Pantaloon
Retail (India) Limited
a future group venture

Regd. Office : Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060
Tel:-91-22-61190000 Fax: 91-22-66442201 Website: www.pantaloonretail.in

COURT CONVENED MEETING OF THE MEMBERS OF PANTALOON RETAIL (INDIA) LIMITED

Day : Thursday

Date : 6th December, 2012

Time : 10.00 A.M.

Venue : Rangswar, Y. B. Chavan Centre, 4th Floor, Gen. Jagannath Bhosale Marg, Mumbai 400021.

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO 783 OF 2012

In the matter of the Companies Act, 1956 (1 of 1956);

And

In the matter of Sections 391 to 394 of the Companies Act, 1956;

And

In the matter of Scheme of Arrangement

between

Pantaloon Retail (India) Limited ('PRIL or 'the Demerged Company')

and

Peter England Fashions and Retail Limited ("the Resulting Company")

and

their respective shareholders and creditors and Indigold Trade and Services Limited as shareholder of the Resulting Company, ("Indigold")

PANTALOON RETAIL (INDIA) LIMITED, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at "Knowledge House", Shyam Nagar, off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai - 400060.

.....Applicant Company

NOTICE CONVENING THE MEETING OF MEMBERS OF PANTALOON RETAIL (INDIA) LIMITED, THE APPLICANT COMPANY

To,

The members (Equity Shareholders including Class B (Series 1) Shareholders) of **Pantaloon Retail (India) Limited** ("the Applicant Company"),

TAKE NOTICE that by an Order made on 2nd day of November, 2012 in the above Company Summons for Direction, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the members (i.e. Equity Shareholders including Class B (Series 1) Shareholders) of Pantaloon Retail (India) Limited, the Applicant Company, be convened and held at Rangswar, Y. B. Chavan Centre, 4th Floor, Gen. Jagannath Bhosale Marg, Mumbai 400021 on Thursday, 6th day of December, 2012 at 10.00 a.m. for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed arrangement embodied in the Scheme of Arrangement between Pantaloon Retail (India) Limited, the Demerged Company and Peter England Fashions and Retail Limited, the Resulting Company and their respective shareholders and creditors and Indigold Trade and Services Limited as shareholder of the Resulting Company.

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Members (i.e., Equity Shareholders including Class B (Series 1) Shareholders) of Pantaloon Retail (India) Limited, the Applicant Company, be convened and held at Rangswar, Y. B. Chavan Centre, 4th Floor, Gen. Jagannath Bhosale Marg, Mumbai 400021 on Thursday, 06th day of December, 2012 at 10.00 a.m. 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 Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060 not later than 48 hours before the said meeting.

The Hon'ble High Court has appointed Mr. Shailesh Haribhakti, Chairman of the Applicant Company, and failing him, Mr. Kishore Biyani, Managing Director of the Applicant Company, and failing him, Mr. Vijay Biyani, Wholetime Director of the Applicant Company, as the Chairman of the aforesaid Meeting.

A copy of the Explanatory Statement under Section 393 of the Companies Act, 1956, Scheme of Arrangement, Form of Proxy and Attendance Slip are enclosed.

Sd/-
Mr. Shailesh Haribhakti
Chairman appointed for the meeting

Dated this 2nd day of November, 2012

Registered office:
Knowledge House, Shyam Nagar,
Off Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai – 400 060

Notes:

1. All alterations made in the Form of Proxy should be initialed.
2. Only registered Members of the Applicant Company may attend and vote (either in person or by proxy or by Authorised Representative under Section 187 of the Companies Act, 1956) at the Members meeting. The representative of a body corporate which is a registered Member of the Applicant Company may attend and vote at the Member's meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate authorising such representative to attend and vote at the Member's meeting is deposited at the registered office of the Applicant Company not later than 48 hours before the Member's meeting.

Encl.: As above

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO 783 OF 2012

In the matter of the Companies Act, 1956 (1 of 1956);

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between

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and

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and

their respective shareholders and creditors and Indigold Trade and Services Limited as shareholder of the Resulting Company, ("Indigold")

PANTALOON RETAIL (INDIA) LIMITED, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at "Knowledge House", Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai - 400060.)))))

.....Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956

1. Pursuant to an Order dated 2nd day of November, 2012 passed by the Hon'ble High Court of Judicature at Bombay in the Company Summons for Direction referred to hereinabove, a meeting of the Members (Equity Shareholders including Class B (Series 1) Shareholders) of Pantaloon Retail (India) Limited, the Applicant Company, be convened and held at Rangswar, Y. B. Chavan Centre, 4th Floor, Gen. Jagannath Bhosale Marg, Mumbai 400021 on Thursday, 6th day of December, 2012 at 10.00 a.m. for the purpose of considering and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement between Pantaloon Retail (India) Limited, the Demerged Company and Peter England Fashions and Retail Limited, the Resulting Company and their respective shareholders and creditors and Indigold Trade and Services Limited as shareholder of the Resulting Company ('the Scheme' or 'this Scheme').

2. A copy of the Scheme setting out the terms and conditions of the arrangement, inter alia, providing for the demerger of the Demerged Undertaking into Peter England Fashions and Retail Limited which has been approved by Board of Directors of the Applicant Company at its meeting, held on 9th September of 2012, is attached to this explanatory statement and forms part of this statement.

3. In this statement, **Pantaloon Retail (India) Limited** is hereinafter referred to as **'PRIL'** or "Applicant Company" or "Demerged Company" and **Peter England Fashions and Retail Limited** is hereinafter referred to as **'PEFRL' or "Resulting Company"**. The other definitions contained in the Scheme shall apply to this Explanatory Statement also.

4. The background of all the companies involved in the Scheme is as under:

4.1 Pantaloon Retail (India) Limited:

a The Demerged Company is a company incorporated under the Companies Act, 1956 having its registered office at "Knowledge House", Shyam Nagar, off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400060. The Demerged Company is a public listed company which, through itself and its subsidiaries, is a diversified retail player and also has interests in financial services, insurance, media and other businesses. The Demerged Company's business of the retailing of fashion and apparel includes the Business (as defined in the Scheme).

b. The authorised, issued, subscribed and paid up capital of the Demerged Company as on 30th September, 2012 is as follows:

PARTICULARS	AMOUNT (Rs.)
AUTHORISED CAPITAL 50,00,00,000 equity shares of Rs. 2 each (divided into 45,00,00,000 PRIL Equity Shares and 5,00,00,000 PRIL DVRs) 30,00,000 preference Shares of Rs.100 each	100,00,00,000 30,00,00,000
Total:	**1,30,00,00,000**
ISSUED CAPITAL 23,15,93,991 equity shares of Rs. 2 each (divided into 21,56,64,839 PRIL Equity Shares and 1,59,29,152 PRIL DVRs)	463,187,982
SUBSCRIBED CAPITAL 23,15,82,591 equity shares of Rs. 2 each (divided into 21,56,53,439 PRIL Equity Shares and 1,59,29,152 PRIL DVRs)	463,165,182
PAID UP CAPITAL 23,15,82,591 equity shares of Rs. 2 each (divided into 21,56,53,439 PRIL Equity Shares and 1,59,29,152 PRIL DVRs)	463,165,182

The equity shares including Class B (Series 1) Shares of the Demerged Company are listed on the BSE Limited and National Stock Exchange of India Limited.

c. The objects of the Demerged Company are set out in its Memorandum of Association. The main objects of the Demerged Company are as follows: -

1. To carry on the business of manufacturing, buying, selling, exchanging, altering, importing, exporting, distributing or otherwise dealing in readymade garments an hosiery made of cotton, silk, rayon, wool, nylon, man-made fabrics, polyester, canvas, jute, leather, any other fabric coated with any chemical or not, or other preparation and other fabric.

