisers, grinders, tool sharpeners and japenners, vulcanizers, enamellers, electroplaters, packing case makers and printers, framers, carriers and merchants, and to manufacture, produce, repair, alter, convert, recondition, prepare for sale, buy, sell, hire import, export, let out on hire trade, and deal in machine tools and implements, other machinery, plant, equipment, article, apparatus, appliances, component parts, accessories, fittings and things in any stage or degree of manufacture, process or refinement and to buy, sell, export, import, manufacture, repair, convert, alter let on hire and deal in electrical accumulators, lamps, meters, engines, motors, switchgears, switchboards, radios, heaters, irons, refrigerators, transformers, fans, aircoolers, or blowers, kettles, time-recorders, calculators, typewriters, plugs, switches, sockets, brackets, holders, reflectors, train and tramway coaches and buses, dynamoes, batteries and all other electrical goods, appliances contrivances and fittings.
- (g) To carry on all or any of the following businesses namely, manufacturers of starches and the by-products, manufacturers of modified starches and soluble starches, manufactures of glucose, dextrine and industrial adhesives, manufactures of flours, starches and other products for edible purposes, manufacturers of cattle foods, feeding and fattening preparations of every description, manufacturers of condensed milk and milk powders, tallow merchants and to buy, sell and deal in starches, modified starches, glucose, dextrines, industrial adhesives, starches and flours for edible purposes, cattlefoods, feeding and fattening preparations of every description, oils, milk powders and condensed milk, textile auxiliaries and manures and fertilisers and to supply power and be interested in paper mills, farms and dairies and in rearing of cattle either in Ahmedabad or other parts of India.
- (h) To carry on the business of stationers, printers, lithographers, stereo-typers, electro-typers, photographic printers, photolithographers, chromo litho, engravers, block-makers, diesinkers, envelope manufacturers, book-binders, designers, account-book manufacturers, machine rulers, numerical printers, type founders, photographers, manufacturers of and dealers in playing, visiting, railway, festive, complimentary and fancy cards and tickets and valentines, dealers in parchment, manufacturers and advertising agents, designers, draughtsmen, ink manufacturers, booksellers, publishers, paper manufacturers and dealers in materials used in the manufacture of ink and paper, photographic materials, engineers, cabinet makers, and dealers in or manufacturers of any other articles or things of a character similar or analogous to the foregoing or any of them or connected therewith.
- (i) To carry on business as manufacturers and processors and dealers, in ferrous and non-ferrous metals, wood enamel, alluminium, all kinds of machine tools like lathes, milling machines, hobbing and pinion cutting machines, electroplating and all plating and polishing equipments, alloys and other

products, substances, articles and things of every description and kind.

- (j) To carry on all or any of the businesses of transport, cartage and haulage contractors, garage proprietors, owners and characters of road vehicles and ships tugs, barges and boats of every description, lightermen and carriage of goods and passengers by road, and water carmen, cartage contractors, and agents, forwarding, transport and commission agents, customs agents, stevedors, wharfingers, cargo superintendents, packets, hauliers, warehousemen, store-keeper, engineers, electrician and job masters.
- (k) To carry on the business of manufacturers of, buy, sell, or deal in chemical, pharmaceuticals, medicines, fine chemicals, dyes, paints starches and its bye-products plastics and resins, makers and manufacturers of textile auxiliaries, makers of soap and candles, magarin paint and varnish, manufacturers of manures and fertilisers, tallow merchants.
- (l) To carry on in India or elsewhere all or any one or more of the following businesses, namely the buying, selling, letting on hire, hire purchase, or easy payment system of, manufacturing and contractors of and dealers in household or office furniture and domestic or business appliances, installation fittings, machinery, motor cars, taxi-cabs, automobiles, tramcars, chars-a-bancs, motor lorries and wagons, and motor vehicles of all kinds and description, cycles, bicycles, coaches, carriages and all other vehicles of all kinds, whatsoever, whether moved, propelled or drawn by motor, steam, oil, petrol, electricity or any mechanical or other power or device, agricultural implements and machinery of all sorts, and all motors, machinery, mechanical and other parts, tools, plants, implements, utensils, appliances, apparatus, requisites and accessories for all the classes of the above mentioned vehicles or any parts thereof, and all other things of whatsoever nature or description capable of being used therewith or in the manufacture, maintenance and working thereof.
- (m) To carry on the business of manufacturers, buyers, sellers, importers, exporters of and dealers in all kinds and classes of paper, board and pulp including writing paper, printing paper, news printing paper, absorbent paper, wrapping paper, tissue paper, cover paper, blotting paper, filter paper, antique paper, ivory finish paper, coated paper, art paper, bank or bond paper, badami, brown or buff paper, bible paper, cartridge paper, clothlined paper, azure-laid paper, creamlaid, wove paper, glassine, waxed paper, grease-proof paper, gummed paper, hand-made paper, parchment paper, drawing paper, kraft paper, manila paper, envelope paper., tracing paper, vellum paper, waterproof paper, carbon paper, sensitised paper, chemically treated paper, litmus paper, photographic paper, glass paper, emery paper, pasteboard, cardboard, strawboard, pulp board, leather board, mill board, corrugated board, cartons, paper bags, paper boxes, post-cards, visiting cards, all other kinds of paper whatsoever, soda pulp, mechanical pulp, sulphite pulp, and all kinds of articles in the manufacture of which in any form, paper board of pulp is used and also to deal in or manufacture any other articles or things of a character similar or analogous to the foregoing or any of them or connected therewith.
- (n) To carry on all or any of the following businesses, namely, boot and shoe manufacturers, hide and leather merchants, leather manufacturers and factors, tanners and carrier, manufacturers of and dealers in all kinds of waterproof appliances, substances, things and preparations or solutions capable of being applied for water-proofing or other similar purposes, contractors for and manufacturers of and dealers in all kinds of Government stores, and dealers in all kinds of leather, hides, skins and all other articles produced or used by tanners and carriers, and manufacturers of and dealers in appliances for the above trades or any of them.
- (o) (i) To carry on the business of manufacturers of, and dealers in plastic moulding powders and compounds, flakes and polymers, plasticisers and dyestuffs of all kinds, specially cellulose acetate moulding powders, polyvinyl chloride compounds, cellulose acetate flakes and polyvinyl chloride polymers, and all such articles and things which can or may be conveniently manufactured from such moulding powders, compound, flakes and polymers and all other articles or things and machineries which can or may be conveniently used for the manufacture of or in connection with all such articles and things as aforesaid.
(ii) To manufacture rigid P.V.C. pipes, flexible hose P.V.C. sandals and other articles and things which can or may be conveniently manufactured from P.V.C. compounds.

- (p) To undertake, carry out, promote and sponsor programmes for rural development including any programme for promoting the social and economic welfare or the uplift of the people in any rural area and to incur any expenditure on any programme of rural development and to assist execution and promotion thereof either directly or through any agency or in any other manner. Without prejudice to the generality of the foregoing, "Programme of rural development" shall also include any programme for promoting the social and economic welfare or the uplift of the people in any rural area which the Directors may consider likely to promote and assist rural development, and that the words 'rural area' shall include such areas as may be regarded as rural areas under Section 35CC of the Income-tax Act, 1961, or any other law relating to rural development for the time being in force or as may be regarded by the Directors as rural areas, and in order to implement any of the above mentioned objects or purposes the Directors may at their discretion transfer without consideration or at such fair or concessional value as the Directors may think fit, and divest the ownership of any property of the Company to or in favour of any Public or Local Body or Authority or Central or State Government or any Public Institutions or Trusts or Funds or any other agency devoted to the work of rural development as the Directors may approve.
- (q) To undertake, carry out, promote and sponsor or assist any activity for the promotion and growth of national economy and for discharging what the Directors may consider to be social and moral responsibilities of the Company to the public or any section of the public as also any activity which the Directors consider likely to promote national welfare or social, economic or moral uplift of the public or any section of the public and in such manner and by such means as the Directors may think fit and the Directors may at their discretion in order to implement any of the above mentioned objects or purposes transfer without consideration or at such fair or concessional value as the Directors may think fit and divest the ownership of any property of the Company to or in favour of any Public or Local Body or Authority or Central or State Government or any Public Institutions or Trusts or Funds or any other agency devoted to the work of rural development as the Directors may approve.
- (r) Without prejudice to the generality of the foregoing, to undertake, carry out, promote and sponsor any activity for publication of any books, literature, newspapers, etc. or for organising lectures, conferences or seminars, workshops, training programmes, etc. likely to advance the aforesaid objects or for giving merit awards, scholarships, loans or any other assistance to institutes, deserving students or other scholars or consultants or persons to enable them to prosecute their studies or academic pursuits or researches and for establishing, conducting or assisting any institution, fund, trust, etc. having any one of the aforesaid objects as one of its objects.
- (rr) To carry on business as builders, contractors, developers and to engage in development of land and/or building property of any tenure, nature or kind, and to engage in organization, purchase, trading, sale lease, exchange of property, and to construct, maintain, repair, renovate property, itself or through other agencies, and to hold property for development, construction, sale, lease, hire or exchange and to participate in joint ventures for development of property and to provide services for development of land and or building, property, and all other businesses or services related to above and to carry on any activity in connection therewith or incidental thereto other than the Real Estate business as defined under the foreign direct investment laws that may be updated from time to time.
- ***Inserted
- [(s) To carry on the activity and business of acquiring, buying, selling, hiring, letting land and property and developing the same by erecting and constructing houses, buildings, structures and works thereon and to demolish, reconstruct, repair and rebuild any existing structures thereon and to provide factory sheds and factory building offices, show rooms, godowns, warehouses, cold storages and sheds for persons generally including for persons engaged or connected with the manufacturing activities of any kind, theatres, other commercial buildings and housing facilities including those for people of weaker sections of the society, and to purchase, hold, sell, exchange, mortgage, rent, release, lease, sub-lease, transfer or retransfer the premises including factory sheds and factory buildings, godowns and shops erected, constructed or reconstructed on such land or property to any person or party subject to any terms or conditions and to carry on any activity in connection therewith or incidental thereto.]
- **Deleted
- (3) Either in India or elsewhere to erect, purchase or take on lease or otherwise acquire any mills, works, machinery and any other real and personal property appertaining to the goodwill of and any interest in the business of spinning or manufacturing cotton or other fibrous substances.
- (4) To carry on any other business whether manufacturing or otherwise which may seem capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value of or render profitable any of the Company's property or rights.

* The alterations in the Memorandum by addition of sub-clauses (p) to (r) were made by the Special Resolution passed at the General Meeting held on 27th May, 1978 and were confirmed by the Company Law Board Western Region Bench by its Order dated 22nd December, 1978.

** The alteration in the Memorandum by deletion of sub-clause 2(s) of Clause III was made by the Special Resolution passed at the Extraordinary General Meeting held on 4th April, 1990 and was confirmed by the Company Law Board Bench, Western Region, Bombay, by its Order dated 26th June, 1992.

*** The alteration in the Memorandum by addition of sub-clause 2(rr) of Clause III was made by the Special Resolution passed at the Annual General Meeting held on 25th September, 2020.

- (5) To acquire and undertake the whole or any part of the business property and liabilities of any person or company, carrying on any business which this Company is authorised to carry on or possessed of property suitable for the purposes of this Company.
- (6) To extend the business of the Company by purchasing, acquiring, getting transferred or leasing any spinning or weaving mill or any other manufactory either private or belonging to joint stock companies for the time being situate in Ahmedabad or elsewhere in the world and the property, business and goodwill appertaining thereto respectively.
- (7) To extend the business of the Company by adding to, altering or enlarging, all or any of the buildings, mill factories, premises and machinery for the time being the property or in the possession of the Company; also by erecting new or additional buildings on all or any of the lands for the time being the property or in the possession of the Company, and also by expending from time to time such sums of money as may be necessary or expedient for the purpose of improving, adding to, altering, repairing and maintaining the buildings, machinery and property for the time being of the Company.
- (8) To enter into partnership or into an arrangement for sharing profits, amalgamation, union of interests, cooperation, joint adventures, reciprocal concession or otherwise with any person, firm or company carrying on or engaged in or about to carry on or engage in any business or transaction which this Company is authorised to carry on or to engage in any business undertaking or transaction which may seem capable of being carried on or conducted so as directly or indirectly to benefit the Company, and to lend money to guarantee the contracts of or otherwise assist any such person, firm or company and to place, take or otherwise acquire and hold shares or securities of any such person, firm or company and to sell, hold, reissue with or without guarantee or otherwise deal with the same.
- (9) To be interested in, promote and undertake the formation and establishment of such institutions, business and companies (industrial, agricultural, trading, manufacturing or other and particularly cotton mills, flour mills, oil mills, paper mills, and other factories) as may be considered to be conducive to the profit and interest of the Company, and also to acquire, promote, aid, foster, subsidise or acquire interests in any industry or undertaking in any country or countries whatsoever.
- (10) To pay all costs, charges and expenses incurred or sustained in or about the promotion and establishment of the Company or which the Company shall construe to be preliminary, including therein the cost of the advertising, commission for the under-writing brokerage, printing and stationery and the expenses attendant upon the formation of agencies.
- (11) Upon any issue of shares, debentures or any other securities of the Company to employ brokers, commission agents and under-writers and to provide for the remuneration of such persons for their services by payment in cash or by issue of shares, debentures or other securities of the Company by the granting of options to take the same or in any other manner allowed by law.
- (12) To procure the incorporation, registration or other recognition of the Company in any country, state or place, and to establish and regulate agencies for the purposes of the Company's business, and to apply or join in applying to any parliament, Government, Local, Municipal or other authority or body, British colonial or foreign, for any acts of Parliament, laws, decrees, concessions, orders, rights or privileges that may seem conducive to the Company's objects or any of them, and to oppose any proceedings or applications which may seem calculated or indirectly to prejudice the Company's interests.
- (13) To open and keep a register or registers in any country or countries where it may be deemed advisable to do so and to allocate any number of the shares in the Company to such register or registers.
- (14) To purchase, take on lease or otherwise acquire for the purposes of the Company any estates, lands, buildings, easements or other interests in real estate and to sell, let on lease or otherwise dispose of or grant rights over any real property belonging to the Company.
- (15) To purchase or otherwise acquire, erect, maintain, reconstruct and adopt any buildings, offices, workshop, mills, plant, machinery, accessories and other things found necessary or convenient for the purposes of the Company and also to extend the business of the Company by adding to, altering, enlarging all or any of the buildings, mill premises and machinery for the time being the property of the Company, on all or any of the lands for the time being the property or in possession of the Company; and by expending from time to time such sums of money as may be necessary or expedient for the purpose of improving, adding to, altering, repairing and maintaining the buildings and machinery and property for the time being

of the Company.

- (16) To apply for and take out, purchase or otherwise acquire any patents, patent rights or inventions, copyright or secret processes which may be useful for the Company's objects and to grant licences to use the same.
- (17) To manufacture, buy, sell and generally deal in any plant, machinery, tools, goods or thing of any description which, in the opinion of the Company may be conveniently dealt in by the Company in connection with any of its objects.
- (18) To let on lease or on hire the whole or any part of the real and personal property of the Company on such terms as the Company shall determine. To enter into such arrangements as the Company may think proper with any public authority for building chawls and tenements on the property of the Company or on the property of others and to let the same either to the employees of the Company or to others and upon such terms as the Company may think proper.
- (19) To draw, accept and make and to endorse, discount and negotiate bills of exchange and promissory notes and other negotiable instruments.
- (20) To borrow or raise money by the issue of debentures, debenture stock (perpetual or terminable) bonds, mortgages or any other securities founded or based upon all or any of the property and rights of the Company including its uncalled capital or without any such security and upon such terms as to priority or otherwise as the Company shall think fit and to purchase, redeem of, pay off any such securities.
- (21) To receive money on deposit with or without allowance of interest thereon.
- (22) To advance and lend money to such person or persons or company or companies and on such terms as may seem expedient with or without taking any security and in particular to customers and other having dealings with the Company and to guarantee the performance of contracts by any such persons or Companies.
- (23) To invest any moneys of the Company in any form of investment which may be considered desirable and from time to time vary any such investment.
- (24) To acquire by subscription, purchase or otherwise, and to accept and take hold or sell shares or stock in any company, society or undertaking which does among other things the business of spinning, weaving or manufacturing or dealing in cotton or other fibrous substances and the manufacturing preparation, dyeing or colouring of any of the said substances, or of manufacturing dye stuffs or the object of which shall either in whole or in part be similar to those of this Company, or such as may be likely to promote or advance the interests of this Company.
- (25) To establish agencies in India and elsewhere for sales and purchases and to regulate and discontinue the same.
- *(26) To provide for the welfare of employees (including directors) or ex-employees of the Company or its predecessors in business and the wives, widows and families or the dependents or connections of such persons by building or contributing to the building of houses or dwelling or quarters or by grants of money, pensions, gratuities, allowances, bonuses, profit sharing bonuses or benefits or any other payments or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds, profit sharing or other schemes or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Company shall think fit.
- *(27) To subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national, public, political or any other useful institutions, objects or purposes or for any exhibition.

* The alteration of these Sub-clauses was confirmed by the Court of the District Judge, Ahmedabad, in C. M. A. No. 136 of 1957, on the terms and conditions mentioned in the order dated 28-11-1957.

This order has been varied by the order dated 29th April, 1968 passed by the Gujarat High Court in Company application No.43 of 1967.

- (28) To sell, dispose of, mortgage, exchange, lease or transfer the business, property and undertaking of the Company or any part thereof for any consideration which the Company may deem fit to accept and in particular for shares, debentures, debenture stock, bonds or securities of any other Company having objects altogether or in part similar to those of this Company, to promote any other Company or Companies for the purpose of its or their acquiring all or any of the property, rights or liabilities of this Company or for any other purpose which may seem calculated to benefit this Company.
- (29) To create any reserve fund, sinking fund, insurance fund or any other special fund whether for depreciation or for repairing, improving, extending or maintaining any of the property of the Company or for any other purposes conducive to the interests of the Company.
- (30) To place to reserve or to distribute as dividend or bonus among the members, or otherwise to apply, as the Company may from time to time think fit, any moneys received by way of premium on shares or debentures issued at a premium by the Company and any moneys received in respect of dividends accrued on forfeited shares and moneys arising from the sale by the Company of forfeited shares or from unclaimed dividends.
- (31) To distribute any of the property of Company amongst the members in specie or kind.
- (32) To do all or any of the matters hereby authorised as principals, agents, contractors, trustees or otherwise and either alone or in conjunction with others.
- (33) To indemnify members, officers, directors, agents and servants of the Company against proceedings, costs, damages, claims and demands in respect of anything done, or ordered to be done by them for and in the interests of the Company or for any loss damages or misfortune whatever, which shall happen in execution of the duties of their office or in relation thereto.
- (34) To authorise the Board of Directors on behalf of the Company to enter into, execute and carry into effect the arrangements made from time to time between the Company and the Agents' firm as per Schedule 'A' or otherwise. The said Board is further authorised to modify and consent to the terms and conditions as may be agreed upon from time to time between the Company and the said Agent's firm in connection with this schedule.
- (35) Generally to do all such other things as may appear to be incidental or conducive to the attainment of the above objects or any of them.

And it is hereby declared that the intention is that the object or objects specified in each paragraph of this clause shall have the widest possible construction and shall be in no wise limited or restricted by reference to or reference from the terms of any other paragraph of this clause or the name of the Company.

I. The Liability of the members is limited.

*V. The Authorised Share Capital of the Company is Rs. 674,50,00,000/- (Rupees Six Hundred Seventy Four Crores Fifty lacs only) divided into 57,45,00,000 (Fifty Seven Crores Forty Five Lacs Only) Equity Shares of Rs. 10/- (Rupees Ten only) each, 1,00,00,000 (One Crore Only) Preference Shares of Rs. 100/- each with such rights, privileges and conditions attached thereto as may be determined by the General Meetings at the time of issue. The Company has and shall always have the power to divide the Share Capital from time to time and to vary, modify and abrogate any rights, privileges, conditions attached to the Share in such a manner as may from the time being provided in the regulations of the Company.

VI. Deleted

* Notes to Authorised Capital :

1. The Authorised Capital was reduced from Rs. 25,25,000/- to Rs. 15,25,000/- being confirmed by the District Court, Ahmedabad, by its Order dated 22nd March, 1935.
2. The Authorised Capital was reduced from Rs. 15,25,000/- to Rs. 5,25,000/- being confirmed by the District Court, Ahmedabad, by its order dated 1st September, 1937.
3. The Authorised Capital was increased from Rs. 5,25,000/- to Rs. 15,75,000/- at the Extraordinary General Meeting of the Company held on 17th June, 1940.
4. The Authorised Capital was increased from Rs. 15,75,000/- to Rs. 21,00,000/- at the Extraordinary General Meeting of the Company held on 4th June, 1943.

5. The Authorised Capital was increased from Rs 21,00,000/- to Rs. 26,25,000/- at the Extraordinary General Meeting of the Company held on 15th March, 1945.
6. The Authorised Capital was increased from Rs. 26,25,000/- to Rs. 1,05,00,000/- at the Extraordinary General Meeting of the Company held on 10th May, 1948.
7. The Authorised Capital was increased from Rs. 1,05,00,000/- to Rs 2,10,00,000/- at the Extraordinary General Meeting of the Company held on 10th September, 1951.
8. The Authorised Capital was increased from Rs. 2,10,00,000/- to Rs. 3,00,00,000/- at the Extraordinary General Meeting of the Company held on 26th August, 1967.
9. The Authorised Capital was increased from Rs. 3,00,00,000/- to Rs. 5,00,00,000/- at the Annual General Meeting of the Company held on 28th May. 1974.
10. The division of Authorised Capital was altered and approved at Annual General Meeting held on 27th May,1986.
11. The Authorised Capital was increased from Rs. 5,00,00,000/- to Rs. 8,00,00,000/- at the Extraordinary General Meeting of the Company held on 7th December, 1987.
12. The Authorised Capital was increased from Rs. 8,00,00,000/- to Rs 20,00,00,000/- at the Extraordinary General Meeting of the Company held on 9th March, 1989.
13. The Authorised Capital was increased from Rs. 20,00,00,000/- to Rs 40,00,00,000/ at the Extraordinary General Meeting of the Company held on 8th November, 1990
14. The Authorised Capital was increased from Rs. 40,00,00,000/- to Rs. 60,00,00,000/ at the Extraordinary General Meeting of the Company held on 9th March, 1992.
15. The Authorised Capital was increased from Rs. 60,00,00,000/- to Rs. 100,00,00,000/ at the Extraordinary General Meeting of the Company held on 20th June, 1992.
16. The Authorised Capital was increased from Rs. 100,00,00,000/- to Rs. 150,00,00,000/ at the Extraordinary General Meeting of the Company held on 4th December, 1993.
17. Reclassification of Authorised Capital of Rs. 150,00,00,000/- was approved at the Extraordinary General Meeting held on 15 June, 1995.
18. Reclassification of Authorised Capital of Rs. 150,00,00,000/- was approved at Annual General Meeting held on 23rd September, 1995.
19. Reclassification of Authorised Capital of Rs. 150,00,00,000/- was approved at Annual General Meeting held on 20th September, 1996.
20. Reclassification of Authorised Capital of Rs.150,00,00,000/- was approved at Annual General Meeting held on 10th September, 1997.
21. The Authorised Capital was increased from Rs. 150,00,00,000/- to Rs. 260,00,00,000/ at the Annual General Meeting of the Company held on 22nd September, 1998.
22. The Authorised Capital was increased from Rs. 260,00,00,000/- to Rs. 320,00,00,000/ and reclassified at the Extraordinary General Meeting of the Company held on 12th June, 2001.
23. The Authorised Capital was increased from Rs. 320,00,00,000/- to Rs. 450,00,00,000/- at the Extraordinary General Meeting of the Company held on 23rd October, 2007.
24. The Authorised Capital was increased from Rs.450,00,00,000/- to Rs. 665,00,00,000/- pursuant to the Scheme of Arrangement in the nature of de-merger and transfer of Investment Division of Asman Investment Limited to Arvind Limited and amalgamation of Arvind Products Limited with Arvind Limited approved by the High Court of Gujarat, Ahmedabad, by its order dated 29th December,2011.
25. The Authorised Capital was increased from Rs.665,00,00,000/- to Rs.774,50,00,000/- pursuant to Scheme of Arrangement in the nature of Amalgamation of Arvind Brands & Retail Limited, Arvind Garments Park Private Limited and Dholka Textile Park Private Limited with Arvind Limited and their respective shareholders and creditors approved by NCLT, Ahmedabad Bench by its order dated 24th August,2017.
26. The Authorised Capital was decreased from Rs.774,50,00,000/- to Rs.674,50,00,000/- pursuant to Composite Scheme of Arrangement involving De-merger, amalgamation and restructure of Capital amongst Arvind Limited, Arvind Fashion Limited, Anveshan Heavy Engineering Limited and The Anup Engineering Limited and their respective shareholders and creditors approved by NCLT, Ahmedabad Bench by its order dated 26th October,2018.

We, the several persons whose names and addresses are subscribed hereto, are desirous of being formed into a Company in pursuance of this Memorandum of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

Dated this 1st day of June In the year of Christ One Thousand Nine Hundred and Thirty one.

Names and Occupations of subscribers	Address	Equity Shares subscribed	Witness
Chimanbhai Lalbhai Mill Agent	Pankore Naka, Ahmedabad.	60	-----Sd/-----
Dhanjisha Edalji Anklesarea Doctor	Kalupur, Ahmedabad.	20	
Kasturbhai Lalbhai Mill Agent	Shahibag Ahmedabad.	60	
Ganesh Vasudeo Mavlankar Lawyer	Bhadra, Ahmedabad.	20	
Narottam Lalbhai Mill Agent	Shahibag, Ahmedabad.	60	
Narottam P. Hutheesing Mill Agent	Gheekanta Vadi Ahmedabad.	20	
Narottam Chandulal	Near Civil Hospital Ahmedabad.	10	

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OF
ARVIND LIMITED

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THE COMPANIES ACT, 2013
COMPANY LIMITED BY SHARES
(Incorporated under the Indian Companies Act, 1913)

***ARTICLES OF ASSOCIATION**
OF
ARVIND LIMITED

1. Table F will not apply

The Regulations contained in Table F, in the First Schedule to the Companies Act, 2013, shall not apply to this Company, but the regulations for the management of the Company and for the conduct of Meetings of the Members thereof, shall, subject to any exercise of the statutory powers of the Company in reference to the repeal or alteration of, or addition to, its regulations by Special Resolution, as prescribed by the said Companies Act, 2013, be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment or notification thereto.

2. Interpretation Clause

In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context:

The Act

- (a) "The Act" means the Companies Act, 2013 and includes rules made there under and any statutory modification, clarification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous Company Law, so far as may be applicable.

Articles

- (b) "These Articles" means Articles of Association for the time being in force or as may be altered from time to time or any statutory modification thereof.

Annual General Meeting

- (c) "Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of section 96 of the Act.

Auditors

- (d) "Auditors" means and includes those persons appointed as such for the time being of the Company.

Board

- (e) "Board" means the Directors of the Company collectively, and shall include a committee thereof.

Capital

- (f) "Capital" means the share capital for the time being raised or authorized to be raised for the purpose of the Company.

The Company

- (g) "Company" shall mean Arvind Limited established as aforesaid.

Debenture

- (h) "Debenture" includes debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the company or not.

* **A new set of Articles of Association was adopted in substitution for and to the exclusion of all the existing Articles thereof vide Special Resolution passed at the Annual General Meeting of the Company held on 6th August, 2015.**

Document

- (i) "Document" includes summons, notice, requisition, order, declaration, form and register, whether issued, sent or kept in pursuance of this Act or under any other law for the time being in force or otherwise, maintained on paper or in electronic form.

Executor or Administrator

- (j) "Executor" or "Administrator" means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorizing the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator General under section 31 of the Administrator General Act, 1963.

Extra-Ordinary General Meeting

- (k) "Extra-Ordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof.

Meeting or General Meeting

- (l) "General Meeting" means a meeting of members.

In Writing and Written

- (m) "In Writing" and "Written" includes printing lithography and other modes of representing or reproducing words in a visible form and shall include email, and any other form of electronic transmission.

"Independent Director"

- (n) "Independent Director" shall have the meaning ascribed to it in the Act.

Marginal notes

- (o) The marginal notes hereto shall not affect the construction thereof.

Key Managerial Personnel

- (p) "Key Managerial Personnel" means the Chief Executive Officer or the Managing Director; the Company Secretary; Wholetime Director; Chief Financial Officer; and such other Officer as may be notified from time to time in the Rules.

Legal Representative

- (q) "Legal Representative" means a person who in law represents the estate of a deceased Member.

Gender

- (r) Words importing the masculine gender also include the feminine gender.

Members

- (s) "Members" means the duly registered holders, for the time being of the shares of the Company and in case of shares held in dematerialized form such persons whose name is entered as a beneficial owner in the records of a depository.

Month

- (t) "Month" means a calendar month.

National Holiday

- (u) "National Holiday" means and includes a day declared as National Holiday by the Central Government.

Non-retiring Directors

- (v) "Non-retiring Directors" means a director not subject to retirement by rotation.

Office

- (w) "Office" means the registered Office for the time being of the Company.

Ordinary and Special Resolution

- (x) "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto by Section 114 of the Act.

Paid-up

- (y) "Paid-up" in relation to shares includes credited as paid-up.

Person

- (z) "Person" shall be deemed to include corporations and firms as well as individuals.

Proxy

- (aa) "Proxy" means an instrument whereby any person is authorized to vote for a member at General Meeting on Poll and includes attorney duly constituted under the power of attorney.

Register of Members

- (bb) "The Register of Members" means the Register of Members to be kept pursuant to Section 88(1)(a) of the Act and can be kept anywhere outside India.

Seal

- (cc) "Seal" means the common seal for the time being of the Company or any other method of Authentication of documents, as specified under the Act or amendment thereto.

Secretary

- (dd) "Secretary" means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 who is appointed by the Board of Directors to perform the functions of a company secretary under this Act and is a Key Managerial Person.

Share

- (ee) "Share" means a share in the share capital of a company and includes stock.

Singular number

- (ff) Words importing the Singular number include where the context admits or requires the plural number and vice versa.

Statutes

- (gg) "The Statutes" means the Companies Act, 2013 and every other Act for the time being in force affecting the Company.

These presents

- (hh) "These presents" means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time.

Variation

- (ii) "Variation" shall include abrogation; and "vary" shall include abrogate.

Year and Financial Year

- (jj) "Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(41) of the Act.

Expressions in the Act to bear the same meaning in Articles

Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

CAPITAL**Authorized Capital**

3. The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.

Increase of capital by the Company and how carried into effect

4. The Company may in General Meeting, from time to time, by Ordinary Resolution increase its capital by creation of new shares, which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Board shall determine and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at general meetings of

the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act.

New Capital same as existing capital

5. Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

Differential Voting Shares

6. The Board shall have the power to issue a part of authorized capital by way of differential -voting Shares at price(s) premium, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.

Redeemable Preference Shares

7. Subject to the provisions of the Act and these Articles, the Company shall have the power to issue preference shares, either at premium or at par which are or at the option of the Company are to be liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption. ,

Voting rights of preference shares

8. The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.

Provisions to apply on issue of Redeemable Preference Shares

9. On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions shall take effect:
 - (a) No such Shares shall be redeemed except out of profits which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;
 - (b) No such Shares shall be redeemed unless they are fully paid;
 - (c) Subject to section 55(2)(d)(i) of the Act, the premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed;
 - (d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55 of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and
 - (e) Subject to the provisions of Section 55 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital.

Reduction of capital

10. The Company may (subject to the provisions of sections 52, 55 and other applicable provisions, if any, of the Act or any other section as notified) from time to time by Special Resolution reduce :
 - (a) the share capital;
 - (b) any capital redemption reserve account; or
 - (c) any security premium account.

In any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power

the Company would have, if it were omitted.

Debentures

11. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

Issue of Sweat Equity Shares

12. The Company may exercise the powers of issuing sweat equity shares conferred by Section 54 of the Act of a class of shares already issued subject to such conditions as may be specified in the Act and Rules framed thereunder.

Share Based Employee Benefits

13. The Company may provide share based benefits including but not limited to Stock Option, Stock Appreciation Rights or any other co-investment share plan and other forms of share based compensations to Employees including its Directors other than independent directors and such other persons as the rules may allow, under any scheme, subject to the provisions of the Act, the Rules made thereunder and any other law for the time being in force, by whatever name called.

Buy Back of shares

14. Notwithstanding anything contained in these articles but subject to and in full compliance of the requirements of sections 68 to 70 (both inclusive) and any other applicable provision of the Act and Rules made thereunder, provisions of any re-enactment thereof and any rules and regulations that may be prescribed by the Central Government, the Securities and Exchange Board of India (SEBI) or any other appropriate authority in this regard, the Company may with the authority of the Board or the members in General Meeting, as may be required / and contemplated by Section 68 of the Act, at any time and from time to time, authorise buyback of any part of the share capital of the Company fully paid-up on that date.

Consolidation, Sub-Division and Cancellation

15. Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 61; Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Issue of Depository Receipts

16. Subject to compliance with applicable provision of the Act and Rules framed thereunder the company shall have power to issue depository receipts in any foreign country.

Issue of Securities

17. Subject to compliance with applicable provision of the Act and Rules framed thereunder the company shall have power to issue any kind of securities as permitted to be issued under the Act and rules framed thereunder.

MODIFICATION OF CLASS RIGHTS

Modification of rights

18. If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 48 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.

Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained

and the provisions of this section shall apply to such variation.

New Issue of Shares not to affect rights attached to existing shares of that class

19. The rights conferred upon the holders of the Shares including Preference Share, if any, of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking paripassu therewith.

Shares at the disposal of the Directors

20. Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit. The Directors will have the authority to disallow the right to renounce right shares.

Directors may allot shares otherwise than for cash

21. Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.

Power to issue securities on private placement basis

22. The Company may issue securities in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (a) or clause (b) of sub-section (1) of section 62 subject to compliance with section 42 and / or 62 of the Act and rules framed thereunder subject to any further amendments or notifications thereto.

Shares should be Numbered progressively and no share to be subdivided

23. The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

Acceptance of Shares

24. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.

Deposit and call etc. to be a debt payable immediately

25. The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the inscription of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Liability of Members

26. Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.

Registration of Shares

27. Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind.

Return on allotments to be made or restrictions on allotment

28. The Board shall observe the restrictions as regards allotment of shares to the public, and as regards return on allotments contained in Section 39 of the Act.

CERTIFICATES

Share Certificates

29. (a) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or within one month from the date of receipt by the Company of the application for the registration of transfer or transmission or within such other period as the conditions of issue shall provide –
1. one certificate for all his shares without payment of any charges; or
 2. several certificates, each for one or more of his shares, upon payment of Rs. 50 for every certificate or such charges as may be fixed by the Board for each certificate after the first. The charges can be waived off by the Company.
- (b) Every certificate of shares shall be either under the seal of the company or will be authenticated by (1) two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney and (2) the Secretary or some other person appointed by the Board for the purpose; a Director may sign a share certificate by affixing signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography but not by means of rubber stamp and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon.
- (c) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act.

Issue of renewed or duplicate share certificate

30. (a) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof.
- (b) If any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deems adequate and on payment of out-of-pocket expenses incurred by the company in investigating the evidence produced, being given, then only with prior consent of the Board, a duplicate Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate.
- (c) Every Certificate shall be issued in such manner as prescribed under the Act or Rules framed thereunder applicable from time to time.
- (d) Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rupees Fifty for each certificate) as the Directors shall prescribe.
- (e) The particulars of every renewed or duplicate share certificate issued shall be entered forthwith in a Register of Renewed and Duplicate Share Certificates maintained in prescribed format indicating against the name(s) of the person(s) to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross-references in the "Remarks" column.
- (f) Register shall be kept at the registered office of the company or at such other place where the Register of Members is kept and it shall be preserved permanently and shall be kept in the custody of the company secretary of the company or any other person authorized by the Board for the purpose.
- (g) All entries made in the Register of Renewed and Duplicate Share Certificates shall be authenticated by the company secretary or such other person as may be authorised by the Board for the purposes of sealing and signing the share certificate.
- (h) Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the

rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.

- (i) The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

The first named joint holder deemed Sole holder

31. If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to these articles and the terms of issue.

Maximum number of joint holders

32. The Company shall not be bound to register more than four persons as the joint holders of any share.

Company not bound to recognize any interest in share other than that of registered holders

33. Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share, or (except only as is by these Articles otherwise expressly provided or by law otherwise provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

Funds of Company may not be applied in purchase of shares of the Company

34. Company shall not give whether directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company, save as provided by Section 67 of the Act.

Installment on shares to be duly paid

35. If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.

UNDERWRITING AND BROKERAGE

Commission

36. Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any securities in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any securities in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the Rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

Brokerage

37. The Company may pay on any issue of securities such brokerage as may be reasonable and lawful.

CALLS

Directors may make calls

38. (a) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.
- (b) A call may be made payable by installments.
- (c) The option or right to call of shares shall not be given to any person except with the sanction

of the Issuer in general meetings.

Call may be revoked or postponed

39. A call may be revoked or postponed at the discretion of the Board.

Notice of Calls

40. Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

Calls to date from resolution

41. A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorizing such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.

Calls on uniform basis

42. Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.

Liability of Joint-holders

43. The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Directors may extend time

44. The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.

Calls to carry interest

45. If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding ten per cent per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

Sums deemed to be calls

46. (a) If by the terms of issue of any share or otherwise any amount is made payable at any fixed time (whether on account of the nominal value of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.
- (b) In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply mutatis mutandis as if such sum had become payable by virtue of a call duly made and notified.

Proof on trial of suit for money due on shares

47. On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, was on the Register of Members as the holder, on or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered; that such money is due pursuant to the terms on which the share was issued; that the resolution making the call was duly recorded in the minute book; and that notice of such call was duly given to the Member or his representatives sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Judgment, decree, partial payment suo motto proceed for forfeiture

48. Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

Payments in Anticipation of calls may carry interest

49. (a) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits.
- (b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall mutatis mutandis apply to calls on debentures issued by the Company.

LIEN

Company to have Lien on shares / debentures

50. (a) The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that Article 33 will have full effect. And such lien shall extend to all dividends, bonuses or interest from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures.
- (b) The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

As to enforcing lien by sale

51. (a) For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as they think fit but no sale shall be made unless a sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such Member, his executors or administrators or his committee or other legal representatives as the case may be and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after the date of such notice.
- (b) To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer.
- (c) Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.

Application of proceeds of sale

52. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

FORFEITURE AND SURRENDER OF SHARES

If call or installment not paid, notice may be given

53. If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment.

Terms of notice

54. (a) The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.
- (b) The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

On default of payment, shares to be forfeited

55. If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

Notice of forfeiture to a Member

56. When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid. Provided that option or right to call of forfeited shares shall not be given to any person.

Forfeited shares to be property of the Company and may be sold etc.

57. Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.

Members still liable to pay money owing at time of forfeiture and interest

58. Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate not exceeding two per cent per annum more than the bank lending rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.

Effect of forfeiture

59. The forfeiture of shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Evidence of Forfeiture

60. A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

Title of purchaser and allottee of Forfeited shares

61. The Company may receive the consideration, if any, given for the share on any sale, re-allotment or

other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.

Directors may issue new certificates

62. Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

Forfeiture may be remitted or annulled

63. In the meantime, and until any share so forfeited shall be sold, re-allotted or otherwise dealt with as aforesaid, the forfeiture thereof may at the discretion and by a resolution of the Board, be remitted or annulled as a matter of grace and favour but not as of right, upon such terms and conditions as they think fit.

Validity of sale under Articles 51 and 57

64. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Surrender of shares

65. The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.

TRANSFER AND TRANSMISSION OF SHARES

Execution of the instrument of shares

66. (a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.
- (b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.

Transfer Form

67. The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 (including statutory modification thereof) including other applicable provisions of the Act and Rules made thereunder shall be duly complied with in respect of all transfers of shares or debenture and registration thereof.

Instrument of Transfer to be completed and presented to the Company

68. (a) The Company shall not register a transfer in the Company (other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository), unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares within sixty days from date of execution: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost or the instrument of transfer has not been delivered within the prescribed period, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.

- (b) The Transferor shall be deemed to be the holder of such shares until the name of the Transferee shall have been entered in the Register of Members in respect thereof. Before the registration of a transfer the certificate or certificates of the shares must be delivered to the Company.

Directors may refuse to register transfer

69. Subject to the provisions of Section 58 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Board may, at its own absolute and uncontrolled discretion and after assigning the reason for same, decline to register or acknowledge any transfer of shares, whether fully paid or not (notwithstanding that the proposed transferee be already a member), send to the transferee and the transferor notice of the refusal to register such transfer provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.

Notice of refusal to be given to transferor and transferee

70. If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within 30 days from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Act or any statutory modification thereof for the time being in force shall apply.

Fee on transfer or transmission

71. There shall be paid to the Company, in respect of the transfer or transmission of any number of shares to the same party such fee, if any as the Directors may require.

Provided that the Board shall have the power to dispense with the payment of this fee either generally or in any particular case.

Closure of Register of Members or debenture holder or other security holders

72. The Board of Directors shall have power on giving not less than seven days previous notice in accordance with section 91 and Rules made thereunder close the Register of Members and/or the Register of debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.

Custody of transfer Deeds

73. The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.

Application for transfer of partly paid shares

74. Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

Death of one or more joint-holders of shares

75. (a) In the case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share.
- (b) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

Title to shares of deceased member

76. Before recognizing any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation as the case may be, from some competent court in India.

Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate.

Titles of Shares of deceased Member

77. The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Section 72 of the Companies Act.

Registration of persons entitled to share otherwise than by transfer. (transmission clause)

78. Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions as prescribed under Act and Rules, and, until he does so, he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.

Refusal to register nominee

79. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

Board may require evidence of transmission

80. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

Company not liable for disregard of a notice prohibiting registration of transfer

81. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

Form of transfer Outside India

82. In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in as prescribed under the relevant Rules hereof as circumstances permit.

No transfer to insolvent etc.

83. No transfer shall be made to any minor, insolvent or person of unsound mind.

NOMINATION

Nomination

84. (a) Notwithstanding anything contained in the articles, every holder of securities of the Company may, at any time, nominate a person in whom his/her securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013 shall apply in respect of such nomination.
- (b) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the securities of the Company in the manner specified under Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014.
- (c) The Company shall not be in any way responsible for transferring the securities consequent upon such nomination.
- (d) If the holder(s) of the securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.

Transmission of Securities by nominee

85. A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-
- (a) to be registered himself as holder of the security, as the case may be; or
- (b) to make such transfer of the security, as the case may be, as the deceased security holder, could have made;
- (c) if the nominee elects to be registered as holder of the security, himself, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder;
- (d) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a member in respect of his security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

DEMATERIALIZATION OF SHARES

Dematerialisation of Securities

86. Subject to the provisions of the Act and Rules made thereunder the Company may offer its members facility to hold securities issued by it in dematerialized form and will offer the Securities for subscription in dematerialized form.

Notwithstanding anything contained herein, the Company shall be entitled to treat the person whose names appear in the register of members as a holder of any share or whose names appear as beneficial owners of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equity or equitable contingent or other claim to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

CONVERSION OF SHARES INTO STOCK

Conversion of shares into stock or reconversion

87. The Company may, by ordinary resolution in General Meeting :
- a) convert any fully paid-up shares into stock; and
 - b) re-convert any stock into fully paid-up shares of any denomination.

Transfer of stock

88. The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Rights of stock holders

89. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

Regulations

90. Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words "share" and "shareholders" in those regulations shall include "stock" and "stockholders" respectively.

COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

Copies of Memorandum and Articles of Association to be sent to Members

91. A copy of the Memorandum and Articles of Association of the Company and of any other document referred to in Section 17 of the Act shall be sent by the Company to a Member at his request on payment of Rs. 100 or such reasonable sum for each copy as the Directors may, from time to time, decide. The fees can be waived off by the Company.

BORROWING POWERS

Power to borrow

92. Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash creditor by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose. Nevertheless no lender or other person dealing with the Company shall be concerned to see or inquire whether this limit is observed.

Terms of issue of Debentures

93. Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.

Securing payment or repayment of Moneys borrowed

94. Subject to the provisions of Article 96, the payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects, as the Board may think fit by a

resolution passed at a meeting of the Directors , and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.

Bonds, Debentures etc. to be under the control of the Directors

95. Any bonds, debentures, debenture-stock, Global Depository Receipts or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider being for the benefit of the Company.

Mortgage of uncalled Capital

96. If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

Indemnity may be given

97. Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

Register of Mortgages etc. to be kept

98. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company.

Register and Index of Debenture holders

99. (a) The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture holders in accordance with Section 88 of the Act.
- (b) The Company shall have the power to keep in any State or Country outside India a branch Register of Debenture holders resident in that State or country.

Register of Directors and Key Managerial Personnel and Contracts

100. The Directors shall arrange to maintain at the Registered office of the Company a Register of Directors, Key Managerial Personnel, containing the particulars and in the form prescribed by Section 170 of the Act. It shall be the duty of every Director and other persons regarding whom particulars have to be maintained in such Registers to disclose to the Company any matters relating to himself as may be necessary to comply with the provisions of the said sections. The Directors shall cause to be kept at the Registered Office
- (a) a Register in accordance with Section 170 : and
- (b) a Register of Contracts or arrangements of which they are interested, containing the particulars required by Section 189 of the Act.

The Registers can be maintained in electronic form subject to the provisions of the Act.

Inspection of Register

101. The provisions contained in Article 194 relating to inspection and taking copies shall be mutatis mutandis be applicable to the registers specified in this Article.

MEETINGS OF MEMBERS

Distinction between AGM & EGM

102. All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.

Annual General Meeting- Annual Summary

103. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. The Annual General Meeting shall be held within a period of six months, from the date of closing of the financial year; provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred on the Registrar under the provisions of Section 96 (1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours that is, between 9 a.m. and 6 p.m. on any day that is not a National Holiday, and shall be held at the Registered Office of the Company or at some other place within the City of Ahmedabad as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Financial Statements, Auditors' Report (if not already incorporated in the Financial Statements), the Proxy Register with proxies and the Register of Directors' shareholding which shall remain open and accessible during the continuance of the Meeting. An annual return and Balance Sheet and Profit and Loss Account shall be filed with the Registrar of Companies, Ahmedabad, Gujarat, in accordance with Sections 92 and 137 of the Act.

Extra-Ordinary General Meeting by Board and by requisition

104. (a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of Members or Members holding in the aggregate not less than one-tenth of such of the paid up capital of the Company as at the date of deposit of the requisition and in compliance with Section 100 of the Act, forthwith proceed to convene Extra-Ordinary General Meeting.

When a Director or any two Members may call an Extra Ordinary General Meeting

- (b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.

Requisition of Members to state object of Meeting

105. Any valid requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Registered Office; provided that such requisition may consist of several documents in like form, each signed by one or more requisitionists.

On receipt of requisition, Directors to call Meetings and in default requisitionists may do

106. Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the Registered Office, to cause a meeting to be called for a day not later than forty-five days from the date of deposit of the requisition, meeting may be called and held by the requisitionists themselves within a period of three months from the date of the requisition.

Notice of meeting

107. Twenty-one days notice at the least (either in writing or electronic mode) of every General Meeting, Annual or Extraordinary, specifying the place, date, day, hour, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons, as given under Act, entitled to receive notice from the Company. A General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than ninety five percent of the members entitled to vote at such meeting. In the case of an Annual General Meeting, if any business other than (i) the consideration of financial statements and the reports of the Board of Directors and auditors, (ii) the declaration of dividend, (iii) the appointment of Directors in place of those retiring,

(iv) the appointment of, and fixing of the remuneration of, the Auditors is to be transacted, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature or concern (financial or otherwise) and extent of the interest, if any, therein of every Director, Manager, Key Managerial Personnel, and their relatives (if any). Where any item of business consists of the approval of any document the time and place where the document can be inspected shall be specified in the statement aforesaid.

Omission to give notice not to invalidate a resolution passed

108. The accidental omission to give any such notice as aforesaid to any member, or other person to whom it should be given or the non-receipt thereof, shall not invalidate any resolution passed at any such Meeting.

Meeting not to transact business not mentioned in notice

109. No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.

Quorum

110. No business shall be transacted at any General Meeting, unless the requisite quorum is present at the time when the meeting proceeds to business. The quorum for a general meeting shall be the presence in person of such number of members as specified in Section 103 of the Act.. A body corporate being a Member shall be deemed to be personally present if represented in accordance with Section 113 of the Act.

If quorum not present, Meeting to be dissolved and adjourned

111. If, at the expiration of half an hour from the time appointed for the Meeting a quorum of Members is not be present, the Meeting, if convened by or upon the requisition of Members, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week or if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine; and if at such adjourned Meeting a quorum of Members is not present at the expiration of half an hour from the time appointed for the Meeting, those Members who are present shall be a quorum, and may, transact the business for which the Meeting was called.

Chairman of General Meeting

112. The Chairman or in his absence the Vice Chairman of the Board shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman or Vice Chairman, or if at any Meeting neither of them be present within fifteen minutes of the time appointed for holding such Meeting then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the Members present shall elect one of their number to be Chairman.

Business confined to election of Chairman whilst Chair is vacant

113. No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.

Chairman with consent may adjourn meeting

114. (a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (d) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Chairman's casting vote

115. In the case of an equality of votes the Chairman shall on a poll (if any) and e-voting, have casting vote in addition to the vote or votes to which he may be entitled as a Member.

Poll to be taken, if demanded

116. If a poll is demanded as aforesaid the same shall, , be taken in such manner as prescribed under the Act.

In what case poll taken without adjournment

117. Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.

