

ADITYA BIRLA**SECURED
CREDITOR****ADITYA BIRLA NUVO LIMITED**

Registered Office : Indian Rayon Compound, Veraval, Gujarat - 362 266, India
Tel No : 91-2876-245711
Fax No: : 91-2876-243220
CIN : L17199GJ1956PLC001107
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COURT CONVENED MEETING OF THE SECURED CREDITORS

Day : Tuesday
Date : September 8, 2015
Time : 2.00 p.m. (1400 hours) or soon after the conclusion of the meeting of the Equity Shareholders of Aditya Birla Nuvo Limited (whichever is later)
Venue : Club Auditorium within Indian Rayon Compound, Veraval, Gujarat – 362 266, India

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IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
(ORDINARY ORIGINAL JURISDICTION)
COMPANY APPLICATION NO. 200 of 2015

In the matter of the Companies Act, 1956;

And

In the matter of Sections 391 and 394 and other relevant provisions of the Companies Act, 1956 and the Companies Act, 2013;

And

In the matter of Aditya Birla Nuvo Limited;

And

In the matter of the Composite Scheme of Arrangement amongst Aditya Birla Nuvo Limited and Madura Garments Lifestyle Retail Company Limited and Pantaloons Fashion & Retail Limited and their respective shareholders and creditors;

Aditya Birla Nuvo Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Indian Rayon Compound, Veraval, Gujarat - 362266, India

...Applicant Company/ First Demerged Company

NOTICE CONVENING MEETING OF THE SECURED CREDITORS OF THE FIRST DEMERGED COMPANY

To

The Secured Creditors of Aditya Birla Nuvo Limited (the “Applicant Company” or “First Demerged Company”)

TAKE NOTICE that by an order made on the 7th day of July, 2015, in the abovementioned Company Application (the “**Order**”), the Hon’ble High Court of Gujarat at Ahmedabad has directed that a meeting of the secured creditors of the Applicant Company be convened and held at the registered office of the Applicant Company at the Club Auditorium within Indian Rayon Compound, Veraval, Gujarat – 362 266, India on Tuesday, the 8th day of September, 2015 at 2.00 p.m. (1400 hours) for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement amongst the Applicant Company and Madura Garments Lifestyle Retail Company Limited and Pantaloons Fashion & Retail Limited and their respective shareholders and creditors by passing the following resolutions, with or without modifications:

“RESOLVED THAT pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and/or under the corresponding provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof) as may be applicable, the Securities and Exchange Board of India Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, the observation letters issued by each of the BSE Limited and the National Stock Exchange of India Limited, both dated June 26, 2015, and relevant provisions of applicable laws, and subject to the approval of the High Court of Gujarat at Ahmedabad and the High Court of Judicature at Bombay, the Composite Scheme of Arrangement (the “**Composite Scheme**”), amongst (i) Aditya Birla Nuvo Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at Indian Rayon Compound, Veraval, Gujarat – 362 266, India (the “**First Demerged Company**”) and (ii) Madura Garments Lifestyle Retail Company Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at Indian Rayon Compound, Veraval, Gujarat – 362 266, India (the “**Second Demerged Company**”) and (iii) Pantaloons Fashion & Retail Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 701-704, 7th Floor, Skyline Icon Business Park, 86-92 Off A. K. Road, Marol Village, Andheri East, Mumbai – 400059, Maharashtra, India (the “**Resulting Company**”) and their respective shareholders and creditors, be and is hereby approved and agreed to, with/without any modifications and/or conditions, if any, which may be required and/or imposed and/or permitted by the High Court of Gujarat at Ahmedabad and/or the High Court of Judicature at Bombay while sanctioning the Composite Scheme, or by any other authorities under applicable law.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, the Board of Directors of the First Demerged Company (herein referred to as the “**Board**”, which term shall deem to include any committee or any person(s) which the Board may nominate or constitute to exercise its powers, including the powers conferred under this resolution), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper, and to settle any questions or difficulties or doubts that may arise, including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary to give effect to the above resolution, or to carry out such modifications/directions as may be required and/or imposed and/or permitted by the High Court of Gujarat at Ahmedabad and/or the High Court of Judicature at Bombay while sanctioning the Composite Scheme, or by any other authorities under applicable law.”

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the secured creditors of the First Demerged Company will be held at the registered office of the Applicant Company at the Club Auditorium within Indian Rayon Compound, Veraval, Gujarat – 362 266, India on Tuesday, the 8th day of September, 2015 at 2.00 p.m. (1400 hours), at which place, day, date and time you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the registered office of the Applicant Company, at Indian Rayon Compound, Veraval, Gujarat – 362266, India not later than 48 (forty eight) hours before the aforesaid meeting.

The Hon'ble High Court of Gujarat at Ahmedabad has appointed Mr. Lalit Naik, the Managing Director of the Applicant Company, and in his absence, Ms. Tarjani Vakil, the Director of the Applicant Company and in her absence Mr. S.C. Bhargava, the Director of the Applicant Company, to be the Chairman of the said meeting or at any adjournment(s) thereof.

A copy of each of the Composite Scheme, the Explanatory Statement under Section 393 of the Companies Act, 1956 read with Section 102 of the Companies Act, 2013, the other enclosures as indicated hereinabove, the Form of Proxy and Attendance Slip are enclosed.

Sd/-
Lalit Naik
Chairman appointed for the meeting

Place: Mumbai

Dated this 27th day of July, 2015

CIN: L17199GJ1956PLC001107

Registered Office:

Indian Rayon Compound,

Veraval,

Gujarat – 362 266, India

E-Mail - abnlsecretarial@adityabirla.com

Notes:

1. Only secured creditor of the Applicant Company may attend and vote (either in person or by proxy) at the said secured creditors meeting. A secured creditor of the Applicant Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and **such proxy need not be a secured creditor of the Applicant Company.**
2. The authorized representative of a body corporate which is a secured creditor of the Applicant Company may attend and vote at the meeting, provided a certified copy of the resolution of the board of directors or other governing body of the body corporate, under Section 113 of the Companies Act, 2013, authorizing such representative to attend and vote at the meeting on behalf of such body corporate is deposited at the registered office of the Applicant Company not later than 48 (forty eight) hours before the time fixed for the meeting.
3. All alterations made in the form of proxy should be initialled.
4. A secured creditor or his/her proxy is requested to bring a copy of the notice to the meeting, and produce at the entrance of the meeting venue, the attendance slip duly completed and signed.

Encl: As above

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
(ORDINARY ORIGINAL JURISDICTION)
COMPANY APPLICATION NO. 200 of 2015

In the matter of the Companies Act, 1956;

And

In the matter under Sections 391 and 394 and other relevant provisions of the Companies Act, 1956 and the Companies Act, 2013;

And

In the matter of Aditya Birla Nuvo Limited;

And

In the matter of Composite Scheme of Arrangement amongst Aditya Birla Nuvo Limited and Madura Garments Lifestyle Retail Company Limited and Pantaloons Fashion & Retail Limited and their respective shareholders and creditors;

Aditya Birla Nuvo Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Indian Rayon Compound, Veraval, Gujarat – 362266, India

...Applicant Company/ First Demerged Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956 READ WITH SECTION 102 OF THE COMPANIES ACT, 2013 TO THE NOTICE OF THE COURT CONVENED MEETING OF THE SECURED CREDITORS OF ADITYA BIRLA NUVO LIMITED

1. Pursuant to an order dated July 7, 2015, passed by the Hon'ble High Court of Gujarat at Ahmedabad, in Company Application No. 200 of 2015 ("**Order**"), a meeting ("**Court Convened Meeting**") of the secured creditors of Aditya Birla Nuvo Limited (the "**Applicant Company**" or "**First Demerged Company**") is being convened at the registered office of the Applicant Company at the Club Auditorium within Indian Rayon Compound, Veraval, Gujarat – 362 266, India on Tuesday, September 8, 2015 at 2.00 p.m. (1400 hours) for the purpose of considering, and if thought fit, approving, with or without modification, the Composite Scheme of Arrangement amongst, the First Demerged Company and Madura Garments Lifestyle Retail Company Limited, a company incorporated under the provisions of the Companies Act, 1956 (the "**Act**") and having its registered office at Indian Rayon Compound, Veraval, Gujarat – 362266 (the "**Second Demerged Company**") and Pantaloons Fashion & Retail Limited, a public limited company incorporated under the provisions of the Act, and having its registered office at 701-704, 7th Floor, Skyline Icon Business Park, 86-92 Off A. K. Road, Marol Village, Andheri East, Mumbai – 400059, Maharashtra, India (the "**Resulting Company**") and their respective shareholders and creditors (the "**Composite Scheme**") *inter alia* providing for the transfer by way of a demerger on a going concern basis of: (i) the Madura Undertaking (as defined below) of the First Demerged Company to the Resulting Company, (ii) the MGL Retail Undertaking (as defined below) of the Second Demerged Company to the Resulting Company, and (iii) various other matters consequential or integrally connected therewith, including the reorganisation of the share capital of the Resulting Company. A copy of the Composite Scheme which has been, *inter alia*, approved by the Audit Committee and the Board of Directors of the First Demerged Company at their respective meetings held on May 3, 2015, is enclosed as **Annexure 1**. The proposed Composite Scheme is deemed to form part of this statement.
2. In terms of the said Order, the quorum for the Court Convened Meeting of the secured creditors shall be 3 (three) creditors present in person.
3. Further in terms of the said Order, the High Court of Gujarat at Ahmedabad, has appointed Mr. Lalit Naik, the Managing Director of the Applicant Company, and in his absence, Ms. Tarjani Vakil, the Director of the Applicant Company and in her absence Mr. S.C. Bhargava, the Director of the Applicant Company, as the chairman for the purposes of the Court Convened Meeting.
4. This statement explaining the terms of the Composite Scheme is being furnished as required under Section 393 of the Act, read with Section 102 of the Companies Act, 2013.
5. In terms of the Order dated July 7, 2015, passed by the High Court of Gujarat at Ahmedabad, in Company Application No. 200 of 2015, if the entries in the books/registers of the First Demerged Company in relation to the value of the secured creditors are disputed, the Chairman shall determine the value for the purposes of the Court Convened Meeting and his decision in that behalf shall be final.

Particulars of the First Demerged Company

6. The First Demerged Company, was incorporated under the provisions of the Act on September 26, 1956 in the State of Maharashtra in the name of The Indian Rayon Corporation Limited. The registered office of the First Demerged Company was shifted from the State of Maharashtra to the State of Gujarat with effect from December 13, 1961. The name of the First

Demerged Company was changed to Indian Rayon And Industries Limited vide a certificate dated January 23, 1987 and was further changed to Aditya Birla Nuvo Limited vide a certificate dated October 27, 2005. The equity shares of the First Demerged Company are listed on the BSE Limited and National Stock Exchange of India Limited. The global depository receipts representing the underlying equity shares of the First Demerged Company are listed on the Luxembourg Stock Exchange.

7. The First Demerged Company has its registered office at Indian Rayon Compound, Veraval, Gujarat – 362 266, India.
8. The authorized, issued, subscribed and paid-up share capital of the First Demerged Company as on June 30, 2015 was as follows:

Share Capital	Amount in Rs.
Authorised Capital	
<u>Equity</u> 175,000,000 equity shares of Rs. 10 each	1,750,000,000
<u>Preference</u> 500,000 6% redeemable cumulative preference shares of Rs. 100 each	50,000,000
Total	1,800,000,000
Issued Share Capital	
<u>Equity</u> 130,279,180 equity shares of Rs. 10 each*	1,302,791,800
Total	1,302,791,800
Subscribed and Paid-up Share Capital	
<u>Equity</u> 130,142,326 equity shares of Rs. 10 each*	1,301,423,260
Total	1,301,423,260

* includes 3,165,126 equity shares represented by GDRs (as defined in the Composite Scheme)

9. Employee Stock Options and Stock Appreciation Rights:

The Applicant Company has outstanding employee and restricted stock units the exercise of which, before the effective date of the Composite Scheme, would result in an increase in the issued and paid-up equity share capital of the Applicant Company.

10. Subsequent to June 30, 2015 there has been no material change in the share capital of the First Demerged Company.
11. The objects of the First Demerged Company are set out in its Memorandum of Association. The First Demerged Company is a diversified conglomerate with various business interests including manufacturing of fertilizers, viscose filament yarn, insulators etc., financial services, telecom and fashion & lifestyle. Some of the objects of the First Demerged Company, *inter alia*, along with serial numbers as stated in the Memorandum of Association, are set out hereunder:

III.

- (1) *To carry on the business of manufacturing, buying, selling, importing, exporting, distributing, processing, exchanging, converting, altering, twisting or otherwise handling or dealing in cellulose, viscose rayon yarns and fibres, synthetic fibres and yarns, staple fibre yarns and such other fibres or fibrous materials, transparent paper and auxiliary chemical products, allied products, by-products or substances or substitutes for all or any of them or yarn or yarns for textile or other use as the Company may deem necessary expedient or practicable.*
 - (2) *To convert, treat or turn to account by any process or method of manufacture, chemical, synthetic or otherwise, or in any other manner, timber, wood, cotton, linters, droppings, fly, cotton waste, cotton seeds, bamboo, grass straw, jute, jute sticks, seisal fibre, flax hemp, hessian gunnies, sugarcane, bagasse, leather, asbestos, rags, waste paper, water hyacinth or any kind of pulp or other substances prepared from these or from other vegetables, minerals, chemicals or any other substances and prepare, manufacture, cut, spin, weave or knit, fibre, fibres or fibrous materials, filament, yarn, cords, cloth whether grey, bleached, unbleached, dyed, printed, knitted, knotted, looped, creeped, crinkled or felt and such other fabrics and things as may be practicable or deemed expedient.*
 - (4) *To gin, card, comb, scour, mix, cut, spin, process, twist, throw, reel, weave, knit, print, bleach dye or finish, rayon, stable fibre, stable fibre yarn, raw silk, silk yarns, waste silks, cotton, flax, jute, hemp, wool, hessian, linen or other textile and textile fibres and carry on any other operations of whatever kind and nature, in relation thereto.*
 - (6) *To carry on the business of manufacturers of and dealers in chemicals of any nature and kind whatsoever and as wholesale or retail chemists, druggists, analytical or pharmaceutical chemists, dry salters, oil and colour men, importers, exporters and manufacturers of and dealers in heavy chemicals, alkalies, acids, drugs, tannins, essences, pharmaceutical, sizing, medicinal, chemical, industrials and other preparations and articles of any nature and kind whatsoever, mineral and other water soaps, cements, oils, fats, paints, varnishes, compounds drugs, dyestuffs – organic or mineral – intermediates, paints and colour grinders, makers of and dealers in proprietary articles of all kinds and of electrical chemical, photographic surgical and scientific apparatus and materials and to manufacture, refine, manipulate import and deal in salts and marine minerals and their derivatives, by-products and compounds of any nature and kind whatsoever.*
- (30E) *To carry on trade or business in India or elsewhere of manufacturing, producing, preparing, fertilizers, of all types, heavy chemicals and their by-products and derivatives and mixtures thereof.*

- (30F) To carry on in India or in any part of the world, the business of processing, converting, producing, manufacturing, formulating, using, buying, acquiring, storing, packaging, selling, transporting, distributing, importing, exporting and disposing all types of fertilizers, chemicals, heavy chemicals, bio-chemicals, acids, alkalis, agro-chemicals and their by-products, derivatives and mixtures thereof, applications in bio-technology, maintaining and rendering assistance and services of all and every kind of any description for selling, exchanging, altering, improving and dealing in artificial and other fertilizers, heavy chemicals, agro-chemicals and their by-products of every description.
- (30G) To carry business as an Investment Company and to underwrite and sub-underwrite, to invest in with or without interest or security and acquire by gift or otherwise and hold, sell, buy or otherwise deal in shares, debentures, debenture stocks, bonds, units obligations and securities issued or guaranteed by Indian or Foreign Governments, States, Dominions, Sovereigns, Municipalities or Public Authorities or bodies and shares, stocks, debentures, debenture stock, bonds, obligations and securities issued and guaranteed by any company, corporation, firm or person whether incorporated or established in India or elsewhere and to manage shares, stocks, securities, finance subject to necessary Government approval and to deal with and turn to account the same, however the Company shall not carry or ay Chit fund activities or business of banking or insurance within the Banking Regulation Act, 1949 or the Insurance Act.
- (30H) To finance the Industrial Enterprises and to provide venture capital, seed capital, loan capital and to participate in equity / preference share capital or to give guarantees on behalf of the company in the matter and to promote companies engaged in industrial and Trading Business and to act as Financial consultants, brokers, underwrites, promoters dealers, agents and to carry on the business of share broking and general brokers for shares, debentures, debenture-stocks bond, Units, obligations, securities, commodities, bullion currencies and to manage the funds of any person or company by investment in various avenues like Growth Fund, income Fund, Risk Fund, Tax Exempt Fund, Pension / Superannuation Funds and to pass on the benefits of portfolio investments to the investors as dividends, bonus, interest, etc and to provide a complete range of personal financial services like investment planning, estate planning, tax planning, portfolio management, consultancy / counseling service in various fields, general administrative, commercial financial, legal, economic, labour, industrial public relations, scientific technical direct and indirect taxation and other levies, statistical, accountant, quality control, data processing by acquiring/ purchasing sophisticated office machineries such as computers, tabulators, addressing machines etc.

Particulars of the Second Demerged Company

12. The Second Demerged Company, was incorporated under the provisions of the Act on May 1, 2007 in the state of Karnataka in the name of Madura Garments Lifestyle Retail Company Limited. The place of the registered office of the Second Demerged Company was subsequently changed to the state of Gujarat vide a certificate dated November 18, 2009. The Corporate Identification Number of the Second Demerged Company is U18101GJ2007PLC058604.
13. The Second Demerged Company has its registered office at Indian Rayon Compound, Veraval, Gujarat – 362266, India. The Second Demerged Company is a wholly owned subsidiary of the First Demerged Company and is *inter alia* engaged in the businesses of apparel retail and holding of investments.
14. The authorized, issued, subscribed and paid-up share capital of the Second Demerged Company as on June 30, 2015 is as follows:

Share Capital	Amount in Rs.
Authorized Share Capital	
<u>Equity</u> 270,000,000 equity shares of Rs. 10 each	2,700,000,000
<u>Preference</u> 10,000,000 8% redeemable cumulative preference shares of Rs. 10 each	100,000,000
Total	2,800,000,000
Issued, Subscribed and Paid-up Share Capital	
<u>Equity</u> 190,065,361 equity shares of Rs. 10 each	1,900,653,610
<u>Preference</u> 10,000,000 8% redeemable cumulative preference shares of Rs. 10 each	100,000,000
Total	2,000,653,610

Subsequent to June 30, 2015 there has been no material change in the share capital of the Second Demerged Company.

15. The objects of the Second Demerged Company are set out in its Memorandum of Association. The Second Demerged Company is engaged in the businesses of apparel retail and holding of investments. Some of the objects of the Second Demerged Company, *inter alia*, along with serial numbers as stated in the Memorandum of Association, are set out hereunder:

III. (A)

- 1) To carry on India and elsewhere in any place or places in the world the trade or the business of manufacturers, exporters, importers, traders, dealers, merchants, shippers, indentors, distributors, wholesalers, retailers, shopkeepers, hirers,

commission agents, mucedums, brokers, stockists, mercantile agents, forwarding agents, warehousemen, in all types of fabrics, cotton, knitted, dyed, processed wool, jute, hemp, silk, nylon and allied materials and articles, textile of all kinds, ready to wear garments, non wearables, and made up of all kinds, makers and tailors of all kinds of industrial/domestic wearing/non-wearing apparels, linen, carpets and rugs, straps, tapes, ribbon, elastic braids and labels and as ginner, pressers, packers, calendars, spinners, weavers, bleachers, dyers, combers and traders of cotton, wool, silk, nylon, synthetic, man-made fibre, flax, hemp, jute and other fibrous substances whether textile, felted, netted or looped and of waste materials and cotton seeds and to run spinning, weaving, pressing, ginning and processing or manufacturing mills, dyeing, printing and bleaching factories and carry on all the above business in all or any of their respective branches.

- 2) To manufacture, buy, sell, import, export, refine, manipulate or otherwise deal in textiles and piece-goods of all kinds, yarn, threads, silks and art silks, cotton, woollens, nylon, synthetic, man-made and allied materials, rayons and fabrics of all kinds, woven/non-woven cloths, industrial cloth, oil-cloth, leather cloths, Hessians, jute cloths, man-made fibres including regenerated cellulose-rayons, nylon and the like, textile auxiliaries, and sizing materials including starch.
- 3) To offer one stop solution for sale, purchase, export, import, and the like, of Garments, fashion clothes, fashion products, life style products, apparels, general merchandise etc.

Particulars of the Resulting Company

16. The Resulting Company, was incorporated under the Act on April 19, 2007, in the state of Karnataka in the name of Peter England Fashions and Retail Limited. The place of the registered office of the Resulting Company was subsequently changed to the state of Gujarat vide a certificate dated November 18, 2009 and thereafter to the State of Maharashtra vide a certificate dated July 31, 2012. The name of the Resulting Company was subsequently changed to its present name, Pantaloons Fashion & Retail Limited, vide a certificate dated April 23, 2013. The equity shares of the Resulting Company are listed on the BSE Limited and National Stock Exchange of India Limited. The Resulting Company is a subsidiary of Indigold Trade & Services Limited which in turn is a wholly owned subsidiary of the First Demerged Company. The corporate identification Number of the Resulting Company is L18101MH2007PLC233901.
17. The registered office of the Resulting Company is situated at 701-704, 7th Floor, Skyline Icon Business Park, 86-92 Off A. K. Road, Marol Village, Andheri East, Mumbai – 400059, Maharashtra, India.
18. The Resulting Company is engaged in the business of apparel retail.
19. The authorized, issued, subscribed and paid-up share capital of the Resulting Company as on June 30, 2015 is as under:

Share Capital	Amount in Rs.
Authorised Capital	
<u>Equity Shares</u> 150,000,000 equity shares of Rs. 10 each	1,500,000,000
<u>Preference Shares</u> 10,000,000 8% redeemable cumulative preference shares of Rs. 10 each	100,000,000
<u>Preference Shares</u> 15,000 6% redeemable cumulative preference shares of Rs. 100 each	1,500,000
Total	1,601,500,000
Issued, Subscribed and Paid-up Share Capital	
<u>Equity Shares</u> 92,793,529 equity shares of Rs. 10 each	927,935,290
<u>Preference Shares</u> 500,000 8% redeemable cumulative preference shares of Rs. 10 each	5,000,000
<u>Preference Shares</u> 500 6% redeemable cumulative preference shares of Rs. 100 each	50,000
Total	932,985,290

Subsequent to June 30, 2015 there has been no material change in the share capital of the Resulting Company.

20. Employee Stock Options and Stock Appreciation Rights:

The Resulting Company has outstanding employee and restricted stock units the exercise of which, before the effective date of the Composite Scheme, would result in an increase in the issued and paid-up equity share capital of the Resulting Company.

21. The objects of the Resulting Company are set out in its Memorandum of Association. The Resulting Company is engaged in the businesses of apparel retail. Some of the objects of the Resulting Company, *inter alia*, along with serial numbers as stated in the Memorandum of Association, are set out hereunder:

III. (A)

- 1) To carry on India and elsewhere in any place or places in the world the trade or the business of manufacturers, exporters, importers, traders, dealers, merchants, shippers, indentors, distributors, wholesalers, retailers, shopkeepers, hirers, commission agents, mucedums, brokers, stockists, mercantile agents, forwarding agents, warehousemen, in all types of fabrics, cotton, knitted, dyed, processed wool, jute, hemp, silk, nylon and allied materials and articles, textile of all kinds,

ready to wear garments, non wearables, and made up of all kinds, makers and tailors of all kinds of industrial/domestic wearing/non-wearing apparels, linen, carpets and rugs, straps, tapes, ribbon, elastic braids and labels and as ginners, pressers, packers, calendars, spinners, weavers, bleachers, dyers, combers and traders of cotton, wool, silk, nylon, synthetic, man-made fibre, flax, hemp, jute and other fibrous substances whether textile, felted, netted or looped and of waste materials and cotton seeds and to run spinning, weaving, pressing, ginning and processing or manufacturing mills, dyeing, printing and bleaching factories and carry on all the above business in all or any of their respective branches.

- 2) To manufacture, buy, sell, import, export, refine, manipulate or otherwise deal in textiles and piece-goods of all kinds, yarn, threads, silks and art silks, cotton, woollens, nylon, synthetic, man-made and allied materials, rayons and fabrics of all kinds, woven/non-woven cloths, industrial cloth, oil-cloth, leather cloths, Hessians, jute cloths, man-made fibres including regenerated cellulose-rayons, nylon and the like, textile auxiliaries, and sizing materials including starch.
- 3) To offer one stop solution for sale, purchase, export, import, and the like, of Garments, fashion clothes, fashion products, life style products, apparels, general merchandise etc.

Description and Rationale for the Composite Scheme

22. The Composite Scheme provides for (i) the transfer by way of a demerger of the Madura Undertaking (as defined below) of the First Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the First Demerged Company; (ii) the transfer by way of a demerger of the MGL Retail Undertaking (as defined below) of the Second Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Second Demerged Company; and (iii) various other matters consequential or integrally connected therewith, including the reorganisation of the share capital of the Resulting Company, pursuant to Sections 391 – 394 and other relevant provisions of the Act (including corresponding provisions of the Companies Act, 2013 as may be applicable) in the manner provided for in the Composite Scheme and in compliance with the provisions of the Income Tax Act, 1961, including Section 2(19AA) thereof.
23. Presently, the apparels businesses of the Aditya Birla group are housed under separate entities including the First Demerged Company, the Second Demerged Company and the Resulting Company. Consolidating the similar businesses of the group within one company would enable the business activities to be carried out with greater focus and specialisation for sustained growth. Each business will also benefit from the potential synergies of combining with the similar and related businesses, thereby resulting in enhancement of shareholder value. Thus, the Composite Scheme is sought to be undertaken to consolidate the apparel retail businesses of the Aditya Birla Group within one company to unlock value and accrue potential synergy benefits for the business arising *inter alia* on account of operational efficiency in matters such as sourcing, infrastructure and information technology.

Corporate Approvals

24. The proposal for the Composite Scheme, including the proposed demerger of the Madura Undertaking of the First Demerged Company into the Resulting Company, was placed before the Audit Committee of the Board of Directors of the First Demerged Company at its meeting held on May 3, 2015. The Audit Committee of the Board of Directors of the First Demerged Company took into account the joint valuation report, dated May 3, 2015, issued by Bansi Mehta & Co. and Price Waterhouse & Co. LLP, both acting as valuers, to the respective Boards of Directors of the First Demerged Company, the Second Demerged Company and the Resulting Company (the “**Joint Valuation Report**”). The Joint Valuation Report recommended that the share entitlement ratio for the demerger of the Madura Undertaking of the First Demerged Company into the Resulting Company pursuant to the Composite Scheme should be 26 (twenty six) equity shares of the Resulting Company (of Rs. 10 each fully paid up) for every 5 (five) equity shares of the First Demerged Company (of Rs. 10 each fully paid up) (the “**Madura Share Entitlement Ratio**”). Further, the Joint Valuation Report recommended that the share entitlement ratio for the demerger of the MGL Retail Undertaking (as defined below) of the Second Demerged Company into the Resulting Company pursuant to the Composite Scheme should be (i) 7 (seven) equity shares of face value INR 10 (Rupees Ten Only) each in the Resulting Company credited as fully paid up for every 500 (five hundred) equity share of face value INR 10 (Rupees Ten Only) each fully paid up held by an equity shareholder in the Second Demerged Company (“**MGL Equity Share Entitlement Ratio**”); and (ii) 1 (one) equity shares of face value INR 10 (Rupees Ten Only) each in the Resulting Company credited as fully paid up for all 10,000,000 (ten million) preference shares of face value INR 10 (Rupees Ten Only) each fully paid up held by a preference shareholder in the Second Demerged Company (“**MGL Preference Share Entitlement Ratio**”, and together with MGL Equity Share Entitlement Ratio, the “**MGL Share Entitlement Ratios**”). On the basis of its evaluation and independent judgment, the Audit Committee has approved the Madura Share Entitlement Ratio and recommended the Composite Scheme to the Board of Directors of the First Demerged Company.
25. The Board of Directors of the First Demerged Company, at its meeting held on May 3, 2015, took into account the recommendation of the Madura Share Entitlement Ratio as set out in the Joint Valuation Report and the independent recommendations of its Audit Committee.
26. Based on the aforesaid advise/opinion and after considering the facts, circumstances and benefits of the Composite Scheme and on the basis of their own independent judgment, the Board of Directors of the First Demerged Company has, at its meeting held on May 3, 2015, come to the conclusion that the Madura Share Entitlement Ratio is fair and reasonable and, has approved the Madura Share Entitlement Ratio and the Composite Scheme.

27. Separately, the Board of Directors of the Second Demerged Company has, at its meeting held on May 3, 2015, based on the recommendation of the MGL Share Entitlement Ratios as set out in the Joint Valuation Report and the independent recommendations of its Audit Committee, come to the conclusion that the MGL Share Entitlement Ratios is fair and reasonable and has approved the Composite Scheme.
28. The Board of Directors of the Resulting Company, at its meeting held on May 3, 2015, has, based on the recommendation of the Madura Share Entitlement Ratio and the MGL Share Entitlement Ratios as set out in the Joint Valuation Report and the fairness opinion of JM Financial Institutional Securities Limited and the independent recommendations of its Audit Committee, come to the conclusion that the Madura Share Entitlement Ratio and the MGL Share Entitlement Ratios is fair and reasonable and has also approved the Composite Scheme.

Salient Features of the Composite Scheme

29. The salient features of the Composite Scheme are as follows:

Definitions

Salient definitions from the Composite Scheme are set out below. Other capitalised terms used in hereinbelow, shall have the meaning ascribed to such terms in the Composite Scheme.

- (i) **“ABNL Employees”** shall mean all the permanent employees of the First Demerged Company employed in the Madura Undertaking as on the Effective Date.
- (ii) **“ABNL Remaining Business”** shall mean all the undertakings, businesses, activities, operations, assets and liabilities (including investments in shares and securities and identified assets and bank balances) of the First Demerged Company, other than those comprised in the Madura Undertaking. For the avoidance of doubt, it is hereby clarified that the investments held (whether directly or indirectly) by the First Demerged Company in the Resulting Company and the Second Demerged Company shall form part of the ABNL Remaining Business. It is further clarified that any credit or right to repayment in relation to any corporate tax paid by way of advance tax by the First Demerged Company (including in relation to the Madura Undertaking) prior to the Effective Date shall form part of the ABNL Remaining Business.
- (iii) **“Act”** means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force, including the Companies Act, 2013 and provisions thereof as are notified and applicable from time to time and shall include any statutory modifications, re-enactment or amendments thereof.
- (iv) **“Appointed Date”** means April 1, 2015.
- (v) **“Board of Directors”** in relation each of the Companies, as the case may be, means the board of directors of such company and, unless it is repugnant to the context, includes a duly authorised committee of directors.
- (vi) **“Companies”** shall mean the First Demerged Company, the Second Demerged Company and the Resulting Company, or any two of them as the context may require.
- (vii) **“Demerged Companies”** shall mean the First Demerged Company and the Second Demerged Company, collectively.
- (viii) **“Demerged Undertakings”** means the Madura Undertaking and the MGL Retail Undertaking, collectively.
- (ix) **“Effective Date”** means the last of the dates on which the conditions and matters referred to in Clause 38 of the Composite Scheme occur or have been fulfilled or waived and references in the Composite Scheme to the date of **“coming into effect of the Composite Scheme”** or **“effectiveness of the Composite Scheme”** shall mean the Effective Date.

The conditions and matters referred to in Clause 38 of the Composite Scheme have been listed below:

- (a) the Composite Scheme being approved by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Companies as required under the Act and the requisite orders of the High Courts, or dispensation having been received from the High Courts in relation to obtaining such approval from the members and/or creditors;
- (b) the Composite Scheme being approved by the majority of the public shareholders of the First Demerged Company (by way of voting through postal ballot and e-voting) as required under the Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 on “Scheme of Arrangement under the Companies Act, 1956 – Revised requirements for the Stock Exchanges and Listed Companies” read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 issued by the Securities Exchange Board of India (collectively, **“SEBI Scheme Circulars”**), i.e. the votes cast by public shareholders in favour of the resolution are more than the number of votes cast by public shareholders against it;
- (c) the Composite Scheme being approved by the majority of the public shareholders of the Resulting Company (by way of voting through postal ballot and e-voting) as required under the SEBI Scheme Circulars, i.e. the votes cast by public shareholders of the Resulting Company in favour of the resolution are more than the number of votes cast by public shareholders against it;
- (d) the High Courts having accorded their sanction to the Composite Scheme;
- (e) the certified copies of the orders of the High Courts approving the Composite Scheme being filed with the jurisdictional registrar of companies;
- (f) post-sanction approval of the Securities and Exchange Board of India in terms of the SEBI Circulars being obtained, if applicable; and

- (g) such approvals and sanctions including sanction of any Governmental Authority as may be required by Law in respect of the Composite Scheme being obtained.
- (x) **“Encumbrance”** or to **“Encumber”** means any: (i) encumbrance including without limitation any security interest, claim, mortgage, pledge, charge, hypothecation, lien, lease, assignment, deed of trust, title retention, deposit by way of security, beneficial ownership (including usufruct and similar entitlements), or any other similar interest held by a third person; (ii) security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law; (iii) right of pre-emption, right of first offer, or refusal or transfer restriction in favour of any person; and/or (iv) any adverse claim as to title, possession or use.
- (xi) **“First Demerger”** means the transfer by way of a demerger of the Madura Undertaking (as defined hereinafter) of the First Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the First Demerged Company.
- (xii) **“Governmental Authority”** means any national, state, provincial, local or similar government, governmental, statutory, regulatory or administrative authority, government department, agency, commission, board, branch, tribunal or court or other entity authorized to make Laws, rules, regulations, standards, requirements, procedures or to pass directions or orders having the force of Law, or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of Law, or any stock exchange of India or any other country.
- (xiii) **“High Courts”** collectively mean the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad and shall include, if applicable, the National Company Law Tribunal as applicable or such other forum or authority as may be vested with the powers of a High Court under Sections 391 to 394 of the Act, or Sections 230 to 232 of the Companies Act, 2013, as may be applicable.
- (xiv) **“Law”** means any statute, law, regulation, ordinance, rule, judgment, notification, rule of common law, order, decree, bye-law, approval, directive, guideline, requirement or other governmental restriction, or any similar form of decision of, or determination by, or any interpretation, policy or administration, having the force of law of any of the foregoing, by any Governmental Authority having jurisdiction over the matter in question.
- (xv) **“Madura Undertaking”** means the First Demerged Company’s undertakings, business, activities and operations pertaining to the Madura Business, on a going concern basis, and shall mean and include, without limitation:
- (a) all assets and properties of the Madura Business wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all buildings, warehouses, stores, factory outlets, stores under progress, equipment, structures, offices, all lands (whether leasehold or freehold), benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), stock-in-trade, stock-in-transit, merchandise (including raw materials), finished goods, supplies (including wrapping supplies), packaging items, all whether in transit or located at stores (including factory outlets) and warehouses, computers, vehicles, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash, cash equivalents and bank accounts (including bank balances), benefit of any deposits, financial assets, insurances, funds, provisions, and benefit of any bank guarantees, performance guarantees and letters of credit appertaining or relatable to the Madura Business;
 - (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for the employees, benefit of any deposits, 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 all other interests in connection with or relating to the Madura Business;
 - (c) all lease agreements, leave and license agreements, and all contracts and arrangements in any form, including those pertaining to franchises, brand license, vendors, stores maintenance, housekeeping, security, contract workers, and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Madura Business;
 - (d) all earnest moneys and/or security deposits paid by the First Demerged Company in connection with or relating to the Madura Business;
 - (e) all the ABNL Employees;
 - (f) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists 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 relating to the Madura Business;

- (g) all goodwill of the First Demerged Company associated with the Madura Business;
- (h) 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 First Demerged Company in relation to the Madura Business, including all intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), used in relation to the Madura Business, and all other trade names, service names, trade marks, brands, copyrights, designs, know-how and trade secrets connected with the Madura Business; and
- (i) all debts, borrowings, obligations and liabilities, both present and future, (including contingent liabilities and the Demerged Liabilities pertaining to the Madura Undertaking, and obligations under any licenses or permits or schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet of the First Demerged Company, appertaining or relating to the Madura Business;

For the avoidance of doubt, it is hereby clarified that the investments held (whether directly or indirectly) by the First Demerged Company in the Resulting Company and the Second Demerged Company shall not form part of the Madura Undertaking.