2. To carry on the business of manufacturing, processing, dyeing, bleaching, buying, selling, exchanging, importing, exporting or otherwise dealing in yarns and textiles made of cotton, silk, rayon, wool, nylon, man-made fibres, polyester, canvas or any other substances.

2A. To carry on trade or retail business in India through retail formats and including but not limited to hyper markets, super markets, mega stores/discount stores, cash & carry, departmental stores, shoppers plaza, direct to home, phone order and mail order, catalogue, through internet and other forms and multi level channels for all products and services, dealing in all kinds of goods, materials and items including but not limited to food & provisions, household goods, consumer durables, jewellery, home improvement products, footwears, luggages, books & stationery, health care and beauty products, toys and music, computers & accessories, telecom products, agri input products, furniture & furnishings, automobile and accessories, and acquiring and running food, service and entertainment centers including but not limited to multiplexes, cinemas, gaming centers, amusement parks, restaurants and food courts and acquiring of land or building on lease or freehold or any commercial or industrial or residential building for running and management of retail business and to acquire flats, offices and retail spaces for carrying on retail business and to sell them, lease or sublet them and to undertake and execute civil mechanical, electrical and structural works contracts and sub contracts in all their respective branches to carry on retailing business.

4.2 Peter England Fashion and Retail Limited

a. The Resulting Company is a company incorporated under the Companies Act, 1956 having its registered office at Aditya Birla Centre, A-Wing, 4th Floor, S.K.Ahire Marg, Worli, Mumbai - 400030. PEFRL is engaged in the apparel business and its main business includes the export of ready-made garments. PEFRL is a wholly owned subsidiary of Indigold Trade and Services Limited (**"Indigold"**), which in turn is a wholly owned subsidiary of Aditya Birla Nuvo Limited (**"ABNL"**).

b. The authorised, issued, subscribed and paid up capital of the Resulting Company as on 30th September, 2012 is as follows:

PARTICULARS	AMOUNT (Rs.)
AUTHORISED CAPITAL	
1,00,00,000 equity shares of Rs. 10 each	10,00,00,000
1,00,15,000 preference Shares (1,00,00,000 shares of Rs. 10 each and 15,000 shares of Rs. 100 each)	10,15,00,000
Total:	**20,15,00,000**
ISSUED SUBSCRIBED AND PAID UP CAPITAL	
5,00,000 equity shares of Rs. 10 each	50,00,000
5,00,500 preference shares (5,00,000 shares of Rs. 10 each and 500 shares of Rs. 100 each)	50,50,000
Total:	**1,00,50,000**

c. The objects for which the Resulting Company has been incorporated are set out in its Memorandum of Association. The main objects are set out hereunder:

1) To carry on India and elsewhere in anyplace 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, muccadums, 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, textiles 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, strapes, 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, yam, threads, silks and art silks, cotton, woolens, nylon, synthetic, man-made and allied materials, rayons and fabrics of all kinds, woven/nonwoven 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 cloths, fashion products, life style products, apparels, general merchandise etc."

5. Description and Rationale for the Transaction

5.1 The Scheme pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and as per the provisions of Section 2(19AA), Section 47 and other applicable provisions of the Income Tax Act, 1961, *inter alia* provides for:

(I) the transfer by way of demerger of the Demerged Undertaking (as defined in the Scheme) from the Demerged Company to the Resulting Company (more particularly described in Part B of the Scheme);
(ii) upon effectiveness of the Scheme, the Open Offer (more particularly described in Part C of this Scheme); and
(iii) various other matters consequential or integrally connected therewith, including the reorganisation of the share capital of the Resulting Company.

5.2 The rationale for the Scheme is as under:

(a) The Business has significant potential for growth. The nature of risk and competition involved in the Business is distinct from other businesses undertaken by the Demerged Company and each of its businesses and undertakings is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders. There are also differences in the manner in which each of these businesses and undertakings are required to be managed. Therefore, transfer of the Demerged Undertaking to a separate company will enable greater focus on the operation of the Business and would enable unlocking value.

(b) The Business has immense potential for growth and development and requires infusion of funds and undivided care and attention for optimum growth, expansion and development.

(c) The Resulting Company is a wholly owned indirect subsidiary of ABNL. ABNL is engaged inter alia in the fashion & lifestyle business and is one of the premium apparel brand players in India. ABNL manufactures and sells apparel under various brands through exclusive brand outlets as also stores. The demerger of the Demerged Undertaking to the Resulting Company will expand the variety of its offering in the market and complement its existing portfolio.

(d) The proposed transfer by way of demerger of the Demerged Undertaking into the Resulting Company shall enable the business activities comprised in the Demerged Undertaking to be carried out with separate and independent management set-up and greater focus, attention and specialisation for sustained growth. The Demerged Undertaking will also benefit from the synergies of combining with the similar and related business of the Resulting Company and its shareholders, thereby resulting in enhancement of shareholder value.

(e) In consideration of the demerger, the shareholders of the Demerged Company shall be allotted shares in the Resulting Company as mentioned in paragraph 9(I) below. This would provide the existing shareholders of the Demerged Company with the option of continuing in both, the Demerged Company as well as the Resulting Company. Further, Indigold and/or its Affiliates will make an Open Offer for shares of the post Demerger Resulting Company.

The Demerged Company and the Resulting Company among others have entered into an Implementation Agreement dated 29th September, 2012 setting out the detailed manner of implementation of the Scheme and various other matters integrally connected therewith.

6. The Scheme along with the report on valuation submitted by M/s Grant Thornton India LLP and Deloitte Touche Tohmatsu India Private Limited, independent valuers as joint valuers was placed before the Board of Directors of PRIL and PEFRL on September 09, 2012. Based upon the valuation reports the Scheme was approved by the Board of Directors of both the companies.

7. There would be no change in the capital structure or the shareholding pattern of PRIL pursuant to the Scheme. The promoters and the public shareholders would continue to hold the same percentage of shares in PRIL, pre and post the demerger of Demerged Undertaking of PRIL into PEFRL. The pre Scheme shareholding pattern of the Demerged Company based on shareholding pattern as on 30th September, 2012 is as under.