Demand for poll not to prevent transaction of other business

118. The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

Security arrangement at venue of meetings

119. The Board, and the persons authorized by it, shall have the right to take and/or make suitable arrangements for ensuring the safety of any meeting – whether a general meeting or a meeting of any class of Security, or of the persons attending the same, and for the orderly conduct of such meeting, and notwithstanding anything contained in this Articles, any action, taken pursuant to this Article in good faith shall be final and the right to attend and participate in such meeting shall be subject to the decision taken pursuant to this Article.

VOTES OF MEMBERS

Members in arrears not to vote

120. No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.

Number of votes each member entitled

121. Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll (including voting by electronic means) the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

How Members non-compos mentis and minor may vote

122. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his Committee or other legal guardian: and any such Committee or guardian may, on a poll, vote by proxy; if any Member be minor, the vote in respect of his share shall be by his guardian, or any one of his guardians if more than one, to be selected in case of dispute by the Chairman of the Meeting.

Casting of votes by a member entitled to more than one vote

123. On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Postal Ballot

124. Notwithstanding anything contained in the provisions of the Act and the Rules made there under, the Company may, and in the case of resolutions relating to such business other than the Ordinary business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.

E-Voting

125. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

Votes of joint members

126. (a) If there be joint registered holders of any share any one of such persons may vote at any Meeting either personally or by proxy in respect of such shares, as if he were solely entitled thereto.

- (b) If more than one of such joint-holders be present at any Meeting either personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.
- (c) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

Votes may be given by proxy or by representative

127. Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorized as mentioned in Articles.

At any General Meeting, a resolution put to vote of the meeting shall, unless a poll is demanded under Section 109, or if the voting is carried out electronically be decided on a show of hands. Such voting in a general meeting or by postal ballot shall also include electronic voting in a General Meeting or Postal Ballot as permitted by applicable laws from time to time.

Representation of a body corporate

128. A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures or any other Securities) authorize such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorized by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.

Members paying money in advance

129. (a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable.

Members not prohibited if share not held for any specified period

- (b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.

Votes in respect of shares of deceased or insolvent members

130. Any person entitled under Article 78 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.

No votes by proxy on show of hands

131. No Member shall be entitled to vote on a show of hands through Proxy unless such member is present personally or by attorney or is a body Corporate present by a representative duly Authorized under the provisions of the Act in which case such members, attorney or representative may vote on a show of hands as if he were a Member of the Company. In the case of a Body Corporate the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such Body Corporate and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.

Appointment of a Proxy

132. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

Deposit of instrument of appointment

133. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of attorney, shall be deposited at the office not less than forty-eight hours before the time for holding the Meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

Form of proxy

134. An instrument appointing a proxy shall be in the form as prescribed in the Rules made under section 105.

Validity of votes given by proxy notwithstanding death of a member

135. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used.

Proxy either for specified meeting or for a period

136. An instrument of proxy may appoint a proxy either for the purpose of a particular meeting specified in the instrument and every adjournment thereof or every meeting of the Company or every meeting to be held before a date not being later than twelve months from the date of the instrument specified in the instrument and every adjournment of every such meeting.

Time for objections to votes

137. No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote, whether given personally or by proxy, not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll whatsoever.

Chairperson of the Meeting to be the judge of validity of any vote

138. The Chairman of any Meeting shall be the sole judge of the validity of every vote tendered at such Meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

Minutes of General Meeting and inspection thereof by Members

139. (a) Every company shall cause minutes of the proceedings of every general meeting of any class of shareholders or creditors, and every resolution passed by postal ballot and every meeting of its Board of Directors or of every committee of the Board, to be prepared and signed in such manner as may be prescribed and kept within thirty days of the conclusion of every such meeting concerned, or passing of resolution by postal ballot in books kept for that purpose with their pages consecutively numbered.
- (b) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (c) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting or each report in such books shall be dated and signed by the chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that chairman within that period, by a director duly authorised by the Board for the purpose. In case of every resolution passed by postal ballot, by the chairman of the Board within the aforesaid period of thirty days or in the event of there being no chairman of the Board or the death or inability of that chairman within that period, by a director duly authorized by the Board for the purpose.
- (d) In no case shall the minutes of proceedings of a meeting be attached to any such book as aforesaid by pasting or otherwise.
- (e) All appointments made at any of the meetings aforesaid shall be included in the minutes of the meeting.
- The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds**
- (f) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting.

- 1) is or could reasonably be regarded as, defamatory of any person, or
 - 2) is irrelevant or immaterial to the proceedings, or
 - 3) is detrimental to the interests of the Company
- (g) Any such minutes shall be evidence of the proceedings recorded therein.
- (h) The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any Member without charge.

DIRECTORS

Number of Directors

140. Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a company may appoint more than fifteen directors after passing a special resolution.

Qualification shares

141. A Director of the Company shall not be bound to hold any Qualification Shares in the Company.

Nominee Directors

142. (a) Whenever the Company enters into a contract with any Government, Central, State or Local, any bank or financial institution or any person or persons (hereinafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or for under-writing the Directors shall have, subject to the provisions of the Act and notwithstanding anything to the contrary contained in these Articles, the power to agree that such appointer shall have the right to appoint by a notice in writing addressed to the Company, one or more persons as a Director or Directors of the Company for such period and upon such conditions as may be mentioned in the agreement and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. Any Director so appointed is herein referred to as a Nominee Director.
- (b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.
- (c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.
- (d) The Nominee Director/s shall, notwithstanding anything to the contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.

Debenture Directors

143. If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of debentures of the Company, that a trustee appointed under the Trust Deed shall have power to appoint a Director of the Company, then in the case of any and every such issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a Debenture Director. A Debenture Director may be removed from office at any time by the trustee in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A debenture Director shall not be liable to retire by rotation. A debenture Director shall not be bound to hold any qualification shares.

Appointment of Alternate Director

144. The Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during his absence for a period of not less than three months from India. An Alternate Director

appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of office of the Original Director is determined before he so returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

Additional Director

145. Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 142. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting.

Directors' power to fill casual vacancies

146. Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director, if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, who shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

Appointment of Independent Directors

147. The Company shall appoint such number of Independent Directors as it may deem fit, for a term specified in the resolution appointing him. An Independent Director may be appointed to hold office for a term of up to five consecutive years on the Board of the Company and shall be eligible for re-appointment on passing of Special Resolution and such other compliances as may be required in this regard. No Independent Director shall hold office for more than two consecutive terms. The provisions relating to retirement of directors by rotation shall not be applicable to appointment of Independent Directors.

Sitting Fees

148. Until otherwise determined by the Company in General Meeting, each Director other than the Managing/ Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof provided that Independent Directors and Women Directors, the sitting fee shall not be less than the sitting fee payable to other directors.

Travelling expenses Incurred by Director on Company's business

149. The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.

Additional Remuneration for Services

150. Any one or more of the Directors shall be paid such additional remuneration as may be fixed by the Directors for services rendered by him or them and any one or more of the Directors shall be paid further remuneration if any as the Company in General Meeting or the Board of Directors shall from time to time determine. Such remuneration and/or additional remuneration may be paid by way of salary or commission on net profits or turnover or by participation in profits or by way of perquisites or in any other manner or by any or all of those modes.

If any director, being willing shall be called upon to perform extra services, or to make any special exertion for any of the purposes of the Company, the Company in General Meeting or the Board of Directors shall, subject as aforesaid, remunerate such Director or where there is more than one such Director all or such of them together either by a fixed sum or by a percentage of profits or in any other manner as may be determined by the Directors and such remuneration may be either in addition to or in substitution for the remuneration above provided.

When office of Directors to be vacated

151. Subject to Section 167 of the Act, the office of a Director shall be vacated if :

- (a) he incurs any of the disqualifications specified in section 164 of the Act;
- (b) he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board;

- (c) he acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- (d) he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184;
- (e) he becomes disqualified by an order of a court or the Tribunal;
- (f) he is convicted by a court of any offence, whether involving moral turpitude or otherwise and sentenced in respect thereof to imprisonment for not less than six months:

Provided that the office shall be vacated by the director even if he has filed an appeal against the order of such court;

- (g) he is removed in pursuance of the provisions of this Act;
- (h) he, having been appointed a director by virtue of his holding any office or other employment in the holding, subsidiary or associate company, ceases to hold such office or other employment in that company.

Removal of Director

152. The Company may by an ordinary resolution remove any Director (not being a Director appointed by the Tribunal in pursuance of Section 242 of the Act) in accordance with the provisions of Section 169 of the Act. A Director so removed shall not be re appointed a Director by the Board of Directors.

Resignation of Directors

153. Subject to the provisions of Section 168 of the Act a Director may at any time resign from his office upon giving notice in writing to the Company of his intention so to do, and thereupon his office shall be vacated.

PROCEEDING OF THE BOARD OF DIRECTORS

Meetings of Directors

154. (a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.
- (b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

Meeting through Video Conferencing

155. The Board of Directors shall be entitled to hold its meeting through video conferencing or other permitted means, and in conducting the Board meetings through such video conferencing or other permitted means the procedures and the precautions as laid down in the relevant Rules shall be adhered to. With regard to every meeting conducted through video conferencing or other permitted means, the scheduled venue of the meetings shall be deemed to be in India, for the purpose of specifying the place of the said meeting and for all recordings of the proceedings at the meeting.

Notice of Meetings

156. Subject to provisions of Section 173 (3) of the Act, notice of not less than seven days of every meeting of the Board of Directors of the Company shall be given in writing to every Director at his address registered with the company and shall be sent by hand delivery or by post or through electronic means. The meeting of the Board may be called at a shorter notice to transact urgent business subject to the condition that at least one Independent Director of the Company shall be present at the meeting. In the event, any Independent Director is not present at the meeting called at shorter notice, the decision taken at such meeting shall be circulated to all the directors and shall be final only on ratification thereof by at least one Independent Director.

Quorum for Meetings

157. The quorum for a meeting of the Board shall be one-third of its total strength (any fraction contained in that one third being rounded off as one), or two directors whichever is higher and the directors participating by video conferencing or by other permitted means shall also counted for the purposes of this Article. Provided that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of the Directors who are not interested, being not less than two, shall be the quorum during such time.

Explanation:

The expressions "interested Director" shall have the meanings given in Section 184(2) of the said Act and the expression "total strength" shall have the meaning as given in Section 174 of the Act.

Chairperson

158. (a) The Directors may from time to time elect from among their members a Chairperson of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting.
- (b) Subject to Section 203 of the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive Officer at the same time.

Questions at Board meeting how decided

159. Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote.

Continuing directors may act notwithstanding any vacancy in the Board

160. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

Directors may appoint committee

161. Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

Committee Meetings how to be governed

162. The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

Chairperson of Committee Meetings

163. (a) A committee may elect a Chairperson of its meetings.
- (b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

Meetings of the Committee

164. (a) A committee may meet and adjourn as it thinks fit.
- (b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

Acts of Board or Committee shall be valid notwithstanding defect in appointment

165. Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director.

Resolution by Circulation

166. A resolution not being a resolution required by the said Act or otherwise to be passed at a meeting of the Directors, may be passed without any meeting of the Directors or of a committee of Directors provided that the resolution has been circulated in draft, together with the necessary papers, if any,

to all the Directors, or to all the members of the Committee as the case may be, at their addresses registered with the Company, by hand delivery or by post or courier or through electronic means as permissible under the relevant Rules and has been approved by a majority of the Directors as are entitled to vote on the resolution.

Power to fill casual vacancy

167. Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any other regulation contained in this Articles be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.

RETIREMENT AND ROTATION OF DIRECTORS

Retirement and Rotation of Directors

168. Subject to provision of Section 152 and other applicable provisions of the Act, not less than two-third of the total number of Directors of the Company shall be the persons whose period of office shall be liable to determination by retirement by rotation and one-third of such of Directors of the Company for the time being as are liable to retire by rotation and if their number is not three or a multiple of three then the number nearest to one-third shall retire from the office.

The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in the office from the last appointment.

Eligibility for re-election

169. A retiring Director shall be eligible for re-election.

POWERS OF THE BOARD

Powers of the Board

170. The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by these Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

Certain powers of the Board

171. Without prejudice to the general powers conferred by these Articles or the governing laws of the Country and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the Articles, it is hereby, declared that the Directors shall have the following powers, that is to say -

To acquire any property, rights etc.

- (1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorized to carry on, in any part of India.

To take on Lease

- (2) Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.

To erect & construct

- (3) To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.

To pay for property

- (4) At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

To insure properties of the Company

- (5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.

To open Bank accounts

- (6) To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.

To secure contracts by way of mortgage

- (7) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.

To accept surrender of shares

- (8) To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon.

To appoint trustees for the Company

- (9) To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.

To conduct legal proceedings

- (10) To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.

Bankruptcy & Insolvency

- (11) To act on behalf of the Company in all matters relating to bankruptcy and insolvency.

To issue receipts & give discharge

- (12) To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.

To invest and deal with money of the Company

- (13) Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realize such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name.

To give Security by way of indemnity

- (14) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon.

To determine signing powers

- (15) To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.

Commission or share in profits

- (16) To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company.

Bonus etc. to employees

- (17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.

Transfer to Reserve Funds

- (18) To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the depreciation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.

To appoint and remove officers and other employees

- (19) To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, laborers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.

To appoint Attorneys

- (20) At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorized by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.

To enter into contracts

- (21) Subject to Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

To make rules

- (22) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees.

To effect contracts etc.

- (23) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.

To apply & obtain concessions licenses etc.

- (24) To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, of any Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.

To pay commissions or interest

- (25) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 40 of the Act and of the provisions contained in these presents.

To redeem preference shares

- (26) To redeem preference shares.

To assist charitable or benevolent institutions

- (27) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.

To provide for welfare of Directors

- (28) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 181 of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.

To purchase or acquire foreign licence

- (29) To purchase or otherwise acquire or obtain foreign license, other license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.

To sell any Article, material etc.

- (30) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.

To extend the business and undertaking

- (31) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they

be thought necessary or expedient.

To make payment of rents and performance of covenants

- (32) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.

To improve, manage, develop property

- (33) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.

To lease, sell, re-purchase property

- (34) To let, sell or otherwise dispose of subject to the provisions of Section 180 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.

To delegate powers

- (35) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.

To comply with the requirements of local law

- (36) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.

Save as provided by the said Act or by these presents and subject to the restrictions imposed by Section 179 of the said Act, the Directors may delegate all or any powers by the said Act or by the Memorandum of Association or by these presents reposed in them.

MANAGING AND WHOLE-TIME DIRECTORS

Powers to appoint Managing/ Whole-time Directors

172. (a) Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director, Joint Managing Director or Managing Directors or whole-time Director or whole-time Directors, Manager or Chief Executive Officer of the Company either for a fixed term or for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.
- (b) The Managing Director or Managing Directors or whole-time Director or whole-time Directors so appointed shall not be liable to retire by rotation. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.

Remuneration of Managing or Whole-time Director

173. The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act or as per the clarifications notified by the Government and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.

Powers and duties of Managing Director or Whole-time Director

174. (1) Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.

- (2) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.
- (3) The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Whole-time Director or Whole-time Directors of the Company and may exercise all the powers referred to in these Articles.
- (4) The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.
- (5) Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract on behalf of the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.

Restriction on Management

175. The Managing Director or Managing Directors shall not exercise the powers to :

- (a) make calls on shareholders in respect of money unpaid on shares in the Company;
- (b) issue debentures;

and except to the extent mentioned in a resolution passed at the Board meeting under Section 179 of the Act, he or they shall also not exercise the powers to -

- (c) borrow moneys, otherwise than on debentures;
- (d) invest the funds of the Company; and
- (e) make loans.

CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER

Board to appoint Chief Executive Officer/Manager/Company Secretary/Chief Financial Officer

176. (a) Subject to the provisions of the Act —

- (i) A chief executive officer, manager, company secretary or chief financial officer or any other Key Managerial Personnel may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
 - (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
- (b) A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

THE SEAL

The seal, its custody and use

177. (a) The Board at their option can provide a Common Seal for the purposes of the Company, and

shall have power from time to time to destroy the same and substitute or not substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

- (b) The Company shall also be at liberty to have an Official Seal in accordance with of the Act, for use in any territory, district or place outside India.
- (c) As authorized by the Act or amendment thereto, if the company does not have a common seal, the authorisation under this clause shall be made by two directors or by a director and the Company Secretary, wherever the company has appointed a Company Secretary or persons acting on behalf of the Directors under a duly registered Power of Attorney and (2) the Secretary or some other person appointed by the Board for the purpose; a Director may sign a share certificate by affixing signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography but not by means of rubber stamp.

Usage of the Seal

178. The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least one director or the manager, if any, or of the secretary or such other person as the Board may appoint for the purpose; and such director or manager or the secretary or other person aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence.

DIVIDEND AND RESERVES

Division of profits

179. (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.
- (2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- (3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

The company in General Meeting may declare Dividends

180. The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.

Transfer to reserves

181. (a) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.
- (b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

Interim Dividend

182. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

Debts may be deducted

183. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Retention of dividends until completion of transfer under Articles

184. The Board of Directors may retain the dividend payable upon shares in respect of which any person under Articles has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.

No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof

185. No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

Effect of transfer of shares

186. A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.

Dividend to joint holders

187. Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.

Dividends how remitted

188. (a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct or electronically by ECS/NEFT/RTGS.
- (b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto by forged endorsements on any cheque or warrant, or the fraudulent or improper recovery thereof by any other means.

Notice of dividend

189. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

No interest on Dividends

190. No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company.

CAPITALIZATION

Capitalization

191. (1) The Company in General Meeting may, upon the recommendation of the Board, resolve:
- (a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and
- (b) That such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
- (2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:

- (a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
 - (b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or
 - (c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (c).
- (3) A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, be applied by the Company for the purposes permissible pursuant to the Act.
- (4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

Fractional Certificate

192. (1) Whenever such a resolution as aforesaid shall have been passed, the Board shall
- (a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and
 - (b) generally to do all acts and things required to give effect thereto.
- (2) The Board shall have full power -
- (a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also
 - (b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.
- (3) Any agreement made under such authority shall be effective and binding on all such members.
- (4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

Inspection of Accounts

193. (a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.
- (b) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorized by the Board or by the company in general meeting.

FOREIGN REGISTER

Foreign Register

194. The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers.

DOCUMENTS AND SERVICE OF NOTICES

Signing of documents & notices to be served or given

195. Any document or notice to be served or given by the Company be signed by a Director or such person duly authorized by the Board for such purpose and the signature may be written or printed or lithographed or through electronic transmission.

Authentication of documents and proceedings

196. Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorized Officer of the Company (digitally or electronically) and need not be under the Common Seal of the Company and the signature thereto may be written, facsimile, printed, lithographed, photostat.

WINDING UP

Winding Up

197. Subject to the provisions of Chapter XX of the Act and Rules made thereunder—
- (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.
 - (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
 - (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

Directors' and others right to indemnity

198. Subject to provisions of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court.

The Company may take and maintain any insurance as the Board may think fit on behalf of its directors (present and former), other employees and the Key Managerial Personnel, for insurers to directly meet all claims, losses, expenses, fines, penalties or such other levies, or for indemnifying any or all of them against any such liability for any acts in relation to the Company for which they may be liable.

Not responsible for acts of others

199. Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

An Independent Director, and a non executive director not being a promoter or a Key Managerial Personnel, shall be liable only in respect of acts of omission or commission, by the Company which had occurred with his knowledge, attributable through Board processes, and with his consent or connivance or where he has not acted diligently.

SECRECY

Secrecy

200. (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

Access to property information etc.

(b) No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.

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**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
(ORIGINAL JURISDICTION)**

Company Petition No. 87 of 1978

Connected with

Company Application No. 232 of 1978

In the matter of the Companies Act. 1956

And

In the matter of the Ahmedabad Laxmi Cotton Mills
Company Limited

1. Syndet Private Limited
having its registered office at
Prajapati Building,
Khadia Char Rasta,
Ahmedabad.
2. Manubhai Premchand,
residing at
2725, Shaikh's Pada,
Relief Road, Ahmedabad.

.....Petitioners

Versus

1. The Arvind Mills Limited
having its registered office at
Naroda Road, Ahmedabad 380 025.
2. The Ahmedabad Laxmi Cotton Mills Company Limited,
having its registered office
Outside Raipur Gate, Ahmedabad

..... Respondents

AND

Company Petition No. 88 of 1978

Connected with

company Application No. 233 of 1978

In the matter of the Companies Act. 1956

And

In the matter of the Ahmedabad Laxmi Cotton Mills
Company Limited

The Arvind Mills Limited
having its registered office at
Naroda Road,
Ahmedabad 380 025

.....Petitioners

Versus

1. The Ahmedabad Laxmi Cotton Mills Company Limited,
having its registered office at
Outside-Raipur Gate, Ahmedabad.
2. Syndet Private Limited
having its registered office at
Prajapati Building, Khadia Char Rasta,
Ahmedabad.
3. Manubhai Premchand,
Residing at
2725, Shaikh's Pada, Relief Road,
Ahmedabad

..... Respondents

CORAM: P. D. DESAI. J.....

(16th April 1979)

ORDER ON PETITION

UPON the above petitions coming up for final hearing on March 19, 1979, AND UPON READING the said petitions, the orders dated October 6, 1978 and 24th October, 1978 whereby the petitioners in Company Petition No. 87 of 1978 were ordered to convene separate meetings of Equity and Preference Shareholders, secured creditors, statutory creditors and licencee supplying electricity, specified creditors, unsecured creditors and workers and employees of Ahmedabad Laxmi Cotton Mills Company Limited, hereinafter referred to as 'the transferor company', and the petitioner Company in Company Petition No. 88 of 1978, hereinafter referred to as 'the transferee company', was ordered to convene separate meetings of its Equity and Preference Shareholders, for the purpose of considering, and if thought fit, approving with or without modification, the scheme of amalgamation, compromise and arrangement proposed to be made between the transferor company, its Shareholders and creditors, and the transferee company and annexed to the affidavits of Shri Rasiklal N. Shah, Managing Director of the first petitioner in Company Application No. 232 of 1978 and Shri Kantilal M. Shah, an officer of the transferee Company filed on the 6th day of October 1978, the TIMES OF INDIA, Ahmedabad Edition, dated 28th October 1978, the GUJARAT SAMACHAR, dated 28th October 1978 and the GUJARAT GOVERNMENT GAZETTE, dated 2nd November 1978, each containing the advertisement of the said notices convening the said meetings directed to be held by the said orders dated 6th October 1978 and 24th October, 1978, and UPON PERUSING the affidavits dated 17th November 1978 of Shri N. K. Prabhu showing the publication and despatch of notices convening the said meetings, the reports dated 12th December 1978 of the Chairman of the said meetings as to the result of the said meetings, and it appearing from the reports and affidavits of Shri Rasiklal N. Shah and Shri Shankerbhai M. Patel filed on 26th December, 1978 affidavit of Shri Kantilal I. Patel filed on 26th March, 1979 that the proposed scheme of amalgamation, compromise and arrangement has been approved by not less than three fourths in value of the Equity Shareholders, unsecured auditors and statutory creditors of the transferor company and Equity Shareholders of the transferee company present and voting in person or by proxy and unanimously by Preference Shareholders, specified creditors and workers and employees of the transferor company and Preference Shareholders of the transferee Company present and voting in person or by proxy and UPON READING the orders dated 28th December, 1978 directing notices of the presentation of the petitions and of the date appointed for hearing to be published and UPON PERUSING the GUJARAT GOVERNMENT GAZETTE dated 11th January, 1979 the TIMES OF INDIA dated 13th January, 1979 and the GUJARAT SAMACHAR dated 13th January, 1979 containing such publication and UPON READING the affidavit of Shri Kantilal I. Patel dated April 13, 1979 and UPON PERUSING the communication dated 13th March, 1979 of the Central Government and UPON CONSIDERING the report dated 12th March, 1979 of the Official Liquidator attached to this Court and the affidavit of Shri Madhusudan V. Shah received by Shri K. N. Raval, Advocate for the transferee Company, and UPON HEARING Shri K. N. Raval, Advocate for the transferee Company. Shri G. N. Shah, Advocate for the transferor company, Shri B. R. Shah, Advocate for the petitioners in Company Petition No. 87 of 1978, Shri K. G. Vakharia, Advocate for Ahmedabad Laxmi Cotton Mills' Employees Co-operative Credit Society Limited, Shri G. N. Desai, Advocate with Shri R. M. Desai of M/ s. Amubhai & Diwanji, Solicitors for Bank of Baroda, Shri S. B. Vakil, Advocate for the Central Government, Shri C. C. Gandhi, Advocate for the United Bank of India, Shri B. J. Shelat, Advocate for Indian Overseas Bank, Shri J. M. Choksi for the Laxmi Commercial Bank Limited, Shri Bachubhai Shukla for TLA.

THIS COURT for the reasons recorded in the judgment dated April 9 to 16, 1979 DOTH HEREBY sanction the scheme of amalgamation, arrangement and compromise set forth in ANNEXURE-F to the said petitions, subject to the modifications made by this Court at the hearing of the said petitions which modifications are set out hereunder and which scheme as so modified and sanctioned is set forth in SCHEDULE hereto, and DOTH HEREBY declare the same to be binding on Equity and Preference Shareholders, employees, secured creditors, specified creditors, unsecured creditors, the licencee supplying electricity and statutory creditors of the transferor company and also on the transferor company and the transferee company.

MODIFICATIONS MADE BY THIS COURT

A. Substitute the following clauses in place and stead of clauses 13 and 14 respectively of the Scheme at Annexure F.

"13. All workmen, clerks and technical staff of Laxmi Cotton, if they are willing to join, shall be taken in employment of Arvind as per the terms and conditions and the programme set out in the agreement dated 4-4-1979 with the Textile Labour Association, duly registered under the Bombay Industrial Relations Act, 1946 on 6-4-1979 and which agreement shall be considered as a part and parcel of this Scheme."

"14. Dues of employees, such as arrears of wages, leave wages, bonus, gratuity etc. will be paid as per the terms of the agreement dated 4-4-1979 entered into by and between Arvind and the Textile Labour Association. However, no lay off compensation for the period between the date of closure i.e. 12th August, 1977 and the date on which the Scheme becomes finally operative, shall be payable to the employees of Laxmi Cotton."

B. Delete sub-clause (2A) of Clause 16 of the Scheme at Annexure 'F'.

C. Substitute the following in place and stead of clause 16(3) of the Scheme at Annexure 'F'.

"16(3) Unsecured Creditors :

Unsecured Creditors of Laxmi Cotton shall be paid by Arvind as under :

- a) Unsecured Creditors being depositors from Public including shareholders of Laxmi Cotton but excluding,

- i) Trade depositors and,
- ii) Members and relatives (the term relative to be interpreted as defined in Section 6 of the Companies Act) of Dugar family and Hariprasad Shodhan family.

shall be paid the principal amount due as on 31-3-1978 with interest accrued/ outstanding if any, in five equal annual installments commencing from the expiry of one year from the date of sanction of the scheme by the High Court of Gujarat.

- (b) Ahmedabad Laxmi Cotton Mills Employees' Co-operative Credit Society Ltd., an unsecured creditor, shall be paid its dues within one month of the filling of the orders passed by the High Court of Gujarat with the Registrar of Companies.

(c) All the other unsecured creditors will be paid by Arvind as under:

- i) All the unsecured creditors having claims not exceeding a sum of Rs. 5,000/- shall be paid the principal amount due to them without any interest in five equal annual instalments commencing from the expiry of one year from the date of sanction of the Scheme by the High Court of Gujarat.
- ii) All the unsecured creditors with claims above Rs. 5,000/- and not exceeding Rs. 50,000/- shall be paid the principal amount due to them without any interest in ten equal annual instalments commencing from the expiry of one year from the date of Sanction of the Scheme by the High Court of Gujarat.
- iii) All other unsecured creditors including Banks having claims exceeding Rs. 50,000/- shall be paid by Arvind as under :

There will be a moratorium of 5 years from the date on which the Scheme becomes finally operative and takes effect and thereafter the principal amount will be repaid in 17 equal annual instalments without any interest."

- D. Change the title of Clause 18 of the Scheme at Annexure 'F' by substituting "verification of claims in place of "basis of the scheme".
- E. Delete sub-clause (i) of Clause 18 of the Scheme at Annexure 'F' and delete the number of sub-clause (ii) thereof.
- F. In Clause 23 of the Scheme at Annexure 'F' after the words "solve all difficulties" appearing in the fourth line thereof, add the following words: "of a routine nature."

AND THIS COURT FURTHER ORDER that transferee company will pay the cost of Textile Labour Association quantified at Rs. 1,500/- for appearing in both the said petitions. The transferee company will also pay the cost of the Official Liquidator, if any, in submitting his report to this Court under Second proviso to sub sec. (1) of Sec. 394 of the Companies Act, 1956. THAT there shall be no order as to costs of other parties appearing before this Court.

THAT parties to the Scheme of amalgamation, arrangement and compromise or other persons interested shall be at liberty to apply to the Court for any directions that may be necessary in regard to the working of the scheme of amalgamation, arrangement and compromise.

THAT the transferor company do file with the Registrar of Companies the certified copy of this order within fourteen days from the date on which the certified copy of this order is ready for delivery.

SCHEDULE

SCHEME OF AMALGAMATION, ARRANGEMENT AND COMPROMISE

BETWEEN

THE AHMEDABAD LAXMI COTTON MILLS CO. LIMITED

ITS SHAREHOLDERS, AND CREDITORS AND

THE ARVIND MILLS LIMITED, AS SANCTIONED BY THE COURT.

1. This Scheme is presented for amalgamation of the Ahmedabad Laxmi Cotton Mills Company Limited (hereinafter called "Laxmi Cotton") with the Arvind Mills Limited (hereinafter called the "Arvind"). It is also presented for discharging the existing liabilities of the secured and unsecured creditors of Laxmi Cotton.
2. The date on which the amalgamation shall be deemed to be effective is 1st April 1978 (hereinafter referred to as "the specified date")
3. The Authorised share capital of the Laxmi Cotton is Rs. 59,00,000/- (Rupees fifty nine lacs) divided into 20,000 Equity Shares of Rs. 250/- each, 4000 5% Cumulative Redeemable Preference Shares of Rs. 100/- each and 5000 4.5% Cumulative Redeemable Preference Shares of Rs. 100/- each. The Issued, Subscribed and Paid-up capital of the Laxmi Cotton is Rs. 20,25,000/- (Rupees twenty lacs twenty five thousand only) divided into 6,000 Equity Shares of Rs. 250/- each, 4000 5% Cumulative Redeemable Preference Shares of Rs. 100/- each and 1250 4.5% Cumulative Redeemable Second Preference Shares of Rs. 100/- each, all fully paid up.
4. The Authorised Share Capital of the Arvind Mills is Rs. 5,00,00,000/- (Rupees five crores) divided into 5,00,000 Shares of Rs. 100/- each. The Issued, Subscribed and paid-up capital of the Arvind Mills is Rs. 2,71,00,000/- (Rs. two crores seventy one lacs only) divided into 2,50,000 Equity Shares of Rs. 100/- each 5250 5% Cumulative Preference Shares of Rs. 100/- each. 10,500 4.5%. Cumulative Preference Shares of Rs. 100/- each and 5,250 4.5% 'C' Class Redeemable Cumulative Preference Shares of Rs. 100/- each, all fully paid-up.
5. The whole of the undertaking of Laxmi Cotton shall without any further act or deed be transferred to and vested in and/or deemed to be transferred to or vested in Arvind with effect from the specified date pursuant to the provisions of Section 394 of the Companies Act, 1956 (hereinafter referred to as "the Act" subject to all charges, if any, then affecting the same or any part thereof. For the purpose of this Scheme, the undertaking of Laxmi Cotton shall include rights, powers, authorities and privileges and all property, moveable or immovable, real or personal, corporeal or incorporeal, in possession or reversion, present or contingent of whatsoever nature or wheresoever situate, including leases and tenancy rights and all other interests or rights in or arising out of such property and including all licences and liberties, patents, trade marks and import quotas held by, applied for or as may be obtained hereafter by Laxmi Cotton or which Laxmi Cotton is entitled to and all debts, liabilities, obligations and duties of Laxmi Cotton of whatsoever nature and kind.
6. With effect from the specified date Laxmi Cotton shall be deemed to have been holding and to hold the whole undertaking, for and on account of Arvind until the said undertaking of Laxmi Cotton becomes transferred to and vested in Arvind, as per the orders of the High Court of Gujarat at Ahmedabad and otherwise in accordance with the terms of this Scheme and until this scheme finally takes effect in accordance with the terms hereof and until then Laxmi Cotton shall not without the concurrence of the Arvind alienate, charge or otherwise deal with the undertaking in the manner not warranted by the provisions of this Scheme. The income accruing to Laxmi Cotton or losses or expenditure arising or incurred by the Laxmi Cotton after the specified date upto the date on which the Scheme shall become finally operative and takes effect shall for all purposes be treated as income or losses or expenditure of Arvind.
7. Subject to the other provisions contained in the Scheme, all contracts, deeds, bonds, Agreements and other instruments of whatever nature to which Laxmi Cotton is a party subsisting or having effect immediately before the Scheme becomes finally effective shall remain in full force and effect against or in favour of Arvind and may be enforced by or against Arvind as fully and effectively as if instead of Laxmi Cotton, Arvind had been a party thereto.
8. If any suit, appeal or other proceedings of whatever nature (hereinafter called "the proceedings") by Laxmi Cotton be pending the same shall not abate, be discontinued or be in any way prejudicially affected by reasons of the transfer of the undertaking of Laxmi Cotton or of anything contained in this Scheme, but the proceedings may be continued, prosecuted and enforced by Arvind in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by Laxmi Cotton notwithstanding anything contained in this Scheme, and any suit, appeal or other proceedings of whatsoever nature against Laxmi Cotton be pending, the same shall be settled on the terms and conditions hereinafter following.
9. Upon the Scheme becoming effective, in consideration of the transfer of the whole of the undertaking of the Laxmi Cotton in favour of Arvind under the foregoing clauses, Arvind shall without further act or deed, issue and allot (against production of such evidence of title or on compliance with such requirement, as the Board of Directors of the Arvind may prescribe) to the members of the Laxmi Cotton, the following shares:

- (a) For every 40 Equity Shares of Rs. 250/- each in the capital of Laxmi Cotton, one Equity Share of the face value of Rs. 100/- out of the capital of Arvind.
 - (b) For every 50 Preference Shares of Rs. 100/- in the capital of Laxmi Cotton, one Equity Share of the face value of Rs. 100/- out of the Capital of Arvind. No arrears of dividend, if any, payable in respect of the Preference Shares shall be payable.
 - (c) For any Equity Shares of the Laxmi Cotton held by a member of the Laxmi Cotton, which are less than or in excess of 40 Equity Shares or multiple thereof one coupon or certificate each representing 1/40th of one Equity Share in Arvind credited as fully paid up shall be issued and allotted against each such Equity Share in Laxmi Cotton which may be less than or in excess of 40 Equity Shares or multiple thereof and each such coupon or certificate representing such fractional entitlement shall be dealt with and disposed of upon the terms, conditions and stipulations hereinafter mentioned.
 - (d) For any Preference Shares of the Laxmi Cotton held by a member of the Laxmi Cotton, which are less than or in excess of 50 Preference Shares or multiple thereof, one coupon or certificate, each representing 1/50th of one Equity Share in Arvind credited as fully paid up shall be issued and allotted against each such Preference Share in Laxmi Cotton which may be less than or in excess of 50 Preference Shares or multiple thereof and each such coupon or certificate representing such fractional entitlement shall be dealt with and disposed of upon the terms, conditions and stipulations hereinafter mentioned.
 - (e) Arvind shall take all necessary steps and pass the necessary resolutions for issuing and allotting shares to the shareholders of Laxmi Cotton to implement the Scheme.
10. A coupon or a certificate representing a fractional entitlement as aforesaid of one Equity Share of Rs. 100/- of Arvind credited as fully paid up shall have the following rights and conditions applicable thereto:
- (a) All the coupons or fractional certificates shall be consolidated into Equity Shares of Rs. 100/- each of Arvind credited as fully paid up on or before such date as may be fixed by the Directors of Arvind. For this purpose the holder of coupons or fractional certificates or multiple thereof representing 1/40th or 1/50th of one Equity Share of Arvind as the case may be shall submit the coupons or fractional certificates to Arvind on or before the expiry of the period of three months from the date of the issue thereof or such later date as may be fixed by the Directors of Arvind in that behalf, alongwith an application in the form prescribed by Arvind and Arvind shall issue and allot one Equity Share of Rs. 100/- each, credited as fully paid up for every lot of 40 or 50 coupons or fractional certificates as the case may be as aforesaid.
 - (b) A coupon or fractional certificate shall not carry any right to receive any dividend or any voting or other rights and shall be transferable by delivery of possession.
11. The Equity Shares of Arvind to be issued and allotted to the Shareholders of the Laxmi Cotton shall rank pari passu in all respects with the existing Equity Shares of Arvind and will be entitled to proportionate dividend thereon for the year 1978 as from 1st April, 1978.
12. Upon the Scheme of Amalgamation becoming finally operative, every member of the Laxmi Cotton shall surrender to Arvind for cancellation his share certificates in respect of the Equity and Preference shares held by him in Laxmi Cotton and Arvind shall thereupon issue to him certificate(s) or fraction(s) for shares in Arvind to which he may be entitled in terms of this Scheme.
13. All workmen, clerks and technical staff of Laxmi Cotton, if they are willing to join, shall be taken in employment of Arvind as per the terms and conditions and the programme set out in the agreement dated 4-4-1979 with the Textile Labour Association, duly registered under the Bombay Industrial Relations Act, 1946 on 6-4-1979, and which agreement shall be considered as a part and parcel of this Scheme.
14. Dues of employees, such as arrears of wages, leave wages, bonus, gratuity etc. will be paid as per the terms of the agreement dated 4-4-1979 entered into by and between Arvind and the Textile Labour Association. However, no lay off compensation for the period between the date of closure i.e. 12th August, 1977 and the date on which the Scheme becomes finally operative, shall be payable to the employees of Laxmi Cotton.
15. All the liabilities, duties and obligations, if any, of Laxmi Cotton shall also without further act or deed be transferred or deemed to be transferred to and/or taken over by Arvind with effect from the specified date pursuant to and in terms of Section 394 of the Act so as to become as from the specified date the liabilities, duties and obligations of Arvind, and such liabilities shall be met by Arvind in the manner hereinafter provided.
16. The existing liabilities of the Laxmi Conon shall be met by Arvind as follows :

(1) Secured Creditors :

Laxmi Cotton has obtained a term loan and was enjoying cash credit and bill discounting facilities from United Bank of India (hereinafter referred to as "U.B.I."). Arvind shall pay and discharge the entire outstanding liabilities of U.B.I. in the manner and on the terms and conditions indicated hereunder:

- A. The existing liabilities of Laxmi Cotton to U.B.I. Shall be converted into a frozen account on the following terms and conditions:
- i) There shall be a moratorium for a period of Five years from the day the Scheme becomes finally operative, during which period neither the interest nor the principal sum shall be paid by Arvind to U.B.I.
 - ii) Repayment shall start after the moratorium period is over and it shall be spread over a period of 17 years therefrom.
 - iii) At the end of the period of mortorium, the existing liabilities with accrued simple interest at the rate of 4% per annum for the said period shall be payable in 17 equal annual instalments consisting of principal and interest at 4% on ammortizatian basis.
 - iv) No interest shall be payable by Arvind to the U.B.I. for the period from the date of closure of Laxmi Cotton namely, from 12th August, 1977 to the date on which the Scheme becomes finally operative.
- B. U.B.I. shall advance 75% of the start up expenses which are presently estimated to be Rs. 60 lacs, or such higher amount as may be required by Arvind for the purpose on the following terms and conditions :
- i) Balance 25% of the start-up expenses shall be provided by Arvind.
 - ii) Loan by U.B.I. for start-up expenses shall be a medium term loan repayable in eight equal annual instalments. The first instalment shall be repayable on the expiry of one year from the date of total disbursement.
 - iii) The rate of interest on this loan shall be 10% per annum with quarterly rests.
 - iv) Arvind shall create a second charge by way of security in favour of the U.B.I on the goods hypothecated by Arvind to its Bankers.
- C. The U.B.I. shall provide a further working capital which is presently estimated to be Rs. 160 lacs or such higher amount as may be required by Arvind for the purpose on the following terms and conditions:
- i) The requirement of margin money and other norms for advance shall be liberalised in favour of Arvind by U.B.I. so as to enable Arvind to inject health into Laxmi Cotton as early as possible.
 - *ii) The rate of interest on working capital finance shall be 12.5% per annum or the prevailing minimum lending rate according RBI directives whichever is higher subject to a ceiling of 13.5% per annum with quarterly rests for a total period of twenty two years by which the existing outstanding of the Bank are fully repaid.
- D. The United Bank of India shall continue to proceed with the suits and other legal proceedings in respect of its outstanding dues arising out of non payment of discounted bills against all parties other than LAXMI COTTON, members of its Board of Directors and all other party defendants to such suits and proceedings who have made direct payment to LAXMI COTTON in respect of the discounted bills or who have returned the goods supplied to them to LAXMI COTTON in respect of discounted bills. The United Bank of India shall permit ARVIND to join as a party to the suits and other legal proceedings if it so desires and shall be allowed to represent before the Court and that if and when decrees are passed the same shall be assigned to ARVIND by the Bank.

The provisions made in this Clause shall equally apply to the suits and other legal proceedings filed or taken by Bank of Baroda, Canara Bank, Indian Overseas Bank and Laxmi Commercial Bank Ltd."

- E. On the Scheme becoming finally operative as provided for in paragraph 21 of the proposed Scheme, Directors of LAXMI COTTON who have given their personal guarantees and furnished securities by creating a charge on immoveable properties or otherwise for due payment of outstanding dues of LAXMI COTTON to United Bank of India, Bank of Baroda, Canara Bank, Indian Overseas Bank, Laxmi Commercial Bank Ltd. and I.C.I.C.I. shall stand discharged and released and concerned institutions shall return to the concerned Directors securities furnished by them.

(2) Specified Creditors:

I.C.I.C.I and Bank of Baroda have given credit facilities to Laxmi Cotton on the guarantees furnished by U.B.I. The U.B.I. shall discharge the said liabilities under the terms of the guarantees furnished by it to the Bank of Baroda and I.C.I.C.I. Disbursement made on this account shall be a debt due from and payable by Laxmi Cotton to the U.B.I. and Arvind shall discharge the entire liability including the amount disbursed by U.B.I. on account of outstanding dues of the Bank of Baroda and I.C.I.C.I. in the manner and extent indicated in the sub-clause No. (1) above.

*Substituted by the Order dated April 7,1980 passed by the High Court of Gujarat in Company Application No. 110 of 1980 for the following paragraph:

"The rate of interest shall not exceed 12.5% or the prevailing minimum lending rate according to RBI directive, whichever is less, with quarterly rests for a total period of 22 years by which the existing outstandings of the Bank are fully repaid."

***(2A) The debts due by Laxmi Cotton to Bank of Baroda being Unsecured debts guaranteed by Ex. Directors.**
"The existing liabilities of Laxmi Cotton to Bank of Baroda shall be discharged in the manner and with the same mode as to computation of interest, moratorium, period of repayment etc. as indicated in clause 16(1) (A) of the Scheme in respect of the United Bank of India."

(3) Unsecured Creditors :

Unsecured Creditors of Laxmi Cotton shall be paid by Arvind as under:

- a) Unsecured Creditors being depositors from Public including shareholders of Laxmi Cotton, but excluding.
 - i) Trade depositors and,
 - ii) Members and relatives (the term relative to be interpreted as defined in Section 6 of the Companies Act) of Dugar family and Hariprasad Shodhan family, shall be paid the principal amount due as on 31-3-1978 with interest accrued/outstanding if any, in five equal annual instalments commencing from the expiry of one year from the date of sanction of the Scheme by the High Court of Gujarat.
- b) Ahmedabad Laxmi Cotton Mills Employees Co-operative Credit Society Ltd., an unsecured creditor, shall be paid its dues within one month of the filing of the orders passed by the High Court of Gujarat with the Registrar of Companies.
- c) All the other unsecured creditors will be paid by Arvind as under:
 - i) All the unsecured creditors having claims not exceeding a sum of Rs. 5,000/- shall be paid the principal amount due to them without any interest in five equal annual instalments commencing from the expiry of one year from the date of sanction of the Scheme by the High Court of Gujarat.
 - ii) All the unsecured creditors with claims above Rs. 5,000/- and not exceeding Rs. 50,000/- shall be paid the principal amount due to them without any interest in ten equal annual instalments commencing from the expiry of one year from the date of sanction of the Scheme by the High Court of Gujarat.
 - iii) All other unsecured creditors including Banks ****other than Bank of Baroda** having claims exceeding Rs. 50,000/- shall be paid by Arvind as under:

There will be a moratorium of 5 years from the date on which the Scheme becomes finally operative and takes effect and thereafter the principal amount will be repaid in 17 equal annual instalments without any interest.

- (3A) On the Scheme becoming finally operative, the Directors of LAXMI COTTON who have promised to give their personal guarantees to Shri Hariprasad Shodhan and his family members, in terms of the Agreement dated February 17, 1966, shall stand discharged and released from the said obligation.

(4) Statutory Creditors and Licencee supplying electricity :

The Statutory Creditors in this Clause are Income-tax Department, Sales-tax Department, Excise Department, Provident Funds Commissioner, Employees State Insurance Corporation, Ahmedabad Municipal Corporation and other statutory creditors, if any. Statutory liabilities and arrears of charges in respect of supply of electricity to LAXMI COTTON before closure of the undertaking on 12th August 1977, shall be paid in full within one month of the sanction of the Scheme by the High Court of Gujarat and its approval by the Central Government under the Monopolies and Restrictive Trade Practices Act, 1969, or on receipt of funds for start up expenses to be advanced by United Bank of India, whichever is earlier. ARVIND shall also pay Provident Fund, E.S.I. and other dues, if any, for the period after 12th August, 1977, and remaining unpaid upto the date of restart of the mills. Besides ARVIND shall pay such sum as may be determined by the Regional Provident Funds Commissioner under Section 14B of the Employees Provident Funds Act, 1952 for default in payment of the Provident Fund and other dues of LAXMI COTTON by due date. No other payment on account of penal interest, penalty fine or damages shall however be payable or be paid to statutory creditors and Ahmedabad Electricity Co. Besides, Arvind Mills Ltd., Ahmedabad shall pay such sum as may be determined by the Regional Director of E.S.I. Corporation under Regulation 31(a) read with Regulation 26 and 29 of the Employees' State Insurance (General) Regulations, 1950 and also under Section 85(b) of the Employees' State Insurance Act, 1948, for default in payment of the E.S.I. dues of Laxmi Cotton Mills Co. Ltd., by due dates.

All dues including contributions, interest and damages etc., shall be paid within one month from the date of acceptance of the Scheme by the High Court of Gujarat.

17. Arvind shall not be liable for the liabilities of the third parties, if any, for the fulfillments of which Laxmi Cotton has given any guarantee.

18. Verification of claims:

All claims made by Secured, Unsecured, specified, statutory and other class of creditors as also by the Equity and Preference Shareholders of LAXMI COTTON shall be subject to verification by Chartered Accountants, M/s. Sorab

*Clause (2A) added by the Order dated 20-10-81 passed by the High Court of Gujarat in O.J. Appeal No. 13 of 1980

**The underlined words added by the Order dated 20-10-81 passed by the High Court of Gujarat in O.J. Appeal No. 13 of 1980.

- S. Engineer & Co., having their Head Office at Bombay and Branch Office at Ahmedabad and in case of any difference of opinion between the said Chartered Accountants and the concerned creditors or the Shareholders, it will be open to the aggrieved party to approach the Hon. Court and the decision given by the Hon. Court shall be final and binding.
19. This Scheme is conditional and subject to the following:
- a) The sanctions or approvals of the authorities concerned under the Monopolies and Restrictive Trade Practices Act, 1969 and other applicable laws being obtained and granted in respect of any of the matters in respect of which such sanction or approval be required.
 - b) The approval of the prescribed authority for making available to Arvind the carry forward of losses of Laxmi Cotton for set off under Section 72A of the Income-tax Act, 1961.
 - c)) The approval of and agreement to the Scheme by the requisite majorities of the members and creditors of Laxmi Cotton and the members of Arvind.
 - d) The sanction by the High Court under Section 391 of the Act, both on behalf of Laxmi Cotton and Arvind and to the necessary order or orders under Section 394 of the said Act being obtained.
20. In the event of the said sanction and approvals not being obtained and of the Scheme not being sanctioned by the Court and the Order or Orders not being passed by it as aforesaid before the 31 st day of March, 1979 or within such further period or periods as may be agreed upon between Laxmi Cotton by its Directors and Arvind by its Directors, this Scheme shall become null and void.
21. This Scheme shall become finally operative and take effect as soon as but not before -
- a) The proposed amalgamation between Laxmi Cotton and Arvind is sanctioned by the High Court of Gujarat at Ahmedabad, and
 - b) The approval is obtained from the Central Government under the Monopolies & Restrictive Trade Practices Act, 1969.
22. On the Scheme becoming finally operative and taking effect, Laxmi Cotton shall be dissolved without winding up.
23. Arvind by its Directors may assent on behalf of all persons concerned to any modifications or amendments of this Scheme or of any conditions which the Court may deem fit to approve of or impose and solve all difficulties of a routine nature that may arise for carrying out Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.

Witness B. J. Divan, Esquire Chief Justice
at Ahmedabad, aforesaid this 16th day of April,
One thousand Nine Hundred and Seventy nine.

By the Order of the Court
Sd/- M. M. Shastri, 15-6-1979.

For Additional Registrar,
This 15th day of June, 1979

Shri V. B. Shah,
Sealer 15-6-1979

This 15th day of June. 1979.

SEAL
THE HIGH COURT OF GUJARAT
AHMEDABAD

True Copy
Sd/- 20-6-1979
Deputy/Assistant/Registrar.