- (xvi) **“MGL Employees”** shall mean all the permanent employees of the Second Demerged Company employed in the MGL Retail Undertaking as on the Effective Date.
- (xvii) **“MGL Remaining Business”** shall mean all the undertakings, businesses, activities, operations, assets and liabilities (including investments in shares and securities and identified assets and bank balances) of the Second Demerged Company, other than those comprised in the MGL Retail Undertaking.
- (xviii) **“MGL Retail Undertaking”** means the Second Demerged Company’s undertakings, business, activities and operations pertaining to the MGL Retail Business, on a going concern basis, and shall mean and include, without limitation:
 - (a) all assets and properties of the MGL Retail Business wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all buildings, warehouses, stores, factory outlets, stores under progress, equipment, structures, offices, all lands (whether leasehold or freehold), benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), stock-in-trade, stock-in-transit, merchandise (including raw materials), finished goods, supplies (including wrapping supplies), packaging items, all whether in transit or located at stores (including factory outlets) and warehouses, computers, vehicles, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash, cash equivalents and bank accounts (including bank balances), benefit of any deposits, financial assets, insurances, funds, provisions, and benefit of any bank guarantees, performance guarantees and letters of credit appertaining or relatable to the MGL Retail Business;
 - (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for the employees, benefit of any deposits, 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 all other interests in connection with or relating to the MGL Retail Business;
 - (c) all lease agreements, leave and license agreements, and all contracts and arrangements in any form, including those pertaining to franchises, brand license, vendors, stores maintenance, housekeeping, security, contract workers, and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the MGL Retail Business;
 - (d) all earnest moneys and/or security deposits paid by the Second Demerged Company in connection with or relating to the MGL Retail Business;
 - (e) all the MGL Employees;
 - (f) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists 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 relating to the MGL Retail Business;
 - (g) all goodwill of the Second Demerged Company associated with the MGL Retail Business;
 - (h) 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 Second Demerged Company in relation to the MGL Retail Business, including all intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), used in relation to the MGL Retail Business, and all other trade names, service names, trade marks, brands, copyrights, designs, know-how and trade secrets connected with the MGL Retail Business; and
 - (i) all debts, borrowings, obligations and liabilities, both present and future, (including contingent liabilities and the Demerged Liabilities pertaining to the MGL Retail Undertaking and obligations under any licenses or permits or

schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet of the Second Demerged Company, appertaining or relating to the MGL Retail Business.

- (xix) **“Record Date”** means, collectively, the dates to be fixed by (i) the Board of Directors of the First Demerged Company for the purpose of determining the equity shareholders of the First Demerged Company to whom shares of the Resulting Company shall be allotted pursuant to the First Demerger, and (ii) the Board of Directors of the Second Demerged Company for the purpose of determining the equity shareholders of the Second Demerged Company to whom shares of the Resulting Company shall be allotted pursuant to the Second Demerger, under the Composite Scheme.
- (xx) **“Remaining Business”** shall mean shall mean the ABNL Remaining Business and the MGL Remaining Business, collectively.
- (xxi) **“RSUs”** shall mean restricted stock units.
- (xxii) **“Second Demerged Company”** means Madura Garments Lifestyle Retail Company Limited.
- (xxiii) **“Second Demerger”** means the transfer by way of a demerger of the MGL Retail Undertaking (as defined hereinafter) of the Second Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Second Demerged Company.

Operation of the Composite Scheme

The Composite Scheme shall come into operation from the Appointed Date, but the same shall become effective on and from the Effective Date.

Transfer and Vesting of Undertaking

- (i) Part-II – Section 1 of the Composite Scheme envisages the transfer and vesting of the Demerged Undertakings from the respective Demerged Companies to the Resulting Company in the following manner:

Upon the coming into effect of the Composite Scheme and with effect from the Appointed Date, the respective Demerged Undertakings of the Demerged Companies shall, pursuant to the sanction of the Composite Scheme by the High Courts and pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company, as going concerns without any further act, instrument, deed, matter or thing to be made, done or executed so as to become, as and from the Appointed Date, the undertakings of the Resulting Company by virtue of and in the manner provided in the Composite Scheme. In particular, upon the coming into effect of the Composite Scheme and with effect from the Appointed Date:

- (a) **Transfer of Assets:** all the estate, assets, rights, claims, title, investments, interests and authorities including accretions and appurtenances of the Demerged Companies, comprised in the respective Demerged Undertakings of whatsoever nature and wheresoever situate (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of each such Demerged Undertakings) shall without any further act or deed, be demerged from each of the Demerged Companies and be transferred to and stand transferred to and vested in and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of the Composite Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- (b) **Transfer of contracts, deeds etc:** all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to each of the Demerged Undertakings, to which the respective Demerged Company is a party or to the benefit of which the respective Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the respective Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- (c) **Transfer of consents, licenses etc:** all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of each of the Demerged Companies in relation to the respective Demerged Undertakings shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make applications to any Governmental Authority as may be necessary in this behalf.
- (d) **Transfer of Liabilities:** all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities which arise out of the activities or operations of each of the Demerged Undertakings) of the respective Demerged Companies as on the Appointed Date and relatable to the respective Demerged Undertakings (**“Demerged Liabilities”**) shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of the Resulting Company which shall meet, discharge and satisfy the same. The term **“Demerged Liabilities”** shall include:

- (i) the liabilities which arise out of the activities or operations of the Demerged Undertakings;
 - (ii) the specific loans or borrowings (including debentures raised, incurred and utilized solely for the activities or operations of the Demerged Undertakings); and
 - (iii) in cases other than those referred to in (i) or (ii) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Companies, as stand in the same proportion which the value of the assets transferred pursuant to the respective Demergers, bears to the total value of the assets of the respective Demerged Companies immediately prior to the Effective Date.
- (e) **Legal, taxation and other proceedings:** all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Demerged Companies and relating to the Demerged Undertakings, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, shall be continued and enforced by or against the Resulting Company after the Effective Date. The Demerged Companies shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company. The Resulting Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the respective Demerged Companies.
- (f) **Employees:** the ABNL Employees and the MGL Employees (the “**Transferred Employees**”) shall become the permanent employees of the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are employed by each of the Demerged Companies in the respective Demerged Undertaking and without any interruption of, or break in, service as a result of the transfer of the Demerged Undertakings. For the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the Transferred Employees with the respective Demerged Company shall also be taken into account, and the Resulting Company will pay the same as and when payable.
- (g) **Employee Benefits:** In so far as the existing benefits including provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the respective Demerged Companies *inter alia* for its employees (including employees of the Demerged Undertakings) are concerned (collectively referred to as the “**Employee Benefit Funds**”), such proportion of the investments made in the Employee Benefit Funds and liabilities which are referable to the Transferred Employees shall be held for their benefit pursuant to the Composite Scheme in the manner provided hereinafter. The Employee Benefit Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the respective Demerged Undertakings or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the Transferred Employees to the respective Employee Benefit Funds or discharge such liabilities of the respective Demerged Company, until such time that the Resulting Company creates its own fund, at which time the Employee Benefit Funds, investments, contributions and liabilities pertaining to the Transferred Employees shall be transferred to the funds created by the Resulting Company.
- (ii) Part II - Section 2 of the Composite Scheme provides for the conduct of the businesses of the Demerged Companies with effect from the Appointed Date up to and including the Effective Date:
- (a) The Demerged Companies shall be deemed to have been carrying on and to be carrying on all business and activities relating to the respective Demerged Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the respective Demerged Undertaking for and on account of, and in trust for, the Resulting Company.
 - (b) All profits and income accruing to the Demerged Companies from the respective Demerged Undertaking, and losses and expenditure incurred by it (including taxes but excluding advance taxes, if any, accruing or paid in relation to any profits or income), relating to the respective Demerged Undertaking for the period from the Appointed Date based on the accounts of the respective Demerged Company shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Resulting Company, except those specifically forming part of the ABNL Remaining Business.
 - (c) Any of the rights, powers, authorities, privileges, attached, related or pertaining to the respective Demerged Undertaking exercised by the Demerged Companies shall be deemed to have been exercised by the respective Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the respective Demerged Undertaking that have been undertaken or discharged by the Demerged Companies shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company.
- (iii) Part II - Section 2 of the Composite Scheme also provides that the transfer and vesting of the assets, liabilities and obligations of the Demerged Undertakings and the continuance of the proceedings by or against the Resulting Company under the Composite Scheme shall not affect any transaction or proceedings already completed by the respective Demerged Companies on or before the Appointed Date to the end and intent that,

all acts, deeds and things done and executed by and/or on behalf of the respective Demerged Companies are accepted by the Resulting Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

- (iv) Part II - Section 3 of the Composite Scheme also provides that the Remaining Businesses and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the respective Demerged Companies subject to the provisions of the Composite Scheme in relation to Encumbrances in favour of banks, lenders and/or financial institutions.

Issue of new equity shares by Resulting Company

- (v) Part II – Section 4 of the Composite Scheme provides for the reorganization of the capital of the Resulting Company:
- (a) In consideration of the transfer of and vesting of the Madura Undertaking of the First Demerged Company in the Resulting Company, in terms of the Composite Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each member of the First Demerged Company whose names is recorded in the register of members as a shareholder of the First Demerged Company on the respective Record Date, equity shares of the Resulting Company as per the Madura Share Entitlement Ratio.
- (b) In consideration of the Second Demerger, including the transfer and vesting of the MGL Retail Undertaking in the Resulting Company, the Resulting Company shall, without any further act or deed, issue and allot to each member of the Second Demerged Company whose name is recorded in the register of members as shareholder of the Second Demerged Company on the respective Record Date equity shares in the Resulting Company in the ratio of:
- (i) in case of equity shareholders of the Second Demerged Company, the MGL Equity Share Entitlement Ratio; and
- (ii) in case of preference shareholders of the Second Demerged Company, the MGL Preference Share Entitlement Ratio.
- (c) The shares issued to the members of the Demerged Companies pursuant to the Composite Scheme shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Companies to the Resulting Company on or before such date as may be determined by the Board of Directors of the Resulting Company. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Companies, the shares shall be issued to such members in dematerialized form provided that the members of the Demerged Companies shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Resulting Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the Resulting Company. In the event that the Resulting Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the Resulting Company shall issue shares in certificate form to such member.
- (d) If any shareholder of the Demerged Companies becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Resulting Company in accordance with the Composite Scheme, the Board of Directors of the Resulting Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to an individual trust or a board of trustees or a corporate trustee nominated by the Resulting Company (the “**Fractional Share Trustee**”), who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times, as the Fractional Share Trustee may in its sole discretion decide and on such sale pay to the Resulting Company, the net sale proceeds thereof (after deduction of applicable taxes and other expenses incurred, if any) and any additions and accretions, whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Companies in proportion to their respective fractional entitlements.
- (e) Part II – Section 4 of the Composite Scheme provides that equity shares to be issued by the Resulting Company pursuant to the Composite Scheme in respect of such of the equity shares of the Demerged Companies which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 or which the Resulting Company is unable to issue due to applicable Laws or otherwise shall, pending allotment or settlement of dispute by order of court or otherwise, be kept in abeyance by the Resulting Company.

- (f) Further, Part II – Section 4 of the Composite Scheme provides that the equity shares of the Resulting Company issued pursuant to the Composite Scheme, shall not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Resulting Company may elect, in its sole discretion, to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof or any other exemption that the Resulting Company may elect to rely upon. In the event the Resulting Company elects to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof, the sanction of the High Courts to the Composite Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the equity shares of the Resulting Company for such an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof.
- (g) The Resulting Company may elect, in its sole discretion, to either:
- (i) issue an appropriate number of underlying shares, in accordance with the Madura Share Entitlement Ratio to the Depository, for the issuance of GDRs representing such shares (the “**Resulting Company GDRs**”) on pro-rata basis to holders of the ABNL GDRs, in accordance with the deposit agreement entered into between the First Demerged Company and the Depository (the “**Deposit Agreement**”). The Resulting Company GDRs shall not be listed unless required by any regulations or Laws, in which event the same may be listed on the Luxemburg Stock Exchange or such other international stock exchange as may be determined by the Resulting Company; or
 - (ii) if the Resulting Company determines that it is unable to issue the Resulting Company GDRs due to applicable Laws (including the non-receipt of Governmental Approvals required, if any), it may elect, in its sole discretion and subject to receipt of such Governmental Approvals as may be required, to enter into suitable arrangements which may include arrangements with the Depository for providing for issuance of equity shares by the Resulting Company to the Depository, which represent the entitlement of the ABNL GDR holders, and sale of such equity shares by the Depository to make distributions of the net sales proceeds (after the deduction of taxes and expenses incurred) to the existing ABNL GDR holders, in proportion to their entitlements, in lieu of issuing the Resulting Company GDRs.

If the above cannot be effected for any reason, the Resulting Company and the First Demerged Company shall ensure that this does not delay implementation of the Composite Scheme, and shall, in consultation with each other, take all such actions as may be necessary to, issue or remit consideration in lieu of or in respect of the ABNL GDR holders’ entitlement in a compliant manner, without delay to the effectiveness or implementation of the Composite Scheme.

Change in name and authorized share capital of the Resulting Company

- (vi) Part III of the Composite Scheme provides as an integral part of the Composite Scheme and that upon coming into effect of the Composite Scheme, the authorized share capital of the Resulting Company shall automatically stand increased, without any further act, instrument or deed on the part of the Resulting Company, such that upon the effectiveness of the Scheme the authorised share capital of the Resulting Company shall be Rs. 1,010,15,00,000 (Rupees One Thousand Ten Crore Fifteen Lakhs only), without any further act or deed. Further, as an integral part of the Composite Scheme, and, upon the coming into effect of the Composite Scheme, the name of the Resulting Company shall stand changed to “Aditya Birla Fashion and Retail Limited” or such other name as may be decided by its Board of Directors or a committee thereof and approved by the concerned registrar of companies. The consent of the shareholders of the Resulting Company to the Composite Scheme shall be deemed to be sufficient for amendment of the Memorandum of Association of the Resulting Company and change of name of the Resulting Company and no further resolutions under the applicable provisions of the Act would be required to be separately passed. Pursuant to the Composite Scheme, the Resulting Company shall file the requisite forms with the registrar of companies for such change in name.

Employee Stock Options

- (vii) Part II – Section 1 of the Composite Scheme also provides for treatment of employee stock options:
- (a) In respect of the stock options and RSUs granted under the ABNL ESOS, if any, in the hands of the ABNL Employees and MGL Employees as on the Effective Date, upon the coming into effect of the Composite Scheme, such options and RSUs granted (whether or not vested), under and pursuant to the ABNL ESOS to such employees as of the Effective Date would continue on the existing terms and conditions, except for such modifications to the ABNL ESOS as may be required to give effect to the provisions of the Composite Scheme.
 - (b) Prior to the Composite Scheme becoming effective, the ABNL ESOS shall be amended to provide for the continuation of options and RSUs under the ABNL ESOS in the hands of ABNL Employees and MGL Employees, subject to such adjustments as may be deemed appropriate by the relevant committee of the Board of Directors of the First Demerged Company, in accordance with the provisions of the ABNL

ESOS and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

- (c) The options granted, under and pursuant to the ABNL ESOS to the employees of the ABNL Remaining Business as of the Effective Date would continue and the exercise price of such options may be suitably adjusted in order to provide for reduction in the intrinsic value of the First Demerged Company pursuant to the demerger of the Madura Undertaking.
- (d) The Resulting Company shall not be obligated to create any stock option or RSU scheme for the ABNL Employees, the MGL Employees or the employees of the Remaining Businesses in connection with the Composite Scheme.

Accounting Treatment

- (viii) Part II – Section 5 of the Composite Scheme provides for the accounting treatment in the books of the Demerged Companies on the effectiveness of the Composite Scheme and with effect from the Appointed Date as follows:
 - (a) Book value of all assets and liabilities relating to the Madura Undertaking transferred pursuant to the Composite Scheme from the First Demerged Company to the Resulting Company shall be reduced from the total book value of assets and liabilities as appearing in the books of the First Demerged Company at the close of business of the day immediately preceding the Appointed Date;
 - (b) Book value of all assets and liabilities relating to the MGL Retail Undertaking transferred pursuant to the Composite Scheme from the Second Demerged Company to the Resulting Company shall be reduced from the total book value of assets and liabilities as appearing in the books of the Second Demerged Company at the close of business of the day immediately preceding the Appointed Date; and
 - (c) The excess of book value of assets over book value of liabilities of the Demerged Undertakings, if any, shall be adjusted against the balance in the capital reserve/ general reserve/balance in the statement of profit and loss or the securities premium account of the relevant Demerged Company. In case of a shortfall of book value of assets over book value of liabilities, if any, shall be credited to capital reserve account of the relevant Demerged Company.
- (ix) Part II – Section 5 of the Composite Scheme provides for the accounting treatment in the books of the Resulting Company:
 - (a) the Resulting Company shall record the assets and liabilities of the Madura Undertaking of the First Demerged Company vested in it pursuant to the Composite Scheme, at their respective book values as appearing in the books of the First Demerged Company, at the close of business of the day immediately preceding the Appointed Date;
 - (b) the Resulting Company shall record the assets and liabilities of the MGL Retail Undertaking of the Second Demerged Company vested in it pursuant to the Composite Scheme, at their respective book values as appearing in the books of the Second Demerged Company, at the close of business of the day immediately preceding the Appointed Date;
 - (c) the Resulting Company shall issue shares to the shareholders of the Demerged Companies as per the Composite Scheme. These shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to the Resulting Company's share capital account; and
 - (d) the difference, if any, between the value of assets and value of liabilities pertaining to the Demerged Undertakings, after adjusting the amount credited as share capital as per the provisions of the Composite Scheme, shall be treated as goodwill, in case of a debit balance and capital reserve in case of a credit balance.
- (x) Clause 37 of Part IV of the Composite Scheme provides the Demerged Companies and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the period prior to the Effective Date. The shareholders of the Demerged Companies shall not be entitled to dividend, if any, declared and paid by the Resulting Company to its shareholders for the accounting period prior to the Appointed Date.
- (xi) Clause 39 of Part IV of the Composite Scheme further provides that in the event if the Composite Scheme does not come into effect by May 31, 2016 or by such later date as may be agreed by the respective Board of Directors of the Resulting Company and the Demerged Companies, the Composite Scheme shall stand revoked, cancelled and be of no effect and 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 their shareholders or creditors or employees or any other person.

The features set out above being only the salient features of the Composite Scheme, the members are requested to read the entire text of the Composite Scheme (annexed herewith) to get fully acquainted with the provisions thereof and the rationale and objectives of the Composite Scheme.

Approvals and Actions Taken in relation to the Composite Scheme

30. The BSE Limited was appointed as the designated stock exchange by the First Demerged Company and the Resulting Company, respectively, for the purpose of coordinating with the SEBI, pursuant to the SEBI Circulars. The First Demerged Company has received observation letters regarding the Composite Scheme from the BSE Limited and the National Stock Exchange of India Limited on June 26, 2015. In terms of the observation letters dated June 26, 2015, BSE Limited and National Stock Exchange of India Limited, respectively, conveyed their no adverse observations/ no objection for filing the Composite Scheme with the High Courts. Copies of the observation letters dated June 26, 2015 received from the BSE Limited and the National Stock Exchange of India Limited are enclosed as **Annexures 2 and 3** respectively. The Resulting Company has received similar observation letters from the BSE Limited and the National Stock Exchange of India Limited.
31. The Composite Scheme was filed by the First Demerged Company with the High Court of Gujarat at Ahmedabad on July 6, 2015, and the Composite Scheme was filed by the Second Demerged Company with the High Court of Gujarat at Ahmedabad on July 6, 2015. The Composite Scheme was filed by the Resulting Company with the High Court of Judicature at Bombay on July 10, 2015.
32. As required by the SEBI Circulars, the First Demerged Company has filed the Complaints Report with the BSE Limited and National Stock Exchange of India Limited on June 12, 2015. This report indicates that the First Demerged Company received nil complaints. A copy of the complaints report dated June 12, 2015 is enclosed as **Annexure 4**.

Other Matters

33. The financial position of the Resulting Company will not be adversely affected by the Composite Scheme. The Resulting Company will be able to meet and pay its debts as and when they arise and become due in the ordinary course of business. The rights and interests of the members and the creditors (secured and unsecured) of the First Demerged Company, Second Demerged Company or the Resulting Company will not be prejudiced by the Composite Scheme since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner.
34. Pursuant to the Composite Scheme, the equity shares of the Resulting Company that are proposed to be issued to the equity shareholders of the First Demerged Company and the Second Demerged Company, in the prescribed Share Entitlement Ratios are to be listed on the same stock exchanges on which the equity shares of the Resulting Company are listed, i.e. the BSE Limited and the National Stock Exchange of India Limited.
35. No investigation proceedings have been instituted or are pending in relation to the First Demerged Company under Sections 210 to 229 or Chapter XIV of the Companies Act, 2013 or under the corresponding provisions of the Act. No winding up petitions have been filed or are pending against the First Demerged Company.
36. The details of the directors of the First Demerged Company as on July 1, 2015 are as follows:

Sl. No.	Name of Director	Designation	Date of Appointment	Age (Years)
1	Mr. Kumar Mangalam Birla (DIN: 00012813)	Non – Executive Chairman	September 23, 1992	49
2	Mrs. Rajashree Birla (DIN: 00022995)	Non – Executive Director	March 14, 1996	70
3	Mr. Pejavar Murari (DIN: 00020437)	Independent Director	January 28, 2000	81
4	Mr. Baldev Raj Gupta (DIN: 00020066)	Independent Director	January 28, 2000	75
5	Ms. Tarjani Vakil (DIN: 00009603)	Independent Director	July 27, 2000	79
6	Mr. Subhash Chandra Bhargava (DIN: 00020021)	Independent Director	April 29, 2004	70
7	Mr. Gian Prakash Gupta (DIN: 00017639)	Independent Director	April 27, 2005	75
8	Mr. Tapasendra Chattopadhyay (DIN: 00041581)	Nominee Director	May 30, 2011	65
9	Mr. Lalit Naik (DIN: 02943588)	Managing Director	January 1, 2013	55

37. The details of the directors of the Second Demerged Company as on July 1, 2015 are as follows:

Sl. No.	Name of Director	Designation	Date of Appointment	Age (Years)
1	Mr. Pranab Barua (DIN: 00230152)	Director	January 27, 2009	62
2	Mr. Ashish Dikshit (DIN: 01842066)	Director	October 1, 2007	46
3	Mr. D. P. Rathi (DIN: 01491926)	Additional Director	March 31, 2015	51
4	Mr. Vijay Agarwal (DIN: 00058548)	Additional Director	March 31, 2015	58
5	Ms. Pinky Mehta (DIN: 00020429)	Additional Director	March 31, 2015	48
6	Mr. S. Visvanathan (DIN: 02312556)	Director	September 29, 2009	55
7	Mr. Rajesh Shah (DIN: 06390775)	Director	October 31, 2013	47

38. The details of the directors of the Resulting Company as on July 1, 2015 are as follows:

Sl. No.	Name of Director	Designation	Date of Appointment	Age (Years)
1	Mr. Pranab Barua (DIN: 00230152)	Managing Director	October 25, 2013	62
2	Mr. Sushil Agarwal (DIN: 00060017)	Non- Executive Director	August 6, 2009	52
3	Mr. Bharat Vithalbhai Patel (DIN: 00060998)	Independent Non – Executive Director	April 19, 2013	70
4	Ms. Sukanya Kripalu (DIN: 06994202)	Additional Director	October 13, 2014	54
5	Mr. Arun Thiagarajan (DIN: 00292757)	Additional Director	May 11, 2015	70

39. None of the Directors, the Key Managerial Personnel (as defined under the Companies Act, 2013 and rules formed thereunder) of the First Demerged Company and their respective Relatives (as defined under the Companies Act, 2013 and rules formed thereunder) have any interest in the Composite Scheme, except as shareholders in general of the respective companies.

Shareholding of Directors and KMP of the First Demerged Company as on July 1, 2015 is as under:

Sl. No.	Names	No. of shares held in First Demerged Company	No. of shares held in Second Demerged Company	No. of shares held in Resulting Company
Directors of the First Demerged Company				
1	Mr. Kumar Mangalam Birla	4,609	Nil	Nil
2	Mrs. Rajshree Birla	127,634	Nil	Nil
3	Mr. Pejavar Murari	Nil	Nil	Nil
4	Mr. Baldev Raj Gupta	Nil	Nil	Nil
5	Ms. Tarjani Vakil	177	Nil	Nil
6	Mr. Subhash Chandra Bhargava	233	Nil	Nil
7	Mr. Gian Prakash Gupta	339	Nil	Nil
8	Mr. Tapasendra Chattopadhyay	Nil	Nil	Nil
9	Mr. Lalit Naik	Nil	Nil	Nil
Key Managerial Personnel (KMP) of the Company				
1	Ms. Pinky Mehta, Chief Financial Officer	1388	Nil	Nil
2	Mr. Ashok Malu, Company Secretary	468	Nil	5

40. None of the Directors, the Key Managerial Personnel (as defined under the Companies Act, 2013 and rules formed thereunder) of the Second Demerged Company and their respective Relatives (as defined under the Companies Act, 2013 and rules formed thereunder) have any interest in the Composite Scheme, except as shareholders in general of the respective companies.

Shareholding of Directors and KMP of the Second Demerged Company as on July 1, 2015 is as under:

Sl. No.	Names	No. of shares held in First Demerged Company	No. of shares held in Second Demerged Company	No. of shares held in Resulting Company
Directors of the Second Demerged Company				
1	Mr. Pranab Barua	Nil	Nil	Nil
2	Mr. Ashish Dikshit	1686	Nil	Nil
3	Mr. D. P. Rathi	200	Nil	Nil
4	Mr. Vijay Agarwal	12	Nil	2
5	Ms. Pinky Mehta	1388	Nil	Nil
6	Mr. S. Visvanathan	1685	Nil	Nil
7	Mr. Rajesh Shah	Nil	Nil	Nil
Key Managerial Personnel (KMP) of the Company				
1	Mr. Mohana Sundaram, Company Secretary	1	Nil	2000

41. None of the Directors, the Key Managerial Personnel (as defined under the Companies Act, 2013 and rules formed thereunder) of the Resulting Company and their respective Relatives (as defined under the Companies Act, 2013 and rules formed thereunder) have any interest in the Composite Scheme, except as shareholders in general of the respective companies.

Shareholding of Directors and KMP of the Resulting Company as on July 1, 2015 is as under:

Sl. No.	Names	No. of shares held in First Demerged Company	No. of shares held in Second Demerged Company	No. of shares held in Resulting Company
	Directors of the Resulting Company			
1	Mr. Pranab Barua	Nil	Nil	Nil
2	Mr. Sushil Agarwal	2667	Nil	Nil
3	Mr. Bharat Vithalbhai Patel	63	Nil	Nil
4	Ms. Sukanya Kripalu	Nil	Nil	Nil
5	Mr. Arun Thiagarajan	Nil	Nil	Nil
	Key Managerial Personnel (KMP) of the Company			
1	Mr. Shitalkumar Mehta, Chief Executive Officer	1260	Nil	Nil
2	Mr. S. Visvanathan, Chief Financial Officer	1685	Nil	Nil
3	Ms. Geetika Anand, Company Secretary	Nil	Nil	Nil

42. The shareholding pattern of the First Demerged Company, Second Demerged Company and the Resulting Company as on May 2, 2015 and the expected post-scheme shareholding pattern of the Resulting Company are as under:

Shareholding pattern of First Demerged Company as on May 2, 2015:

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(A)	Promoter and Promoter Group		
1	Indian		
	Individual/Hindu Undivided Family	136,203	0.10
	Central Govt./State Govt.	0	0.00
	Bodies Corporate	74,308,494	57.10
	Financial Institutions/Banks	0	0.00
	Any other (specify)	0	0.00
	Sub Total (A)(1)	74,444,697	57.20
2	Foreign		
	Individuals (Non-Resident Individuals / Foreign Nationals)	0	0.00
	Bodies Corporate	0	0.00
	Institutions	0	0.00
	Qualified Foreign Investor	0	0.00
	Any other (specify)	0	0.00
	Sub Total (A)(2)	0	0.00
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	74,444,697	57.20
(B)	Public		
1	Institutions		
(a)	Mutual Funds / UTI	5,886,449	4.52
(b)	Financial Institutions / Banks	7,455,420	5.73
(c)	Central Govt. / State Govt.	0	0.00
(d)	Venture Capital Funds	0	0.00
(e)	Insurance Companies	1,419,172	1.09
(f)	Foreign Institutional Investors	20,304,784	15.60
(g)	Foreign Venture Capital Investors	0	0.00
(h)	Qualified Foreign Investor	0	0.00
(i)	Any other (specify)		
(i i)	Foreign Bank	6,257	0.00
	Sub Total (B)(1)	35,072,082	26.95
2	Non Institutions		
(a)	Bodies Corporate	3,658,485	2.81
(b)	Individuals		

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(b i)	Individual shareholders holding nominal share capital up to Rs.1 lakh	11,330,610	8.71
(b ii)	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	1,139,608	0.88
(c)	Any other (specify)		
(c i)	Trust	344,386	0.26
(c ii)	OCBs	1,441	0.00
(c iii)	Non Resident	980,708	0.75
	Sub Total B(2)	17,455,238	13.41
	Total Public Shareholding (B) = (B)(1) +(B)(2)	52,527,320	40.36
	Total (A)+(B)	12,697,2017	97.57
(C)	Shares held by Custodians and against which Depository Receipts have been issued		
1	Promoter and Promoter Group	1,425,000	1.09
2	Public	1,743,459	1.34
	Sub Total C	3,168,459	2.43
	Grand Total (A)+(B)+(C)	130,140,476	100.00

Shareholding pattern of Second Demerged Company as on May 2, 2015:

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(A)	Promoter and Promoter Group		
1	Indian		
(a)	Individual/ Hindu Undivided Family	6	0.00
(b)	Central Govt./ State Govt.	0	0.00
(c)	Bodies Corporate	190,065,355	100.00
(d)	Financial Institutions/ Banks	0	0.00
(e)	Any other (specify)	0	0.00
	Sub Total (A)(1)	190,065,355	100.00
2	Foreign		
(a)	Individuals (Non-Resident Individuals / Foreign Nationals)	0	0.00
(b)	Bodies Corporate	0	0.00
(c)	Institutions	0	0.00
(d)	Qualified Foreign Investor	0	0.00
(e)	Any other (specify)	0	0.00
	Sub Total (A)(2)		
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	190,065,361	100.00
(B)	Public		
1	Institutions		
(a)	Mutual Funds / UTI	0	0.00
(b)	Financial Institutions / Banks	0	0.00
(c)	Central Govt. / State Govt.	0	0.00
(d)	Venture Capital Funds	0	0.00
(e)	Insurance Companies	0	0.00
(f)	Foreign Institutional Investors	0	0.00
(g)	Foreign Venture Capital Investors	0	0.00
(h)	Qualified Foreign Investor	0	0.00
(i)	Any other (specify)	0	0.00
(ii)	Foreign Bank	0	0.00
	Sub Total (B)(1)	0	0.00

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
2	Non Institutions		
(a)	Bodies Corporate	0	0.00
(b)	Individuals		
(b i)	Individual shareholders holding nominal share capital up to Rs.1 lakh	0	0.00
(b ii)	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	0	0.00
(c)	Any other (specify)		
(c i)	Trust	0	0.00
(c ii)	OCBs	0	0.00
(c iii)	Non Resident	0	0.00
	Sub Total B(2)	0	0.00
	Total Public Shareholding (B) = (B)(1) +(B)(2)	0	0.00
	Total (A)+(B)	190,065,361	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued		
1	Promoter and Promoter Group	0	0.00
2	Public	0	0.00
	Sub Total C	0	0.00
	Grand Total (A)+(B)+(C)	190,065,361	100.00

Shareholding pattern of Resulting Company as on May 1, 2015:

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(A)	Promoter and Promoter Group		
1	Indian		
(a)	Individual/ Hindu Undivided Family	0	0
(b)	Central Govt./ State Govt.	0	0
(c)	Bodies Corporate	67,390,782	72.62
(d)	Financial Institutions/ Banks	0	0
(e)	Any other (specify)	0	0
	Sub Total (A)(1)	67,390,782	72.62
2	Foreign		
(a)	Individuals (Non-Resident Individuals / Foreign Nationals)	0	0
(b)	Bodies Corporate	0	0
(c)	Institutions	0	0
(d)	Qualified Foreign Investor	0	0
(e)	Any other (specify)	0	0
	Sub Total (A)(2)	0	0
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	67,390,782	72.62
(B)	Public		
1	Institutions		
(a)	Mutual Funds / UTI	205,093	0.22
(b)	Financial Institutions / Banks	553,507	0.60
(c)	Central Govt. / State Govt.	0	0
(d)	Venture Capital Funds	0	0
(e)	Insurance Companies	0	0
(f)	Foreign Institutional Investors	576,060	0.62
(g)	Foreign Venture Capital Investors	0	0
(h)	Qualified Foreign Investor	0	0
(i)	Any other (specify)	0	0
	Sub Total (B)(1)	1,334,660	1.44

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
2	Non Institutions		
(a)	Bodies Corporate	21,186,362	22.83
(b)	Individuals	2,654,678	2.86
(c)	Any other (specify)	0	0
(ci)	Non Resident Indians(Repat)	19,339	0.02
(cii)	Non Resident Indians(Non Repat)	4,886	0.01
(ciii)	Foreign National	20	0.00
(civ)	Clearing Member	202,562	0.22
(cv)	Directors/Relatives of Directors	100	0.00
(cvi)	Trusts	140	0.00
	Sub Total B(2)	24,068,087	25.94
	Total Public Shareholding (B) = (B)(1) +(B)(2)	25,402,747	27.38
	Total (A)+(B)	92,793,529	100.00

Post-scheme shareholding pattern of Resulting Company (assuming the continuing shareholding pattern as on May 1, 2015):

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(A)	Promoter and Promoter Group		
1	Indian		
(a)	Individual/ Hindu Undivided Family	708,214	0.09
(b)	Central Govt./ State Govt.	0	0
(c)	Bodies Corporate	456,455,782	59.11
(d)	Financial Institutions/ Banks	0	0
(e)	Any other (Fraction of Promoters)	126.45	0.00
	Sub Total (A)(1)	457,164,122	59.20
2	Foreign		
(a)	Individuals (Non-Resident Individuals / Foreign Nationals)	0	0
(b)	Bodies Corporate	0	0
(c)	Institutions	0	0
(d)	Qualified Foreign Investor	0	0
(e)	Any other (specify)	0	0
	Sub Total (A)(2)	0	0
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	457,164,122	59.20
(B)	Public		
1	Institutions		
(a)	Mutual Funds / UTI	30,814,009	3.99
(b)	Financial Institutions / Banks	39,321,301	5.09
(c)	Central Govt. / State Govt.	0	0.00
(d)	Venture Capital Funds	0	0.00
(e)	Insurance Companies	7,379,632	0.96
(f)	Foreign Institutional Investors	106,158,238	13.75
(g)	Foreign Venture Capital Investors	0	0.00
(h)	Qualified Foreign Investor - Corporate	0	0.00
(i)	Any other (Foreign Institutional Investors)	0	0.00
	Foreign Banks	32,318	0.00
	Sub Total (B)(1)	183,705,498	23.79
2	Non Institutions		
(a)	Bodies Corporate	40,201,254	5.21
(b)	Individuals	66,601,210	8.62
(c)	Any other (specify)		
(ci)	Non Resident Indians	5,094,849	0.66

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(cii)	Foreign National	20	0.00
(ciii)	Clearing Member	202,562	0.03
(civ)	Directors / Relatives of Directors	100	0.00
(cv)	Persons Acting in Concert	0	0.00
(cvi)	Trusts	1,790,760	0.23
(cvii)	Overseas Corporate Bodies	7,488	0.00
(cvii)	Fractions - Non promoters	941,101.2	0.12
	Sub Total B(2)	114,839,344	14.87
	Total Public Shareholding (B) = (B)(1) +(B)(2)	298,544,842	38.66
	Total (A)+(B)	755,708,965	97.87
(C)	Shares held by custodians and against which Depository Receipts have been issued		
I	Promoter and Promoter group	7,410,000	0.96
ii	Public	9,065,966	1.17
iii.	Fractions - GDR	20.8	0.00
	Sub Total (C)	16,475,987	2.13
	GRAND TOTAL(A)+(B)+(C)	772,184,951	100.00

Note: The above is an indicative pattern and the actual numbers may vary on the effectiveness of the Scheme.