SN	***Description***	***Pre-Demerger Shareholding***			
		Equity Shares	***%***	***Class B Equity Shares***	***%***
A	**Promoters**				
1	**Indian Promoters**				
A	Individuals / Hindu Undivided Family	0	0.00	10836	0.07
B	Bodies Corporate	94145418	43.66	7476857	46.94
	Sub-Total (A) (1)	**94145418**	**43.66**	**7487693**	**47.01**
2	**Foreign**				
	Sub-Total (A)(2)	**0**	**0 00**	**0**	**0 00**
	Total Shareholding of Promoter	**94145418**	**43 66**	**7487693**	**47 01**
B	**Public Shareholding**				
1	Institution				
A	Mutual Funds/ UTI	7420500	3 44	46973	0 29

B	Financial Institutions/ Banks	4397507	2.04	168709	1.06
C	Central/State Government	0	0.00	0	0.00
D	Venture Capital Funds	8640739	4.01	0	0.00
E	Insurance Companies	3847682	1.78	26631	0.17
F	Foreign Institutional Investors	47473949	22.01	47281	0.30
	Sub-Total (B)(1)	**71780377**	**33.28**	**289594**	**1.82**
B 2	**Non Institution**				
	Bodies Corporate	28011862	12.99	3622232	22.74
	Individuals				
	Individuals – i. Individual shareholders holding nominal share capital up to	9664669	4 48	2156526	13 54
	Rs 1 lakh				
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	8721456	4 04	2291376	14 38
	Any Other (specify)				
	NRIs	97127	0 05	24047	0 15
	Clearing Member	3184730	1 48	56424	0 35
	Directors & their Relatives & Friends	37600	0 02	1260	0 01
	Trusts	10200	0 00	0	0 00
	Sub-Total (B)(2)	**49727644**	**23 06**	**8151865**	**51 17**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**121508021**	**56 34**	**8441459**	**52 99**
	TOTAL (A)+(B)	**215653439**	**100 00**	**15929152**	**100 00**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**				
1	Promoter and Promoter Group	0	0	0	0
2	Public	0	0	0	0
	Sub-Total (C)	**0**	**0**	**0**	**0**
	Grand Total (A+B+C)	**215653439**	**100 00**	**15929152**	**100 00**

8. The Pre Scheme Shareholding pattern of the Resulting Company i.e PEFRL as on 30th September, 2012, and the Post Scheme Shareholding pattern of PEFRL is as under.

SN	Description	Pre-Demerger Shareholding		Post-Demerger Shareholding	
		Equity Shares	%	Equity Shares	%
A	**Promoters**				
1	**Indian Promoters**				
A	Individuals / Hindu Undivided Family	6	0 00	6	0 00
B	Bodies Corporate	499994	100 00	46477005	50 09
	Sub-Total (A) (1)	**500000**	**100 00**	**46477011**	**50 09**
2	**Foreign**	0	0 00	0	0 00
	Sub-Total (A)(2)	**0**	**0 00**	**0**	**0 00**
	Total Shareholding of Promoter	**500000**	**100 00**	**46477011**	**50 09**
B	**Public Shareholding**				
1	Institution				
A	Mutual Funds/ UTI	0	0 00	1493494	1 61
B	Financial Institutions/ Banks	0	0 00	913243	0 98
C	Central/State Government	0	0 00	0	0 00
D	Venture Capital Funds	0	0.00	1728147	1.86
E	Insurance Companies	0	0 00	774862	0 84
F	Foreign Institutional Investors	0	0 00	9504246	10 24
	Sub-Total (B)(1)	**0**	**0 00**	**14413992**	**15 53**
B 2	**Non Institution**				
	Bodies Corporate	0	0 00	26651273	28 72
	Individuals				
	Individuals – i. Individual shareholders holding nominal share capital up to Rs 1 lakh	0	0 00	2374178	2 56
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	0	0 00	2202566	2 37

	Any Other (specify)				
	NRIs	0	0 00	24234	0 03
	Clearing Member	0	0 00	648230	0 70
	Directors & their Relatives & Friends	0	0 00	0	0 00
	Trusts	0	0 00	2045	0 00
	Sub-Total (B)(2)	**0**	**0 00**	**31902526**	**34 38**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**0**	**0 00**	**46316518**	**49 91**
	TOTAL (A)+(B)	**500000**	**100 00**	**92793529**	**100 00**
(C)	**Shares held by Custodians and against**				
	which Depository Receipts have been issued				
1	Promoter and Promoter Group	0	0.00	0	0.00
2	Public	0	0 00	0	0 00
	Sub-Total (C)	**0**	**0 00**	**0**	**0 00**
	Grand Total (A+B+C)	**500000**	**100 00**	**92793529**	**100 00**

9. The salient features of the Scheme are as follows:

(a) The Scheme, inter alia, provides for the transfer by way of demerger of Demerged Undertaking of PRIL to PEFRL on a going concern basis, with effect from the Appointed Date pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and in the manner provided for in the Scheme.

(b) Appointed Date means the opening of business on 1st July, 2012.

(c) The **"Effective Date"** means the last of the dates on which the last of the conditions specified in Clause 22.1 of this Scheme have been fulfilled or waived in accordance with the Scheme.

(d) **"Demerged Undertaking"** means the undertakings, business, activities and operations of PRIL, pertaining to the Business on a going concern basis which shall, consist of the following:

(i) all assets, whether movable or immovable, tangible or intangible, including all current assets, buildings, warehouses, stores, factory outlets, stores under progress, capital work in progress, furniture, fixtures, office equipment, furnishings, appliances, accessories, goods, equipments, and other tangible property of every kind, nature and description, and all other assets pertaining to or used in the Business; all of the aforementioned items as recorded in the fixed assets register of the Transferred Undertaking and provided by the Demerged Company to the Resulting Company;

(ii) all goodwill of the Demerged Company associated with the Business;

(iii) investments, cash and bank balances, financial assets, insurances, provisions, funds, equipments, book debts and debtors and any related capitalized items and other tangible property of every kind, nature and description, and all other assets pertaining to the Business;

(iv) all inventories, stock-in-trade or stock – in-transit and merchandise including raw materials, supplies, finished goods, wrapping supply and packaging items of the Business, in transit or located at stores (including factory outlets) and warehouses;

(v) all permits, quotas, rights, entitlements, licenses, municipal permissions, approvals, consents, privileges all other rights including tax deferrals and other benefits, lease rights, licenses, powers and facilities of every kind pertaining to the Business;

(vi) all earnest moneys and/or security deposits and/or advances paid by the Demerged Company in connection with or relating to the Business and benefit of any deposits;

(vii) all employees of the Demerged Company, who as of the Effective Date are engaged in the Business;

(viii) all intellectual property rights (whether owned, licensed or otherwise) used in relation to the Business including the Pantaloons brand and trademark, and all other registered trademark, brands, copyrights, know-how, trade secrets connected with the Business;

(ix) all lease agreements, leave and license agreements, and all contracts and arrangements in any form, including those pertaining to brand license, vendors, stores maintenance, housekeeping, security, in connection with the Business, benefits of all agreements, contracts and arrangements and all other interests;

(x) all necessary records, files, papers, engineering and process information, 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 Business;

(xi) the liabilities, borrowings, debts and loans as agreed between the Demerged Company and the Resulting Company ("**Demerged Liabilities**") which will cover (1) liabilities which arise out of the activities or operations of the Business; (2) the specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Business; (3) Liabilities other than those referred above and not directly relatable to the Remaining Undertaking of the Demerged Company, being the amounts of general or multipurpose borrowings of the Demerged Company allocated to the Business in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of the Demerged Company immediately before giving effect to the Scheme. The Opening Financial Statement reflects all the loans, borrowings, liabilities and debts to be transferred pursuant to this clause.