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

(Original Jurisdiction)

COMPANY PETITION NO. 130 OF 1986

in

Company Application No. 63 of 1986

In the matter of the Companies
Act, 1956;
AND
In the matter of

The Arvind Mills Ltd.,
having its registered office at Naroda Road,
Ahmedabad - 380 025.

.... Petitioner

Coram:
I. C. Bhatt. J.
(30th March, 1987)

ORDER ON PETITION :

UPON the above petition coming up for hearing on the 30th day of March 1987 AND UPON reading the said petition and the exhibits therein referred to, the order dated the 16th April 1986 whereby the petitioner Company was ordered to convene meetings of the holders of Equity shares, 5% Cumulative Preference shares, 4.5% Cumulative Preference shares and 4.5% 'C' Class Redeemable Cumulative Preference shares for the purpose of considering and if thought fit approving, with or without modification, the Scheme of Arrangement proposed to be made between the petitioner Company and its holders of 5% Cumulative Preference shares, 4.5% Cumulative Preference shares and 4.5% 'C' Class Redeemable Cumulative Preference shares and annexed to the affidavit of Shri Sudhir Shah Secretary of the Applicant Company filed on the 6th day of November, 1985 the Gujarat Government Gazette dated the 15th May 1986 the issues of Times of India and Loksatta both dated 16th April 1986 each containing the advertisement of the said notice convening the said meetings directed to be held by the said order dated the 16th April 1986 the affidavit of Shri A. H. Thakar, Chairman, filed on the 2nd day of June 1986 showing the publication and despatch of the notices convening the said meetings; AND UPON reading the report of the Chairman of the said meetings dated the 11th August, 1986 as to the result of the said meetings, AND IT APPEARING from the report that the proposed Scheme of Arrangement has been approved unanimously by the Equity shareholders and each class of Preference shareholders of the petitioner Company, AND UPON READING the order dated the 22nd September, 1986 directing the notice of the presentation of the petition and of the day appointed for hearing be published, AND UPON PERUSING the issues of Times of India and Loksana both dated the 28th September, 1986 containing the notice of the date of hearing, AND UPON hearing Shri B. R. Shah, Advocate for the petitioner Company and Shri S. R. Shah, Advocate for the Central Government, and UPON reading the letter dated the 20th March, 1987 of Shri S. K. Ravi, Registrar of Companies, Gujarat, stating inter alia that the Central Government does not intend to oppose the Scheme of Arrangement, this Court for the reasons recorded in the judgment dated the 30th March, 1987 doth hereby sanctions the Scheme of Arrangement with modification as set forth in Annexure - 4 of the said petition and in the Schedule 1 annexed hereto and doth hereby declare the same to be binding on Equity shareholders and Preference shareholders of the petitioner Company and also on the petitioner Company.

And this Court doth hereby further order :

- (1) that the provisions of sub-section (2) of Section 101 shall not apply to any class of creditors of the petitioner Company and that the proceedings and the enquiries as contemplated by Rules 48 to 58 of the Company (Court) Rules be and the same are hereby dispensed with.
- (2) that the reduction of the share capital of the petitioner Company resolved on and effected by the Special Resolution passed at the General Meeting of the petitioner Company held on the 27th May, 1985 which resolution was in words and figures following, viz.:

"RESOLVED THAT pursuant to the provisions of Section 100 and all other applicable provisions, if any, of the Companies Act, 1956 and Article 8 of the Articles of Association of the Company and subject to the confirmation of the High Court of Judicature at Ahmedabad and other approvals, if necessary, the capital (viz. the issued, subscribed and paid-up capital of the Company be and is hereby reduced from Rs.321.00 lacs divided into 3,00,000 Equity Shares of Rs. 100/- each (fully paid) and 5250 - 5% Cumulative Preference Shares of Rs. 100/- each (fully paid), 10,500- 4.5% Cumulative Preference Shares of Rs. 100/- each (fully paid) and 5250-4.5% 'C' Class redeemable Cumulative Preference Shares of Rs. 100/- each (fully paid) to Rs. 300.00 lacs divided into 3,00,000 Equity Shares of Rs. 100/- each (fully paid) by cancellation of the said 5250 - 5% Cumulative Preference Shares of Rs. 100/ each, 10,500 - 4.5% Cumulative Preference Shares of Rs.100/- each and 5250 - 4.5% 'C' Class Redeemable Cumulative Preference Shares of Rs. 100/- each (collectively "the Preference Shares") in the capital of the Company and the extinguishment of the entire liability on such Preference Shares."

"RESOLVED FURTHER THAT the consequential amendments be made in the capital clause of the Memorandum and Articles of Association of the Company refer the said reduction in the capital of the Company becomes operative and effective

be and the same is hereby confirmed;

- (3) that the Minute set forth in para 25 of the said petition and Schedule 2 annexed hereto be and is hereby approved;
- (4) that the certified copy of this order including the Minute as approved be delivered to the Registrar of Companies within 21 days from this date;
- (5) that notice of registration by the Registrar of Companies of this order and of the said Minute be published once each in the Gujarat Government Gazette, Times of India and Loksatta within 14 days of the registration aforesaid;
- (6) that there is no justification to direct the Company to add to its name the words "and reduced";
- (7) that it is not expedient to direct the Company to publish reasons for the reduction of share capital.

And this Court doth further order that the petitioner Company will pay to the Counsel for the Central Government Rs. 1,000/- for appearing at the hearing of the petition.

That parties to the Scheme of Arrangement or other interested persons shall be at liberty to apply to the Court for any directions that may be necessary in regard to the working of the Scheme of Arrangement.

Schedule 1--Scheme of Arrangement as sanctioned by the Court.

Schedule 2--The Minute approved by the Court.

WITNESS Pelyangudi Ramaiya Pillai Gokulkrishnan Esquire Honorable Chief Justice of Ahmedabad aforesaid this 30th day of March, 1987.

Order drawn by :
Sd/- B. R. Shah
Advocate.

Seal of the
High Court of Gujarat

By the order of the Court
Sd/-
(A. H. Thakar)
the 10th Day of June, 1987.

SCHEDULE 1
MODIFIED SCHEME OF ARRANGEMENT

Between the Arvind Mills Ltd., and the holders of (1) its 5 per cent Cumulative Preference Shares of Rs. 100/- each, (2) its 4 1/2% Cumulative Preference Shares of Rs. 100/- each and (3) its 4 1/2% 'C' Class Redeemable Cumulative Preference Share of Rs. 100/- each.

PRELIMINARY

- A. In this Scheme, unless inconsistent with the subject or context the following expressions shall have the following meanings:
- (a) 'Act' means the Companies Act, 1956.
 - (b) 'Company' means The Arvind Mills Limited.
 - (c) 'Debentures' means the secured, non-convertible redeemable debenture of the Company to be created pursuant to the Scheme.
 - (d) 'the effective date' means the day on which the scheme becomes effective in accordance with clause 8 of this scheme.
 - (e) 'holder' includes a person entitled by transmission.
- B.
- (a) The authorised share capital of the Company is Rs. 5,00,00,000/- (Rupees five crores) divided into 5,00,000 Shares of Rs. 100/- each.
 - (b) The issued, subscribed and paid-up capital of the Company is Rs. 3,21,00,000 (Rupees three crores twenty one lakhs divided as under :)
 - (i) Rs. 3,00,00,000/- divided into 3,00,000 ordinary shares of Rs. 100/- each;
 - (ii) Rs. 5,25,000/- divided into 5,250 - 5% Cumulative Preference Shares of Rs. 100/- each.
 - (iii) Rs. 10,50,000/- divided into 10,500 4 1/2% Cumulative Preference Shares of Rs. 100/- each.
 - (iv) Rs. 5,25,000/- divided into 5,250 - 4 1/2% 'C' Class Redeemable Cumulative Preference Shares of Rs. 100/ each.
- C. The purpose of this scheme is to effect cancellation of the preference Share capital of the Company.

THE SCHEME

1. The issued, subscribed and paid-up share capital of the Company shall be reduced by Rs. 21,00,000/ (Rupees twenty one lakhs) by cancelling the 5% Cumulative Preference Shares of Rs. 100/- each fully paid up, 4 1/2% Cumulative Preference Shares of Rs.100/- each and 4 1/2% 'C' Class Redeemable Cumulative Preference Shares of Rs.100/ each fully paid-up (hereinafter collectively referred to as "the said Preference Shares")
2. In consideration of the cancellation of the said Preference Shares, the Company shall allot and issue to the persons who, at the close of business on the day immediately preceding the effective date, are the registered holder/s of the said Preference Shares, secured non-convertible redeemable debenture(s) of Rs. 100/- each, subject to the provisions contained in sub-clause (d) of this clause; in the following proportion :
 - (a) For each 5% Cumulative Preference Share of Rs. 100/- each fully paid-up, one Debenture of Rs. 100/- each carrying interest at the rate of 13% per annum.
 - (b) For each 4 1/2% Preference Share of Rs. 100/- each fully paid-up, one Debenture of Rs. 100/- each carrying interest at the rate of 12.5% per annum.
 - (c) For each 4 1/2% 'C' Class Redeemable Cumulative Preference Share of Rs. 100/- each fully paid-up, one Debenture of Rs. 100/- each carrying interest at the rare of 12.5% per annum.
 - (d) In case the conversion of Preference Shares into Debentures is treated as deemed dividend within the meaning of clause (b) or (d) of section 2(22) of the Income-tax Act, 1961 in the hands of the concerned shareholder(s), the paid-up value of debentures shall be reduced by the amount of tax deductible at source in accordance with the law for the time being in force. For the tax deducted at source, the Company will issue a certificate to the concerned Preference shareholder(s).

3. The Debentures to be created pursuant to the Scheme shall be subject to the following terms and conditions:
 - (a) The Debentures shall be non-convertible;
 - (b) The Debentures shall be secured by a Second and subservient charge on the immovable properties, both present and future, of the Naroda Road Unit of the Company in such form and manner as the Board of Directors may determine and such charge shall rank subsequent to the pari passu mortgage/ charge of the Financial Institutions, Banks and Trustees for debenture holders created and/or to be created in respect of their loans, debentures and guarantees existing and future, and of the Company's bankers in respect of the financial facilities sanctioned and/or to be sanctioned by the said Bankers to the Company for its working capital requirements;
 - (c) The Debentures shall carry interest calculated as and from the effective date and shall be payable half-yearly on 30th June and 31st December of each year;
 - (d) The Debentures shall be transferable and transmittable in the same manner and to the same extent and shall be subject to the same limitations and restrictions as in the case of the Preference Shares of the Company and provisions relating to transfer and transmission in respect of the shares contained in the Articles of Association of the Company shall apply, mutatis mutandis to the Debentures;
 - (e) The Debentures shall be redeemable after the end of seven years at any time at the Company's option in the manner decided by the Board of Directors but not later than the end of the tenth year from the date of the allotment of the said Debentures;
 - (f) Application shall be made by the Company to list the Debentures on the Stock Exchange at Ahmedabad.
4. The holders of the said Preference Shares shall not be entitled to receive any dividends on the Preference Shares held by them in respect of any period after the effective date.
5. As soon as practicable after the allotment of the Debentures, the Company shall send to the allottees notices informing them that this scheme has become effective and fixing a date (not being later than 90 days after the effective date) on or after which and a place at which allotment letter/certificate(s) for the Debenture to which they shall respectively be entitled to will be available for issue to them against the surrender of the certificate(s) for their respective holdings of the said Preference Shares.
6. Within 30 days of the receipt of the Notice under clause 5, the holders of the said Preference Shares of the Company shall surrender to the Company certificate(s) in respect of the Preference Share(s) held by him/her for cancellation and for issuance of the letter of Allotment/Debenture Certificate pursuant to the Scheme.
7. Subject to the provisions of clause 5 of the Scheme, all certificate(s) for Debenture(s) shall, unless otherwise directed, be sent by the Company to the holders of the said Preference Shares through post in prepaid envelopes addressed to such holders at their respective registered addresses (or in the case of joint holders to the address of that one of the joint holders whose name stands first in the Register in respect of such joint holding) and the Company shall not be responsible for any loss in transit thereof.
8. This Scheme shall become effective as soon as the certified copies of the orders of the High Court of Gujarat sanctioning under section 391 of the Companies Act, 1956 this Scheme and confirming under section 102 of the said Act the reduction of capital provide for in this Scheme shall have been duly delivered to the Registrar of Companies, Gujarat State, Ahmedabad, for registration.
9. The Scheme is conditional and subject to the sanctions and approvals of the Appropriate authorities including the following:
 - (a) The requisite sanction or approval of Controller of Capital Issues under the Capital Issues (Control) Act, 1947;
 - (b) Permission of the Reserve Bank of India under the Foreign Exchange Regulations Act, 1973 to the case of the non-resident holders of the said Preference Shares;
 - (c) The sanction of the High Court of Gujarat under section 391 of the Companies Act, 1956;
 - (d) Confirmation by the High Court of Gujarat of the reduction of share capital under section 102 of the Companies Act, 1956.
10. In the event of the said sanctions and approvals not being obtained or complied with, and of the scheme not being sanctioned by the Court, and the order or orders not being passed by it as aforesaid before 31st March, 1987 or within such further period or periods, as may be agreed upon by the Board of Directors of the Company, this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be accrued inter se to the parties.
11. The Board of Directors of the Company and the persons duly authorised by the Board for the purpose, shall have

the authority to give their assent to any modification of or addition to this scheme or to any conditions which in either case the Court or any other authority may think fit to approve or enforce.

SCHEDULE II

The minute to be registered under section 103(1) of the Companies Act, 1956 : ---

The issued, subscribed and paid-up share capital of the Arvind Mills Limited, is henceforth Rs. 4,00,00,000/- (Rupees Four Crores only) divided into 40,00,000 Equity Shares of Rs. 10/- each reduced from Rs. 4,21,00,000/- (Rupees Four Crores Twenty one Lakhs only) divided into 40,00,000 Equity Shares of Rs. 10 each, 5250 - 5% cumulative preference shares of Rs. 100/- each, 10,500 - 4.5% Cumulative Preference Shares of Rs. 100/- each and 5250 4.5% 'C' Class Redeemable Cumulative Preference Shares of Rs. 100/- each. At the date of the registration of this minute, the nominal capital of this company is Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 40,00,000 Equity Shares of Rs. 10/- each and 1,00,000 Shares of Rs. 100/- each, out of which 40,00,000 Equity Shares of Rs. 10/- each have been issued and deemed to be fully paid-up and the remaining shares are unissued.

IN THE HIGH COURT OF GUJARAT AT AHMDABAD
(ORIGINAL JURISDICTION)

COMPANY PETITION NO. 140 OF 2001
connected with
COMPANY APPLICATION NO. 160 OF 2001

In the matter of
The Arvind Mills Limited
a Company registered under the Indian Companies Act,
1913 a having its registered office at Naroda Road,
Ahmedabad 380 025 in the state of Gujarat

The Arvind Mills Limited
a Company registered under the
Companies Act, 1913 having its
registered office at Naroda Road,
Ahmedabad 380 025 in the state of Gujarat

..... Petitioner

BEFORE HONOURABLE MR. JUSTICE N. G. NANDI

Date : 8th April, 2002

Order On Petition

The above petition coming on for hearing on 25th May, 2001, upon reading the said petition, the order dated 13.6.2001 in the Company Application No. 16th of 2001 whereby the said company was ordered to convene three separate meetings of the creditors of the company viz. the Unsecured creditors, the Working capital lenders and the secured creditors, for the purpose of considering, and if thought fit approving, with or without modification the compromise or arrangement proposed to be made between the said Company and its creditors, and annexed to the affidavit of Shri Chandrashekhar Yagnik filed on 12th day of June 2001 and The Times of India the English daily and Sandesh the Gujarati daily dated 20-06-2001 and Gujarat Samachar the Gujarati daily dated 19-06-2001 each containing the advertisement of the said notice convening the said meetings directed to be held by the said order dated 13-6-2001, the affidavit of Mr. Ashok L. Shah filed on the 3rd July, 2001 showing the publication and dispatch of the notices convening the said meetings, the report of the Chairmen of the said meetings dated 20th July, 2001 as the result of the said meetings, and upon hearing Shri Saurabh N. Soparkar Senior Advocate appearing with Smt. Swati Soparkar, Advocate for the Petitioner Company and upon hearing Shri S. B Vakil Senior Advocate with A. S. vakil Advocate for United Bank of Switzerland, Shri Percy Kavina, Advocate with Shri A. S. Diwan & N.C.Thakkar Advocates for the Objector Commerze Bank AG, Shri P. P. Banaji Advocate for Objector Fuji Bank, Ms. Rani Iyer Advocate with Jal Soli Unwala Advocate for Objector Bank of Nova Scotia Asia Ltd., Shri S. N. Shelat, Senior Advocate with Shri N. V. Anjaria Advocate for Deutsche Bank, Shri K S. Nanavati Senior Advocate with Ms. Megha Jani Advocate for UCO Bank, Shri Mihir H. Joshi Advocate for State Bank of Saurashtra, Shri Sandip Singhi, Advocate for Exim Bank, Mr. D. S. Vasawada Advocate for Textile Labour Association and Smt. P. J. Dawawala, Additional Standing Counsel appearing for the Central Government and it appearing from the report that the proposed compromise or arrangement has been approved by a majority of not less than three-fourths in value of the creditors present and voting in person or by proxy.

This Court doth hereby Sanction the compromise or arrangement set forth in paragraph 8 of the petition herein and in the Schedule hereto subject to and without prejudice to the liability if any, in the civil and criminal proceedings in respect of the of the past transactions" and doth hereby declare the same to be binding on all the unsecured creditors, the working capital lenders and the secured creditors of the above-named company and also on the above-named company.

And that the parties to the compromise or arrangement or other persons interested shall be at liberty to apply to this Court for any direction that may be necessary in regard to the working of the compromise or arrangement, and

That the said company do file with the Registrar of the Companies a certified copy of this order within 30 days from the receipt of the same and

SCHEDULE

Scheme of Compromise or Arrangement as sanctioned by the court.

Dated this 8th day of April 2002.

**IN THE HIGH COURT OF GUJARAT
AT AHMEDABAD
SCHEME OF ARRANGEMENT WITH CREDITORS**

The Arvind Mills Limited

... the COMPANY

With

Certain Creditors of The Arvind Mills Limited

... the EXISTING LENDERS

PREAMBLE

Background of the Company

A. The Company, established in 1931 and having its registered office at Naroda Road, Ahmedabad – 380 025, manufactures cotton textiles in India. It is the largest manufacturer of shirt and denim fabrics in India and among the world's largest manufacturers of denim fabrics.

B. The Company has obtained borrowings/credits from various banks and financial institutions to finance its business needs. A list of such banks and financial institutions (the "**Existing Lenders**") is set forth in Appendix 1 and Appendix 2 to the Schedule hereto.

Difficulties of the Company

C. During the period between 1997 and 2000, the Company was confronted with falling denim prices and increasing manufacturing costs. The changed supply and demand structure in the industry worldwide intensified price competition and as a result there was a steep fall in the Company's sales realization. Further, on account of the sharp increase in fuel expenses, significant cost and time overrun in certain projects, pre-operative expenses due to longer period of trial production and translation loss on dollar debt due to the depreciation of Indian rupee, the Company did not generate adequate operational cash to service its debt during the Financial Year 2000.

Need for Restructuring and the progress thereof

D. Due to the failure of the Company to service its debt and due to the existing difficulties of the Company, the need was felt for the rescheduling and restructuring of the debt of the Company. The Company proactively sought a debt restructuring in a comprehensive manner that would prevent it from seeking repeated roll-overs from the Existing Lenders at differing terms.

E. As at March 31, 2000, the Company had a total debt of about \$593 million or Rs. 2700 crores, with 64% of that from onshore Existing Lenders and the balance from offshore Existing Lenders. The Company held meetings with its Existing Lenders to formulate the debt restructuring and the Existing Lenders elected representatives to form a Steering Committee in order to implement the restructuring process in an efficient manner. On November 14, 2000, the Steering Committee approved the restructuring plan for launch to all Existing Lenders.

F. The detailed terms of the restructuring, of which an overview is set forth below, were incorporated in a term sheet (which is annexed as the **Schedule** hereto) (the "**Term Sheet**"). The Term Sheet was despatched to all Existing Lenders on January 25, 2001 for their approval. A large majority of the Existing Lenders have approved the Scheme. Subsequently, the Company has also despatched the election letters to the Existing Lenders consenting to the Term Sheet to make their elections in relation to the options under various Buyback and Restructuring schemes mentioned above and the Company has also received such election letters from a substantial majority of all the Existing Lenders who have approved the Term Sheet. The present scheme is being presented under Sections 391 of the Companies Act, 1956 in order to give binding force to the Scheme on the Company and all its creditors.

Overview of the Restructuring

G. The restructuring of the debt of the Company involves the following components:

(i) Debt Buyback

The Company would offer to buyback the debt of the Existing Lenders under three debt buyback schemes (Debt Buyback Schemes A, B and C respectively) involving buyback of principal amounts ranging from 45% to 60% of the debt of the Existing Lenders as of March 31, 2000. Depending on the scheme elected by the relevant Existing Lender, such Existing Lender would be required to reinvest some fresh debt into the Company.

(ii) Debt Restructuring

Existing Lenders are being offered three restructuring schemes (Restructuring Schemes A, B and C respectively) to restructure their debt to the tenor of 5 years and 10 years with varying principal and

interest repayment schedules and varying rate of interest depending on the scheme that is opted for.

- (iii) **Working Capital Debt**
The Working Capital Lenders would be offered the option of tendering their debt in the Debt Buyback Schemes. In the event that a Working Capital Lender elects to retain its Debt as Working Capital Debt, such debt will be maintained by the Working Capital Lender at a level not less than that specified in Appendix 1 to the Schedule hereto, provided however that the Total Working Capital Debt assessed by the Working Capital Lenders' Consortium is not less than the Total Working Capital Debt as mentioned in Appendix 1 to the Schedule hereto.
 - (iv) **Excluded Debt**
Part of the debt of the Company such as the fixed deposits and debentures of the Company held by small investors, debt taken by the Company as part of the BIFR schemes for two sick textile mills and loans availed of by the Company for providing housing loans to employees and for purchase of renewable energy equipment would continue to be serviced by the Company on the original terms, although some of the terms of such debt such as the collateral may need to be altered to align with the restructuring process.
 - (v) **Security**
All the existing security of the Company held by the Existing Lenders would be ceded and in return the Existing Lenders holding first charge and second charge on any property of the Company at present would be entitled to first charge and second charge respectively on a pooled basis on the entire assets of the Company comprised in its various textile plants and all the future assets of the Company. In addition, such Existing Lenders would get a second charge on the current assets of the Company. The Working Capital Lenders who participate in the restructuring (other than in the Debt Buyback Schemes alone) will, in consideration of consenting to the creation of a second charge over the current assets of the Company as described above, receive a second charge over the entire fixed assets of the Company comprised in its various textile plants and all the future fixed assets of the Company. The existing unsecured Existing Lenders would continue to remain unsecured.
 - (vi) **Management Supervision**
As part of the restructuring process, the Existing Lenders would, directly or through the Working Group, as specified in the Schedule, seek the appointment of an independent auditor and independent engineer, representation on the Board of Directors of the Company and an overall Supervisory Board, monitor the financials of the Company in terms of control over the utilisation of cash by the Company, budgets and financial plans, the terms of new debt to be raised by the Company to fund the restructuring process, impose restrictions on dividend payments and establish a monitoring and reporting mechanism.
 - (vii) **Events of Default**
Upon the occurrence of certain specified events of default, the Existing Lenders who have agreed to this restructuring would be entitled to take a series of actions against the Company.
 - (viii) **Source of Funds**
The funds required for the restructuring is proposed to be raised in the following manner:
 - (i) Not less than Rs.750 million by way of a rights issue by the Company;
 - (ii) Not less than Rs. 1,000 million by way of the proceeds of Non-Core Assets;
 - (iii) Not less than Rs. 1,000 million by way of the raising of New Debt; and
 - (iv) Working capital borrowings as per the assessment done by the Working Capital Lenders.
- H. Each of the aforesaid components of the restructuring and the terms thereof has been set forth in detail in the Schedule hereto.
- I. The Company proposes to implement the restructuring through this scheme of arrangement with creditors under Sections 391 of the Companies Act, 1956 and therefore this scheme of arrangement with creditors is being filed with this Honourable High Court of Gujarat at Ahmedabad. The sanction of this Scheme by the Court would have the effect of modifying the existing arrangements amongst the parties and would be binding on all parties by the provisions hereof.

OPERATIVE PROVISIONS

Part I - General

1. This Scheme of Arrangement (hereinafter referred to as the "**Scheme**") with the creditors has the effect of restructuring of the debt of the Company owed to the Existing Lenders (as defined in Section 1 of the Schedule) pursuant to Sections 391 and other relevant provisions of the Companies Act, 1956.

Part II – Definitions and Interpretation

2. In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meanings:

“Act” means the Companies Act, 1956 or any statutory modification or re-enactment thereof;

“Commencement Date” or “Appointed Date” shall mean April 1, 2000, being the date as of which (or by reference to which) relevant Existing Credits will be restructured on the basis that relevant calculations of and relating to, Existing Credits are made as of March 31, 2000;

“Effective Date” shall mean the date, which is the later of:

- (i) the date on which the certified copy of the order of the High Court of Gujarat sanctioning this Scheme is filed with the Registrar of Companies, Gujarat; and
- (ii) the date on which all the conditions precedent set forth in Section 3(A) and Section 3(B) of the Schedule are, unless waived as per Clause 19 of this Scheme, satisfied;

“Existing Credits” shall mean the credit facilities as specified in Appendix 1 and Appendix 2 of the Schedule; and

“Schedule” means the schedule annexed hereto being the ‘Term Sheet’ in relation to the restructuring.

3. The Term Sheet annexed as the Schedule to this Scheme shall be, unless this Scheme provides otherwise, deemed to be incorporated by reference herein, and all capitalised terms herein which are not otherwise defined shall have the meaning given to them in the Schedule. The Schedule forms an integral part of this Scheme and all actions that are contemplated to be done or done under or in pursuance of the Term Sheet shall be deemed to have been done in pursuance of this Scheme. Upon the coming into effect of the Scheme, the provisions set forth in the Term Sheet shall become binding in terms of the provisions of this Scheme and shall operate notwithstanding anything to the contrary contained in any deed, instrument or writing, provided that all references to signing of Restructuring Documents to implement the restructuring would be construed as referring to the implementation of the restructuring through this Scheme of Arrangement and “Closing Date” as defined in Section 1 of the Schedule would be construed as referring to the Effective Date and no effect would be given to the date mentioned therein. It is, however, clarified that in the event of any conflict between this Scheme and the Term Sheet, the former shall prevail over the latter.

Part III – Effect of the Scheme

4. **Restructuring of the credits of the Company:**
 - (a) From the Effective Date and with effect from the Commencement Date and subject to the provisions of this Scheme including in relation to the execution of any documentation to give formal effect thereto, the Existing Credits of the Company shall be restructured on the terms and conditions and in the manner provided for in the Schedule.
 - (b) The restructuring of the Preference Shares may be effected, if need be, by a separate proceedings in accordance with the terms and conditions mentioned in Section 2(D) of the Schedule.
 - (c) Pursuant to Section 1 (under clause (c) of the heading “Credits to be Restructured”) of the Schedule, the Non-Retail Public Debenture holders shall be restructured under this Scheme in the same manner as the Restructured Lenders and would accordingly elect or be deemed have elected to participate in either the Buyback Schemes or the Restructuring Schemes on the same terms and conditions as the Restructured Lenders.
5. **Excluded Debt :** The Excluded Debt shall remain unaffected by the restructuring contemplated under this Scheme and the Company shall continue to make the payments due in relation to them as and when they become due and payable. Provided however, that any consequential changes to their terms in relation to the restructuring of the security or otherwise to give effect to the restructuring of the debt under this Scheme, shall be carried out by the Company.
6. **Modification of Security :** From the Effective Date and subject to the provisions of this Scheme including in relation to the execution of any documentation to give formal effect thereto, the approvals from any party which is not a holder of the Existing Credits and the time frame therefor, the following security shall be deemed to be created and/or modified in the manner provided for in Section 4 of the Schedule:
 - (i) security held by the Existing Lenders (first charge and second charge);
 - (ii) security held by the Working Capital Lenders; and
 - (iii) security to be created in favour of the lenders providing the New Debt and/or participating in Debt Buyback Scheme C.
7. **Documentation :** The Existing Credits of the Company have been restructured under this Scheme and all rights and liabilities relating to the restructured debt are created under the Scheme. In addition, the Company and the Restructured Lenders shall enter into any documentation that may be required, only to give formal effect to the restructuring and for the creation of the security contemplated by this Scheme, and to govern the prospective/ongoing relationship between the Company and its Existing Lenders (including covenants of the Company, supervision of the management of the Company, Events of Default etc.). Section 11(C) of the Schedule and the references in the Schedule to Restructuring Documents would be construed accordingly. Provided however that on and from the Effective Date, in the absence of the formal documentation referred to above, the rights, obligations and privileges of the Company and the Existing Lenders shall continue to be governed by the documents in relation to the Existing Credits in so

far as the same are not inconsistent with the provisions of this Scheme, and to the extent of any inconsistency between the Scheme and the said documents the Scheme shall prevail.

Part IV – Miscellaneous Provisions of the Scheme

8. **Election to the Restructuring and Buyback Schemes** : As indicated in Section 2(A) of the Schedule (under the heading “Election Process”) the Restructured Lenders are to make elections to the Debt Buyback Schemes and/ or the Restructuring Schemes. Such election shall be made within seven days from the date of conclusion of the meeting of the classes of the Existing Lenders. As this election has already been made by most of the Existing Lenders consenting to the Term Sheet pursuant to a circular sent by the Company, such Existing Lenders would not be required to send fresh letters of election and in the absence of such fresh letters of election, their existing elections shall be deemed to be the elections for the purposes of this Scheme. The Existing Lenders not consenting to the Scheme at the meeting of the classes of the creditors would be dealt with in accordance with Section 11(B) of the Schedule.
9. **Regulatory Approvals for Payments** : The Company shall make all the payments contemplated under the Debt Buyback Schemes, subject to all necessary regulatory approvals. The Company shall make all necessary applications (and shall do all follow up actions that may be required) to the relevant regulatory authorities for effecting such payments. In the event that any payments that are required to be made by the Company cannot be made immediately due to regulatory reasons, the Company shall open a separate no lien account with a third party agent acceptable to the Existing Lenders whose payments cannot be made and such account would be charged to the Security Agent or any other agent chosen by such Existing Lenders for the benefit of the Existing Lenders and the Company would make all necessary applications for the creation of such charge.
10. **References to 75% consent of Lenders** : Except in relation to consent/actions to be taken after the Effective Date from the Post Restructuring Lenders, all references in the Schedule to 75% consent of the lenders shall be deemed to have been satisfied upon the sanction of this Scheme by the requisite majority of each class of Existing Lenders and references to the consent of 100% of Existing Lenders shall be deemed to have been satisfied upon the sanction of this Scheme by the Honourable High Court of Gujarat at Ahmedabad.
11. **Borrowing Restrictions and Disposal Restrictions** : This Scheme shall be deemed to restrict the Company's ability to borrow further monies and upon the Company's ability to sell, transfer or lease any of the fixed assets of the Company, except in the circumstances provided for in Section 8(B) and 8(C) respectively of the Schedule.
12. **Issue of Warrants** : The Company shall issue Warrants as provided for in the Schedule.
13. **Contractual Arrangements prior to coming into effect of the Scheme** : During the pendency of this Scheme before this Court, nothing contained in the Scheme shall restrict any of the parties hereto from entering into any definitive documentation or receiving any payments pursuant to their elections made under the circular sent to Existing Lenders consenting to the Term Sheet by the Company (as described under Clause 8 above) from the Company, provided that no such arrangement would be inconsistent with the object or provisions of this Scheme.
14. **Pending Legal Proceedings** : Any proceedings pending against the Company, in India or abroad, relating to any of the Existing Credits shall, on the effectiveness of the Scheme, be terminated and the rights, obligations and liabilities of the parties shall be governed by the terms of the Scheme.

Part V – General Terms and Conditions

15. The Company shall with all reasonable despatch, make applications/petitions under Sections 391 and other applicable provisions of the Companies Act to the High Court of Judicature of Gujarat for sanctioning the Scheme, and obtain all approvals as may be required under law.
16. In the event of this Scheme failing to take effect by December 31, 2001 or such later date as may be agreed by the Company and the Working Group, this Scheme shall become null and void and in that event no rights or liabilities whatsoever shall accrue or be incurred inter se by the parties. Provided that the Company may, with the approval of the Working Group, at any time withdraw this Scheme so as to implement the restructuring in any other manner if that is found to be feasible.
17. All costs, charges and expenses, including any taxes and duties in connection with this Scheme and incidental to the completion of the restructuring of the debt of the Company in pursuance of this Scheme shall be borne and paid by the Company.
18. The Working Group shall take all decisions required to be made by it under this Scheme, including in relation to waiver of any of the conditions precedent set out in Sections 3(A) and 3(B) of the Schedule, with the consent of at least three of its members.
19. The Board of Directors of the Company, with the consent of the Working Group, may assent from time to time on behalf of all persons concerned to any modifications or amendments or additions to this Scheme, or which the High Court of Gujarat at Ahmedabad and/ or any other authorities under law may deem fit to approve of or impose and to resolve all doubts or difficulties that may arise for carrying out this Scheme and to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect.



THE ARVIND MILLS LIMITED

RESTRUCTURING TERM SHEET

January 25, 2001

Strictly Private and Confidential

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THE ARVIND MILLS LIMITED
DEBT RESTRUCTURING TERM SHEET

Principal Terms and Conditions

Set forth in this term sheet (the "**Term Sheet**") are the principal terms and conditions of the debt restructuring (the "**Restructuring**") relating to The Arvind Mills Limited (the "**Company**") and its obligations under certain credit facilities (the "**Existing Credits**") more particularly described in Appendix 1 extended by the persons (the "**Existing Lenders**") more particularly identified or referred to in Appendix 1. The acceptance by a Lender of this Term Sheet will mean that such a Lender accepts the terms and conditions provided in the Term Sheet subject to its execution of the Restructuring Documents (as defined in Section 11(c)). Final completion of all aspects of the Restructuring is subject to the execution and delivery of definitive restructuring documentation and compliance by the Company and Existing Lenders with the provisions of this Term Sheet.

1. Scope of Restructuring and Debt to be Restructured

Company :

The Arvind Mills Limited.

Existing Lenders :

The lenders and other persons holding Existing Credits identified as such in Appendix 1

Non-Retail Public Debentures :

The lenders and other persons identified as such in Appendix 2

Excluded Debt :

The lenders and other persons identified as such in Appendix 3A

Post Restructuring Lenders :

Those Existing Lenders which, upon completion of the Restructuring, will have obligations owing to them with respect to debts to be restructured under the terms of this Term Sheet as well as holders of New Debt. Post Restructuring Lenders therefore comprise Restructured Lenders, Working Capital Lenders, Non-Retail Public Debenture Holders and New Debt Holders (each as defined in this Term Sheet)

Steering Committee :

The Existing Lenders identified as members thereof in Appendix 4

Working Group :

The term "Working Group" will mean either Current Working Group or Elected Working Group as defined below:

Before the Closing Date, the Existing Lenders identified as members thereof in Appendix 4 (the "Current Working Group").

After the Closing Date, initially the Post Restructuring Lenders identified as members thereof in Appendix 4 and subsequently a representative group of Post Restructuring Lenders as may be appointed by the Post Restructuring Lenders in accordance with the procedures that shall be set out in the Restructuring Documents (as defined in Section 11(c)) (the "**Elected Working Group**").

The detailed rules and/or guidelines for the functioning of the Working Group shall be set forth in the Restructuring Documents (as defined in Section 11(c)).

Facility Agent :

An agent mutually acceptable to the Current Working Group and the Company appointed in relation to the dissemination of notices and other information and the carrying out of customary co-ordination functions on behalf of the Post Restructuring Lenders.

Security Agent :

An agent mutually acceptable to the Working Group and the Company appointed under the Restructuring Documents (as referred to in Section 11(C) of this Term Sheet) in relation to the creation, maintenance, monitoring and enforcement of security interests to be granted under the provisions of the Restructuring Documents (as referred to in Section 11(C) of this Term Sheet).

Credits to be Restructured

- (a) The secured term debt, the lease financing, the unsecured term debt, and the other unsecured debt (collectively, the "**Restructured Debt**") owed to certain Existing Lenders (the "**Restructured Lenders**"), in each case as more particularly described in Appendix 1, will be the subject of the buyback arrangements and/or will be restructured in accordance with the provisions of this Term Sheet.
- (b) The working capital debt (the "**Working Capital Debt**") owed to certain Existing Lenders (the "**Working Capital**

Lenders”), in each case as more particularly described in Appendix 1, will be dealt with in accordance with the provisions of this Term Sheet.

- (c) The non-retail portion of public debentures issued by the Company (the “**Non-Retail Public Debentures**”) owed to relevant Existing Lenders (the “**Non-Retail Public Debenture holders**”), in each case as more particularly described in Appendix 2, will be the subject of the buyback arrangements and/or will be restructured in accordance with the provisions of this Term Sheet and in accordance with applicable guidelines of the Securities and Exchange Board of India (“**SEBI**”).

The Company and the Existing Lenders acknowledge and agree that the terms of the Buyback Schemes and the Restructuring Schemes set out in Section 2(A) as applied to the Non-Retail Public Debentures shall be varied to the extent as may be required by applicable SEBI guidelines, (subject to any variation being made with the Current Working Group’s consent) without prejudice however to the manner in which the terms of the Buyback Schemes and the Restructuring Schemes set out in Section 2(A) apply to the Restructured Debt which terms shall apply to the Restructured Debt without any changes.

Restructuring of Preference Shares :

The redeemable preference shares (the “**Preference Shares**”) issued by the Company, as more particularly described in Appendix 3B, will not be the subject matter of the buyback arrangements and/or restructured under the provisions of this Term Sheet but will be addressed in the manner contemplated by this Term Sheet.

Excluded Debt :

These comprise (i) Credit provided by the public in the form of fixed deposits (the “**Fixed Deposits**”), (ii) debt assumed by the Company in respect of Asoka Mills Ltd and Rohit Mills Ltd as approved by The Board for Industrial and Financial Reconstruction (“**BIFR Debt**”), (iii) the retail portion of public debentures issued by the Company (the “**Retail Public Debentures**”), (iv) credit advanced by Housing Development Finance Corporation Limited for the purpose of enabling the provision of housing loans by the Company to its employees (the “**Housing Loans Credit**”) and (v) subsidized loan from Indian Renewable Energy Development Agency Limited to provide subsidy for renewable energy equipments (the “**Renewable Energy Subsidized Loan**”), in each case as more particularly described in Appendix 3A, will not be the subject of buyback arrangements and/or restructured under the provisions of this Term Sheet but the other terms and conditions of such credit will be changed as provided in Section 2(c).

The Fixed Deposits, the BIFR Debt, the Retail Public Debentures, the Housing Loans Credit, and the Renewable Energy Subsidized Loans are collectively referred to in this Term Sheet as “**Excluded Debt**”.

New Debt :

In addition to the Restructured Debt, the Working Capital Debt and the Excluded Debt, this Term Sheet contemplates the creation and existence of New Debt, as more particularly described in Section 2(E) of this Term Sheet.

Amount of Existing Credits :

On the basis of the Company’s current understanding these amounted to Rs25.81 billion at 31 March 2000 as set forth in Appendix 1. All these figures will be reconciled between the Company and the Existing Lenders and definitively confirmed by the Company during the drawing up of the Restructuring Documents.

Amount of Non-Retail Public Debentures :

On the basis of the Company’s current understanding, these amounted to Rs 0.62 billion at 31 March 2000 as set forth in Appendix 2. All these figures will be definitively confirmed by the Company during the drawing up of the Restructuring Documents.

Amount of Excluded Debt :

On the basis of the Company’s current understanding these amounted to Rs. 1.09 billion at 31 March 2000 as set forth in Appendix 3A.

Assumed Exchange Rate :

For the purposes of this Term Sheet, the US dollar: Indian Rupee exchange rate is assumed to be US\$1 : Rs. 46.00. Relevant calculations required to be made hereunder for other purposes will be made on the basis of such exchange rate or rates as may be agreed from time to time between the Company and the Current Working Group.

Commencement Date :

1 April 2000, being the date as of which (or by reference to which) relevant Existing Credits will be restructured on the basis that relevant calculations of, and relating to, Existing Credits under this Term Sheet are made as of 31 March 2000.

Closing Date :

The date upon which definitive Restructuring Documents (as referred to in Section 11(C) of this Term Sheet) are binding on the Company and the Existing Lenders and becomes unconditional, in each case in accordance with this Term Sheet and such Restructuring Documents. Such date shall be no later than 30 June, 2001 unless extended by the Current Working Group and the Company.

2. Primary Financial Terms

2(A) Primary Financial Terms relating to Restructured Debt

Right of Election :

The Restructured Lenders are requested to indicate their in principle assent (such consent will be subject to their agreement to the Restructuring Documents, such consent being in the Restructured Lenders' absolute discretion) to the terms of the Restructuring by completing the Approval Form placed at Appendix 13 of this Term Sheet. All Restructured Lenders who so indicate their assent to the terms of the Restructuring will then, with respect to the Restructured Debt, be entitled (subject to the provisions of this Term Sheet) to elect to:

- (a) Participate in one or more of the Debt Buyback Schemes (as defined and more particularly described below); and/or
- (b) Participate in one or more of the Restructuring Schemes (as defined and more particularly described below).

Election Process :

Based upon the indicative timetable set forth in Appendix 5 (the "Targeted Timetable"), each Restructured Lender will be asked to elect to participate in any of the Debt Buyback Schemes and/or the Restructuring Schemes. Each such election will be made on the basis of the provisions of this Term Sheet and the terms and conditions of the election forms which will be provided to Restructured Lenders by the Company. A description of this process is contained in Section 12 of this Term Sheet.

Over Subscription :

In the event that any Debt Buyback Scheme and/or the Restructuring Scheme is oversubscribed, allocations will be made on a pro rata basis in accordance with the principles set forth in Appendix 6.

Debt Buyback :

The basic parameters of each Debt Buyback Scheme are set forth below. The detailed terms and conditions of each Debt Buyback Scheme will be set forth in the Debt Buyback Offer Document (as referred to in Section 11 (C) of this Term Sheet) which will be circulated to Existing Lenders by the Company in accordance with the Targeted Timetable.

Debt Buyback Thresholds :

It is a condition of the Restructuring that not less than Rs. 5500 million of Restructured Debt is bought back by the Company under the Debt Buyback Schemes. The Company shall be entitled to purchase more than Rs. 5500 million of Restructured Debt in the event that the offers received under the Debt Buyback Schemes exceed such amount.

Debt Buyback Offers :

The Existing Lenders agree that all offers made to the Company under the Debt Buyback Schemes will be made on the basis of the relevant percentage (under each Debt Buyback Scheme more particularly described below) of the principal amount of the relevant Restructured Debt. The Restructured Lenders agree that all amounts of interest, default interest, commission, rental, fees, charges and other amounts of whatever nature relating to Restructured Debt which is the subject of a Debt Buyback offer will be unconditionally waived by each relevant Restructured Lender.

Lenders further agree that the making of payments by the Company under the Debt Buyback Schemes will be subject to all applicable laws and regulations, including the External Commercial Borrowing ("ECB"). The Company shall make necessary applications to the Government of India (Ministry of Finance) and/or the Reserve Bank of India for effecting such payments.

Debt Buyback Scheme A :

Under this scheme, Restructured Debt would be bought back by the Company at the price of 48% of the principal amount outstanding thereunder as at the Commencement Date. Out of such price, 6.42% of such principal amount (the "Reinvestment Debt") would be advanced to the Company by the relevant Restructured Lender or a designee thereof in such manner as may be permitted by applicable regulations. The Reinvestment Debt would be denominated in Indian rupee. The other terms and conditions of the Reinvestment Debt are set out in Appendix 11 of this Term Sheet.

Debt Buyback Scheme A payments would be made by the Company as a first priority from the available funds.

Debt Buyback Scheme B :

Under this scheme, Restructured Debt would be bought back by the Company at the price of 45% of the principal amount outstanding thereunder as at the Commencement Date. Debt Buyback Scheme B payments would be made by the Company as a second priority from the available funds.

Debt Buyback Scheme C :

Under this scheme, Restructured Debt would be bought back by the Company at the price of 60% of the principal amount outstanding thereunder as at the Commencement Date, to be paid as follows: (i) 30% being payable initially subject to and in accordance with the provisions of this Term Sheet and (ii) the remaining 30% of the principal outstanding being payable in 12 equal installment on every 31 March, 30 June, 30 September and 31 December of the years 2002 to 2004. The payment under Debt Buyback Scheme C would be made by the Company as a third priority from the available funds.

Debt Buyback Payments :

The amounts payable towards the settlement of debt buyback on External Commercial Borrowings (ECB) will be governed by the ECB guidelines for prepayment issued by Government of India from time to time. The Company has estimated that for the three types of offshore borrowings, regulations may permit it to pay the following percentage of the amounts payable towards the settlement of debt buyback on the First Settlement Date (defined below):

Debt Description	Outstanding Amount	Estimated Payment on 1st Settlement Date
\$15 million Syndcate	\$6 million	100% of Amount payable
\$75 million Syndcate	\$69 million	51% of Amount payable
\$125 million FRN	\$125 million	51% of Amount payable

The "First Settlement Date" is the date occurring on or before Closing Date.

The cash raised for debt buyback will be kept in an escrow account till the First Settlement Date. On the First Settlement Date, the Company would make payments as mentioned above and will create a charge for the unpaid balance amounts over the escrow account in favor of the relevant lenders or their agent, if permitted by Reserve Bank of India.

Restructuring Schemes :

The basic parameters of each Restructuring Scheme are set forth below. The detailed terms and conditions of the Restructuring Schemes will, subject to and in accordance with relevant elections made by the Restructured Lenders as contemplated by this Term Sheet, be set forth in definitive Restructuring Documents as described in Section 11(C) of this Term Sheet.

Restructuring Scheme A :

The principal amount of the Existing Credits owing by the Company (the "Outstanding Principal") would be repaid in full by March 31, 2005. Interest (which term shall, for the purpose of this Term Sheet, include any rental or other similar return, howsoever described, under the lease financing forming part of the Restructured Debt) would be payable on a three monthly basis at the end of March, June, September and December at the rate of 4.0% per annum in the case of Rupee denominated debt and 2.5% per annum in the case of US dollar denominated debt. Accrued interest outstanding as at the Commencement Date would be capitalized as at such date, would not be compounded or attract interest thereafter and would be repaid by the Company on 31 March, 2005. The aggregate amount of debt falling within Restructuring Scheme A will be limited to Rs.1000 million (or the equivalent thereof) and, in the event of over subscription, the provisions of Appendix 6 would apply.

Restructuring Scheme B :

Outstanding Principal would be repaid in accordance with the repayment schedule set forth in Part 1 of Appendix 8. Interest would be payable on a three monthly basis at the end of March, June, September and December at the fixed and floating (LIBOR related) rates specified in Part 2 of Appendix 8. The Restructured Lenders agree that, for these purposes, LIBOR will be capped at 7% per annum. In the event that LIBOR exceeds 7%, the excess will be cumulated and paid on 31 March 2010 but without compounding of interest. An additional fee of 4% flat of the original principal amount of debt restructured under Restructuring Scheme B would be payable on 1 April, 2010. Accrued interest outstanding as at the Commencement Date would be capitalized as at such date, would not be compounded or attract interest thereafter and would be repaid on 31 March, 2010.

Restructuring Scheme C :

Outstanding Principal would be repaid in accordance with the repayment schedule set forth in Part 1 of Appendix 9. Accrued interest from the Commencement Date up to 31 March, 2002 will accrue at the rate of interest described below and will be paid on 31 March 2010 but without compounding. Commencing on 1 April, 2002, interest would be payable on a three monthly basis at the end of March, June, September and December. The rate of interest would be 11.7% in the case of Rupee denominated debt and LIBOR + 0.7% in the case of US dollar denominated debt. The Existing Lenders agree that, for these purposes, LIBOR will be capped at 7% per annum with respect to cash (i.e. non-deferred) interest. In the event that LIBOR exceeds 7%, the excess will be cumulated and paid on 31 March, 2010 but without compounding of interest. Accrued interest outstanding as at the Commencement Date would be capitalized as at that date, would not attract interest thereafter and would be repaid on 31 March, 2010.

Waiver :

Save for accrued interest (up to the Commencement Date) on debt which is the subject of Restructuring Schemes A, B and C, all amounts of default interest, penalties, liquidated damages, commission, fees, charges and other amounts of whatever nature (up to the Commencement Date) relating to Restructured Debt which is the subject of the Restructuring Schemes will be unconditionally waived by each relevant Existing Lender.

Source of Funds :

In addition to the earnings made by the Company, the funds required by the Company will be raised as follows:

- (a) Not less than Rs.750 million by way of a rights issue by the Company;
- (b) Not less than Rs.1,000 million by way of the proceeds of assets (collectively "**Non-Core Assets**") of the Company other than the textile plants described in Appendix 7 and the fixed assets therein, whether present or future (the "**Textile Plants**");
- (c) Not less than Rs.1,000 million by way of the raising of new debt (the "**New Debt**") in accordance with the principles referred to in Section 2(E) of this Term Sheet; and
- (d) Working capital borrowings as per the assessment done by the Working Capital Lenders.