43. The capital structure of the Resulting Company after the implementation of the Scheme will be as follows (expected):

Share Capital	Amount in Rs.
Authorised Capital	
<u>Equity Shares</u> 100,00,00,000 equity shares of Rs. 10 each	10,000,000,000
<u>Preference Shares</u> 10,000,000 8% redeemable cumulative preference shares of Rs. 10 each	100,000,000
<u>Preference Shares</u> 15,000 6% redeemable cumulative preference shares of Rs. 100 each	1,500,000
Total	1,010,15,00,000
Issued, Subscribed and Paid-up Share Capital	
<u>Equity Shares</u> 772,184,951 equity shares of Rs. 10 each	7,721,849,510
<u>Preference Shares</u> 500,000 8% redeemable cumulative preference shares of Rs. 10 each	5,000,000
<u>Preference Shares</u> 500 6% redeemable cumulative preference shares of Rs. 100 each	50,000
Total	7,726,899,510

Inspection Documents

44. The following documents will be open for inspection by the secured creditors of the First Demerged Company at its registered office at Indian Rayon Compound, Veraval, Gujarat – 362266, India between 10.00 a.m. to 12 Noon on any working day up to the date of the meeting:
- Certified copy of the order passed by the High Court of Gujarat at Ahmedabad in Company Application No. 200 of 2015, dated July 7, 2015, *inter alia*, directing convening of the meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the First Demerged Company;
 - Certified copy of the order passed by the High Court of Gujarat at Ahmedabad in Company Application No. 201 of 2015, dated July 7, 2015, *inter alia*, dispensing with the convening of the meetings of the Equity Shareholders, Sole Preference Shareholder and Sole Secured Creditor and directing the convening of the meeting of the Unsecured Creditors of the Second Demerged Company;
 - Copy of the Company Application No. 200 of 2015 and Company Application No. 201 of 2015 along with annexures filed by the First Demerged Company and the Second Demerged Company, respectively, before the High Court of Gujarat at Ahmedabad;
 - Copies of the Memorandum and Articles of Association of the First Demerged Company, Second Demerged Company and the Resulting Company;
 - Copies of the annual reports of the First Demerged Company, Second Demerged Company and the Resulting Company for the last three financial years ended March 31, 2015, March 31, 2014 and March 31, 2013;

- (vi) Register of Directors' Shareholding of the First Demerged Company;
- (vii) Copy of the valuation report recommending the share entitlement ratio, dated May 3, 2015, prepared jointly by Bansi S. Mehta & Co. and Price Waterhouse & Co. LLP and issued to the respective Boards of Directors of the First Demerged Company, the Second Demerged Company and the Resulting Company;
- (viii) Copy of the complaints report, dated June 12, 2015, submitted by the First Demerged Company to the BSE Limited and the National Stock Exchange of India Limited;
- (ix) Copy of the complaints report, dated June 12, 2015, submitted by the Resulting Company to the BSE Limited and the National Stock Exchange of India Limited;
- (x) Copy of the Audit Committee Reports, all dated May 3, 2015 of the First Demerged Company, the Second Demerged Company and the Resulting Company, respectively;
- (xi) Copies of the resolutions all dated May 3, 2015 passed by the respective Board of Directors of the First Demerged Company, the Second Demerged Company and the Resulting Company approving the Scheme;
- (xii) Copy of the no adverse observations/ no-objection letter issued by the BSE Limited and National Stock Exchange of India Limited, both dated June 26, 2015 respectively, to the First Demerged Company;
- (xiii) Copy of the no adverse observation/ no-objection letters issued by the BSE Limited and National Stock Exchange of India Limited, both dated June 26, 2015 respectively, to the Resulting Company; and
- (xiv) Copy of the Composite Scheme.

A copy of the Composite Scheme Explanatory Statement and a form of proxy may be obtained from the Registered Office of the First Demerged Company.

After the Composite Scheme is approved by the Equity Shareholders, Secured Creditors and Unsecured Creditors of the First Demerged Company, it will be subject to approval/sanction by the High Court of Gujarat at Ahmedabad.

Sd/-
Lalit Naik
Chairman appointed for the meeting

Place: Mumbai

Dated this 27th day of July, 2015

CIN: L17199GJ1956PLC001107

Registered Office:

Indian Rayon Compound,
Veraval,
Gujarat – 362 266, India

Encl: As indicated hereinabove

**COMPOSITE SCHEME OF ARRANGEMENT
(UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956 AND OTHER APPLICABLE
PROVISIONS OF THE COMPANIES ACT, 1956 AND THE COMPANIES ACT, 2013)**

AMONGST

ADITYA BIRLA NUVO LIMITED ... FIRST DEMERGED COMPANY

MADURA GARMENTS LIFESTYLE RETAIL COMPANY LIMITED ... SECOND DEMERGED COMPANY

PANTALOONS FASHION & RETAIL LIMITED ... RESULTING COMPANY

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PART I – GENERAL

1. INTRODUCTION

- 1.1. Aditya Birla Nuvo Limited (“**ABNL**” or the “**First Demerged Company**”) is a public limited company incorporated under the Act (as defined hereinafter), having its registered office at Indian Rayon Compound, Veraval, Gujarat 362266. The equity shares of ABNL are listed on the Stock Exchanges (as defined hereinafter) and the GDRs (as defined hereinafter) of ABNL are listed on the Luxembourg Stock Exchange. ABNL is a diversified conglomerate with various business interests including manufacturing of fertilizers, viscose filament yarn, insulators etc., financial services, telecom and fashion & lifestyle. Madura Fashion & Lifestyle is the division of ABNL which is engaged in the business of manufacturing and retailing of branded apparels (“**Madura Business**”).
- 1.2. Madura Garments Lifestyle Retail Company Limited (“**Madura Garments Lifestyle**” or the “**Second Demerged Company**”) is a company incorporated under the Act, having its registered office at Indian Rayon Compound, Veraval, Gujarat, 362266. Madura Garments Lifestyle is a wholly owned subsidiary of ABNL and is *inter alia* engaged in the businesses of apparel retail and holding of investments. The apparel retail business of Madura Garments Lifestyle is hereinafter referred to as the “**MGL Retail Business**”.
- 1.3. Pantaloon Fashion & Retail Limited (“**PFRL**” or the “**Resulting Company**”) is a public limited company incorporated under the Act, having its registered office at 701-704, 7th Floor, Skyline Icon Business Park, 86-92, Off A.K. Road, Marol Village, Andheri (East), Mumbai 400059, and is engaged in the business of apparel retail. PFRL is a subsidiary of Indigold Trade & Services Limited which in turn is a wholly owned subsidiary of ABNL. The equity shares of PFRL are listed on the Stock Exchanges.
- 1.4. Rationale for restructuring:
- Presently, the apparels retail businesses of the Aditya Birla group are housed under separate entities including ABNL, Madura Garments Lifestyle and PFRL. Consolidating the similar businesses of the group within one company would enable the business activities to be carried out with greater focus and specialisation for sustained growth. Each business will also benefit from the potential synergies of combining with the similar and related businesses, thereby resulting in enhancement of shareholder value. Thus, the Scheme (as defined hereinafter) is sought to be undertaken to consolidate the apparels retail businesses of the Aditya Birla group within one company to unlock value and accrue potential synergy benefits for the business arising *inter alia* on account of operational efficiency in matters such as sourcing, infrastructure, and information technology.
- 1.5. In furtherance of the aforesaid, this Scheme provides for the following:
- (i) the transfer by way of a demerger of the Madura Undertaking (as defined hereinafter) of the First Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the First Demerged Company (“**First Demerger**”);
 - (ii) the transfer by way of a demerger of the MGL Retail Undertaking (as defined hereinafter) of the Second Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Second Demerged Company (“**Second Demerger**”); and
 - (iii) various other matters consequential or integrally connected therewith, including the reorganisation of the share capital of the Resulting Company;

pursuant to Sections 391 – 394 and other relevant provisions of the Act (including corresponding provisions of the Companies Act, 2013 as may be applicable) in the manner provided for in this Scheme and in compliance with the provisions of the Income Tax Act, 1961, including Section 2(19AA) thereof.

- 1.6. Each of the First Demerger and the Second Demerger (collectively, the “**Demergers**”) shall comply with the provisions of Section 2(19AA) of the Income Tax Act, 1961, such that:
- (i) all the properties of each of the Demerged Companies forming part of the Demerged Undertakings (as defined hereinafter) immediately before each of the Demergers shall become the properties of the Resulting Company by virtue of such Demergers;
 - (ii) all the liabilities relatable to each of the Demerged Companies forming part of the Demerged Undertakings immediately before each of the Demergers shall become the liabilities of the Resulting Company by virtue of such Demergers;
 - (iii) the properties and the liabilities relatable to each of the Demerged Companies forming part of the Demerged Undertakings shall be transferred to the Resulting Company at the values appearing in the books of account of the respective Demerged Companies immediately before the Demergers;
 - (iv) the Resulting Company shall issue, in consideration of each of the Demergers, shares to the shareholders of the Demerged Companies on a proportionate basis;
 - (v) all shareholders of the Demerged Companies shall become the shareholders of the Resulting Company by virtue of the Demergers; and
 - (vi) the transfer of the Demerged Undertakings shall be on a going concern basis.
- 1.7. This Scheme is divided into the following parts:
- (i) **Part I**, which deals with the introduction, definitions and interpretation, and share capital;
 - (ii) **Part II**, which deals with the Demergers;
 - (iii) **Part III**, which deals with the authorized share capital of the Resulting Company; and
 - (iv) **Part IV**, which deals with general terms and conditions applicable to the Scheme.

2. DEFINITIONS AND INTERPRETATION

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

“**ABNL Employees**” shall mean all the permanent employees of the First Demerged Company employed in the Madura Undertaking as on the Effective Date;

“**ABNL ESOS**” shall mean employee stock option schemes named as “ESOS – 2006” and “Scheme 2013” as approved by the Board of Directors and shareholders of the First Demerged Company, collectively;

“**ABNL GDRs**” shall mean the GDRs issued by the First Demerged Company pursuant to the deposit agreements executed by it with the Depository (as amended from time to time) and as are outstanding as of the ABNL Record Date;

“**ABNL Record Date**” means the date to be fixed by the Board of Directors of the First Demerged Company for the purpose of determining the equity shareholders of the First Demerged Company to whom shares of the Resulting Company shall be allotted pursuant to the First Demerger under this Scheme;

“**ABNL Remaining Business**” shall mean all the undertakings, businesses, activities, operations, assets and liabilities (including investments in shares and securities and identified assets and bank balances) of the First Demerged Company, other than those comprised in the Madura Undertaking. For the avoidance of doubt, it is hereby clarified that the investments held (whether directly or indirectly) by the First Demerged Company in the Resulting Company and the Second Demerged Company shall form part of the ABNL Remaining Business. It is further clarified that any credit or right to repayment in relation to any corporate tax paid by way of advance tax by the First Demerged Company (including in relation to the Madura Undertaking) prior to the Effective Date shall form part of the ABNL Remaining Business;

“**Act**” shall mean the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force, including the Companies Act, 2013 and provisions thereof as are notified and applicable from time to time and shall include any statutory modifications, re-enactment or amendments thereof;

“**Appointed Date**” shall mean April 1, 2015;

“**Board of Directors**” in relation to each of the Companies, as the case may be, means the board of directors of such company and, unless it be repugnant to the context, includes a duly authorised committee of directors;

“**Bombay High Court**” means the High Court of Judicature at Bombay and shall include, if applicable, the National Company Law Tribunal, as applicable or such other forum or authority as may be vested with the powers of a High Court for the purposes of Sections 391 to 394 of the Act or Sections 230 to 232 of the Companies Act, 2013, as may be applicable;

“**BSE**” shall mean BSE Limited;

“**Companies**” shall mean the First Demerged Company, the Second Demerged Company, and the Resulting Company, or any two or more of them as the context may require;

“**Demerged Companies**” shall mean the First Demerged Company and the Second Demerged Company, collectively;

“**Demerged Liabilities**” shall have the meaning set forth in Clause 6.1;

“**Demerged Undertakings**” shall mean the Madura Undertaking, and the MGL Retail Undertaking, collectively;

“Demergers” shall have the meaning set forth in Clause 1.6;

“Deposit Agreement” shall have the meaning set forth in Clause 26(i) hereof;

“Depository” shall mean Citibank, N.A., being the depository for the ABNL GDRs;

“Effective Date” shall mean the last of the dates on which the conditions and matters referred to in Clause 38 hereof occur or have been fulfilled or waived and references in this Scheme to the date of “coming into effect of this Scheme” or “effectiveness of this Scheme” shall mean the Effective Date;

“Employee Benefit Funds” shall have the meaning set forth in Clause 8.2;

“Encumbrance” or **“Encumber”** shall mean any: (i) encumbrance including without limitation any security interest, claim, mortgage, pledge, charge, hypothecation, lien, lease, assignment, deed of trust, title retention, deposit by way of security, beneficial ownership (including usufruct and similar entitlements), or any other similar interest held by a third person; (ii) security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law; (iii) right of pre-emption, right of first offer, or refusal or transfer restriction in favour of any person; and/or (iv) any adverse claim as to title, possession or use;

“First Demerged Company” shall have the meaning set forth in Clause 1.1;

“First Demerger” shall have the meaning set forth in Clause 1.5(i);

“GDRs” means global depository receipts issued pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 (including any statutory modifications, re-enactment or amendments thereof for the time being in force) and other applicable Laws and where relevant shall include the underlying equity shares related thereto;

“Governmental Authority” shall mean any national, state, provincial, local or similar government, governmental, statutory, regulatory or administrative authority, government department, agency, commission, board, branch, tribunal or court or other entity authorized to make Laws, rules, regulations, standards, requirements, procedures or to pass directions or orders having the force of Law, or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of Law, or any stock exchange of India or any other country;

“Gujarat High Court” shall mean the High Court of Gujarat at Ahmedabad and shall include, if applicable, the National Company Law Tribunal, as applicable or such other forum or authority as may be vested with the powers of a High Court for the purposes of Sections 391 to 394 of the Act or Sections 230 to 232 of the Companies Act, 2013, as may be applicable;

“High Court” shall mean the Bombay High Court or the Gujarat High Court, as may be applicable;

“Law” shall mean any statute, law, regulation, ordinance, rule, judgment, notification, rule of common law, order, decree, bye-law, approval, directive, guideline, requirement or other governmental restriction, or any similar form of decision of, or determination by, or any interpretation, policy or administration, having the force of law of any of the foregoing, by any Governmental Authority having jurisdiction over the matter in question;

“Madura Entitlement Ratio” shall have the meaning set forth in Clause 19(i);

“Madura Undertaking” shall mean the First Demerged Company’s undertakings, business, activities and operations pertaining to the Madura Business, on a going concern basis, and shall mean and include, without limitation:

- (a) all assets and properties of the Madura Business wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all buildings, warehouses, stores, factory outlets, stores under progress, equipment, structures, offices, all lands (whether leasehold or freehold), benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), stock-in-trade, stock-in-transit, merchandise (including raw materials), finished goods, supplies (including wrapping supplies), packaging items, all whether in transit or located at stores (including factory outlets) and warehouses, computers, vehicles, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash, cash equivalents and bank accounts (including bank balances), benefit of any deposits, financial assets, insurances, funds, provisions, and benefit of any bank guarantees, performance guarantees and letters of credit appertaining or relating to the Madura Business;
- (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for the employees, benefit of any deposits, 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 all other interests in connection with or relating to the Madura Business;

- (c) all lease agreements, leave and license agreements, and all contracts and arrangements in any form, including those pertaining to franchises, brand license, vendors, stores maintenance, housekeeping, security, contract workers, and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Madura Business;
- (d) all earnest moneys and/or security deposits paid by the First Demerged Company in connection with or relating to the Madura Business;
- (e) all the ABNL Employees;
- (f) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists 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 relating to the Madura Business;
- (g) all goodwill of the First Demerged Company associated with the Madura Business;
- (h) 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 First Demerged Company in relation to the Madura Business, including all intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), used in relation to the Madura Business, and all other trade names, service names, trade marks, brands, copyrights, designs, know-how and trade secrets connected with the Madura Business; and
- (i) all debts, borrowings, obligations and liabilities, both present and future, (including contingent liabilities and the Demerged Liabilities pertaining to the Madura Undertaking, and obligations under any licenses or permits or schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet of the First Demerged Company, appertaining or relating to the Madura Business;

For the avoidance of doubt, it is hereby clarified that the investments held (whether directly or indirectly) by the First Demerged Company in the Resulting Company and the Second Demerged Company shall not form part of the Madura Undertaking;

“MGL Employees” shall mean all the permanent employees of the Second Demerged Company employed in the MGL Retail Undertaking as on the Effective Date;

“MGL Equity Share Entitlement Ratio” shall have the meaning set forth in Clause 19(ii)(a);

“MGL Preference Share Entitlement Ratio” shall have the meaning set forth in Clause 19(ii)(b);

“MGL Record Date” means the date to be fixed by the Board of Directors of the Second Demerged Company for the purpose of determining the shareholders of the Second Demerged Company to whom shares of the Resulting Company shall be allotted pursuant to the Second Demerger under this Scheme;

“MGL Remaining Business” shall mean all the undertakings, businesses, activities, operations, assets and liabilities (including investments in shares and securities and identified assets and bank balances) of the Second Demerged Company, other than those comprised in the MGL Retail Undertaking;

“MGL Retail Undertaking” shall mean the Second Demerged Company’s undertakings, business, activities and operations pertaining to the MGL Retail Business, on a going concern basis, and shall mean and include, without limitation:

- (a) all assets and properties of the MGL Retail Business wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all buildings, warehouses, stores, factory outlets, stores under progress, equipment, structures, offices, all lands (whether leasehold or freehold), benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), stock-in-trade, stock-in-transit, merchandise (including raw materials), finished goods, supplies (including wrapping supplies), packaging items, all whether in transit or located at stores (including factory outlets) and warehouses, computers, vehicles, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash, cash equivalents and bank accounts (including bank balances), benefit of any deposits, financial assets, insurances, funds, provisions, and benefit of any bank guarantees, performance guarantees and letters of credit appertaining or relateable to the MGL Retail Business;
- (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for the employees, benefit of any deposits, 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 all other interests in connection with or relating to the MGL Retail Business;
- (c) all lease agreements, leave and license agreements, and all contracts and arrangements in any form, including those pertaining to franchises, brand license, vendors, stores maintenance, housekeeping, security, contract workers, and

benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the MGL Retail Business;

- (d) all earnest moneys and/or security deposits paid by the Second Demerged Company in connection with or relating to the MGL Retail Business;
- (e) all the MGL Employees;
- (f) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists 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 relating to the MGL Retail Business;
- (g) all goodwill of the Second Demerged Company associated with the MGL Retail Business;
- (h) 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 Second Demerged Company in relation to the MGL Retail Business, including all intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), used in relation to the MGL Retail Business, and all other trade names, service names, trade marks, brands, copyrights, designs, know-how and trade secrets connected with the MGL Retail Business; and
- (i) all debts, borrowings, obligations and liabilities, both present and future, (including contingent liabilities and the Demerged Liabilities pertaining to the MGL Retail Undertaking and obligations under any licenses or permits or schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet of the Second Demerged Company, appertaining or relating to the MGL Retail Business;

“**NSE**” shall mean National Stock Exchange of India Limited;

“**PFRL ESOS**” shall mean the employee stock option scheme of PFRL named as “Scheme 2013” as approved by the Board of Directors and shareholders of PFRL and the stock appreciation rights plan of PFRL named as “SARs 2013”;

“**Record Date**” shall mean the ABNL Record Date and the MGL Record Date, collectively;

“**Remaining Businesses**” shall mean the ABNL Remaining Business and the MGL Remaining Business, collectively;

“**Resulting Company**” shall have the meaning set forth in Clause 1.3 above;

“**Resulting Company Depository**” shall have the meaning set forth in Clause 26(i);

“**Resulting Company Deposit Agreement**” shall have the meaning set forth in Clause 26(i);

“**Resulting Company GDRs**” shall have the meaning set forth in Clause 26(i);

“**RSUs**” shall mean restricted stock units;

“**Scheme**” shall mean this composite scheme of arrangement including any modification or amendment hereto, made in accordance with the terms hereof;

“**SEBI Scheme Circulars**” shall have the meaning set forth in Clause 38;

“**Second Demerger**” shall have the meaning set forth in Clause 1.5(ii);

“**Second Demerged Company**” shall have the meaning set forth in Clause 1.2;

“**Share Entitlement Ratios**” shall mean the Madura Entitlement Ratio, the MGL Equity Share Entitlement Ratio, and the MGL Preference Share Entitlement Ratio, collectively;

“**Securities Act**” shall have the meaning set forth in Clause 24; and

“**Stock Exchanges**” means the BSE and the NSE, collectively.

- 2.2. All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable Law, rules, regulations, bye-laws, as the case may be, and any statutory modification or re-enactment thereof for the time being in force.
- 2.3. References to “Clauses”, “Sections” and “Parts”, unless otherwise stated, are references to schedules, clauses, sections and parts of this Scheme.
- 2.4. The headings herein shall not affect the construction of this Scheme.
- 2.5. The singular shall include the plural and vice versa.
- 2.6. Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed without limitation.
- 2.7. References to a person shall include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).

3. Share Capital

3.1. First Demerged Company

(i) The share capital structure of the First Demerged Company as on May 2, 2015 is as follows:

Authorized Share Capital		Rupees
175,000,000 equity shares of INR 10 each		1,750,000,000
500,000, 6% redeemable cumulative preference shares of INR 100 each		50,000,000
Total		1,800,000,000
Issued Share Capital		
130,279,180 equity shares of INR 10 each *		1,302,791,800
Total		1,302,791,800
Subscribed and Paid-up Share Capital		Rupees
130,140,476 equity shares of INR 10 each *		1,301,404,760
Total		1,301,404,760

*includes 31,68,459 equity shares represented by GDRs

- (ii) The equity shares of the First Demerged Company are listed on the Stock Exchanges. The GDRs of the First Demerged Company are listed on the Luxembourg Stock Exchange.
- (iii) The First Demerged Company has outstanding employee stock options and RSUs, the exercise of which may result in an increase in the issued and paid-up share capital of the First Demerged Company.

3.2. Second Demerged Company

(i) The share capital structure of the Second Demerged Company as on May 2, 2015 is as follows:

Authorized Share Capital		Rupees
270,000,000 equity shares of INR 10 each		2,700,000,000
10,000,000, 8% redeemable cumulative preference shares of INR 10 each		100,000,000
Total		2,800,000,000
Issued, Subscribed and Paid-up Share Capital		Rupees
190,065,361 equity shares of INR 10 each		1,900,653,610
10,000,000 8% redeemable cumulative preference shares of INR 10 each		100,000,000
Total		2,000,653,610

(ii) The equity shares of the Second Demerged Company are not listed.

3.3. Resulting Company

(i) The share capital structure of the Resulting Company as on May 2, 2015 is as follows:

Authorized Share Capital		Rupees
150,000,000 equity shares of INR 10 each		1,500,000,000
10,000,000 8% redeemable cumulative preference shares of INR 10 each		100,000,000
15,000 6% redeemable cumulative preference shares of INR 100 each		1,500,000
Total		1,601,500,000
Issued, Subscribed and Paid-up Share Capital		Rupees
92,793,529 equity shares of INR 10 each		927,935,290
500,000, 8% redeemable cumulative preference shares of INR 10 each		5,000,000
500, 6% redeemable cumulative preference shares of INR 100 each		50,000
Total		932,985,290

- (ii) The equity shares of the Resulting Company are listed on the Stock Exchanges.
- (iii) The Resulting Company has outstanding employee stock options and RSUs, the exercise of which may result in an increase in the issued and paid-up share capital of the Resulting Company.

PART II – DEMERGERS

SECTION 1 - TRANSFER AND VESTING OF THE DEMERGED UNDERTAKINGS

4. Transfer of Assets

- 4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, each of the Demerged Undertakings (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of each such Demerged Undertakings) shall, subject to the provisions of this Clause 4 in relation to the mode of transfer and vesting and pursuant to Section 394(2) of the Act and without any further act or deed, be demerged from each of the Demerged Companies and be transferred to and vested in and be deemed to have been demerged from the Demerged Companies and transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
 - 4.2. In respect of such of the assets of each of the Demerged Undertakings as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same shall be so transferred by each of the Demerged Companies, respectively, upon the coming into effect of the Scheme, and shall become the property of the Resulting Company as an integral part of each of the Demerged Undertakings with effect from the Appointed Date pursuant to the provisions of Section 394 of the Act without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
 - 4.3. In respect of movables other than those dealt with in Clause 4.2 above including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Governmental Authority, quasi governmental authority, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Resulting Company without any notice or other intimation to the debtors (although the Resulting Company may without being obliged and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Resulting Company).
 - 4.4 In respect of such of the assets belonging to each of the Demerged Undertakings other than those referred to in Clause 4.2 and 4.3 above, the same shall, as more particularly provided in Clause 4.1 above, without any further act, instrument or deed, be demerged from each of the Demerged Companies and transferred to and vested in and/or be deemed to be demerged from the respective Demerged Companies and transferred to and vested in the Resulting Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391- 394 of the Act.
 - 4.5. All assets, rights, title, interest and investments of each of the Demerged Companies in relation to the respective Demerged Undertakings shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391- 394 of the Act.
 - 4.6. Without prejudice to the generality of the foregoing, upon the effectiveness of the Scheme, the Resulting Company will be entitled to all the brands and trademarks of the Demerged Companies in relation to the Demerged Undertakings, including registered and unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights, trademarks and all such other industrial or intellectual rights of whatsoever nature. The Resulting Company may take such actions as may be necessary and permissible to get the same transferred and/or registered in the name of the Resulting Company.
 - 4.7. Any assets acquired by any of the Demerged Companies after the Appointed Date but prior to the Effective Date pertaining to the Demerged Undertakings shall upon the coming into effect of this Scheme also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of this Scheme.
 - 4.8 For the avoidance of doubt, upon the coming into effect of this Scheme, all the rights, title, interest and claims of the Demerged Companies in any leasehold/licensed properties in relation to each of the Demerged Undertakings shall, pursuant to Section 394 (2) of the Act, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company automatically without requirement of any further act or deed.
- 5. Transfer of contracts, deeds, etc.**
- 5.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme including Clause 6, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to each of the Demerged Undertakings, to which the respective Demerged Company is a party or to the benefit of which the respective Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the respective Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
 - 5.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertakings occurs by virtue of this Scheme itself, the 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, 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 each of the Demerged Companies is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Resulting Company shall be deemed to be authorised to execute any such writings on behalf of the respective Demerged Companies and to carry out or perform all such formalities or compliances referred to above on the part of the respective Demerged Companies to be carried out or performed.

- 5.3. 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, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of each of the Demerged Companies in relation to the respective Demerged Undertakings shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make applications to any Governmental Authority as may be necessary in this behalf.
- 5.4. Without prejudice to the aforesaid, 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 each of the Demerged Undertakings which the respective Demerged Companies own or to which the Demerged Companies are a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Companies shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.

6. Transfer of Liabilities

- 6.1. Upon the coming into effect of this Scheme, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities which arise out of the activities or operations of each of the Demerged Undertakings) of the respective Demerged Companies as on the Appointed Date and relating to the respective Demerged Undertakings ("**Demerged Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of the Resulting Company which shall meet, discharge and satisfy the same. The term "Demerged Liabilities" shall include:
- (i) the liabilities which arise out of the activities or operations of the Demerged Undertakings;
 - (ii) the specific loans or borrowings (including debentures raised, incurred and utilized solely for the activities or operations of the Demerged Undertakings); and
 - (iii) in cases other than those referred to in Clause 6.1(i) or Clause 6.1(ii) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Companies, as stand in the same proportion which the value of the assets transferred pursuant to the respective Demergers bears to the total value of the assets of the respective Demerged Companies immediately prior to the Effective Date.
- 6.2. Where any of the loans raised and used, debts, liabilities, duties and obligations of each of the Demerged Companies as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the respective Demerged Companies on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.
- 6.3. Upon the coming into effect of the Scheme, all loans raised and used (including the loans availed in terms of the Technology Upgradation Fund Scheme notified by Ministry of Textiles, Government of India, if any) and all debts, liabilities, duties and obligations incurred by the Demerged Companies for the operations of the Demerged Undertakings with effect from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company 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 Resulting Company and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.
- 6.4. In so far as the existing Encumbrances in respect of the Demerged Liabilities are concerned, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the respective Demerged Undertaking which have been Encumbered in respect of the Demerged Liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertakings which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Demerged Liabilities, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 6.5. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Businesses are concerned, subject to Clause 6.4, the Encumbrances over such assets relating to the Demerged Liabilities shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and Encumbrances relating to the same. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the respective Demerged Undertakings are concerned,

the Encumbrances over such assets relating to any loans, borrowings or debentures or other debts or debt securities which are not transferred pursuant to this Scheme (and which shall continue with the respective Demerged Company), shall without any further act or deed be released from such Encumbrances and shall no longer be available as security in relation to such liabilities.

- 6.6. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Demerged Companies and the Resulting Company shall execute any instrument(s) and/or document(s) and/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 respective registrar of companies to give formal effect to the above provisions, if required.
- 6.7. Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the Demerged Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Companies shall not have any obligations in respect of such Demerged Liabilities.
- 6.8. It is expressly provided that, save as mentioned in this Clause 6, no other term or condition of the liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 6.9. The provisions of this Clause 6 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.

7. Legal, taxation and other proceedings

- 7.1. Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Demerged Companies and relating to the Demerged Undertakings, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, shall be continued and enforced by or against the Resulting Company after the Effective Date. The Demerged Companies shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company. The Resulting Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the respective Demerged Companies.
- 7.2. If proceedings are taken against any of the Demerged Companies in respect of the matters referred to in Clause 7.1 above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify such Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- 7.3. The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Companies referred to in Clause 7.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Companies. Each of the Companies shall make relevant applications in that behalf.

8. Employees

- 8.1. Upon the coming into effect of this Scheme, the ABNL Employees and the MGL Employees (the “**Transferred Employees**”) shall become the permanent employees of the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are employed by each of the Demerged Companies in the respective Demerged Undertaking and without any interruption of, or break in, service as a result of the transfer of the Demerged Undertakings. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the Transferred Employees with the respective Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
- 8.2. In so far as the existing benefits including provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the respective Demerged Companies *inter alia* for its employees (including employees of the Demerged Undertakings) are concerned (collectively referred to as the “**Employee Benefit Funds**”), such proportion of the investments made in the Employee Benefit Funds and liabilities which are referable to the Transferred Employees shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Employee Benefit Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the respective Demerged Undertakings or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the Transferred Employees to the respective Employee Benefit Funds or discharge such liabilities of the respective Demerged Company, until such time that the Resulting Company creates its own fund, at which time the Employee Benefit Funds, investments, contributions and liabilities pertaining to the Transferred Employees shall be transferred to the funds created by the Resulting Company.
- 8.3. In relation to any other fund (including any funds set up by the government for employee benefits) created or existing for the benefit of the employees being transferred to the Resulting Company, the Resulting Company shall stand substituted for the respective Demerged Companies, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Transferred Employees.