(e) "**Remaining Undertaking**" shall mean collectively all assets, rights, properties, liabilities, undertakings and businesses of the Demerged Company which are not part of the Demerged Undertaking;

(f) The Scheme envisages that upon the coming into effect of the Scheme and subject to the provisions thereof:

(i) the Demerged Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, subject to the provisions of the Scheme 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 the Demerged Company and transferred to and vested in the Resulting Company and shall be deemed to have been demerged from the Demerged Company and transferred to and vested in the Resulting Company as a going concern as and from the Appointed Date so as to become the estate, assets, rights, claims, title, interest and authorities of the Resulting Company;

(ii) in respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession or by endorsement and delivery, the same shall stand so transferred by the Demerged Company upon the coming into effect of the Scheme, and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking with effect from the Appointed Date;

(iii) Any assets acquired by the Demerged Company after the Appointed Date but prior to the Effective Date pertaining to the Demerged Undertaking shall upon the coming into effect of the

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 the Scheme.

(iv) all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking, to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, 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;

(v) all permits and licenses, approvals, authorizations, certificates, clearances, consents, permissions, powers of attorney and registrations forming part of the Demerged Undertaking and issued by any Governmental Authority or any other third party; and all intellectual property rights including all registered trademark and copyrights including in the brand "Pantaloons" and the benefits of all applications for registration forming part of the Demerged Undertaking shall continue in full force and effect in favour of, or shall stand transferred to, as the case may be, 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 and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company has been a party or beneficiary or obligee thereto.

(g) The transfer of the Demerged Liabilities of the Demerged Undertaking shall occur in the following manner:

(i) Upon the coming into effect of the Scheme, the Demerged Liabilities shall, without any further act or deed, be demerged from the Demerged Company and be and stand transferred to, and be deemed to be demerged from the Demerged Company and be transferred to, the Resulting Company to the extent that they are outstanding as on the Effective Date and on the same terms and conditions as applicable to the Demerged Company, and shall become the debts, liabilities, duties and obligations of the Resulting Company.

(ii) Where any of the debts, liabilities, loans raised and used, obligations incurred, duties and obligations of the Demerged Company and relating the Demerged Undertaking deemed to be transferred to the Resulting Company hereunder have been discharged by the Demerged 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 Resulting Company.

(iii) All loans raised with the consent of the Resulting Company and all liabilities and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking after the Appointed Date but prior to the Effective Date, shall, subject to the terms of the Scheme, to the extent that 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 debts, liabilities, duties and obligations of the Resulting Company, which shall meet discharge and satisfy the same.

(h) The Scheme further provides that the demerger and the transfer and vesting of the assets comprised in the Demerged Undertaking to and in the Resulting Company under Clause 4.2 of the Scheme shall be subject to the mortgages and charges, if any, affecting the same as hereinafter provided:

(i) The existing Encumbrances or those, if any created by the Demerged Company after the Appointed Date, in terms of the Scheme, over the assets comprised in the Demerged Undertaking or any part thereof transferred to the Resulting Company by virtue of the Scheme, to secure borrowings which form part of the Demerged Undertaking, shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they related or attached prior to the Effective Date and as are transferred to the Resulting Company, and such Encumbrances shall not relate or attach to any of the other assets of the Resulting Company. Provided however, that no Encumbrances shall have been created by the Demerged Company in relation to the Demerged Undertaking after the Appointed Date without prior written consent of the Resulting Company.

(ii) In so far as any Encumbrances over the assets comprised in the Demerged Undertaking are securities for liabilities of the Remaining Undertaking, the same shall, on the Effective Date,

without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the Encumbrances shall only extend to and continue to operate against the assets retained by the Demerged Company and shall cease to operate against any of the assets transferred to the Resulting Company in terms of the Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.

(iii) In so far as any Encumbrances over the assets comprised in the Remaining Undertaking are securities for liabilities of the Demerged Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the Encumbrances shall only extend to and continue to operate against the assets transferred to the Resulting Company and shall cease to operate against any of the assets retained in the Demerged Company in terms of the Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above;

(iv) The aforesaid provisions 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.

(i) With effect from the Appointed Date and up to and including the Effective Date the Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities of the Demerged Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertaking, for and on account of and in trust for the Resulting Company; and all profits accruing to the Demerged Company or losses, arising or incurred by the Demerged Company (including the effect of taxes if any thereon), in relation to the Demerged Undertaking for the period commencing from the Appointed Date upto the Effective Date of the Demerged Company shall, for all purposes, be treated as the profits or losses, as the case may be, of the Resulting Company. The Demerged Company shall continue, upto the Effective Date, to conduct the business of the Demerged Undertaking in the ordinary course.

(j) The Scheme provides that all employees, staff and workmen of the Demerged Company engaged in the Demerged Undertaking as on the Effective Date ("Demerged Employees") shall become the employees of the Resulting Company, and, subject to the provisions of the Scheme, on terms and conditions not less favourable than those on which they are engaged by the Demerged Company in relation to the Demerged Undertaking and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking. The Scheme provides that for the purpose of payment of any compensation, gratuity and other terminal benefits, the immediate past services of such Demerged Employees with the Demerged Company shall also be taken into account, and paid (as and when payable by the Resulting Company).

(k) as an integral part of the Scheme, the share capital of the Resulting Company shall be restructured and reorganised in the manner set out in the Scheme, including:

(i) Upon the Scheme coming into effect, the authorised equity share capital of the Resulting Company shall stand increased from Rs. 10,00,00,000/- (Rupees Ten Crores Only) to Rs. 100,00,00,000 (Rupees One Hundred Crores Only). Approval of the Scheme by the shareholders of the Resulting Company shall be deemed to be the due compliance of the provisions of Section 16 and the other relevant and applicable provisions of the Act for the alteration of the memorandum of association, as provided in the Scheme.

(ii) Upon the Scheme coming into effect, the ITSL OFCDs shall stand converted into 4,59,77,011 (Four Crores Fifty Nine Lakhs Seventy Seven Thousand and Eleven) equity shares of Rs. 10 (ten) each of the of the Resulting Company.

(l) Upon the Scheme coming into effect, in consideration of the transfer of the Demerged Undertaking by the Demerged Company to the Resulting Company in terms of the Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each Equity Shareholders whose name appears in the records of the Demerged Company or as beneficiary in the records of the depositories of the Demerged Company in respect of the shares of Demerged Company on the Record Date, 1 (one) equity share of Rs. 10/- each, credited as fully paid in the capital of the Resulting Company, for every 5 (five) fully paid up PRIL Equity Shares/ PRIL DVRs held by them in the Demerged Company (the "**Share Entitlement Ratio**"). The equity shares of the Resulting Company are proposed to be listed on the Bombay Stock Exchange and the National Stock Exchange pursuant to the Scheme.

(m) In the event of any increase in the issued, subscribed or paid up share capital of PRIL or issuance of any Share Equivalents or any consolidation, stock split, bonus issue, free distribution of shares or other similar action in relation to the Share Capital of PRIL, that occurs at any time before the Record Date, the number of PRIL Equity Shares / PRIL DVR Shares in the Share Entitlement Ratio shall be appropriately adjusted to ensure that the shareholding of the original shareholders of PEFRL in the post Demerger share capital of PEFRL, is not reduced below the shareholding it would have retained under the Share Entitlement Ratio prior to such change in the Share Capital of PRIL and assuming conversion of the Share Equivalents.