2(B) Primary Financial Terms relating to Working Capital Debt**Maintenance of Working Capital :**

Subject as otherwise contemplated or permitted under this

Term Sheet, Working Capital Lenders will agree to the maintenance of working capital lines of credit in accordance with the following principles:

- (a) Working Capital Debt will be maintained by each Working Capital Lender at not less than the level specified in Appendix 1, provided however that the Total Working Capital Debt assessed by Working Capital Lenders' Consortium is not less than the Total Working Capital Debt as mentioned in Appendix 1.
- (b) In case the Total Working Capital Debt assessed (as per Clause (c) below) is less than the Total Working Capital Debt as mentioned in Appendix 1, then Working Group shall consider about the modalities and the timing of reduction in limits by each Working Capital Lender proportionately.
- (c) Working Capital Lenders will assess need-based Working Capital Debt in accordance with the legitimate requirements of the Company.
- (d) Working Capital Lenders will, for the entire period of the Restructuring, reduce interest rates to the prime lending rate of the State Bank of Saurashtra in the case of non-export credits and to the Reserve Bank of India (RBI) specified rate in the case of export credits.
- (e) Working Capital Lenders will continue reduced margin on drawing power by 50% of existing levels on current assets for the domestic business for a period of 3 years from the Closing Date.
- (f) Working Capital Lenders will permit the creation of the escrow arrangement in relation to the domestic receivables of the shirting division in an amount up to Rs100 million per month for the servicing of New Debt (as described in Section 2(E) of this Term Sheet) and the making of payments under Debt Buyback Scheme C (as described in Section 2(A) of this Term Sheet), including the grant of consent to the creation of a charge over such receivables as described in Section 4 of this Term Sheet.
- (g) Working Capital Lenders will consent to the creation of a second charge on current assets of the Textile Plants in favor of Existing Secured Lenders (as described in Section 4 of this Term Sheet) which have consented to the creation of a second charge over the Textile Plants (as referred to in Section 2 of this Term Sheet) in favor of Working Capital Lenders.
- (h) Each Working Capital Lender will agree not to offset or otherwise appropriate any cash deposited with it in the Escrow Account and/or Reserve Account (in each case as described in Section 9 of this Term Sheet) or in such other accounts by or on behalf of the Company which have to be used only for the purposes as specified in this Term Sheet in Section 9 against or with respect to any Working Capital Debt or any other debt owed to it by the company. Each Working Capital Lender will also agree not to offset or otherwise appropriate any cash deposited with it by or on behalf of the Company for any debt other than Working Capital Debt.

Right of Election :

Notwithstanding the terms outlined under "Maintenance of Working Capital" above, a Working Capital Lender will have the right to elect to participate for the entire amount as stated in Appendix 1, in the Debt Buyback Schemes as more particularly described in Section 2(A) of this Term Sheet. If the amount outstanding to such Working Capital Lender as on the First Settlement Date (as referred to in Section 2(B) of the Term Sheet) is less than the amount as mentioned in Appendix 1 for which the relevant Working Capital Lender has elected to participate in the Debt Buyback Schemes, the difference between the amount as mentioned in Appendix 1 and the amount outstanding on the First Settlement Date will be deemed to be amount utilized and paid under the relevant Date Buyback Scheme. References in that Section to Restructured Lenders will therefore apply, mutatis mutandis, to a Working Capital Lender in the event that such an election is made by a Working Capital Lender.

Notwithstanding the terms outlined under "Maintenance of Working Capital" above, if any Working Capital Lender does not continue to provide the Working Capital Debt at least to the extent mentioned in Appendix 1, at any time after the Closing Date but before end of the period of 10 years (31 March 2010), it will be required to accept the terms from that date for next 10 years as have been provided for Restructuring Scheme C, provided that such a Working Capital Lender will not be entitled to Recompense Payments or Warrants and the security rights of such a Working Capital Lender will remain unaltered. The commencement date will be the date on which the working capital lender decides not to provide the Working Capital Debt.

Substitution of Working Capital Lenders :

Should any Working Capital Lender make the election contemplated under "Right of Election" above, the Company shall be entitled to nominate any other Lender as a replacement Working Capital Lender on such terms and conditions as the Company and working capital consortium may specify. Any such nomination shall take effect if approved by the Working Group.

2(C) Arrangements Relating to Excluded Debt

Terms applicable to Excluded Debt :

The existing interest and repayment terms with respect to all Excluded Debt will remain unchanged and that the Company is permitted to continue to honor its obligations under such terms. However, the other terms and conditions will be aligned, if necessary, with those that apply to the rest of the Post Restructuring Debt.

2(D) Primary Financial Terms relating to Preference Shares

Return on Preference Shares :

To be restructured to 6% per annum on a cumulative basis, subject to the provisions of the Companies Act, 1956 in relation to the availability of profits for such purpose.

Redemption of Preference Shares :

Subject to the applicable provisions of the Companies Act, 1956 and any other applicable law or regulation, Preference Shares shall be restructured such that they would be redeemed on the same terms as that which apply to the repayment of principal under Restructuring Scheme B and referred to in Section 2(A) of this Term Sheet.

Nature of Restructuring :

In addition to the return and redemption terms described above, any other restructuring terms with respect to the Preference Shares will be developed by the Company in consultation with holders of the Preference Shares and the approval of the Working Group.

Each Existing Lender acknowledges and agrees that Preference Shares may be restructured by way of a resolution for the variation of class rights on terms contemplated by Section 106 of the Companies Act, 1956 or in such other manner as the Company and the holders of Preference Shares may agree.

2(E) Arrangements Relating to New Debt

New Debt :

For the purposes of this Term Sheet, "New Debt" comprises the following:

An amount of not less than Rs1000 million and not more than Rs1750 million raised as under:

- (a) the Reinvestment Debt which is advanced to the Company under the terms of Debt Buyback Scheme A and referred to in Section 2(A) of this Term Sheet; and
- (b) Any amount to be raised by the Company as part of the Source of Funds as more particularly described under paragraph (c) of "Source of Funds" in Section 2(A) of this Term Sheet.

Terms applicable to New Debt (Other than Reinvestment Debt)

The Existing Lenders agree that the Company will develop the terms relating to New Debt (other than Reinvestment Debt) with relevant credit providers and be subject to the approval of Current Working Group. These terms will form part of the Restructuring Documents (as referred to in section 11 (C) of this Term Sheet).

3. Conditions to the Restructuring

3(A) Pre-Conditions to Restructuring Proposal

Pre-conditions to signing of the Restructuring Documents :

After the Restructured Lenders have exercised their Right of Election and allocations to the Debt Buyback Schemes and the Restructuring Schemes have been made, the lenders will negotiate and sign the Restructuring Documents (as described in Section 11(C) of this Term Sheet and targeted to be signed as per the Targeted Timetable). At the same time, the Company and each of the lenders acknowledges and agrees that the signing of the Restructuring Documents pursuant to the proposal contained in this Term Sheet is subject to the fulfillment of the following pre-conditions in a

manner satisfactory to the Company and the Working Group (as defined in Section 2(B) of this Term Sheet):

- (a) Not less than 75% in value of the Existing Lenders agreeing or otherwise consenting to the terms of the Restructuring as set forth in this Term Sheet;
- (b) An amount of not less than Rs.5,500 million having been effectively tendered by the Existing Lenders under the Debt Buyback Schemes;
- (c) The appointment of the Independent Auditor and the scope of work as contemplated by Section 7(C) of this Term Sheet;
- (d) Working Capital Lenders agreeing to maintain sufficient working capital limits as required by the Company and/or satisfactory alternative arrangements being made as contemplated by Section 2(B) of this Term Sheet; and
- (e) In the opinion of the Current Working Group, satisfactory progress having been made with respect to raising of the equity, proceeds from Non Core Assets, New Debt referred to in Section 2(E)(b) and Working Capital Debt.

3(B) Conditions to Effectiveness

Conditions Relating to Effectiveness of the Restructuring :

The Company and each of the Existing Lenders acknowledges and agrees that the implementation of the Restructuring contemplated by this Term Sheet and the effectiveness of the Restructuring Documents (as described in Section 11(C) of this Term Sheet, targeted to be signed as per the Targeted Timetable) will be subject to the fulfillment of the following conditions in a manner satisfactory to the Current Working Group:

- (a) The amounts referred to under the paragraph entitled "Source of Funds" in Section 2(A) of this Term Sheet having been paid to the Company or payable on (the Company's) demand to the Company;
- (b) An amount of not less than Rs5,500 million in debt having been bought back by the Company under and in accordance with the Debt Buyback Schemes;
- (c) Satisfactory arrangements having been made with respect to the creation and/or alteration of security interests relating to Working Capital Debt and Restructured Debt, as contemplated by Section 4 of this Term Sheet;
- (d) Execution and delivery of all relevant documentation to give effect to the Restructuring (including relating to Working Capital Debt) contemplated by this Term Sheet and payment of all fees, costs and expenses relating thereto;
- (e) Issuance of all necessary corporate approvals and receipt of all necessary regulatory and other approvals;
- (f) Delivery as may be required of satisfactory legal opinions from the counsels of the Company and/or the Lenders;
- (g) Establishment of the Reserve Account, Escrow Account and Cash Sweep Mechanism (as described in Section 9);
- (h) The Company having taken appropriate steps to apply to the Government of Gujarat for the revocation of its order with respect to the Company under the Bombay Relief Undertakings (Special Provisions) Act, 1958, provided 100% of Existing Lenders have signed the Restructuring Documents;
- (i) Interest and rentals on the up to the relevant quarters ending on or before the Closing Date having been paid on the Restructuring Schemes A, B and C as the case may be;
- (j) Warrants to the relevant Existing Lenders participating in Restructuring Scheme B and C having been issued;
- (k) Satisfying arrangements having been agreed and put in place for the Preference Shares;
- (l) 100% of Existing Lenders in value (or a lower percentage which is not less than 75%, as may be agreed by the Current working Group) having signed the Restructuring Documents or otherwise having agreed to be bound by the terms of the Restructuring;
- (m) Such other conditions as the Working Group may stipulate.

3(C) Functions of the Current Working Group before signing the Restructuring Documents (as referred to in 11 (C))

The Current Working Group will facilitate the drafting of the Restructuring Documents (as referred to in section 11 (C) of this Term Sheet). For this purpose the Current Working Group will liaise with the Company to discuss the terms and tasks listed below. The terms listed below are anticipated to be included in these definitive Restructuring Documents.

- (a) Terms of New Debt (other than Reinvestment Debt);

- (b) Exchange rate for allocation of the Debt Buyback Schemes and Restructuring Schemes;
- (c) Appointment of Independent Auditor and scope of work;
- (d) Substitution of Working Capital Lender (as referred to in Section 2(B));
- (e) Restructuring terms with respect to the Preference Shares;
- (f) Waiver of pre-conditions to the Restructuring proposal;
- (g) General covenants and cure periods, thresholds and materiality provisions applicable to Events of Default;
- (h) Payment mechanism and other aspects of the Cash Sweep Mechanism;
- (i) Documentation to be entered into by the Promoter under Section 10;
- (j) Restructuring Documents (as described in Section 11(c)); and
- (k) Restructuring terms for Non-Retail Public Debentures.

4. Collateral Arrangements Relating to the Restructuring

Collateral under the Restructuring :

The Existing Lenders (the "Existing Secured Lenders") which presently hold first ranking security (the "Existing Security") will, except as specified below, discharge their interests in the Existing Security and, in consideration of such discharge, the Company will grant a new first ranking charge over the Textile Plants (as described in Appendix 7) and other future assets of the Company in favor of those Existing Lenders so that, post restructuring, the Textile Plants and other future assets of the Company (excluding the current assets charged to Working Capital Lenders) will provide security on a pooled basis to the Existing Secured Lenders that will become Post Restructuring Lenders on a pari passu basis.

Existing Second Charge Holders :

Those Existing Lenders which presently hold second-ranking charge over any of the assets comprised in the Existing Security and which participate in the Restructuring otherwise than in the Debt Buyback Schemes alone will receive the second charge on the Textile Plants (as described in Appendix 7) and other future assets of the Company (excluding the current assets charged to Working Capital Lenders). Nothing contained in this section, shall affect the security of the Existing Credits for lease rent obligation (as described in Appendix 1), Housing Loans Credits and Renewable Energy Subsidized Loans (both as described in the Excluded Debt as referred in Section 1 of this Term Sheet), which shall continue to operate as at present.

Notwithstanding anything contained in this section the existing unsecured lenders will continue to remain unsecured post Restructuring.

New Second Charges :

The Existing Secured Lenders which participate in the Restructuring otherwise than in the Debt Buyback Schemes alone will, in consideration of the discharge of their interests in the Existing Security and consenting to the creation of a second charge over the Textile Plants receive a new second charge over the current assets arising in the context of the textile business or divisions of the Company. This second charge will be provided on a pooled and pari passu basis to such Existing Secured Lenders.

The existing secured Working Capital Lenders which participate in the Restructuring otherwise than in the Debt Buy back scheme alone will, in consideration of consenting to the creation of a second charge over the current assets as described above, receive a new second charge over the Textile Plants as referred to in Section 2 of this term sheet.

New Debt/Debt Buyback Scheme C :

Relevant Lenders providing New Debt and/or participating in Debt Buyback Scheme C will receive a charge over receivables of the shirting division in an amount of up to Rs.100 million per month and Working Capital Lenders will consent thereto. Relevant lenders providing New Debt will receive a first pari passu charge over the Textile Plants of the Company and other future assets of the Company.

Security For Recompense Payments :

As described above, Existing Secured Lenders will be granted a first charge over the Textile Plants and other future fixed assets of the Company. The amounts to be secured by such first charge is intended to include the Recompense Payments.

Completion of Security Arrangements :

The execution and completion of necessary security documentation and the registration thereof in order to give effect to the arrangements contemplated in this Section 4 shall be completed within 60 days of receipt of all necessary consents or such other time frame agreed between the Company and the Working Group (as defined in Section 2(B) of this Term Sheet). Until these arrangements have been completed, the Existing Security shall continue to be in force.

5. Warrants and Recompense Payments

5(A) Warrants

Restructured Lenders which elect to participate in Restructuring Scheme B and/or Restructuring Scheme C will be entitled to receive warrants (or such similar instruments as may be permitted under applicable law) ("**Warrants**") entitling the holder to subscribe for 1 equity share in the Company ("**Share**") for every Warrant held in the Company. Such Warrants will be effective only in the event that the Restructuring is implemented as contemplated by this Term Sheet. A relevant Lender shall be entitled to receive Warrants in number equal to 2.50% of the principal amount of debt held by it under Restructuring Scheme B and Restructuring Scheme C as on the Commencement Date divided by the Exercise Price.

Exercise of Warrants :

Subject to SEBI guidelines, the Exercise Price under a Warrant will be Rs15 for one equity share.

Down Payment :

Current applicable SEBI guidelines require the subscriber to Warrants to make a down payment equal to 10% of Warrant exercise price at the time of issue of Warrants. Such a down payment may be made in cash or shall be set off against the Existing Credits, subject to applicable SEBI guidelines.

Exercise Period :

A Warrant shall be exercisable by no later than the date falling 18 months after the date of issuance thereof. If it is not exercised the Warrants will expire and the down payment against Warrants will be forfeited as per the current SEBI guidelines.

Lock-up :

Shares received by a relevant Existing Lender through the exercise of any Warrant will have to be held by it and not be disposed of or otherwise dealt with for such period as per the guidelines of SEBI which at present is at least 12 months from the date of issuance of the relevant Shares.

Warrant Documents :

Warrants Documents to be entered into by the relevant Existing Lenders and the Company shall provide for necessary anti-dilution provisions.

5(B) Recompense Payments

Existing Lenders which elect to participate in Restructuring Scheme B and/or Restructuring Scheme C shall be entitled to receive Recompense Payments. The principles applicable thereto are set forth in this Section 5(B).

Recompense Rate :

The Recompense Rate shall be the lower of (a) 12.5% per annum (compounded quarterly) and (b) the originally contracted interest rate relating to relevant debt held by a relevant Existing Lender under Existing Credits (the "**Original Rate**"), in the case of Rupee borrowings and the lower of (a) LIBOR + 0.5% per annum (compounded quarterly) and (b) the Original Rate, in the case of US dollar borrowings.

Internal Rate of Return ("IRR") :

IRR with respect to borrowings in Indian rupees or, as the case may be, US dollars with respect to Restructuring Scheme B or, as the case may be, Restructuring Scheme C is as set forth in Appendix 10.

Recompense Payments :

Payments will be calculated on a quarterly basis by reference to the formula set forth in Appendix 10.

Cessation of Recompense Payments :

On the date falling on the earlier of the date which is (a) 12 years from the Commencement Date and (b) 2 years after repayment of all amounts under the Restructuring, the Company's obligation to make Recompense Payments shall cease, at which time all outstanding CURP (Cumulative Unpaid Recompense Payments, as defined in Appendix 10) will be waived.

Adjustment of Recompense Payments :

Unless an event of default has occurred and is continuing on the Adjustment Date (as defined below), if any Recompense Payments remain unpaid on the date falling 10 years from the Commencement Date (the "**Adjustment Date**"), the Recompense Rate will be 11% per annum payable quarterly in the case of Rupee borrowings and LIBOR in the case of US dollar borrowings, in each case with effect from the Commencement Date. In the event that after such adjustment in the Recompense Rate, an amount is due from the relevant Existing Lenders to the Company, the Company's liability to make the relevant Recompense Payment shall have been fulfilled and it is agreed that such Existing Lenders need not make any refund to the Company.

In the event that an event of default has occurred and is subsisting on the Adjustment Date, (i) the adjustment to the Recompense Rate as described in the previous paragraph shall not apply and (ii) the Recompense Payments shall continue until the date falling 2 years after the repayment of all amounts under the Restructuring.

In the event that, during the period of the Restructuring and in the reasonable opinion of the Independent Auditor and the Supervisory Board, the Company, in order to avoid liability to pay Recompense Payments generates less cash/profits

than what it could have generated in the normal course of its business if operated according to good industry practice, the Post Restructuring Lenders are entitled to declare that an event of default has occurred.

Accounting for Recompense Payments :

Recompense Payments will form part of the notes to the Company's annual accounts.

6. Events of Default

6(A) Events of Default : The Restructuring Documents (as defined in Section 11(C) of this Term Sheet) will contain Events of Default (including those as set out in Appendix 12) with respect to the Company and shall include such cure periods, thresholds, and materiality provisions as set out in Appendix 12.

6(B) Default Interest Rate : 2% above the applicable rate in the case of Rupee debts and 1% above the applicable rate in the case of US dollar debts.

7. Specific Positive Undertakings

7(A) Budgets :

(a) The Company shall cause the Managing Director of the Company to submit the following to the Supervisory Board (as defined in Section 7(B) of this Term Sheet) for approval:

(i) An annual budget (the "**Budget**") at the beginning of every financial year, divided into quarters.

(ii) At the end of each quarter, a report on the actual performance versus the Budget and a revised budget for the next quarter and the balance of the financial year.

(iii) A budget of receipts and payments for that quarter.

(b) The Supervisory Board, at its discretion, shall approve the Budget (an "**Approved Budget**") in part or in whole. The Supervisory Board may recommend changes and modifications to the Budget.

(c) The Company shall cause the Managing Director to conduct business within the limits set by an Approved Budget.

(d) Should the Managing Director foresee a need to exceed an Approved Budget, Company shall cause the Managing Director to approach the Supervisory Board for a fresh approval.

(e) The Company shall cause the Supervisory Board to meet once in every quarter for the following purposes:

(i) Approval of the Budget for the quarter including changes in working capital requirements and capital expenditure.

(ii) Review of the Budget and comparison against actual performance for the previous quarter.

(iii) The report / findings of the Independent Auditor (as defined in Section 7(C) below).

(iv) Any other matter requiring its views.

(f) The Company shall cause the Managing Director to be responsible for correcting any anomalies pointed out by the Independent Auditor (as defined in Section 7(C) of this Term Sheet) and for clarifying all issues raised by the Independent Auditor.

7(B) Supervisory Board and Revamped Board of Directors :

The Company shall ensure to revamp the Board of Directors in the following manner :

(a) The Board of Directors shall comprise a maximum of 12 directors. Of these, the Promoter (as defined in Section 10 of this Term Sheet) may nominate a maximum of 4, while the Restructured Lenders/Working Capital Lenders may nominate a maximum of 4 in the manner prescribed in the Restructuring Documents (as defined in Section 11(C) of this Term Sheet). Further, the Chairman, Director (Finance) and 2 independent directors shall be appointed by the Company in consultation with the Current Working Group or Elected Working Group as the case may be as specified in 7(B) (d) below.

(b) Sanjay Lalbhai shall be the Managing Director of the Company and shall assume responsibility for the day to day operations of the Company. Mr. Lalbhai shall not have the option to retire or resign from this post / responsibilities for the tenure of the Restructuring unless specifically required by the Post Restructuring Lenders.

(c) The Promoter (as defined in Section 10 of this Term Sheet) shall advise the names of its other 3 non-executive directors to the Facility Agent prior to the Closing Date.

- (d) The Chairman and Director (Finance) shall be appointed by the Company in consultation with the Current Working Group or Elected Working Group as the case may be. The Company shall provide the Current Working Group or Elected Working Group as the case may be with a list of at least 3 names each for the post of Chairman, Director (Finance) and two independent directors. The candidates recommended by the Company shall be independent (i.e. not directly connected with the Promoter, as defined in Section 10 of this Term Sheet) and shall possess the requisite qualifications and experience to assume the responsibilities of the post. The Current Working Group or the Elected Working Group shall indicate the acceptance of one of the candidates proposed within a period of 30 days from the date of receipt of communication regarding the candidates. The other two independent directors will be appointed in an identical manner.
- (e) A supervisory board (the "Supervisory Board") shall be constituted to oversee the operational functioning of the Company. The Supervisory Board shall consist of the following members: Chairman, Managing Director, Director (Finance), 1 nominee Director of Post Restructuring Lenders, and 1 independent director.
- (f) The terms of remuneration of the Executive Directors shall be decided on an annual basis by the Board of Directors.
- (g) In the event that a Class A or Class B Event of Default occurs and are not remedied within a period of 6 months, the lenders representing not less than 75% (in value) of all Post Restructuring Lenders shall have the right to change the management of the Company, including the Managing Director and the Director (Finance).

7(C)Independent Auditor :

The Company shall appoint any one of the Big Five accounting firms, selected by the Current Working Group and acceptable to the Company, as the independent auditor (the "Independent Auditor") in connection with the functions referred to below.

The scope of work of the Independent Auditor will be decided by the Current Working Group in consultation with the Company. The Current Working Group or Elected Working Group as the case may be will, following consultation with the Company, have the right to change the Independent Auditor should the services provided by the Independent Auditor be found to be unsatisfactory. The broad scope of work of the Independent Auditor, will comprise, but not be restricted to the following:

- (i) To assist in the finalization of the Cash Sweep Mechanism, Payment Mechanism and Reserve Account Distribution Mechanism (as referred to in Section 9 of this Term Sheet);
- (ii) To assist in the review of the quarterly performance of the Company and to report to the Board of Directors of the Company and the Post Restructuring Lenders (as referred to in Section 7 of this Term Sheet); and
- (iii) To assist in the review of the Payment Mechanism, Cash Sweep Mechanism and the Reserve Account Distribution Mechanism (as referred to in Section 9 of this Term Sheet).

The detailed scope of work of the Independent Auditor will be finalized by the Current Working Group or the Elected Working Group as the case may be in consultation with the Company as and when required from time to time.

7(D)Lenders' Engineer :

The Current Working Group shall have the right to appoint a Lender's Engineer, on behalf of the Post Restructuring Lenders, to oversee the technical and operating parameters of the production facilities of the Company.

The Current Working Group or the Elected Working Group as the case may be will have the right to change the Lender's Engineer for any reason and at any time during which the restructured debt is outstanding.

The scope of work of the Lenders' Engineer will be finalized by the Current Working Group or the Elected Working Group as the case may be, in consultation with the Company at the time of appointment of the Lenders' Engineer.

7(E) Sale of Textile Plants :

The approval of 75% in value of the Post Restructuring Lenders will be required in the event that the Company proposes the sale/lease or other disposal of the Textile Plants (in full or part) except as permitted as per the provisions of Section 8 (C).

7(F)Disposal of Non-Core Assets :

- (a) Non-Core Assets (other than those already identified for sale/ lease, shall be identified in a mutually acceptable manner by Company and the Current Working Group or Elected Working Group.
- (b) If identified, a schedule shall be agreed between the Company and the Current Working Group or Elected Working Group for the sale/lease of such Non-Core Assets.
- (c) All proceeds from the sale/lease of such Non-Core Assets shall be transferred to the Reserve Account (as defined in Section 9(C) of this Term Sheet) and shall be applied as detailed in Section 9 of this Term Sheet.

7(G)ESOP :

The company shall establish an Employee Stock Option Plan (ESOP) for key executives, as approved from time to time by the Board of Directors of the Company.

7(H)BRU Protection :

The Restructuring Documents will contain an undertaking by the Company to apply to the Government of Gujarat for revocation of BRU protection in case of Class A and Class B defaults.

8. Specific Negative Covenants

8(A) Dividend Restrictions :

Dividend payments by the Company shall be subject to the following restrictions unless Post Restructuring Lenders representing not less than 75% (in value) of all Post Restructuring Lenders agrees otherwise:

- (a) No dividend payments will be allowed if a Class A or Class B Event of Default has occurred and is continuing.
- (b) The Company shall be permitted to pay dividends only out of the funds available to it from 30% of the Reserve Account Balance (as referred to in Section 9(C) of this Term Sheet) as at end of each year. No dividend shall be paid out of cash flow received from sale of assets or from fresh borrowings.
- (c) The dividend payout shall not exceed 25% of average PAT of the current and previous year. For this purpose, PAT shall mean profit after tax as reported in the annual audited accounts.
- (d) The dividend payout with respect to any year shall not exceed a 12.5% yield on the equity Shares of the Company.

8(B) Borrowing Restrictions :

The Restructuring Documents (as defined in Section 11(C) of this Term Sheet) shall contain restrictions upon the Company's ability to borrow further monies (net of repayment of new borrowings) except in the case of (a) credit (other than in respect of Working Capital Debt) from any person which does not exceed 5% of turnover, (b) any amount borrowed for the purpose of prepaying (in whole or part) any principal amount owing under the Restructuring Documents (as defined in Section 11(C) of this Term Sheet), (c) any amount borrowed for working capital purposes which is approved by a majority in value of the Working Capital Lenders.

8(C) Disposal Restrictions :

The Restructuring Documents (as defined in Section 11(C) of this Term Sheet) shall contain restrictions upon the Company's ability to sell, transfer or lease any of its fixed assets having a value in excess of Rs200 million per year and/or its presently unencumbered shareholding in subsidiaries or affiliates. Disposal proceeds shall be treated as operational cash for the purposes of the Cash Sweep Mechanism described in Section 9 of this Term Sheet.

9. Escrow Account and Cash Sweep Mechanism

9(A) Escrow Account :

Of the total domestic revenues of the Company from its shirting division, Rs100 million per month therefrom shall be escrowed and deposited into an Escrow Account to be maintained with one of the Working Capital Lenders as nominated by the Company from time to time. Such escrowed revenues shall be charged exclusively in favor of the holders of New Debt and the Existing Lenders participating in the Debt Buyback Scheme C, as described in Section 2(E) of this Term Sheet.

The Working Capital Lenders shall provide a No Objection Certificate with respect to the creation of such escrow and charge. This escrow shall operate until all outstanding amounts under the Debt Buyback Scheme C and the New Debt are repaid.

9(B) Cash Sweep Mechanism :

Set forth below are the parameters of the cash sweep mechanism, which shall apply in the context of the Restructuring. These parameters are subject to final confirmation in discussions among the Company, the Independent Auditor and the Working Group.

- (a) From Free Operating Cash Flow ("**FOCF**" as defined below), debt servicing payments to the Post Restructuring Lenders shall be made in the following order of priority:
 - (i) Interest to Working Capital Lenders;
 - (ii) Interest and principal payments in respect of Excluded Debt;
 - (iii) Other interest and principal payments due to the Post Restructuring Lenders on pro-rata basis;
 - (iv) Dividends on, and redemption of, Preference Shares (subject to the conditions set out in this term sheet including in relation to the provisions of the Companies Act, 1956);

- (v) The balance, if any, after the application of amounts referred to above shall be known as Surplus Operational Cash and paid into a Reserve Account (referred to in Section 9(C) of this Term Sheet) within 45 days from the end of each quarter.

During any quarter, if the cash actually received by the Company is not sufficient to meet its operational expenses or the amounts payable and due to the Post Restructuring Lenders (to be paid in its manner contemplated by the Cash Sweep Mechanism referred to herein), then the funds in the Reserve Account (as referred to in Section 9(C) of this Term Sheet) shall be used to pay such dues. The Independent Auditor shall be requested to verify that the funds were used for such designated purposes only.

For the purposes of this Term Sheet, Free Operational Cash Flow ("**FOCF**") is defined as:

Revenues (as determined by the Company in accordance with generally accepted accounting principles applicable in India)

Less

Cash required to maintain a minimum cash balance of 3% of the company's sales

Transfers to the Escrow account as contemplated by Section 9(A) of this Term Sheet until New Debt and the Debt Buyback Scheme C are repaid in full

In the event that total revenues escrowed from the shirting division are less than Rs100 million in a particular month(s), the balance shall be escrowed in the succeeding month(s) in addition to the succeeding month(s) requirement of Rs100 million per month. The total revenues from the shirting division to be escrowed shall aggregate Rs1200 million per year.

Less

- i) Operating, general & administrative expenses (as determined by the Company in accordance with generally accepted accounting principles applicable in India)
- ii) Taxes paid inclusive of advance taxes (as determined by the Company in accordance with generally accepted accounting principles applicable in India)
- iii) Increase in approved working capital requirements (90 days) net of sanctioned additional working capital borrowings;
- iv) Approved capital expenditure (for next 90 days)
- v)) Any other payment, liability cost or expense which is approved for these purposes by the Working Group

FOCF will be calculated and verified by the Independent Auditor on a quarterly basis within 30 days of the end of each quarter.

9(C) Reserve Account :
Deposits into the Reserve Account :

- (a) 100% of Surplus Operational Cash (as described in Section 9(B)(vi) of this Term Sheet) will be transferred to a Reserve Account on a quarterly basis within 45 days of the end of each quarter
- (b) 100% of proceeds from the sale of the Textile Plants referred to in Section 2(A) of this Term Sheet (net of costs associated with disposal and settlement of dues specific to those assets) and Non-Core Assets referred to in Section 7 (F) of this Term Sheet (net of costs associated with disposal and settlement of dues specific to those assets) will be transferred to the Reserve Account directly within 7 business days of receipt of such proceeds.

Authorized Withdrawals during the year :

The Authorized Withdrawals from the Reserve Account during the year (in decreasing order of priority) will be for the purposes of:

- (i) To meet any shortfall in operating expenses, and
- (ii) To meet any shortfall in debt service payments.

The Independent Auditor shall verify the use of such withdrawals within 10 days from the end of each quarter. In the event that the Independent Auditor determines that any such use was not authorized as provided in this Term Sheet, this shall constitute a Class A Event of Default. Further, the Post Restructuring Lenders shall be entitled

to adjust the Company's share of amounts in the Reserve Account by the amount of such unauthorized use of funds.

Authorized Withdrawals at the end of the year :

Authorized withdrawals from the Reserve Account at the end of the year will be as follows:

1. 70% of Reserve Account balances will be used at the end of each year (within 60 days from the end of financial year) for the following purposes:
 - (a) Payment of any overdue debt service payments.
 - (b) Prepayment of interest for the next six months period to be allocated pro-rata among Post Restructuring Lenders under Restructuring Schemes A, B and C.
 - (c) Prepayment of principal for the next six months period to be shared pro-rata among Post Restructuring Lenders under Restructuring Schemes B and C.
 - (d) Prepayment, in inverse order of maturity, of principal owing to Post Restructuring Lenders under Restructuring Schemes B and C.
 - (e) Payment of Recompense Payments in the following order of priority—(i) past due, (ii) current and (iii) future payments in the inverse order of maturity all to be shared pro-rata among lenders under Restructuring Schemes B and C.
2. An amount equal to 30% of the Reserve Account balance will be paid to the Company annually for capital expenditure as approved by the Supervisory Board and/or for dividend payments (subject to covenants).

9(D) Payment Mechanism :

A Payment Mechanism which is consistent with the provisions of this Term Sheet will be developed in discussions among the Company and the Current Working Group.

9(E) Monitoring and Reporting Mechanism :

The following reports and information shall be provided by the Company:

1. Quarterly Report of the Independent Auditor with respect to the financial affairs of the Company and the Payment Mechanism and management comments on the same to be provided within 45 days of end of each quarter.
2. Copies of quarterly stock statement provided to the Working Capital Lenders.
3. Audited Annual statements to be provided within 90 days from the close of the Company's fiscal year. Unaudited quarterly financial statements to be provided within 60 days from the end of each quarter.

10. Undertakings of Promoter

Promoter :

For the purposes of this Term Sheet, "Promoter" means Sanjay Lalbhai, his family and associated companies. The Promoter currently holds approximately 17.4% of the total issued and paid up equity shares of the Company. As of 31 December 2000, the Company had 100,549,945 of equity shares outstanding.

Non-disposal of Shares :

The Promoter will agree that they will not dispose of the existing free shares held by them in the Company until all amounts referred to in this Term Sheet have been paid – unless Post Restructuring Lenders representing not less than 75% (in value) of all Post Restructuring Lenders agree otherwise.

Dividend Receipts :

The Promoter will agree to lend back to the Company all dividends received by it from the Company with respect to the existing free shares held by them. Such loans shall be in the form of subordinated loans, to all outstanding Debts which are restructured as per this Term Sheet, to the Company or, at the election of the Company, may be in the form of equity investment in the Company. Any such loans will be non-interest bearing and will not be repaid till all the amounts outstanding to the Post Restructuring Lenders have been repaid in full.

Documentation :

Documentation in respect of this Section 10 shall be in such form as the Company, the Promoter and the Working Group may agree under which Sanjay Lalbhai shall agree to remain as the Managing Director of the Company.

11. Miscellaneous

11(A) Lender Decision-Making :

Restructuring Documents (as defined in Section 11(C) of this Term Sheet) will contain mutually agreed provisions regarding decision-making by the Post Restructuring Lenders, including with respect to declaration of defaults and taking of

enforcement action. The following matters will, unless otherwise specified in this Term Sheet, require the approval of 75% in value of relevant lenders: waiver of Class A and B events of defaults (as described in Appendix 12), extension of borrowing limits in excess of what is described under Borrowing Restrictions, Section 8(B)), creation of security over the Company's Textile Plants any other assets of the Company otherwise than as contemplated in this Term Sheet, exercise of the option of changing the Company's management upon the occurrence Class A and B Events of Default (as described in Appendix 12), Sale of Textile Plants and waiver of certain other covenants or terms and conditions.

After the signing of the Restructuring Documents but before the Closing Date, the functions of the Current Working Group will be as follows:

- (a) Time frame for completion of security arrangements;
- (b) Restructuring terms for Non-Retail Public Debentures;
- (c) Nominate 4 directors and decide (in consultation with the Company) the appointment of the Chairman, Director (Finance) and 2 independent directors;
- (d) Waiver of any pre-conditions to effectiveness (as mentioned in Section 3A).

After the Closing Date, the functions of the Elected Working Group will be as follows:

- (a) Appoint Lenders' Engineer if not already appointed;
- (b) Waive Type C Events of Default (related to reporting requirement, as described in Appendix 12);
- (c) Identify Non-Core Assets to be disposed of (as described in Section 7(F)); and
- (d) Nominate 4 directors and decide (in consultation with the Company) the appointment of the Chairman, Director (Finance) and 2 independent directors as described in section 7(B) (d).

11(B) Non Signing Lenders :

If holders of not less than 75% by value of Existing Credits participate in the restructuring and other conditions are met, or the conditions that are not met are waived, the restructuring will proceed and will be completed. Non-participating Existing Lenders will be entitled to a restructuring scheme with final maturity of ten years starting from the Commencement Date, at revised terms that will not be better than the terms currently being offered under Restructuring Scheme C. In addition, such lenders will not be entitled to Recompense Payment and Warrants.

11(C) Debt Buyback offer Document and Restructuring Documents :

The offer document for debt buyback ("Debt Buyback Offer Document") will be circulated to relevant lenders either before or along with the election request (in a prescribed form).

Subject as specified below, the documentation ("Restructuring Documents") which, in consultation with legal counsel, is necessary to give effect to the Restructuring will be in a form which is mutually acceptable to the Company and lenders representing not less than 75% (in value) of all the relevant Existing Lenders. Documentation which is currently in the form of a lease or leasing arrangement will not be changed (as to the character thereof).

11(D) Voluntary Payments :

Prepayment in part or full without penalty or charge shall be allowed on each interest payment date. Prepayment on any other date shall be allowed subject to any reasonable break-funding costs. All prepayments shall be effected in inverse order of maturity to the relevant repayment schedule and shall be applied pro-rata to all the Post Restructuring Lenders.

11(E) Fees, Costs and Expenses :

The Company shall be responsible to reimburse all reasonable fees, costs and expenses incurred by the Existing Lenders in connection with the negotiation and execution of the Restructuring Documents.

11(F) Taxes :

All amounts payable by the Company under the Restructuring shall be paid free and clear of all present and future taxes, levies, duties, imposts, withholdings or other deductions whatsoever imposed by any regulatory or governmental entity. Should any such deductions be made, the Company shall gross up such payments such that the Existing Lenders and Post Restructuring Lenders shall receive the same after tax as if no such deductions were applied.

11(G) Transferability :

The Post Restructuring Lenders and Preference Shareholders shall have the absolute right to transfer sell their rights under the Restructuring. It is anticipated that debt which is the subject of the Restructuring will have the form of transferable debt.

11(H) Governing Law :

Existing arrangement with respect to governing laws will continue. Indian law will be applicable with respect to security documents.

11(I) Counsel for Lenders :
Amarchand & Mangaldas & Suresh A. Shroff & Co., Mumbai

11(J) Supersession :
The Company and each Existing Lender agrees that this Term Sheet and the Restructuring Documents (as defined in Section 11(C) of this Term Sheet shall supersede all agreements with respect to Existing Credits, which shall be deemed to have no force or effect upon the coming into effect of the Restructuring.

12. Restructuring Process :
Set forth below are descriptions of the key elements and milestones in the progression of the Restructuring:

- (a) Step One : All Existing Lenders are requested either to assent to or dissent from the terms of the Restructuring as set forth in this Term Sheet, in the a prescribed form (Approval Form as per the Appendix 13). Such assent will also include an undertaking by such Existing Lender to vote in favor of any proposals made by the Company under Sections 391-394 of the Indian Companies Act, 1956 for the approval of the Restructuring as referred to in paragraph (d) below.

After an Existing Lender has indicated its approval of this Term Sheet, in accordance with the spirit of such approval and to permit the documentation process to proceed effectively, such lender agrees that, during the period commencing from its approval to the Closing Date, it will not continue or commence any legal action in any jurisdiction against the Company or take any action to demand, claim, set-off or enforce payment of any Existing Credit owed to it.

- (b) Step Two : In the event that 75% in value of relevant Existing Lenders assent to the Restructuring, the Company will circulate to relevant Existing Lenders an election request (in a prescribed form) in which relevant Existing Lenders will be asked to make appropriate elections in light of the provisions of this Term Sheet.
- (c) Step Three : Once elections have been made by relevant Existing Lenders and allocations made in each case in accordance with the provisions of this Term Sheet, lenders will, subject to paragraph (d) below, negotiate, sign and deliver Restructuring Documents, as referred to in Section 11(C) of this Term Sheet.
- (d) Step Four : If necessary or desirable, in the opinion of the Company, an application may be made under Sections 391-394 of the Indian Companies Act, 1956 for approval of the Restructuring by the requisite majority of Existing Lenders.

APPENDICES

Appendix 1: Existing Credits owed to Existing Lenders

Rupee million	Principal Outstanding As on Mar 31,2000	Overdue interest As on Mar 31, 2000	Total
Restructured Debt			
(A) Secured Term Debt	7,642	502	8,144
ICICI Ltd.– Total	1,288	47	1,335
Term Loan – Syndicated	650	20	670
Corporate Loan	600	23	623
Rope Denim Project *	38	4	42
Export and Import			
Bank of India (EXIM) – Total	1,144	131	1,275
Mauritius Investment Loan	25	3	28
Term Loan – I	350	36	386
Term Loan – II	150	16	166
Rope Denim Project	530	65	595
Asset Finance	89	11	100
Industrial Development			
Bank of India Ltd. – Total	602	22	624
Asset Finance Loan	52	4	56
Rope Denim Project – I *	180	6	186
Rope Denim Project – II *	170	5	175
Corporate Loan	200	7	207
Syndicated Loan – Total	850	90	940
Oriental Bank of Commerce	500	53	553
Punjab National Bank	200	21	221
Vijaya Bank	150	16	166
USD 75 Mn Syndicate *	3174	211	3,385
State Bank of India	484		484
HDFC Ltd.	100	1	101
(B) Lease finance from various parties	3,646		3,646
ICICI Group	3,620		3,620
Thermax Ltd.	26		26
Total Secured Debt	11,288	502	11,790
(C) Unsecured Term Debt	6,455	377	6,832
Bank of America	429	37	466
USD 15 Mn Syndicate *	276	7	283
USD 125 Mn FRN *	5,750	333	6,083
(D) Other Unsecured Debt	1,606	53	1,659
BNP Paribas	100	15	115
Birla Mutual Fund	100	12	112
American Express Bank 340 5 345			
ABN Amro Bank	431		431
Centurion Bank- Devolved L/C	143		143
Deutsche Bank- Devolved L/C	428	16	444
SICOM Ltd.	43	5	48

Tata Finance Ltd.	21		21
Total Unsecured Debt	8,061	430	8,491
Total	19,349	932	20,281
* US dollar debt converted to Rupee equivalent at US\$1 = Rs46.00			
Rupee million	Fund Base Limit As on Mar 31, 2000	Non Fund Base Limit As on Mar 31, 2000	Total As on Mar 31, 2000
(F) Total Working Capital Debt	4,209	1,320	5,529
State Bank of Saurashtra	809	222	1,031
State Bank of India	665	225	890
Bank of Baroda	525	144	669
UCO Bank	328	90	418
Bank of Nova Scotia	175		175
Standard Chartered Bank	219		219
Bank of America	219		219
HDFC Bank Ltd.	219	60	279
State Bank of Patiala	328	90	418
Deutsche Bank	219		219
ICICI Bank Ltd.	219	60	279
Credit Lyonnais	284	429	713
Grand Total (A-F)			25,810

Appendix 2: Non-Retail Public Debentures

(A) Non Retail Public Debentures		Rs in Millions
Name of the Investor	Principal	O/S
12.50% Partly Convertible Debentures		
Life Insurance Corporation of India	2	
Unit Trust of India	6	
LIC Mutual Fund	1	
Canbank Mutual Fund	29	
Gujarat Venture Finance Ltd. (Rs0.10 million)	0	
SBI Mutual Fund	2	
Peerless Securities Ltd.	1	
Birla Mutual Fund	4	
ICICI Securities & Fin. Co. Ltd.	4	
ILFS	3	
General Insurance Corporation of India (Rs0.37 million)	0	
National Insurance Co. Ltd.	1	
The New India Insurance Co.	2	
The Oriental Insurance Co.	1	
SBI Capital Markets Ltd. (Rs0.32 million)	0	
United India Insurance Co. (Rs0.23 million)	0	
Total	58	
17.50% Non Convertible Debenture		
GIC – United India	20	
SBI Mutual Funds	100	
ILFS	20	
Gujarat Ambuja Cement Ltd.	14	
Canara Bank	150	
United Bank of India	50	
State Bank of India	50	
State Bank of Bikaner & Jaipur	20	
State Bank of Patiala	20	
State Bank of Hyderabad	10	
Central Bank of India	10	
Marathwada Gramin Bank	20	
Pragjyotish Gaonlia Bank	20	
Jamuna Gramin Bank	20	
Aligarh Gramin Bank	12	
Total	536	
Triple Plus Non Convertible Debentures		
SBI Mutual Fund	18	Rs in Millions
NU Seafarers of India	3	
Prolific S&MS P Ltd. (Rs0.20 million)	0	
Total	22	
Grand Total	616	

Appendix 3 : Details of Excluded Debt and Preference Shares

3A. Details of Excluded Debt

Rupee million	Principal Outstanding As on Mar 31, 2000	Accrued interest As on Mar 31, 2000	Total
Excluded Debt	869	216	1,085
(A) BIFR Debts	191	2	193
IFCI	30	1	31
GIC	26		26
Govt of Gujarat	109		109
State Bank Saurashtra	26	1	27
(B) Public Fixed Deposits	248	21	269
(C) Housing Loans Credit			
HDFC Ltd.	30		30
(D) Renewable Energy Subsidized Loans			
Indian Renewable Energy Development Agency Ltd.	9		9
(E) Retail Public Debentures	391	193	584

3B. Details of Preference Shares (Rs in million)

Name of the shareholder	Amount
HDFC Ltd.	200
HDFC Bank Ltd.	100
Industrial Development Bank of India	300
IDBI Bank Ltd.	30
Bajaj Auto Ltd.	50
Pinkhem Investment P Ltd.	5
Arvind Construction Ltd.	5
Harendra J Thanawala	5
Total	695

Appendix 4: Members of Steering Committee and Current Working Group

(A) Steering Committee	(B) Current Working Group
ICICI	ICICI
Exim Bank	Exim Bank
Bank Austria	State Bank of Saurashtra
Fuji Bank	Deutsche Bank
Deutsche Bank	State Bank of India
ABN Amro Bank	
Bank of America	
UBS	
Sumitomo Bank	
State Bank of Saurashtra	
State Bank of India	
Credit Lyonnais	

Appendix 5 : Indicative Timetable

The following timetable is merely indicative and subject to revisions according to prevailing circumstances.

25 January 2001	<i>Dispatch of Term Sheet and Consideration</i> All Relevant Lenders will be asked to assent to or dissent from the terms of the Restructuring as set forth in this Term Sheet, in the prescribed form. The acceptance by a Lender of this Term Sheet will mean that such a Lender accepts the terms and conditions provided in the Term Sheet subject to its execution of the Restructuring Documents
28 February 2001	Last day for a Lender to submit Term Sheet Approval Form
1 March 2001 or before	<i>Circulation of Debt Buyback Offer Document and Election Letter</i> In the event that not less than 75% in value of relevant Lenders assent to the Restructuring, the Company will circulate to relevant Lenders Debt Buyback Offer Document and an election letter (in a prescribed form) in which relevant lenders will be asked to make appropriate elections in light of the provisions of this Term Sheet.
8 March 2001	No elections may be made after this date
10 March 2001	Allocation to Debt Buyback Schemes and Restructuring Schemes
31 March 2001 or before	Signing of Restructuring Documents
30 June 2001	Closing of the Restructuring

Appendix 6: Rules of Allocation

Restructure Lenders and other relevant lenders who have assented to the Term Sheet will elect to tender the amount of their debt into one or more of the following schemes as their First Choice:

- a) Debt Buyback Scheme A
- b) Debt Buyback Scheme B
- c) Debt Buyback Scheme C
- d) Restructuring Scheme A
- e) Restructuring Scheme B
- f) Restructuring Scheme C

For the event that any amount of debt tendered for one or more of the schemes indicated under the First Choice above may not be accommodated, the relevant lenders will also indicate the Second Choice for such debt. The tendering of such debt into the schemes listed above would be as a percentage of their debt yet to be accommodated. The lenders would indicate their Third and Fourth Choices in a similar manner for the event that any amount of debt tendered for one or more of the schemes under a choice might not be accommodated. Once Lenders have declared their choices, the procedure for allocation to the schemes will be as follows:

- Step 1 Sum up principal tendered under Debt Buy-back Scheme A where Debt Buy-back Scheme A is the First Choice and multiply the total by the buyback price (48%) to arrive at the amount of cash needed.
- If the amount of cash needed exceeds the amount of cash available, allocate all cash available to the debt tendered under Debt Buyback Scheme A on a pro-rata basis. The unallocated debts will be considered for their respective Second Restructuring Choice.
 - If the amount of cash available exceeds the amount of cash debt needed, all debt tendered under Debt Buyback Scheme A will be bought back in full. The remaining cash will be available for debt tendered under Debt Buyback Scheme B and C.
- Step 2 Repeat the above procedure for debt tendered under Debt Buy-back Scheme B where Debt Buy-back Scheme B is the First Restructuring Choice.
- Step 3 Repeat the above procedure for debt tendered under Debt Buy-back Scheme C where Debt Buy-back Scheme C is the First Restructuring Choice.

Step 4 Sum up debts tendered under Restructuring Scheme A where Restructuring Scheme A is the First Choice. The Restructuring Scheme A can accommodate maximum of Rs1,000 million of debt. If the debt tendered exceeds Rs1,000 million, allocate the debt tendered under the Restructuring Scheme A on a pro-rata basis.

Step 5 All lenders who applied to Restructuring Scheme B and Restructuring Scheme C will be allotted the respective restructuring schemes.

Step 6 Repeat the steps 1 – 5 for the Second Restructuring Choice of lenders.

In the two examples illustrated below, the following is assumed :

- Total cash available for debt buyback is Rs3,000 million
- 100% participation from all Restructured Lenders
- For the illustration purposes, only the principal amount of debt, which totaled Rs19,349 million as at 31 March 2000, are considered. Accrued and unpaid interest up to 31 March 2000 will be forgiven in Debt Buyback Schemes A, B, and C. Such interest will be paid on 31 March 2005 for Restructuring Scheme A, and 31 March 2010 for Restructuring Scheme B and C.

