

BRIEF SYNOPSIS OF THE SCHEME OF ARRANGEMENT

1. RATIONALE FOR THE COMPOSITE 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.
- 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.



2. ISSUE OF SHARES BY THE TRANSFEREE COMPANY/ARVIND INFRASTRUCTURE LIMITED

2.1 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 Re. 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.

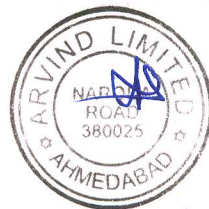
The equity shares issued and allotted by the Resulting Company in terms of this Scheme shall rank pari passu in all respects with the then existing equity shares of the Resulting Company.

2.2 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.

- 2.3 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.
- 2.4 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.

- 2.5 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.
- 2.6 The Resulting/Transferee Company shall endeavour 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.

