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STRICTLY PRIVATE & CONFIDENTIAL

July 29, 2014

The Board of Directors
Arvind Limited
Naroda Road
Ahmedabad 380 025

Dear Sirs,

REPORT ON THE RECOMMENDATION OF RATIO FOR THE ISSUE OF EQUITY SHARES OF RESULTING COMPANY TO SHAREHOLDERS OF DEMERGED COMPANY IN CONSIDERATION OF DEMERGER OF REAL ESTATE BUSINESS OF DEMERGED COMPANY

We refer to e-mail from Mr. Jayesh Thakkar dated July 25, 2014 and subsequent discussions with him and Mr. Jagdish Dalal requesting us to provide our report on the recommendation of share exchange ratio on book value basis of the demerged undertaking for the proposed demerger of Real Estate Business of Arvind Limited (hereinafter referred to as "Arvind" or the "Company" or "the demerged Company") as per the Draft Scheme of Arrangement under sections 391 and 394 read with other provisions of the Companies Act, 1956 including Section 100 of the Companies Act, 1956 (as applicable as on date of issue of this report) and/or applicable provisions of Companies Act, 2013 with effect from April 1, 2015 or such other date as may be fixed or approved by the Honourable High Court of Gujarat (hereinafter referred to as the "Appointed Date").

As per the requirements of the management, we provide below our report:

SCOPE AND PURPOSE OF THE REPORT

We have been given to understand that as a part of a business restructuring exercise, the Management of Arvind Limited is considering demerger of Real Estate Business on a going concern basis as per the Draft Scheme, with shares being issued to the shareholders of Arvind Limited. Also, the Draft Scheme has been drawn so that the demerger of Real Estate Business of Arvind Limited into the



Resulting Company is compliant with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income Tax Act, 1961.

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The Management has requested P A M & ASSOCIATES to determine the share exchange ratio on book value basis for the proposed demerger of Real Estate Business into the Resulting Company Arvind Infrastructure Limited with effect from the Appointed date.

Our scope is not to determine the fair value of Arvind Infrastructure Limited.

In the following paragraphs we have summarized our opinion on the share entitlement ratio together with the limitations on our scope of work.

SOURCES OF INFORMATION

For the purpose of this exercise, we have placed our reliance on the following sources of information:

- Audited financial statements of Arvind Limited for the financial year ending as at March 31, 2014 (close of business hours);
- Audited financial statements of Arvind Infrastructure Limited for the financial year ending as at March 31, 2014 (close of business hours)
- Draft Composite Scheme of arrangement as provided to us on July 28, 2014.

CAVEATS

Provision of providing an opinion on share entitlement ratio described herein is an area of our regular corporate advisory practice. The services do not represent accounting, audit and financial due diligence review, consulting, transfer pricing or domestic tax related services that may otherwise be provided by P A M & ASSOCIATES.

Our report is not, nor should it be construed as, our opining or certifying the compliance of the proposed demerger with the provisions of any law including companies, taxation and capital market related laws or as regards any legal, accounting or taxation implications or issues arising from such proposed demerger.

We have not conducted or provided any analysis or valuation and have completely relied on the information provided to us in this regard. We have relied on the explanations and information provided to us by the management and have accepted the information so provided to us as accurate. Although we have reviewed such data for consistency and reasonableness, we have not independently investigated or otherwise verified the said data. We therefore assume no liability for the accuracy of the data.

The opinion contained herein is not intended to represent the share entitlement ratio at any time other than the date of this report. We have no present or planned future interest in



either the company or any of its subsidiaries and the fee for this report is not contingent upon the share entitlement ratio reported herein. 44

Our opinion should not be construed as investment advice, specifically, we do not express any opinion on the suitability or otherwise of the proposed demerger.

Our report does not address the relative merits of the Demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. Any decision by the management regarding whether to proceed with Demerger solely rests with the Management. We owe responsibility only to the directors of the Company that has retained us and nobody else. We do not accept any liability to any third party in relation to the issue of this valuation report.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreements or documents given to third parties, other than in connection with the proposed demerger. In addition, we express no opinion or recommendation as to how the shareholders of any of the companies should vote at any shareholders meeting (s) to be held in connection with the Demerger.

Since the Appointed Date of the Demerger is April 1, 2015, the ratio may undergo a change due to events occurring during the period from April 1, 2014 to March 31, 2015 for which we hold no responsibility.