Example 1

Schemes chosen as First Choice by Lenders

In Rs million	First Choice
Debt Buyback Scheme A	4,000
Debt Buyback Scheme B	2,000
Debt Buyback Scheme C	1,000
Restructuring Scheme A	500
Restructuring Scheme B	8,000
Restructuring Scheme C	3,849
Total	19,349

The allocation process will be as follows:

STEP 1 :

Debt tendered for Debt Buyback Scheme A (1st choice)	Rs4,000 mn
Cash exhausted (Rs4,000 * 0.48)	Rs1,920 mn
Balance cash available (Rs3,000 – Rs1,920)	Rs1,080 mn

STEP 2 :

Debt tendered for Debt Buyback Scheme B (1st choice)	Rs2,000 mn
Cash exhausted (Rs2,000 * 0.45)	Rs 900 mn
Balance cash available (Rs1,080 – Rs900)	Rs 180 mn

STEP 3 :

Debt tendered for Debt Buyback Scheme C (1st choice)	Rs1,000 mn
Total Debt accepted (Rs180/0.30)	Rs 600 mn
Cash exhausted (Rs600 * 0.30)	Rs 180 mn
Balance cash available (Rs180 – Rs180)	nil

STEP 4:

Debt tendered for Restructuring Scheme A (1st choice)	Rs 500 mn
Maximum amount available	Rs1,000 mn
Total Debt accepted	Rs 500 mn
Balance Amount available (Rs1,000 – Rs500)	Rs 500 mn

STEP 5 :

Debt tendered for Restructuring Scheme B (1st choice)	Rs8,000 mn
Total Debt accepted for Restructuring Scheme B	Rs8,000 mn
Debt tendered for Restructuring Scheme C (1st choice)	Rs3,849 mn
Total Debt accepted for Restructuring Scheme C	Rs3,849 mn

The amounts allocated after the first round (Step 1 – 5) are summarized:

Debt Buy-back Scheme A:	Rs4,000 mn
Debt Buy-back Scheme B:	Rs2,000 mn
Debt Buy-back Scheme C:	Rs 600 mn
Restructuring Scheme A:	Rs 500 mn
Restructuring Scheme B:	Rs8,000 mn
Restructuring Scheme C:	Rs3,849 mn
Total	Rs18,949 mn

Since all cash available for buyback is fully utilized, Rs400 million tendered unsuccessfully under Buyback Scheme C (first choice) will be allocated to Rescheduling Schemes as per their next preferred choices.

Example 2

Schemes chosen as First Choice by Lenders

In Rs million	First Choice
Debt Buyback Scheme A	4,500
Debt Buyback Scheme B	4,000
Debt Buyback Scheme C	1,000
Restructuring Scheme A	500
Restructuring Scheme B	7,500
Restructuring Scheme C	1,849
Total	19,349

The allocation process will be as follows:

STEP 1:

Debt tendered for Debt Buyback Scheme A (1st choice)		Rs4,500 mn
Cash exhausted	(Rs4,500 * 0.48)	Rs2,160 mn
Balance cash available	(Rs3,000 – Rs2,160)	Rs 840 mn

STEP 2:

Debt tendered for Debt Buyback Scheme B (1st choice)		Rs4,000 mn
Total Debt accepted	(Rs840/0.45)	Rs1,667 mn
Cash exhausted	(Rs1,667 * 0.45)	Rs 840 mn
Balance cash available	(Rs840 – Rs840)	nil

STEP 3:

Debt tendered for Debt Buyback Scheme C (1st choice)		Rs1,000 mn
Total Debt accepted	(Rs0/0.30)	nil

STEP 4:

Debt tendered for Restructuring Scheme A (1st choice)		Rs 500 mn
Maximum amount available		Rs1,000 mn
Total Debt accepted		Rs 500 mn
Balance Amount available	(Rs1,000 – Rs500)	Rs 500 mn

STEP 5:

Debt tendered for Restructuring Scheme B (1st choice)		Rs7,500 mn
Total Debt accepted for Restructuring Scheme B		Rs7,500 mn
Debt tendered for Restructuring Scheme C (1st choice)		Rs1,849 mn
Total Debt accepted for Restructuring Scheme C		Rs1,849 mn

The amounts allocated after the first round (Step 1 – 5) are summarized:

Debt Buy-back Scheme A: Rs4,500 mn

Debt Buy-back Scheme B: Rs1,667 mn

Debt Buy-back Scheme C: nil	
Restructuring Scheme A: Rs 500 mn	
Restructuring Scheme B: Rs7,500 mn	
Restructuring Scheme C: Rs1,849 mn	
Total	Rs16,016 mn

Rs2,333 million tendered unsuccessfully under Debt Buyback Scheme B (first choice) and Rs1,000 million tendered unsuccessfully under Debt Buyback Scheme C (first choice) will be allocated according to their second preferred choices assumed in the following table.

Schemes chosen as Second Choice by Lenders

In Rs million	Second Choice
Debt Buyback Scheme A	500
Debt Buyback Scheme B	500
Debt Buyback Scheme C	1,000
Restructuring Scheme A	1,000
Restructuring Scheme B	Nil
Restructuring Scheme C	333
Total	3,333

STEP 1-3

Since all cash available for buyback is fully utilized, Step 1 – 3 will be by-passed. A total of Rs2,000 million tendered unsuccessfully under Debt Buyback Schemes A, B and C (second choice) will be allocated according to their third preferred choice.

Debt not accepted for Debt Buyback Schemes A, B, C Rs2,000 mn

STEP 4:

Debt tendered for Restructuring Scheme A (2nd choice)	Rs1,000 mn
Maximum amount available	Rs 500 mn
Total Debt accepted	Rs 500 mn
Balance Amount available	(Rs500 – Rs500)
	nil

Debt not accepted for Restructuring Scheme A Rs 500 mn

STEP 5:

Debt tendered for Restructuring Scheme B or C (2nd choice)	Rs 333 mn
Total Debt accepted for Restructuring Scheme B or C	Rs 333 mn

Since all the amount of Restructuring Scheme A as well as cash available for buyback are all fully utilized, the Rs. 2,500 million tendered unsuccessfully under various Debt Buyback Schemes and Restructuring Scheme A will be allocated to either Restructuring Scheme B or Restructuring Scheme C, depending on their preferences.

APPENDIX 7: TEXTILE PLANTS

All immovable properties, and all movable properties of the Company, including movable machinery, machinery spares, tools and accessories, but excluding investments and excluding current assets charged in favor of the Working Capital Lenders at the following Textile Plants of the Company:

- Naroda Road, District Ahmedabad;
- Village Santej at Taluka Kalol, District Mehsana;
- Village Khatrej at Taluka Kalol, District Mehsana;
- Asoka Spintex Division at Naroda Road, District Ahmedabad;
- Asoka Cotsyn Division at Khokhra Memdabad, District Ahmedabad.

APPENDIX 8: RESTRUCTURING SCHEME B: PRINCIPAL AND INTEREST

1. Payment of Principal

FYE March	2005	2006	2007	2008	2009	2010
% of Principal	5%	10%	15%	20%	20%	30%

2. Rate of Interest

FYE Mar	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Rs	2.5%	4.5%	7.5%	12.5%	12.5%	12.5%	14.5%	14.5%	16.5%	16.5%
USD	1.30% %	2.50%	4.50%	Libor+ 1.5%	Libor+ 1.5%	Libor+ 1.5%	Libor+ 2.5%	Libor+ 2.5%	Libor+ 3.5%	Libor+ 3.5%

Appendix 9: Restructuring Scheme C: Principal

1. Payment of Principal

FYE March	2005	2006	2007	2008	2009	2010
% of Principal	5%	10%	15%	20%	20%	30%

Appendix 10: Provisions Relating to Recompense Payments

The following steps are involved in the computation of Recompense amount payable to lenders subscribing to Restructuring Scheme B and C.

Step 1: Recompense Rates for Restructuring Scheme B and C

- (a) If recompense in full is paid by March 2010, Recompense rates shall be:
- 12.5% per annum payable quarterly for rupee debt
 - LIBOR + 0.5% payable quarterly per annum for dollar debt
- (b) If recompense in full or part is paid after March 2010, Recompense rates shall be:
- 11% per annum payable quarterly for rupee debt
 - LIBOR per annum payable quarterly for dollar debt

Recompense rates for dollar denominated debt is likely to vary every quarter with movements in LIBOR.

Examples

Period	LIBOR	Recompense Rate
1Q (April-June 2000)	6.64%	7.14%
2Q (July-Sept 2000)	6.70%	7.20%

Step 2 : IRR for Restructuring Scheme B and C

The Internal Rate of Return ("IRR") for Lenders participating in Restructuring Schemes B and C are as follows:-

- 9.90% for Restructuring Scheme B rupee denominated debt
- 9.86% for Restructuring Scheme C rupee denominated debt
- IRR on dollar denominated debt can be determined only after the entire principal payments have been made due to variations in LIBOR and IRR determined thus will be referred to as Actual IRR.

The following IRR ("Tentative IRR") would be used for calculating recompense amounts for each quarter during the tenor of Restructuring Schemes.

The Tentative IRR for dollar denominated debt for a quarter ("Current Quarter") for Restructuring Schemes B and C will be computed based on

- (1) actual interest and principal payments made for Current Quarter and all previous quarters up to the Commencement Date; and

(2) expected future interest and principal payments till scheduled final maturity of the debt.

The expected future interest payment will be based on the relevant period margins applied to LIBOR, which will be assumed to be the same as that of the Current Quarter. The Tentative IRR will be re-calculated every quarter.

Appendix 11: Terms of Reinvestment Debt (For Debt Buyback Scheme A)

Summary of Reinvestment Instrument

The Company will issue High Yield Debentures (HIYD) which will have three parts

Instruments in HIYD	Par value	% amount invested
Part 1: Non-Mandatory Convertible Debenture (NMCD)	Rs100 (par value)	20%
Part 2: Non-convertible Debenture	Rs400 (par value)	80%
Part 3: number of warrants per HIYD instrument	Five	0%*

* Warrants will be given free, but an advance of 10% of strike price of warrant will need to be paid on issue date as per SEBI guidelines. This will be adjusted when the warrants are converted into shares.

- The Reinvestment Debt will be subject to the regulations of Securities and Exchange Board of India (SEBI)
- The HIYD has a minimum annualized return of 20% if the warrants are not exercised and NMCDs are not converted and redeemed at the premium of 100% on face value.
- The investment will have to be made in Indian rupee from India through Indian branch/office/company of the lender or through SEBI registered foreign institutional investor who has permission to invest in debt fund in India.

Part One : Non-Mandatory Convertible Debenture (NMCD)

Par value :	Rs100
Coupon:	Zero-coupon
Conversion price: (See Note on page No.xix)	Rs15 or as per SEBI guidelines whichever is higher. * *
Conversion by:	17 months from the date of issue
On non-conversion:	
Maturity:	18 months from the date of issue
Redemption premium:	100% of par value

Part Two : Non-Convertible Debenture (NCD)

Par value:	Rs400
Interest rate:	13% per annum payable quarterly
Repayment:	6 equal quarterly installments, starting from 21 months from the date of issue

Part Three : Attached Warrants

Number of warrants per HIYD instrument	5
Strike Price:	Rs15 subject to SEBI guidelines.
Up front payment:	10% of Strike Price
Conversion ratio:	1:1
Conversion period:	18 months from the date of issue
On non-exercise:	The warrants will expire worthless.

*Note ** Amended by Unsecured Creditors, Working Capital Lenders and Secured Creditors at their meeting held on 13th July, 2001 convened by High Court of Gujarat vide its Order dated 13th June, 2001. Amended by way of word "Lower" substituted by the word "Higher"*

SEBI guidelines

For private placement, SEBI requires that Share price should be higher of the following :

- The average of the weekly high and low of the closing prices quoted on the stock exchange during the 6 months preceding the relevant date OR The average of the weekly high and low of the closing prices quoted on stock exchange during the 2 weeks preceding the relevant date.
- "Relevant date" is the date falling 30 days prior to the date of the general meeting of shareholders, to consider the proposed issue held in accordance with Sec 81(1A) of the Companies Act, 1956.
- Stock exchange means any of the recognized stock exchanges in India in which the shares are listed and in which the highest trading volume has been recorded during the preceding six months prior to the relevant date.
- Conversion of such instruments should not exceed 18 months from the date of issue
- Shares obtained in a private placement should be subject to a minimum lock-in of 30 months from the date of issue of the financial instruments.

Credit enhancements :

- Escrow Account: Domestic collections from shirting division estimated at Rs100 million a month proposed to be created would be available along with repayment of New Debt, including for repayment/redemption of NCD/NMCD and also amount payable under Buyback Scheme C.
- Security: First pari passu charge on Textile Plants, subject to approval of existing charge holders. Till such approval is obtained, the NCD/NMCD shall remain unsecured.

Appendix 12: Events of Defaults and Cure Periods

1. Class A defaults

- Default in payment of any moneys by the Company under the restructuring
- Default in the Cash Sweep Mechanism and / or in the Recompense Payments (i.e. moneys are available for Recompense Payments but has not been distributed as envisaged by the Company)
- If any fresh debt is contracted by the Company, without the approval of the Working Group, except as permitted
- If the Company voluntarily files for bankruptcy or a bankruptcy proceeding is initiated against the Company
- If the Company sells, transfers or leases any of its fixed assets (more than as envisaged in this Term Sheet) or sell/transfer unencumbered shareholding in any affiliates/subsidiary without the prior written consent of the Working Group or prior written consent of the lenders having outstanding principal of 75% in value
- Cross Default with all other present and future liabilities

Cure period for Class A defaults: 6 months

2. Class B defaults

- Any default in the sale of Non-Core Assets as agreed to by the Company
- Any breach of covenants or undertakings by the Promoter
- Any breach of covenants on declaration of dividend.
- Any breach of covenants on operations of the Company as mentioned herein
- Any material adverse comments by the Independent Auditors on the financial affairs of the Company or the operation of the Cash Sweep Mechanism

Cure period for Class B defaults : 6 months.

3. Class C defaults

- Default in reporting requirements

Cure Period for Class C defaults : 3 months

Consequences of Default

Lenders shall have the following Rights on occurrence of Events of Default

1. Class A defaults

- Right to file for liquidation of the Company and for the exercise of all Security
- Right to change the management of the Company
- Right to convert all the defaulted amounts (such amounts not being the amounts which became due to exercise of Right to accelerate) into equity
- Right to accelerate (i.e. declare all outstanding amounts as due and payable)
- Right to convert all the defaulted amounts in to Indian rupees (in case the original amounts were in foreign currency)

Lenders having outstanding principal of 75% in value have a right to waive any or all such defaults

2. Class B defaults

- Right to take control of the Other Fixed Assets that Company agreed to sell but did not
- Right to change the management of the Company
- Right to accelerate i.e. declare all outstanding amounts as due and payable

If the default is not regularized within the cure period of 6 months, it could get classified as a Class A default and all the consequences thereof could apply.

Lenders having outstanding principal of 75% in value have a right to waive any or all such defaults

3. Class C defaults

Penal interest for non-submission of reports of 0.5% p.a. compounded quarterly

If the default is not regularized within the cure period of 6 months, it could get classified as a Class B default and all the consequences thereof could apply.

Appendix 13: Approval Form

Date :

To : Arvind Mills Limited
Naroda Road
Ahmedabad - 380025
India
Attn: Mr. Jayesh Shah

Fax No.: ++ 91 79 220 0024

Dear Sir,

Response to Restructuring Proposal

We have received the term sheet dated 25th January,2001 (the "Term Sheet") containing the terms and conditions of the restructuring of the financial indebtedness of Arvind Mills Limited (the "Company"). We have also received the financial and other information contained in the Information Memorandum dated 25th January,2001.

The undersigned hereby confirms by checking the appropriate box below to agree or not agree to the terms and conditions of the Term Sheet.

We agree to the terms and conditions of the Term Sheet.

Accordingly, we agree to participate in the Restructuring as defined and outlined in the Term Sheet, subject to the terms and conditions of the Term Sheet (including the negotiation and execution of definitive Restructuring Documents).

We further agree that, in the event that the Company files a petition with the Indian courts for reorganization of its financial indebtedness under Sections 391 to 394 of the Companies Act and such a petition proposes that the Company and its creditors enter into a compromise or arrangement which is substantially in the same form and substance as the Restructuring Plan, this letter of acceptance shall be evidence of our acceptance of and agreement to the Restructuring and we hereby agree to attend (or appoint a proxy to do so) the relevant hearings before such courts and to vote (or appoint a proxy to do so) in favor of and otherwise support such compromise or arrangement subject to and in accordance with applicable law.

We do not agree to the terms and conditions of the Term Sheet.

Finally, and for the sake of good order, set forth in the Schedule to this letter is a brief summary of the debt owed to us which is the subject of the Restructuring referred to in the Term Sheet.

Yours faithfully

Signature : _____ Date : _____

Name (Please type or print) : _____

Capacity (Full Title) : _____

Name of Institution : _____

Address : _____

Telephone number : _____

SCHEDULE

Nature of Facility/Facilities	Amount	Description and Date of Credit Documents

All questions regarding the restructuring should be directed (in writing) to the following parties by facsimile or e-mail as follows

THE ARVIND MILLS LIMITED

Mr. Jayesh Shah
Chief Financial Officer,
TEL: (9179) 2162422
FAX: (9179) 2200024
Email: jayesh.shah@arvindmills.com

Financial Advisor to The Arvind Mills Limited

CHASE MANHATTAN (S.E.A.) LIMITED
Mr Ahmad Ayaz
TEL: (65) 8822362
FAX: (65) 4382616
Email: ahmad.ayaz@chase.com

Dated this 8th day of April 2002

Witness Daya Saram Sinha Esquire,
the Chief Justice at Ahmedabad
aforesaid this 8th day of April Two Thousand Two

BY the order of the Court

Sd/-
Joint Registrar
this 16th day of April 2002

Order drawn by :

Sd/-
(Swati Saurabh Soparkar)
(Advocate)

Sealer

Sd/-
This 16th day of April 2002

Sd/-
19/4/2002

FORM NO. 21

Nominal Capital : Rs. 320.00 Crores

No. of Company : 04-93

THE COMPANIES ACT, 1956

NOTICE OF THE COURT'S/COMPANY LAW BOARD'S ORDER

(PURSUANT TO SECTION 391 TO 394)

1. NAME OF THE COMPANY : The Arvind Mills Limited
2. NAME OF THE COURT/COMPANY LAW BOARD WITH LOCATION : The High Court of Gujarat at Ahmedabad
3. DATE OF PASSING THE ORDER : Order on Petition Dated 08-04-2002 and Certified True Copy dated 19-4-2002
4. SECTION OF THE COMPANIES ACT UNDER WHICH ORDER PASSED. AN AUTHENTICATED COPY OF THE ORDER IS ATTACHED. : In the Matte of Section 391 to 394 of the Companies Act, 1956

And in the matter of

Scheme of Arrangement between The Arvind Mills Limited with Certain Creditors of The Arvind Mills Limited (the Existing Lenders)

Signature : Sd/-

Name : Sanjay S. Lalbhai

Designation : Managing Director

Dated this 19th day of April, 2002

**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
ORIGINAL JURISDICTION
COMPANY PETITION NO. 145 OF 2006
CONNECTED WITH
COMPANY APPLICATION NO. 339 OF 2006**

In the matter of Sections 391 to 394 read
with Sections 78, 100 to 103 of the Companies Act, 1956;
And

In the matter of
The Arvind Mills Limited.

A Company incorporated under the Indian Companies Act, 1913 and having its
registered office at Naroda Road, Ahmedabad-380025 in .
the state of Gujarat.

And

In the matter of
Composite Scheme of Arrangement in the nature of De-merger and Transfer of
Garments Business Division of Arvind Brands Limited and Amalgamation of Arvind
Fashions Limited with The Arvind Mills Limited and Reduction and Restructuring
of Share Capital of The Arvind Mills Limited.

The Arvind Mills Limited.

A Company incorporated under the
Indian Companies Act, 1913 and
having its registered office at,
Naroda , Road,

Ahmedabad - 380025, in the state of Gujarat.Petitioner

BEFORE HONOURABLE Mr. JUSTICE M. R. SHAH

Date: 24th November 2006

Order On Petition

The above petition coming on for hearing on 24th November 2006 upon reading the said petition, the order dated 3rd July 2006 passed in the Company Application No. 339 of 2006 whereby the meeting of the Equity, Shareholders and Preference Shareholders of the Company were directed to be convened, for the purpose of considering, and if thought fit, approving, with or without modification the arrangement proposed to be made between the said Company and its members by the composite Scheme of Arrangement in the nature of De-merger and Transfer of Garments Business 'Division of Arvind Brands Limited to the Resulting Company viz. Arvind Mills Limited and amalgamation of Arvind Fashions Limited and Restructuring of Share Capital of Arvind Mills Limited, the Petitioner company, and annexed to the affidavit of Mr. R. V. Bhimani filed on 1st July 2006, and 'Indian ,Express', - English Daily and 'Loksatta-Jansatta' - Gujarati daily both Ahmedabad Editions dated 10th July 2006 each containing the advertisement of the said notice convening the said meetings directed to be held by the said order dated 3rd July 2006, the affidavit of Mr. Arvind N. Lalbhai dated 13th July 2006 showing the publication and dispatch of the notices convening the said meetings, the report dated 10th August 2006 of Mr. Arvind. N. Lalbhai, the Chairman for the said meetings as to the result of the said meeting, and upon hearing Smt.Swati Soparkar, Advocate for the Petitioner Company and hearing Mr. P. J. Malkan, Advocate appearing for the Central Govt. and considering the affidavit dated 25th September 2006 filed by the Registrar of Companies alongwith the letter dated 21st September 2009 by the Regional Director, Dept. of Company Affairs, and it appearing from the reports that the proposed compromise or, arrangement has been, unanimously approved by the Equity shareholders and Preference Shareholders.

This Court doth hereby sanction the arrangement set forth in para 8 of the petition herein and in the Schedule hereto, and doth hereby declare the same to be binding on the Equity Shareholders and Preference Shareholders of the above named Company and also on the above named Company.

That the Reduction and Reorganisation of Capital, in terms of Scheme of Arrangement being integral part of the Scheme and consequential in nature, the separate compliance of Sec. 100 to 104 is not required. The order of the Court, Sanctioning , the Scheme shall be, deemed to be an Order under section 102 of the Act confirming the aforesaid reduction.

This court doth hereby further sanction the reduction and reorganisation of capital in terms of Clause 22 of the scheme and para 16 of the petition and doth hereby specifically ,confirm that the Share Premium Account shall be utilized as envisaged in the scheme.

And this Court doth further order that parties to the arrangement or other persons interested shall be at liberty to apply to

this Court for any direction that may be necessary in regard to the working of the arrangement, and

That the said Company do file with the Registrar of the Companies a certified copy of this order within 30 days from the receipt of the same, and

This Court doth further order payment of Rs. 3,500/- in aggregate as the cost of this petition awardable to Shri. P. J. Malkan, Advocate for the Central Govt.

SCHEDULE

Scheme of Arrangement as sanctioned by the court.

Dated this 24th day of November, 2006

ANNEXURE - D

MODIFIED

COMPOSITE SCHEME OF ARRANGEMENT

BETWEEN

ARVIND BRANDS LIMITED

AND

ARVIND FASHIONS LIMITED

AND

THE ARVIND MILLS LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

This composite Scheme of Arrangement provides for the Demerger and transfer of Garments Business Division of Arvind Brands Limited to The Arvind Mills Limited, amalgamation of Arvind Fashions Limited with The Arvind Mills Limited and Reduction and Restructuring of share capital of The Arvind Mills Limited and Arvind Brands Limited pursuant to Sections 391 to 394 read with Sections 78, 100 to 103 and other relevant provisions of the Companies Act, 1956.

The Scheme is divided into following parts:

- (a) Part I deals with General Terms viz. Definitions and Share Capital.
- (b) Part II deals with De-merger and Transfer and Vesting of Garments Business Division' of Arvind Brands Limited to The Arvind Mills Limited, Re-organisation of capital of Arvind Brands Limited and consequential Accounting treatment in the books of Arvind Brands Limited and Arvind Mills Limited.
- (c) Part III deals with Amalgamation of Arvind Fashions Limited with The Arvind Mills Limited.
- (d) Part IV deals with the Reduction and Restructuring of Share Capital of The Arvind Mills Limited.
- (e) Part V deals with the clauses of general application to all parts of the Scheme.

PART- I

General Terms

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:

1. DEFINITIONS

- 1.1 "The De-merged Company" or "ABL" means Arvind Brands Limited, a Company incorporated under the Companies Act, 1956 and having its registered office at Arvind Mills Premises, Naroda Road, Ahmedabad-380025, Gujarat.
- 1.2 "The Transferor Company" or "AFL" means Arvind Fashions Limited, a Company incorporated under the Companies Act, 1956, having its Registered Office at Arvind Mills Premises, Naroda Road, Ahmedabad 380 025 in the state of Gujarat.
- 1.3 "The Resulting Company" or "The Transferee Company" or "Arvind" means The Arvind Mills Limited, a Company incorporated under the Indian Companies Act, 1913 and having its registered office at Naroda Road, Ahmedabad - 380025, Gujarat.
- 1.4 "Act" means the Companies Act, 1956 or any statutory modification or reenactment thereof.
- 1.5 "Appointed Date" means the 1st day of April 2006 or such other date as may be approved by the High Court of Gujarat.
- 1.6 "Effective Date" means the dates on which certified copies of the Orders of the High Court of Gujarat under Sections 391 and 394 of the Act sanctioning the Scheme are filed with the Registrar of Companies, Gujarat.

- 1.7 "The Undertaking-I" or "Garment Business Division" or "De-merged Undertaking" means the Garment Business Division of the de-merged company viz. ABL consisting, inter alia of all the assets and liabilities of ABL, as on the appointed date, pertaining to the garments business division having its offices at Ahmedabad and Bangalore, Manufacturing Facilities at Bangalore and the Branches, Own Show-rooms/Show-rooms taken on Lease, Franchisees located across India, other than assets and liabilities of the "Residual undertaking" or "Leasing Business" as defined herein 1.8 below.
- (i) all assets (whether movable or immovable, real or personal, corporeal or incorporeal, present, future or contingent, tangible or intangible) of the De-merged Company pertaining to the units/plants situated at Bangalore and Offices, Show-rooms and marketing network across the India.
 - (ii) all liabilities relating to above.
- The details being more particularly described in the Divisional Balance Sheet of the company as at 31.3.2006 annexed and marked herewith as Annexure 'A'.
- 1.7.1 Without prejudice to the generality of the above, the "Garments Business Division" shall include in particular:
- 1.7.1 (a) all assets and properties of the 'Garments Business Division', wherever situated, including the right to use such assets- and property, whether moveable or immovable, tangible or intangible, plant and machinery, apparatus, land, buildings,' capital work in progress, rolling stock, current assets (including inventories, sundry debtors, bills of exchange, (loans and advances, etc.), stocks and stores, furniture, fixtures, office equipment, appliances, gadgets, accessories, power lines and other amenities and facilities and related man-power, all pertaining to the De-merged Undertaking.
 - 1.7.1 (b) all permits, quotas, rights, entitlements, export import incentives and benefits and advance licenses, industrial and other licenses, bids, tenders, letters of intent, expression of interest, development rights (whether or potential and whether under otherwise) , municipal agreements or permissions, approvals, consents, subsidies, all other intellectual property rights, including trade marks, patents, designs, copy rights, benefit of any deposit, privileges, all other rights, including sales tax deferrals and exemptions and other benefits, lease rights, receivables and liabilities ,related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements, including technological licensing agreements and all other interests in connection with or pertaining to the De-merged' Undertaking.
 - 1.7.1 (c) all earnest monies and / or securities deposits paid by the De-merged Company in connection with or pertaining to the De-merged Undertaking.
 - 1.7.1(d) Investments related to the Garment Business Division/ Undertaking including trade investments in subsidiary and joint venture Company of ABL, all engaged in the business of manufacturing and marketing of Garments.
 - 1.7.1(e) all records, files, papers, engineering process informations, computer software drawings, licenses, programmes, manuals, data, catalogue, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit. information, customer pricing information and other records, whether in physical or electronic form in connection with or pertaining to the de-merged undertaking and
- 1.7.2 All liabilities (contingent or otherwise) pertaining to or relatable to the de-merged undertaking as appearing in the books of accounts as on Appointed Date including
- i) The debts, liabilities, duties and obligations of the de-merged company, which arise out of the activities or operations of the De-merged Undertaking
 - ii) Specific loans and borrowings (including debentures, if any) raised, incurred and utilized solely for the activities or operations of or pertaining to the De-merged Undertaking.
 - iii) The liabilities (including debentures, if any) other than those referred to in sub-clauses (i) and (ii) above, being the amounts general or multi purpose borrowings of the De-merged Company prior to the appointed date for de-merger, allocated to the De-merged Undertaking in the same proportion in which the book value of assets transferred to the Resulting Company under this scheme bear the total value of assets of the De-merged Company on the appointed date for de-merger.
- 1.7.3 All permanent employees of ABL employed in the Garment Business Division, as identified by the Board of Directors of ABL, as on the Effective Date;
- 1.7.4 Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the De-merged Undertaking shall be decided by mutual agreement between, the De-merged Company and the Resulting Company through their authorised representatives.
- 1.8 "Residual undertaking" or "Leasing Business" means the business of the leasing division of ABL comprising of building, plant and machinery, equipment, furniture, fixture etc. given on lease and proportionate liabilities including losses pertaining to leasing activities, and investments, if any, not related to the Garment Business Division, but including.

- i) The Land and Factory Building, Machinery, Furniture & Fixtures and Other Equipments listed in Annexure B attached herewith.
- ii) Assets, if any obtained by the De-merged Company on lease from any other institutions and given on lease, which do not pertain to the De-merged Undertaking/ Garment Business Division;
- iii) All investments, loans and advances and liabilities not related to the De-merged Undertaking, whether performing or non-performing.
- iv) Registrations, licenses, permissions, approvals, permits etc. and any such other similar matters / things pertaining to the Leasing Business/Residual Undertaking;
- v)) Without prejudice to the aforementioned provisions, the Residual Undertaking shall include all assets and liabilities of the De-merged Company, which do not form part of the De-merged Undertaking/ Garment Business Division:

1.9 "The Undertaking-II" means

- (a) All the assets and properties (both movable and immovable) of the Transferor Company / AFL viz. Arvind Fashions Limited, as on the Appointed Date.
- (b) All the debts, liabilities, duties and obligations (including the secured or unsecured, if any), of. the Transferor Company / AFL as on the Appointed Date.
- (c) Without prejudice to the generality of Sub-clause (a) and (b) above the undertaking of the Transferor Company / AFL shall include all the Transferor Company / AFL's reserves, provisions, funds, moveable and immovable properties, assets including investments, claims, powers, authorities, allotment; approvals, consents, registrations, contracts, enactments, arrangements, \ rights titles, interest, benefits, advantages, lease-hold . rights, tenancy rights and other intangible rights, industrial and other licenses, permits, authorizations, quota, rights, trade marks, patents, brands, secret formulae, other drawings, rights research and industrial intellectual properties, imports, telephone/facsimile / telex and other communication facilities, Electrical Connections, equipments Computers, including and Hardwares, Softwares, and other electronic equipments and instruments, system of any kind whatsoever, rights and benefits of all agreements and other interests including rights & benefits under various schemes of different Taxation Laws as may belong to or be available to the Transferor Company, rights and powers of every kind, nature and description of whatsoever privileges, liberties, easements, advantages, and approval of whatsoever nature, belonging to or in ownership, power or possession or control or entitlement of the Transferor Company / AFL.

1.10 "Scheme" means this Composite Scheme of Arrangement in its present form with any modification(s) approved or imposed or directed by the Gujarat High Court, Ahmedabad.

2. SHARE CAPITAL

2.1 The Share Capital of ABL as on 31.3.2006 was as under:

Authorised	
7,30,00,000 Equity Shares of Rs. 10/- each	73,00,00,000
Total	<u><u>73,00,00,000</u></u>

Issued, Subscribed and Paid up	
7,20,58,831 Equity Shares of Rs. 10/- each fully paid up	72,05,88,310
Total	<u><u>72,05,88,310</u></u>

The above shares are held by The Arvind Mills Limited

2.2 The Share Capital of AFL as on 31.3.2006 was as under:

Authorised	
1,00,00,000 Equity Shares ofRs. 10/- each	10,00,00,000
Total	<u><u>10,00,00,000</u></u>

Issued, Subscribed and Paid up	
80,00,000 Equity Shares ofRs. 10/- each fully paid up	8,00,00,000
Total	<u><u>8,00,00,000</u></u>

The above shares are held by Arvind Brands Limited

2.3 The Share Capital of Arvind as on 31.3.2006 was as under:

Authorised Equity Share	
23,00,00,000 Equity Shares of Rs. 10/- each	230,00,00,000
Preference Share	
90,00,00,000 Preference Shares of Rs. 100/- each.	90,00,00,000
Total	<u>320,00,00,000</u>
Issued & Subscribed Equity Shares	
Issued, Subscribed and Paid up	
20,93,78,441 Equity Shares of Rs. 10/- each	209,37,84,410
Preference	
66,00,00,000 Preference Shares of Rs. 100/- each.	66,00,00,000
Total	<u>265,47,84,410</u>

PART II

De-merger and Transfer and Vesting of Garment Business Division of Arvind Brands Limited with The Arvind Mills Limited

3. TRANSFER AND VESTING OF THE UNDERTAKING viz. GARMENT BUSINESS DIVISION

The Garment Business Division of the De-merged Company (ABL), or the Undertaking- I as defined in Clause 1.7, shall be transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company in accordance with provisions of section 2(19AA) of the Income Tax Act, 1961 and in the following manner:

- 3.1 With effect from the Appointed Date for de-merger, and upon the scheme becoming effective, the De-merged Undertaking shall, pursuant to the provisions of Sections 391 and 394 and all other applicable provisions of the Act, without any further act or deed, stand transferred to and vested in as going concern, to the resulting company at their respective book values net of revaluation and the De-merged Undertaking shall consequently vest in the Resulting Company with effect from the Appointed Date for de-merger with all the estate and interest of the De-merged Company therein.
- 3.2 With effect from the Appointed date for de-merger and upon the Scheme becoming effective, the whole of the properties and assets forming part of the De-merged Undertaking including the land together with the buildings standing thereon pertaining to the De-merged Undertaking and any of the documents of title / rights and easements in relation thereof shall without any further act or deed be vested in and transferred to and/or be deemed to have been and stand transferred to and vested in the resulting company and shall belong to the resulting company. The mutation of the title to the immovable properties shall be and duly recorded by the appropriate authorities pursuant to the sanction of the scheme and upon the scheme becoming effective, in accordance with the terms hereof in favour of the resulting company.
- 3.3 With effect from the Appointed Date for de-merger and upon the scheme becoming effective, all debts, liabilities (including contingent liabilities and liabilities not provided for in the books of De-merged Company), duties and obligations of every kind, nature and description of the De-merged Company pertaining to the De-merged Undertaking as provided in the books, of account of the De-merged Company and/ or which may arise or accrue after the Appointed Date for de-merger but relates, to the period upto the date immediately preceding the Appointed Date for de-merger shall under the provisions of Sections 391 and 394 of the Act, without any further act or deed, stand transferred to or be deemed to be transferred to the resulting company so as to become from the Appointed Date for de-merger the debts, liabilities, duties and obligations of the resulting company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub- clause.
- 3.4 Any reference in any security documents or arrangements pertaining to liabilities, to the assets of the De-merged Company which it has offered or agreed to be offered as security to lenders in connection with the De-merged Undertaking, shall be construed as reference only to the assets pertaining to the de-merged undertaking as are vested in the resulting company by virtue of this Scheme. Provided that the Scheme shall not operate to enlarge or extend the security for any loan, deposit or facility availed by the De-merged Company in connection with the de-merged undertaking, and the resulting company shall not be obliged to create any further or additional security therefore after the Effective Date or otherwise. Further, the Scheme shall not operate to enlarge or extend the security for any loan, deposit or facility availed by the resulting company in as much as the security shall not extend to the assets transferred by the De-merged Company to the resulting company in terms of the above.
- 3.5 With effect from the Appointed Date for de-merger and upon the scheme becoming effective, all permits, entitlements, licenses including those pertaining to patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the De-merged Undertaking to the benefit of which the De-merged Company

may be eligible and which are subsisting or having effect immediately before the Appointed Date for de-merger shall be and remain in full force and effect in favour of the resulting company and enforce fully and effectually as if instead of De-merged Company the resulting company had been a beneficiary 'or obligee thereto.

- 3.6 With effect from the Appointed Date for de-merger and upon the scheme becoming effective, any statutory licences, permissions or approvals or consents held by the De-merged Company required to carry on operations of the De-merged Undertaking shall stand vested in or transferred to the resulting company without any further act or deed. and shall be appropriately mutated by concerned authorities, if required, herewith in favour of the Resulting Company. The benefit of all statutory and regulatory permissions, factory licensees, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the De-merged Undertaking shall vest in and become available to the resulting company pursuant to the Scheme. Any No Objection Certificates, licenses, permissions, consents, approvals, authorisations, registrations or statutory rights as are jointly held by the De-merged Undertaking and residual undertaking shall be deemed to constitute separate licenses, permissions, no objection certificates, consents, approvals, authorities, registrations or statutory rights and the relevant or concerned statutory authorities and licensors shall endorse and / or mutate or record the separation, upon the filing of Scheme as sanctioned by such authorities and licensors after the same becomes effective, so as to facilitate the continuation of the operations of the De-merged Undertaking and Residual Undertaking without any hindrance from the Appointed Date for De-merger.
- 3.7 All records upto the Appointed Date for de-merger including original invoices and vouchers, in relation to all assets (tangible, intangible and assets of every kind) as also the liabilities (actual, contingent and any other liability whether discharged or otherwise) of the De-merged Undertaking shall on the Effective Date vest in and be handed-over by the De-merged Company to the resulting company.

4. **CARRY FORWARD AND SET-OFF OF ACCUMULATED LOSSES AND UNABSORBED DEPRECIATION ALLOWANCE UNDER SECTION 72A OF THE INCOMETAX ACT, 1961.**

- 4.1 The Resulting Company shall be allowed to carry forward the accumulated losses and allowance for unabsorbed depreciation of the De-merged Company as at 31st March, 2006 (upto Assessment Year 2006-07) ("Tax Losses") in accordance with the provisions of Section 72A of the Income Tax Act, 1961.
- 4.2 In case any clause in the definitions or Part - I of this Scheme is in conflict with the definition of "De-merger" within the meaning of Section 2 (19AA) of the Income Tax Act, 1961, notwithstanding what is stated elsewhere in this Scheme the relevant clause shall stand modified so as to be in conformity with the said definition as to make this Scheme eligible for benefits available under Section 72A of the Income Tax Act, 1961.

5. **ISSUE OF SHARES BY THE RESULTING COMPANY**

The De-merged company being the wholly owned subsidiary of the Resulting Company, upon this Scheme becoming operative and upon vesting of the Garment Business Division of Demerged Company in Resulting Company, in terms of this Scheme, there will be no issue and allotment of shares of the Resulting/ Transferee Company.

6. **REDUCTION AND REORGANISATION OF SHARE CAPITAL OF DE-MERGED COMPANY /ABL AND CONSEQUENTIAL ACCOUNTING TREATMENT IN THE BOOKS OF ABL**

6.1 **REDUCTION AND REORGANISATION OF SHARE CAPITAL**

As a consequence of the De-merger and Transfer of the Garment Business Division, the existing Issued, Subscribed and Paid Up Share Capital of ABL shall stand reduced from Rs. 7205.88 lacs to Rs. 72.06 lacs with effect from the Appointed Date, in accordance with Section 100 and all other applicable provisions of the Act, if any, in the manner as provided hereunder:

- (a) The issued, subscribed and paid up equity share capital shall be reduced by reducing the face value and paid up value of the said shares from Rs.10/- each to Re. 0.10/- each.
- (b) Simultaneously, 100 (Hundred) equity shares each of Re. 0.10/- shall be consolidated into 1 (One) share of Rs. 10/- each fully paid up.

6.2 **ACCOUNTING TREATMENT IN THE BOOKS OF DE-MERGED COMPANY**

- (a) The difference between the assets and liabilities transferred to Resulting Company would be debited/credited to the Capital Restructuring account
- (b) The Capital Restructuring Account would be credited with the Share Premium Account .
- (c) The balance of the Profit and Loss Account pertaining to the Garment Business Division or De-Merged Undertaking would be transferred to the Capital Restructuring Account.
- (d) The amount of reduction in Share Capital of Rs. 7133 82 lacs being difference between Rs 7205.88 lacs and Rs.72 06 lacs shall be credited to the Capital Restructuring Account

- (e) The balance in the Capital Restructuring Account after recoding the entries contained in Clauses (a) to (d) above will be treated as Capital Reserve or Goodwill Account, as the case may be.

7. ACCOUNTING TREATMENT IN THE BOOKS OF RESULTING COMPANY

- 7.1 Arvind i.e Resulting Company shall, upon the arrangement becoming effective, record the assets and liabilities of the Garment Business Division of De-merged Company vested in it pursuant to this Scheme, at the respective book values thereof as appearing in the books of De-Merged Company, excluding revaluation, in accordance with the provisions of section 2(19AA) of the Income Tax Act, 1961 at the close of business of the day immediately preceding the Appointed Date.
- 7.2 The difference between the value of assets and liabilities as above would be transferred to Business Acquisition on De-Merger Account.
- 7.3 In view of reduction and re-organization of capital of De-Merged Company, as provided for in Clause 6 hereof, the book value of investment of Arvind in the capital of ABL shall stand reduced to an amount of Rs.72.06 lacs. In view of this, the excess of the cost of such investments in the books of Arvind as on the Appointed Date over Rs.72.06 lacs shall be transferred to Business Acquisition on De-Merger Account.
- 7.4 The net amount in the Business Acquisition on De-Merger Account will be transferred to "Goodwill on acquisition of business" or "Capital Reserve" as the case may be and will be accounted for in the books of Arvind as per Accounting Standard 10 (AS-10) issued by The Institute of Chartered Accountants of India,
- 7.5 Upon the scheme being effective, the interse amounts of loans, advances and/or other payables/receivables as the case may be of the De-merged Undertaking and the Transferee Company shall be treated as cancelled.

8. CONDUCT OF BUSINESS

- 8.1 As and from the Appointed Date for de-merger and up to and including the Effective Date:
- (a) De-merged Company shall carry on the business of Garment Division with reasonable diligence and in the same manner as it had been doing hitherto before, and De-merged Company shall not alter or expand the business of Garment Division except with the concurrence of Resulting Company.
- (b) De-merged Company shall not, without the written concurrence of Board of Resulting Company, alienate, charge or encumber any of its properties defined in Clause 1.7 of Definitions and referred to in Clause 2 of Part-I of the Scheme above except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the respective Boards of Directors of De-merged Company and Resulting Company.
- (c) De-merged Company shall not vary or alter, except in the ordinary course of its business and as may be required for reorganization, the terms and conditions of employment of any of its employees in relation to the said Garment Business Division.
- 8.2 With effect from the Effective Date, Resulting Company shall commence and carry on and shall be authorised to carry on the businesses carried on by the Garment Business Division of De-merged Company .
- 8.3 De-merged Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which Resulting Company may require to own and carry on the business of the Garment Business Undertaking.
- 8.4 As and from the Appointed Date for de-merger and up to and including the Effective Date, all the profits or incomes accruing or arising to the De-merged Company/ ABL or expenditure or losses arising or incurred by De-merged Company/ABL pertaining to Garment Business Division shall for all purposes be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses of the Resulting Company, as the case may be.

9. EMPLOYEES OF THE DE-MERGED UNDERTAKING

- 9.1 Upon the Scheme becoming effective, all employees of the De-merged Undertaking in service on the Effective Date shall be deemed to have become the employees of the Resulting Company without any interruption in their service as a result of the transfer of De-merged Undertaking to the Resulting Company. On the basis of continuity of service, the terms and conditions of their employment with the Resulting Company with effect from the Effective Date, shall not be less favourable than those applicable to them with reference to the De-merged Undertaking of the De-merged Company on the Effective Date.
- 9.2 With regard to provident fund, gratuity fund, superannuation fund or any other special fund or any other special scheme created or existing for the benefit of such employees of the De-merged Company, upon the Scheme becoming effective, the Resulting Company shall stand substituted for the De-merged Company for all purposes whatsoever relating to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The balances in provident fund, gratuity fund and any other trust fund existing for the benefit of employees of the De-merged Undertaking shall be transferred to the Resulting Company and shall be continued for the benefit of the employees for the De-merged Undertaking on the same terms and conditions. With effect from the Appointed Date for

De-merger, all necessary contributions made for such transferred employees of the De-merged Company and deposited the same in the existing provident fund or gratuity fund or any other fund shall be deemed to be made / deposited by the Resulting Company. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the De-merged Company in relation to such schemes or funds shall become those of the resulting Company. It is clarified that the services of all transferred employees of the De-merged Undertaking, to the Resulting Company, will be treated as having been continuous for the purpose of the aforesaid schemes or funds.

10. **LEGAL PROCEEDINGS**

- 10.1. All legal proceedings of whatsoever nature by or against De-merged Company pending and/or arising at the Appointed Date and relating to the Garment Business Division of De-merged Company or its properties, assets, debts, liabilities, duties and obligations referred to in Clause 2 as and from the Effective Date shall be continued and enforced by or against Resulting Company in the manner and to the same extent as would or might have been continued and enforced by or against De-merged Company. On and from the Effective Date, Resulting Company shall and may, if required, initiate any legal proceedings in relation to the Garment Business in the name of De-merged Company.
- 10.2 After the Appointed Date, if any proceedings are taken against De-merged Company in respect of the matters referred to in the sub-clause 10.1 above, it shall defend the same at the cost of Resulting Company and Resulting Company shall reimburse and indemnify De-merged Company against all liabilities and obligations incurred by De-merged Company in respect thereof.
- 10.3 Resulting Company undertakes to have all legal or other proceedings initiated by or against De-merged Company referred to in Clause 10.1 above transferred into its name and to have the same continued, prosecuted and enforced by or against Resulting Company to the exclusion of De-merged Company.

11. **CONTRACTS, DEEDS, ETC.**

Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature relating to the Garment Business Division/Undertaking and to which De-merged Company is party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of Resulting Company, as the case may be, and may be enforced by or against Resulting Company as fully and effectually as if, instead of De-merged Company, Resulting Company had been a party thereto. Resulting Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of De-merged Company and to implement or carry out all formalities required on the part of De-merged Company to give effect to the provisions of this Scheme.

12. **SAVING OF CONCLUDED TRANSACTIONS**

The transfer of properties and liabilities under Clause 2 above and the continuance of proceedings by or against De-merged Company under Clause 10 above shall not affect any transaction or proceedings already concluded by De-merged Company on or after the Appointed Date till the Effective Date, to the end and intent that Resulting Company accepts and adopts all acts, deeds and things done and executed by De-merged Company in respect thereto as done and executed on behalf of itself.

13. **REMAINING BUSINESS**

The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by De-merged Company.

PART III

Amalgamation of Arvind Fashions Limited with The Arvind Mills Limited

14. **TRANSFER OF UNDERTAKING**

- 14.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the entire undertaking of the Transferor Company/ AFL, or Undertaking-II as defined above in para 1.9 above, shall, without any further act or deed, be and the same shall stand transferred to and vested in or deemed to have been transferred to or vested in the transferee Company pursuant to the provisions of Section 394 and other applicable provisions of the said Act.
- 14.2 Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the Liabilities of the Transferor Company/ AFL, or Undertaking-II as defined above in para 1.9 above shall, without any further act or deed, be and stand transferred, to the Transferee Company, pursuant to the applicable provisions of the said Act, so as to become as from the Appointed Date, the debts, liabilities, duties and obligations of the Transferee Company. It shall not be necessary to obtain the consent of or to give notice to any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause.

15. **CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS**

- 15.1 Subject to other provisions contained in the Scheme, all contracts, deeds, bonds agreements and other instruments of

whatever nature to which the Transferor Company/ AFL is party subsisting or having effect immediately before the Effective Date shall remain in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced as fully and as effectually as if, instead of the Transferor Company/ AFL, the Transferee Company had been a party thereto.

- 15.2 The Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company/ AFL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company/ AFL and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company/ AFL.

16. **LEGAL PROCEEDINGS**

If any suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called "the Proceedings") by or against the Transferor Company/ AFL are pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of the Transferor Company/ AFL or of anything contained in the Scheme, but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Company/ AFL as if the Scheme had not been made. On and from the Effective Date, the Transferee Company shall and may initiate any legal proceedings for and on behalf of the Transferor Company/ AFL.

17. **OPERATIVE DATE OF THE SCHEME OF AMALGAMATION**

The Scheme, although operative from the Appointed Date, shall become effective from the Effective Date.

18. **CONDUCT OF BUSINESS BY THE TRANSFEROR COMPANY/ AFL TILL EFFECTIVE DATE**

With effect from the Appointed Date and upto the Effective Date:

- (i) the Transferor Company/ AFL shall carry on and be deemed to carry on all its business and activities and stand possessed of its properties and assets for and on account of and in trust for the Transferee Company and all the profits accruing to the Transferor Company/ AFL or losses arising or incurred by them shall, for all purposes, be treated as the profits or losses of the Transferee Company as the case may be;
- (ii) all the profits or incomes accruing or arising to the Transferor Company/ AFL or expenditure or losses arising or incurred by the Transferor Company/ AFL shall for all purposes be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses of the Transferee Company, as the case may be;
- (iii) the Transferor Company/ AFL shall carry on their business and activities with reasonable diligence and business prudence and shall not, otherwise than in the ordinary course of the business, not undertake any financial commitments, incur any liabilities, alienate, charge, mortgage or encumber or deal with the said assets or any part thereof without the prior written consent (which shall not be unreasonably withheld or delayed) of the Transferee Company except pursuant to any pre-existing obligation undertaken by the Transferor Company/ AFL prior to the Appointed Date.