(n) Upon the coming into effect of the Scheme, all legal or other proceedings (other than taxation) of whatsoever nature (including before any statutory or quasi-judicial authority or tribunal), under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, by or against the Demerged Company relating to the Demerged Undertaking (**"Proceedings"**), shall be continued and enforced by or against the Resulting Company, to the extent legally permissible, after the Effective Date. To the extent, such Proceedings cannot be taken over by the Resulting Company; the Proceedings shall be pursued by the Demerged Company as per the instructions of the Resulting Company and entirely at the costs and expenses of the Resulting Company and any adverse judgment for claims made in such proceedings shall be borne by the Resulting Company. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company, except as may be mutually agreed between the Demerged Company and 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 Demerged Company.

(o) All taxes including income tax, central sales tax, excise duty, custom duty, service tax, VAT, and the like paid or payable by the Demerged Company in respect of the operations and / or the profits of the Demerged Undertaking before the Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, custom duty, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Demerged Undertaking after the Appointed Date, the same shall be on account of the Resulting Company and be deemed to be the corresponding item paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.

(p) Upon the Scheme coming into effect, Clause III(A)of the Memorandum of Association of the Resulting Company, being the main objects of the Resulting Company shall be without any further act or deed, be amended, restated and replaced by the following clause or with such modifications as may be directed by Registrar of Companies, Maharashtra:

"1. *To carry on in India and elsewhere in any place or places in the world the trade or the business of manufacturers, makers, tailors, designers, exporters, importers, traders, dealers, merchants, shippers, indentors, distributors, wholesalers, retailers, shopkeepers, hirers, commission agents, muccadums, brokers, stockists, mercantile agents, forwarding agents, warehousemen, in all types of all products and services, dealing in all kinds of goods, materials and items including but not limited to clothes, fashion products, life style products, apparels, general merchandise, food & provisions, household goods, consumer durables, electronic items, arts and crafts, jewellery, home improvement products, footwears, luggages, books & stationery, health care and beauty products, toys and music, computers & accessories, telecom products, agri input products, furniture & furnishings, automobile & accessories, fabrics (including, without limitation, cotton, knitted, dyed, processed wool, jute, hemp, silk, nylon and allied materials and articles), textile of all kinds, non wearables of all kinds (including, without limitation, industrial or domestic wearable and non wearable, carpets and rugs, strapes, tapes, ribbon, elastic braids, labels, etc.) and any other products, goods and services not specifically listed above.*

2. *To carry on in India and elsewhere in any place or places in the world the trade or the business of manufacturing, buying, selling, importing, exporting, refining, manipulating or otherwise dealing in textiles and piece- goods of all kinds, yam, 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 doth, 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 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.

3. *To carry on in India and elsewhere in any place or places in the world the trade or the business of trading, buying, selling, importing, exporting, retailing or wholesaling and to offer one stop solution for sale, purchase, export, import, trade and the like through any means and formats, including, without limitation, hyper markets, super markets, mega stores, discount stores, factory outlets, warehouses, cash & carry, departmental stores, shoppers plaza, direct to home, phone order and mail order, catalogue, through internet and other forms and multi level channels for all products and services, dealing in all kinds of goods, materials and items including but not limited to clothes, fashion products, life style products, apparels, general merchandise, fabrics, textiles, food & provisions, household goods, consumer durables, jewellery, home improvement products, footwears, luggages, books & stationery, health care and beauty products, toys and music, computers & accessories, telecom products, agri input products, furniture & furnishings, automobile & accessories, fabrics, textile, and non wearables of all kinds (including, without limitation, industrial or domestic wearable and non wearable, carpets and rugs, strapes, tapes, ribbon, elastic braids, labels, etc.) and any other products, goods and services not specifically listed above."*

Approval of the Scheme by the shareholders of the Resulting Company shall be deemed to be the due compliance of the provisions of Section 16 and the other relevant and applicable provisions of the Act for the alteration of the memorandum of association, as provided in the Scheme. Pursuant to the Scheme, the Resulting Company shall file the requisite forms with the Registrar of Companies for alteration of its main objects and the consequent amendment of the Memorandum of Association of the Resulting Company.

(q) Upon the Scheme coming into effect, Clause V of the Memorandum of Association of the Resulting Company, being the capital clause of the Resulting Company shall be without any further act or deed, be amended, restated and replaced by the following clause:
"'The Authorised Share Capital of the Company is Rs 110,15,00,000 (Rupees One Hundred Ten Crores and Fifteen Lakhs only) divided into 10,00,00,000 (Ten Crores only) Equity Shares of Rs.10 (Rupees Ten only) each amounting to Rs. 100,00,00,000- (Rupees Hundred Crores Only), 8% 1,00,00,000 (One Crore only) 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 only) Redeemable Cumulative Preference Shares of Rs. 100 (Rupees Hundred only) each amounting to Rs. 15,00,000/- (Rupees Fifteen Lakhs Only) 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."

Approval of the Scheme by the shareholders of the Resulting Company shall be deemed to be the due compliance of the provisions of Section 16 and the other relevant and applicable provisions of the Act for the alteration of the memorandum of association, as provided in the Scheme.

(r) On or after the Effective Date, but prior to the listing of PEFRL Shares,, Indigold and/or its Affiliates will make an Open Offer to the public shareholders of PEFRL to acquire from such public shareholders upto 26% of the post demerger paid up equity share capital of PEFRL based on the price per share of Rs. 175.

(s) The Scheme provides for the accounting treatment of the demerger in the books of the Demerged Company and the Resulting Company as follows:

Accounting Treatment in the Books of PEFRL

Upon the effectiveness of the Demerger:

(i) the Resulting Company shall record the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in it pursuant to this Scheme, at the same value as appearing in the Opening Financial Statement;

(ii) the Resulting Company shall issue shares to shareholders of the Demerged Company. These shares shall be issued and recorded at its face value and accordingly the aggregate face value of the shares to be issued shall be credited to its share capital account; and

(iii) the difference, if any, between the value of assets and value of liabilities pertaining to the Demerged Undertaking, after adjusting the amount credited as share capital shall be treated as goodwill, in case of a debit balance and Capital reserve in case of a credit balance. The capital reserve or goodwill as the case may be, may be dealt with by the Resulting Company as may be determined by Board of Directors;

(iv) Further if there is any difference on treatment on any accounting due to different accounting practices followed by Resulting Company and Demerged Company, the same would be recorded as per the practices followed by the resulting company and resultant goodwill / capital reserve account will be adjusted accordingly.

(v) The Resulting Company shall determine and recognize the deferred tax assets and the deferred tax liability as on appointed date based on the assets and liabilities of the Demerged Undertaking and adjust the same against goodwill / capital reserve, as the case may be.

(vi) All expenses and related cost incurred in implementation of this Scheme shall be charged against the reserve of the Resulting Company.

Accounting Treatment in the Books of Demerged Company

Upon the coming into effect of the Demerger:

(i) the book values of the assets and liabilities pertaining to the Demerged Undertaking transferred by the Demerged Company to the Resulting Company shall be reduced from the book values of the assets and liabilities appearing in the books of the Demerged Company.

(ii) the excess of book value of assets over book value of liabilities of the Demerged Undertaking, if any, shall be adjusted against the balance in the general reserve / balance in profit and loss account of the Demerged Company. In case of a shortfall, the shortfall shall be credited to capital reserve account of the Demerged Company.