DISTRIBUTION OF REPORT

The report has been prepared exclusively for the Management of Arvind Limited for the purpose of determining the share entitlement ratio for the proposed scheme of the demerger of Real Estate Business of Arvind Limited. Hence, this report should not be used for any other purpose, whether in whole or in part without the prior written consent of P A M & ASSOCIATES to any other person and for any other purpose other than mentioned earlier in this report. However, we understand that you may share this report with your advisors supporting the proposed Demerger as well as statutory authorities. Please note that we do not owe any duty of care or accept no responsibility to your advisors or any third party with regard to this report.

BACKGROUND INFORMATION

Arvind Limited (hereinafter referred to as "Demerged Company") is a public limited company incorporated under the provisions of the Companies Act, 1913 and having its registered office at Naroda Road, Ahmedabad - 380 025. Equity shares of the Demerged Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). Demerged Company is engaged in several distinct business activities through different undertakings broadly in four categories namely:

- Textile Business Division related to activities of Denim Manufacturing, Yarn Manufacturing,



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- Apparels, Marketing through EBO stores etc.
 - Engineering Business Division related to activities of water, waste water and solid waste management, and turnkey projects
 - Investment Business Undertaking related to Textile Business and Investments in Joint Ventures related to Textile Business and Investment in Engineering Business Division and
 - Real Estate Business Undertaking - Infrastructure and Construction business that includes investments in shares and other securities of Real Estate division, Land, other movable and immoveable properties, inventories, receivables, Loans and advances and liabilities of the Real Estate Division ("Real Estate Business Undertaking").

The Management of Demerged Company is considering demerger of its Real Estate Business Undertaking (hereinafter referred to as "Demerged Undertaking") into Resulting Company (hereinafter referred to as "Arvind Infrastructure Limited") presently a wholly owned subsidiary of Demerged Company.

Demerged undertaking is defined in the Draft Composite Scheme of Arrangement and the relevant clauses have been reproduced below in Annexure I.

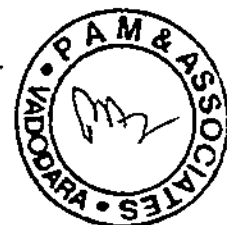
The demerger is to be structured through a Composite Scheme of Arrangement under Sections 100 to 104 and 391 to 394 of the Companies Act, 1956 ("the Scheme"). Under the proposed Scheme, the Demerged Undertaking will be transferred to Resulting Company. We are also informed that the demerger will be in accordance with provisions of Section 2(19AA) of Income Tax Act, 1961 whereby the transaction will be carried out at book value.

We have been informed that the appointed date for the demerger is April 1, 2015 or such other date as the Hon'ble High Court of Gujarat may direct.

In this regard, we have been requested to recommend a ratio for issue of equity shares of Resulting Company to shareholders of Demerged Company in consideration of demerger of Demerged Undertaking into Resulting Company. While the appointed date of demerger is April 1, 2015, we have been presently requested to recommend the share exchange ratio based on the audited accounts of the both Arvind Limited and Arvind Infrastructure Limited as on March 31, 2014.

BASIS FOR DETERMINATION OF RATIO

We are given to understand by the Management that the demerger of Real Estate Business of Arvind Limited will be as per requirement of Section 2(19AA) of the Income Tax Act, 1961. Accordingly, Arvind Limited will transfer the assets and liabilities of Real Estate Business of Arvind Limited to Arvind Infrastructure Limited at its book value as appearing in the books of Arvind Limited. The Shareholders of Arvind Limited would be entitled to shares of Arvind Infrastructure Limited in the same proportion which they currently own directly in Arvind Limited.



Share Entitlement Ratio

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Upon the Scheme becoming effective and upon the issue of shares by Arvind Infrastructure Limited to the shareholders of Arvind Limited, the existing equity shares held by Arvind Limited in Arvind Infrastructure Limited shall, without any application or deed, stand cancelled without any payment.

We understand from the Management that in the event of the proposed demerger of Real Estate Business of Arvind Limited into Arvind Infrastructure Limited, the ratio of allotment of equity shares in Arvind Infrastructure Limited is decided based on the Management desired capital structure of Arvind Infrastructure Limited, however the shareholders of Arvind Limited would be entitled to the same proportion of shares of Arvind Infrastructure Limited which they currently own directly in Arvind Limited.

Considering that Arvind Infrastructure Limited is a 100% subsidiary of Arvind Limited prior to the proposed demerger and the shareholders of Arvind Limited shall hold shares in Arvind Infrastructure Limited in the same proportion as in Arvind Limited, the proposed demerger of Real Estate Business of Arvind Limited into Arvind Infrastructure Limited will be value-neutral to Arvind Limited and its shareholders.