19. **ISSUE OF SHARES BY THE TRANSFEE COMPANY**

The Transferor Company viz. AFL being the wholly owned subsidiary of the De-merged Company, viz. ABL, upon the scheme becoming effective shall become the wholly owned subsidiary of the Transferee Company, as a result, the entire issued, subscribed and paid-up equity capital of the Transferor Company/ AFL will be transferred to the Transferee Company and its nominees. And further, the said share capital of the Transferor Company/ AFL will stand automatically cancelled in view of present scheme of amalgamation of Transferor Company with the Resulting Company and therefore no shares shall be required to be issued by the Transferee Company.

20. **EMPLOYEES OF THE TRANSFEROR COMPANY**

- 20.1 All the employees of the Transferor Company / AFL shall become the employees of the Transferee Company on the Effective Date without any break or interruption in service and on terms and conditions as to remuneration not less favourable than those subsisting with reference to the Transferor Company/ AFL as on the Effective Date.

- 20.2 In so far as the provident fund, gratuity fund, superannuation fund or any other special scheme(s)/ fund(s) created or existing for the benefit of the Transferred Employees are concerned, upon the coming into effect of this Scheme, the same shall stand transferred to the Transferee Company, and the Transferee Company shall (to the extent of the services of the Transferred Employees) stand substituted for the Transferor Company/ AFL for all purposes whatsoever relating to the administration or operation of such schemes or funds or in relation to the obligation to make contributions to the said schemes/ funds in accordance with provisions of such schemes/ funds in accordance with the terms provided in the respective trust deeds, to the end and intent that all the rights, duties, powers and obligations of the Transferor Company/ AFL in relation to such schemes/funds shall become those of the Transferee Company. It is clarified that the services of the Transferred Employees will be treated as having been continuous for the purpose of the aforesaid schemes/funds.

21. **DISSOLUTION OF THE TRANSFEROR COMPANY:**

The Transferor Company/ AFL shall be dissolved without winding up on an order made by the High Court of Gujarat at Ahmedabad in accordance with the provisions of the Companies Act.

PART IV

Reduction and Restructuring of share capital of The Arvind Mills Limited and other Incidental Provisions

22. **REDUCTION AND RESTRUCTURING OF SHARE CAPITAL OF THE ARVIND MILLS LIMITED**

- 22.1 On account of amalgamation of AFL and even otherwise the Share Capital of The Arvind Mills Limited is required to be reduced and restructured. The same shall take place as an integral part of the Scheme and shall be effected as under:
- a) On amalgamation of AFL with Arvind, all assets and liabilities of AFL shall be recorded in the books of Arvind in accordance with applicable Accounting Standards. However, the difference between value of such assets and liabilities shall be credited/ debited as the case may be to the Amalgamation Reserve/Amalgamation Goodwill Account, as the case may be, in the books of the Resulting Company.
 - b) On amalgamation, equity share capital of AFL held by ABL to be acquired by Arvind as a part of the De-Merger of Garment Business Division of the De-merged Company under this Scheme shall get extinguished. Therefore, the book value of such shares in the hands of Arvind post de-merger shall be debited to Amalgamation Reserve/ Amalgamation Goodwill Account, as the case may be.
- 22.2 The Share Premium Account which stands at Rs. 928.73 crores as on 31st March 2006, will be partly utilized:
- (i) To set off balance of Rs.71.16 Crores lying in lease equalization account on foreclosure of Lease Agreements,
 - (ii) To set off the balance of Amalgamation Goodwill Account, if any,
 - (iii) To set off outstanding investments and loans and receivables not exceeding Rs.40 Crores from its foreign subsidiaries and
 - (iv) To make provision for an amount not exceeding Rs.75 Crores for various claims of taxes and duties that may arise against the company for past liabilities, for all costs, expenses, losses and write off consequent to restructuring business operations and harmonization of accounting policies of De-merged Undertaking/Transferor Company and Transferee Company as may be considered proper and necessary by the Company or for any other purposes that the Board may deem fit and proper.
- 22.3 The reduction as aforesaid shall be effected as an integral part of the Scheme only and in accordance with Section 78 read with Section 101 of the Act as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid up share capital and the order of the Court sanctioning the scheme shall be deemed to be an order under Section 102 of the Companies Act confirming the reduction.
- 22.4 Upon the scheme becoming effective, the inter se loans, advances and/or other payables/receivables as the case may be of Transferor Company/ AFL and the Transferee Company shall be treated as cancelled.
- 22.5 Notwithstanding the above, the Board of Directors of the Transferee Company, in consultation with its Auditors, is authorised to account any of the balances in any manner whatsoever as may be deemed fit.

PART V

Clauses of General Application to all parts of the Scheme

23. **APPLICATION TO HIGH COURT**

The De-merged Company, the Transferor Company and the Resulting/Transferee Company shall with all reasonable dispatch make applications under Sections 391 and 394 of the Act and other applicable provisions of the Act to the High Court of Gujarat for sanctioning of this Scheme and for dissolution of the Transferor company without winding up under the provisions of the Act.

24. **MODIFICATION OR AMENDMENTS TO THE SCHEME**

The De-merged Company, the Transferor Company and the Resulting/Transferee Company by simple majority of their respective Board of Directors (including any Committee thereof, if any) may assent to any modifications/amendments to this Composite Scheme of Arrangement or to any terms/conditions or limitations that the Court and/ or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. simple majority of the Board of Directors). De-merged Company, Transferor Company and Resulting/Transferee Company by simple majority of their respective Board of Directors (including any Committee thereof, if any) be and are hereby authorised

to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme of Arrangement and/or any matter concerned or connected therewith.

25. **CONDITIONALITY OF THE SCHEME**

This scheme of Arrangement is and shall be conditional upon and subject to:

- 25.1 The approval by the requisite majority of the respective classes of shareholders and creditors of the De-merged Company, the Transferor Company and the Resulting/Transferee Company as directed by the High Court of Gujarat under Section 391 of the Act for calling meetings and necessary resolutions being passed under the Act for the purpose.
- 25.2 The requisite, consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.
- 25.3 The sanctions of the High Court of Gujarat being obtained under Sections 391 and 394 and other applicable provisions of the Act and the certified copies of the Court orders referred to in the Scheme of Arrangement being filed with the Registrar of Companies, Gujarat.

26. **EFFECT OF NON-RECEIPT OF APPROVALS**

In case the Scheme of Arrangement is not sanctioned by the High Court of Gujarat, or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in the Scheme of Arrangement not being obtained or complied or for any other reason, the Scheme cannot be implemented by March 31, 2007, or by such later date as may be agreed by the respective Board of Directors (including any Committee thereof, if any) of the De-merged Company, the Transferor Company and the Resulting/ Transferee Company, the Scheme shall become null and void, and in that event no rights and liabilities whatsoever shall accrue to or be incurred to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such a case, each Company shall bear its own cost, charges and expenses in connection with the Scheme of Arrangement unless otherwise mutually agreed.

27. **COSTS, CHARGES & EXPENSES**

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of De-merged Company, Transferor Company and Resulting/ Transferee Company arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by Resulting/Transferee Company.

28. **MISCELLANEOUS**

Till the event of this Scheme being effective all the de-merged company, the Transferor Company and the Resulting / Transferee company shall continue to hold their respective Annual General Meeting and other meetings in accordance with the relevant laws and shall continue to comply with all their statutory obligations in the same manner, as if this scheme is not existing.

ANNEXURE- A

ARVIND BRANDS LIMITED BALANCE SHEET AS AT MARCH 31, 2006

			Rs. In Lacs
	Leasing Business Division	Garment Business Division	De merged Company Total
SOURCES OF FUNDS			
Share Capital	46.06	7159.82	7205.88
Reserves and Surplus		7425.01	7425.01
	46.06	14584.83	14630.89
Secured Loans	100.00	8468.49	8568.49
Unsecured Loans	26.65	11374.34	11400.99
	126.65	19842.83	19969.48
Total	172.71	<u>34427.66</u>	34600.37
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	572.75	7319.61	7892.36
Less: Accumulated Depreciation	115.80	3047.96	3163.76
Net Block	456.95	4271.65	4728.60
Capital work in progress		157.23	157.23
	456.95	4428.88	4885.83
		10623.72	10623.72
Net Current Assets	-296.74	1844.87	1548.13
Debit Balance in Profit and Loss Account	12.50	175319	17542.69
Total	172.71	<u>34427.66</u>	34600.37

ANNEXURE - B

Details of Land and Factory Building, Machinery, Furniture & Fixtures and Other Equipments of “Residual undertaking” or “Leasing Business”

LAND

FREEHOLD

BUILDINGS

BUILDINGS - FACTORY
CONSTRUCTION OF ADDL PRODN BLOCK I ST FLOOR
COMPOUND WALL

PLANT & MACHINERY - WRINKLE FREE PLANT

STREAM PRESS-SET
STREAM PRESS-SET
ERECTION OF RAILING
FABRICATION OF TROLLEYS
FABRICATING PIPE LINE
FABRICATING PIPE LINE
FABRICATING PIPE LINE
LOADING & STEAM HEATING
DRIER

PLANT & MACHINERY - NON-WRINKLE FREE PLANT

HOFFMAN STEAM PRESS
PLOTTER & PLOTTER SOFTWARE
REVOMAX BOILER
ELECTRIC STACKER
110 KVA D GENERATOR
WEIGHING MACHINE
WRINKLE RESISTANT EQUIPMENTS
AIR DRIER & AIR RECEIVER
FABRICATION, ERECTION OF STEAM
PRESSURE STEAM PIPING

AIR CONTROL EQUIPMENTS

AIR COMPRESSOR

ELECTRICAL EQUIPMENTS

ELECTRICAL WORK FOR WR PROJECT
FITTINGS FOR WR PROJECT
ELECTRICAL WORKS AT PEENYA
NETWORKING & CABLING
ELECTRICAL WIRING LIGHT FITTINGS
ELECTRICAL WIRING LIGHT FITTINGS
ELECTRICAL WIRING
ELECTRICAL INSTALLATION WORKS
ELECTRICAL INSTALLATION WORKS
SURVO 40 KVA REGULATOR
ELECTRICAL FITTINGS
FURNITURE & FITTINGS - OTHERS
EUROSTAR VACUM CLEANER

Dated this 24th day of November, 2006

Witness Yaad Meena Esquire,
the acting Chief Justice at Ahmedabad
aforesaid this Twenty Fourth day of November Two Thousand Six.

By order of the Court

Sd/-
Registrar (Judicial)
this 8th day of December, 2006

Order drawn by

(Swati Saurabh Soparkar)
Advocate
204, A Akanksha, Opp. Vadilal House,
Nr. Mount Carmel Railway Crossing,
Navrangpura, Ahmedabad

Sealer

Sd/-
This 8th day of December, 2006

TRUE COPY

Sd/-
Deputy Registrar
This day of

**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
ORIGINAL JURISDICTION**

**COMPANY PETITION NO. 216 OF 2007
CONNECTED WITH
COMPANY APPLICATION NO. 407 OF 2007**

In the matter of Sections 391 to 394 of the
Companies Act, 1956;
And

In the matter of The Arvind Mills Limited.
A Company incorporated under the Indian
Companies Act, 1913 and having its registered
office at Naroda Road, Ahmedabad - 380025,
Gujarat.
And

In the matter of Scheme of Arrangement in the nature
of Demerger and Transfer of Public Mobile Radio Trunking Services Business Division
(PMRTS Business Division) of The Arvind Mills Limited to Arya Omnitalk Radio Trunking
Services Private Limited.

The Arvind Mills Limited
A Company incorporated under the Indian
Companies Act, 1913 and having its registered
office at Naroda Road, Ahmedabad-380025 in
the state of Gujarat.

PETITIONER COMPANY/
ARVIND

BEFORE HONOURABLE Mr. JUSTICE K. A. Puj

Date : 16th May, 2008

Order On Petition

The above petition coming on for hearing on 16th May 2008, upon reading the said petition, the order dated 19th September 2007 passed in the Company Application No. 407 of 2007 whereby the separate meetings of the Equity Shareholders and Preference Shareholders of the company were directed to be convened, for the purpose of considering, and if thought fit, approving, with or without modification the compromise or arrangement in the nature of De-merger and Transfer of Public Mobile/Radio Trunking Services Business Division (PMRTS Business Division) of The Arvind Mills Limited, the Petitioner De-merged Company to Arya Omnitalk RadioTrunking Services Private Limited, proposed to be made between the said Company and its members and annexed to the affidavit of Shri R. V. Bhimani dated 11th September 2007, and The Indian Express, English daily (Ahmedabad. Edition) and Gujarat Samachar, the Gujarati daily (Ahmedabad Edition) both dated 6th October 2007, each containing the advertisement of the said notice convening the said meetings directed to be held by the said order dated 19th September 2007, the affidavit of Shri Anang Lalbhai dated 8th October 2007 showing the publication and dispatch of the notices convening the said meetings, the report of the Chairman of the said meetings dated 6th November 2007 as to the result of the said meetings, and considering the affidavits of Mr. R. K. Dalmia, Deputy Registrar of Companies dated 12th March 2008 and 9th April 2008, and considering the additional affidavits dated 19th March 2008 and 24th April 2008, filed by Mr. R. V. Bhimani for the petitioner company and upon hearing Smt. Swati Soparkar, Advocate for the petitioner Company and upon hearing Shri Harin Raval, Asst. Solicitor General appearing for the Central Government and it appearing from the Report of the Chairman that the proposed compromise or arrangement has been approved unanimously by the Equity Shareholders and Preference Shareholders of the Company.

This Court doth hereby sanction the compromise or arrangement set forth in para 11 of the petition herein and in the Schedule hereto and doth hereby declare the same to be binding on the Equity Shareholders and Preference Shareholders of the abovenamed company and also on the abovenamed company.

And this Court doth further order that parties to the compromise or arrangement or other persons interested shall be at liberty to apply to this Court for any direction that may be necessary in regard to the working of the compromise or arrangement, and

That the said company do file with the Registrar of the Companies a certified copy of this order within 30 days from the receipt of the same, and

This Court doth further order payment of Rs. 3,500/- in aggregate as the cost of this petition awardable to Mr. Rashmin M. Chhaya, Standing Counsel, appearing for the Central Govt.

SCHEDULE

Scheme of Compromise or Arrangement as sanctioned by the court.

Dated this 16th day of May 2008.

**SCHEME OF ARRANGEMENT
UNDER SECTION 391 READ WITH SECTION 394 OF
THE COMPANIES ACT, 1956
BETWEEN**

The Arvind Mills Limited (Demerged Company/ Arvind)
AND
Arya Omnitalk Radio Trunking Services Private Limited (Resulting Company/ AORTSPL)
AND
Their respective shareholders and creditors

PART I - INTRODUCTION AND DEFINITIONS

1. INTRODUCTION

Arvind, one of the leading players in the textiles industry, is also carrying on the business of Public Mobile Radio Trunking Services (PMRTS) for the Ahmedabad, Bangalore, Chennai, Delhi, Faridabad, Mumbai, Navi Mumbai, Surat and Vadodara circles.

AORTSPL, a Company incorporated with the main object of carrying on the business of Public Mobile Radio Trunking Services.

RATIONALE FOR DEMERGER :

The demerger of the PMRTS Business of Arvind into AORTSPL is proposed with a view to achieve the following objectives:

- All the licenses consolidated under one roof would enable ease of operations
- Consolidation of the-Public Mobile Radio Trunking Service Business for all circles into one entity;

- To ensure a focussed approach and for expanding/diversifying the PMRTS Business, so as to become leading players of this business.
- To achieve administrative convenience; and
- To achieve economies of scale.

This Scheme of Arrangement amongst Arvind and AORTSPL and their respective shareholders and creditors provides for transfer by way of a demerger and transfer and vesting of the undertaking being the PMRTS Business Division (as defined in Clause 2.8 herein below) of Arvind, as a going concern, into AORTSPL, pursuant to the provisions of sections 391 to 394 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956 in the manner provided for in the Scheme of Arrangement.

The Scheme of Arrangement has for ease of reference, been divided into the following parts :

- (a) Part I, deals with the introduction of the Scheme, the definitions of the expressions used in this Scheme and the share capital of Arvind and AORTSPL ;
- (b) Part II, deals with the demerger of the PMRTS Business Division of Arvind ;
- (c) Part III, deals with the consideration for the demerger ;
- (d) Part IV, deals with the accounting treatment in the books of Arvind and AORTSPL;
- (e) Part V, which deals with the remaining business;
- (f) Part VI, which deals with the general terms and conditions governing this Scheme.

The Board of Directors of both Arvind and AORTSPL are of the opinion that the Scheme of Arrangement with effect from the Appointed Date (as defined herein), is in the interest of shareholders, creditors and employees of both the companies and would facilitate better economics of scale, more productive and optimum utilisation of various resources and contribute in furthering and fulfilling objectives of these companies.

The Scheme of Arrangement also makes provision for various other matters consequential or related thereto and otherwise integrally connected therewith.

2. DEFINITIONS

In this Scheme, unless repugnant to or inconsistent with the meaning or context thereof, the following expressions shall have the meanings as ascribed to them :

- 2.1 “**Act**” means the Companies Act, 1956 and shall include any statutory modifications, re-enactments or amendments thereof for the time being in force.
- 2.2 “**Appointed Date**” means the 1st day of April 2007 or such other date as may be approved by the High Court.
- 2.3 “**Arvind**” or “**Demerged Company**” means The Arvind Mills Limited, a company incorporated under the Companies Act, 1913 and having its registered office at Naroda hmedabad - 380025 in the State of Gujarat.
- 2.4 “**AORTSPL**” or “**Resulting Company**” means Arya Omnitalk Radio Trunking Services Private Limited, a company incorporated under the Companies Act, 1956 and having registered office at 3rd Floor, “Lingfield Plaza”, Survey No. 66/67, Salunke Vihar

Road, Wanowrie, Pune 411 040 in the State of Maharashtra.

- 2.5 **“Book Value”** means the value of the assets and liabilities of the PMRTS Business Division as appearing in books of accounts of Arvind, at the close of business hours of the day immediately preceding the Appointed Date.
- 2.6 **“Effective Date”** means the last of the dates on which the conditions, sanctions, approvals or Orders specified in Clauses 10, 12 and 13 of this Scheme have been fulfilled, obtained or waived. “Coming into effect of this Scheme” or “effectiveness of this scheme” shall mean the Effective Date.
- 2.7 **“High Court”** means the Hon’ble High Court of Gujarat at Ahmedabad or the High Court of Judicature at Bombay, as applicable, and shall include the National Company Law Tribunal, if applicable, to which this Scheme of Arrangement in its present form is, submitted for sanctioning under Sections 391 to 394 of the Act.
- 2.8 **“PMRTS Business Division”** or Demerged Undertaking shall mean the Public Mobile Radio Trunking Services Business Division of Arvind, which is a part of Arvind viz. a division of business activity of Arvind other than the Remaining Business and shall mean and include (without limitation) :
- (a) all assets wherever situated, whether moveable, or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible present or contingent including all plant and machinery, electricals, offices, vehicles, capital work-in-progress, furniture, fixtures, office equipment, appliances, accessories, stock-in-trade, debtors appertaining or relating to the PMRTS Business Division;
 - (b) all operating licenses issued by the Department of Telecommunication (‘DOT’) of the Government of India, in the cities of Ahmedabad, Bangalore, Chennai, Delhi, Faridabad, Mumbai, Navi Mumbai, Surat and Vadodara, permits, quotas, rights (including rights under any, contracts, government contracts, concession agreement, non-possessory contractual rights or any other contracts), entitlements, industrial and other licenses, municipal permissions, approvals, concepts, patents, copyrights, all other intellectual property and/or interest (whether vested, contingent or otherwise) in projects undertaken by the PMRTS Business Division, either solely or jointly with other parties, cash balances, benefit of any deposits, financial assets, corporate guarantees issued in relation to the PMRTS Business Division by Arvind and benefits of any bank guarantees issued in relation to the undertaking for the benefit of Arvind, funds belonging to or proposed to be utilized for Arvind, privileges, all other claims, rights and benefits (including under any power of attorney(s) issued, by Arvind in relation to the PMRTS Business Division or any power of attorney(s) issued in favour of Arvind or from or by virtue of any proceeding before a legal, quasi judicial authority or any other statutory authority to which Arvind was a party to) powers and facilities of every kind, nature and description whatsoever, in connection with or relating to the PMRTS Business Division;
 - (c) benefits of agreements, contracts and arrangements, powers, authorities, permits, allotments, approvals, consents, privileges, liberties, advantages, easements and all the rights, title, interest, goodwill, benefit and advantage, benefits of all agreements, subsidies, incentives, grants, tax credits (including but not limited to credits in respect of income tax, sales tax, value added tax, turnover tax, service tax, fringe benefit tax, etc.) and other claims and powers, of whatsoever nature and wheresoever situated belonging to or in the possession of granted in favour or enjoyed by or relating to the PMRTS Business Division;
 - (d) all advances and/or earnest monies and/or security deposits paid by Arvind in connection with or relating to the PMRTS Business Division;
 - (e) all records, files, papers, engineering and process information, computer programmes, drawings, manuals, data, catalogues, quotations, sales and advertising materials, list of present and former customers and suppliers, customer credit information and other records, whether in physical or in electronic form in connection with or relating to the PMRTS Business Division;
 - (f) all present and future liabilities appertaining to or relatable to the PMRTS Business Division (including contingent liabilities) and shall further include any obligations under any licenses, permits, appertaining or relatable to the PMRTS Business Division;
 - (g) all permanent and temporary employees of the PMRTS Business Division employed as on the Effective Date and those permanent and temporary employees that are determined by the Board of Directors of Arvind to be substantially engaged or in relation to the PMRTS Business Division.

Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the PMRTS Business Division or whether it arises out of the activities or operations of the PMRTS Business Division shall be decided by the Board of Directors of Arvind and AORTSPL by mutual agreement.

- 2.9 **“Remaining Business”** shall mean and include all the businesses of Arvind other than UTS Business Division and all other assets and liabilities of Arvind other than those pertaining to the PMRTS Business Division.
- 2.10 **“Scheme of Arrangement”** or “Scheme” or “this Scheme” or “the Scheme” means this Scheme of Arrangement made under Section 391 to 394 of the Act amongst Arvind, AORTSPL, their respective shareholders and creditors, in its present form or with any modification(s) or amendment(s) made under Clause 11 of this Scheme.

3. DATE WHEN THE SCHEME COMES INTO OPERATION

Though this Scheme shall be effective from the Effective Date, the provisions of this Scheme shall be applicable and come into operation from the Appointed Date.

4. SHARE CAPITAL

4.1 The authorised, issued, subscribed and paid up share capital of Arvind as on June 30, 2007 is as under:

Particulars	Rs.
Authorised : 23,00,00,000 Equity Shares of Rs.10/- each	230,00,00,000
90,00,000 Preference Shares of Rs.100/- each	90,00,00,000
Issued, Subscribed and Paid - Up: Equity Shares : 20,93,78,441 Equity Shares of Rs.10/- each. Less: 900 Forfeited Shares (Paid- up amount of Rs.4,500/- on forfeited shares)	209,37,75,410
Preference Shares : 66,00,000 - 6% Redeemable Cumulative Non-Convertible Preference Shares of Rs.100/- each.	42,90,00,000
Total	252,27,75,410

4.2 The authorised, issued, subscribed and paid up share capital of AORTSPL as on June 30, 2007 is as under:

Particulars	Rs.
Authorised : 50,000 Equity Shares of Rs. 10/- each	5,00,000
Issued, Subscribed and Paid - Up: 10,000 Equity Shares of Rs. 10/- each fully paid up	1,00,000
Total	1,00,000

PART II-DEMERGER

5. TRANSFER AND VESTING OF THE PMRTS BUSINESS DIVISION

The PMRTS Business Division, as defined in Clause 2.8 above, shall be transferred to and vested in or be deemed to be transferred to and vested in AORTSPL in the following manner :

5.1 With effect from the Appointed Date, the PMRTS Business Division shall, pursuant to the provisions contained in Sections 391 to 394 and all other applicable provisions, if any, of the Act, without any further act, deed, matter or thing (save and except as provided in sub clauses 5.2 to 5.4 below), be and the same shall stand-transferred to and vested in or be deemed to be transferred to and vested in AORTSPL so as to become the property of AORTSPL with effect from the Appointed Date, free from all encumbrances, but subject to the charges existing thereon on the Appointed Date in favour of the financial agencies and/ or the concerned secured creditors of Arvind if and only if such charges relate to , or are appertaining to the liabilities and debts of the PMRTS Business Division. The assets and the liabilities pertaining to the PMRTS Business Division shall transferred at Book Value.

5.2 All the moveables including cash in hand, if any, of the PMRTS Business division capable of passing by manual delivery, shall be so delivered or endorsed as the case may be, to AORTSPL;

5.3 In respect of movables of the PMRTS Business Division other than cash but including sundry debtors, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies and customers and other persons pertaining to the PMRTS Business Division, the following modus operandi for intimating to third parties shall to the extent possible be followed :

(a) Arvind may give notice in such form as it may deem fit and proper, to each person, party, debtor, lonee or depositee as the case may be, belonging to or related to the PMRTS Business Division, that pursuant to the High Court having sanctioned the Scheme, the said debt, loan, advances, bank balances or deposits be paid or made good or held on account of AORTSPL as the person entitled thereto to the end and intent that the right of Arvind to recover or realise the same stands extinguished and that appropriate entry should be passed in its books to record the aforesaid change ;

(b) AORTSPL may also give notice in such form as it may deem fit and proper to each person, debtor, lonee or depositee, as the case may be, belonging to or related to the PMRTS Business Division, that pursuant to the High Court having sanctioned the Scheme, the said debt, loan or deposit be paid or made good or held on account of AORTSPL and that the right of Arvind to recover or realize the same stands extinguished.

5.4 In relation to other assets belonging to the PMRTS Business Division, which require separate documents for transfer, or

which Arvind and/or AORTSPL otherwise desire to be transferred separately, Arvind and AORTSPL each will execute such deeds, documents or such other instruments or writings or create evidence, if any, as may be necessary.

5.5 All assets, estate, rights title, interest and authorities acquired by Arvind after the Appointed Date and prior to the Effective Date for operation of the PMRTS Business Division shall also stand transferred to and vested in AORTSPL upon the coming into effect of this Scheme.

5.6 CONTRACTS, DEEDS, ETC.

Without prejudice to the other provisions of this Scheme, AORTSPL may, at any time, after the Scheme comes into effect in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which Arvind is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. Arvind will, if necessary, also be a party to the above. AORTSPL shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of Arvind and to carry out or perform all such formalities or compliances referred to above on the part of Arvind to be carried out or performed.

5.7 For avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that:-

- (a) all consents, permissions, certificate, authorities given by, issued to or executed in favour of Arvind in respect of the PMRTS Business Division shall stand transferred to and be available for AORTSPL as if the same were originally given by, issued to or executed in favour of or for AORTSPL, and for the business of the PMRTS Business Division and the rights and benefits under the same shall be available to AORTSPL;
- (b) if any of the assets (rights, title, interest in or authorities relating to such or, any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the PMRTS Business Division which Arvind owns or to which Arvind is a party to), cannot be transferred to AORTSPL for any reason whatsoever, Arvind shall hold such assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust and for the benefit of AORTSPL, until the same are transferred and vested in AORTSPL;
- (c) the Remaining Business shall continue to be owned or owed by Arvind.

5.8 LEGAL PROCEEDINGS

All legal or other proceedings by or against Arvind pending on the Effective Date and relating to the PMRTS Business Division, including property rights, powers, liabilities, obligations and duties of Arvind shall continue and be enforced by or against AORTSPL in the same manner and to the same extent as it would or might have been continued and enforced by or against Arvind. Any other legal or other proceedings relating to Arvind pending on the Effective Date shall continue and remain enforced by or against Arvind.

5.9 CONDUCT OF BUSINESS BY DEMERGED COMPANY TILL EFFECTIVE DATE

With effect from the Appointed Date and upto and including the Effective Date :

- (a) Arvind shall be deemed to have been carrying on and shall carry on all business and activities relating to the PMRTS Business Division and stand possessed of the properties to be transferred, for and on account of trust for AORTSPL including but without limitation, manufacturing and marketing activities, and payment of advance income tax, sales tax, excise and other statutory levies, etc.
- (b) all profits accruing to Arvind or losses arising or incurred by it relating to the PMRTS Business Division shall, for all purposes, be treated as the profits or as the case may be losses, of AORTSPL.

5.10(a) Arvind hereby undertakes, from the Appointed Date upto and including the Effective Date to carry on the business of the PMRTS Business Division with proper prudence and not to alienate or otherwise deal with or dispose of the PMRTS Business Division or any part thereof otherwise than in the ordinary course of the business of the PMRTS Business Division.

(b) AORTSPL shall be entitled, pending the sanction of the Scheme, to apply to the "Central/State Governments and all other agencies, departments and authorities concerned as are necessary under any law, for such consents, approvals and sanctions, which AORTSPL may require to own and operate the PMRTS Business Division.

5.11 STAFF, WORKMEN & EMPLOYEES

- (a) AORTSPL undertakes to engage, on and from the Effective Date, all employees of the PMRTS Business Division desirous of joining AORTSPL on the same terms and conditions on which they are engaged as on the Effective Date by Arvind without any interruption of service as a result of the transfer or on terms and conditions not less favorable than those subsisting with reference to Arvind as on the said date, as if they were in continuous service.
- (b) The accounts of the employees of Arvind specified in sub-clause (a) above, relating to the superannuation fund, provident fund, gratuity fund and other funds including any surplus in such funds shall be identified, determined and transferred to the trustees of the respective funds of AORTSPL.

5.12 Except as provided in the Clauses above, AORTSPL shall accept all acts, deeds and things relating to the PMRTS Business Division done and executed by and/or on behalf of Arvind on or after the Appointed Date as acts, deeds and things done and executed by and/or on behalf of AORTSPL.

5.13 Subject to other provisions of this Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature relating to the PMRTS Business Division, to which Arvind is a party, subsisting or Having effect on or before the Effective date shall be in full force and effect against or in favour of AORTSPL and may be enforced as fully and effectually, as if, instead of Arvind, AORTSPL had at all material times been a party thereto. All contracts, deeds, bonds, agreements, insurance policies and other instruments of whatsoever nature other than those relating to the PMRTS to which Arvind is a party subsisting or having effect on or before the Effective Date shall be in full force and effect against or in favour of Arvind.

5.14 The transfer of properties and liabilities under Clause 5.1 above and the continuance of proceedings by or against Arvind under Clause 5.8 above shall not affect any transaction or proceedings already concluded by Arvind on or after the appointed Date till the Effective Date, to the end and intent that AORTSPL accepts and adopts all acts, deeds and things done and executed by Arvind in respect thereto as done and executed on behalf of itself.

PART III- CONSIDERATION FOR THE DEMERGER

6. CONSIDERATION PAYABLE BY AORTSPL

In consideration of the demerger of the PMRTS Business Division from Arvind and consequent vesting thereof into AORTSPL in terms of this Scheme, AORTSPL shall within 45 days from the Effective Date, without any further application, act or deed pay to Arvind a sum equivalent to the net asset value of the PMRTS Business Division amounting to Rs.600 lakh (Rupees Six Hundred Lakh Only).

PART IV - ACCOUNTING TREATMENT

7. ACCOUNTING TREATMENT IN THE BOOKS OF ARVIND

7.1 Upon the coming into effect of this Scheme, with effect from the Appointed Date, the accounts representing the assets and liabilities of the PMRTS Business Division shall stand closed on transfer to AORTSPL.

7.2 Inter - corporate loans or balances, if any, belonging to or relating to the PMRTS Business Division, between Arvind and AORTSPL, the obligations in respect thereof shall come to an end and corresponding effect shall be given in the books of accounts and records of Arvind for the reduction of any assets or liabilities, as the case may be.

7.3 It is clarified that all taxes payable by Arvind, relating to PMRTS Business Division from the Appointed Date onwards including all or any refund and claims shall, for all purposes, be treated as the tax liabilities or refund or claims of AORTSPL. Accordingly, upon the Scheme becoming effective, AORTSPL is expressly permitted to revise tax returns and other returns, if any, and to claim refunds / credits pursuant to the provisions of this Scheme.

8. ACCOUNTING TREATMENT - IN THE BOOKS OF AORTSPL

8.1 Upon the coming into effect of this Scheme, AORTSPL shall record the assets and liabilities vested in it pursuant to this Scheme, in accordance with the applicable Accounting Standards.

PART V- REMAINING BUSINESS TO CONTINUE WITH ARVIND

9. REMAINING BUSINESS

9.1 The Remaining Business shall continue to belong to and be vested in and be managed by Arvind. .

9.2 With effect from the Appointed Date and upto and including the Effective Date;

- (a) Arvind shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
- (b) all profits accruing to Arvind thereon or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Business shall, for all purposes, be treated as the profits or losses, as the case may be of Arvind; and
- (c) all assets and properties acquired by Arvind in relation to the Remaining business on or after the Appointed Date shall belong to and continue to remain vested in Arvind.

PART VI - GENERAL TERMS AND CONDITIONS

10. APPLICATION TO HIGH COURT

10.1 Arvind and AORTSPL shall with all reasonable dispatch make applications to the High Court under Sections 391 and 394 of the Act, seeking orders for dispensing with or convening as the case may be, the holding and conducting of the meetings of the respective classes of the members and/or creditors of Arvind and AORTSPL as may be directed by the High Court.

10.2 On the Scheme being agreed to by the requisite majorities of the classes of the members and/or creditors of Arvind and AORTSPL as directed by the High Court, Arvind and AORTSPL shall respectively with reasonable dispatch, apply to the concerned High Court for sanctioning the Scheme of Arrangement under Sections 391 and 394 of the Act, and for an order or orders as the concerned High Court may deem fit for carrying this Scheme into effect.

11. MODIFICATION OR AMENDMENTS TO THE SCHEME

Arvind and AORTSPL by their respective Board of Directors (including any Committee of Directors) or through their authorised representative(s) may make any modifications / amendments as may be essential or necessary or may assent to any modifications/amendments to the Scheme or to any conditions or limitations that the High Court and/or any other authority may deem fit

to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors or any committee thereof). Arvind and AORTSPL by their respective Board of Directors (including any Committee thereof) or through their authorised representative(s) be and are hereby authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith. In the event that any conditions are imposed by the High Court which Arvind and/or AORTSPL finds unacceptable for any reason whatsoever then Arvind and/or AORTSPL shall be entitled to withdraw from the Scheme in which event no rights and liabilities whatsoever shall accrue to or be incurred inter se to or by the parties or any of them.

12. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- (a) The Scheme being agreed to by the respective requisite majorities of the various classes of members and creditors (where applicable) of Arvind and AORTSPL as required under the Act and the requisite order or orders of the High Court referred to in Clause 10 hereof being obtained;
 - (b) The sanction of the High Court under Sections 391 and 394 of the Act, being obtained;
 - (c) The requisite sanctions or approvals including but not limited to in-principle approvals, sanctions of any governmental or regulatory authority, as may be required by law in respect of the Scheme being obtained.
 - (d) the certified copies of the orders of the High Court referred to in Clauses (b) above being filed with the Registrar of Companies, Maharashtra and the Registrar of Companies, Gujarat and;
 - (e) such other sanctions and approvals as may be required by law in respect of the Scheme being obtained.
- 13 This Scheme although to come into operation from the Appointed Date shall not become effective until the last of the following dates, namely:
- (a) the date on which the last of the aforesaid consents, approvals, permissions, resolutions and orders as mentioned in Clause 10 shall be obtained or passed; or
 - (b) the date on which all necessary certified copies of orders under Sections 391 to 394 of the Act shall be duly filed with the Registrars of Companies, Maharashtra and the Registrar of Companies, Gujarat.

The last of such dates shall be the "Effective Date" for the purpose of this Scheme.

14. RELOCATION OF THE SCHEME

In case the Scheme is not sanctioned by the High Court, or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions or conditions enumerated in the Scheme not being obtained or complied with or for any other reason the Scheme cannot be implemented by December 31, 2008 or by such later date as may be agreed by the respective Board of Directors (including any committee thereof) of Arvind and AORTSPL, the Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or any of them. In such a case, each Company shall bear its own cost, charges and expenses in connection with the Scheme unless otherwise mutually agreed.

15 COSTS, CHARGES & EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of Arvind and AORTSPL, arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto shall be borne by Arvind.

Dated this 16th day of May 2008.

Witness Yaad Ram Meena Esquire,

the Chief Justice at Ahmedabad

aforesaid this Sixteenth day of May Two Thousand Eight.

By the order of the Court
Sd/-
G. K. Upadhyaya
Registrar (Judicial)
this 5th day of June 2008

Sealer
Sd/-
D. B. Dholakiya
This 5th day of June 2008

Order drawn by :
Sd/-
(Swati Saurabh Soparkar)
Advocate

204, Aakanksha, Opp. Vadilal House,
Nr. Mount Carmel Railway Crossing,
Navrangpura, Ahmedabad

**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
ORIGINAL JURISDICTION
COMPANY PETITION NO. 97 OF 2009
CONNECTED WITH
COMPANY APPLICATION NO. 61 OF 2009**

In the matter of Sections 391 to 394 of the Companies Act, 1956;
And .

In the matter of Arvind Limited.
Company incorporated under the Indian Companies Act, 1913 and having its registered, office at Naroda Road, Ahmedabad-380025, in the state of Gujarat
And

In the matter of Scheme of Arrangement in the nature of Demerger and transfer of Brands Business Division of Arvind Limited into Arvind Lifestyle Brands Limited and. Retail Business Division of Arvind Limited into Arvind Retail Limited.

Arvind Limited ;

A Company incorporated under the Indian Companies Act, 1913 and having its registered office at Naroda Road, Ahmedabad-380025 in the state of Gujarat

. **PETITIONER COMPANY**
BEFORE HONOURABLE Mr. JUSTICE JAYANT PATEL

Date: 7th September, 2009

ORDER ON PETITION

The above petition coming on for hearing on 7th September 2009, upon reading the said petition, the order dated 2nd March 2009 passed in the Company Application No. 61 of 2009 whereby the separate meetings of the Equity Shareholders, Preference Shareholders, Secured Creditors and Unsecured Creditors of the company were directed to be convened, for the purpose of considering, and if thought fit, approving, with or without modification the compromise or arrangement in the nature of De-merger and Transfer of Brands Business Division of Arvind Limited into Arvind Lifestyle Brands Limited and Retail Business Division of Arvind Limited into Arvind Retail Limited, proposed to be made between the said Company and its members and creditors and annexed to the affidavit of Shri R. V. Bhimani dated 26th February 2009, and The Indian Express, English daily (Ahmedabad Edition) dated 6th March 2009 and Gujarat Samachar, the Gujarati daily (All Editions in Gujarat) dated 7th March 2009, each containing the advertisement of the said notice convening the said meetings directed to be held by the said order dated 2nd March 2009, the affidavit of Shri Sanjay S. Lalbhai dated 31st March 2009 showing the publication and dispatch of the notices convening the said meetings, the report of the Chairman of the said meetings dated 15th April 2009 as to the result of the said meetings, and considering the affidavits of Mr. R. K. Dalmia, Deputy Registrar of Companies dated 12th August 2009, and considering the additional affidavit dated 27th August, 2009 filed by Mr. R. V. Bhimani for the petitioner company and upon hearing Smt. Swati Soparkar, Advocate for the petitioner Company and upon hearing Shri P. S. Champaneri, counsel appearing for the Central Government and it appearing from the Report of the Chairman that the proposed compromise or arrangement has been approved by requisite majority by the Equity Shareholders and unanimously by Preference Shareholders, Secured Creditors and Unsecured Creditors of the company at the respective meetings;

This Court doth hereby sanction the compromise or arrangement set forth in para 13 of the petition herein and in the Schedule hereto and doth hereby declare the same to be binding on the Equity Shareholders, Preference Shareholders, Secured Creditors and Unsecured Creditors of the above named company and also on the above named company.

And this Court doth further order that parties to the compromise or arrangement or other persons interested shall be at liberty to apply to this Court for any direction that may be necessary in regard to the working of the compromise or arrangement; and

That the said company do file with the Registrar of Companies a certified copy of this order within 30 days from the receipt of the same, and

This Court doth further order payment of Rs.3,500/- in aggregate as the cost of this petition awardable to Shri P. S. Champaneri, the Central Govt. Standing Counsel.

SCHEDULE

Scheme of Arrangement as sanctioned by the Court.

Dated this 7th September, 2009.

SCHEME OF ARRANGEMENT

BETWEEN

ARVIND LIMITED

AND

ARVIND LIFESTYLE BRANDS LIMITED AND ARVIND RETAIL LIMITED

This Scheme of Arrangement provides for De-merger and Transfer of Brands Business Division to Arvind Lifestyle Brands Limited and Retail Business Division to Arvind Retail Limited pursuant to Sections 391 to 394 and other relevant provisions of the Companies Act, 1956.

1. DEFINITIONS

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings ;

- 1.1 **“De-merged Company”** or **“Arvind”** means Arvind Limited , a Company incorporated under the Indian Companies Act, 1913 and having its Registered Office at Naroda Road, Ahmedabad - 380025 in the state of Gujarat.
- 1.2 **“ALBL”** or **“First Resulting Company”** means Arvind Lifestyle Brands Limited, a Company incorporated under the Companies Act, 1956, having its Registered Office at Arvind Mills Premises, Naroda Road, Ahmedabad -380025 in the state of Gujarat.
- 1.3 **“ ARL”** or **“Second Resulting Company”** means Arvind Retail Limited, a Company incorporated under the Companies Act, 1956, having its Registered Office at Arvind Mills Premises, Naroda Road, Ahmedabad - 380025 in the state of Gujarat.
- 1.4 **“The Act”** or **“The said Act”** means the Companies Act, 1956, or any statutory modification or re-enactment thereof for the time being in force.
- 1.5 **“The Appointed Date”** for the purpose of De-merger means 1st day of April 2009, or such date as the High Court of Gujarat may direct/fix.
- 1.6 **“The Effective Date”** means the date on which certified copies of the order(s) of the High Court of Gujarat are filed with the Registrar of Companies, Gujarat at Ahmedabad after obtaining the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary therefore or 1st Day of April, 2009 whichever happens later.
- 1.7 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Arrangement in its present form as submitted to High Court of Gujarat or this scheme with such modification(s), if any made, as per Clause 14 of this scheme.
- 1.8 **“Undertaking”** means and includes all the undertakings, the entire business, all the properties (whether movable or immovable, tangible or intangible), plant and machinery, free hold land, lease hold land, building and structures, offices, residential and other premises, capital work-in progress, furniture, fixtures, office equipment, appliances, accessories, power lines, deposits, all stocks, assets, investments of all kinds (including shares, scrip, stocks, bonds, debenture stock, units or pass through certificates), cash balances with banks, loans, advances, contingent rights or benefits, receivables, benefits of any deposits, financial assets, leases, and hire purchase contracts and assets, lending contracts, benefit of any security arrangements, reversions, powers, authorities, allotments, approvals, permits and consents, quotas, rights, entitlements, contracts, licenses (industrial and otherwise), municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godwons, warehouses, leases, licenses, fixed and other assets, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interests and other benefits (including tax benefits) and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the company/division, including but without being limited to trade and service names and marks, patents, copyrights, and other intellectual property rights, other than any trademarks mortgaged with lenders, of any nature whatsoever, authorisations, permits, approvals, rights to use and .avail of telephones, telexes, facsimile, email, internet, leased line connections, ERP and other software licenses, computer hardware licenses solutions, networks and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of all arrangements, all records, files, papers, computer programmes, manuals, data, catalogues, sales and advertisement materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other records in connection with or relating to the company/division and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the company/division, whether in India or abroad.

- 1.9. **“Brands Business Division”** or **“BBD”** means the entire Undertaking classified as Brands Business Division of the De-merged Company Arvind carrying on the business of manufacturing, marketing and promotion of branded apparels among other activities .along with all liabilities contingent or otherwise pertaining to or relatable to the undertaking as appearing in the books of accounts which arise out of the activities or operations of the undertaking but excluding loans and borrowings and debentures, if any, taken from any bank and/or financial institutions.

The details of assets and liabilities of **Brands Business Division** as at 30-09-2008 are more particularly described in Annexure 'A'. Annexure A will be substituted by the assets and liabilities of **Brands Business Division** as at the Appointed Date i.e. 1st April 2009.

- 1.9.1. Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the BBD shall be decided by mutual agreement between Arvind and ALBL through their authorised representatives.

- 1.10. **“Retail Business Division”** or **“RBD”** means the entire Undertaking of Retail Business Division of the de-merged company Arvind carrying on the business of retailing apparels and accessories through stores and outlets present all over India among other activities, along with all liabilities contingent or otherwise pertaining to or relatable to the undertaking as appearing in the books of accounts which arise out of the activities or operations of the undertaking but excluding loans and borrowings-and debentures, if any taken from any bank and/or financial institutions.

The details of assets and liabilities of **Retail Business Division** as at 30-09-2008 are more particularly described in **Annexure ‘B’**. Annexure B will be substituted by the assets and liabilities of **Retail Business Division** as at the Appointed Date i.e. 1st April 2009.

- 1.10.1. Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the RBD shall be decided by mutual agreement between Arvind and ARL through their authorised representatives.

- 1.11. **“Remaining Business”** means all the Undertakings and all liabilities (contingent or otherwise including loans and borrowings and debentures, if any) pertaining to or relatable to the company as appearing in the books of accounts as on Appointed Date including the debts, liabilities, duties and obligations of the company, which arise out of the activities or operations of all the undertakings of Arvind, other than BBD and RBD as defined in the clauses 1.9 and 1.10 respectively. The loans and borrowings and debentures, if any, taken from any bank and/or financial institutions for BBD and RBD shall form part of the remaining businesses.

2. SHARE CAPITAL

A. SHARE CAPITAL OF ARVIND

Authorised :	Amount Rs. in crores
36,00,00,000 Equity Shares of Rs.10 each	360.00
90,00,000 Preference Shares of Rs.100 each	90.00
	<u>450.00</u>
Issued and Subscribed :	
21,89,78,441 Equity Shares of Rs.10 each (96,00,000 Equity shares of Rs.10 each allotted on conversion of warrants)	218.98
69,50,000 6% Redeemable Cumulative Non-Convertible Preference Shares of Rs.100 each	69.50
	<u>288.48</u>
Paid Up :	
21,89,77,541 Equity Shares of Rs.10 each	218.98
66,00,000 6% Redeemable Cumulative Non-Convertible Preference Shares of Rs.100/- each (Unredeemed portion)	33.00
4,10,00,00 Warrants of Rs. 52 each, paid up Rs.5.20 each	21.32
	<u><u>273.30</u></u>

B. SHARE CAPITAL OF ALBL

Authorised	Amount Rs. in lakhs
10,00,000 Equity Shares of Rs. 10 each	100.00
	<u>100.00</u>
Issued and Subscribed & Paid Up	
50,100 Equity Shares of Rs. 10 each	5.01
	<u>5.01</u>

C. SHARE CAPITAL OF ARL

Authorised	Amount Rs. in lakhs
1,00,00,000 Equity Shares of Rs. 10 each	1,000.00
	<u>1,000.00</u>
Issued and Subscribed & Paid Up	
50,000 Equity Shares of Rs. 10 each	5.00
	<u>5.00</u>

3. TRANSFER AND VESTING OF THE BRANDS BUSINESS DIVISION AND RETAIL BUSINESS DIVISION

- 3.1. With effect from the Appointed Date and upon the scheme becoming effective, the entire undertaking of BBD and RBD shall under the provisions of Section 391 and 394 of the Act, and pursuant to the orders of the High Court sanctioning this scheme without any further act or deed to be transferred and/or deemed to be transferred to and vested in ALBL and ARL respectively so as to become the undertakings, estates, assets, properties, liabilities obligations, rights, title and interests of ALBL and ARL respectively for a consideration equalling the net asset value of BBD and RBD respectively.
- 3.2. With effect from the Appointed Date and upon the scheme becoming effective, all the debts, liabilities, duties and obligations pertaining to or relatable to BBD and RBD but excluding loans and borrowings and debentures, if any taken from any bank and/or financial institutions as and from the Appointed Date shall, without any further act or deed, be and stand transferred to ALBL and ARL as the case may be, pursuant to the applicable provisions of the said Act, so as to become as from the Appointed Date, the debts, liabilities, duties and obligations of ALBL and ARL respectively. It shall not be necessary to obtain the consent of or to give notice to any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause.
- 3.3. The current assets of BBD and RBD, on which first-charge has been created in favour of working capital lenders of Arvind, shall be transferred to ALBL and ARL respectively with such first charge. However, no liability, contingent or otherwise from such borrowings will be transferred to ALBL or ARL.

4. ISSUE OF SHARES AND PAYMENT OF CASH CONSIDERATION BY ALBL AND ARL

A. ISSUE OF SHARES AND PAYMENT OF CASH CONSIDERATION BY ALBL

- 4.1 In consideration of the de-merger of BBD from Arvind and consequent transfer and vesting of the BBD along with the liabilities of the said Business thereof into ALBL in terms of this Scheme, ALBL shall, without any further application, act or deed, issue and allot up to 2,00,00,000 Equity Shares of Rs.10/- (Rupees Ten Only) each at a premium of Rs. 60/- per share, credited as fully paid-up in the capital of ALBL to Arvind and balance, if any, shall be paid in cash within 3 months from the Effective Date to Arvind by cheque.
- 4.2 The said new equity shares shall rank for voting rights and in all other respects pari-passu with the existing Equity Shares of the ALBL.
- 4.3 The issue and allotment of the new equity shares shall be deemed to have been carried out in compliance with the provisions of section 81(1A) of the Companies Act, 1956 read with Unlisted Public Companies (Preferential Allotment) Rules, 2003 and no separate resolution in that behalf would be required to be passed by ALBL.