(t) With effect from the Effective Date, the name of the Demerged Company shall be changed to "FUTURE RETAIL INDIA LIMITED" or such other name as may be decided by the board of directors or a committee thereof and approved by the concerned Registrar of Companies.

(u) Each of the Demerged Company and the Resulting Company shall bear its own costs relating to the High Court process including the filing fees and costs of convening meetings. Stamp duty payable in relation to the Scheme shall be borne by the Resulting Company.

(v) The Scheme is and shall be conditional upon and subject to:

- approval of the Scheme by the requisite majority of each class of members and creditors of each of the Demerged Company, and the Resulting Company;
- sanction of the Scheme by the Bombay High Court;
- the Competition Commission of India either having (i) granted approval to, or (ii) be deemed to have granted approval to, through the expiration of time periods available for their investigation and any period of limitation for filing an appeal therefrom having elapsed, the Demerger pursuant to the provisions of the Competition Act, 2002 and the rules and regulations thereunder;
- certified copies of orders under Sections 391 to 394 of the Act being duly filed with the Registrar of Companies, Maharashtra; and
- such other sanctions and approvals, and conditions that the Demerged Company and the Resulting Company may mutually agree to.

The features set out above being only the salient features of the Scheme; the members are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.

10. The directors of PRIL holding the shares in the Demerged Company do not have any other interest in the Scheme otherwise than that as shareholders in general. Save as aforesaid, none of the Directors of PRIL have any material interest in the proposed Scheme.

11. The extent of the shareholding of the directors of PRIL in PRIL and PEFRL either singly or jointly or as nominee as on 30th September, 2012 is as under:

Sr No	Name of the Director	Designation	Equity shares in PRIL		Equity shares in PEFRL
			Equity	Class B	
1	**Mr. Shailesh Haribhakti**	Chairman	25100	10	0
2	**Mr. Kishore Biyani**	Managing Director	0	1000	0
3	**Mr. Gopikishan Biyani**	Director	0	1000	0
4	**Mr. Rakesh Biyani**	Joint Managing Director	0	1000	0
5	**Mr. Vijay Biyani**	Wholetime Director	0	1000	0
6	**Mr. S. Doreswamy**	Director	0	0	0
7	**Dr. Darlie Koshy**	Director	0	0	0
8	**Mr. Anil Harish**	Director	10000	1000	0
9	**Ms. Bala Deshpande**	Director	0	0	0
10	**Mr. V. K. Chopra**	Director	0	0	0

12. The extent of the shareholding of the directors of PEFRL in PEFRL, the Resulting Company and PRIL either singly or jointly or as nominee as 30th September, 2012 is as under:

Sr No	Name of the Director	Designation	Equity shares in PEFRL	Equity shares in PRIL
1	Mr. Manoj Kedia	Director	0	0
2	Mr. Sushil Agarwal	Director	0	500
3	Mr. Pranab Barua	Director	0	0
4	Mr. Devendra Bhandari	Director	0	0
5	Mr. Ashish Dikshit	Director	0	0
6	Mr. Visvanathan Srinivasan	Director	0	0
7	Mr. Anil Rustogi*	Director	1	0

*as a nominee of Indigold Trade and Services Limited

13. The Applicant Company has obtained the approval to the Scheme in terms of Clause 24(f) of the Listing Agreement from the National Stock Exchange of India Limited and BSE Limited vide their letters dated 1st October, 2012 and 9th October, 2012 respectively.

14. The financial position of the Demerged Company will not be adversely affected by the Scheme. Further, the rights and interests of the creditors of the Demerged Company will not be prejudicially affected by the Scheme as the Demerged Company, post the Scheme, would be able to meet its liabilities as they arise in the ordinary course of business. Further, the rights and interests of the shareholders of the Demerged Company will not be prejudicially affected by the Scheme as no sacrifice or waiver is called from them.

15. No investigation proceedings are pending or are likely to be pending under Sections 235 to 251 of the Companies Act, 1956 in respect of the Applicant Company.

16. In the event that the Scheme is terminated or withdrawn in terms of the Scheme, the Scheme shall stand revoked, cancelled and be of no effect and null and void and in such event each party to the Scheme shall bear and pay their respective costs, charges and expenses for and or in connection with the Scheme and the Demerged Company and the Resulting Company shall withdraw the Scheme.

17. Inspection of all documents referred to in this explanatory statement and the following documents may be inspected by the Members of the Applicant Company at the Registered Office of the Applicant Company between 11:00 am and 1:00 pm up to date of the Court Convening Meeting on all working days (except Saturdays, Sundays and Public holidays):

(a) Copy of the Order dated 2nd day of November, 2012 of the Hon'ble High Court of Judicature at Bombay passed in Company Summons for Direction No. 783 of 2012 directing the convening of the meeting of the Equity Shareholders / members of the Demerged Company.

(b) Scheme of Arrangement.

(c) Memorandum and Articles of Association of the Demerged Company and PEFRL.

(d) The Audited Financial Statements of the Demerged Company for last three financial years ended June 30, 2011, June 30, 2010 and June 30, 2009.

(e) The Audited Financial Statements of PEFRL for last three financial years ended March 31, 2012, March 31, 2011 and March 31, 2010.

(f) The Unaudited Financial Statements of the Applicant Company and PEFRL as on June 30, 2012.

(g) Copy of No Objection Certificate to the Scheme received from the National Stock Exchange of India Limited and BSE Limited vide their letters dated October 01, 2012 and October 09, 2012 respectively.

(h) Copy of report on share entitlement ratio obtained from joint valuers M/s Deloitte Touche Tohmatsu India Pvt. Ltd. and M/s Grant Thornton India LLP.

This statement may be treated as an Explanatory Statement under Section 393 of the Companies Act, 1956. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Registered Office of the Applicant Company and/or at the office of the Advocates M/s Hemant Sethi & Co,1602, Nav Parmanu Building, Behind Amar Cinema, Chembur, Mumbai 400071 during ordinary business hours on week days.

Sd/-
Mr. Shailesh Haribhakti
Chairman appointed for the meeting

Dated this 2nd day of November, 2012

Registered office:

Knowledge House,
Shyam Nagar,
Off Jogeshwari Vikhroli Link Road,
Jogeshwari (East),
Mumbai – 400 060

Note: - All alterations made in the form of proxy should be initialed.

SCHEME OF ARRANGEMENT

BETWEEN

Pantaloon Retail (India) Limited ... **Demerged Company**

Peter England Fashions and Retail Limited ... **Resulting Company**

and

their respective shareholders and creditors

and

Indigold Trade and Services Limited, as shareholder of the Resulting Company ... **Indigold**

PREAMBLE

I. **Description of the Parties**

(A) Pantaloon Retail (India) Limited (the "**Demerged Company**"), is a company incorporated under the Companies Act, 1956 having its registered office at "Knowledge House", Shyam Nagar, off. Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400060. The Demerged Company is a public listed company which, through itself and its subsidiaries, is a diversified retail player and also has interests in financial services, insurance, media and other businesses. The Demerged Company's business of the retailing of fashion and apparel includes the Business (as hereinafter defined).

(B) Peter England Fashions and Retail Limited ("**PEFRL**" or the "**Resulting Company**") is a company incorporated under the Companies Act, 1956 having its registered office at Aditya Birla Centre, A-Wing, 4th Floor, S.K.Ahire Marg, Worli, Mumbai - 400030. PEFRL is engaged in the apparel business and its main business includes the export of ready-made garments. PEFRL is a wholly owned subsidiary of Indigold Trade and Services Limited.