Accordingly, the share entitlement ratio in the event of demerger of Real Estate Business from Arvind Limited as suggested by the Management as under is fair.

1(one) fully paid equity share (Face Value of INR 10 each) of Resulting Company (Arvind Infrastructure Limited) for every 10(Ten) existing fully paid equity shares (Face Value of INR 10 each) held in the Demerged Company (Arvind Limited).

Yours faithfully,

For P A M & ASSOCIATES

Chartered Accountants




Pranay Mehta

Proprietor

Membership No.: F-035944

Place: Vadodara

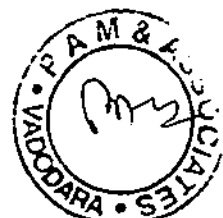
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DEMERGER, TRANSFER AND VESTING OF DE-MERGED UNDERTAKING:

- (a) On and with effect from the Appointed Date and subject to the provisions of this Scheme and pursuant to the provisions of Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and Applicable Laws and in relation to the mode of transfer and vesting, the De-merged Undertaking of the Transferor Company shall without any further act, instrument or deed, be and the same shall stand transferred to and / or vested in or be deemed to have been and stand transferred to or vested in the Transferee Company as a going concern so as to become as and from the Appointed Date, the estate, rights, authorizations, titles and interests and authorities including accretions and appurtenances thereto such as dividends, or other benefits receivable, that of the Transferee Company.
- (b) With effect from the Appointed Date, and subject to the provisions of this Scheme, all the Liabilities (including the contingent liabilities) of the said De-merged Undertaking of the Transferor Company shall stand transferred or deemed to have been transferred without any further act, instrument or deed of the Transferee Company, pursuant to the provisions of Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and Applicable Laws so as to become as and from the Appointed Date, the debts, liabilities (including contingent liabilities), duties and obligations of the Transferee Company and further that it shall not be necessary to obtain consent of any third party or other person who is a party to the contract or arrangements by virtue of which such debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this Clause.
- (c) With effect from the Appointed Date, and subject to the provisions of this Scheme, all the Assets (both the tangible and the intangible assets) of the said De-merged Undertaking of the Transferor Company shall stand transferred or deemed to have been transferred without any further act, instrument or deed of the Transferee Company, pursuant to the provisions of Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and Applicable Laws so as to become as and from the Appointed Date, the assets of the Transferee Company.
- (d) With effect from the Appointed date, all taxes paid, taxes refund due or receivable, carried forward losses, depreciation, capital losses, pending balances of amortizations etc., including application for rectification, appeals filed with tax authorities of the De-merged Undertaking of the Transferor Company shall also, pursuant to Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and Applicable Laws without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company, so as to become as from the Appointed Date the direct taxes paid, direct taxes refund due or receivable, (whether as per Books or as per Income Tax) of the Transferee Company and it shall not be necessary to obtain the consent of any third party or other person, in order to give effect to the provision of this Sub-Clause.
- (e) All the employees of the De-merged Undertaking shall, without any further act, instrument or deed of the Transferee Company, pursuant to the provisions of Section 394 of the Companies Act, 1956 and other applicable provisions of the Act and the Applicable Laws, become as and from the Appointed Date, the employees of the Transferee Company and further that it shall not be necessary to obtain consent of any person, in order to give effect to the provisions of this Clause.
- (f) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the De-merged Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such



deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed. 48

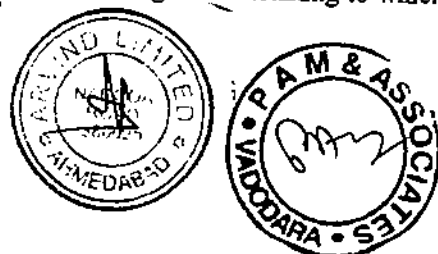
- (g) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licences, approvals, certificates, clearances, authorities, leases, tenancy, assignments, allotments, powers of attorney given by, claims, powers, authorities, allotments, approvals, consents, contracts, enactments, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights and tenancies, and other intangible rights, hire purchase contracts and assets, lending contracts, employment contracts, distribution contracts, clearing and forwarding agency contracts, benefit of any security arrangements, reversions, permits, quotas, entitlements, registrations, licences (industrial or otherwise), registrations under the applicable laws, municipal/local permissions, etc. issued to or executed in favour of the Transferor Company shall stand transferred to the extent it relates to and pertains to the De-merged Undertaking, to the Transferee Company in which the De-merged Undertaking shall vest by way of the demerger hereunder, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall make applications to and obtain relevant approvals, etc. From the concerned authorities and / or parties as may be necessary in this behalf and the Transferor Company shall cooperate and provide the required support wherever required.
- (h) It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the De-merged Undertaking, which the Transferor Company owns or to which the Transferor Company is a party and which cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such assets etc. in trust for the benefit of the Transferee Company to which the De-merged Undertaking is being transferred in terms of this Scheme, in so far as it is permissible so to do, till such time as the transfer is effected and till such time the Transferee Company shall be entitled to utilise, operate, avail the same for the De-merged Undertaking's Activities without any consideration.
- (i) Where any of the debts, liabilities (including contingent liabilities), loans raised and used, liabilities and obligations incurred, duties and obligations of De-merged Undertaking of the Transferor Company as on the Appointed Date deemed to be transferred to the Transferee Company have been discharged by De-merged Undertaking of the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company.
- (j) All loans raised and used and all liabilities and obligations incurred by the Transferor Company for the operations of De-merged Undertaking after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company in which the De-merged Undertaking shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the debts, liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.