B. ISSUE OF SHARES AND PAYMENT OF CASH CONSIDERATION BY ARL

- 4.4 In consideration of the de-merger of RBD from Arvind and consequent transfer and vesting of the RBD along with the liabilities of the said Business thereof into ARL in terms of this Scheme, ARL shall, without any further application, act or deed, issue and allot up to 2,00,00,000 Equity Shares of Rs.10/- (Rupees Ten Only) each at a premium of Rs. 15/- per share, credited as fully paid-up in the capital of ARL to Arvind and balance, if any, shall be paid in cash within 3 months

from the Effective Date to Arvind by cheque.

- 4.5. The said new equity shares shall rank for voting rights and in all other respects pari-passu with the existing Equity Shares of ARL.
- 4.6. The issue and allotment of the new equity shares shall be deemed to have been carried out in compliance with the provisions, of section 81(1A) of the Companies Act, 1956 read with Unlisted Public Companies (Preferential Allotment) Rules, 2003 and no separate resolution in that behalf would be required to be passed by ARL.

5. CONDUCT OF BUSINESS

With effect from the Appointed Date and up to the Effective Date :

- 5.1. Arvind shall carry on and be deemed to carry on all its business and activities and stand possessed of its properties and assets for and on account of and in trust for ALBL and ARL and all the profits accruing to BBD and RBD or losses arising or incurred by them shall, for all purposes, be treated as the profits or losses of ALBL and ARL respectively as the case may be ; similarly all payments made and amounts received for and on account of and in trust for ALBL and ARL shall, for all purposes, be treated as payments made and amounts received by ALBL and ARL respectively as the case may be.
- 5.2. Arvind so far as pertaining to BBD and RBD shall carry on their business and activities with reasonable diligence and business prudence and shall not, otherwise than in the ordinary course of the business, undertake any additional financial commitments, incur any liabilities, alienate, charge, mortgage or encumber or deal with the assets, or any part thereof without the prior written consent which shall not be unreasonably withheld or delayed of ALBL and ARL except pursuant to any pre-existing obligation undertaken by Arvind for BBD and RBD prior to the Appointed Date.

6. EMPLOYEES OF BBD AND RBD

On the scheme being effective

- 6.1. All employees of the BBD and RBD in service on the Effective Date shall be deemed to have become the employees of ALBL and ARL respectively without any interruption in their service as a result of the transfer of BBD and RBD to ALBL and ARL. On the basis of continuity of service, the terms and conditions of their employment with ALBL and ARL with effect from the Effective Date, shall not be less favourable than those applicable to them with reference to the BBD and RBD of Arvind on the Effective Date.
- 6.2. With regard to provident fund, gratuity fund, superannuation fund or any other special fund or any other special scheme created or existing for the benefit of such employees of Arvind, upon the Scheme becoming effective, ALBL or ARL shall stand substituted for Arvind for all purposes whatsoever relating to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The balances in provident fund/gratuity fund and any other trust fund existing for the benefit of and to the credit of employees of the BBD and RBD shall be transferred to ALBL and ARL respectively and shall be continued for the benefit of the employees for the BBD and RBD on the same terms and conditions. With effect from the Appointed Date, all necessary contributions made for such transferred employees of Arvind and deposited the same in the existing provident fund or gratuity fund or any other fund shall be deemed to be made / deposited by ALBL and ARL. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of Arvind in relation to such schemes or funds shall become those of the ALBL and ARL. It is clarified that the services of all transferred employees of the BBD and RBD to ALBL and ARL, will be treated as having been continuous for the purpose of the aforesaid schemes or funds.

7. LEGAL PROCEEDINGS

If any suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called "the Proceedings") by or against BBD and RBD are pending, the same shall not abate, be discontinued or in terms of the Scheme, but the Proceedings may be continued, prosecuted and enforced by or against ALBL and ARL respectively in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against BBD and RBD as if the Scheme had not been made. On and from the Effective Date, ALBL and ARL shall and may initiate any legal proceedings for and on behalf of BBD and RBD respectively.

8. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 8.1. Subject to other provisions contained in the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatever nature to which BBD and RBD are party subsisting or having effect immediately before the Effective Date shall remain in full force and effect against or in favour of ALBL and ARL respectively, as the case may be, and may be enforced as fully and as effectually as if, instead of BBD and RBD, ALBL and ARL had been a party thereto.
- 8.2. ALBL and ARL may at any time alter the coming into effect of this Scheme, if so required under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which BBD and RBD are a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. ALBL and ARL shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of BBD and RBD and to carry out or perform all such formalities or compliances referred to above on the part of BBD and RBD.

9. SAVING OF CONCLUDED TRANSACTIONS

The transfer of properties and liabilities under Clause 3 above and the continuance of proceedings by or against Arvind under Clause 7 above shall not affect any transaction or proceedings already concluded by Arvind on or after the Appointed Date till the Effective Date, to the end and intent that ALBL and ARL as the case may be accepts and adopts all acts, deeds and things, done and executed by Arvind in respect thereto as done and executed on behalf of itself.

10. REMAINING BUSINESS

The Remaining Business and all the assets, liabilities, and obligations pertaining thereto shall continue to belong to and be vested in and be managed by Arvind.

11. ACCOUNTING TREATMENT IN THE BOOKS OF ARVIND LIFESTYLE BRANDS LIMITED AND ARVIND RETAIL LIMITED

11.1. Upon the Scheme becoming effective, ALBL and ARL shall record all the assets at and liabilities at fair value vested in it pursuant to this scheme, on the day of transfer.

11.2 The difference between the consideration and the fair value of net assets recorded under sub clause 11.1 above if surplus will be credited to General Reserve and if deficit would be debited to Goodwill Account.

12. ACCOUNTING TREATMENT IN THE BOOKS OF ARVIND ON DEMERGER OF THE BRANDS BUSINESS DIVISION AND RETAIL BUSINESS DIVISION

12.1. Upon the Scheme becoming effective, the accounts representing the assets and liabilities of BBD and RBD in the books of Arvind shall stand closed on transfer to ALBL and ARL.

12.2. The shares allotted by ALBL and ARL in consideration of the transfer of the business will be shown as Investments at the issue price and will be treated as Long-Term Investments under the Accounting Standard AS 30 and Accounting Standard 13 issued by the Institute of Chartered Accountants of India.

12.3 It is clarified that all taxes payable by Arvind, relating to BBD and RBD, from the Appointed Date onwards including all or any refund and claims shall, for all purposes, be treated as the tax liabilities, or refund or claims of ALBL and ARL respectively. Accordingly, upon the Scheme becoming effective, ALBL and ARL are expressly permitted to revise tax returns and other returns, if any, and to claim refunds / credits pursuant to the provisions of this Scheme.

12.4. Notwithstanding the above, the Board of Directors of Arvind, in consultation with its Auditors, is authorized to account any of the balances in any manner, whatsoever as may be deemed fit.

13. APPLICATIONS TO HIGH COURT

ALBL, ARL and Arvind shall, with all reasonable dispatch, make applications under Sections 391 and 394 of the Act to the High Court of Gujarat at Ahmedabad for sanctioning the Scheme.

14. MODIFICATIONS/AMENDMENTS TO THE SCHEME

14.1. ALBL and ARL by a simple majority of their respective Directors or any committee thereof and Arvind by a simple majority of its Directors or any committee thereof may assent to any modification or amendment to the Scheme or agree to any terms and/or conditions which the Court and/or any other authorities under law may deem fit to impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and may do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect.

14.2. For the purpose of giving effect to the Scheme or to any modification thereof, the Directors of ALBL and ARL acting by simple majority or any committee thereof and the Directors of Arvind acting by a simple majority or any committee are hereby authorised to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

15. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

The Scheme is conditional on and subject to :

15.1 The requisite approval under the applicable provisions of the said Act being passed by the shareholders and creditors of Arvind, shareholders and creditors of ALBL and ARL for any of the matters provided for or relating to the Scheme, as may be necessary or desirable.

15.2. The sanction of the High Court of Gujarat at Ahmedabad under Sections 391 and 394 of those said Act, in favour of ALBL, ARL and Arvind as the case may be and to the necessary order or orders under Section 394 of the said Act, being obtained.

15.3. Any other sanction or approval of the Appropriate Authorities concerned, as may be considered necessary and appropriate by the respective Board of Directors of ALBL, ARL and Arvind, being obtained and granted in respect of any of the matters for which such sanction or approval is required.

16. EFFECT OF NON-RECEIPT OF APPROVALS

In case the Scheme is not sanctioned by the High Court of Gujarat, or in the event any of consents, approvals, permissions, resolutions, agreements, sanctions, or conditions enumerated in the Scheme not being obtained or complied or for any other reason, the Scheme cannot be implemented by 31st December, 2009, or by such later Date as may be agreed by the respective Board of Directors of ALBL, ARL and Arvind, the Scheme shall become null and void, and in that event no rights and liabilities whatsoever shall accrue to or be incurred to or be incurred inter se by the parties or their shareholders or creditors or employees or any other person. In such a case, each Company shall bear its own cost, charges and expenses in connection with the Scheme of Amalgamation unless otherwise mutually agreed.

17 EXPENSES CONNECTED WITH THE SCHEME

All costs, charges, taxes including duties, levies and all other expenses, if any in relation to or in connection with this Scheme and incidental to the completion of this Scheme, shall be borne and paid by Arvind.

ANNEXURE A

BRANDS BUSINESS DIVISION

BALANCE SHEET AS AT 30TH SEPTEMBER, 2008

	BBD (Rs. In crores)
SOURCES OF FUNDS	
Shareholders' Funds	
Share Capital	0.00
Reserves and Surplus	(17.21)
	<u>(17.21)</u>
Loan Funds	
Secured Loans	0.49
Unsecured Loans	0.00
	<u>0.49</u>
Head Office Account	237.00
Total	<u>220.28</u>
APPLICATION OF FUNDS	
Fixed Assets	
Gross Block	59.08
Less: Depreciation	16.38
Net Block	<u>42.70</u>
Capital work in progress	8.96
	<u>51.66</u>
Investments	0.01
Current Assets, Loans & Advances	
Inventories	117.33
Sundry Debtors	84.42
Cash and Bank Balances	5.27
Other Current Assets	2.36
Loans and Advances	48.60
	<u>257.98</u>
Less : Current Liabilities & Provisions	
Liabilities	88.24
Provisions	1.13
	<u>89.37</u>
Net Current Assets	168.61
Total	<u>220.28</u>

ANNEXURE B
RETAIL BUSINESS DIVISION

BALANCE SHEET AS AT 30TH SEPTEMBER, 2008

	RBD (Rs. In crores)
SOURCES OF FUNDS	
Shareholders' Funds	
Share Capital	0.00
Reserves and Surplus	<u>9.67</u>
	9.67
Loan Funds	
Secured Loans	0.00
Unsecured Loans	<u>0.00</u>
	0.00
Head Office Account	79.15
Total	<u>88.82</u>
APPLICATION OF FUNDS	
Fixed Assets	
Gross Block	42.45
Less: Depreciation	4.34
Net Block	38.11
Capital work in progress	24.36
	62.47
Investments	0.00
Current Assets, Loans & Advances	
Inventories	79.83
Sundry Debtors	13.42
Cash and Bank Balances	0.91
Other Current Assets	0.00
Loans and Advances	<u>25.78</u>
	119.94
Less : Current Liabilities & Provisions	
Liabilities	93.59
Provisions	<u>0.00</u>
	93.59
Net Current Assets	26.35
Total	<u>88.82</u>

Dated this 7th day of September, 2009

Witness K. S. Radhakrishnan Esquire,
the Chief Justice at Ahmedabad
aforesaid this Seventh day of September, Two Thousand Nine.

By the order of the Court

Sd/-
Registrar (Judicial)
this 29th day of September, 2009

Sealer
Sd/-
This 29th day of September, 2009

Order drawn by
Sd/-
(Swati Saurabh Soparkar)
Advocate

204, Aakanksha, Opp. Vadilal House,
Nr. Mount Carmel Railway Crossing,
Navrnagpura, Ahmedabad

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
ORIGINAL JURISDICTION COMPANY PETITION No.127OF
2011

CONNECTED WITH COMPANY APPLICATION No. 368 of
2011

In the matter of Sections 391 to 394 of the Companies Act, 1956; And

In the matter of Arvind Limited.

A Company incorporated under the Indian Companies Act, 1913 and having its
Registered Office at Naroda Road, Ahmedabad

-380 025, in the state of Gujarat

And

In the matter of Composite Scheme of Arrangement in the nature of Demerger
and Transfer of Investment Division of Asman Investments Limited to Arvind
Limited and Amalgamation of Arvind Products Limited with Arvind Limited.

Arvind Limited

A Company incorporated under the Indian Companies Act, 1913 and having its registered
Office at Naroda Road, Ahmedabad-380025, in the State of
Gujarat.....Petitioner Resulting/Transferee Company

BEFORE HONOURABLE MR. JUSTICE K. M. THAKER

Date: 29th December, 2011

Order on Petition

The above petition coming for further hearing on 29th December, 2011, upon reading the said petition, the order dated 6th July, 2011, passed in the Company Application No. 368 of 2011 whereby the petitioner was ordered to convene separate meetings of the Equity Shareholders and Secured Creditors of the Petitioner Company for the purpose of considering, and if thought fit, approving, with or without modifications, the Composite Scheme of Arrangement in the nature of Demerger and Transfer of Investment Division of Asman Investments Limited to Arvind Limited and Amalgamation of Arvind Products Limited with Arvind Limited, proposed to be made between the petitioner company and its shareholders, annexed to the affidavit of Mr. R. V. Bhimani filed on 4th July, 2011; and The Indian Express and Gujarat Samachar, both Ahmedabad editions dated 16th July, 2011 each containing the advertisement of the said notice convening the said meetings directed to be held by the aforesaid order dated 6th July, 2011; the affidavit filed by Mr. Sanjay Lalbhai filed on 26th July, 2011 showing the publication and dispatch of the notices convening the said meetings; the report of Mr. Sanjay Lalbhai, the Chairman for the said meetings alongwith the affidavit dated 24th August, 2011 as to the result of the said meetings respectively convened on 11th and 12th August, 2011, and it appearing from the report that the said scheme was approved by requisite statutory majority of shareholders and unanimously by the Secured Creditors at the respective meetings; and considering the affidavit dated 7th October, 2011 filed by Mr. Kashmir Lal Kamboj, the Regional Director (in-charge), North Western Region, Ministry of Corporate Affairs; the additional affidavit dated 15th October, 2011 filed on behalf of Petitioner and upon hearing Shri Saurabh N. Soparkar, learned Senior Advocate appearing with Smt. Swati Soparkar, Advocate for the Petitioner Company, considering the affidavit dt. 15th October, 2011 filed and upon hearing

Mr. Rupesh C. Shah, the objecting shareholder and upon hearing Mr. Y. V. Waghela, learned standing Counsel, appearing for the Central Govt.

This Court doth hereby sanction the composite scheme of arrangement set forth in para 11 of the Petition herein and in the Schedule and doth hereby declare the same to be binding on the Equity Shareholders and Secured Creditors of the above named Company and also on the said Company.

And this Court doth further direct that the Petitioner Company shall diligently and completely comply with all applicable provisions and requirements under FEMA Act and RBI Act and Companies Act and shall also strictly and completely comply with all instructions, directions and guidelines issued by the RBI with reference to the issue/allotment of shares to Non Resident Indian shareholders/ subscribers.

And this Court doth further direct that the Petitioner Company through one of its Directors shall file an undertaking declaring that it shall comply with all applicable laws and regulations including FEMA Act and RBI Act and all other applicable laws and regulations and it shall apply for and obtain all necessary permissions, licenses, authorizations etc. as may be required.

And this Court doth further order that parties to the scheme of arrangement or other persons interested shall be at liberty to apply to this Court for any directions that may be necessary in regard to the working of the said arrangement, and

That the said Company do file with the Registrar of the Companies a certified copy of this order within 30 days from the receipt of the same, and

This Court doth further order payment of Rs. 7,500/- per petition as the cost of this petition awardable to Shri Y. V.Waghela, the Standing Counsel appearing for the Central Govt.

SCHEDULE

Scheme of Arrangement as sanctioned by the court.

Dated this 29th day of December, 2011

COMPOSITE SCHEME OF ARRANGEMENT

BETWEEN

ARVIND PRODUCTS LIMITED

ASMAN INVESTMENTS LIMITED

AND

ARVIND LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

This composite Scheme of Arrangement provides for Amalgamation of Arvind Products Limited with Arvind Limited and Demerger of Investment Division of Asman Investments Limited to Arvind Limited pursuant to Sections 391 to 394 and other relevant provisions of the Companies Act, 1956.

The Scheme is divided into following parts:

- (a) Part I deals with General Terms viz. Definitions and Share Capital.
- (b) Part II deals with Demerger and Transfer of Investment Division of Asman Investments Limited to Arvind Limited.
- (c) Part III deals with Amalgamation of Arvind Products Limited with Arvind Limited.
- (d) Part IV deals with the Accounting Treatment in the books of Arvind Limited for merger of Arvind Products Limited and demerger of Investment division of Asman Investments Limited.
- (e) Part V deals with the clauses of general application to all parts of the Scheme.

PART-I

General Terms

1. **DEFINITIONS** In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:
 - 1.1 "Transferor Company" shall mean: Arvind Products Limited (APL), incorporated under the Companies Act 1956, having its Registered Office at Arvind Mills Remises, Naroda Road, Ahmedabad -380025 in the state of Gujarat.
 - 1.2 "Demerged Company" shall mean: Asman Investments Limited (Asman), incorporated under the Companies Act, 1956 having its Registered Office at Arvind Mills Premises, Naroda Road, Ahmedabad -380025 in the state of Gujarat.
 - 1.3 "The Transferee Company" for Part III AND The resulting Company for Part II means:

Arvind Limited (Arvind), a Company incorporated under the Indian Companies Act, 1913 having its Registered Office at Naroda Road, Ahmedabad -380025 in the state of Gujarat.
 - 1.4 "The Act" or "The said Act" means the Companies Act, 1956.
 - 1.5 "The Appointed Date" means 1st day of January, 2011 or such other date as may be approved by the High Court of Gujarat.
 - 1.6 "Record Date" means the date to be fixed by the Board of Directors of Arvind for the purpose of issue of Shares of Arvind to the Shareholders of APL.
 - 1.7 "The Effective Date" means the date on which certified copies of the Order(s) of the High Court of Gujarat at Ahmedabad are filed with the Registrar of Companies, Gujarat at Ahmedabad after obtaining the consents, approvals, permissions, resolutions, agreements, sanctions and orders necessary therefor.

- 1.8 "The Scheme" means this Composite Scheme of Arrangement between Arvind Limited, Arvind Products Limited and Asman Investments Limited and their respective shareholders and creditors in its present form or with any modification(s) approved or imposed or directed by the High Court of Gujarat at Ahmedabad and/or any other competent authorities.
- 1.9 "Undertaking- I"/ "Investment Division"/ "De-merged Undertaking" shall mean the Investment Division of Asman Investments Limited, the De-merged Company consisting inter alia of all investment and liabilities of 'Asman', as on the appointed date, pertaining to the Investment division having various investments, other than assets, and liabilities of the "Residual Business" as defined in 1.11 herein below.
- 1.10 "Undertaking-II" shall mean :
- (a) All the assets and properties of the Arvind Products Limited, the Transferor Company as on the Appointed Date (hereinafter referred to as "the said assets") and
 - (b) All the debts, liabilities, duties and obligations (Including the secured or unsecured if any) of APL as on the Appointed Date (hereinafter referred to as "the said liabilities") and
 - (c) Without prejudice to the generality of Sub-clause (a) and (b) above the Undertaking of APL shall include all the reserves, provisions, funds, moveable and immovable properties, assets including investments, loans and advances, claims, powers, authorities, allotment, approvals, consents, registrations, contracts, enactments, arrangements, rights, titles, interest, benefits, advantages, lease-hold rights, tenancy rights and other intangible rights, industrial and other licences, permits, authorisations, quota, rights, trade marks, patents, brands, secret formulae, drawings, research rights and other industrial intellectual properties, imports, telephone/ facsimile/ telex and other communication facilities, Electrical Connections, and equipments including Computers, Hardwares, Softwares, and other electronic equipments and instruments, system of any kind whatsoever, rights and benefits of all agreements and other interests including rights & benefits under various schemes of different Taxation Laws as may belong to or be available to the Transferor Company/ APL, rights and powers of every kind, nature and description of whatsoever probabilities, liberties, easements, advantages and approval of whatsoever nature and whatsoever situated, belonging to or in ownership, power or possession or control or entitlement of the Transferor Company / APL.
- 1.11 "Residual Business" means the assets and liabilities of Asman Investments Limited, other than relating to the Investment Division/Demerged Undertaking but including Residual Business in the Balance Sheet of the De-merged company as at 31.3.2011.
- 1.12 Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the De-merged Undertaking shall be decided by mutual agreement between the Demerged Company and Resulting Company through their authorized representatives.

2. SHARE CAPITAL OF APL as at 31.3.2011

AUTHORISED	Rs. in crores
15,00,00,000 Equity Shares of Rs.10/-each	150.00
1,40,000 10% Redeemable Cumulative Preference Shares of Rs.10/- each	0.14
64,86,000 13.5% Redeemable Cumulative Preference Shares of Rs.100/- each	64.86
	215.00
ISSUED & SUBSCRIBED	
EQUITY SHARES	
8,09,54,988 Equity Shares of Rs.10/- each fully paid up.	80.95
PREFERENCE SHARES	
1,35,000 10% Redeemable Cumulative Preference Shares of Rs.10/- each	0.14
60,00,000 12% (Originally 13.5%) Redeemable Cumulative Preference Shares of Rs.100/- each	60.00
	141.09

SHARE CAPITAL OF ASMAN as at 31.3.2011

AUTHORISED	Rs. in crores
40,00,000 Equity Shares of Rs.10/-each	4.00
	4.00
ISSUED & SUBSCRIBED	
EQUITY SHARES	
80,000 Equity Shares of Rs.10/- each fully paid up.	0.08
	0.08

SHARE CAPITAL OF ARVIND AS AT 31.03.2011

AUTHORISED	Rs. in crores
36,00,00,000 Equity Shares of Rs.10/- each	360.00
90,00,000 Preference Shares of Rs.100/- each	90.00
	450.00
ISSUED & SUBSCRIBED	
EQUITY SHARES	
25,44,00,941 Equity Shares of Rs.10/- each fully paid up.	254.40
69,50,000 6% Redeemable Cumulative Non-Convertible Preference Shares of Rs.100/- each	69.50
	323.90
PAID UP	
25,44,00,041 Equity Shares of Rs.10/- each fully paid up.	
Add :900 Forfeited Shares (Paid- up amount of Rs.4,500/- on forfeited shares)	254.40
	254.40

Subsequent to Balance Sheet date 1,60,000 Employee Stock Options granted by the Company have been converted into Equity Shares of the Company. As a result of the same Equity Capital of the company has increased by Rs.0.16 Crores to Rs.254.56 Crores.

Part -II**DE-MERGER AND TRANSFER AND VESTING OF INVESTMENT****DIVISION OF ASMAN WITH ARVIND****3. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING viz. INVESTMENT DIVISION**

The Investment Division of the De-merged Company (Asman) or the De-merged Undertaking as defined in Clause 1.9 shall be transferred to and vested in or be deemed to be transferred to and vested in the Resulting Company (Arvind) in the following manner:

- 3.1 With effect from the Appointed Date and upon the scheme becoming effective, the De-merged Undertaking shall, pursuant to the provisions of Sections 391 and 394 and all other applicable provisions of the Act, without any further act or deed stand transferred to and vested in the Resulting Company and the De-merged Undertaking shall consequently vest in the Resulting Company with effect from the Appointed Date for de-merger with all the estate and interest of the De-merged Company therein.
- 3.2 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, duties and obligations of every kind, nature and description of the said De-merged Undertaking of the de-merged company shall stand transferred or deemed to be transferred, without any further act or deed, pursuant to the said Section 391 and 394 of the Act so as to become the debts, liabilities, duties and obligations of the Resulting Company.

4. CONSIDERATION TO BE PAID BY THE RESULTING COMPANY

In consideration of the demerger of the De-merged undertaking viz. Investment Division and consequent vesting thereof into Arvind in terms of this Scheme, Arvind shall adjust the amount of fair value as at the appointed date and payable as on the effective date against the outstanding balance of loan to Asman without any further application, act or deed. It is clarified that the Resulting Company viz. Arvind shall not be required to issue any new shares, upon scheme being effective.

5. ACCOUNTING TREATMENT IN THE BOOKS OF ASMAN / DEMERGED COMPANY

The De-merged Company Asman shall give effect to the transfer of the Investment Division / the Demerged Undertaking in its books by adjusting the amount of consideration, receivable as defined in Clause 4 above against its cost of Demerged Undertaking in the books of Asman and any difference between such consideration and cost of holding of the Demerged Undertaking shall be transferred to the Demerger Adjustment Account of the De -merged Company i.e. Asman and shall be dealt with in accordance with accepted accounting principles.

Accounting treatment in the books of Resulting Company has been dealt with in detail in Clause no 13(B) herein below.

6. RESIDUAL BUSINESS

The Residual Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by Asman, the De-merged Company.

Part -III

AMALGAMATION OF ARVIND PRODUCTS LIMITED WITH ARVIND LIMITED

7. TRANSFER OF UNDERTAKING

- 7.1 With effect from the Effective Date, the Undertaking of the Transferor Company shall as and from the Appointed Date, without any further act or deed, be and the same shall stand transferred to and vested in or deemed to have been transferred to or vested in the Transferee Company pursuant to the provisions of Section 394 and other applicable provisions of the said Act so as to become as and from the Appointed Date, the estates, assets, rights, title, interests, liabilities and obligations of the Transferee Company.
- 7.2 With effect from the Effective Date, all the liabilities and obligations of the Transferor Company as and from the Appointed Date shall, without any further act or deed, be and stand transferred to the Transferee Company, pursuant to the applicable provisions of the said Act, so as to become as from the Appointed Date, the debts, liabilities, duties and obligations of the Transferee Company. It shall not be necessary to obtain the consent of or to give notice to any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this Clause.
- 7.3 Any reference in any security documents or arrangements pertaining to liabilities, to the assets of the Transferor Company which it has offered or agreed to be offered as security to lenders in connection with the Undertaking shall be construed as reference only to the assets pertaining to the Undertaking, as are vested in Transferor Company of this Scheme. Provided that the Scheme shall not operate to enlarge or extend / reduce or lower the security for any loan. deposit or facility availed by the Transferor Company in connection with the Undertakings and the Transferee Company shall not be obliged to create any further or additional security therefor after the Effective Date or otherwise.
- 7.4 With effect from the Appointed Date for merger and upon the scheme becoming effective, all permits, quotas, rights, entitlements, licenses including those pertaining to patents, copy rights, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Undertaking the benefit of which Transferor Company may be eligible and which are subsisting or having effect immediately before the Appointed Date for merger shall be and remain in full force and effect in favor of the Transferee Company and enforce fully and effectually as if instead of Transferor Company the Transferee Company had been a beneficiary or obligee thereto.
- 7.5 With effect from the Appointed Date for merger and upon the scheme becoming effective, any statutory licenses, permissions or approvals or consents held by the Transferor Company required to carry on operations of the Undertaking shall stand vested in or transferred to the Transferee Company without any further act or deed and shall be appropriately mutated by concerned authorities, if required, herewith in favour of the Transferee company. The benefit of all statutory and regulatory permissions, factory licensees, environmental approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of the Undertaking shall vest in and become available to the Transferee Company pursuant to the Scheme. Any No Objection Certificates, licenses, permissions, consents, approvals, authorizations, registrations or statutory rights as are held by the Undertaking business shall be deemed to constitute separate licenses, permissions, no objection certificates, consents, approvals, authorities, registrations or statutory rights and the relevant or concerned statutory authorities and licensors shall endorse and / or mutate or record the separation, upon the filing of Scheme as sanctioned by such authorities and licensors after the same becomes effective, so as to facilitate the continuation of the operations of the Undertakings without any hindrance from the Appointed Date of this Scheme.

8. OPERATIVE DATE OF THE SCHEME

The Scheme, although operative from the Appointed Date, shall become effective from the Effective Date.

9. ISSUE OF SHARES BY THE TRANSFEREE COMPANY

A. Issue of Shares to the Shareholders of Transferor Company/APL

- 9.1 Upon the Scheme coming into effect, the Transferee Company shall, in consideration of the transfer and vesting of the Undertaking of APL in the Transferee Company in terms of the Scheme, subject to the provisions of the Scheme and without any further application, act or deed, issue and allot 1 (One) Equity Share of Rs. 10/- each for every 11 (Eleven) Equity Shares, of Rs. 10/- (Rupees Ten Only) each credited as fully paid-up in the Capital of the Transferee Company, to the members of the transferor Company viz. APL whose names appear in the Register of Members on such date ("the Record Date"), as the Board of Directors of the transferee Company shall determine, or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of the Transferee Company.

On the approval of the Scheme by the members of the Transferor Company, Transferee Company and by the Honourable High Court of Gujarat pursuant to Section 391 of the Act shall be deemed to be the compliance of the Provisions of Section 81(1A) of the Act and other relevant provisions of the Act for the issue and allotment of shares to the shareholders of Transferor Company as provided in the Scheme. It is clarified that there will be no need to pass a separate shareholders' resolution as required under Section 81(1A) of the Act.

New Shares to be issued pursuant to the Scheme by the Transferee Company shall be treated as parri passu with existing shares of the Transferee Company in all respects.

- 9.2 All Preference Shares issued by APL are held by Arvind, the Transferee Company, which will get automatically cancelled and hence no new Preference Shares shall be issued by Arvind in exchange thereof.

- 9.3 (a) Investment by the Transferee Company/Arvind in the shares of APL shall stand automatically cancelled in view of present scheme of Amalgamation of Transferor Company with the Transferee Company and no shares shall be required to be issued in view of Interse holding getting cancelled.

- (b) Further on coming into effect of Part-II of the Scheme by virtue of proposed demerger of Investment Division into Arvind Limited the investments held by Asman in APL shall also stand cancelled after being transferred to Arvind.

- 9.4 No fractional certificate(s) shall be issued by the Transferee Company in respect of any fractions which the members of the Transferee Company may be entitled to on issue and allotment of the New Equity Shares as aforesaid by the Transferee Company. The Board of Directors of the Transferee company shall instead, consolidate all such fractional entitlements and allot New Equity Shares in lieu thereof to a Director or an officer of the Transferee Company or such other person(s) as the Board of Directors of the Transferee Company shall appoint in this regard who shall hold the New Equity Shares in trust on behalf of the members entitled to such fractional entitlements with express understanding that such director or officer or person(s) shall sell the same in market at such times (not later than 6 months upon coming into effect of this Scheme) at such price(s) and to such person(s) as it/ he/ they may deem, fit, and pay to the Transferee Company the net sale proceeds thereof. Thereupon the Transferee Company shall distribute the net sale proceeds, after deduction of applicable taxes/ duties/ levies, if any, to the members entitled in proportion to their respective fractional entitlements. In case the number of such shares to be allotted to the Director/Officer by virtue of consolidation of fractional entitlements is a fraction, one additional equity share will be issued in the Transferee Company to such Director/Officer.

- 9.5 The members of APL shall have the option, exercisable by notice in writing, by them to the Transferee Company on or before such date as may be determined by the Board of Directors of the Transferee Company or a committee thereof, to receive, either in certificate form or in dematerialised form, the New Equity Shares of the Transferee Company in lieu thereof in accordance with terms hereof. In the event such notice is not received by the Transferee Company in respect of any of the members, the New Equity Shares of the Transferee Company shall be issued to such members in certificate form. Those members exercising the option to receive the shares in dematerialised form shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. The Transferee Company shall issue and directly credit the dematerialised securities account of such members with the New Equity Shares of the Transferee Company. Notwithstanding anything to the contrary in this Scheme, upon the New Equity Shares in the Transferee Company being issued and allotted by it to the members of APL as on the Record Date, the share certificates in relation to the Equity Shares held by them in APL shall stand cancelled. Wherever applicable, the Transferee Company shall instead of requiring the surrender of the share certificates of APL, directly issue and dispatch the new share certificates of the Transferee Company in lieu thereof.

- 9.6 Subject to the provisions of the Securities Contracts (Regulations) Act, 1956, the Securities and Exchange Board of India ("SEBI") Act 1992 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Listing Agreement with the stock exchanges, the New Equity Shares to be issued by the Transferee Company pursuant to the Scheme shall be listed at all the Stock exchanges where the existing equity shares of Transferee Company are listed. The Transferee Company shall take steps for listing of these shares on these Stock Exchanges in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Listing Agreement.

10. AMENDMENT TO MEMORANDUM OF ASSOCIATION OF THE TRANSFEREE COMPANY FOR CAPITAL CLAUSE

- 10.1 Upon coming into effect of the Scheme, the Authorised Share Capital of the Transferor Company / APL of Rs. 215,00,00,000/- as mentioned in Clause 2 above, or such amount as may be on the effective date, shall be added to the Authorised Share Capital of the Transferee Company, as on the effective date, without any further act or deed and without any further payment of the stamp duty or the registration fees and Clause V of the Memorandum of Association of Arvind Limited shall be replaced as under:

Clause V of Memorandum of Association:

"The Authorised Share Capital of the Company is Rs. 665,00,00,000/- [Rupees Six Hundred Sixty Five Crores only] divided into 56,50,00,000 (Fifty Six Crores Fifty Lacs Only) Equity Shares of Rs. 10/- [Rupees Ten only] each, 1,00,00,000 (One Crore Only) Preference Shares of Rs. 100/- each with such rights, privileges and conditions attached thereto as may be determined by the General Meetings at the time of issue. The Company has and shall always have the power to divide the Share capital from time to time and to vary, modify and abrogate any rights, privileges, conditions attached to the Share in such a manner as may from the time being provided in the regulations of the Company".

- 10.2 Under the accepted principle of Single Window Clearance; it is hereby provided that the above referred change, viz. Change in the Capital Clause shall become operative on the scheme being effective by virtue of the fact that the Shareholders of the Transferee Company, while approving the scheme as a whole, have also resolved and accorded the relevant consents as required respectively under Section 17, 31, 94 and 97 of the Companies Act, 1956 or any other provisions of the Act and shall not be required to pass separate resolutions as required under the Act.

11. DIVIDENDS :

- 11.1 With effect from the date of filing of this Scheme with the High Court of Gujarat at Ahmedabad and upto and including the Effective Date, the Transferor Company and the Transferee Company shall be entitled to declare and pay dividends, whether interim or final, to their respective equity shareholders in respect of the accounting period prior to the Effective Date, provided that the Transferor Company shall not make any such declaration, except with the prior approval of the Board of Directors of the transferee Company.
- 11.2 Until the coming into effect of this scheme, the holder of equity shares of the Transferor Company and Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.
- 11.3 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Company and /or the Transferee Company to demand or claim any dividends which subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Transferor Company and the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Company and Transferee Company, respectively.

12. DISSOLUTION OF THE TRANSFEROR COMPANY

The Transferor Company shall be dissolved without winding up on order made by the High Court of Gujarat at Ahmedabad under Section 394 of the Companies Act, 1956.

PART IV

13. Accounting Treatment in the books of Arvind Limited (Arvind) for Merger of Arvind Products Limited and Dermerger of Investment Division of Asman Investments Limited.

A. ACCOUNTING TREATMENT IN THE BOOKS OF ARVIND LIMITED ON AMALGAMATION OF APL

- 13.1 For the purpose of recording the accounting treatment as specified below in clauses 13.2 to 13.9 a separate account be created in the name and style as Amalgamation Adjustment Account.
- 13.2 On amalgamation of APL with Arvind, all identifiable assets and liabilities including assets and liabilities, if any, not recorded in financial statements of APL shall be recorded in the books of Arvind in accordance with applicable Accounting Standards.
- 13.3 The Book Value of Investments of Preference Shares held by Arvind in APL proposed to be cancelled under clause no 9.2 shall be transferred to Amalgamation Adjustment Account
- 13.4 The Book Value of Investments of Equity Shares held by Arvind in APL proposed to be cancelled under clause no 9.3 shall be transferred to Amalgamation Adjustment Account

- 13.5 The face value of New Equity Shares issued by Arvind to the members of APL pursuant to this Scheme under clause no 9.1 be credited to Amalgamation Adjustment Account
- 13.6 Any deferred tax asset or liability created on account of the Scheme shall be accounted for in accordance with relevant Accounting Standards either to debit or credit of the Amalgamation Adjustment Account as the case may be.
- 13.7 Further, in case of any differences in the accounting Policy between the Transferor Company and the Transferee Company, the accounting policies followed by the Transferee Company will prevail and the difference will be quantified and adjusted in the Amalgamation Adjustment Account to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 13.8 The net result of the Amalgamation Adjustment Account either credit or debit after giving effect to clause no 13.B.1 below shall be dealt with as per Accounting Standard 14.
- 13.9 Upon the Scheme becoming effective, the interse amount of investment in Equity Shares, Preference Shares, loans, advances and/or other payables / receivables, if any, of the Transferor Company shall be treated as cancelled.

B ACCOUNTING TREATMENT IN THE BOOKS OF RESULTING COMPANY ARVIND ON DEMERGER OF INVESTMENT DIVISION OF ASMAN

- B.1 Arvind i.e. Resulting Company shall, upon the arrangement becoming effective, record the assets and liabilities of the De-merged Undertaking i.e. Investment Division of De-merged Company vested in it pursuant to this Scheme, at the respective fair values thereof as appearing in the books of De-merged company, at the close of business of the day immediately preceding the Appointed Date.

Out of the total Investments of Investment Division, the fair value of investments held in APL by Arvind shall be transferred to Amalgamation Adjustment Account of Arvind as mentioned in 9.3(b) as no new shares shall be required to be issued in exchange thereof.

Part-V

**CLAUSES OF GENERAL APPLICATION TO ALL PARTS OF
THE SCHEME**

14. CONDUCT OF BUSINESS BY THE TRANSFEROR COMPANY AND DEMERGED COMPANY TILL EFFECTIVE DATE :

With effect from the Appointed Date and upto the Effective Date:

- 14.1 The Transferor Company and the Demerged Company shall carry on and be deemed to carry on all its business and activities and stand possessed of its properties and assets for and on account of and in trust for the Transferee Company/Resulting Company and all the profits accruing to the Transferor Company/De-merged Company or losses arising or incurred by them shall, for all purposes, be treated as the profits or losses of the Transferee/ Resulting Company as the case may be;
- 14.2 All the profits or incomes accruing or arising to the Transferor Company and Demerged Company or expenditure or losses arising or incurred by the Transferor Company and Demerged Company shall for all purposes be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses of the Transferee/ Resulting Company, as the case may be;
- 14.3 The Transferor Company and Demerged Company shall carry on their business and activities with reasonable diligence and business prudence and shall not, otherwise than in the ordinary course of the business, not undertake any financial commitments, incur any liabilities, alienate, charge, mortgage or encumber or deal with the said assets or any part thereof without the prior written consent (which shall not be unreasonably withheld or delayed) of the Transferee/Resulting Company except pursuant to any pre-existing obligation undertaken by the Transferor Company and Demerged Company prior to the Appointed Date.

15. ISSUE OF FURTHER SHARES OR SECURITIES BY THE TRANSFEREE COMPANY

The Transferee Company will be entitled to issue any further shares or securities convertible into shares anytime as it may deem appropriate and necessary.

16. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

- 16.1 Subject to other provisions contained in the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatever nature to which the Transferor Company and Demerged Company is party subsisting or having effect immediately before the Effective Date shall remain in full force and effect against or in favour of the Transferee/Resulting Company, as the case may be, and may be enforced as fully and as effectually as if, instead of the Transferor Company and Demerged Company, the Transferee / Resulting Company had been a party thereto.
- 16.2 The Transferee/Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds of confirmation in favour of any party to any contract or arrangement to which the Transferor Company and Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee/Resulting Company shall under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company and Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company and Resulting Company.

17. LEGAL PROCEEDINGS

If any suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called "the Proceedings") by or against the Transferor Company/Demerged Company are pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of the Transferor Company and Demerged Company or of anything contained in the Scheme, but the proceedings may be continued, prosecuted and enforced by or against the Transferee/Resulting Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Company and Demerged Company as if the Scheme had not been made. On and from the Effective Date, the Transferee/Resulting Company shall and may initiate any legal proceedings for and on behalf of the Transferor Company and Demerged Company.

18. EMPLOYEES

- 18.1 All the employees of the Transferor Company and Demerged Company shall become the employees of the Transferee/Resulting Company on the Effective Date without any break or interruption in service and on terms and conditions as to remuneration not less favorable than those subsisting with reference to the Transferor company and Demerged Company as on the effective Date.
- 18.2 In so far as the provident fund, gratuity fund, superannuation fund or any other special scheme(s)/fund(s) created or existing for the benefit of the Transferred Employees are concerned, upon the coming into effect of this Scheme, the same shall stand transferred to the Transferee/Resulting Company, and the Transferee/Resulting Company shall (to the extent of the services of the Transferred Employees) stand substituted for the Transferor Company and Demerged Company for all purposes whatsoever relating to the administration or operation of such schemes or funds or in relation to the obligation to make contributions to the said schemes/funds in accordance with provisions of such schemes/ funds in accordance with the terms provided in the respective trust deeds, to the end and intent that all the rights, duties, powers and obligations of the Transferor Company and Demerged Company in relation to such schemes/ funds shall become those of the Transferee/Resulting Company. It is clarified that the services of the Transferred Employees will be treated as having been continuous for the purpose of the aforesaid schemes/funds.

19. APPLICATIONS TO HIGH COURT

The APL, Asman and Arvind shall, with all reasonable dispatch, make applications under Sections 391 and 394 of the said Act to the High Court of Gujarat at Ahmedabad for sanctioning, the Scheme and for dissolution of the APL without winding up under the provisions of law and obtain all approvals as may be required under law.

20. MODIFICATIONS/AMENDMENTS TO THE SCHEME

- 20.1 The APL, Asman, (by a simple majority of their respective Directors or any committee thereof) and the Transferee/Resulting Company (by a simple majority of its Directors or any committee thereof) may assent to any modification or amendment to the Scheme or agree to any terms and/or conditions which the Court and/or any other authorities under law may deem fit to impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and may do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect.
- 20.2 For the purpose of giving effect to the Scheme or to any modification thereof, the Directors of the APL, Asman (acting by a simple majority or any committee thereof) and the Directors of the Transferee/Resulting Company (acting by a simple majority) are hereby authorised to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.

21. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

The Scheme is conditional on and subject to:

- 21.1 The scheme being approved by the respective requisite majorities of the members and the creditors (either by way of a meeting or a letter of consent from the shareholders and creditors) of the Transferor Company as well as the De-merged Company and by shareholders of the transferee Company/Resulting Company under Section 391 of the Act.
- 21.2 The Scheme being approved by the Hon'ble High Court of Gujarat by virtue of the powers vested in it under the provisions of Section 391 read with Section 394 of the Act.
- 21.3 Any other sanction or approval of the Appropriate Authorities concerned, as may be considered necessary and appropriate by the respective Board of Directors of the APL, Asman and the Transferee Company, being obtained and granted in respect of any of the matters for which such sanction or approval is required.

22. EXPENSES CONNECTED WITH THE SCHEME

All Costs, charges, taxes including duties, levies and all other expenses, if any in relation to, or in connection with this Scheme and incidental to the completion of this Composite scheme, shall be borne and paid by the Transferee Company.

Dated this 29th day of December, 2011.

Witness Bhaskar Bhattacharya Esquire,
The Acting Chief Justice at Ahmedabad
aforesaid this Twenty Ninth day of December Two Thousand Eleven.

By the order of the Court
Sd/
M. J. Thakar
Registrar (Judicial)

This 7th day of February, 2012

Sealer
Sd/
G. S. Morepali
This 7th day of February, 2012

Order drawn by

Swati Saurabh Soparkar

Advocate

18th day of January, 2012 / 4th February, 2012

301, Shivalik - 10, Opp. SBI Zonal Office,

Near Old Excise Chowky, S. M. Road,

Ambavadi, Ahmedabad 380 0 15.

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
COMPANY PETITION NO. 30 of 2015
In
COMPANY APPLICATION NO. 266 of 2014
TO
COMPANY PETITION NO. 31 of 2015
In
COMPANY APPLICATION NO. 267 of 2014

Arvind Limited and
ARVIND INFRASTRUCTURE LIMITED...Petitioner
Versus
... Respondent

Appearance :

Mrs. Swati Soparkar, Advocate for the Petitioner

Mr. Devang Vyas, Advocate for the Respondent

CORAM : HONOURABLE MR. JUSTICE S. R. BRAHMBHATT

Date : 30/03/2015

COMMON ORAL ORDER

1. These are the petitions filed by two companies viz. Arvind Limited and Arvind Infrastructure Limited, for the purpose of obtaining the sanction of this Court to a Scheme of arrangement in the nature of de-merger and transfer of the de-merged Undertaking viz. Real Estate Undertaking of Arvind Limited to Arvind Infrastructure Limited, the Resulting Company, and Restructuring of Share Capital proposed under Sections - 391 and 394 read with Sections - 78, 100 to 103 of the Companies Act, 1956.
2. It has been submitted that both the companies belong to the same group of management. Arvind Limited, the de-merged Company is a flagship company of the Lalbhai Group, having business spanning across entire value chain of textiles. It has grown and diversified in several distinct business activities through different undertakings, broadly in four categories namely :
 - (1) Textile Business Division related to activities of Denim Manufacturing, Yarn Manufacturing Apparels, Marketing through EBO stores etc ;
 - (2) Engineering Business Division related to activities of water, waste water and solid waste management, and turnkey projects ("Other Manufacturing Management Business");
 - (3) Investment Business Undertaking related to Textile Business and Investments in joint Ventures related to Textile Business and Investment in Engineering Business division (Textile and Engineering Infrastructure Undertaking); and
 - (4) Real Estate Undertaking, Infrastructure and Construction business that includes investments in shares and other securities of Real Estate division Land, other movable and immovable properties, inventories, receivables, Loans and advance and liabilities of the Real Estate division ("Real Estate Undertaking").

The above business activities are either carried out by Transferor Company directly and / or through Transferor Company's subsidiaries. De-merged Company is a profit making and dividend paying company with substantially high positive net worth.

3. It is realized that the Company has several commercial activities distinct and diverse from each other. In order to ensure sustainable long term, growth profitability, market share and continuous customer service it requires focused management attention, different set of skill and resources to meet competitive, regulatory environment and to mitigate risk. With this objective in mind, it is proposed to transfer and vest the Real Estate Undertaking in the Resulting/Transferee Company. It is envisaged that the said proposal shall be in the larger interest of the share holders, creditors and employees of the Transferor company and help to achieve effective future growth of the Transferee Company. It is further envisaged to bring specific benefits as follows :
 - * the demerger will enable Transferor Company 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 which best suit their investment strategies and risk profiles; and

- * As the activities of De-merged Undertaking and that of the Transferee Company are interrelated in nature, de-merger shall help to reorganise the De-merged Undertaking by consolidation and integration of its operations with the activities of the Transferee Company as a part of group restructuring ;
- * The Transferee Company 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, the Real Estate Undertaking of Arvind Limited is proposed to be demerged and transferred to the Transferee Company. Arvind Infrastructure Limited is the wholly owned subsidiary of Arvind Limited and is engaged in the business of Real Estate Development, Construction and Infrastructure activities. It is also a profit making company.

4. It has been further pointed out that Arvind Limited, the De-merged Company is a listed public limited company and the shares are listed on The Bombay Stock Exchange Limited, National Stock Exchange of India Limited as well as Ahmedabad Stock Exchange Limited. In compliance with clause 24 (f) of the listing agreement, the Petitioner Company had already approached the concerned stock exchanges, and the approvals/clearances obtained from both the BSE Limited, National Stock Exchange of India Limited and Ahmedabad Stock Exchange Limited had been placed on record.
5. It has been further pointed out that vide order dated 12th November 2014 passed in Co. Appl. No. 266 of 2014, separate meetings of the Equity Shareholders and Secured Creditors of the Petitioner De-merged Company were directed to be convened for the purpose of obtaining their approval to the scheme. However, the petitioner companies contended that both the de-merged and resulting companies are profit making company. The De-merged Company is financially very strong company having very high positive net worth. The net worth of the De-merged Company even Post Scheme scenario is envisaged to be nearly Rs. 2239.83 crores, as substantiated by the certificate from the Chartered Accountant. It was further contended that the rights and interests of the unsecured creditors of the Petitioner Company are not in any way prejudicially affected due to the proposed scheme. The De-merged Company shall be in position to meet with all its liabilities towards the unsecured creditors in the regular course of its business and the Scheme does not envisage any compromise or part of these Unsecured creditors. Accepting the said contentions, the meeting of the unsecured creditors of the De-merged company was dispensed with. It was further submitted that no shares are being issued and allotted by the said company pursuant to the proposed scheme, to any of the Promoter/Promoter Group, Related Parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary/(s) of Promoter/Promoter Group of the listed company. In view of the same, the compliance of clause 5.16 (a) of the SEBI circulars (CIR/CFD/DIL/5/2013 dated February 4, 2013 and CIR/CFD/DIL/8/2013 dated May 21, 2013) is not necessary for the Petitioner Company. The Petitioner Company has placed on record the copies of requisite Undertaking and the Auditor's certificate to the SEBI. In view of the same, no directions were issued for the procedure for Postal Ballot and e-voting from the public shareholders of the De-merged Company.
6. Since the proposed composite scheme envisages restructuring of share capital it was contended that the proposed adjustment against the Securities Premium Account is consequential in nature and is proposed as an integral part of the proposed Scheme of Arrangement. It has been pointed out that the proposed restructure does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital and the order of the Court sanctioning the Scheme shall be deemed to be an order under Section 102 of the companies Act confirming the reduction. The special resolution passed at the meeting convened for the purpose of approving the proposed scheme by the shareholders of the De-merged Company, has to be treated as the Special Resolution as required under Section-100 of the Companies Act, 1956. In view of this, vide the order dated 12th November 2014 the procedure prescribed under Section 101(2) and of the Companies Act, 1956 as well as under rules 48 to 65 of the Companies (Court) Rule 1959, were dispensed with.
7. Pursuant to the directions, issued with regard to the conduct of the meetings, after the due notices to all the Equity Shareholders and Secured Creditors as well as the public notice, the said meetings were duly convened on 7th January 2015. The scheme was considered at the said meetings and it was approved by the requisite statutory majority of 97.68% in number and 99.93% in value by the Equity Shareholders and unanimously i.e. 100% in number and 100% in value by the secured creditor of the company. The chairman's report alongwith affidavit dated 16th January 2015 has been placed on record which provides the details of the result of the meetings.
8. It has been pointed out that in case of the Resulting Company, vide the order dated 12th November 2014 passed in Co. Appl. No. 267 of 2014; the meeting of the Equity Shareholders of the company was dispensed in light of the written consent letters from all the Shareholders and confirmation of the same by a certificate of the Chartered Accountant, placed on record. There are no Secured Creditors. The meeting of the unsecured creditors was dispensed with as the contention was accepted that the rights and interest of the creditors of the Resulting Company are not affected in view of the financial strength of the company.
9. The substantive petitions for the sanction of the scheme were filed by the De-merged Company and Resulting Company which were admitted on 3rd February 2015. The notice for the hearing of the petitions for resulting company and demerged company were duly advertised in the Ahmedabad editions of the newspapers being 'Indian Express', English daily and 'Sandesh', Gujarati daily dated 18th & 19th February 2015, and the publication in the Government gazette was dispensed with as directed in the said orders. Pursuant to the said publication in the newspapers, no objections were received by the petitioner or its advocate. The said fact has been confirmed vide the common additional affidavit dated 25th March 2015.