- 8.4. In so far as the existing benefits or funds created by the respective Demerged Companies for the employees of the Remaining Businesses are concerned, the same shall continue and the respective Demerged Company shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held *inter alia* for the benefit of the employees of the Remaining Businesses and the Resulting Company shall have no liability in respect thereof.
- 8.5. Employee Stock Options and RSUs:
- (i) In respect of the stock options and RSUs granted under the ABNL ESOS, if any, in the hands of the ABNL Employees and MGL Employees as on the Effective Date, upon the coming into effect of this Scheme, such options and RSUs granted (whether or not vested), under and pursuant to the ABNL ESOS to such employees as of the Effective Date would continue on the existing terms and conditions, except for such modifications to the ABNL ESOS as may be required to give effect to this Clause 8.5.
 - (ii) Prior to the Scheme becoming effective, the ABNL ESOS shall be amended to provide for the continuation of options and RSUs under the ABNL ESOS in the hands of ABNL Employees and MGL Employees in accordance with this Clause 8.5 subject to such adjustments as may be deemed appropriate by the relevant committee of the Board of Directors of ABNL, in accordance with the provisions of the ABNL ESOS and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
 - (iii) For the avoidance of doubt it is hereby clarified that upon the coming into effect of this Scheme, the options granted, under and pursuant to the ABNL ESOS to the employees of the ABNL Remaining Business as of the Effective Date would continue and the exercise price of such options may be suitably adjusted in order to provide for reduction in the intrinsic value of the First Demerged Company pursuant to the demerger of the Madura Undertaking.
 - (iv) The continuation of the grant of stock options and RSUs under the ABNL ESOS in the hands of ABNL Employees and MGL Employees pursuant to the provisions of this Scheme, including this Clause 8.5, shall be effected as an integral part of the Scheme and the consent of the shareholders of the First Demerged Company and the Resulting Company to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the ABNL ESOS, including without limitation, for the purposes of modifying the ABNL ESOS, making adjustments to the options and RSUs, including but not limited to the exercise period and price, vesting schedule and period and all related matters. No further approval of the shareholders of the First Demerged Company or the Resulting Company would be required in this connection under any applicable Law.
 - (v) It is hereby clarified that the Resulting Company shall not be obligated to create any stock option or RSU scheme for the ABNL Employees, the MGL Employees or the employees of the Remaining Businesses in connection with this Scheme.
 - (vi) The Boards of Directors of the Resulting Company and the First Demerged Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 8.5.
- 8.6. Resulting Company stock options, RSUs and stock appreciation rights:
- (i) In respect of the stock options, RSUs and/or stock appreciation rights granted under the PFRL ESOS to PFRL Employees as of the Effective Date, upon the coming into effect of this Scheme, such options, RSUs granted and/or stock appreciation rights (whether or not vested), would continue on the existing terms and conditions, except for such modifications to the PFRL ESOS as may be required or subject to such adjustments as may be deemed appropriate by the relevant committee of the Board of Directors of PFRL, in accordance with the provisions of the PFRL ESOS and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
 - (ii) The Board of Directors of the Resulting Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 8.6.

SECTION 2 – CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

9. The Demerged Companies, with effect from the Appointed Date and up to and including the Effective Date:
- (i) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertakings and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertakings for and on account of, and in trust for, the Resulting Company;
 - (ii) all profits and income accruing to the Demerged Companies from the respective Demerged Undertakings, and losses and expenditure incurred by it (including taxes but excluding advance taxes, if any, accruing or paid in relation to any profits or income), relating to the Demerged Undertakings for the period from the Appointed Date based on the accounts of the respective Demerged Companies shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Resulting Company, except those specifically forming part of the ABNL Remaining Business; and
 - (iii) any of the rights, powers, authorities, privileges, attached, related or pertaining to the Demerged Undertakings exercised by the respective Demerged Companies shall be deemed to have been exercised by the Demerged Companies for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the respective Demerged Undertaking that have been undertaken or discharged by the Demerged Companies shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company.

10. The Demerged Companies undertake that they shall preserve and carry on the business of the Demerged Undertakings with business prudence.
11. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the Demerged Companies and Resulting Company shall not, except as may be expressly required or permitted under this Scheme or pursuant to exercise of stock options and RSUs granted as of the date of filing of this Scheme with the High Court, make any change in their respective capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the respective Share Entitlement Ratios, except with the prior approval of the Board of Directors of the Resulting Company or the relevant Demerged Companies respectively.
12. The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertakings and the continuance of the proceedings by or against the Resulting Company under this Scheme shall not affect any transaction or proceedings already completed by the respective Demerged Companies on or before the Appointed Date to the end and intent that, subject to the provisions of this Section 2, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Companies as acts, deeds and things done and executed by and on behalf of the Resulting Company.

SECTION 3 – REMAINING BUSINESSES

13. The Remaining Businesses and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the respective Demerged Companies subject to the provisions of this Scheme in relation to Encumbrances in favour of banks, lenders and/or financial institutions.
14. All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the respective Demerged Companies under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Businesses (including those relating to any property, right, power, liability, obligation or duties of the respective Demerged Companies in respect of the Remaining Businesses) shall be continued and enforced by or against the respective Demerged Companies after the Effective Date, which shall keep the Resulting Company fully indemnified in that behalf.
15. If proceedings are taken against the Resulting Company in respect of the matters referred to in Clause 14 above, it shall defend the same in accordance with the advice of the relevant Demerged Company and at the cost of such Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.
16. Up to and including the Effective Date:
 - (i) the Demerged Companies shall carry on and shall be deemed to have been carrying on all business and activities relating to the respective Remaining Businesses for and on its own behalf;
 - (ii) all profits accruing to the Demerged Companies or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Businesses shall, for all purposes, be treated as the profits or losses, as the case may be, of the respective Demerged Companies; and
 - (iii) all assets and properties acquired by the Demerged Companies in relation to the respective Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Companies.

SECTION 4 – REORGANISATION OF CAPITAL

17. The provisions of this Section 4 shall operate notwithstanding anything to the contrary in this Scheme.
18. In consideration of the transfer and vesting of the Demerged Undertakings in the Resulting Company in accordance with the provisions of this Scheme and as an integral part of this Scheme, the share capital of the Demerged Companies and the Resulting Company shall be restructured and reorganised in the manner set out in Clause 19 to Clause 29 below. It is clarified that the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for the issuance of shares by the Resulting Company and no further resolutions under Section 62 or any other applicable provisions of the Act would be required to be separately passed.
19. Share Entitlement Ratios:
 - (i) In consideration of the First Demerger, including the transfer and vesting of the Madura Undertaking in the Resulting Company pursuant to Section 1 of Part II of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each member of the First Demerged Company whose name is recorded in the register of members as a shareholder of the First Demerged Company on the ABNL Record Date, equity shares in the Resulting Company in the ratio of 26 (twenty six) equity shares in the Resulting Company of face value INR 10 (Rupees Ten Only) each credited as fully paid-up for every 5 (five) equity shares of face value INR 10 (Rupees Ten Only) each fully paid up held by such member in the First Demerged Company (the “**Madura Entitlement Ratio**”) as on the ABNL Record Date.
 - (ii) In consideration of the Second Demerger, including the transfer and vesting of the MGL Retail Undertaking in the Resulting Company pursuant to Section 1 of Part II of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each member of the Second Demerged Company whose name is recorded in the register of members as

shareholder of the Second Demerged Company on the MGL Record Date equity shares in the Resulting Company in the ratio of:

- (a) 7 (seven) equity shares of face value INR 10 (Rupees Ten Only) each in the Resulting Company credited as fully paid-up for every 500 (five hundred) equity share of face value INR 10 (Rupees Ten Only) each fully paid up held by an equity shareholder in the Second Demerged Company as on the MGL Record Date (the “**MGL Equity Share Entitlement Ratio**”); and
 - (b) 1 (one) equity shares of face value INR 10 (Rupees Ten Only) each in the Resulting Company credited as fully paid up for all 10,000,000 (ten million) preference shares of face value INR 10 (Rupees Ten Only) each fully paid up held by a preference shareholder in the Second Demerged Company as on the MGL Record Date (the “**MGL Preference Share Entitlement Ratio**”).
- (iii) If any shareholder of the Demerged Companies becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Resulting Company in accordance with Clause 19 (i) and (ii) of this Scheme, the Board of Directors of the Resulting Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to an individual trust or a board of trustees or a corporate trustee nominated by the Resulting Company (the “**Fractional Share Trustee**”), who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times, as the Fractional Share Trustee may in its sole discretion decide and on such sale pay to the Resulting Company, the net sale proceeds thereof (after deduction of applicable taxes and other expenses incurred, if any) and any additions and accretions, whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Companies in proportion to their respective fractional entitlements.
20. The shares issued to the members of the Demerged Companies pursuant to Clause 19 above shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Companies to the Resulting Company on or before such date as may be determined by the Board of Directors of the Resulting Company. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Companies, the shares shall be issued to such members in dematerialized form provided that the members of the Demerged Companies shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Resulting Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the Resulting Company. In the event that the Resulting Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the Resulting Company shall issue shares in certificate form to such member.
21. Equity shares to be issued by the Resulting Company pursuant to Clause 19 in respect of such of the equity shares of the Demerged Companies which are held in abeyance under the provisions of Section 126 of the Act (2013) or which the Resulting Company is unable to issue due to applicable Laws or otherwise shall, pending allotment or settlement of dispute by order of court or otherwise, be kept in abeyance by the Resulting Company.
22. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Companies, the Board of Directors of the relevant Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the relevant Record Date, to effectuate such a transfer in the relevant Demerged Company as if such changes in registered holder were operative as on the respective Record Date, in order to remove any difficulties arising to the transferor of the share in the Resulting Company and in relation to the shares issued by the Resulting Company after the effectiveness of this Scheme. The Board of Directors of the Demerged Companies shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.
23. The equity shares to be issued and allotted by the Resulting Company in terms of Clause 19 above shall inter-se rank *pari passu* in all respects.
24. The equity shares of the Resulting Company issued pursuant to this Scheme may not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Resulting Company may elect, in its sole discretion, to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof or any other exemption that the Resulting Company may elect to rely upon. In the event the Resulting Company elects to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof, the sanction of the High Courts to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the equity shares of the Resulting Company for such an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof.
25. (i) Equity shares of the Resulting Company issued in terms of Clause 19 above shall, subject to receipt of necessary approvals, be listed and admitted to trading on the Stock Exchanges. The Resulting Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable Laws or regulations for complying with the formalities of the Stock Exchanges. The shares allotted pursuant to Part II of this Scheme shall

remain frozen in the depositories system until listing/trading permission is given by the designated stock exchange.

- (ii) Until the listing of the equity shares of the Resulting Company with the Stock Exchanges, except as provided in this Scheme, there shall be no change in the shareholding pattern or control or pre-arrangement capital structure of the Resulting Company.
26. (i) Upon the coming into effect of this Scheme and the issuance of shares as per the Madura Entitlement Ratio by the Resulting Company pursuant to the provisions of Clause 19 above, it may elect to either proceed in accordance with this Clause 26 or proceed in accordance with Clause 29 below at its sole discretion. If the Resulting Company so elects and subject to applicable Laws, it shall issue an appropriate number of underlying shares, in accordance with the Madura Entitlement Ratio, to the Depository. The Resulting Company may enter into appropriate arrangements for the appointment of a depository (the **"Resulting Company Depository"**) pursuant to a deposit agreement entered into between the Resulting Company and the Resulting Company Depository (the **"Resulting Company Deposit Agreement"**), for the issuance of GDRs representing such shares (the **"Resulting Company GDRs"**) on pro-rata basis to holders of the ABNL GDRs, in accordance with the deposit agreement entered into between the First Demerged Company and the Depository (the **"Deposit Agreement"**).
- (ii) The Resulting Company, Resulting Company Depository, the First Demerged Company and/or the Depository shall enter into such further documents and take such further actions as may be deemed necessary or appropriate by the Resulting Company and/or the First Demerged Company, Resulting Company Depository, and the Depository, including, but not limited to, amending the Deposit Agreement, disseminating to existing ABNL GDR holders certain notices, certifications and information containing details of the Scheme, the issuance of the Resulting Company GDRs and/or certain information relating to the Resulting Company and obtaining from the existing ABNL GDR holders, and providing to the Resulting Company, certain information relating to the existing ABNL GDR holders.
27. The Resulting Company GDRs issued pursuant to Clause 26 above shall not be listed unless required by any regulations or Laws, in which event the same may be listed on the Luxemburg Stock Exchange or such other international stock exchange as may be determined by the Resulting Company and the Resulting Company shall take such additional steps and do all such acts, deeds and things as may be necessary for purposes of listing the Resulting Company GDRs.
28. The Resulting Company GDRs and the equity shares underlying the Resulting Company GDRs may not be registered under the Securities Act and the Resulting Company may elect, in its sole discretion, to rely upon an exemption from the registration requirements of the Securities Act under section 3(a)(10) thereof or any other exemption that the Resulting Company may elect to rely upon. In the event the Resulting Company elects to rely upon an exemption from the registration requirements of the Securities Act under section 3(a)(10) thereof, the sanction of the High Court to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the Resulting Company GDRs and the equity shares of the Resulting Company, including, without limitation, the equity shares underlying the Resulting Company GDRs, for such an exemption from the registration requirements of the Securities Act under section 3(a)(10) thereof.
29. Notwithstanding anything contained herein, if the Resulting Company determines that it is unable to issue the Resulting Company GDRs due to applicable Laws (including the non-receipt of Governmental Approvals required, if any), it may elect, in its sole discretion and subject to receipt of such Governmental Approvals as may be required, to enter into suitable arrangements which may include arrangements with the Depository for providing for issuance of equity shares by the Resulting Company to the Depository, which represent the entitlement of the ABNL GDR holders, and sale of such equity shares by the Depository to make distributions of the net sales proceeds (after the deduction of taxes and expenses incurred) to the existing ABNL GDR holders, in proportion to their entitlements, in lieu of issuing the Resulting Company GDRs. If the above cannot be effected for any reason, the Resulting Company and the First Demerged Company shall ensure that this does not delay implementation of the Scheme, and shall, in consultation with each other, take all such actions as may be necessary to, issue or remit consideration in lieu of or in respect of the ABNL GDR holders' entitlement in a compliant manner, without delay to the effectiveness or implementation of the Scheme. The Resulting Company, the First Demerged Company and/or the Depository shall enter into such further documents and take such further actions as may be necessary or appropriate in this behalf and to enable the actions contemplated herein.

SECTION 5 - ACCOUNTING TREATMENT

30. Accounting treatment in the books of the Demerged Companies

On effectiveness of the Scheme and with effect from the Appointed Date:

- (a) Book value of all assets and liabilities relating to the Madura Undertaking transferred pursuant to this Scheme from the First Demerged Company to the Resulting Company shall be reduced from the total book value of assets and liabilities as appearing in the books of the First Demerged Company at the close of business of the day immediately preceding the Appointed Date;
- (b) Book value of all assets and liabilities relating to the MGL Retail Undertaking transferred pursuant to this Scheme from the Second Demerged Company to the Resulting Company shall be reduced from the total book value of assets and liabilities as appearing in the books of the Second Demerged Company at the close of business of the day immediately preceding the Appointed Date; and

- (c) The excess of book value of assets over book value of liabilities of the Demerged Undertakings, if any, shall be adjusted against the balance in the capital reserve/ general reserve/balance in the statement of profit and loss or the securities premium account of the relevant Demerged Company. In case of a shortfall of book value of assets over book value of liabilities, if any, shall be credited to capital reserve account of the relevant Demerged Company.

31. Accounting treatment in the books of the Resulting Company

On effectiveness of the Scheme and with effect from the Appointed Date:

- (a) the Resulting Company shall record the assets and liabilities of the Madura Undertaking of the First Demerged Company vested in it pursuant to this Scheme, at their respective book values as appearing in the books of the First Demerged Company, at the close of business of the day immediately preceding the Appointed Date;
- (b) the Resulting Company shall record the assets and liabilities of the MGL Retail Undertaking of the Second Demerged Company vested in it pursuant to this Scheme, at their respective book values as appearing in the books of the Second Demerged Company, at the close of business of the day immediately preceding the Appointed Date;
- (c) the Resulting Company shall issue shares to the shareholders of the Demerged Companies as per Clause 19 of this Scheme. These shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to the Resulting Company's share capital account; and
- (d) the difference, if any, between the value of assets and value of liabilities pertaining to the Demerged Undertakings, after adjusting the amount credited as share capital as per Clause 31(c), shall be treated as goodwill, in case of a debit balance and capital reserve in case of a credit balance.

PART III – AUTHORISED SHARE CAPITAL AND NAME OF THE RESULTING COMPANY

32. Authorized share capital of the Resulting Company

32.1. As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the authorised share capital of the Resulting Company shall automatically stand increased, without any further act, instrument or deed on the part of the Resulting Company, such that upon the effectiveness of the Scheme the authorised share capital of the Resulting Company shall be Rs. 1,010,15,00,000 (Rupees One Thousand Ten Crore Fifteen Lakhs only), without any further act or deed. The capital clause of the Memorandum of Association of the Resulting Company shall, upon the coming into effect of this Scheme and without any further act or deed, be replaced by the following clause:

MEMORANDUM OF ASSOCIATION

“The Authorised Share Capital of the Company is Rs. 1,010,15,00,000 (Rupees One Thousand Ten Crore Fifteen Lakhs only) divided into 100,00,00,000 (one hundred crores) Equity Shares of Rs. 10/- each amounting to Rs. 1,000,00,00,000 (Rupees One Thousand Crores Only), 8% 1,00,00,000 (One Crore) Redeemable Cumulative Preference Shares of Rs. 10/- (Rupees Ten Only) each amounting to Rs. 10,00,00,000/- (Rupees Ten Crore only) and 15,000 (Fifteen Thousand) Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred only) each amounting to Rs. 15,00,000/- (Rupees Fifteen Lakhs) and with a power to increase or reduce the capital of the Company in accordance with the provisions of the Companies Act, 1956 and to classify or reclassify the Share Capital.”

32.2. It is hereby clarified that for the purposes of Clause 32, the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for amendment of the Memorandum of Association of the Resulting Company and no further resolutions under the applicable provisions of the Act would be required to be separately passed.

32.3. Pursuant to this Scheme, the Resulting Company shall file the requisite forms with the registrar of companies for alteration of its authorised share capital.

33. Change in Name of the Resulting Company

33.1. As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the name of the Resulting Company shall stand changed to “Aditya Birla Fashion and Retail Limited” or such other name as may be decided by its Board of Directors or a committee thereof and approved by the concerned registrar of companies. Further, the present name of “Pantaloons Fashion & Retail Limited” wherever it occurs in its Memorandum and Articles of Association be substituted by such name.

33.2. It is hereby clarified that for the purposes of Clause 33, the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for change of name of the Resulting Company and no further resolutions under the applicable provisions of the Act would be required to be separately passed.

33.3. Pursuant to this Scheme, the Resulting Company shall file the requisite forms with the registrar of companies for such change in name.

PART IV – GENERAL TERMS AND CONDITIONS

The provisions of this Part shall be applicable to Part II and Part III of this Scheme.

34. Applications

- (i) The Companies shall make necessary applications before the jurisdictional High Courts for the sanction of this Scheme under Sections 391-394 of the Act.
- (ii) The Resulting Company shall be entitled, pending the effectiveness of the Scheme, to apply to any Governmental Authority, if required, under any Law for such consents and approvals which the Resulting Company may require to carry on the business transferred to it pursuant to this Scheme.

35. Modifications to the Scheme

35.1. The Companies (by their respective Board of Directors), may jointly and as mutually agreed in writing:

- (i) in their full and absolute discretion, assent to any alteration(s) or modification(s) to this Scheme which a High Court may deem fit to approve or impose, and/or effect any other modification or amendment jointly and mutually agreed in writing, including, without limitation, any modifications to the accounting treatment set out in the Scheme due to any change in regulatory or compliance requirements being made applicable to the Companies or to the matters set forth in this Scheme, and to do all acts, deeds and things as may be necessary, desirable or expedient for the purposes of this Scheme;
- (ii) to give such directions (acting jointly) as may be mutually agreed in writing as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the respective companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those (to the extent permissible under Law);
- (iii) in their full and absolute discretion and by mutual agreement in writing, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time; and
- (iv) to determine jointly by mutual agreement in writing whether any asset, liability, employee, legal or other proceedings pertains to the Madura Undertaking, MGL Retail Undertaking, or not, on the basis of any evidence that they may deem relevant for this purpose.

35.2. Any modification to the Scheme by the Demerged Companies and/or the Resulting Company, after receipt of sanction by the High Courts, shall be made only with the prior approval of the High Courts.

36. Scheme as an integral whole and Severability

- (i) The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise by the respective Board of Directors of the Companies.
- (ii) 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 Companies in writing, affect the validity or implementation of the other parts and/or provisions of this Scheme.

37. Dividends

- (i) The Demerged Companies and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the period prior to the Effective Date. The shareholders of the Demerged Companies shall not be entitled to dividend, if any, declared and paid by the Resulting Company to its shareholders for the accounting period prior to the Appointed Date.
- (ii) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of a Company to demand or claim any dividends from such Company which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of such Company, and subject to the approval, if required, of the shareholders of such Company.

38. Scheme conditional on

The coming into effect of this Scheme is conditional upon and subject to:

- (i) this Scheme being approved by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Companies as required under the Act and the requisite orders of the High Courts, or dispensation having been received from the High Courts in relation to obtaining such approval from the members and/or creditors;
- (ii) this Scheme being approved by the majority of the public shareholders of the First Demerged Company (by way of voting through postal ballot and e-voting) as required under the Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 on "Scheme of Arrangement under the Companies Act, 1956 – Revised requirements for the Stock Exchanges and Listed Companies" read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 issued by the Securities Exchange Board of India (collectively, "SEBI Scheme Circulars"), i.e. the votes cast by public shareholders in favour of the resolution are more than the number of votes cast by public shareholders against it;

- (iii) this Scheme being approved by the majority of the public shareholders of the Resulting Company (by way of voting through postal ballot and e-voting) as required under the SEBI Scheme Circulars, i.e. the votes cast by public shareholders of the Resulting Company in favour of the resolution are more than the number of votes cast by public shareholders against it;
- (iv) the High Courts having accorded their sanction to the Scheme;
- (v) the certified copies of the orders of the High Courts approving this Scheme being filed with the jurisdictional registrar of companies;
- (vi) post-sanction approval of the Securities and Exchange Board of India in terms of the SEBI Scheme Circulars being obtained, if applicable; and
- (vii) such approvals and sanctions including sanction of any Governmental Authority as may be required by Law in respect of the Scheme being obtained.

39. Long Stop Date

In the event of this Scheme does not come into effect by May 31, 2016 or by such later date as may be agreed by the respective Board of Directors of the Companies, this Scheme shall stand revoked, cancelled and be of no effect and 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 their shareholders or creditors or employees or any other person. In such case each party shall bear its own costs, charges and expenses or shall bear costs, charges and expenses as may be otherwise mutually agreed.

40. Reconstruction of accounts

Upon this Scheme becoming effective, the accounts of the Resulting Company, as on the Appointed Date, shall be reconstructed in accordance with and pursuant to the terms of this Scheme.

41. Taxes

41.1. All taxes (including income tax, sales tax, excise duty, custom duty, service tax, VAT, etc.) paid or payable by the Demerged Companies in respect of the operations and/or the profits of the respective Demerged Undertakings before the Appointed Date, shall be on account of the Demerged Companies and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, custom duty, service tax, VAT, etc.), including payment by way of deduction at source, by the Demerged Companies in respect of the profits or activities or operation of the respective Demerged Undertakings after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company (except as specifically provided in relation to the ABNL Remaining Business) and shall, in all proceedings, be dealt with accordingly.

41.2. The Resulting Company and Demerged Companies shall be entitled to file/revise their income tax returns, TDS certificates, TDS returns, wealth tax returns and other statutory returns, if required, and shall have the right to claim refunds, credit of tax deducted at source, credit of foreign taxes paid/ withheld etc., if any (except as specifically provided in relation to the ABNL Remaining Business), as may be required consequent to implementation of this Scheme.

42. Costs

Subject to Clause 39 above:

- (a) each party shall bear its own costs, charges, levies and expenses in relation to or in connection with or incidental to this Scheme until the date of sanction of this Scheme by the later of the two High Courts; and
- (b) upon the sanction of this Scheme by the High Courts, all costs, charges and expenses (including, but not limited to, stamp duty, registration charges, etc) in relation to the Demergers shall be borne by the Resulting Company.

DCS/AMAL/PS/24(f)/77/2015-16

June 26, 2015

The Company Secretary,
Aditya Birla Nuvo Limited
 Indian Rayon Compound,
 Veraval, Gujarat - 362266.

Sub: Observation letter regarding the Draft Scheme of Arrangement between Pantaloons Fashion & Retail Ltd, Madura Garments Lifestyle Retail Company Ltd and Aditya Birla Nuvo Ltd.

We are in receipt of Draft Scheme of Arrangement between Pantaloons Fashion & Retail Ltd, Madura Garments Lifestyle Retail Company Ltd and Aditya Birla Nuvo Ltd

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI vide its letter June 26, 2015 has inter alia given the following comment(s) on the draft scheme of arrangement:

- *"Stock exchanges to ensure compliance with Para 7, 5.16(a) of SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 by Pantaloons Fashion & Retail Ltd and Aditya Birla Nuvo Ltd"*
- *"Company shall duly comply with various provisions of the Circulars."*

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To ensure the compliance of the requirement as stated above.
- To comply with provisions of Circulars

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

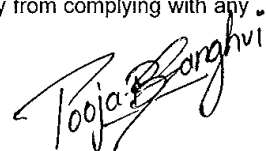
- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e. Status of compliance with the Observation Letter/s of the stock exchanges;
- f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable;
- g. Complaints Report as per Annexure II of this Circular.
- h. Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,


 Nitin Pujari
 Manager


 Pooja Sanghvi
 Asst. Manager

Ref: NSE/LIST/31535

June 26, 2015

The Company Secretary
Aditya Birla Nuvo Limited,
A-4, Aditya Birla Centre,
S K Ahire Marg,
Worli,
Mumbai - 400030

Kind Attn.: Mr. Ashok Malu

Dear Sir,

Sub: Observation letter for draft Composite Scheme of Arrangement amongst Aditya Birla Nuvo Limited and Madura Garments Lifestyle Retail Company Limited and Pantaloons Fashion & Retail Limited and their respective shareholders and creditors.

This has reference to draft Composite Scheme of Arrangement amongst Aditya Birla Nuvo Limited (“First Demerged Company”) and Madura Garments Lifestyle Retail Company Limited (Second Demerged Company”) and Pantaloons Fashion & Retail Limited (Resulting Company”) and their respective shareholders and creditors submitted to NSE vide your letter dated May 15, 2015.

Based on our letter reference no Ref: NSE/LIST/31194 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013, SEBI has vide letter dated June 26, 2015, has given following comments on the draft Scheme of Arrangement:

“a) Pantaloons Fashion & Retail Limited and Aditya Birla Nuvo Limited to ensure compliance with Para 7, 5.16 (a) of SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013.

b) The Company shall duly comply with various provisions of the Circulars.”

We hereby convey our ‘No-objection’ with limited reference to those matters having a bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Companies to file the Scheme with Hon’ble High Court.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.



The validity of this “Observation Letter” shall be six months from June 26, 2015, within which the Scheme shall be submitted to the Hon’ble High Court. Further pursuant to the above cited SEBI circulars upon sanction of the Scheme by the Hon’ble High Court, you shall submit to NSE the following:

- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013.

Yours faithfully,
For National Stock Exchange of India Limited

Radhika Ropalekar
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL
http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed



Signer : Radhika Pranav Ropalekar
Date: Fri, Jun 26, 2015 18:35:30 GMT+05:30
Location: NSE

Complaint Report as on 11th June, 2015

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Nil
5.	Number of complaints pending	Nil

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not applicable		
2.			
3.			

For Aditya Birla Nuvo Limited

Ashok Malu
Ashok Malu
Company Secretary

Place Mumbai
Date 12th June, 2015



Aditya Birla Nuvo Ltd.
Corporate Finance Division
Aditya Birla Centre, 'A' Wing, 4th Floor,
Ahire Marg, Worli, Mumbai 400 030. India

Telephone +91 22 66525000, 24995000
Fax +91 22 66525821, 24995821
E-mail nuvo.cfd@adityabirla.com

Website www.adityabirlanuvo.com
www.adityabirla.com
CIN L17199GJ1956PLC001107

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

COMPANY APPLICATION NO. 200 OF 2015

In the matter of the Companies Act, 1956;

-And-

In the matter of application under Sections 391 and 394 and other relevant provisions of the Companies Act, 1956 and the Companies Act, 2013;

-And-

In the matter of Composite Scheme of Arrangement amongst Aditya Birla Nuvo Limited and Madura Garments Lifestyle Retail Company Limited and Pantaloons Fashion & Retail Limited and their respective shareholders and creditors

Aditya Birla Nuvo Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Indian Rayon Compound, Veraval, Gujarat – 362266, India

...Applicant Company / First Demerged Company

FORM OF PROXY

I/We, _____, the undersigned secured creditor of Aditya Birla Nuvo Limited, the Applicant Company, do hereby appoint Mr./ Ms. _____ of _____ and failing him/her Mr./ Ms. _____ of _____ as my/our proxy, to act for me/us at the Court convened meeting of the secured creditors of the Applicant Company to be held on Tuesday, the 8th day of September, 2015 at the Club Auditorium within Indian Rayon Compound, Veraval, Gujarat – 362266, India at 2:00 p.m. (14.00 hours), for the purpose of considering and, if thought fit, approving, with or without modification, the Composite Scheme of Arrangement amongst, the First Demerged Company and Madura Garments Lifestyle Retail Company Limited and Pantaloons Fashion & Retail Limited and their respective shareholders and creditors (the "Scheme") and at such meeting and at any adjournment or adjournments thereof, to vote, for me/us and in my/our name _____ (here, 'if for', insert 'FOR'; 'if against', insert 'AGAINST', and in the latter case, strike out the words "either with or without modification" after the word 'Scheme') the said Scheme, either with or without modification*, as my/our proxy may approve.

* Strike out what is not necessary.

Dated this _____ day of _____ 2015

Name: _____

Address: _____



(Signature)

Signature of Secured creditor : _____

Signature of Proxy: _____

NOTES:

- 1. Proxy need not be a creditor.
2. Alterations, if any, made in the Form of Proxy should be initialled.
3. Proxy must be deposited at the registered office of the Applicant Company at Indian Rayon Compound, Veraval, Gujarat - 362 266, India, not later than FORTY EIGHT hours before the scheduled time of the commencement of the said meeting.
4. In case of multiple proxies, the proxy later in time shall be accepted.

ADITYA BIRLA



ADITYA BIRLA NUVO LIMITED

Registered office: Indian Rayon Compound, Veraval, - 362 266, Gujarat

CIN: L17199GJ1956PLC001107

Tel: 91-2876-245711; e-mail: abnlsecretarial@adityabirla.com; website: www.adityabirlanuvo.com

Attendance Slip

NOTE: Secured Creditors attending the meeting in Person or by Proxy or through Authorised Representative are requested to complete and bring the Attendance Slip with them and hand it over at the entrance of the meeting hall.

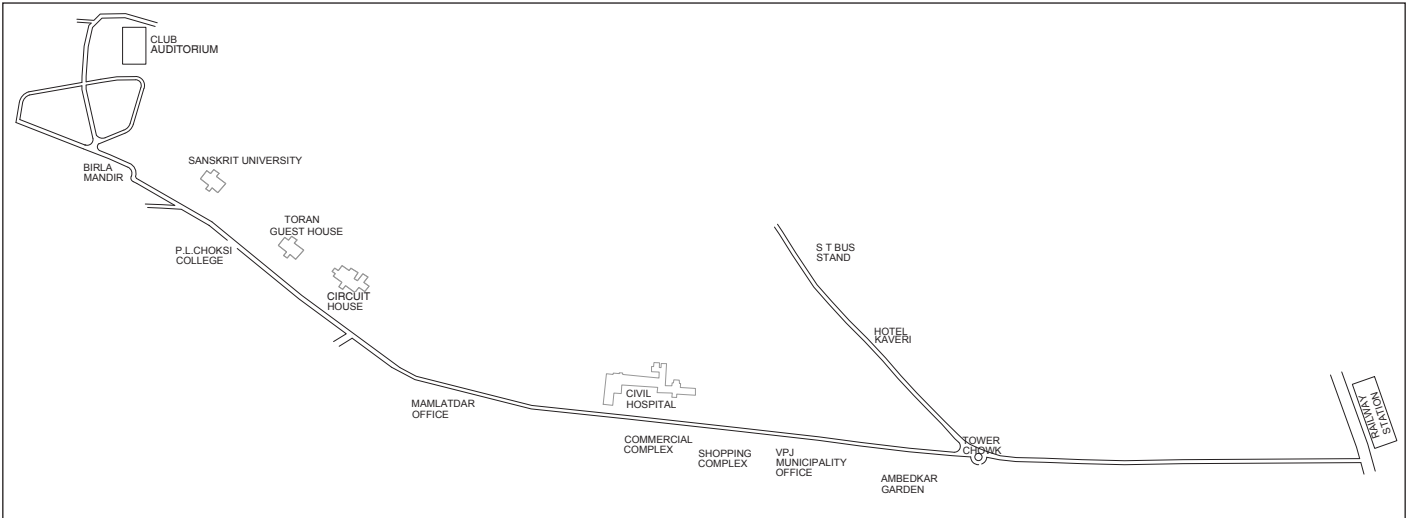
I hereby record my presence at the meeting of the Secured Creditors of the Company, convened pursuant to the Order dated 7th July, 2015 of the High Court of Gujarat at Ahmedabad, at the Club Auditorium within Indian Rayon Compound, Veraval, Gujarat – 362 266, on Tuesday, the 8th day of September, 2015 at 2.00 p.m. (14.00 hours).