(C) Indigold Trade and Services Limited ("**Indigold**") is a company incorporated under the Companies Act, 1956 having its registered office at Regent Gateway, Plot No 5B, Doddanekundi Village, KIADB Industrial Area, ITPL Road, Bangalore 560048, Karnataka. Indigold is the parent company of PEFRL and is a wholly owned subsidiary of ABNL (as defined hereinafter).

II. **Description and Rationale for the Transaction**

(D) This Scheme of Arrangement ("**Scheme**") pursuant to Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and as per the provisions of Section 2(19AA), Section 47 and other applicable provisions of the Income Tax Act, 1961, *inter alia* provides for:

(i) the transfer by way of demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company (more particularly described in Part B of this Scheme);

(ii) upon effectiveness of the Scheme, the Open Offer (more particularly described in Part C of this Scheme); and

(iii) various other matters consequential or integrally connected therewith, including the reorganisation of the share capital of the Resulting Company.

(E) The Business has significant potential for growth. The nature of risk and competition involved in the Business is distinct from other businesses undertaken by the Demerged Company and each of its businesses and undertakings is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders. There are also differences in the manner in which each of these businesses and undertakings are required to be managed. Therefore, transfer of the Demerged Undertaking to a separate company will enable greater focus on the operation of the Business and would enable unlocking value. The Business has immense potential for growth and development and requires infusion of funds and undivided care and attention for optimum growth, expansion and development.

(F) The Resulting Company is a wholly owned indirect subsidiary of ABNL, and ABNL is engaged *inter alia* in the fashion & lifestyle business and is one of the premium apparel brand players in India. ABNL manufactures and

sells apparel under various brands through exclusive brand outlets as also stores. The demerger of the Demerged Undertaking to the Resulting Company will expand the variety of its offering in the market and complement its existing portfolio.

(G) The proposed transfer by way of demerger of the Demerged Undertaking into the Resulting Company shall enable the business activities comprised in the Demerged Undertaking to be carried out with separate and independent management set-up and greater focus, attention and specialisation for sustained growth. The Demerged Undertaking will also benefit from the synergies of combining with the similar and related business of the Resulting Company and its shareholders, thereby resulting in enhancement of shareholder value.

(H) In consideration of the demerger, the shareholders of the Demerged Company shall be allotted Shares on a proportionate basis in the Resulting Company. This would provide the existing shareholders of the Demerged Company with the option of continuing in both, the Demerged Company as well as the Resulting Company. Further, Indigold and/or its Affiliates will make an Open Offer for shares of the post Demerger Resulting Company.

III. Parts of the Scheme

The Scheme is divided into the following parts:

Part A, which deals with definitions, interpretation and share capital;

Part B, which deals with the Demerger;

Part C, which deals with the Open Offer; and

Part D, which deals with general terms and conditions applicable to the Scheme and other matters consequential and integrally connected thereto.

PART A

DEFINITIONS AND SHARE CAPITAL

1. **DEFINITIONS**

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

1.1 **"ABNL"** means Aditya Birla Nuvo Limited a listed public company incorporated under the Companies Act, 1956 and having its registered office at Indian Rayon Compound, Veraval, Gujarat, 362266;

1.2 **"Act"** means the Companies Act, 1956 and includes any statutory re-enactment or modification thereof from time to time;

1.3 **"Affiliate"** means, in relation to any Person, any other Person that directly or indirectly through 1 (One) or more Person(s), Controls, is Controlled by, or is under common Control with, the Person specified; and in the case of a natural person, shall also include any Relative of such natural person;

1.4 **"Appointed Date"** means the opening of business on July 1, 2012;

1.5 **"Board of Directors"** in relation to the Demerged Company, and the Resulting Company, 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;

1.6 **"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 under Sections 391 to 394 of the Act;

1.7 **"Business"** means the fashion retail business of the Demerged Company undertaken under the brand name "Pantaloons" and variations thereof (including, "Pantaloons Fresh Fashion") from dedicated retail stores (which inter alia, as of June 30, 2012 constituted 90 operating stores which includes factory outlets and 18 stores which are under process), both in value and lifestyle segments, retailing a range of clothing and apparels in mens, ladies, and kids wear in both western wear and ethnic wear categories, lifestyle products, home products and accessories to each category under brands, labels and trademarks belonging to the Demerged

Company or licensed from members of the Future Group as well as third party brands, labels and trademarks including, inter alia, owned brands of the Demerged Company and licenses of third party brands of products being sold, contracts with suppliers and vendors, delivery and warehousing arrangements, information technology, and such other activities and undertakings required for undertaking the foregoing on a pan-India basis;

1.8 "**Charter Documents**" means collectively, the Articles of Association and Memorandum of Association;

1.9 "**Control**" (including the terms "**Controlled by**" and "**under common Control with**") means: (a) in relation to a body corporate: (i) the beneficial ownership, directly or indirectly, of more than 50% of the voting securities of that body corporate; or (ii) ability to appoint a majority of the board of directors of that body corporate; or (iii) the power to direct the management and policies of a Person, including through contractual arrangements or otherwise; and (b) in relation to any Person which is not a body corporate, the right or power to direct, whether directly or indirectly, the policy decisions of that Person;

1.10 "**Demerger**" means the transfer by way of demerger of the Demerged Undertaking from the Demerged Company to the Resulting Company and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company, as set out in Part B hereof, as per section 2(19AA) and other relevant provisions of the Income Tax Act, 1961;

1.11 "**Demerged Undertaking**" means the undertakings, business, activities and operations of PRIL, pertaining to the Business on a going concern basis which shall, consist of the following:

1.11.1 all assets, whether movable or immovable, tangible or intangible, including all current assets, buildings, warehouses, stores, factory outlets, stores under progress, capital work in progress, furniture, fixtures, office equipment, furnishings, appliances, accessories, goods, equipments, and other tangible property of every kind, nature and description, and all other assets pertaining to or used in the Business; all of the aforementioned items as recorded in the fixed assets register of the Transferred Undertaking and provided by the Demerged Company to the Resulting Company;

1.11.2 all goodwill of the Demerged Company associated with the Business;

1.11.3 investments, cash and bank balances, financial assets, insurances, provisions, funds, equipments, book debts and debtors and any related capitalized items and other tangible property of every kind, nature and description, and all other assets pertaining to the Business;

1.11.4 all inventories, stock-in-trade or stock – in-transit and merchandise including raw materials, supplies, finished goods, wrapping supply and packaging items of the Business, in transit or located at stores (including factory outlets) and warehouses;

1.11.5 all permits, quotas, rights, entitlements, licenses, municipal permissions, approvals, consents, privileges all other rights including tax deferrals and other benefits, lease rights, licenses, powers and facilities of every kind pertaining to the Business;

1.11.6 all earnest moneys and/or security deposits and/or advances paid by the Demerged Company in connection with or relating to the Business and benefit of any deposits;

1.11.7 all employees of the Demerged Company, who as of the Effective Date are engaged in the Business;

1.11.8 all intellectual property rights (whether owned, licensed or otherwise) used in relation to the Business including the Pantaloons brand and trademark, and all other registered trademark, brands, copyrights, know-how, trade secrets connected with the Business;

1.11.9 all lease agreements, leave and license agreements, and all contracts and arrangements in any form, including those pertaining to brand license, vendors, stores maintenance, housekeeping, security, in connection with the Business, benefits of all agreements, contracts and arrangements and all other interests;

1.11.10 all necessary records, files, papers, engineering and process information, 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 Business;

1.11.11 the liabilities, borrowings, debts and loans as agreed between the Demerged Company and the Resulting Company (**"Demerged Liabilities"**) which will cover (1) liabilities which arise out of the activities or operations of the Business; (2) the specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Business; (3) Liabilities other than those referred above and not directly relatable to the Remaining Undertaking of the Demerged Company, being the amounts of general or multipurpose borrowings of the Demerged Company allocated to the Business in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of the Demerged Company immediately before giving effect to this Scheme. The Opening Financial Statement reflects all the loans, borrowings, liabilities and debts to be transferred pursuant to this clause.