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- (k) Without prejudice to clause (a) above, it is expressly provided that in respect of such assets belonging to and specific to the De-merged Undertaking of the Transferor Company as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company, and shall become the property of the Transferee Company in pursuance of the provisions of Section 394 and other applicable provisions of the said Act.
- (l) The demerger and the transfer and vesting of the assets comprised in the De-merged Undertaking to and in the Resulting Company under this clause shall be subject to the mortgages and charges, if any,
- (m) The Transferee Company may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the High Court of Gujarat, Ahmedabad, having sanctioned the Scheme, the said person, debtor or depositor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of the Transferee Company to recover or realise the same is in substitution of the right of the Transferor Company.
- (n) Without prejudice to the provisions of the foregoing clauses and upon the effectiveness of this Scheme, the Transferor Company and the Transferee Company shall execute such instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and / or modification(s) of charge, with the relevant regulatory authority and Governmental Authorities to give formal effect to the above provisions, if required.
- (o) Upon the coming into effect of this Scheme, the Transferor Company alone shall be liable to perform all obligations in respect of the liabilities as on the Appointed Date, which have not been transferred to Transferee Company in terms of the Scheme, and the Transferor Company alone shall have all obligations in respect of such liabilities, and the Transferor Company shall indemnify the Transferee Company in relation to any claim, at any time, against the Transferee Company in respect of the liabilities which have been retained by the Transferor Company.
- (p) Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the liabilities (including contingent liabilities) from the Appointed Date, which have been incurred by the Transferor Company for and on behalf of the Transferee Company and in relation to the De-merged Undertaking in terms of the Scheme, and the Transferor Company shall not have any obligation in respect of such liabilities and the Transferee Company shall indemnify the Transferor Company in relation to any claim, at any time, against the Transferor Company in respect of such liabilities.
- (q) It is expressly provided that no other term or condition of the liabilities not transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- (r) Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of the clause 3 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall stand modified and / or superseded by the foregoing provisions with effect from the Appointed Date or such other date as is specified herein above, as the case may be.

CONTRACTS, DEEDS AND OTHER INSTRUMENTS:

Subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature in relation to the De-merged Undertaking to which



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the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall continue in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectively as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into a tripartite arrangement, confirmation or novation to which the Transferor Company will, if necessary, also be a party in order to give formal effect to this clause, if so required or become necessary.

LEGAL PROCEEDINGS:

- (a) Upon coming into effect of this Scheme, all suits, claims, actions and/or proceedings by or against the Transferor Company, pertaining to the De-merged Undertaking of the Transferor Company, arising after the Appointed Date but before the Effective Date shall be continued and be enforced by or against the Transferee Company as effectually as if the same had been pending and / or arising by or against the Transferee Company.
- (b) The Transferee Company will undertake to have all legal, judicial or other proceedings initiated and /or to be initiated after the Effective Date by or against the De-merged Undertaking of the Transferor Company referred to in sub-clause (a) above transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company. The Transferor Company and the Transferee Company shall make relevant applications in that behalf and the Transferor Company and the Transferee Company shall co-operate with each other in respect of any such legal and other proceedings.
- (c) Upon coming into effect of this Scheme, all suits, claims, actions and/or proceedings by or against the De-merged Undertaking of the Transferor Company pending on or pertaining to the period prior to the Appointed Date shall be continued and be enforced by or against the Transferee Company as effectually as if the same had been pending and / or arising by or against the Transferee Company.