Name and Address of
the Secured Creditor
(in block letters)

: _____

Signature of Secured Creditor / Proxy:

ROUTE MAP TO THE VENUE



ADITYA BIRLA**UNSECURED
CREDITOR****ADITYA BIRLA NUVO LIMITED**

Registered Office : Indian Rayon Compound, Veraval, Gujarat - 362 266, India
Tel No : 91-2876-245711
Fax No: : 91-2876-243220
CIN : L17199GJ1956PLC001107
Website : www.adityabirlanuvo.com
E-mail : abnlsecretarial@adityabirla.com

COURT CONVENED MEETING OF THE UNSECURED CREDITORS

Day : Tuesday
Date : September 8, 2015
Time : 3.00 p.m. (1500 hours) or soon after the conclusion of the meeting of the secured creditors of Aditya Birla Nuvo Limited (whichever is later)
Venue : Club Auditorium within Indian Rayon Compound, Veraval, Gujarat – 362 266, India

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IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
(ORDINARY ORIGINAL JURISDICTION)
COMPANY APPLICATION NO. 200 of 2015

In the matter of the Companies Act, 1956;

And

In the matter of Sections 391 and 394 and other relevant provisions of the Companies Act, 1956 and the Companies Act, 2013;

And

In the matter of Aditya Birla Nuvo Limited;

And

In the matter of the Composite Scheme of Arrangement amongst Aditya Birla Nuvo Limited and Madura Garments Lifestyle Retail Company Limited and Pantaloons Fashion & Retail Limited and their respective shareholders and creditors;

Aditya Birla Nuvo Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Indian Rayon Compound, Veraval, Gujarat - 362266, India

...Applicant Company/ First Demerged Company

NOTICE CONVENING MEETING OF THE UNSECURED CREDITORS OF THE FIRST DEMERGED COMPANY

To

The Unsecured Creditors of Aditya Birla Nuvo Limited (the “Applicant Company” or “First Demerged Company”)

TAKE NOTICE that by an order made on the 7th day of July, 2015, in the abovementioned Company Application (the “**Order**”), the Hon’ble High Court of Gujarat at Ahmedabad has directed that a meeting of the unsecured creditors of the Applicant Company be convened and held at the registered office of the Applicant Company at the Club Auditorium within Indian Rayon Compound, Veraval, Gujarat – 362 266, India on Tuesday, the 8th day of September, 2015 at 3.00 p.m. (1500 hours) for the purpose of considering, and if thought fit, approving, with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement amongst the Applicant Company and Madura Garments Lifestyle Retail Company Limited and Pantaloons Fashion & Retail Limited and their respective shareholders and creditors by passing the following resolutions, with or without modifications:

“RESOLVED THAT pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and/or under the corresponding provisions of the Companies Act, 2013, the rules, circulars and notifications made thereunder (including any statutory modification or re-enactment thereof) as may be applicable, the Securities and Exchange Board of India Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, the observation letters issued by each of the BSE Limited and the National Stock Exchange of India Limited, both dated June 26, 2015, and relevant provisions of applicable laws, and subject to the approval of the High Court of Gujarat at Ahmedabad and the High Court of Judicature at Bombay, the Composite Scheme of Arrangement (the “**Composite Scheme**”), amongst (i) Aditya Birla Nuvo Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at Indian Rayon Compound, Veraval, Gujarat – 362 266, India (the “**First Demerged Company**”) and (ii) Madura Garments Lifestyle Retail Company Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at Indian Rayon Compound, Veraval, Gujarat – 362 266, India (the “**Second Demerged Company**”) and (iii) Pantaloons Fashion & Retail Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at 701-704, 7th Floor, Skyline Icon Business Park, 86-92 Off A. K. Road, Marol Village, Andheri East, Mumbai – 400059, Maharashtra, India (the “**Resulting Company**”) and their respective shareholders and creditors, be and is hereby approved and agreed to, with/without any modifications and/or conditions, if any, which may be required and/or imposed and/or permitted by the High Court of Gujarat at Ahmedabad and/or the High Court of Judicature at Bombay while sanctioning the Composite Scheme, or by any other authorities under applicable law.

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, the Board of Directors of the First Demerged Company (herein referred to as the “**Board**”, which term shall deem to include any committee or any person(s) which the Board may nominate or constitute to exercise its powers, including the powers conferred under this resolution), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper, and to settle any questions or difficulties or doubts that may arise, including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary to give effect to the above resolution, or to carry out such modifications/directions as may be required and/or imposed and/or permitted by the High Court of Gujarat at Ahmedabad and/or the High Court of Judicature at Bombay while sanctioning the Composite Scheme, or by any other authorities under applicable law.”

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the unsecured creditors of the First Demerged Company will be held at the registered office of the Applicant Company at the Club Auditorium within Indian Rayon Compound, Veraval, Gujarat – 362 266, India on Tuesday, the 8th day of September, 2015 at 3.00 p.m. (1500 hours), at which place, day, date and time you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorised representative, is deposited at the registered office of the Applicant Company, at Indian Rayon Compound, Veraval, Gujarat – 362266, India not later than 48 (forty eight) hours before the aforesaid meeting.

The Hon'ble High Court of Gujarat at Ahmedabad has appointed Mr. Lalit Naik, the Managing Director of the Applicant Company, and in his absence, Ms. Tarjani Vakil, the Director of the Applicant Company and in her absence Mr. S.C. Bhargava, the Director of the Applicant Company, to be the Chairman of the said meeting or at any adjournment(s) thereof.

A copy of each of the Composite Scheme, the Explanatory Statement under Section 393 of the Companies Act, 1956 read with Section 102 of the Companies Act, 2013, the other enclosures as indicated hereinabove, the Form of Proxy and Attendance Slip are enclosed.

**Sd/-
Lalit Naik
Chairman appointed for the meeting**

Place: Mumbai

Dated this 27th day of July, 2015

CIN: L17199GJ1956PLC001107

Registered Office:

Indian Rayon Compound,

Veraval,

Gujarat – 362 266, India

E-Mail - abnlsecretarial@adityabirla.com

Notes:

1. Only unsecured creditor of the Applicant Company may attend and vote (either in person or by proxy) at the said unsecured creditors meeting. An unsecured creditor of the Applicant Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and **such proxy need not be an unsecured creditor of the Applicant Company.**
2. The authorized representative of a body corporate which is an unsecured creditor of the Applicant Company may attend and vote at the meeting, provided a certified copy of the resolution of the board of directors or other governing body of the body corporate, under Section 113 of the Companies Act, 2013, authorizing such representative to attend and vote at the meeting on behalf of such body corporate is deposited at the registered office of the Applicant Company not later than 48 (forty eight) hours before the time fixed for the meeting.
3. All alterations made in the form of proxy should be initialled.
4. An unsecured creditor or his/her proxy is requested to bring a copy of the notice to the meeting, and produce at the entrance of the meeting venue, the attendance slip duly completed and signed.

Encl: As above

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
(ORDINARY ORIGINAL JURISDICTION)
COMPANY APPLICATION NO. 200 of 2015

In the matter of the Companies Act, 1956;

And

In the matter under Sections 391 and 394 and other relevant provisions of the Companies Act, 1956 and the Companies Act, 2013;

And

In the matter of Aditya Birla Nuvo Limited;

And

In the matter of Composite Scheme of Arrangement amongst Aditya Birla Nuvo Limited and Madura Garments Lifestyle Retail Company Limited and Pantaloons Fashion & Retail Limited and their respective shareholders and creditors;

Aditya Birla Nuvo Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Indian Rayon Compound, Veraval, Gujarat – 362266, India

...Applicant Company/ First Demerged Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956 READ WITH SECTION 102 OF THE COMPANIES ACT, 2013 TO THE NOTICE OF THE COURT CONVENED MEETING OF THE UNSECURED CREDITORS OF ADITYA BIRLA NUVO LIMITED

1. Pursuant to an order dated July 7, 2015, passed by the Hon'ble High Court of Gujarat at Ahmedabad, in Company Application No. 200 of 2015 ("**Order**"), a meeting ("**Court Convened Meeting**") of the unsecured creditors of Aditya Birla Nuvo Limited (the "**Applicant Company**" or "**First Demerged Company**") is being convened at the registered office of the Applicant Company at the Club Auditorium within Indian Rayon Compound, Veraval, Gujarat – 362 266, India on Tuesday, September 8, 2015 at 3.00 p.m. (1500 hours) for the purpose of considering, and if thought fit, approving, with or without modification, the Composite Scheme of Arrangement amongst, the First Demerged Company and Madura Garments Lifestyle Retail Company Limited, a company incorporated under the provisions of the Companies Act, 1956 (the "**Act**") and having its registered office at Indian Rayon Compound, Veraval, Gujarat – 362266 (the "**Second Demerged Company**") and Pantaloons Fashion & Retail Limited, a public limited company incorporated under the provisions of the Act, and having its registered office at 701-704, 7th Floor, Skyline Icon Business Park, 86-92 Off A. K. Road, Marol Village, Andheri East, Mumbai – 400059, Maharashtra, India (the "**Resulting Company**") and their respective shareholders and creditors (the "**Composite Scheme**") *inter alia* providing for the transfer by way of a demerger on a going concern basis of: (i) the Madura Undertaking (as defined below) of the First Demerged Company to the Resulting Company, (ii) the MGL Retail Undertaking (as defined below) of the Second Demerged Company to the Resulting Company, and (iii) various other matters consequential or integrally connected therewith, including the reorganisation of the share capital of the Resulting Company. A copy of the Composite Scheme which has been, *inter alia*, approved by the Audit Committee and the Board of Directors of the First Demerged Company at their respective meetings held on May 3, 2015, is enclosed as **Annexure 1**. The proposed Composite Scheme is deemed to form part of this statement.
2. In terms of the said Order, the quorum for the Court Convened Meeting of the unsecured creditors shall be 5 (five) creditors present in person.
3. Further in terms of the said Order, the High Court of Gujarat at Ahmedabad, has appointed Mr. Lalit Naik, the Managing Director of the Applicant Company, and in his absence, Ms. Tarjani Vakil, the Director of the Applicant Company and in her absence Mr. S.C. Bhargava, the Director of the Applicant Company, as the chairman for the purposes of the Court Convened Meeting.
4. This statement explaining the terms of the Composite Scheme is being furnished as required under Section 393 of the Act, read with Section 102 of the Companies Act, 2013.
5. In terms of the Order dated July 7, 2015, passed by the High Court of Gujarat at Ahmedabad, in Company Application No. 200 of 2015, if the entries in the books/registers of the First Demerged Company in relation to the value of the unsecured creditors are disputed, the Chairman shall determine the value for the purposes of the Court Convened Meeting and his decision in that behalf shall be final.

Particulars of the First Demerged Company

6. The First Demerged Company, was incorporated under the provisions of the Act on September 26, 1956 in the State of Maharashtra in the name of The Indian Rayon Corporation Limited. The registered office of the First Demerged Company was shifted from the State of Maharashtra to the State of Gujarat with effect from December 13, 1961. The name of the First

Demerged Company was changed to Indian Rayon And Industries Limited vide a certificate dated January 23, 1987 and was further changed to Aditya Birla Nuvo Limited vide a certificate dated October 27, 2005. The equity shares of the First Demerged Company are listed on the BSE Limited and National Stock Exchange of India Limited. The global depository receipts representing the underlying equity shares of the First Demerged Company are listed on the Luxembourg Stock Exchange.

7. The First Demerged Company has its registered office at Indian Rayon Compound, Veraval, Gujarat – 362 266, India.
8. The authorized, issued, subscribed and paid-up share capital of the First Demerged Company as on June 30, 2015 was as follows:

Share Capital	Amount in Rs.
Authorised Capital	
<u>Equity</u> 175,000,000 equity shares of Rs. 10 each	1,750,000,000
<u>Preference</u> 500,000 6% redeemable cumulative preference shares of Rs. 100 each	50,000,000
Total	1,800,000,000
Issued Share Capital	
<u>Equity</u> 130,279,180 equity shares of Rs. 10 each*	1,302,791,800
Total	1,302,791,800
Subscribed and Paid-up Share Capital	
<u>Equity</u> 130,142,326 equity shares of Rs. 10 each*	1,301,423,260
Total	1,301,423,260

* includes 3,165,126 equity shares represented by GDRs (as defined in the Composite Scheme)

9. Employee Stock Options and Stock Appreciation Rights:

The Applicant Company has outstanding employee and restricted stock units the exercise of which, before the effective date of the Composite Scheme, would result in an increase in the issued and paid-up equity share capital of the Applicant Company.

10. Subsequent to June 30, 2015 there has been no material change in the share capital of the First Demerged Company.
11. The objects of the First Demerged Company are set out in its Memorandum of Association. The First Demerged Company is a diversified conglomerate with various business interests including manufacturing of fertilizers, viscose filament yarn, insulators etc., financial services, telecom and fashion & lifestyle. Some of the objects of the First Demerged Company, *inter alia*, along with serial numbers as stated in the Memorandum of Association, are set out hereunder:

III.

- (1) *To carry on the business of manufacturing, buying, selling, importing, exporting, distributing, processing, exchanging, converting, altering, twisting or otherwise handling or dealing in cellulose, viscose rayon yarns and fibres, synthetic fibres and yarns, staple fibre yarns and such other fibres or fibrous materials, transparent paper and auxiliary chemical products, allied products, by-products or substances or substitutes for all or any of them or yarn or yarns for textile or other use as the Company may deem necessary expedient or practicable.*
- (2) *To convert, treat or turn to account by any process or method of manufacture, chemical, synthetic or otherwise, or in any other manner, timber, wood, cotton, linters, droppings, fly, cotton waste, cotton seeds, bamboo, grass straw, jute, jute sticks, seisal fibre, flax hemp, hessian gunnies, sugarcane, bagasse, leather, asbestos, rags, waste paper, water hyacinth or any kind of pulp or other substances prepared from these or from other vegetables, minerals, chemicals or any other substances and prepare, manufacture, cut, spin, weave or knit, fibre, fibres or fibrous materials, filament, yarn, cords, cloth whether grey, bleached, unbleached, dyed, printed, knitted, knotted, looped, creeped, crinkled or felt and such other fabrics and things as may be practicable or deemed expedient.*
- (4) *To gin, card, comb, scour, mix, cut, spin, process, twist, throw, reel, weave, knit, print, bleach dye or finish, rayon, stable fibre, stable fibre yarn, raw silk, silk yarns, waste silks, cotton, flax, jute, hemp, wool, hessian, linen or other textile and textile fibres and carry on any other operations of whatever kind and nature, in relation thereto.*
- (6) *To carry on the business of manufacturers of and dealers in chemicals of any nature and kind whatsoever and as wholesale or retail chemists, druggists, analytical or pharmaceutical chemists, dry salters, oil and colour men, importers, exporters and manufacturers of and dealers in heavy chemicals, alkalies, acids, drugs, tannins, essences, pharmaceutical, sizing, medicinal, chemical, industrials and other preparations and articles of any nature and kind whatsoever, mineral and other water soaps, cements, oils, fats, paints, varnishes, compounds drugs, dyestuffs – organic or mineral – intermediates, paints and colour grinders, makers of and dealers in proprietary articles of all kinds and of electrical chemical, photographic surgical and scientific apparatus and materials and to manufacture, refine, manipulate import and deal in salts and marine minerals and their derivatives, by-products and compounds of any nature and kind whatsoever.*
- (30E) *To carry on trade or business in India or elsewhere of manufacturing, producing, preparing, fertilizers, of all types, heavy chemicals and their by-products and derivatives and mixtures thereof.*

- (30F) To carry on in India or in any part of the world, the business of processing, converting, producing, manufacturing, formulating, using, buying, acquiring, storing, packaging, selling, transporting, distributing, importing, exporting and disposing all types of fertilizers, chemicals, heavy chemicals, bio-chemicals, acids, alkalis, agro-chemicals and their by-products, derivatives and mixtures thereof, applications in bio-technology, maintaining and rendering assistance and services of all and every kind of any description for selling, exchanging, altering, improving and dealing in artificial and other fertilizers, heavy chemicals, agro-chemicals and their by-products of every description.
- (30G) To carry business as an Investment Company and to underwrite and sub-underwrite, to invest in with or without interest or security and acquire by gift or otherwise and hold, sell, buy or otherwise deal in shares, debentures, debenture stocks, bonds, units obligations and securities issued or guaranteed by Indian or Foreign Governments, States, Dominions, Sovereigns, Municipalities or Public Authorities or bodies and shares, stocks, debentures, debenture stock, bonds, obligations and securities issued and guaranteed by any company, corporation, firm or person whether incorporated or established in India or elsewhere and to manage shares, stocks, securities, finance subject to necessary Government approval and to deal with and turn to account the same, however the Company shall not carry or ay Chit fund activities or business of banking or insurance within the Banking Regulation Act, 1949 or the Insurance Act.
- (30H) To finance the Industrial Enterprises and to provide venture capital, seed capital, loan capital and to participate in equity / preference share capital or to give guarantees on behalf of the company in the matter and to promote companies engaged in industrial and Trading Business and to act as Financial consultants, brokers, underwrites, promoters dealers, agents and to carry on the business of share broking and general brokers for shares, debentures, debenture-stocks bond, Units, obligations, securities, commodities, bullion currencies and to manage the funds of any person or company by investment in various avenues like Growth Fund, income Fund, Risk Fund, Tax Exempt Fund, Pension / Superannuation Funds and to pass on the benefits of portfolio investments to the investors as dividends, bonus, interest, etc and to provide a complete range of personal financial services like investment planning, estate planning, tax planning, portfolio management, consultancy / counseling service in various fields, general administrative, commercial financial, legal, economic, labour, industrial public relations, scientific technical direct and indirect taxation and other levies, statistical, accountant, quality control, data processing by acquiring/ purchasing sophisticated office machineries such as computers, tabulators, addressing machines etc.

Particulars of the Second Demerged Company

12. The Second Demerged Company, was incorporated under the provisions of the Act on May 1, 2007 in the state of Karnataka in the name of Madura Garments Lifestyle Retail Company Limited. The place of the registered office of the Second Demerged Company was subsequently changed to the state of Gujarat vide a certificate dated November 18, 2009. The Corporate Identification Number of the Second Demerged Company is U18101GJ2007PLC058604.
13. The Second Demerged Company has its registered office at Indian Rayon Compound, Veraval, Gujarat – 362266, India. The Second Demerged Company is a wholly owned subsidiary of the First Demerged Company and is *inter alia* engaged in the businesses of apparel retail and holding of investments.
14. The authorized, issued, subscribed and paid-up share capital of the Second Demerged Company as on June 30, 2015 is as follows:

Share Capital	Amount in Rs.
Authorized Share Capital	
<u>Equity</u> 270,000,000 equity shares of Rs. 10 each	2,700,000,000
<u>Preference</u> 10,000,000 8% redeemable cumulative preference shares of Rs. 10 each	100,000,000
Total	2,800,000,000
Issued, Subscribed and Paid-up Share Capital	
<u>Equity</u> 190,065,361 equity shares of Rs. 10 each	1,900,653,610
<u>Preference</u> 10,000,000 8% redeemable cumulative preference shares of Rs. 10 each	100,000,000
Total	2,000,653,610

Subsequent to June 30, 2015 there has been no material change in the share capital of the Second Demerged Company.

15. The objects of the Second Demerged Company are set out in its Memorandum of Association. The Second Demerged Company is engaged in the businesses of apparel retail and holding of investments. Some of the objects of the Second Demerged Company, *inter alia*, along with serial numbers as stated in the Memorandum of Association, are set out hereunder:

III. (A)

- 1) To carry on India and elsewhere in any place or places in the world the trade or the business of manufacturers, exporters, importers, traders, dealers, merchants, shippers, indentors, distributors, wholesalers, retailers, shopkeepers, hirers,

commission agents, mucedums, brokers, stockists, mercantile agents, forwarding agents, warehousemen, in all types of fabrics, cotton, knitted, dyed, processed wool, jute, hemp, silk, nylon and allied materials and articles, textile of all kinds, ready to wear garments, non wearables, and made up of all kinds, makers and tailors of all kinds of industrial/domestic wearing/non-wearing apparels, linen, carpets and rugs, straps, tapes, ribbon, elastic braids and labels and as ginner, pressers, packers, calendars, spinners, weavers, bleachers, dyers, combers and traders of cotton, wool, silk, nylon, synthetic, man-made fibre, flax, hemp, jute and other fibrous substances whether textile, felted, netted or looped and of waste materials and cotton seeds and to run spinning, weaving, pressing, ginning and processing or manufacturing mills, dyeing, printing and bleaching factories and carry on all the above business in all or any of their respective branches.

- 2) To manufacture, buy, sell, import, export, refine, manipulate or otherwise deal in textiles and piece-goods of all kinds, yarn, threads, silks and art silks, cotton, woollens, nylon, synthetic, man-made and allied materials, rayons and fabrics of all kinds, woven/non-woven cloths, industrial cloth, oil-cloth, leather cloths, Hessians, jute cloths, man-made fibres including regenerated cellulose-rayons, nylon and the like, textile auxiliaries, and sizing materials including starch.
- 3) To offer one stop solution for sale, purchase, export, import, and the like, of Garments, fashion clothes, fashion products, life style products, apparels, general merchandise etc.

Particulars of the Resulting Company

16. The Resulting Company, was incorporated under the Act on April 19, 2007, in the state of Karnataka in the name of Peter England Fashions and Retail Limited. The place of the registered office of the Resulting Company was subsequently changed to the state of Gujarat vide a certificate dated November 18, 2009 and thereafter to the State of Maharashtra vide a certificate dated July 31, 2012. The name of the Resulting Company was subsequently changed to its present name, Pantaloons Fashion & Retail Limited, vide a certificate dated April 23, 2013. The equity shares of the Resulting Company are listed on the BSE Limited and National Stock Exchange of India Limited. The Resulting Company is a subsidiary of Indigold Trade & Services Limited which in turn is a wholly owned subsidiary of the First Demerged Company. The corporate identification Number of the Resulting Company is L18101MH2007PLC233901.
17. The registered office of the Resulting Company is situated at 701-704, 7th Floor, Skyline Icon Business Park, 86-92 Off A. K. Road, Marol Village, Andheri East, Mumbai – 400059, Maharashtra, India.
18. The Resulting Company is engaged in the business of apparel retail.
19. The authorized, issued, subscribed and paid-up share capital of the Resulting Company as on June 30, 2015 is as under:

Share Capital	Amount in Rs.
Authorised Capital	
<u>Equity Shares</u> 150,000,000 equity shares of Rs. 10 each	1,500,000,000
<u>Preference Shares</u> 10,000,000 8% redeemable cumulative preference shares of Rs. 10 each	100,000,000
<u>Preference Shares</u> 15,000 6% redeemable cumulative preference shares of Rs. 100 each	1,500,000
Total	1,601,500,000
Issued, Subscribed and Paid-up Share Capital	
<u>Equity Shares</u> 92,793,529 equity shares of Rs. 10 each	927,935,290
<u>Preference Shares</u> 500,000 8% redeemable cumulative preference shares of Rs. 10 each	5,000,000
<u>Preference Shares</u> 500 6% redeemable cumulative preference shares of Rs. 100 each	50,000
Total	932,985,290

Subsequent to June 30, 2015 there has been no material change in the share capital of the Resulting Company.

20. Employee Stock Options and Stock Appreciation Rights:

The Resulting Company has outstanding employee and restricted stock units the exercise of which, before the effective date of the Composite Scheme, would result in an increase in the issued and paid-up equity share capital of the Resulting Company.

21. The objects of the Resulting Company are set out in its Memorandum of Association. The Resulting Company is engaged in the businesses of apparel retail. Some of the objects of the Resulting Company, *inter alia*, along with serial numbers as stated in the Memorandum of Association, are set out hereunder:

III. (A)

- 1) To carry on India and elsewhere in any place or places in the world the trade or the business of manufacturers, exporters, importers, traders, dealers, merchants, shippers, indentors, distributors, wholesalers, retailers, shopkeepers, hirers, commission agents, mucedums, brokers, stockists, mercantile agents, forwarding agents, warehousemen, in all types of fabrics, cotton, knitted, dyed, processed wool, jute, hemp, silk, nylon and allied materials and articles, textile of all kinds,

ready to wear garments, non wearables, and made up of all kinds, makers and tailors of all kinds of industrial/domestic wearing/non-wearing apparels, linen, carpets and rugs, straps, tapes, ribbon, elastic braids and labels and as ginners, pressers, packers, calendars, spinners, weavers, bleachers, dyers, combers and traders of cotton, wool, silk, nylon, synthetic, man-made fibre, flax, hemp, jute and other fibrous substances whether textile, felted, netted or looped and of waste materials and cotton seeds and to run spinning, weaving, pressing, ginning and processing or manufacturing mills, dyeing, printing and bleaching factories and carry on all the above business in all or any of their respective branches.

- 2) To manufacture, buy, sell, import, export, refine, manipulate or otherwise deal in textiles and piece-goods of all kinds, yarn, threads, silks and art silks, cotton, woollens, nylon, synthetic, man-made and allied materials, rayons and fabrics of all kinds, woven/non-woven cloths, industrial cloth, oil-cloth, leather cloths, Hessians, jute cloths, man-made fibres including regenerated cellulose-rayons, nylon and the like, textile auxiliaries, and sizing materials including starch.
- 3) To offer one stop solution for sale, purchase, export, import, and the like, of Garments, fashion clothes, fashion products, life style products, apparels, general merchandise etc.

Description and Rationale for the Composite Scheme

22. The Composite Scheme provides for (i) the transfer by way of a demerger of the Madura Undertaking (as defined below) of the First Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the First Demerged Company; (ii) the transfer by way of a demerger of the MGL Retail Undertaking (as defined below) of the Second Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Second Demerged Company; and (iii) various other matters consequential or integrally connected therewith, including the reorganisation of the share capital of the Resulting Company, pursuant to Sections 391 – 394 and other relevant provisions of the Act (including corresponding provisions of the Companies Act, 2013 as may be applicable) in the manner provided for in the Composite Scheme and in compliance with the provisions of the Income Tax Act, 1961, including Section 2(19AA) thereof.
23. Presently, the apparels businesses of the Aditya Birla group are housed under separate entities including the First Demerged Company, the Second Demerged Company and the Resulting Company. Consolidating the similar businesses of the group within one company would enable the business activities to be carried out with greater focus and specialisation for sustained growth. Each business will also benefit from the potential synergies of combining with the similar and related businesses, thereby resulting in enhancement of shareholder value. Thus, the Composite Scheme is sought to be undertaken to consolidate the apparel retail businesses of the Aditya Birla Group within one company to unlock value and accrue potential synergy benefits for the business arising *inter alia* on account of operational efficiency in matters such as sourcing, infrastructure and information technology.

Corporate Approvals

24. The proposal for the Composite Scheme, including the proposed demerger of the Madura Undertaking of the First Demerged Company into the Resulting Company, was placed before the Audit Committee of the Board of Directors of the First Demerged Company at its meeting held on May 3, 2015. The Audit Committee of the Board of Directors of the First Demerged Company took into account the joint valuation report, dated May 3, 2015, issued by Bansi Mehta & Co. and Price Waterhouse & Co. LLP, both acting as valuers, to the respective Boards of Directors of the First Demerged Company, the Second Demerged Company and the Resulting Company (the “**Joint Valuation Report**”). The Joint Valuation Report recommended that the share entitlement ratio for the demerger of the Madura Undertaking of the First Demerged Company into the Resulting Company pursuant to the Composite Scheme should be 26 (twenty six) equity shares of the Resulting Company (of Rs. 10 each fully paid up) for every 5 (five) equity shares of the First Demerged Company (of Rs. 10 each fully paid up) (the “**Madura Share Entitlement Ratio**”). Further, the Joint Valuation Report recommended that the share entitlement ratio for the demerger of the MGL Retail Undertaking (as defined below) of the Second Demerged Company into the Resulting Company pursuant to the Composite Scheme should be (i) 7 (seven) equity shares of face value INR 10 (Rupees Ten Only) each in the Resulting Company credited as fully paid up for every 500 (five hundred) equity share of face value INR 10 (Rupees Ten Only) each fully paid up held by an equity shareholder in the Second Demerged Company (“**MGL Equity Share Entitlement Ratio**”); and (ii) 1 (one) equity shares of face value INR 10 (Rupees Ten Only) each in the Resulting Company credited as fully paid up for all 10,000,000 (ten million) preference shares of face value INR 10 (Rupees Ten Only) each fully paid up held by a preference shareholder in the Second Demerged Company (“**MGL Preference Share Entitlement Ratio**”, and together with MGL Equity Share Entitlement Ratio, the “**MGL Share Entitlement Ratios**”). On the basis of its evaluation and independent judgment, the Audit Committee has approved the Madura Share Entitlement Ratio and recommended the Composite Scheme to the Board of Directors of the First Demerged Company.
25. The Board of Directors of the First Demerged Company, at its meeting held on May 3, 2015, took into account the recommendation of the Madura Share Entitlement Ratio as set out in the Joint Valuation Report and the independent recommendations of its Audit Committee.
26. Based on the aforesaid advise/opinion and after considering the facts, circumstances and benefits of the Composite Scheme and on the basis of their own independent judgment, the Board of Directors of the First Demerged Company has, at its meeting held on May 3, 2015, come to the conclusion that the Madura Share Entitlement Ratio is fair and reasonable and, has approved the Madura Share Entitlement Ratio and the Composite Scheme.

27. Separately, the Board of Directors of the Second Demerged Company has, at its meeting held on May 3, 2015, based on the recommendation of the MGL Share Entitlement Ratios as set out in the Joint Valuation Report and the independent recommendations of its Audit Committee, come to the conclusion that the MGL Share Entitlement Ratios is fair and reasonable and has approved the Composite Scheme.
28. The Board of Directors of the Resulting Company, at its meeting held on May 3, 2015, has, based on the recommendation of the Madura Share Entitlement Ratio and the MGL Share Entitlement Ratios as set out in the Joint Valuation Report and the fairness opinion of JM Financial Institutional Securities Limited and the independent recommendations of its Audit Committee, come to the conclusion that the Madura Share Entitlement Ratio and the MGL Share Entitlement Ratios is fair and reasonable and has also approved the Composite Scheme.

Salient Features of the Composite Scheme

29. The salient features of the Composite Scheme are as follows:

Definitions

Salient definitions from the Composite Scheme are set out below. Other capitalised terms used in hereinbelow, shall have the meaning ascribed to such terms in the Composite Scheme.

- (i) **“ABNL Employees”** shall mean all the permanent employees of the First Demerged Company employed in the Madura Undertaking as on the Effective Date.
- (ii) **“ABNL Remaining Business”** shall mean all the undertakings, businesses, activities, operations, assets and liabilities (including investments in shares and securities and identified assets and bank balances) of the First Demerged Company, other than those comprised in the Madura Undertaking. For the avoidance of doubt, it is hereby clarified that the investments held (whether directly or indirectly) by the First Demerged Company in the Resulting Company and the Second Demerged Company shall form part of the ABNL Remaining Business. It is further clarified that any credit or right to repayment in relation to any corporate tax paid by way of advance tax by the First Demerged Company (including in relation to the Madura Undertaking) prior to the Effective Date shall form part of the ABNL Remaining Business.
- (iii) **“Act”** means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force, including the Companies Act, 2013 and provisions thereof as are notified and applicable from time to time and shall include any statutory modifications, re-enactment or amendments thereof.
- (iv) **“Appointed Date”** means April 1, 2015.
- (v) **“Board of Directors”** in relation each of the Companies, as the case may be, means the board of directors of such company and, unless it is repugnant to the context, includes a duly authorised committee of directors.
- (vi) **“Companies”** shall mean the First Demerged Company, the Second Demerged Company and the Resulting Company, or any two of them as the context may require.
- (vii) **“Demerged Companies”** shall mean the First Demerged Company and the Second Demerged Company, collectively.
- (viii) **“Demerged Undertakings”** means the Madura Undertaking and the MGL Retail Undertaking, collectively.
- (ix) **“Effective Date”** means the last of the dates on which the conditions and matters referred to in Clause 38 of the Composite Scheme occur or have been fulfilled or waived and references in the Composite Scheme to the date of **“coming into effect of the Composite Scheme”** or **“effectiveness of the Composite Scheme”** shall mean the Effective Date.

The conditions and matters referred to in Clause 38 of the Composite Scheme have been listed below:

- (a) the Composite Scheme being approved by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Companies as required under the Act and the requisite orders of the High Courts, or dispensation having been received from the High Courts in relation to obtaining such approval from the members and/or creditors;
- (b) the Composite Scheme being approved by the majority of the public shareholders of the First Demerged Company (by way of voting through postal ballot and e-voting) as required under the Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 on “Scheme of Arrangement under the Companies Act, 1956 – Revised requirements for the Stock Exchanges and Listed Companies” read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 issued by the Securities Exchange Board of India (collectively, **“SEBI Scheme Circulars”**), i.e. the votes cast by public shareholders in favour of the resolution are more than the number of votes cast by public shareholders against it;
- (c) the Composite Scheme being approved by the majority of the public shareholders of the Resulting Company (by way of voting through postal ballot and e-voting) as required under the SEBI Scheme Circulars, i.e. the votes cast by public shareholders of the Resulting Company in favour of the resolution are more than the number of votes cast by public shareholders against it;
- (d) the High Courts having accorded their sanction to the Composite Scheme;
- (e) the certified copies of the orders of the High Courts approving the Composite Scheme being filed with the jurisdictional registrar of companies;
- (f) post-sanction approval of the Securities and Exchange Board of India in terms of the SEBI Circulars being obtained, if applicable; and

- (g) such approvals and sanctions including sanction of any Governmental Authority as may be required by Law in respect of the Composite Scheme being obtained.
- (x) **“Encumbrance”** or to **“Encumber”** means any: (i) encumbrance including without limitation any security interest, claim, mortgage, pledge, charge, hypothecation, lien, lease, assignment, deed of trust, title retention, deposit by way of security, beneficial ownership (including usufruct and similar entitlements), or any other similar interest held by a third person; (ii) security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law; (iii) right of pre-emption, right of first offer, or refusal or transfer restriction in favour of any person; and/or (iv) any adverse claim as to title, possession or use.
- (xi) **“First Demerger”** means the transfer by way of a demerger of the Madura Undertaking (as defined hereinafter) of the First Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the First Demerged Company.
- (xii) **“Governmental Authority”** means any national, state, provincial, local or similar government, governmental, statutory, regulatory or administrative authority, government department, agency, commission, board, branch, tribunal or court or other entity authorized to make Laws, rules, regulations, standards, requirements, procedures or to pass directions or orders having the force of Law, or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of Law, or any stock exchange of India or any other country.
- (xiii) **“High Courts”** collectively mean the High Court of Judicature at Bombay and the High Court of Gujarat at Ahmedabad and shall include, if applicable, the National Company Law Tribunal as applicable or such other forum or authority as may be vested with the powers of a High Court under Sections 391 to 394 of the Act, or Sections 230 to 232 of the Companies Act, 2013, as may be applicable.
- (xiv) **“Law”** means any statute, law, regulation, ordinance, rule, judgment, notification, rule of common law, order, decree, bye-law, approval, directive, guideline, requirement or other governmental restriction, or any similar form of decision of, or determination by, or any interpretation, policy or administration, having the force of law of any of the foregoing, by any Governmental Authority having jurisdiction over the matter in question.
- (xv) **“Madura Undertaking”** means the First Demerged Company’s undertakings, business, activities and operations pertaining to the Madura Business, on a going concern basis, and shall mean and include, without limitation:
- (a) all assets and properties of the Madura Business wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all buildings, warehouses, stores, factory outlets, stores under progress, equipment, structures, offices, all lands (whether leasehold or freehold), benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), stock-in-trade, stock-in-transit, merchandise (including raw materials), finished goods, supplies (including wrapping supplies), packaging items, all whether in transit or located at stores (including factory outlets) and warehouses, computers, vehicles, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash, cash equivalents and bank accounts (including bank balances), benefit of any deposits, financial assets, insurances, funds, provisions, and benefit of any bank guarantees, performance guarantees and letters of credit appertaining or relatable to the Madura Business;
 - (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for the employees, benefit of any deposits, 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 all other interests in connection with or relating to the Madura Business;
 - (c) all lease agreements, leave and license agreements, and all contracts and arrangements in any form, including those pertaining to franchises, brand license, vendors, stores maintenance, housekeeping, security, contract workers, and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Madura Business;
 - (d) all earnest moneys and/or security deposits paid by the First Demerged Company in connection with or relating to the Madura Business;
 - (e) all the ABNL Employees;
 - (f) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists 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 relating to the Madura Business;

- (g) all goodwill of the First Demerged Company associated with the Madura Business;
- (h) 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 First Demerged Company in relation to the Madura Business, including all intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), used in relation to the Madura Business, and all other trade names, service names, trade marks, brands, copyrights, designs, know-how and trade secrets connected with the Madura Business; and
- (i) all debts, borrowings, obligations and liabilities, both present and future, (including contingent liabilities and the Demerged Liabilities pertaining to the Madura Undertaking, and obligations under any licenses or permits or schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet of the First Demerged Company, appertaining or relating to the Madura Business;

For the avoidance of doubt, it is hereby clarified that the investments held (whether directly or indirectly) by the First Demerged Company in the Resulting Company and the Second Demerged Company shall not form part of the Madura Undertaking.