10. Notice of the petitions have been served upon the Central Government and Shri Devang Vyas, learned Assistant Solicitor General appear for the Central Govt. An affidavit dated 23rd March 2015 has been filed by Mr. Shambhu Kumar Agarwal, the Regional Director, North-Western Region, Ministry of Corporate Affairs, whereby several observations are made.
11. The attention of this Court is drawn to the Additional Affidavit dated 25th March 2015 filed by Mr. Ramnikbhai Bhimani, the Company Secretary and authorized signatory of the petitioner De-merged company whereby all the above issues have been dealt with. I have further heard submissions made by the learned counsel appearing for the Central Govt. and Mrs. Swati Soparkar, learned advocate appearing for the petitioners on the said observations :
 - (i) The observations made vide 2(a) and 2(b) of the affidavit of the Regional Director refer to the factual position and require no response.
 - (ii) Vide para 2(c), it has been observed by the Regional Director that Arvind Limited, the De-merged Company, being the listed company had approached the concerned stock exchanges, viz. BSE and NSE, and obtained the requisite observation letters from the said exchanges. However, under the SEBI circulars dated 4th February 2013 and 21st May 2013, the approval from SEBI has to be obtained. It has been submitted by the petitioner that the company was required to obtain SEBI approval through the stock exchanges only and the said exchanges have actually granted the observation letter only after obtaining clearance from SEBI.
 - (iii) Further, the specific clauses suggested to be added in the Scheme, have already been inserted in the scheme before presenting the said scheme to the Court. The same are reflected as Clause C(f) of the scheme, whereby the specific compliance to SEBI circulars has been confirmed, as submitted to the this Court as well as circulated among the shareholders while seeking their approval.
 - (iv) It has been further pointed out that the said De-merged Company, though being a listed company was not required to obtain the approval of the public shareholders as envisaged under Clause 5.16(a) of the above referred SEBI circulars as the same was not applicable as certified by a Chartered Accountant and undertaking submitted by the petitioner to SEBI. This clarifies the complete factual position with regard to the compliances made by the De-merged Company with regard to SEBI circulars and in view of this, no further directions are required to be issued in this regard.
 - (v) The next observation made vide para 2(d) of the affidavit, pertains to the non-disclosure about the complete list of assets and liabilities which are proposed to be demerged and transferred to the Resulting Company under the scheme. It has been submitted that the said contention is factually not true. It has been clarified that statutorily, the said list of assets and liabilities is not required to be part of the scheme. Attention of the Court was drawn to the provisional balance sheet of the demerged company annexed as Annex.B-1 to the present petition. Perusal of the same makes it clear that the said statement gives columnar details of assets and liabilities of both the de-merged undertaking viz. the Real Estate Business undertaking and the Residual Business separately. Since all these details are already on record no further directions are required to be issued in this regard.
 - (vi) The next observation of the Regional Director vide para 2(e) pertains to the letter dated 18th February 2015 sent to the Income Tax Dept. to invite their objections, if any. In this regard, it was submitted that since no response has been received from the Income Tax dept., it can be assumed that the Income Tax Dept. has no objection to the proposed scheme. However, the petitioner companies shall comply with applicable provisions of Income Tax Act and Rules.
12. Considering all the facts and circumstances and taking into account all the contentions raised by the affidavits and reply affidavits, the reliance placed on the judgments of this High Court and the submissions during the course of hearing, I am satisfied that the observations made by the Regional Director, Ministry of Corporate Affairs, do not survive. I have come to the conclusion that the present scheme of arrangement is in the interest of its shareholders and creditors as well as in the public interest and the same deserves to be sanctioned.
13. Prayers in terms of paragraph 24 (a) and (b) of the Co. Petition No. 30 of 2015 for the De-merged Company and prayers made in paragraph 16 (a) and (b) of the Co. Petition No. 31 of 2015, for the Resulting Company are hereby granted.
14. The petitions are disposed of accordingly. So far as the costs to be paid to the Central Govt. Standing Counsel is concerned, I quantify the same at Rs. 7,500/- per-petition. The same may be paid to the learned Standing Counsel appearing for the Central Govt.
15. The petitioner companies are further directed to lodge a copy of this order, the schedule of immovable assets of the De-merged undertaking as on the date of this order and the Scheme duly authenticated by the Registrar, High Court of Gujarat, with the concerned Superintendent of Stamps, for the purpose of adjudication of Stamp duty if any, on the same within 60 days from the date of the order.
16. The Petitioner companies are directed to file a copy of this order alongwith a copy of the scheme with the concerned Registrar of Companies, electronically, along with INC-28 in addition to physical copy as per relevant provisions of the Act.

17. Filing and issuance of drawn up order is hereby dispensed with.

This order shall not be construed as either whittling down or absolving anyone's liability only on account of this order, those who are otherwise liable arising out of the provisions of law.

18. All concerned authorities to act on a copy of this order along with the scheme duly authenticated by the Registrar, High Court of Gujarat. The Registrar, High Court of Gujarat shall issue the authenticated copy of this order alongwith Scheme as expeditiously as possible.

Office is directed to place copy of this order in other matter.

Sd/-

(S. R. BRAHMBHATT, J.)

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

ORIGINAL JURISDICTION

COMPANY PETITION NO. 30 OF 2015

CONNECTED WITH

COMPANY APPLICATION NO. 266 OF 2014

In the matter of Sections 391 to 394 read
with Sec. 78, 100 to 103 of the
Companies Act, 1956;

And

In the matter of Arvind Limited.

A Company incorporated under the
Indian Companies Act, 1913

and having its registered office at
Naroda Road, Ahmedabad- 380025,
in the state of Gujarat.

And

In the matter of Composite Scheme of Arrangement
in the nature of Demerger and transfer of Real Estate
Undertaking of
Arvind Limited to
Arvind Infrastructure Limited and
Restructuring of Share Capital.

Arvind Limited.

A company incorporated under the
Indian Companies Act, 1913

and having its registered office at
Naroda Road, Ahmedabad - 380025

in the state of Gujarat.....Petitioner De-merged/Transferor company

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

ORIGINAL JURISDICTION

COMPANY PETITION NO. 31 OF 2015

CONNECTED WITH

COMPANY APPLICATION NO. 267 OF 2014

In the matter of Sections 391 to 394 read with
Sec. 78, 100 to 103 of the
Companies Act, 1956;

And

In the matter of Arvind Infrastructure Limited.
A Company incorporated under the
Indian Companies Act, 1956,
and having its registered office at Arvind Premises,
Naroda Road, Ahmedabad- 380025,
in the state of Gujarat.

And

In the matter of Composite Scheme of Arrangement
in the nature of Demerger and transfer of Real Estate
Undertaking of
Arvind Limited to Arvind Infrastructure Limited
and Restructuring of Share Capital.

Arvind Infrastructure Limited.

A company incorporated under the
Indian Companies Act, 1956

and having its registered office at

Arvind Premises, Naroda Road,

Ahmedabad - 380025

in the state of Gujarat.....Petitioner Resulting/Transferee company

List of Assets of the Real Estate Undertaking (De-merged Undertaking) of Arvind Limited as on 30th March, 2015 to be transferred to Arvind Infrastructure Limited pursuant to the scheme sanctioned by the Hon'ble Gujarat High Court.

Schedule

Part I

Particulars of Freehold Properties

- (i) Land : Arvind is member of Aryan Non Trading Association as shareholder in the F P No. 321+345 of TP Scheme No. 3 of Ellisbridge Ahmedabad having Plot No. 24, Government Servants Society, Nr. Municipal Market, C G Road, Navrangpura, Ahmedabad - 380 009 Area of Land 738 Sq. Mtrs.
- (ii) Building : 24 Government Servants Society, Nr. Municipal Market, C G Road, Navrangpura, Ahmedabad - 380 009 Construction Area 1030 Sq. Mtrs.

Part II

Particulars of Leasehold Properties

- (i) Land : NIL
- (ii) Building : NIL

If there is no such leasehold property, mention : NIL.

Part III

A. Particulars of Investment in Shares & Securities :

No. of shares and description	Face Value	Current Market Value
Arvind Infrastructure Ltd.		
10,05,00,000 Equity Shares (These Shares on Demerger gets cancelled)	Re. 1/-	Rs. Nil

B. Particulars of Bank Accounts

Sr No.	Bank & Branch	Type of Account	Account No.
1.	HDFC Bank Ltd.	Current	00060310004469

C. VEHICLES : (If any) Description and Regsitation No. No Value required

- NIL

Signature of Company Secretary
of the Company

**COMPOSITE SCHEME OF ARRANGEMENT
IN THE NATURE OF DE-MERGER AND TRANSFER OF
DE-MERGED UNDERTAKING
AND
CONSEQUENTIAL RESTRUCTURE OF SHARE CAPITAL
BETWEEN
ARVIND LIMITED
AND
ARVIND INFRASTRUCTURE LIMITED
AND THEIR RESPECTIVE MEMBERS AND CREDITORS
UNDER SECTIONS 391 TO 394 READ WITH
SECTIONS 78 AND 100 TO 103
OF THE COMPANIES ACT, 1956**

This Scheme of Arrangement provides for the demerger of the De-merged Undertaking viz. Real Estate Undertaking (as defined hereinafter) of Arvind Limited, Public Limited Company incorporated under The Indian Companies Act, 1913 as a going concern into Arvind Infrastructure Limited, incorporated under the Companies Act, 1956, a Wholly Owned Subsidiary Company of Arvind Limited, as well as the Restructure of Share Capital of both the companies pursuant to the provisions of Sections 391 to 394 read with Sections 78 and 100 to 103 and other relevant provisions of the Companies Act, 1956.

PREAMBLE

A. Description of Companies :

1. "The Demerged Company or Transferor Company"

Arvind Limited, is a flagship company of the Lalbhai Group, engaged in the business spanning across entire value chain of textiles. The shares of the company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited. It was originally incorporated for manufacturing and marketing of textile products. However, it has grown and diversified in several distinct business activities through different undertakings, broadly in four categories namely :

- (1) Textile Business Division related to activities of Denim Manufacturing, Yarn Manufacturing, Apparels, Marketing through EBO stores etc ;
- (2) Engineering Business Division related to activities of water, waste water and solid waste management and turnkey projects ("Other Manufacturing Management Business");
- (3) Investment Business Undertaking related to Textile Business and Investments in Joint Ventures related to Textile Business and investment in Engineering Business division (Textile and Engineering Infrastructure Undertaking) and
- (4) Real Estate Undertaking-Infrastructure and Construction business that includes investments in shares and other securities of Real Estate division and, Land, other movable and immoveable properties, inventories, receivables, Loans and advances and liabilities of the Real Estate division ("Real Estate Undertaking").

The above business activities are either carried out by Transferor Company directly and / or through Transferor Company's subsidiaries.

2. "The Resulting Company or Transferee Company" :

Arvind Infrastructure Limited is an unlisted company incorporated under the Companies Act, 1956. It is currently a wholly owned subsidiary of the Transferor Company and is carrying on the business of Real Estate Development, Construction and Infrastructure activities.

B. Rationale for the Scheme of Arrangement :

It has been realised by the Board of Directors of the De-merged/Transferor Company that the Company has several commercial activities distinct and diverse from each other. In order to ensure sustainable long term growth, profitability, market share and continuous customer service it requires focussed management attention, different set of skill and resources to meet competitive, regulatory environment and to mitigate risk. With this objective in mind, it is proposed to transfer and vest the Real Estate Undertaking in the Resulting/Transferee Company. It is envisaged that the said proposal shall be in the larger interest of the shareholders, creditors and employees of the Transferor Company and help to achieve effective future growth of the Transferee Company. It is further envisaged to bring specific benefits as follows :

- the demerger will enable Transferor Company 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 which best suit their investment strategies and risk profiles; and

- As the activities of De-merged Undertaking and that of the Transferee Company are interrelated in nature, demerger shall help to reorganise the De-merged Undertaking by consolidation and integration of its operations with the activities of the Transferee Company as a part of group restructuring.
- The Transferee Company 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 the Transferor Company to the Transferee Company.

C. Operation of the Scheme :

- Real Estate Undertaking of the de-merged company is proposed to be demerged, pursuant to the applicable provisions of the Companies Act, 1956, and/or any other applicable laws and be transferred to the Transferee Company for achieving the above mentioned objectives.
- The Transferor Company will continue its interests in the Remaining Undertaking as is presently being carried out but with greater focus, to the growth opportunities, and the regulatory requirements, risks, etc. specific to its business.
- The Transferee Company shall issue and allot shares to all the shareholders of the De-merged Company as consideration for the transfer of the said undertaking in proportion to their shareholding in Transferor Company so as to result in the mirror image of the existing shareholding pattern. As a consequence, the Transferee Company shall cease to be a Wholly Owned Subsidiary of the Transferor Company.
- Various other matters consequential or otherwise integrally connected herewith, including the reorganization of the capital in form of the utilization of Securities Premium Account of the Transferor Company and cancellation of the existing share capital of the Transferee Company shall form integral part of the scheme.
- The demerger of the Real Estate Undertaking in accordance with this Scheme shall take effect from the Appointed Date and shall be in accordance with Section 2(19AA) of the Income Tax Act, 1961.
- The scheme shall be in compliance with the applicable SEBI guidelines including particularly the recent circular being CIR/CFD/DIL/5/2013 dated February 4, 2013 and Circular CIR/CFD/DIL/8/2013 dated May 21, 2013; and other applicable provisions of RBI guidelines as well as FEMA regulations.

D. PARTS OF THE SCHEME

The Scheme is divided into the following parts :

- PART A which deals with definitions & share capital.
- PART B which deals with demerger of Real Estate Undertaking of the Transferor Company to the Transferee Company.
- PART C which deals with Restructure of Share Capital in form of Utilisation of Securities Premium Account of the Transferor Company and Restructure of Share Capital in form of Utilisation of Securities Premium Account and the cancellation of existing share capital of the Transferee Company.
- PART D which deals with General terms and conditions.

PART- A

1. DEFINITIONS :

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the meaning given hereunder :-

- "Act" means the Companies Act, 1956 as may be applicable, including any statutory modifications, re-enactments or amendments thereof and shall include the relevant and corresponding sections under Companies Act, 2013, as and when the same are made applicable before the effective date of the Scheme.
- "Appointed Date" means 1st April 2015 or such other date as may be approved by the High Court of Gujarat at Ahmedabad.
- "Applicable Laws" means any statute, notification, bye-laws, rules, regulations, guidelines, common law, policy code, directives, ordinance, schemes, notices, orders or instructions, laws enacted or issued or sanctioned by any appropriate authority in India including any modifications or re-enactment thereof for the time being in force.
- "Court" or "High Court". means Hon'ble High Court of Gujarat at Ahmedabad, as applicable, and shall include the National Company Law Tribunal, if applicable in case of Transferee Company.

- (e) **"De-merged Company"** or **"Transferor Company"** means Arvind Limited incorporated under the Indian Companies Act, 1913 and having its Registered Office at Naroda Road, Ahmedabad - 380025 in the State of Gujarat.
- (f) **"Real Estate Undertaking or Demerged Undertaking"** shall mean Real Estate Undertaking of the Transferor Company and shall include;
- a) All the assets and properties as on the Appointed Date [hereinafter referred to as 'the said assets') pertaining to the Real Estate Undertaking;
 - b) All the debts, liabilities, duties and obligations including contingent liabilities pertaining to the Real Estate Undertaking;
 - c)) Without prejudice to the generality of above, the Real Estate Undertaking shall include rights over land, buildings, the movable properties covering plant and machinery if any, equipment, furniture, fixtures, vehicles, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, bank balance, bills of exchange, letter of intents, loans and advances, investments but other than those forming part of Remaining Undertaking, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, licenses, contracts, agreements, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required, goodwill, other intangibles, permits, authorizations, trademarks, trade names, labels, brands, patents, patent rights, copyrights, designs, and other Industrial and intellectual properties and rights of any nature whatsoever including labels, designs, know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions permissions, and approvals of whatsoever nature (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, minimum alternate tax etc., unutilized deposits or credits, benefits under the VAT/ Sales Tax law, VAT/ Sales tax set off, unutilized deposits or credits, benefits of any unutilized MODVAT/CENVAT/Service tax credits, etc.) and wheresoever situate, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Real Estate Undertaking.
- Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Real Estate Undertaking or whether it arises out of the activities or operations of Real Estate Undertaking shall be decided by mutual agreement between the Board of Directors of Transferor Company and Transferee Company .
- (g) **"Effective Date"** means the last of the dates on which the sanctions / approvals or orders as specified in Clause No. 19 of this Scheme has been obtained and / or filed by the Transferor Company and the Transferee Company with the Registrar of Companies, Gujarat and other Governmental Authorities.
- (h) **"Governmental Authority"** means any applicable Central, State or local Government, statutory, regulatory, departmental or public body or authority of relevant jurisdiction, legislative body or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof including Securities and Exchange Board of India, Stock Exchanges, Registrar of Companies, Regional Directors, Foreign Investment Promotion Board , Reserve Bank of India, or arbitration or arbitral body having jurisdiction, Courts and other government and India in each case.
- (i) **"Remaining Undertaking"** means all the businesses and activities of the Transferor Company other than the De-merged Undertaking.
- (j) **"Scheme"** means this Composite Scheme of Arrangement in the nature of De-merger and Restructure of Share Capital in its present form including any modifications or amendments thereto, approved or imposed or directed by the Hon'ble High Court of Gujarat at Ahmedabad or any other Governmental Authority and High Court and with all the Schedules appended thereto.
- (k) **"Resulting Company" or "Transferee Company"** means Arvind Infrastructure Limited, a company incorporated under the Companies Act, 1956 having its registered office at Naroda Road, Ahmedabad - 380 025 in the state of Gujarat.
- (l) **"Record Date"** means the date that Board of Directors of the Transferor and the Transferee Company shall determine which shall be later than the Effective Date, for issue and allotment of shares by the Transferee Company to the members of the Transferor Company.

(m) "**Stock Options Scheme**" means the Arvind Stock Option plan of the Demerged Company which was approved by Shareholders of the Demerged Company vide a Special resolution dated 23.10.2007.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Companies Act, 1956, and other applicable laws, rules, regulations, bye-laws as the case may be or any statutory modifications or re-enactment thereof from time to time.

2. SHARE CAPITAL :

A. The Share Capital of the Transferor Company as per the audited Balance Sheet as on March 31, 2014 is as under :

Authorised	Amount Rs. In crores
56,50,00,000 Equity Shares of Rs.10/-each	565.00
1,00,00,000 10% Preference Shares of Rs. 100/- each	100.00
Total	665.00
Issued Subscribed & Paid Up	
25,81,77,289 Equity Shares of Rs.10/- each fully paid up	258.17
Total	258.17

Subsequent to the aforesaid date. Transferor Company has issued and allotted 33,340 equity shares of Rs.10/- each and hence Issued and Subscribed Capital has increased to 25.82,09,729 equity shares of Rs. 10/- each.

B. The Share Capital of the Transferee Company as per the Audited Balance Sheet as on March 31, 2014 is as under :

Authorised Share Capital :	Amount Rs. in Crores
1,50,00,000 Shares of Rs.10/- each	15.00
Total	15.00
Issued, Subscribed & Paid-up Share Capital :	
1,00,50,000 Equity Shares of Rs. 10/- each	10.05
Total	10.05

Subsequent to the aforesaid date, both Authorised Share Capital as well as the Issued, Subscribed and Paid up share capital of the Company has undergone several changes viz. sub-division of Equity shares from 1 (One) share of Rs. 10/- to 10 shares of Re. 1/- each, Increase of Authorised Capital etc. Hence the Capital structure as on date stands as under :

Authorised Share Capital :	Amount Rs. in Crores
27,00,00,000 Equity Shares of Re.1/- each	27.00
Total	27.00
Issued, Subscribed & Paid-up Share Capital :	
10.05.00,000 Equity Shares of Re. 1/- each	10.05
Total	10.05

The Transferor Company presently holds 100% of the Issued, Subscribed and Paid Up Equity capital of the Transferee Company, and hence the Transferee Company is the Wholly Owned Subsidiary of the Transferor Company

PART-B

3. DEMERGER, TRANSFER AND VESTING OF DE-MERGED UNDERTAKING :

- (a) On and with effect from the Appointed Date and subject to the provisions of this Scheme and pursuant to the provisions of Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and Applicable Laws and in relation to the mode of transfer and vesting, the De-merged Undertaking of the Transferor Company shall without any further act, instrument or deed, be and the same shall stand transferred to and / or vested in or be deemed to have been and stand transferred to or vested in the Transferee Company as a going concern so as to become as and from the Appointed Date, the estate, rights, authorizations, titles and interests and authorities including accretions and appurtenances thereto such as dividends, or other benefits receivable, that of the Transferee Company.
- (b) With effect from the Appointed Date, and subject to the provisions of this Scheme, all the Liabilities (including the contingent liabilities) of the said De-merged Undertaking of the Transferor Company shall stand transferred or deemed to have been transferred without any further act, instrument or deed of the Transferee Company, pursuant to the provisions of Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and Applicable Laws so as to become as and from the Appointed Date, the debts, liabilities (including contingent liabilities), duties and obligations of the Transferee Company and further that it shall not be necessary to obtain consent of any third party or other person who is a party to the contract or arrangements by virtue of which Such debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this Clause.
- (c) With effect from the Appointed Date, and subject to the provisions of this Scheme, all the Assets (both the tangible and the intangible assets) of the said De-merged Undertaking of the Transferor Company shall stand transferred or deemed to have been transferred without any further act, instrument or deed of the Transferee Company, pursuant to the provisions of Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and Applicable Laws so as to become as and from the Appointed Date, the assets of the Transferee Company.
- (d) With effect from the Appointed Date, all taxes paid, taxes refund due or receivable, carried forward losses, depreciation, capital losses, pending balances of amortizations etc. including application for rectification, appeals filed with tax authorities of the De-merged Undertaking of the Transferor Company shall also pursuant to Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and Applicable Laws without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company, so as to become as from the Appointed Date the direct taxes paid, direct taxes refund due or receivable (whether as per Books or as per Income Tax) of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person, in order to give effect to the provision of this Sub-Clause.
- (e) All the employees of the De-merged Undertaking shall, without any further act, instrument or deed of the Transferee Company, pursuant to the provisions of Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and the Applicable Laws, become as and from the Appointed Date, the employees of the Transferee Company and further that it shall not be necessary to obtain consent of any person, in order to give effect to the provisions of this Clause.
- (f) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the De-merged Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- (g) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licences, approvals, certificates, clearances, authorities, leases, tenancy, assignments, allotments, powers of attorney given by, claims, powers, authorities, allotments, approvals, consents, contracts, enactments, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights and tenancies, and other intangible rights, hire purchase contracts and assets, lending contracts, employment contracts, distribution contracts, clearing and forwarding agency contracts, benefit of any security arrangements, reversions, permits, quotas, entitlements, registrations, licences (industrial or otherwise), registrations under the applicable laws, municipal/local permissions, etc. issued to or executed in favour of the Transferor Company shall stand transferred to the extent it relates to and pertains to the De-merged Undertaking, to the Transferee Company in which the De-merged Undertaking shall vest by way of the demerger hereunder, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall make applications to and obtain relevant approvals, etc. from the concerned authorities and / or parties as may be necessary in this behalf and the Transferor Company shall cooperate and provide the required support wherever required.

- (h) It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the De-merged Undertaking, which the Transferor Company owns or to which the Transferor Company is a party and which cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such assets etc. in trust for the benefit of the Transferee Company to which the De-merged Undertaking is being transferred in terms of this Scheme, in so far as it is permissible so to do, till such time as the transfer is effected and till such time the Transferee Company shall be entitled to utilise, operate, avail the same for the De-merged Undertaking's activities without any consideration.
- (i) Where any of the debts, liabilities (including contingent liabilities), loans raised and used, liabilities and obligations incurred, duties and obligations of De-merged Undertaking of the Transferor Company as on the Appointed Date deemed to be transferred to the Transferee Company have been discharged by De-merged Undertaking of the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.
- (j) All loans raised and used and all liabilities and obligations incurred by the Transferor Company for the operations of De-merged Undertaking after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company in which the De-merged Undertaking shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the debts, liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- (k) Without prejudice to clause (a) above, it is expressly provided that in respect of such assets belonging to and specific to the De-merged Undertaking of the Transferor Company as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company, and shall become the property of the Transferee Company in pursuance of the provisions of Section 394 and other applicable provisions of the said Act.
- (l) The demerger and the transfer and vesting of the assets comprised in the De-merged Undertaking to and in the Resulting Company under this clause shall be subject to the mortgages and charges, if any.
- (m) The Transferee Company may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositee that pursuant to the High Court of Gujarat, Ahmedabad, having sanctioned the Scheme, the said person, debtor or depositor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of the Transferee Company to recover or realise the same is in substitution of the right of the Transferor Company.
- (n) Without prejudice to the provisions of the foregoing clauses and upon the effectiveness of this Scheme, the Transferor Company and the Transferee Company shall execute such instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and / or modification(s) of charge, with the relevant regulatory authority and Governmental Authorities to give formal effect to the above provisions, if required.
- (o) Upon the coming into effect of this Scheme, the Transferor Company alone shall be liable to perform all obligations in respect of the liabilities as on the Appointed Date, which have not been transferred to Transferee Company in terms of the Scheme, and the Transferor Company alone shall have all obligations in respect of such liabilities, and the Transferor Company shall indemnify the Transferee Company in relation to any claim, at any time, against the Transferee Company in respect of the liabilities which have been retained by the Transferor Company.
- (p) Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the liabilities (including contingent liabilities) from the Appointed Date, which have been incurred by the Transferor Company for and on behalf of the Transferee Company and in relation to the De-merged Undertaking in terms of the Scheme, and the Transferor Company shall not have any obligation in respect of such liabilities and the Transferee Company shall indemnify the Transferor Company in relation to any claim, at any time, against the Transferor Company in respect of such liabilities.
- (q) It is expressly provided that no other term or condition of the liabilities not transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- (r) Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of the clause 3 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall stand modified and / or superseded by the foregoing provisions with effect from the Appointed Date or such other date as is specified herein above, as the case may be.

4. CONTRACTS, DEEDS AND OTHER INSTRUMENTS :

Subject to the provisions of this Scheme, all contracts, deeds, bonds agreements, arrangements and other instruments of whatsoever nature in relation to the De-merged Undertaking to which the Transferor Company is a party or to the

benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall continue in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectively as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into a tripartite arrangement, confirmation or novation to which the Transferor Company will, if necessary, also be a party in order to give formal effect to this clause, if so required or become necessary.

5. LEGAL PROCEEDINGS:

- (a) Upon coming into effect of this Scheme, all suits, claims, actions and/or proceedings by or against the Transferor Company, pertaining to the De-merged Undertaking of the Transferor Company, arising after the Appointed Date but before the Effective Date shall be continued and be enforced by or against the Transferee Company as effectually as if the same had been pending and / or arising by or against the Transferee Company.
- (b) The Transferee Company will undertake to have all legal, judicial or other proceedings initiated and /or to be initiated after the Effective Date by or against the De-merged Undertaking of the Transferor Company referred to in sub-clause (a) above transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company. The Transferor Company and the Transferee Company shall make relevant applications in that behalf and the Transferor Company and the Transferee Company shall co-operate with each other in respect of any such legal and other proceedings.
- (c) Upon coming into effect of this Scheme, all suits, claims, actions and/or proceedings by or against the De-merged Undertaking of the Transferor Company pending on or pertaining to the period prior to the Appointed Date shall be continued and be enforced by or against the Transferee Company as effectually as if the same had been pending and / or arising by or against the Transferee Company.

6. OPERATIVE DATE OF THE SCHEME :

This Scheme though effective from the Appointed Date shall be operative from the Effective Date.

7. CONDUCT OF BUSINESS BY TRANSFEROR COMPANY AND TRANSFEE COMPANY TILL EFFECTIVE DATE :

With effect from the Appointed Date, and upto the Effective Date :

- (a) The Transferor Company shall carry on and shall be deemed to have carried on all the business and activities of the De-merged Undertaking as hitherto and shall be deemed to have held and stood possessed of the undertaking on account of, and for the benefit of and in trust for the Transferee Company.
- (b) All the profits or income accruing or arising to the De-merged Undertaking of the Transferor Company or expenditure or losses arising or incurred (including the effect of taxes, if any, thereon) by the De-merged Undertaking of the Transferor Company shall, for all purposes be treated and be deemed to be accrued as the profits or income or incurred as the expenditure or losses or taxes of the Transferee Company, as the case may be.
- (c) The Transferor Company shall carry on its business and activities of the De-merged Undertaking with reasonable diligence and business prudence.
- (d) The Transferor Company shall not vary the terms and conditions and employment of permanent employees of the De-merged Undertaking except in the ordinary course of business or with prior written approval of the Transferee Company.
- (e) The Transferor Company shall not, without prior written consent of the Transferee Company, take any major policy decisions in respect of management of the De-merged Undertaking except in the ordinary course of business.
- (f) The Transferor Company and the Transferee Company shall co-operate with each other for smooth transfer of the De-merged Undertaking from the Transferor Company to the Transferee Company and any director of the Transferor Company and any director of the Transferee Company shall be empowered to give effect to the scheme in all aspects as may be necessary or expedient including settling any question or difficulties arising in relation to the Scheme in such manner as they deem fit to attain the objectives of this Scheme and their decision in this regard shall be final and binding.

It is hereby agreed and clarified that whenever under this Scheme the approval of the Transferor Company is required to be obtained, it shall be the approval of any one of the directors of the Transferor Company and whenever under this Scheme, the approval of the Transferee Company is required to be obtained, it shall be the approval of any one of the directors of the Transferee Company.

8. CONSIDERATION BY THE TRANSFEE COMPANY :

- 8.1 Upon this Scheme becoming effective, Resulting / Transferee Company shall without any further application or deed, issue and allot Shares at par, credited as fully paid-up, to the extent indicated below to the shareholders of Transferor Company, holding shares in Transferor Company and whose name appear in the Register of Members on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the respective Board of Directors in the following proportion :

1 (One) fully paid up Equity Share of Rs. 10/- each of Resulting Company shall be issued and allotted for every 10 (Ten) fully paid up Equity Shares of Rs. 10/- each held in Transferor Company.

The equity shares issued and allotted by the Resulting Company in terms of this Scheme shall rank pari passu in all respects with the then existing equity shares of the Resulting Company.

- 8.2 No fractional certificate(s) shall be issued by the Resulting Company in respect of any fractions which the members of the Demerged Company may be entitled to on issue and allotment of the new equity shares as aforesaid by the Company. The Board of Directors of the Resulting Company shall instead, consolidate all such fractional entitlements and allot new equity shares in lieu thereof to a Director or an officer of the Resulting Company or such other person(s) as the Board of Directors of the Resulting Company shall appoint in this regard who shall hold the new equity shares in trust on behalf of the members entitled to such fractional entitlements with express understanding that such director or officer or person(s) shall sell the same in market at such time(s) (not later than 6 months upon coming into effect of this Scheme) at such price(s) and to such person(s) as it / he / they may deem fit and pay to the Resulting Company the net sale proceeds thereof. Thereupon the Resulting Company shall distribute the net sale proceeds, after deduction of applicable taxes/ duties/ levies, if any, to the members entitled in proportion to their respective fractional entitlements. In case the number of such shares to be allotted to the Director/officer by virtue of consolidation of fractional entitlements is a fraction, one additional equity share will be issued in the Resulting Company to such Director/officer.
- 8.3 Shares to be issued by Resulting Company pursuant to Clause 8.1 in respect of any equity shares held by shareholder of Transferor Company which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by Resulting Company.
- 8.4 In so far as the issue of equity shares pursuant to Clause 8.1 is concerned, the same shall be issued and allotted in dematerialized form to those equity shareholders who hold equity shares in Transferor Company in dematerialized form, in to the account with the Depository Participant in which the equity shares of Transferor Company are held or such other account with the Depository Participant as is intimated by the equity shareholders to Resulting Company before the Record Date. All those equity shareholders of Transferor Company who hold equity shares of Transferor Company in physical form shall also have the option to receive the shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to Resulting Company before the Record Date. In the event that Resulting Company has received notice from any equity shareholder of Transferor Company that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her/its account with a Depository Participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of Resulting Company, then Resulting Company shall issue equity shares of Resulting Company, in accordance with the Transferor Company Share Entitlement Ratio, as the case may be, in physical form to such equity Shareholder.
- 8.5 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of Transferor Company, the board of directors or any committee thereof of Transferor Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in Transferor Company as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transfer of the share in Transferor Company and in relation to the shares issued by Resulting Company after the effectiveness of this Scheme. The board of directors of Transferor Company and Resulting Company shall be empowered to jointly remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in Resulting Company on account of difficulties faced in the transaction period.
- 8.6 The Resulting/Transferee Company shall endeavor to ensure that the equity shares issued by it in terms of Clause 8.1 of this Scheme, subject to applicable regulations, and subject to requisite compliances be listed and admitted to trading on the National Stock Exchange and Bombay Stock Exchange, where the equity shares of Transferor Company are listed and are admitted to trading. The shares allotted by the Transferee Company pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the National Stock Exchange and Bombay Stock Exchange,
- 8.7 Approval of this Scheme by the shareholders of Resulting Company shall be deemed to be the due compliance of the provisions of Section 81 (1A) of the Companies Act, 1956 or Section 62 of the Companies Act, 2013 and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by Resulting Company to the equity shareholders of Transferor Company, as provided in this Scheme.
- 8.8 Upon Scheme being effective and upon the issuance and allotment of the equity shares by the Transferee Company in accordance with the Clause 8.1, the existing issued and paid up equity share capital of the Transferee Company, comprising of 10,05,00,000 equity shares of Re. 1/- each, aggregating to Rs. 10,05,00,000/- as held by the demerged company and its nominees shall be cancelled. The share certificates held by Transferor Company and its nominees representing the equity shares in the Transferee Company shall be deemed to be cancelled and non-est and not tradable from and after such cancellation. This will result in reduction of share capital (as provided in detail in clause 14 herein below).

8.9 The Resulting Company shall, if and to the extent required to, apply for and obtain any approvals from the concerned regulatory authorities including the Reserve Bank of India, for the issue and allotment of new equity shares by the Resulting Company to the equity shareholders of the Transferor Company. The Resulting Company shall comply with the relevant and applicable rules and regulations including provisions of FEMA to enable it to issue shares pursuant to this Scheme.

9. ACCOUNTING TREATMENT :

(A) Accounting treatment in the books of the De-merged/Transferor Company :

9.1 Upon scheme being effective, the respective book values of the assets and liabilities of the de-merged undertaking shall be adjusted in the books of accounts of the de-merged company in compliance with the applicable Accounting standards.

9.2 Upon the scheme being effective, the difference between the book value of assets and liabilities of the De-merged Undertaking, transferred pursuant to the Scheme shall be adjusted in the books of Transferor Company against its Securities Premium Account as provided in detail in clause 14 hereinbelow.

9.3 Upon the scheme being effective and upon cancellation of shares held by the De-merged Company in the Resulting/ Transferee Company, such amount of investment by the Transferor Company in the cancelled share capital of Transferee Company shall be written off as provided in clause 14 hereinbelow.

(B) Accounting treatment in the Books of the Resulting/Transferee Company :

9.4 Upon coming into effect of this Scheme and upon the arrangement becoming operative, the Transferee Company shall record the assets and liabilities transferred to and vested in them pursuant to this Scheme, at the book values of the respective assets and liabilities as recorded in the books of account of the Transferor Company as on the Appointed Date. The same shall be in compliance with the applicable Accounting standards. The Transferee Company may also decide to record the assets and liabilities transferred to and vested in them at fair value if advised by the Auditors and if it is in compliance with applicable accounting standards.

9.5 The Transferee Company shall credit its Share Capital Account with the aggregate face value of the equity shares issued to the shareholders of Transferor Company pursuant to Clause 8.1 of this Scheme.

9.6 Upon Scheme being effective, and upon the issue and allotment of the new shares of the Transferee Company to the shareholders of the De-merged Company, the existing shares of the Transferee Company as held by the De-merged Company and its nominees shall stand cancelled simultaneously (as provided vide clause 14 herein below).

9.7 The amount of difference in the net value of assets transferred pursuant to the Scheme and the amount of consideration as issued pursuant to clause 8.1 of the Scheme, netted by existing share capital cancelled in terms of clause 9.6 hereinabove of the scheme, shall be adjusted against Securities Premium account.

10. EMPLOYEES :

10.1 On the Scheme taking effect as aforesaid, all employees of the Transferor Company, engaged in or in relation to the Real Estate Undertaking shall be engaged by the Transferee Company, without any interruption of service and on such terms and conditions, as are no less favourable than those on which they are currently engaged by Transferor Company.

10.2 With regard to provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme or any other special schemes or benefits created or existing for the benefit of such employees of Transferor Company, the Transferee Company shall, upon this Scheme becoming effective and with effect from the Appointed Date, stand substituted for Transferor Company for all purposes whatsoever, including with regard to the obligation to make contributions to the said funds and schemes, in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, the staff welfare scheme and any other schemes or benefits created by Transferor Company for such employees of the Real Estate Undertaking shall be continued on the same terms and conditions or be transferred to the existing provident fund, employee state insurance contribution, gratuity fund, superannuation fund, staff welfare scheme, etc., being maintained by the Transferee Company. Pending such transfer, the contributions required to be made in respect of such employees shall continue to be made by the Transferee Company to the existing funds maintained by Transferor Company.

10.3 The Transferee Company agrees that for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits to the permanent employees engaged in or in relation to the Real Estate Undertaking, the past services of such employees with Transferor Company shall also be taken into account and agrees and undertakes to pay the same as and when payable.

11. SAVING OF CONCLUDED TRANSACTIONS :

The transfer of the De-merged Undertaking above and the continuance of proceedings by or against the Transferor Company pertaining to De-merged Undertaking or the Transferee Company above shall not affect any transaction or proceedings already concluded in Transferor Company, in relation to the De-merged Undertaking on or after the Appointed

Date till the Effective Date if any, to the end and intent that the Transferee Company accept and adopt all acts, deeds and things done and executed by Transferor Company, in relation to the De-merged Undertaking in respect thereto as done and executed on their behalf.

12. TAX CREDIT/DUTIES/CESS ETC. :

If the Transferor Company is entitled to any benefits under Incentive Schemes and Policies relating to the De-merged Undertaking it is declared that the benefits under all such Incentive Schemes and Policies shall be transferred to and vested in the Transferee Company.

Upon this Scheme being effective, both the Transferor Company and the Transferee Company, if required, are expressly permitted to revise and file their respective income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / VAT returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc. if any Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

13. REMAINING UNDERTAKING :

The Remaining Undertaking of the De-merged / Transferor Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by Transferor Company.

PART - C

14. RESTRUCTURE OF SHARE CAPITAL :

A. RESTRUCTURE OF SHARE CAPITAL OF THE DE-MERGED/TRANSFEROR COMPANY

14.1 Upon the scheme being effective, the amount of difference in the book value of assets and the book value of liabilities transferred pursuant to the Scheme shall be adjusted against the Securities Premium Account, as envisaged vide clause 9.2 hereinabove.

14.2 Upon the scheme being effective, and upon the issue of shares by the Transferee Company to the shareholders of the De-merged/Transferor Company, and upon cancellation of the shares of the Transferee Company as held by the De-merged Company, the amount of such investment in the books of the de-merged company shall be written off against the Securities Premium Account, as envisaged vide clause 9.3 hereinabove.

14.3 The above referred adjustment against the Securities Premium Account of the De-merged Company shall not exceed Rs. 100.05 Crores save and except an adjustment as may be required to be made due to any increase or decrease in the net assets value of Demerged Undertaking to be transferred on Appointed Date. This restructure amounts to reduction of capital under Section 78 read with Sections 100 to 103 of the Act. However, the same is consequential in nature and is proposed to be effected as an integral part of the Scheme. The approval of the members of the De-merged/Transferor Company to the proposed Scheme shall be deemed to be their approval under the provisions of Section 78 and 100 and all other applicable provisions of the Act and the Transferor Company shall not be required to undertake any separate procedure for the same. The order of the Honorable High Court sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Act. In view of the same, the Transferor Company shall not be required to separately comply with Section 100 or any other provisions of Act.

14.4 Further, since the above restructure involving the utilization of Securities Premium Account of the company is only deemed reduction under Section 78 read with Section 100 of the Act and there is no actual Reduction of Issued, Subscribed and Paid up Share Capital of the company, the Transferor Company shall not be required to add the suffix "and reduced" to its name.

B. RESTRUCTURE OF SHARE CAPITAL OF THE RESULTING/TRANSFEE COMPANY

14.5 Upon Scheme being effective, the Authorised Share Capital of the Transferee Company shall be restructured by consolidation of 10 shares of Re. 1/- each into 1 (one) share of Rs. 10/- each. Hence the same shall stand as Rs.27,00,00,000/- consisting of 2,70,00,000 shares of Rs. 10/- each. Clause V of the Memorandum of Association shall be accordingly amended.

14.6 Upon Scheme being effective, and upon the issue and allotment of the new shares of the Transferee Company to the shareholders of the De-merged Company, the existing shares of the Transferee Company as held by the De-merged Company and its nominees shall stand cancelled simultaneously, as envisaged vide clause 9.6 hereinabove. This will result in reduction of the issued, subscribed and paid up capital of the Transferee Company to the extent of Rs. 10,05,00,000/-.

14.7 However, considering the issue of new shares to the shareholders of the De-merged company as envisaged under clause 8.1 hereinabove, there will not be any net reduction of the share capital.

14.8 The aforesaid restructure of capital viz. Consolidation of Equity Shares of Re.1/- to that of Rs. 10/- each; Cancellation of the shares held by the De-merged Company and upon issue and allotment of new shares resultant increase of share capital etc. is consequential in nature and is proposed to be effected as an integral part of the Scheme. The approval of the members of the Transferee Company to the proposed Scheme shall be deemed to be their approval under the provisions of Section 16, 100 and all other applicable provisions of

the Companies Act, 1956 or the applicable provisions of the Companies Act, 2013 and the Transferee Company shall not be required to undertake any separate procedure for the same. Since there is no net reduction of the share capital, the Transferee Company shall not be required to separately comply with Section 100 or any other provisions of Act. Further, since there is no actual Reduction of Issued, Subscribed and Paid up Share Capital of the company, the Transferee Company shall not be required to add the suffix "and reduced" to its name.

- 14.9 The above referred adjustment as in Clause 9.7 against the Securities Premium Account of the Transferee Company amounts to reduction of capital under Section 78 read with Sections 100 to 103 of the Act. However, the same is consequential in nature and is proposed to be effected as an integral part of the Scheme. The approval of the members of the Transferee Company to the proposed Scheme shall be deemed to be their approval under the provisions of Section 78 and 100 and all other applicable provisions of the Act and the Transferee Company shall not be required to undertake any separate procedure for the same. The order of the Honorable High Court sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Act. In view of the same, the Transferee Company shall not be required to separately comply with Section 100 or any other provisions of Act.

PART-D

GENERAL TERMS AND CONDITIONS

15. APPLICATIONS TO THE HIGH COURT :

The Transferor Company and the Transferee Company shall make all applications/petitions under Sections 391 to 394 read with sections 78 and 100 to 103 of the Companies Act, 1956 and other applicable provisions of the Act and Applicable Laws to the High Court of Gujarat and the Governmental Authority, as applicable, for sanctioning of this Scheme for carrying this Scheme into effect and obtain all approvals as may be required under law.

16. ESOPs BY THE TRANSFEE COMPANY :

The Transferee Company has given certain ESOPs to eligible persons and will continue to be a ESOPs even after the Company is listed under the Scheme subject to compliance with SEBI guidelines if applicable.

17. MODIFICATIONS, AMENDMENTS TO THE SCHEME :

The Transferor Company (by its Directors) and the Transferee Company (by its Directors) may in their full and absolute discretion assent from time to time on behalf of all persons concerned to any modifications or amendments or addition to this Scheme or to any conditions or limitations which the Hon'ble High Court of Gujarat at Ahmedabad or any authorities under the Law may deem fit to approve of or impose and / or to resolve any doubt or difficulties (including ascertainment of assets and liabilities of De-merged Undertaking) that may arise for carrying out this Scheme and to do and execute all such acts, deeds, matters and things as may be necessary, desirable or proper for carrying the Scheme into effect.

For the purpose of giving effect of this Scheme or to any modifications or amendments, thereof, any of the Directors of the Transferor Company and any of the Directors of the Transferee Company may give and are authorised to give all such directions that are necessary or are desirable including directions for settling any doubts or difficulties that may arise.

Further any of the Directors of the Transferor Company and any of the Directors of the Transferee Company shall be entitled to modify any of the terms of this Scheme in future to settle any of the difficulties or to implement the provisions of this Scheme smoothly and hassle free manner, if such need arises and for all purposes the Effective Date for such subsequent modified scheme shall be the same as specified in this Scheme.

18. SEVERABILITY :

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

19. SCHEME CONDITIONAL UPON APPROVALS/SANCTIONS :

This Scheme is specifically conditional upon and subject to:

- (a) The Scheme being approved by the requisite majority of the respective members and such class of persons of the Demerged Company in compliance with guidelines issued by Securities and Exchange Board of India and in particular vide Circular CIR/CFD/DIL/5/2013 dated February 4, 2013 and Circular CIR/CFD/DIL/8/2013 dated May 21, 2013;
- (b) The Scheme being approved by the requisite majority in number and value of such classes of persons including the respective members and/or creditors of Demerged Company and Resulting Company as may be directed by the High Court;
- (c) The sanctions of the Hon'ble High Court of Gujarat at Ahmedabad being obtained under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 or any other Governmental Authorities if so required on behalf of the Transferor Company and the Transferee Company.

- (d) The certified copies of the High Court orders referred to in this Scheme being filed with the Registrar of Companies, Ahmedabad, Gujarat, as applicable.
- (e) The requisite consent, approval or permission of the Government Authority or any other statutory authority, which by law may be necessary for the implementation of this scheme.

20. EFFECTIVE DATE OF THE SCHEME :

This Scheme although to come into operation from the Appointed Date shall not come into effect until the last date viz. :

- (a) The date on which the last of all the consents, approvals, permissions, resolutions, sanctions and/or orders as are hereinabove referred to have been obtained or passed; and
- (b) The date on which all necessary certified copies of the order under sections 391 and 394 of the Companies Act, 1956 are duly filed with the Registrar of Companies, Ahmedabad, Gujarat and such date shall be referred to as Effective Date for the purpose of the Scheme. All other compliances relating to filing and stamp duty etc., if applicable shall be done on or after the Effective Date subject to Clause 21. However the Effective Date shall not be affected by any of the modifications that might be required to be made as provided under clause 17 and the Effective Date for such modified scheme shall be the same as mentioned in the above paragraphs.

It is the intention and understanding of the parties hereto that the economic effect of the Scheme shall take effect from the Appointed Date despite the Scheme becoming effective from Effective Date under the relevant laws.

21. EFFECT OF NON-RECEIPT OF APPROVAL/SANCTION :

In the event of any of the said sanctions and/or approvals referred to in the preceding Clause No. 19 above not being obtained and/or the Scheme not being sanctioned by the Hon'ble High Court or any other Governmental Authorities and/or the Order(s) not being passed or sanctions not being granted as aforesaid, the Board of the Directors of the Transferor Company and the Transferee company are hereby empowered and authorised, this Scheme shall stand revoked, cancelled and be of no effect save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, obligation and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in this Scheme and/or otherwise arise as per Law.

22. EXPENSES CONNECTED WITH THE SCHEME :

All costs, charges and expenses, including any taxes and duties of the Transferor Company and the Transferee Company respectively in relation to or in connection with or incidental to this Scheme and of carrying out and completing the terms of this Scheme shall be borne and paid by the Transferor Company.

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In view of para 18 of the order dated 30th March 2015, passed by the Hon'ble court (Coram : Hon'ble Mr. Justice S. R. Brahmbhatt) in Company Petition No. 30 and 31 of 2015, the Scheme is hereby authenticated.

Registrar (Judicial)
This 18th day of April, 2015

Sealer and Deputy Registrar
This 18th day of April, 2015