- (xvi) **“MGL Employees”** shall mean all the permanent employees of the Second Demerged Company employed in the MGL Retail Undertaking as on the Effective Date.
- (xvii) **“MGL Remaining Business”** shall mean all the undertakings, businesses, activities, operations, assets and liabilities (including investments in shares and securities and identified assets and bank balances) of the Second Demerged Company, other than those comprised in the MGL Retail Undertaking.
- (xviii) **“MGL Retail Undertaking”** means the Second Demerged Company’s undertakings, business, activities and operations pertaining to the MGL Retail Business, on a going concern basis, and shall mean and include, without limitation:
 - (a) all assets and properties of the MGL Retail Business wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all buildings, warehouses, stores, factory outlets, stores under progress, equipment, structures, offices, all lands (whether leasehold or freehold), benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), stock-in-trade, stock-in-transit, merchandise (including raw materials), finished goods, supplies (including wrapping supplies), packaging items, all whether in transit or located at stores (including factory outlets) and warehouses, computers, vehicles, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash, cash equivalents and bank accounts (including bank balances), benefit of any deposits, financial assets, insurances, funds, provisions, and benefit of any bank guarantees, performance guarantees and letters of credit appertaining or relatable to the MGL Retail Business;
 - (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for the employees, benefit of any deposits, 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 all other interests in connection with or relating to the MGL Retail Business;
 - (c) all lease agreements, leave and license agreements, and all contracts and arrangements in any form, including those pertaining to franchises, brand license, vendors, stores maintenance, housekeeping, security, contract workers, and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the MGL Retail Business;
 - (d) all earnest moneys and/or security deposits paid by the Second Demerged Company in connection with or relating to the MGL Retail Business;
 - (e) all the MGL Employees;
 - (f) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists 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 relating to the MGL Retail Business;
 - (g) all goodwill of the Second Demerged Company associated with the MGL Retail Business;
 - (h) 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 Second Demerged Company in relation to the MGL Retail Business, including all intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), used in relation to the MGL Retail Business, and all other trade names, service names, trade marks, brands, copyrights, designs, know-how and trade secrets connected with the MGL Retail Business; and
 - (i) all debts, borrowings, obligations and liabilities, both present and future, (including contingent liabilities and the Demerged Liabilities pertaining to the MGL Retail Undertaking and obligations under any licenses or permits or

schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet of the Second Demerged Company, appertaining or relating to the MGL Retail Business.

- (xix) **“Record Date”** means, collectively, the dates to be fixed by (i) the Board of Directors of the First Demerged Company for the purpose of determining the equity shareholders of the First Demerged Company to whom shares of the Resulting Company shall be allotted pursuant to the First Demerger, and (ii) the Board of Directors of the Second Demerged Company for the purpose of determining the equity shareholders of the Second Demerged Company to whom shares of the Resulting Company shall be allotted pursuant to the Second Demerger, under the Composite Scheme.
- (xx) **“Remaining Business”** shall mean shall mean the ABNL Remaining Business and the MGL Remaining Business, collectively.
- (xxi) **“RSUs”** shall mean restricted stock units.
- (xxii) **“Second Demerged Company”** means Madura Garments Lifestyle Retail Company Limited.
- (xxiii) **“Second Demerger”** means the transfer by way of a demerger of the MGL Retail Undertaking (as defined hereinafter) of the Second Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Second Demerged Company.

Operation of the Composite Scheme

The Composite Scheme shall come into operation from the Appointed Date, but the same shall become effective on and from the Effective Date.

Transfer and Vesting of Undertaking

- (i) Part-II – Section 1 of the Composite Scheme envisages the transfer and vesting of the Demerged Undertakings from the respective Demerged Companies to the Resulting Company in the following manner:

Upon the coming into effect of the Composite Scheme and with effect from the Appointed Date, the respective Demerged Undertakings of the Demerged Companies shall, pursuant to the sanction of the Composite Scheme by the High Courts and pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company, as going concerns without any further act, instrument, deed, matter or thing to be made, done or executed so as to become, as and from the Appointed Date, the undertakings of the Resulting Company by virtue of and in the manner provided in the Composite Scheme. In particular, upon the coming into effect of the Composite Scheme and with effect from the Appointed Date:

- (a) **Transfer of Assets:** all the estate, assets, rights, claims, title, investments, interests and authorities including accretions and appurtenances of the Demerged Companies, comprised in the respective Demerged Undertakings of whatsoever nature and wheresoever situate (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of each such Demerged Undertakings) shall without any further act or deed, be demerged from each of the Demerged Companies and be transferred to and stand transferred to and vested in and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of the Composite Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- (b) **Transfer of contracts, deeds etc:** all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to each of the Demerged Undertakings, to which the respective Demerged Company is a party or to the benefit of which the respective Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the respective Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- (c) **Transfer of consents, licenses etc:** all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of each of the Demerged Companies in relation to the respective Demerged Undertakings shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make applications to any Governmental Authority as may be necessary in this behalf.
- (d) **Transfer of Liabilities:** all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities which arise out of the activities or operations of each of the Demerged Undertakings) of the respective Demerged Companies as on the Appointed Date and relatable to the respective Demerged Undertakings (**“Demerged Liabilities”**) shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of the Resulting Company which shall meet, discharge and satisfy the same. The term **“Demerged Liabilities”** shall include:

- (i) the liabilities which arise out of the activities or operations of the Demerged Undertakings;
 - (ii) the specific loans or borrowings (including debentures raised, incurred and utilized solely for the activities or operations of the Demerged Undertakings); and
 - (iii) in cases other than those referred to in (i) or (ii) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Companies, as stand in the same proportion which the value of the assets transferred pursuant to the respective Demergers, bears to the total value of the assets of the respective Demerged Companies immediately prior to the Effective Date.
- (e) **Legal, taxation and other proceedings:** all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Demerged Companies and relating to the Demerged Undertakings, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, shall be continued and enforced by or against the Resulting Company after the Effective Date. The Demerged Companies shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company. The Resulting Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the respective Demerged Companies.
- (f) **Employees:** the ABNL Employees and the MGL Employees (the “**Transferred Employees**”) shall become the permanent employees of the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are employed by each of the Demerged Companies in the respective Demerged Undertaking and without any interruption of, or break in, service as a result of the transfer of the Demerged Undertakings. For the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the Transferred Employees with the respective Demerged Company shall also be taken into account, and the Resulting Company will pay the same as and when payable.
- (g) **Employee Benefits:** In so far as the existing benefits including provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the respective Demerged Companies *inter alia* for its employees (including employees of the Demerged Undertakings) are concerned (collectively referred to as the “**Employee Benefit Funds**”), such proportion of the investments made in the Employee Benefit Funds and liabilities which are referable to the Transferred Employees shall be held for their benefit pursuant to the Composite Scheme in the manner provided hereinafter. The Employee Benefit Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the respective Demerged Undertakings or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the Transferred Employees to the respective Employee Benefit Funds or discharge such liabilities of the respective Demerged Company, until such time that the Resulting Company creates its own fund, at which time the Employee Benefit Funds, investments, contributions and liabilities pertaining to the Transferred Employees shall be transferred to the funds created by the Resulting Company.
- (ii) Part II - Section 2 of the Composite Scheme provides for the conduct of the businesses of the Demerged Companies with effect from the Appointed Date up to and including the Effective Date:
- (a) The Demerged Companies shall be deemed to have been carrying on and to be carrying on all business and activities relating to the respective Demerged Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the respective Demerged Undertaking for and on account of, and in trust for, the Resulting Company.
 - (b) All profits and income accruing to the Demerged Companies from the respective Demerged Undertaking, and losses and expenditure incurred by it (including taxes but excluding advance taxes, if any, accruing or paid in relation to any profits or income), relating to the respective Demerged Undertaking for the period from the Appointed Date based on the accounts of the respective Demerged Company shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Resulting Company, except those specifically forming part of the ABNL Remaining Business.
 - (c) Any of the rights, powers, authorities, privileges, attached, related or pertaining to the respective Demerged Undertaking exercised by the Demerged Companies shall be deemed to have been exercised by the respective Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the respective Demerged Undertaking that have been undertaken or discharged by the Demerged Companies shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company.
- (iii) Part II - Section 2 of the Composite Scheme also provides that the transfer and vesting of the assets, liabilities and obligations of the Demerged Undertakings and the continuance of the proceedings by or against the Resulting Company under the Composite Scheme shall not affect any transaction or proceedings already completed by the respective Demerged Companies on or before the Appointed Date to the end and intent that,

all acts, deeds and things done and executed by and/or on behalf of the respective Demerged Companies are accepted by the Resulting Company as acts, deeds and things done and executed by and on behalf of the Resulting Company.

- (iv) Part II - Section 3 of the Composite Scheme also provides that the Remaining Businesses and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the respective Demerged Companies subject to the provisions of the Composite Scheme in relation to Encumbrances in favour of banks, lenders and/or financial institutions.

Issue of new equity shares by Resulting Company

- (v) Part II – Section 4 of the Composite Scheme provides for the reorganization of the capital of the Resulting Company:
- (a) In consideration of the transfer of and vesting of the Madura Undertaking of the First Demerged Company in the Resulting Company, in terms of the Composite Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each member of the First Demerged Company whose names is recorded in the register of members as a shareholder of the First Demerged Company on the respective Record Date, equity shares of the Resulting Company as per the Madura Share Entitlement Ratio.
- (b) In consideration of the Second Demerger, including the transfer and vesting of the MGL Retail Undertaking in the Resulting Company, the Resulting Company shall, without any further act or deed, issue and allot to each member of the Second Demerged Company whose name is recorded in the register of members as shareholder of the Second Demerged Company on the respective Record Date equity shares in the Resulting Company in the ratio of:
- (i) in case of equity shareholders of the Second Demerged Company, the MGL Equity Share Entitlement Ratio; and
- (ii) in case of preference shareholders of the Second Demerged Company, the MGL Preference Share Entitlement Ratio.
- (c) The shares issued to the members of the Demerged Companies pursuant to the Composite Scheme shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Companies to the Resulting Company on or before such date as may be determined by the Board of Directors of the Resulting Company. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Companies, the shares shall be issued to such members in dematerialized form provided that the members of the Demerged Companies shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Resulting Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the Resulting Company. In the event that the Resulting Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the Resulting Company shall issue shares in certificate form to such member.
- (d) If any shareholder of the Demerged Companies becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Resulting Company in accordance with the Composite Scheme, the Board of Directors of the Resulting Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to an individual trust or a board of trustees or a corporate trustee nominated by the Resulting Company (the “**Fractional Share Trustee**”), who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times, as the Fractional Share Trustee may in its sole discretion decide and on such sale pay to the Resulting Company, the net sale proceeds thereof (after deduction of applicable taxes and other expenses incurred, if any) and any additions and accretions, whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Companies in proportion to their respective fractional entitlements.
- (e) Part II – Section 4 of the Composite Scheme provides that equity shares to be issued by the Resulting Company pursuant to the Composite Scheme in respect of such of the equity shares of the Demerged Companies which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 or which the Resulting Company is unable to issue due to applicable Laws or otherwise shall, pending allotment or settlement of dispute by order of court or otherwise, be kept in abeyance by the Resulting Company.

- (f) Further, Part II – Section 4 of the Composite Scheme provides that the equity shares of the Resulting Company issued pursuant to the Composite Scheme, shall not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Resulting Company may elect, in its sole discretion, to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof or any other exemption that the Resulting Company may elect to rely upon. In the event the Resulting Company elects to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof, the sanction of the High Courts to the Composite Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the equity shares of the Resulting Company for such an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof.
- (g) The Resulting Company may elect, in its sole discretion, to either:
- (i) issue an appropriate number of underlying shares, in accordance with the Madura Share Entitlement Ratio to the Depository, for the issuance of GDRs representing such shares (the “**Resulting Company GDRs**”) on pro-rata basis to holders of the ABNL GDRs, in accordance with the deposit agreement entered into between the First Demerged Company and the Depository (the “**Deposit Agreement**”). The Resulting Company GDRs shall not be listed unless required by any regulations or Laws, in which event the same may be listed on the Luxemburg Stock Exchange or such other international stock exchange as may be determined by the Resulting Company; or
 - (ii) if the Resulting Company determines that it is unable to issue the Resulting Company GDRs due to applicable Laws (including the non-receipt of Governmental Approvals required, if any), it may elect, in its sole discretion and subject to receipt of such Governmental Approvals as may be required, to enter into suitable arrangements which may include arrangements with the Depository for providing for issuance of equity shares by the Resulting Company to the Depository, which represent the entitlement of the ABNL GDR holders, and sale of such equity shares by the Depository to make distributions of the net sales proceeds (after the deduction of taxes and expenses incurred) to the existing ABNL GDR holders, in proportion to their entitlements, in lieu of issuing the Resulting Company GDRs.

If the above cannot be effected for any reason, the Resulting Company and the First Demerged Company shall ensure that this does not delay implementation of the Composite Scheme, and shall, in consultation with each other, take all such actions as may be necessary to, issue or remit consideration in lieu of or in respect of the ABNL GDR holders’ entitlement in a compliant manner, without delay to the effectiveness or implementation of the Composite Scheme.

Change in name and authorized share capital of the Resulting Company

- (vi) Part III of the Composite Scheme provides as an integral part of the Composite Scheme and that upon coming into effect of the Composite Scheme, the authorized share capital of the Resulting Company shall automatically stand increased, without any further act, instrument or deed on the part of the Resulting Company, such that upon the effectiveness of the Scheme the authorised share capital of the Resulting Company shall be Rs. 1,010,15,00,000 (Rupees One Thousand Ten Crore Fifteen Lakhs only), without any further act or deed. Further, as an integral part of the Composite Scheme, and, upon the coming into effect of the Composite Scheme, the name of the Resulting Company shall stand changed to “Aditya Birla Fashion and Retail Limited” or such other name as may be decided by its Board of Directors or a committee thereof and approved by the concerned registrar of companies. The consent of the shareholders of the Resulting Company to the Composite Scheme shall be deemed to be sufficient for amendment of the Memorandum of Association of the Resulting Company and change of name of the Resulting Company and no further resolutions under the applicable provisions of the Act would be required to be separately passed. Pursuant to the Composite Scheme, the Resulting Company shall file the requisite forms with the registrar of companies for such change in name.

Employee Stock Options

- (vii) Part II – Section 1 of the Composite Scheme also provides for treatment of employee stock options:
- (a) In respect of the stock options and RSUs granted under the ABNL ESOS, if any, in the hands of the ABNL Employees and MGL Employees as on the Effective Date, upon the coming into effect of the Composite Scheme, such options and RSUs granted (whether or not vested), under and pursuant to the ABNL ESOS to such employees as of the Effective Date would continue on the existing terms and conditions, except for such modifications to the ABNL ESOS as may be required to give effect to the provisions of the Composite Scheme.
 - (b) Prior to the Composite Scheme becoming effective, the ABNL ESOS shall be amended to provide for the continuation of options and RSUs under the ABNL ESOS in the hands of ABNL Employees and MGL Employees, subject to such adjustments as may be deemed appropriate by the relevant committee of the Board of Directors of the First Demerged Company, in accordance with the provisions of the ABNL

ESOS and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

- (c) The options granted, under and pursuant to the ABNL ESOS to the employees of the ABNL Remaining Business as of the Effective Date would continue and the exercise price of such options may be suitably adjusted in order to provide for reduction in the intrinsic value of the First Demerged Company pursuant to the demerger of the Madura Undertaking.
- (d) The Resulting Company shall not be obligated to create any stock option or RSU scheme for the ABNL Employees, the MGL Employees or the employees of the Remaining Businesses in connection with the Composite Scheme.

Accounting Treatment

- (viii) Part II – Section 5 of the Composite Scheme provides for the accounting treatment in the books of the Demerged Companies on the effectiveness of the Composite Scheme and with effect from the Appointed Date as follows:
 - (a) Book value of all assets and liabilities relating to the Madura Undertaking transferred pursuant to the Composite Scheme from the First Demerged Company to the Resulting Company shall be reduced from the total book value of assets and liabilities as appearing in the books of the First Demerged Company at the close of business of the day immediately preceding the Appointed Date;
 - (b) Book value of all assets and liabilities relating to the MGL Retail Undertaking transferred pursuant to the Composite Scheme from the Second Demerged Company to the Resulting Company shall be reduced from the total book value of assets and liabilities as appearing in the books of the Second Demerged Company at the close of business of the day immediately preceding the Appointed Date; and
 - (c) The excess of book value of assets over book value of liabilities of the Demerged Undertakings, if any, shall be adjusted against the balance in the capital reserve/ general reserve/balance in the statement of profit and loss or the securities premium account of the relevant Demerged Company. In case of a shortfall of book value of assets over book value of liabilities, if any, shall be credited to capital reserve account of the relevant Demerged Company.
- (ix) Part II – Section 5 of the Composite Scheme provides for the accounting treatment in the books of the Resulting Company:
 - (a) the Resulting Company shall record the assets and liabilities of the Madura Undertaking of the First Demerged Company vested in it pursuant to the Composite Scheme, at their respective book values as appearing in the books of the First Demerged Company, at the close of business of the day immediately preceding the Appointed Date;
 - (b) the Resulting Company shall record the assets and liabilities of the MGL Retail Undertaking of the Second Demerged Company vested in it pursuant to the Composite Scheme, at their respective book values as appearing in the books of the Second Demerged Company, at the close of business of the day immediately preceding the Appointed Date;
 - (c) the Resulting Company shall issue shares to the shareholders of the Demerged Companies as per the Composite Scheme. These shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to the Resulting Company's share capital account; and
 - (d) the difference, if any, between the value of assets and value of liabilities pertaining to the Demerged Undertakings, after adjusting the amount credited as share capital as per the provisions of the Composite Scheme, shall be treated as goodwill, in case of a debit balance and capital reserve in case of a credit balance.
- (x) Clause 37 of Part IV of the Composite Scheme provides the Demerged Companies and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the period prior to the Effective Date. The shareholders of the Demerged Companies shall not be entitled to dividend, if any, declared and paid by the Resulting Company to its shareholders for the accounting period prior to the Appointed Date.
- (xi) Clause 39 of Part IV of the Composite Scheme further provides that in the event if the Composite Scheme does not come into effect by May 31, 2016 or by such later date as may be agreed by the respective Board of Directors of the Resulting Company and the Demerged Companies, the Composite Scheme shall stand revoked, cancelled and be of no effect and 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 their shareholders or creditors or employees or any other person.

The features set out above being only the salient features of the Composite Scheme, the members are requested to read the entire text of the Composite Scheme (annexed herewith) to get fully acquainted with the provisions thereof and the rationale and objectives of the Composite Scheme.

Approvals and Actions Taken in relation to the Composite Scheme

30. The BSE Limited was appointed as the designated stock exchange by the First Demerged Company and the Resulting Company, respectively, for the purpose of coordinating with the SEBI, pursuant to the SEBI Circulars. The First Demerged Company has received observation letters regarding the Composite Scheme from the BSE Limited and the National Stock Exchange of India Limited on June 26, 2015. In terms of the observation letters dated June 26, 2015, BSE Limited and National Stock Exchange of India Limited, respectively, conveyed their no adverse observations/ no objection for filing the Composite Scheme with the High Courts. Copies of the observation letters dated June 26, 2015 received from the BSE Limited and the National Stock Exchange of India Limited are enclosed as **Annexures 2 and 3** respectively. The Resulting Company has received similar observation letters from the BSE Limited and the National Stock Exchange of India Limited.
31. The Composite Scheme was filed by the First Demerged Company with the High Court of Gujarat at Ahmedabad on July 6, 2015, and the Composite Scheme was filed by the Second Demerged Company with the High Court of Gujarat at Ahmedabad on July 6, 2015. The Composite Scheme was filed by the Resulting Company with the High Court of Judicature at Bombay on July 10, 2015.
32. As required by the SEBI Circulars, the First Demerged Company has filed the Complaints Report with the BSE Limited and National Stock Exchange of India Limited on June 12, 2015. This report indicates that the First Demerged Company received nil complaints. A copy of the complaints report dated June 12, 2015 is enclosed as **Annexure 4**.

Other Matters

33. The financial position of the Resulting Company will not be adversely affected by the Composite Scheme. The Resulting Company will be able to meet and pay its debts as and when they arise and become due in the ordinary course of business. The rights and interests of the members and the creditors (secured and unsecured) of the First Demerged Company, Second Demerged Company or the Resulting Company will not be prejudiced by the Composite Scheme since no sacrifice or waiver is at all called for from them nor are their rights sought to be modified in any manner.
34. Pursuant to the Composite Scheme, the equity shares of the Resulting Company that are proposed to be issued to the equity shareholders of the First Demerged Company and the Second Demerged Company, in the prescribed Share Entitlement Ratios are to be listed on the same stock exchanges on which the equity shares of the Resulting Company are listed, i.e. the BSE Limited and the National Stock Exchange of India Limited.
35. No investigation proceedings have been instituted or are pending in relation to the First Demerged Company under Sections 210 to 229 or Chapter XIV of the Companies Act, 2013 or under the corresponding provisions of the Act. No winding up petitions have been filed or are pending against the First Demerged Company.
36. The details of the directors of the First Demerged Company as on July 1, 2015 are as follows:

Sl. No.	Name of Director	Designation	Date of Appointment	Age (Years)
1	Mr. Kumar Mangalam Birla (DIN: 00012813)	Non – Executive Chairman	September 23, 1992	49
2	Mrs. Rajashree Birla (DIN: 00022995)	Non – Executive Director	March 14, 1996	70
3	Mr. Pejavar Murari (DIN: 00020437)	Independent Director	January 28, 2000	81
4	Mr. Baldev Raj Gupta (DIN: 00020066)	Independent Director	January 28, 2000	75
5	Ms. Tarjani Vakil (DIN: 00009603)	Independent Director	July 27, 2000	79
6	Mr. Subhash Chandra Bhargava (DIN: 00020021)	Independent Director	April 29, 2004	70
7	Mr. Gian Prakash Gupta (DIN: 00017639)	Independent Director	April 27, 2005	75
8	Mr. Tapasendra Chattopadhyay (DIN: 00041581)	Nominee Director	May 30, 2011	65
9	Mr. Lalit Naik (DIN: 02943588)	Managing Director	January 1, 2013	55

37. The details of the directors of the Second Demerged Company as on July 1, 2015 are as follows:

Sl. No.	Name of Director	Designation	Date of Appointment	Age (Years)
1	Mr. Pranab Barua (DIN: 00230152)	Director	January 27, 2009	62
2	Mr. Ashish Dikshit (DIN: 01842066)	Director	October 1, 2007	46
3	Mr. D. P. Rathi (DIN: 01491926)	Additional Director	March 31, 2015	51
4	Mr. Vijay Agarwal (DIN: 00058548)	Additional Director	March 31, 2015	58
5	Ms. Pinky Mehta (DIN: 00020429)	Additional Director	March 31, 2015	48
6	Mr. S. Visvanathan (DIN: 02312556)	Director	September 29, 2009	55
7	Mr. Rajesh Shah (DIN: 06390775)	Director	October 31, 2013	47

38. The details of the directors of the Resulting Company as on July 1, 2015 are as follows:

Sl. No.	Name of Director	Designation	Date of Appointment	Age (Years)
1	Mr. Pranab Barua (DIN: 00230152)	Managing Director	October 25, 2013	62
2	Mr. Sushil Agarwal (DIN: 00060017)	Non- Executive Director	August 6, 2009	52
3	Mr. Bharat Vithalbhai Patel (DIN: 00060998)	Independent Non – Executive Director	April 19, 2013	70
4	Ms. Sukanya Kripalu (DIN: 06994202)	Additional Director	October 13, 2014	54
5	Mr. Arun Thiagarajan (DIN: 00292757)	Additional Director	May 11, 2015	70

39. None of the Directors, the Key Managerial Personnel (as defined under the Companies Act, 2013 and rules formed thereunder) of the First Demerged Company and their respective Relatives (as defined under the Companies Act, 2013 and rules formed thereunder) have any interest in the Composite Scheme, except as shareholders in general of the respective companies.

Shareholding of Directors and KMP of the First Demerged Company as on July 1, 2015 is as under:

Sl. No.	Names	No. of shares held in First Demerged Company	No. of shares held in Second Demerged Company	No. of shares held in Resulting Company
Directors of the First Demerged Company				
1	Mr. Kumar Mangalam Birla	4,609	Nil	Nil
2	Mrs. Rajshree Birla	127,634	Nil	Nil
3	Mr. Pejavar Murari	Nil	Nil	Nil
4	Mr. Baldev Raj Gupta	Nil	Nil	Nil
5	Ms. Tarjani Vakil	177	Nil	Nil
6	Mr. Subhash Chandra Bhargava	233	Nil	Nil
7	Mr. Gian Prakash Gupta	339	Nil	Nil
8	Mr. Tapasendra Chattopadhyay	Nil	Nil	Nil
9	Mr. Lalit Naik	Nil	Nil	Nil
Key Managerial Personnel (KMP) of the Company				
1	Ms. Pinky Mehta, Chief Financial Officer	1388	Nil	Nil
2	Mr. Ashok Malu, Company Secretary	468	Nil	5

40. None of the Directors, the Key Managerial Personnel (as defined under the Companies Act, 2013 and rules formed thereunder) of the Second Demerged Company and their respective Relatives (as defined under the Companies Act, 2013 and rules formed thereunder) have any interest in the Composite Scheme, except as shareholders in general of the respective companies.

Shareholding of Directors and KMP of the Second Demerged Company as on July 1, 2015 is as under:

Sl. No.	Names	No. of shares held in First Demerged Company	No. of shares held in Second Demerged Company	No. of shares held in Resulting Company
Directors of the Second Demerged Company				
1	Mr. Pranab Barua	Nil	Nil	Nil
2	Mr. Ashish Dikshit	1686	Nil	Nil
3	Mr. D. P. Rath	200	Nil	Nil
4	Mr. Vijay Agarwal	12	Nil	2
5	Ms. Pinky Mehta	1388	Nil	Nil
6	Mr. S. Visvanathan	1685	Nil	Nil
7	Mr. Rajesh Shah	Nil	Nil	Nil
Key Managerial Personnel (KMP) of the Company				
1	Mr. Mohana Sundaram, Company Secretary	1	Nil	2000

41. None of the Directors, the Key Managerial Personnel (as defined under the Companies Act, 2013 and rules formed thereunder) of the Resulting Company and their respective Relatives (as defined under the Companies Act, 2013 and rules formed thereunder) have any interest in the Composite Scheme, except as shareholders in general of the respective companies.

Shareholding of Directors and KMP of the Resulting Company as on July 1, 2015 is as under:

Sl. No.	Names	No. of shares held in First Demerged Company	No. of shares held in Second Demerged Company	No. of shares held in Resulting Company
	Directors of the Resulting Company			
1	Mr. Pranab Barua	Nil	Nil	Nil
2	Mr. Sushil Agarwal	2667	Nil	Nil
3	Mr. Bharat Vithalbhai Patel	63	Nil	Nil
4	Ms. Sukanya Kripalu	Nil	Nil	Nil
5	Mr. Arun Thiagarajan	Nil	Nil	Nil
	Key Managerial Personnel (KMP) of the Company			
1	Mr. Shitalkumar Mehta, Chief Executive Officer	1260	Nil	Nil
2	Mr. S. Visvanathan, Chief Financial Officer	1685	Nil	Nil
3	Ms. Geetika Anand, Company Secretary	Nil	Nil	Nil

42. The shareholding pattern of the First Demerged Company, Second Demerged Company and the Resulting Company as on May 2, 2015 and the expected post-scheme shareholding pattern of the Resulting Company are as under:

Shareholding pattern of First Demerged Company as on May 2, 2015:

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(A)	Promoter and Promoter Group		
1	Indian		
	Individual/Hindu Undivided Family	136,203	0.10
	Central Govt./State Govt.	0	0.00
	Bodies Corporate	74,308,494	57.10
	Financial Institutions/Banks	0	0.00
	Any other (specify)	0	0.00
	Sub Total (A)(1)	74,444,697	57.20
2	Foreign		
	Individuals (Non-Resident Individuals / Foreign Nationals)	0	0.00
	Bodies Corporate	0	0.00
	Institutions	0	0.00
	Qualified Foreign Investor	0	0.00
	Any other (specify)	0	0.00
	Sub Total (A)(2)	0	0.00
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	74,444,697	57.20
(B)	Public		
1	Institutions		
(a)	Mutual Funds / UTI	5,886,449	4.52
(b)	Financial Institutions / Banks	7,455,420	5.73
(c)	Central Govt. / State Govt.	0	0.00
(d)	Venture Capital Funds	0	0.00
(e)	Insurance Companies	1,419,172	1.09
(f)	Foreign Institutional Investors	20,304,784	15.60
(g)	Foreign Venture Capital Investors	0	0.00
(h)	Qualified Foreign Investor	0	0.00
(i)	Any other (specify)		
(i i)	Foreign Bank	6,257	0.00
	Sub Total (B)(1)	35,072,082	26.95
2	Non Institutions		
(a)	Bodies Corporate	3,658,485	2.81
(b)	Individuals		

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(b i)	Individual shareholders holding nominal share capital up to Rs.1 lakh	11,330,610	8.71
(b ii)	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	1,139,608	0.88
(c)	Any other (specify)		
(c i)	Trust	344,386	0.26
(c ii)	OCBs	1,441	0.00
(c iii)	Non Resident	980,708	0.75
	Sub Total B(2)	17,455,238	13.41
	Total Public Shareholding (B) = (B)(1) +(B)(2)	52,527,320	40.36
	Total (A)+(B)	12,697,2017	97.57
(C)	Shares held by Custodians and against which Depository Receipts have been issued		
1	Promoter and Promoter Group	1,425,000	1.09
2	Public	1,743,459	1.34
	Sub Total C	3,168,459	2.43
	Grand Total (A)+(B)+(C)	130,140,476	100.00

Shareholding pattern of Second Demerged Company as on May 2, 2015:

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(A)	Promoter and Promoter Group		
1	Indian		
(a)	Individual/ Hindu Undivided Family	6	0.00
(b)	Central Govt./ State Govt.	0	0.00
(c)	Bodies Corporate	190,065,355	100.00
(d)	Financial Institutions/ Banks	0	0.00
(e)	Any other (specify)	0	0.00
	Sub Total (A)(1)	190,065,355	100.00
2	Foreign		
(a)	Individuals (Non-Resident Individuals / Foreign Nationals)	0	0.00
(b)	Bodies Corporate	0	0.00
(c)	Institutions	0	0.00
(d)	Qualified Foreign Investor	0	0.00
(e)	Any other (specify)	0	0.00
	Sub Total (A)(2)		
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	190,065,361	100.00
(B)	Public		
1	Institutions		
(a)	Mutual Funds / UTI	0	0.00
(b)	Financial Institutions / Banks	0	0.00
(c)	Central Govt. / State Govt.	0	0.00
(d)	Venture Capital Funds	0	0.00
(e)	Insurance Companies	0	0.00
(f)	Foreign Institutional Investors	0	0.00
(g)	Foreign Venture Capital Investors	0	0.00
(h)	Qualified Foreign Investor	0	0.00
(i)	Any other (specify)	0	0.00
(ii)	Foreign Bank	0	0.00
	Sub Total (B)(1)	0	0.00

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
2	Non Institutions		
(a)	Bodies Corporate	0	0.00
(b)	Individuals		
(b i)	Individual shareholders holding nominal share capital up to Rs.1 lakh	0	0.00
(b ii)	Individual shareholders holding nominal share capital in excess of Rs.1 lakh	0	0.00
(c)	Any other (specify)		
(c i)	Trust	0	0.00
(c ii)	OCBs	0	0.00
(c iii)	Non Resident	0	0.00
	Sub Total B(2)	0	0.00
	Total Public Shareholding (B) = (B)(1) +(B)(2)	0	0.00
	Total (A)+(B)	190,065,361	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued		
1	Promoter and Promoter Group	0	0.00
2	Public	0	0.00
	Sub Total C	0	0.00
	Grand Total (A)+(B)+(C)	190,065,361	100.00

Shareholding pattern of Resulting Company as on May 1, 2015:

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(A)	Promoter and Promoter Group		
1	Indian		
(a)	Individual/ Hindu Undivided Family	0	0
(b)	Central Govt./ State Govt.	0	0
(c)	Bodies Corporate	67,390,782	72.62
(d)	Financial Institutions/ Banks	0	0
(e)	Any other (specify)	0	0
	Sub Total (A)(1)	67,390,782	72.62
2	Foreign		
(a)	Individuals (Non-Resident Individuals / Foreign Nationals)	0	0
(b)	Bodies Corporate	0	0
(c)	Institutions	0	0
(d)	Qualified Foreign Investor	0	0
(e)	Any other (specify)	0	0
	Sub Total (A)(2)	0	0
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	67,390,782	72.62
(B)	Public		
1	Institutions		
(a)	Mutual Funds / UTI	205,093	0.22
(b)	Financial Institutions / Banks	553,507	0.60
(c)	Central Govt. / State Govt.	0	0
(d)	Venture Capital Funds	0	0
(e)	Insurance Companies	0	0
(f)	Foreign Institutional Investors	576,060	0.62
(g)	Foreign Venture Capital Investors	0	0
(h)	Qualified Foreign Investor	0	0
(i)	Any other (specify)	0	0
	Sub Total (B)(1)	1,334,660	1.44

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
2	Non Institutions		
(a)	Bodies Corporate	21,186,362	22.83
(b)	Individuals	2,654,678	2.86
(c)	Any other (specify)	0	0
(ci)	Non Resident Indians(Repat)	19,339	0.02
(cii)	Non Resident Indians(Non Repat)	4,886	0.01
(ciii)	Foreign National	20	0.00
(civ)	Clearing Member	202,562	0.22
(cv)	Directors/Relatives of Directors	100	0.00
(cvi)	Trusts	140	0.00
	Sub Total B(2)	24,068,087	25.94
	Total Public Shareholding (B) = (B)(1) +(B)(2)	25,402,747	27.38
	Total (A)+(B)	92,793,529	100.00

Post-scheme shareholding pattern of Resulting Company (assuming the continuing shareholding pattern as on May 1, 2015):

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(A)	Promoter and Promoter Group		
1	Indian		
(a)	Individual/ Hindu Undivided Family	708,214	0.09
(b)	Central Govt./ State Govt.	0	0
(c)	Bodies Corporate	456,455,782	59.11
(d)	Financial Institutions/ Banks	0	0
(e)	Any other (Fraction of Promoters)	126.45	0.00
	Sub Total (A)(1)	457,164,122	59.20
2	Foreign		
(a)	Individuals (Non-Resident Individuals / Foreign Nationals)	0	0
(b)	Bodies Corporate	0	0
(c)	Institutions	0	0
(d)	Qualified Foreign Investor	0	0
(e)	Any other (specify)	0	0
	Sub Total (A)(2)	0	0
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	457,164,122	59.20
(B)	Public		
1	Institutions		
(a)	Mutual Funds / UTI	30,814,009	3.99
(b)	Financial Institutions / Banks	39,321,301	5.09
(c)	Central Govt. / State Govt.	0	0.00
(d)	Venture Capital Funds	0	0.00
(e)	Insurance Companies	7,379,632	0.96
(f)	Foreign Institutional Investors	106,158,238	13.75
(g)	Foreign Venture Capital Investors	0	0.00
(h)	Qualified Foreign Investor - Corporate	0	0.00
(i)	Any other (Foreign Institutional Investors)	0	0.00
	Foreign Banks	32,318	0.00
	Sub Total (B)(1)	183,705,498	23.79
2	Non Institutions		
(a)	Bodies Corporate	40,201,254	5.21
(b)	Individuals	66,601,210	8.62
(c)	Any other (specify)		
(ci)	Non Resident Indians	5,094,849	0.66

Sl. No.	Category of Shareholder	Total number of Shares	Percentage of total number of Shares
(cii)	Foreign National	20	0.00
(ciii)	Clearing Member	202,562	0.03
(civ)	Directors / Relatives of Directors	100	0.00
(cv)	Persons Acting in Concert	0	0.00
(cvi)	Trusts	1,790,760	0.23
(cvii)	Overseas Corporate Bodies	7,488	0.00
(cvii)	Fractions - Non promoters	941,101.2	0.12
	Sub Total B(2)	114,839,344	14.87
	Total Public Shareholding (B) = (B)(1) +(B)(2)	298,544,842	38.66
	Total (A)+(B)	755,708,965	97.87
(C)	Shares held by custodians and against which Depository Receipts have been issued		
I	Promoter and Promoter group	7,410,000	0.96
ii	Public	9,065,966	1.17
iii.	Fractions - GDR	20.8	0.00
	Sub Total (C)	16,475,987	2.13
	GRAND TOTAL(A)+(B)+(C)	772,184,951	100.00

Note: The above is an indicative pattern and the actual numbers may vary on the effectiveness of the Scheme.

43. The capital structure of the Resulting Company after the implementation of the Scheme will be as follows (expected):

Share Capital	Amount in Rs.
Authorised Capital	
<u>Equity Shares</u> 100,00,00,000 equity shares of Rs. 10 each	10,000,000,000
<u>Preference Shares</u> 10,000,000 8% redeemable cumulative preference shares of Rs. 10 each	100,000,000
<u>Preference Shares</u> 15,000 6% redeemable cumulative preference shares of Rs. 100 each	1,500,000
Total	1,010,15,00,000
Issued, Subscribed and Paid-up Share Capital	
<u>Equity Shares</u> 772,184,951 equity shares of Rs. 10 each	7,721,849,510
<u>Preference Shares</u> 500,000 8% redeemable cumulative preference shares of Rs. 10 each	5,000,000
<u>Preference Shares</u> 500 6% redeemable cumulative preference shares of Rs. 100 each	50,000
Total	7,726,899,510

Inspection Documents

44. The following documents will be open for inspection by the unsecured creditors of the First Demerged Company at its registered office at Indian Rayon Compound, Veraval, Gujarat – 362266, India between 10.00 a.m. to 12 Noon on any working day up to the date of the meeting:
- Certified copy of the order passed by the High Court of Gujarat at Ahmedabad in Company Application No. 200 of 2015, dated July 7, 2015, *inter alia*, directing convening of the meetings of the Equity Shareholders, Secured Creditors and Unsecured Creditors of the First Demerged Company;
 - Certified copy of the order passed by the High Court of Gujarat at Ahmedabad in Company Application No. 201 of 2015, dated July 7, 2015, *inter alia*, dispensing with the convening of the meetings of the Equity Shareholders, Sole Preference Shareholder and Sole Secured Creditor and directing the convening of the meeting of the Unsecured Creditors of the Second Demerged Company;
 - Copy of the Company Application No. 200 of 2015 and Company Application No. 201 of 2015 along with annexures filed by the First Demerged Company and the Second Demerged Company, respectively, before the High Court of Gujarat at Ahmedabad;
 - Copies of the Memorandum and Articles of Association of the First Demerged Company, Second Demerged Company and the Resulting Company;
 - Copies of the annual reports of the First Demerged Company, Second Demerged Company and the Resulting Company for the last three financial years ended March 31, 2015, March 31, 2014 and March 31, 2013;

- (vi) Register of Directors' Shareholding of the First Demerged Company;
- (vii) Copy of the valuation report recommending the share entitlement ratio, dated May 3, 2015, prepared jointly by Bansi S. Mehta & Co. and Price Waterhouse & Co. LLP and issued to the respective Boards of Directors of the First Demerged Company, the Second Demerged Company and the Resulting Company;
- (viii) Copy of the complaints report, dated June 12, 2015, submitted by the First Demerged Company to the BSE Limited and the National Stock Exchange of India Limited;
- (ix) Copy of the complaints report, dated June 12, 2015, submitted by the Resulting Company to the BSE Limited and the National Stock Exchange of India Limited;
- (x) Copy of the Audit Committee Reports, all dated May 3, 2015 of the First Demerged Company, the Second Demerged Company and the Resulting Company, respectively;
- (xi) Copies of the resolutions all dated May 3, 2015 passed by the respective Board of Directors of the First Demerged Company, the Second Demerged Company and the Resulting Company approving the Scheme;
- (xii) Copy of the no adverse observations/ no-objection letter issued by the BSE Limited and National Stock Exchange of India Limited, both dated June 26, 2015 respectively, to the First Demerged Company;
- (xiii) Copy of the no adverse observation/ no-objection letters issued by the BSE Limited and National Stock Exchange of India Limited, both dated June 26, 2015 respectively, to the Resulting Company; and
- (xiv) Copy of the Composite Scheme.

A copy of the Composite Scheme Explanatory Statement and a form of proxy may be obtained from the Registered Office of the First Demerged Company.

After the Composite Scheme is approved by the Equity Shareholders, Secured Creditors and Unsecured Creditors of the First Demerged Company, it will be subject to approval/sanction by the High Court of Gujarat at Ahmedabad.

Sd/-
Lalit Naik
Chairman appointed for the meeting

Place: Mumbai

Dated this 27th day of July, 2015

CIN: L17199GJ1956PLC001107

Registered Office:

Indian Rayon Compound,
Veraval,
Gujarat – 362 266, India

Encl: As indicated hereinabove

**COMPOSITE SCHEME OF ARRANGEMENT
(UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956 AND OTHER APPLICABLE
PROVISIONS OF THE COMPANIES ACT, 1956 AND THE COMPANIES ACT, 2013)**

AMONGST

ADITYA BIRLA NUVO LIMITED ... FIRST DEMERGED COMPANY

MADURA GARMENTS LIFESTYLE RETAIL COMPANY LIMITED ... SECOND DEMERGED COMPANY

PANTALOONS FASHION & RETAIL LIMITED ... RESULTING COMPANY

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PART I – GENERAL

1. INTRODUCTION

- 1.1. Aditya Birla Nuvo Limited (“**ABNL**” or the “**First Demerged Company**”) is a public limited company incorporated under the Act (as defined hereinafter), having its registered office at Indian Rayon Compound, Veraval, Gujarat 362266. The equity shares of ABNL are listed on the Stock Exchanges (as defined hereinafter) and the GDRs (as defined hereinafter) of ABNL are listed on the Luxembourg Stock Exchange. ABNL is a diversified conglomerate with various business interests including manufacturing of fertilizers, viscose filament yarn, insulators etc., financial services, telecom and fashion & lifestyle. Madura Fashion & Lifestyle is the division of ABNL which is engaged in the business of manufacturing and retailing of branded apparels (“**Madura Business**”).
- 1.2. Madura Garments Lifestyle Retail Company Limited (“**Madura Garments Lifestyle**” or the “**Second Demerged Company**”) is a company incorporated under the Act, having its registered office at Indian Rayon Compound, Veraval, Gujarat, 362266. Madura Garments Lifestyle is a wholly owned subsidiary of ABNL and is *inter alia* engaged in the businesses of apparel retail and holding of investments. The apparel retail business of Madura Garments Lifestyle is hereinafter referred to as the “**MGL Retail Business**”.
- 1.3. Pantaloons Fashion & Retail Limited (“**PFRL**” or the “**Resulting Company**”) is a public limited company incorporated under the Act, having its registered office at 701-704, 7th Floor, Skyline Icon Business Park, 86-92, Off A.K. Road, Marol Village, Andheri (East), Mumbai 400059, and is engaged in the business of apparel retail. PFRL is a subsidiary of Indigold Trade & Services Limited which in turn is a wholly owned subsidiary of ABNL. The equity shares of PFRL are listed on the Stock Exchanges.
- 1.4. Rationale for restructuring:
- Presently, the apparels retail businesses of the Aditya Birla group are housed under separate entities including ABNL, Madura Garments Lifestyle and PFRL. Consolidating the similar businesses of the group within one company would enable the business activities to be carried out with greater focus and specialisation for sustained growth. Each business will also benefit from the potential synergies of combining with the similar and related businesses, thereby resulting in enhancement of shareholder value. Thus, the Scheme (as defined hereinafter) is sought to be undertaken to consolidate the apparels retail businesses of the Aditya Birla group within one company to unlock value and accrue potential synergy benefits for the business arising *inter alia* on account of operational efficiency in matters such as sourcing, infrastructure, and information technology.
- 1.5. In furtherance of the aforesaid, this Scheme provides for the following:
- (i) the transfer by way of a demerger of the Madura Undertaking (as defined hereinafter) of the First Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the First Demerged Company (“**First Demerger**”);
 - (ii) the transfer by way of a demerger of the MGL Retail Undertaking (as defined hereinafter) of the Second Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Second Demerged Company (“**Second Demerger**”); and
 - (iii) various other matters consequential or integrally connected therewith, including the reorganisation of the share capital of the Resulting Company;

pursuant to Sections 391 – 394 and other relevant provisions of the Act (including corresponding provisions of the Companies Act, 2013 as may be applicable) in the manner provided for in this Scheme and in compliance with the provisions of the Income Tax Act, 1961, including Section 2(19AA) thereof.

- 1.6. Each of the First Demerger and the Second Demerger (collectively, the “**Demergers**”) shall comply with the provisions of Section 2(19AA) of the Income Tax Act, 1961, such that:
- (i) all the properties of each of the Demerged Companies forming part of the Demerged Undertakings (as defined hereinafter) immediately before each of the Demergers shall become the properties of the Resulting Company by virtue of such Demergers;
 - (ii) all the liabilities relatable to each of the Demerged Companies forming part of the Demerged Undertakings immediately before each of the Demergers shall become the liabilities of the Resulting Company by virtue of such Demergers;
 - (iii) the properties and the liabilities relatable to each of the Demerged Companies forming part of the Demerged Undertakings shall be transferred to the Resulting Company at the values appearing in the books of account of the respective Demerged Companies immediately before the Demergers;
 - (iv) the Resulting Company shall issue, in consideration of each of the Demergers, shares to the shareholders of the Demerged Companies on a proportionate basis;
 - (v) all shareholders of the Demerged Companies shall become the shareholders of the Resulting Company by virtue of the Demergers; and
 - (vi) the transfer of the Demerged Undertakings shall be on a going concern basis.
- 1.7. This Scheme is divided into the following parts:
- (i) **Part I**, which deals with the introduction, definitions and interpretation, and share capital;
 - (ii) **Part II**, which deals with the Demergers;
 - (iii) **Part III**, which deals with the authorized share capital of the Resulting Company; and
 - (iv) **Part IV**, which deals with general terms and conditions applicable to the Scheme.

2. DEFINITIONS AND INTERPRETATION

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

“**ABNL Employees**” shall mean all the permanent employees of the First Demerged Company employed in the Madura Undertaking as on the Effective Date;

“**ABNL ESOS**” shall mean employee stock option schemes named as “ESOS – 2006” and “Scheme 2013” as approved by the Board of Directors and shareholders of the First Demerged Company, collectively;

“**ABNL GDRs**” shall mean the GDRs issued by the First Demerged Company pursuant to the deposit agreements executed by it with the Depository (as amended from time to time) and as are outstanding as of the ABNL Record Date;

“**ABNL Record Date**” means the date to be fixed by the Board of Directors of the First Demerged Company for the purpose of determining the equity shareholders of the First Demerged Company to whom shares of the Resulting Company shall be allotted pursuant to the First Demerger under this Scheme;

“**ABNL Remaining Business**” shall mean all the undertakings, businesses, activities, operations, assets and liabilities (including investments in shares and securities and identified assets and bank balances) of the First Demerged Company, other than those comprised in the Madura Undertaking. For the avoidance of doubt, it is hereby clarified that the investments held (whether directly or indirectly) by the First Demerged Company in the Resulting Company and the Second Demerged Company shall form part of the ABNL Remaining Business. It is further clarified that any credit or right to repayment in relation to any corporate tax paid by way of advance tax by the First Demerged Company (including in relation to the Madura Undertaking) prior to the Effective Date shall form part of the ABNL Remaining Business;

“**Act**” shall mean the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force, including the Companies Act, 2013 and provisions thereof as are notified and applicable from time to time and shall include any statutory modifications, re-enactment or amendments thereof;

“**Appointed Date**” shall mean April 1, 2015;

“**Board of Directors**” in relation to each of the Companies, as the case may be, means the board of directors of such company and, unless it be repugnant to the context, includes a duly authorised committee of directors;

“**Bombay High Court**” means the High Court of Judicature at Bombay and shall include, if applicable, the National Company Law Tribunal, as applicable or such other forum or authority as may be vested with the powers of a High Court for the purposes of Sections 391 to 394 of the Act or Sections 230 to 232 of the Companies Act, 2013, as may be applicable;

“**BSE**” shall mean BSE Limited;

“**Companies**” shall mean the First Demerged Company, the Second Demerged Company, and the Resulting Company, or any two or more of them as the context may require;

“**Demerged Companies**” shall mean the First Demerged Company and the Second Demerged Company, collectively;

“**Demerged Liabilities**” shall have the meaning set forth in Clause 6.1;

“**Demerged Undertakings**” shall mean the Madura Undertaking, and the MGL Retail Undertaking, collectively;

“Demergers” shall have the meaning set forth in Clause 1.6;

“Deposit Agreement” shall have the meaning set forth in Clause 26(i) hereof;

“Depository” shall mean Citibank, N.A., being the depository for the ABNL GDRs;

“Effective Date” shall mean the last of the dates on which the conditions and matters referred to in Clause 38 hereof occur or have been fulfilled or waived and references in this Scheme to the date of “coming into effect of this Scheme” or “effectiveness of this Scheme” shall mean the Effective Date;

“Employee Benefit Funds” shall have the meaning set forth in Clause 8.2;

“Encumbrance” or **“Encumber”** shall mean any: (i) encumbrance including without limitation any security interest, claim, mortgage, pledge, charge, hypothecation, lien, lease, assignment, deed of trust, title retention, deposit by way of security, beneficial ownership (including usufruct and similar entitlements), or any other similar interest held by a third person; (ii) security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable Law; (iii) right of pre-emption, right of first offer, or refusal or transfer restriction in favour of any person; and/or (iv) any adverse claim as to title, possession or use;

“First Demerged Company” shall have the meaning set forth in Clause 1.1;

“First Demerger” shall have the meaning set forth in Clause 1.5(i);

“GDRs” means global depository receipts issued pursuant to the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 (including any statutory modifications, re-enactment or amendments thereof for the time being in force) and other applicable Laws and where relevant shall include the underlying equity shares related thereto;

“Governmental Authority” shall mean any national, state, provincial, local or similar government, governmental, statutory, regulatory or administrative authority, government department, agency, commission, board, branch, tribunal or court or other entity authorized to make Laws, rules, regulations, standards, requirements, procedures or to pass directions or orders having the force of Law, or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of Law, or any stock exchange of India or any other country;

“Gujarat High Court” shall mean the High Court of Gujarat at Ahmedabad and shall include, if applicable, the National Company Law Tribunal, as applicable or such other forum or authority as may be vested with the powers of a High Court for the purposes of Sections 391 to 394 of the Act or Sections 230 to 232 of the Companies Act, 2013, as may be applicable;

“High Court” shall mean the Bombay High Court or the Gujarat High Court, as may be applicable;

“Law” shall mean any statute, law, regulation, ordinance, rule, judgment, notification, rule of common law, order, decree, bye-law, approval, directive, guideline, requirement or other governmental restriction, or any similar form of decision of, or determination by, or any interpretation, policy or administration, having the force of law of any of the foregoing, by any Governmental Authority having jurisdiction over the matter in question;

“Madura Entitlement Ratio” shall have the meaning set forth in Clause 19(i);

“Madura Undertaking” shall mean the First Demerged Company’s undertakings, business, activities and operations pertaining to the Madura Business, on a going concern basis, and shall mean and include, without limitation:

- (a) all assets and properties of the Madura Business wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all buildings, warehouses, stores, factory outlets, stores under progress, equipment, structures, offices, all lands (whether leasehold or freehold), benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), stock-in-trade, stock-in-transit, merchandise (including raw materials), finished goods, supplies (including wrapping supplies), packaging items, all whether in transit or located at stores (including factory outlets) and warehouses, computers, vehicles, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash, cash equivalents and bank accounts (including bank balances), benefit of any deposits, financial assets, insurances, funds, provisions, and benefit of any bank guarantees, performance guarantees and letters of credit appertaining or relating to the Madura Business;
- (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for the employees, benefit of any deposits, 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 all other interests in connection with or relating to the Madura Business;

- (c) all lease agreements, leave and license agreements, and all contracts and arrangements in any form, including those pertaining to franchises, brand license, vendors, stores maintenance, housekeeping, security, contract workers, and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Madura Business;
- (d) all earnest moneys and/or security deposits paid by the First Demerged Company in connection with or relating to the Madura Business;
- (e) all the ABNL Employees;
- (f) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists 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 relating to the Madura Business;
- (g) all goodwill of the First Demerged Company associated with the Madura Business;
- (h) 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 First Demerged Company in relation to the Madura Business, including all intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), used in relation to the Madura Business, and all other trade names, service names, trade marks, brands, copyrights, designs, know-how and trade secrets connected with the Madura Business; and
- (i) all debts, borrowings, obligations and liabilities, both present and future, (including contingent liabilities and the Demerged Liabilities pertaining to the Madura Undertaking, and obligations under any licenses or permits or schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet of the First Demerged Company, appertaining or relating to the Madura Business;

For the avoidance of doubt, it is hereby clarified that the investments held (whether directly or indirectly) by the First Demerged Company in the Resulting Company and the Second Demerged Company shall not form part of the Madura Undertaking;

“MGL Employees” shall mean all the permanent employees of the Second Demerged Company employed in the MGL Retail Undertaking as on the Effective Date;

“MGL Equity Share Entitlement Ratio” shall have the meaning set forth in Clause 19(ii)(a);

“MGL Preference Share Entitlement Ratio” shall have the meaning set forth in Clause 19(ii)(b);

“MGL Record Date” means the date to be fixed by the Board of Directors of the Second Demerged Company for the purpose of determining the shareholders of the Second Demerged Company to whom shares of the Resulting Company shall be allotted pursuant to the Second Demerger under this Scheme;

“MGL Remaining Business” shall mean all the undertakings, businesses, activities, operations, assets and liabilities (including investments in shares and securities and identified assets and bank balances) of the Second Demerged Company, other than those comprised in the MGL Retail Undertaking;

“MGL Retail Undertaking” shall mean the Second Demerged Company’s undertakings, business, activities and operations pertaining to the MGL Retail Business, on a going concern basis, and shall mean and include, without limitation:

- (a) all assets and properties of the MGL Retail Business wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, including all buildings, warehouses, stores, factory outlets, stores under progress, equipment, structures, offices, all lands (whether leasehold or freehold), benefits of any rental agreements for use of premises, marketing offices, capital works in progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), stock-in-trade, stock-in-transit, merchandise (including raw materials), finished goods, supplies (including wrapping supplies), packaging items, all whether in transit or located at stores (including factory outlets) and warehouses, computers, vehicles, furniture, fixtures, office equipment, appliances, accessories, power lines, share of any joint assets, any finished goods and any facilities, cash, cash equivalents and bank accounts (including bank balances), benefit of any deposits, financial assets, insurances, funds, provisions, and benefit of any bank guarantees, performance guarantees and letters of credit appertaining or relateable to the MGL Retail Business;
- (b) all permits, quotas, rights, entitlements, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, municipal permissions, approvals, consents, subsidies, tenancies in relation to the office and/or residential properties for the employees, benefit of any deposits, 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 all other interests in connection with or relating to the MGL Retail Business;
- (c) all lease agreements, leave and license agreements, and all contracts and arrangements in any form, including those pertaining to franchises, brand license, vendors, stores maintenance, housekeeping, security, contract workers, and

benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the MGL Retail Business;

- (d) all earnest moneys and/or security deposits paid by the Second Demerged Company in connection with or relating to the MGL Retail Business;
- (e) all the MGL Employees;
- (f) all records, files, papers, engineering and process information, any computer programs, licenses for software, and any other software licenses, drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists 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 relating to the MGL Retail Business;
- (g) all goodwill of the Second Demerged Company associated with the MGL Retail Business;
- (h) 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 Second Demerged Company in relation to the MGL Retail Business, including all intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered), used in relation to the MGL Retail Business, and all other trade names, service names, trade marks, brands, copyrights, designs, know-how and trade secrets connected with the MGL Retail Business; and
- (i) all debts, borrowings, obligations and liabilities, both present and future, (including contingent liabilities and the Demerged Liabilities pertaining to the MGL Retail Undertaking and obligations under any licenses or permits or schemes), whether secured or unsecured, whether provided for or not in the books of account or disclosed in the balance sheet of the Second Demerged Company, appertaining or relating to the MGL Retail Business;

“**NSE**” shall mean National Stock Exchange of India Limited;

“**PFRL ESOS**” shall mean the employee stock option scheme of PFRL named as “Scheme 2013” as approved by the Board of Directors and shareholders of PFRL and the stock appreciation rights plan of PFRL named as “SARs 2013”;

“**Record Date**” shall mean the ABNL Record Date and the MGL Record Date, collectively;

“**Remaining Businesses**” shall mean the ABNL Remaining Business and the MGL Remaining Business, collectively;

“**Resulting Company**” shall have the meaning set forth in Clause 1.3 above;

“**Resulting Company Depository**” shall have the meaning set forth in Clause 26(i);

“**Resulting Company Deposit Agreement**” shall have the meaning set forth in Clause 26(i);

“**Resulting Company GDRs**” shall have the meaning set forth in Clause 26(i);

“**RSUs**” shall mean restricted stock units;

“**Scheme**” shall mean this composite scheme of arrangement including any modification or amendment hereto, made in accordance with the terms hereof;

“**SEBI Scheme Circulars**” shall have the meaning set forth in Clause 38;

“**Second Demerger**” shall have the meaning set forth in Clause 1.5(ii);

“**Second Demerged Company**” shall have the meaning set forth in Clause 1.2;

“**Share Entitlement Ratios**” shall mean the Madura Entitlement Ratio, the MGL Equity Share Entitlement Ratio, and the MGL Preference Share Entitlement Ratio, collectively;

“**Securities Act**” shall have the meaning set forth in Clause 24; and

“**Stock Exchanges**” means the BSE and the NSE, collectively.

- 2.2. All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable Law, rules, regulations, bye-laws, as the case may be, and any statutory modification or re-enactment thereof for the time being in force.
- 2.3. References to “Clauses”, “Sections” and “Parts”, unless otherwise stated, are references to schedules, clauses, sections and parts of this Scheme.
- 2.4. The headings herein shall not affect the construction of this Scheme.
- 2.5. The singular shall include the plural and vice versa.
- 2.6. Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed without limitation.
- 2.7. References to a person shall include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).

3. Share Capital

3.1. First Demerged Company

- (i) The share capital structure of the First Demerged Company as on May 2, 2015 is as follows:

Authorized Share Capital		Rupees
175,000,000 equity shares of INR 10 each		1,750,000,000
500,000, 6% redeemable cumulative preference shares of INR 100 each		50,000,000
	Total	1,800,000,000
Issued Share Capital		
130,279,180 equity shares of INR 10 each *		1,302,791,800
	Total	1,302,791,800
Subscribed and Paid-up Share Capital		Rupees
130,140,476 equity shares of INR 10 each *		1,301,404,760
	Total	1,301,404,760

*includes 31,68,459 equity shares represented by GDRs

- (ii) The equity shares of the First Demerged Company are listed on the Stock Exchanges. The GDRs of the First Demerged Company are listed on the Luxembourg Stock Exchange.
- (iii) The First Demerged Company has outstanding employee stock options and RSUs, the exercise of which may result in an increase in the issued and paid-up share capital of the First Demerged Company.

3.2. Second Demerged Company

- (i) The share capital structure of the Second Demerged Company as on May 2, 2015 is as follows:

Authorized Share Capital		Rupees
270,000,000 equity shares of INR 10 each		2,700,000,000
10,000,000, 8% redeemable cumulative preference shares of INR 10 each		100,000,000
	Total	2,800,000,000
Issued, Subscribed and Paid-up Share Capital		Rupees
190,065,361 equity shares of INR 10 each		1,900,653,610
10,000,000 8% redeemable cumulative preference shares of INR 10 each		100,000,000
	Total	2,000,653,610

- (ii) The equity shares of the Second Demerged Company are not listed.

3.3. Resulting Company

- (i) The share capital structure of the Resulting Company as on May 2, 2015 is as follows:

Authorized Share Capital		Rupees
150,000,000 equity shares of INR 10 each		1,500,000,000
10,000,000 8% redeemable cumulative preference shares of INR 10 each		100,000,000
15,000 6% redeemable cumulative preference shares of INR 100 each		1,500,000
	Total	1,601,500,000
Issued, Subscribed and Paid-up Share Capital		Rupees
92,793,529 equity shares of INR 10 each		927,935,290
500,000, 8% redeemable cumulative preference shares of INR 10 each		5,000,000
500, 6% redeemable cumulative preference shares of INR 100 each		50,000
	Total	932,985,290

- (ii) The equity shares of the Resulting Company are listed on the Stock Exchanges.
- (iii) The Resulting Company has outstanding employee stock options and RSUs, the exercise of which may result in an increase in the issued and paid-up share capital of the Resulting Company.

PART II – DEMERGERS

SECTION 1 - TRANSFER AND VESTING OF THE DEMERGED UNDERTAKINGS

4. Transfer of Assets

- 4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, each of the Demerged Undertakings (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of each such Demerged Undertakings) shall, subject to the provisions of this Clause 4 in relation to the mode of transfer and vesting and pursuant to Section 394(2) of the Act and without any further act or deed, be demerged from each of the Demerged Companies and be transferred to and vested in and be deemed to have been demerged from the Demerged Companies and transferred to and vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 4.2. In respect of such of the assets of each of the Demerged Undertakings as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same shall be so transferred by each of the Demerged Companies, respectively, upon the coming into effect of the Scheme, and shall become the property of the Resulting Company as an integral part of each of the Demerged Undertakings with effect from the Appointed Date pursuant to the provisions of Section 394 of the Act without requiring any deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 4.3. In respect of movables other than those dealt with in Clause 4.2 above including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Governmental Authority, quasi governmental authority, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Resulting Company without any notice or other intimation to the debtors (although the Resulting Company may without being obliged and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Resulting Company).
- 4.4 In respect of such of the assets belonging to each of the Demerged Undertakings other than those referred to in Clause 4.2 and 4.3 above, the same shall, as more particularly provided in Clause 4.1 above, without any further act, instrument or deed, be demerged from each of the Demerged Companies and transferred to and vested in and/or be deemed to be demerged from the respective Demerged Companies and transferred to and vested in the Resulting Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391- 394 of the Act.
- 4.5. All assets, rights, title, interest and investments of each of the Demerged Companies in relation to the respective Demerged Undertakings shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391- 394 of the Act.
- 4.6. Without prejudice to the generality of the foregoing, upon the effectiveness of the Scheme, the Resulting Company will be entitled to all the brands and trademarks of the Demerged Companies in relation to the Demerged Undertakings, including registered and unregistered trademarks along with all rights of commercial nature including attached goodwill, title, interest, labels and brand registrations, copyrights, trademarks and all such other industrial or intellectual rights of whatsoever nature. The Resulting Company may take such actions as may be necessary and permissible to get the same transferred and/or registered in the name of the Resulting Company.
- 4.7. Any assets acquired by any of the Demerged Companies after the Appointed Date but prior to the Effective Date pertaining to the Demerged Undertakings shall upon the coming into effect of this Scheme also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of this Scheme.
- 4.8 For the avoidance of doubt, upon the coming into effect of this Scheme, all the rights, title, interest and claims of the Demerged Companies in any leasehold/licensed properties in relation to each of the Demerged Undertakings shall, pursuant to Section 394 (2) of the Act, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company automatically without requirement of any further act or deed.

5. Transfer of contracts, deeds, etc.

- 5.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme including Clause 6, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to each of the Demerged Undertakings, to which the respective Demerged Company is a party or to the benefit of which the respective Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the respective Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- 5.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Demerged Undertakings occurs by virtue of this Scheme itself, the 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, 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 each of the Demerged Companies is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Resulting Company shall be deemed to be authorised to execute any such writings on behalf of the respective Demerged Companies and to carry out or perform all such formalities or compliances referred to above on the part of the respective Demerged Companies to be carried out or performed.

- 5.3. 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, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of each of the Demerged Companies in relation to the respective Demerged Undertakings shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make applications to any Governmental Authority as may be necessary in this behalf.
- 5.4. Without prejudice to the aforesaid, 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 each of the Demerged Undertakings which the respective Demerged Companies own or to which the Demerged Companies are a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Companies shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.

6. Transfer of Liabilities

- 6.1. Upon the coming into effect of this Scheme, all debts, liabilities, loans raised and used, obligations incurred, duties of any kind, nature or description (including contingent liabilities which arise out of the activities or operations of each of the Demerged Undertakings) of the respective Demerged Companies as on the Appointed Date and relating to the respective Demerged Undertakings ("**Demerged Liabilities**") shall, without any further act or deed, be and stand transferred to and be deemed to be transferred to the Resulting Company to the extent that they are outstanding as on the Effective Date and shall become the debts, liabilities, loans, obligations and duties of the Resulting Company which shall meet, discharge and satisfy the same. The term "Demerged Liabilities" shall include:
- (i) the liabilities which arise out of the activities or operations of the Demerged Undertakings;
 - (ii) the specific loans or borrowings (including debentures raised, incurred and utilized solely for the activities or operations of the Demerged Undertakings); and
 - (iii) in cases other than those referred to in Clause 6.1(i) or Clause 6.1(ii) above, so much of the amounts of general or multipurpose borrowings, if any, of the Demerged Companies, as stand in the same proportion which the value of the assets transferred pursuant to the respective Demergers bears to the total value of the assets of the respective Demerged Companies immediately prior to the Effective Date.
- 6.2. Where any of the loans raised and used, debts, liabilities, duties and obligations of each of the Demerged Companies as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the respective Demerged Companies on or after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.
- 6.3. Upon the coming into effect of the Scheme, all loans raised and used (including the loans availed in terms of the Technology Upgradation Fund Scheme notified by Ministry of Textiles, Government of India, if any) and all debts, liabilities, duties and obligations incurred by the Demerged Companies for the operations of the Demerged Undertakings with effect from the Appointed Date and prior to the Effective Date, subject to the terms of this Scheme, shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company 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 Resulting Company and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.
- 6.4. In so far as the existing Encumbrances in respect of the Demerged Liabilities are concerned, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the respective Demerged Undertaking which have been Encumbered in respect of the Demerged Liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertakings which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Demerged Liabilities, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 6.5. For the avoidance of doubt, it is hereby clarified that in so far as the assets comprising the Remaining Businesses are concerned, subject to Clause 6.4, the Encumbrances over such assets relating to the Demerged Liabilities shall, as and from the Effective Date without any further act, instrument or deed be released and discharged from the obligations and Encumbrances relating to the same. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above. Further, in so far as the assets comprised in the respective Demerged Undertakings are concerned,

the Encumbrances over such assets relating to any loans, borrowings or debentures or other debts or debt securities which are not transferred pursuant to this Scheme (and which shall continue with the respective Demerged Company), shall without any further act or deed be released from such Encumbrances and shall no longer be available as security in relation to such liabilities.

- 6.6. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Demerged Companies and the Resulting Company shall execute any instrument(s) and/or document(s) and/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 respective registrar of companies to give formal effect to the above provisions, if required.
- 6.7. Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the Demerged Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Companies shall not have any obligations in respect of such Demerged Liabilities.
- 6.8. It is expressly provided that, save as mentioned in this Clause 6, no other term or condition of the liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 6.9. The provisions of this Clause 6 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.

7. Legal, taxation and other proceedings

- 7.1. Upon the coming into effect of this Scheme, all legal, taxation or other proceedings, whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal), by or against the Demerged Companies and relating to the Demerged Undertakings, under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, shall be continued and enforced by or against the Resulting Company after the Effective Date. The Demerged Companies shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company. The Resulting Company shall be added as party to such proceedings and shall prosecute or defend such proceedings in co-operation with the respective Demerged Companies.
- 7.2. If proceedings are taken against any of the Demerged Companies in respect of the matters referred to in Clause 7.1 above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost of the Resulting Company, and the latter shall reimburse and indemnify such Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.
- 7.3. The Resulting Company undertakes to have all legal or other proceedings initiated by or against the Demerged Companies referred to in Clause 7.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Companies. Each of the Companies shall make relevant applications in that behalf.

8. Employees

- 8.1. Upon the coming into effect of this Scheme, the ABNL Employees and the MGL Employees (the “**Transferred Employees**”) shall become the permanent employees of the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are employed by each of the Demerged Companies in the respective Demerged Undertaking and without any interruption of, or break in, service as a result of the transfer of the Demerged Undertakings. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the Transferred Employees with the respective Demerged Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.
- 8.2. In so far as the existing benefits including provident fund, gratuity fund and superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the respective Demerged Companies *inter alia* for its employees (including employees of the Demerged Undertakings) are concerned (collectively referred to as the “**Employee Benefit Funds**”), such proportion of the investments made in the Employee Benefit Funds and liabilities which are referable to the Transferred Employees shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Employee Benefit Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the respective Demerged Undertakings or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the Transferred Employees to the respective Employee Benefit Funds or discharge such liabilities of the respective Demerged Company, until such time that the Resulting Company creates its own fund, at which time the Employee Benefit Funds, investments, contributions and liabilities pertaining to the Transferred Employees shall be transferred to the funds created by the Resulting Company.
- 8.3. In relation to any other fund (including any funds set up by the government for employee benefits) created or existing for the benefit of the employees being transferred to the Resulting Company, the Resulting Company shall stand substituted for the respective Demerged Companies, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Transferred Employees.

- 8.4. In so far as the existing benefits or funds created by the respective Demerged Companies for the employees of the Remaining Businesses are concerned, the same shall continue and the respective Demerged Company shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held *inter alia* for the benefit of the employees of the Remaining Businesses and the Resulting Company shall have no liability in respect thereof.
- 8.5. Employee Stock Options and RSUs:
- (i) In respect of the stock options and RSUs granted under the ABNL ESOS, if any, in the hands of the ABNL Employees and MGL Employees as on the Effective Date, upon the coming into effect of this Scheme, such options and RSUs granted (whether or not vested), under and pursuant to the ABNL ESOS to such employees as of the Effective Date would continue on the existing terms and conditions, except for such modifications to the ABNL ESOS as may be required to give effect to this Clause 8.5.
 - (ii) Prior to the Scheme becoming effective, the ABNL ESOS shall be amended to provide for the continuation of options and RSUs under the ABNL ESOS in the hands of ABNL Employees and MGL Employees in accordance with this Clause 8.5 subject to such adjustments as may be deemed appropriate by the relevant committee of the Board of Directors of ABNL, in accordance with the provisions of the ABNL ESOS and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
 - (iii) For the avoidance of doubt it is hereby clarified that upon the coming into effect of this Scheme, the options granted, under and pursuant to the ABNL ESOS to the employees of the ABNL Remaining Business as of the Effective Date would continue and the exercise price of such options may be suitably adjusted in order to provide for reduction in the intrinsic value of the First Demerged Company pursuant to the demerger of the Madura Undertaking.
 - (iv) The continuation of the grant of stock options and RSUs under the ABNL ESOS in the hands of ABNL Employees and MGL Employees pursuant to the provisions of this Scheme, including this Clause 8.5, shall be effected as an integral part of the Scheme and the consent of the shareholders of the First Demerged Company and the Resulting Company to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the ABNL ESOS, including without limitation, for the purposes of modifying the ABNL ESOS, making adjustments to the options and RSUs, including but not limited to the exercise period and price, vesting schedule and period and all related matters. No further approval of the shareholders of the First Demerged Company or the Resulting Company would be required in this connection under any applicable Law.
 - (v) It is hereby clarified that the Resulting Company shall not be obligated to create any stock option or RSU scheme for the ABNL Employees, the MGL Employees or the employees of the Remaining Businesses in connection with this Scheme.
 - (vi) The Boards of Directors of the Resulting Company and the First Demerged Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 8.5.
- 8.6. Resulting Company stock options, RSUs and stock appreciation rights:
- (i) In respect of the stock options, RSUs and/or stock appreciation rights granted under the PFRL ESOS to PFRL Employees as of the Effective Date, upon the coming into effect of this Scheme, such options, RSUs granted and/or stock appreciation rights (whether or not vested), would continue on the existing terms and conditions, except for such modifications to the PFRL ESOS as may be required or subject to such adjustments as may be deemed appropriate by the relevant committee of the Board of Directors of PFRL, in accordance with the provisions of the PFRL ESOS and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
 - (ii) The Board of Directors of the Resulting Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 8.6.

SECTION 2 – CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

9. The Demerged Companies, with effect from the Appointed Date and up to and including the Effective Date:
- (i) shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Demerged Undertakings and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertakings for and on account of, and in trust for, the Resulting Company;
 - (ii) all profits and income accruing to the Demerged Companies from the respective Demerged Undertakings, and losses and expenditure incurred by it (including taxes but excluding advance taxes, if any, accruing or paid in relation to any profits or income), relating to the Demerged Undertakings for the period from the Appointed Date based on the accounts of the respective Demerged Companies shall, for all purposes, be treated as the profits, income, losses or expenditure, as the case may be, of the Resulting Company, except those specifically forming part of the ABNL Remaining Business; and
 - (iii) any of the rights, powers, authorities, privileges, attached, related or pertaining to the Demerged Undertakings exercised by the respective Demerged Companies shall be deemed to have been exercised by the Demerged Companies for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the respective Demerged Undertaking that have been undertaken or discharged by the Demerged Companies shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company.

10. The Demerged Companies undertake that they shall preserve and carry on the business of the Demerged Undertakings with business prudence.
11. From the date of filing of this Scheme with the High Court and upto and including the Effective Date, the Demerged Companies and Resulting Company shall not, except as may be expressly required or permitted under this Scheme or pursuant to exercise of stock options and RSUs granted as of the date of filing of this Scheme with the High Court, make any change in their respective capital structure in any manner either by any increase (including by way of issue of equity and/or preference shares on a rights basis or by way of a public issue, bonus shares and/or convertible debentures or otherwise), decrease, reduction, reclassification, sub-division, consolidation, re-organization, or in any other manner which may, in any way, affect the respective Share Entitlement Ratios, except with the prior approval of the Board of Directors of the Resulting Company or the relevant Demerged Companies respectively.
12. The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertakings and the continuance of the proceedings by or against the Resulting Company under this Scheme shall not affect any transaction or proceedings already completed by the respective Demerged Companies on or before the Appointed Date to the end and intent that, subject to the provisions of this Section 2, the Resulting Company accepts all acts, deeds and things done and executed by and/or on behalf of the Demerged Companies as acts, deeds and things done and executed by and on behalf of the Resulting Company.

SECTION 3 – REMAINING BUSINESSES

13. The Remaining Businesses and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the respective Demerged Companies subject to the provisions of this Scheme in relation to Encumbrances in favour of banks, lenders and/or financial institutions.
14. All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the respective Demerged Companies under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Businesses (including those relating to any property, right, power, liability, obligation or duties of the respective Demerged Companies in respect of the Remaining Businesses) shall be continued and enforced by or against the respective Demerged Companies after the Effective Date, which shall keep the Resulting Company fully indemnified in that behalf.
15. If proceedings are taken against the Resulting Company in respect of the matters referred to in Clause 14 above, it shall defend the same in accordance with the advice of the relevant Demerged Company and at the cost of such Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.
16. Up to and including the Effective Date:
 - (i) the Demerged Companies shall carry on and shall be deemed to have been carrying on all business and activities relating to the respective Remaining Businesses for and on its own behalf;
 - (ii) all profits accruing to the Demerged Companies or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Remaining Businesses shall, for all purposes, be treated as the profits or losses, as the case may be, of the respective Demerged Companies; and
 - (iii) all assets and properties acquired by the Demerged Companies in relation to the respective Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Companies.

SECTION 4 – REORGANISATION OF CAPITAL

17. The provisions of this Section 4 shall operate notwithstanding anything to the contrary in this Scheme.
18. In consideration of the transfer and vesting of the Demerged Undertakings in the Resulting Company in accordance with the provisions of this Scheme and as an integral part of this Scheme, the share capital of the Demerged Companies and the Resulting Company shall be restructured and reorganised in the manner set out in Clause 19 to Clause 29 below. It is clarified that the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for the issuance of shares by the Resulting Company and no further resolutions under Section 62 or any other applicable provisions of the Act would be required to be separately passed.
19. Share Entitlement Ratios:
 - (i) In consideration of the First Demerger, including the transfer and vesting of the Madura Undertaking in the Resulting Company pursuant to Section 1 of Part II of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each member of the First Demerged Company whose name is recorded in the register of members as a shareholder of the First Demerged Company on the ABNL Record Date, equity shares in the Resulting Company in the ratio of 26 (twenty six) equity shares in the Resulting Company of face value INR 10 (Rupees Ten Only) each credited as fully paid-up for every 5 (five) equity shares of face value INR 10 (Rupees Ten Only) each fully paid up held by such member in the First Demerged Company (the “**Madura Entitlement Ratio**”) as on the ABNL Record Date.
 - (ii) In consideration of the Second Demerger, including the transfer and vesting of the MGL Retail Undertaking in the Resulting Company pursuant to Section 1 of Part II of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each member of the Second Demerged Company whose name is recorded in the register of members as

shareholder of the Second Demerged Company on the MGL Record Date equity shares in the Resulting Company in the ratio of:

- (a) 7 (seven) equity shares of face value INR 10 (Rupees Ten Only) each in the Resulting Company credited as fully paid-up for every 500 (five hundred) equity share of face value INR 10 (Rupees Ten Only) each fully paid up held by an equity shareholder in the Second Demerged Company as on the MGL Record Date (the “**MGL Equity Share Entitlement Ratio**”); and
 - (b) 1 (one) equity shares of face value INR 10 (Rupees Ten Only) each in the Resulting Company credited as fully paid up for all 10,000,000 (ten million) preference shares of face value INR 10 (Rupees Ten Only) each fully paid up held by a preference shareholder in the Second Demerged Company as on the MGL Record Date (the “**MGL Preference Share Entitlement Ratio**”).
- (iii) If any shareholder of the Demerged Companies becomes entitled to any fractional shares, entitlements or credit on the issue and allotment of equity shares by the Resulting Company in accordance with Clause 19 (i) and (ii) of this Scheme, the Board of Directors of the Resulting Company shall consolidate all such fractional entitlements and shall, without any further application, act, instrument or deed, issue and allot such consolidated equity shares directly to an individual trust or a board of trustees or a corporate trustee nominated by the Resulting Company (the “**Fractional Share Trustee**”), who shall hold such equity shares with all additions or accretions thereto in trust for the benefit of the respective shareholders, to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such equity shares in the market at such price or prices and on such time or times, as the Fractional Share Trustee may in its sole discretion decide and on such sale pay to the Resulting Company, the net sale proceeds thereof (after deduction of applicable taxes and other expenses incurred, if any) and any additions and accretions, whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of the Demerged Companies in proportion to their respective fractional entitlements.
20. The shares issued to the members of the Demerged Companies pursuant to Clause 19 above shall be issued in dematerialized form by the Resulting Company, unless otherwise notified in writing by the shareholders of the Demerged Companies to the Resulting Company on or before such date as may be determined by the Board of Directors of the Resulting Company. In the event that such notice has not been received by the Resulting Company in respect of any of the members of the Demerged Companies, the shares shall be issued to such members in dematerialized form provided that the members of the Demerged Companies shall be required to have an account with a depository participant and shall provide details thereof and such other confirmations as may be required. It is only thereupon that the Resulting Company shall issue and directly credit the dematerialized securities to the account of such member with the shares of the Resulting Company. In the event that the Resulting Company has received notice from any member that shares are to be issued in certificate form or if any member has not provided the requisite details relating to the account with a depository participant or other confirmations as may be required, then the Resulting Company shall issue shares in certificate form to such member.
21. Equity shares to be issued by the Resulting Company pursuant to Clause 19 in respect of such of the equity shares of the Demerged Companies which are held in abeyance under the provisions of Section 126 of the Act (2013) or which the Resulting Company is unable to issue due to applicable Laws or otherwise shall, pending allotment or settlement of dispute by order of court or otherwise, be kept in abeyance by the Resulting Company.
22. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Companies, the Board of Directors of the relevant Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the relevant Record Date, to effectuate such a transfer in the relevant Demerged Company as if such changes in registered holder were operative as on the respective Record Date, in order to remove any difficulties arising to the transferor of the share in the Resulting Company and in relation to the shares issued by the Resulting Company after the effectiveness of this Scheme. The Board of Directors of the Demerged Companies shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.
23. The equity shares to be issued and allotted by the Resulting Company in terms of Clause 19 above shall inter-se rank *pari passu* in all respects.
24. The equity shares of the Resulting Company issued pursuant to this Scheme may not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Resulting Company may elect, in its sole discretion, to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof or any other exemption that the Resulting Company may elect to rely upon. In the event the Resulting Company elects to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof, the sanction of the High Courts to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the equity shares of the Resulting Company for such an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof.
25. (i) Equity shares of the Resulting Company issued in terms of Clause 19 above shall, subject to receipt of necessary approvals, be listed and admitted to trading on the Stock Exchanges. The Resulting Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable Laws or regulations for complying with the formalities of the Stock Exchanges. The shares allotted pursuant to Part II of this Scheme shall

remain frozen in the depositories system until listing/trading permission is given by the designated stock exchange.

- (ii) Until the listing of the equity shares of the Resulting Company with the Stock Exchanges, except as provided in this Scheme, there shall be no change in the shareholding pattern or control or pre-arrangement capital structure of the Resulting Company.
26. (i) Upon the coming into effect of this Scheme and the issuance of shares as per the Madura Entitlement Ratio by the Resulting Company pursuant to the provisions of Clause 19 above, it may elect to either proceed in accordance with this Clause 26 or proceed in accordance with Clause 29 below at its sole discretion. If the Resulting Company so elects and subject to applicable Laws, it shall issue an appropriate number of underlying shares, in accordance with the Madura Entitlement Ratio, to the Depository. The Resulting Company may enter into appropriate arrangements for the appointment of a depository (the **"Resulting Company Depository"**) pursuant to a deposit agreement entered into between the Resulting Company and the Resulting Company Depository (the **"Resulting Company Deposit Agreement"**), for the issuance of GDRs representing such shares (the **"Resulting Company GDRs"**) on pro-rata basis to holders of the ABNL GDRs, in accordance with the deposit agreement entered into between the First Demerged Company and the Depository (the **"Deposit Agreement"**).
- (ii) The Resulting Company, Resulting Company Depository, the First Demerged Company and/or the Depository shall enter into such further documents and take such further actions as may be deemed necessary or appropriate by the Resulting Company and/or the First Demerged Company, Resulting Company Depository, and the Depository, including, but not limited to, amending the Deposit Agreement, disseminating to existing ABNL GDR holders certain notices, certifications and information containing details of the Scheme, the issuance of the Resulting Company GDRs and/or certain information relating to the Resulting Company and obtaining from the existing ABNL GDR holders, and providing to the Resulting Company, certain information relating to the existing ABNL GDR holders.
27. The Resulting Company GDRs issued pursuant to Clause 26 above shall not be listed unless required by any regulations or Laws, in which event the same may be listed on the Luxemburg Stock Exchange or such other international stock exchange as may be determined by the Resulting Company and the Resulting Company shall take such additional steps and do all such acts, deeds and things as may be necessary for purposes of listing the Resulting Company GDRs.
28. The Resulting Company GDRs and the equity shares underlying the Resulting Company GDRs may not be registered under the Securities Act and the Resulting Company may elect, in its sole discretion, to rely upon an exemption from the registration requirements of the Securities Act under section 3(a)(10) thereof or any other exemption that the Resulting Company may elect to rely upon. In the event the Resulting Company elects to rely upon an exemption from the registration requirements of the Securities Act under section 3(a)(10) thereof, the sanction of the High Court to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the Resulting Company GDRs and the equity shares of the Resulting Company, including, without limitation, the equity shares underlying the Resulting Company GDRs, for such an exemption from the registration requirements of the Securities Act under section 3(a)(10) thereof.
29. Notwithstanding anything contained herein, if the Resulting Company determines that it is unable to issue the Resulting Company GDRs due to applicable Laws (including the non-receipt of Governmental Approvals required, if any), it may elect, in its sole discretion and subject to receipt of such Governmental Approvals as may be required, to enter into suitable arrangements which may include arrangements with the Depository for providing for issuance of equity shares by the Resulting Company to the Depository, which represent the entitlement of the ABNL GDR holders, and sale of such equity shares by the Depository to make distributions of the net sales proceeds (after the deduction of taxes and expenses incurred) to the existing ABNL GDR holders, in proportion to their entitlements, in lieu of issuing the Resulting Company GDRs. If the above cannot be effected for any reason, the Resulting Company and the First Demerged Company shall ensure that this does not delay implementation of the Scheme, and shall, in consultation with each other, take all such actions as may be necessary to, issue or remit consideration in lieu of or in respect of the ABNL GDR holders' entitlement in a compliant manner, without delay to the effectiveness or implementation of the Scheme. The Resulting Company, the First Demerged Company and/or the Depository shall enter into such further documents and take such further actions as may be necessary or appropriate in this behalf and to enable the actions contemplated herein.

SECTION 5 - ACCOUNTING TREATMENT

30. Accounting treatment in the books of the Demerged Companies

On effectiveness of the Scheme and with effect from the Appointed Date:

- (a) Book value of all assets and liabilities relating to the Madura Undertaking transferred pursuant to this Scheme from the First Demerged Company to the Resulting Company shall be reduced from the total book value of assets and liabilities as appearing in the books of the First Demerged Company at the close of business of the day immediately preceding the Appointed Date;
- (b) Book value of all assets and liabilities relating to the MGL Retail Undertaking transferred pursuant to this Scheme from the Second Demerged Company to the Resulting Company shall be reduced from the total book value of assets and liabilities as appearing in the books of the Second Demerged Company at the close of business of the day immediately preceding the Appointed Date; and

- (c) The excess of book value of assets over book value of liabilities of the Demerged Undertakings, if any, shall be adjusted against the balance in the capital reserve/ general reserve/balance in the statement of profit and loss or the securities premium account of the relevant Demerged Company. In case of a shortfall of book value of assets over book value of liabilities, if any, shall be credited to capital reserve account of the relevant Demerged Company.

31. Accounting treatment in the books of the Resulting Company

On effectiveness of the Scheme and with effect from the Appointed Date:

- (a) the Resulting Company shall record the assets and liabilities of the Madura Undertaking of the First Demerged Company vested in it pursuant to this Scheme, at their respective book values as appearing in the books of the First Demerged Company, at the close of business of the day immediately preceding the Appointed Date;
- (b) the Resulting Company shall record the assets and liabilities of the MGL Retail Undertaking of the Second Demerged Company vested in it pursuant to this Scheme, at their respective book values as appearing in the books of the Second Demerged Company, at the close of business of the day immediately preceding the Appointed Date;
- (c) the Resulting Company shall issue shares to the shareholders of the Demerged Companies as per Clause 19 of this Scheme. These shares shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to the Resulting Company's share capital account; and
- (d) the difference, if any, between the value of assets and value of liabilities pertaining to the Demerged Undertakings, after adjusting the amount credited as share capital as per Clause 31(c), shall be treated as goodwill, in case of a debit balance and capital reserve in case of a credit balance.

PART III – AUTHORISED SHARE CAPITAL AND NAME OF THE RESULTING COMPANY

32. Authorized share capital of the Resulting Company

32.1. As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the authorised share capital of the Resulting Company shall automatically stand increased, without any further act, instrument or deed on the part of the Resulting Company, such that upon the effectiveness of the Scheme the authorised share capital of the Resulting Company shall be Rs. 1,010,15,00,000 (Rupees One Thousand Ten Crore Fifteen Lakhs only), without any further act or deed. The capital clause of the Memorandum of Association of the Resulting Company shall, upon the coming into effect of this Scheme and without any further act or deed, be replaced by the following clause:

MEMORANDUM OF ASSOCIATION

“The Authorised Share Capital of the Company is Rs. 1,010,15,00,000 (Rupees One Thousand Ten Crore Fifteen Lakhs only) divided into 100,00,00,000 (one hundred crores) Equity Shares of Rs. 10/- each amounting to Rs. 1,000,00,00,000 (Rupees One Thousand Crores Only), 8% 1,00,00,000 (One Crore) Redeemable Cumulative Preference Shares of Rs. 10/- (Rupees Ten Only) each amounting to Rs. 10,00,00,000/- (Rupees Ten Crore only) and 15,000 (Fifteen Thousand) Redeemable Cumulative Preference Shares of Rs. 100/- (Rupees Hundred only) each amounting to Rs. 15,00,000/- (Rupees Fifteen Lakhs) and with a power to increase or reduce the capital of the Company in accordance with the provisions of the Companies Act, 1956 and to classify or reclassify the Share Capital.”

32.2. It is hereby clarified that for the purposes of Clause 32, the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for amendment of the Memorandum of Association of the Resulting Company and no further resolutions under the applicable provisions of the Act would be required to be separately passed.

32.3. Pursuant to this Scheme, the Resulting Company shall file the requisite forms with the registrar of companies for alteration of its authorised share capital.

33. Change in Name of the Resulting Company

33.1. As an integral part of the Scheme, and, upon the coming into effect of the Scheme, the name of the Resulting Company shall stand changed to “Aditya Birla Fashion and Retail Limited” or such other name as may be decided by its Board of Directors or a committee thereof and approved by the concerned registrar of companies. Further, the present name of “Pantaloons Fashion & Retail Limited” wherever it occurs in its Memorandum and Articles of Association be substituted by such name.

33.2. It is hereby clarified that for the purposes of Clause 33, the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for change of name of the Resulting Company and no further resolutions under the applicable provisions of the Act would be required to be separately passed.

33.3. Pursuant to this Scheme, the Resulting Company shall file the requisite forms with the registrar of companies for such change in name.

PART IV – GENERAL TERMS AND CONDITIONS

The provisions of this Part shall be applicable to Part II and Part III of this Scheme.

34. Applications

- (i) The Companies shall make necessary applications before the jurisdictional High Courts for the sanction of this Scheme under Sections 391-394 of the Act.
- (ii) The Resulting Company shall be entitled, pending the effectiveness of the Scheme, to apply to any Governmental Authority, if required, under any Law for such consents and approvals which the Resulting Company may require to carry on the business transferred to it pursuant to this Scheme.

35. Modifications to the Scheme

35.1. The Companies (by their respective Board of Directors), may jointly and as mutually agreed in writing:

- (i) in their full and absolute discretion, assent to any alteration(s) or modification(s) to this Scheme which a High Court may deem fit to approve or impose, and/or effect any other modification or amendment jointly and mutually agreed in writing, including, without limitation, any modifications to the accounting treatment set out in the Scheme due to any change in regulatory or compliance requirements being made applicable to the Companies or to the matters set forth in this Scheme, and to do all acts, deeds and things as may be necessary, desirable or expedient for the purposes of this Scheme;
- (ii) to give such directions (acting jointly) as may be mutually agreed in writing as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any deceased or insolvent shareholders, depositors or debenture holders of the respective companies), or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those (to the extent permissible under Law);
- (iii) in their full and absolute discretion and by mutual agreement in writing, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time; and
- (iv) to determine jointly by mutual agreement in writing whether any asset, liability, employee, legal or other proceedings pertains to the Madura Undertaking, MGL Retail Undertaking, or not, on the basis of any evidence that they may deem relevant for this purpose.

35.2. Any modification to the Scheme by the Demerged Companies and/or the Resulting Company, after receipt of sanction by the High Courts, shall be made only with the prior approval of the High Courts.

36. Scheme as an integral whole and Severability

- (i) The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise by the respective Board of Directors of the Companies.
- (ii) 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 Companies in writing, affect the validity or implementation of the other parts and/or provisions of this Scheme.

37. Dividends

- (i) The Demerged Companies and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the period prior to the Effective Date. The shareholders of the Demerged Companies shall not be entitled to dividend, if any, declared and paid by the Resulting Company to its shareholders for the accounting period prior to the Appointed Date.
- (ii) It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of a Company to demand or claim any dividends from such Company which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of such Company, and subject to the approval, if required, of the shareholders of such Company.

38. Scheme conditional on

The coming into effect of this Scheme is conditional upon and subject to:

- (i) this Scheme being approved by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Companies as required under the Act and the requisite orders of the High Courts, or dispensation having been received from the High Courts in relation to obtaining such approval from the members and/or creditors;
- (ii) this Scheme being approved by the majority of the public shareholders of the First Demerged Company (by way of voting through postal ballot and e-voting) as required under the Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 on "Scheme of Arrangement under the Companies Act, 1956 – Revised requirements for the Stock Exchanges and Listed Companies" read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 issued by the Securities Exchange Board of India (collectively, "**SEBI Scheme Circulars**"), i.e. the votes cast by public shareholders in favour of the resolution are more than the number of votes cast by public shareholders against it;

- (iii) this Scheme being approved by the majority of the public shareholders of the Resulting Company (by way of voting through postal ballot and e-voting) as required under the SEBI Scheme Circulars, i.e. the votes cast by public shareholders of the Resulting Company in favour of the resolution are more than the number of votes cast by public shareholders against it;
- (iv) the High Courts having accorded their sanction to the Scheme;
- (v) the certified copies of the orders of the High Courts approving this Scheme being filed with the jurisdictional registrar of companies;
- (vi) post-sanction approval of the Securities and Exchange Board of India in terms of the SEBI Scheme Circulars being obtained, if applicable; and
- (vii) such approvals and sanctions including sanction of any Governmental Authority as may be required by Law in respect of the Scheme being obtained.

39. Long Stop Date

In the event of this Scheme does not come into effect by May 31, 2016 or by such later date as may be agreed by the respective Board of Directors of the Companies, this Scheme shall stand revoked, cancelled and be of no effect and 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 their shareholders or creditors or employees or any other person. In such case each party shall bear its own costs, charges and expenses or shall bear costs, charges and expenses as may be otherwise mutually agreed.

40. Reconstruction of accounts

Upon this Scheme becoming effective, the accounts of the Resulting Company, as on the Appointed Date, shall be reconstructed in accordance with and pursuant to the terms of this Scheme.

41. Taxes

41.1. All taxes (including income tax, sales tax, excise duty, custom duty, service tax, VAT, etc.) paid or payable by the Demerged Companies in respect of the operations and/or the profits of the respective Demerged Undertakings before the Appointed Date, shall be on account of the Demerged Companies and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, custom duty, service tax, VAT, etc.), including payment by way of deduction at source, by the Demerged Companies in respect of the profits or activities or operation of the respective Demerged Undertakings after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company (except as specifically provided in relation to the ABNL Remaining Business) and shall, in all proceedings, be dealt with accordingly.

41.2. The Resulting Company and Demerged Companies shall be entitled to file/revise their income tax returns, TDS certificates, TDS returns, wealth tax returns and other statutory returns, if required, and shall have the right to claim refunds, credit of tax deducted at source, credit of foreign taxes paid/ withheld etc., if any (except as specifically provided in relation to the ABNL Remaining Business), as may be required consequent to implementation of this Scheme.

42. Costs

Subject to Clause 39 above:

- (a) each party shall bear its own costs, charges, levies and expenses in relation to or in connection with or incidental to this Scheme until the date of sanction of this Scheme by the later of the two High Courts; and
- (b) upon the sanction of this Scheme by the High Courts, all costs, charges and expenses (including, but not limited to, stamp duty, registration charges, etc) in relation to the Demergers shall be borne by the Resulting Company.

SE Limited Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India
 +91 22 2272 1234/33 F:+91 22 2272 1003 www.bseindia.com
 Corporate Identity Number : U67120MH2005PLC155188

DCS/AMAL/PS/24(f)/77/2015-16

June 26, 2015

The Company Secretary,
Aditya Birla Nuvo Limited
 Indian Rayon Compound,
 Veraval, Gujarat - 362266.

Sub: Observation letter regarding the Draft Scheme of Arrangement between Pantaloons Fashion & Retail Ltd, Madura Garments Lifestyle Retail Company Ltd and Aditya Birla Nuvo Ltd.

We are in receipt of Draft Scheme of Arrangement between Pantaloons Fashion & Retail Ltd, Madura Garments Lifestyle Retail Company Ltd and Aditya Birla Nuvo Ltd

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI vide its letter June 26, 2015 has inter alia given the following comment(s) on the draft scheme of arrangement:

- *"Stock exchanges to ensure compliance with Para 7, 5.16(a) of SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 by Pantaloons Fashion & Retail Ltd and Aditya Birla Nuvo Ltd"*
- *"Company shall duly comply with various provisions of the Circulars."*

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To ensure the compliance of the requirement as stated above.
- To comply with provisions of Circulars

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

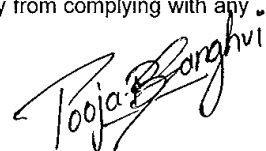
- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e. Status of compliance with the Observation Letter/s of the stock exchanges;
- f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable;
- g. Complaints Report as per Annexure II of this Circular.
- h. Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,


 Nitin Pujari
 Manager


 Pooja Sanghvi
 Asst. Manager

Ref: NSE/LIST/31535

June 26, 2015

The Company Secretary
Aditya Birla Nuvo Limited,
A-4, Aditya Birla Centre,
S K Ahire Marg,
Worli,
Mumbai - 400030

Kind Attn.: Mr. Ashok Malu

Dear Sir,

Sub: Observation letter for draft Composite Scheme of Arrangement amongst Aditya Birla Nuvo Limited and Madura Garments Lifestyle Retail Company Limited and Pantaloons Fashion & Retail Limited and their respective shareholders and creditors.

This has reference to draft Composite Scheme of Arrangement amongst Aditya Birla Nuvo Limited (“First Demerged Company”) and Madura Garments Lifestyle Retail Company Limited (Second Demerged Company”) and Pantaloons Fashion & Retail Limited (Resulting Company”) and their respective shareholders and creditors submitted to NSE vide your letter dated May 15, 2015.

Based on our letter reference no Ref: NSE/LIST/31194 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013, SEBI has vide letter dated June 26, 2015, has given following comments on the draft Scheme of Arrangement:

“a) Pantaloons Fashion & Retail Limited and Aditya Birla Nuvo Limited to ensure compliance with Para 7, 5.16 (a) of SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013.

b) The Company shall duly comply with various provisions of the Circulars.”

We hereby convey our ‘No-objection’ with limited reference to those matters having a bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Companies to file the Scheme with Hon’ble High Court.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.



The validity of this “Observation Letter” shall be six months from June 26, 2015, within which the Scheme shall be submitted to the Hon’ble High Court. Further pursuant to the above cited SEBI circulars upon sanction of the Scheme by the Hon’ble High Court, you shall submit to NSE the following:

- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013.

Yours faithfully,
For National Stock Exchange of India Limited

Radhika Ropalekar
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL
http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed



Signer : Radhika Pranav Ropalekar
Date: Fri, Jun 26, 2015 18:35:30 GMT+05:30
Location: NSE

Complaint Report as on 11th June, 2015

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Nil
5.	Number of complaints pending	Nil

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Not applicable		
2.			
3.			

For Aditya Birla Nuvo Limited

Ashok Malu
Ashok Malu
Company Secretary

Place Mumbai
Date 12th June, 2015



Aditya Birla Nuvo Ltd.
Corporate Finance Division
Aditya Birla Centre, 'A' Wing, 4th Floor,
Ahire Marg, Worli, Mumbai 400 030. India

Telephone +91 22 66525000, 24995000
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E-mail nuvo.cfd@adityabirla.com

Website www.adityabirlanuvo.com
www.adityabirla.com
CIN L17199GJ1956PLC001107

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

COMPANY APPLICATION NO. 200 OF 2015

In the matter of the Companies Act, 1956;

-And-

In the matter of application under Sections 391 and 394 and other relevant provisions of the Companies Act, 1956 and the Companies Act, 2013;

-And-

In the matter of Composite Scheme of Arrangement amongst Aditya Birla Nuvo Limited and Madura Garments Lifestyle Retail Company Limited and Pantaloons Fashion & Retail Limited and their respective shareholders and creditors

Aditya Birla Nuvo Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Indian Rayon Compound, Veraval, Gujarat – 362266, India

...Applicant Company / First Demerged Company

FORM OF PROXY

I/We, _____, the undersigned unsecured creditor of Aditya Birla Nuvo Limited, the Applicant Company, do hereby appoint Mr./ Ms. _____ of _____ and failing him/her Mr./ Ms. _____ of _____ as my/our proxy, to act for me/us at the Court convened meeting of the unsecured creditors of the Applicant Company to be held on Tuesday, the 8th day of September, 2015 at the Club Auditorium within Indian Rayon Compound, Veraval, Gujarat – 362266, India at 3:00 p.m. (15.00 hours), for the purpose of considering and, if thought fit, approving, with or without modification, the Composite Scheme of Arrangement amongst, the First Demerged Company and Madura Garments Lifestyle Retail Company Limited and Pantaloons Fashion & Retail Limited and their respective shareholders and creditors (the "Scheme") and at such meeting and at any adjournment or adjournments thereof, to vote, for me/us and in my/our name _____ (here, 'if for', insert 'FOR'; 'if against', insert 'AGAINST', and in the latter case, strike out the words "either with or without modification" after the word 'Scheme') the said Scheme, either with or without modification*, as my/our proxy may approve.

* Strike out what is not necessary.

Dated this _____ day of _____ 2015

Name: _____

Address: _____

Please Affix Revenue Stamp

(Signature)

Signature of Unsecured creditor : _____

Signature of Proxy: _____

NOTES:

- 1. Proxy need not be a creditor.
2. Alterations, if any, made in the Form of Proxy should be initialled.
3. Proxy must be deposited at the registered office of the Applicant Company at Indian Rayon Compound, Veraval, Gujarat - 362 266, India, not later than FORTY EIGHT hours before the scheduled time of the commencement of the said meeting.
4. In case of multiple proxies, the proxy later in time shall be accepted.

ADITYA BIRLA



ADITYA BIRLA NUVO LIMITED

Registered office: Indian Rayon Compound, Veraval, - 362 266, Gujarat

CIN: L17199GJ1956PLC001107

Tel: 91-2876-245711; e-mail: abnlsecretarial@adityabirla.com; website: www.adityabirlanuvo.com

Attendance Slip

NOTE: Unsecured Creditors attending the meeting in Person or by Proxy or through Authorised Representative are requested to complete and bring the Attendance Slip with them and hand it over at the entrance of the meeting hall.

I hereby record my presence at the meeting of the Unsecured Creditors of the Company, convened pursuant to the Order dated 7th July, 2015 of the High Court of Gujarat at Ahmedabad, at the Club Auditorium within Indian Rayon Compound, Veraval, Gujarat – 362 266, on Tuesday, the 8th day of September, 2015 at 3.00 p.m. (15.00 hours).

Name and Address of
the Unsecured Creditor
(in block letters)

: _____

Signature of Unsecured Creditor / Proxy:

ROUTE MAP TO THE VENUE