1.12 **"Demerged Company"** or **"PRIL"** shall mean Pantaloon Retail (India) Limited a public listed company incorporated under the provisions of the Companies Act, 1956 and having its registered office at "Knowledge House", Shyam Nagar, off. Jogeshwari Vikhroli Link Road, Jogeshwari(East), Mumbai 400060;

1.13 **"Effective Date"** shall have the meaning specified in Clause 22.2 of this Scheme. References in this Scheme to the date of **"coming into effect of the Scheme"** or **"effectiveness of this Scheme"** shall mean the Effective Date;

1.14 **"Encumbrance"** or to **"Encumber"** means: (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any Person, including 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; (ii) a contract to give or refrain from giving any of the foregoing; (iii) any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any Person; and (iv) any adverse claim as to title, possession or use;

1.15 **Equity Shareholders"** shall mean the shareholders of the Demerged Company holding PRIL Equity and / or PRIL DVRs;

1.16 **"Governmental Authority"** means any national or state government or any province, state or any other political subdivision thereof; any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of India, or any political subdivision thereof or any other applicable jurisdiction; any court, tribunal or arbitrator and any securities exchange or body or authority regulating such securities exchange;

1.17 **"Indigold"** means Indigold Trade and Services Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Regent Gateway, Plot No 5B, Doddanekundi Village, KIADB Industrial Area, ITPL Road, Bangalore 560048, Karnataka;

1.18 **"Offer Price"** shall have the meaning ascribed to it in Clause 15.2.1;

1.19 **"Open Offer"** shall mean the voluntary open offer to be made by Indigold and/or its Affiliates in terms of this Scheme to purchase upto 26% of the post Demerger total issued and paid up share capital of the Resulting Company from the public at the Offer Price;

1.20 **"Opening Financial Statement"** means the statement of assets and liabilities as at the opening of business hours on the Appointed Date to be transferred to the Resulting Company and which has been subjected to a limited review by the auditor of the Demerged Company, and annexed as Schedule I hereto;

1.21 **"PRIL DVRs"** shall mean equity shares of the Demerged Company classified as Class B shares (Series 1) of a par value of Rs 2/- each with every four PRIL DVRs having voting rights equal to three PRIL Equity Shares, and every PRIL DVR having the right to receive 2% additional dividend than every PRIL Equity Share;

1.22 **"PRIL DVR Shareholders"** shall mean the shareholders of the Demerged Company holding PRIL DVRs;

1.23 **"PRIL Equity Shares"** shall mean equity shares of the Demerged Company having a par value of Rs. 2/- each and having one vote each;

1.24 **"PRIL Equity Shareholders"** shall mean the shareholders of the Demerged Company holding PRIL Equity Shares;

1.25 "**Record Date**" shall mean the date to be fixed by the board of directors or a committee thereof of the Demerged Company for the purpose of determining the members of the Demerged Company to whom shares of the Resulting Company will be allotted pursuant to Part B of this Scheme in terms of Clause 12 hereof;

1.26 "**Relative**" has the meaning given to it in Section 6 of the Act and shall include members of Hindu undivided families;

1.27 "**Remaining Undertaking**" shall mean collectively all assets, rights, properties, liabilities, undertakings and businesses of the Demerged Company which are not part of the Demerged Undertaking;

1.28 **"SEBI"** means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;

1.29 **"Share Equivalents"** means preference shares, debentures, bonds, loans, warrants, options, depositary receipts, debt securities, loan stock, notes, or any other instruments, agreements, deeds, securities or certificates which are convertible into or exchangeable for, or which carry a right to, or a right to, subscribe to or purchase or which represent or bestow any beneficial ownership / interest in, equity shares of PRIL or equity share capital of PRIL;

1.30 **"Specified Authorities"** means the High Court, CCI, RBI, Stock Exchanges, Registrar of Companies, SEBI or any other Governmental Authority whose approval is required for the Scheme;

1.31 "**Stock Exchanges**" means BSE Limited and the National Stock Exchange of India Limited; and

1.32 **"Resulting Company"** shall mean Peter England Fashions and Retail Limited, an unlisted public company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Aditya Birla Centre, A-Wing, 4th Floor, S.K.Ahire Marg, Worli, Mumbai - 400030.

1.33 In this Scheme, unless the context otherwise requires:

1.33.1 words denoting the singular shall include the plural and vice versa;

1.33.2 headings and bold typefaces are only for convenience and shall be ignored for the purpose of interpretation;

1.33.3 references to the word "include" or "including" shall be construed without limitation;

1.33.4 unless otherwise defined, the reference to the word "days" shall mean calendar days;

1.33.5 reference to dates and times shall be construed to be reference to Indian dates and times;

1.33.6 reference to a document includes an amendment or supplement to, or replacement or novation of that document;

1.33.7 number(s), word(s) and expression(s) elsewhere defined in the Scheme shall have the meaning(s) respectively ascribed to time;

1.33.8 words of either gender are deemed to include the other gender;

1.33.9 the terms "hereof", "herein", "hereby", "hereto" and derivative or similar words refer to this entire Scheme or specified Clauses of this Scheme, as the case may be;

1.33.10 the ejusdem generis principle of construction shall not apply to this Scheme and, accordingly, general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words;

1.33.11 the term "Clause" refers to the specified Clause of this Scheme; and

1.33.12 references to any legislation or law or to any provision thereof shall include references to any such law as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

2. DATE OF TAKING EFFECT

The Scheme shall be operative from the Effective Date, but shall take effect from the Appointed Date. Part C of the Scheme shall come into effect on the Effective Date and shall be implemented in accordance with the terms thereof.

3. SHARE CAPITAL

3.1 The authorised, issued, subscribed and paid up capital of the Demerged Company as on August 31, 2012 is as follows:

PARTICULARS	AMOUNT (Rs.)
AUTHORISED CAPITAL	
50,00,00,000 equity shares of Rs 2 each (divided into 45,00,00,000 PRIL Equity Shares and 5,00,00,000 PRIL DVRs)	100,00,00,000
30,00,000 preference Shares of Rs.100 each	30,00,00,000
Total:	**1,30,00,00,000**
ISSUED CAPITAL	
23,15,93,991 equity shares of Rs 2 each (divided into 21,56,64,839 PRIL Equity Shares and 1,59,29,152 PRIL DVRs)	463,187,982
SUBSCRIBED CAPITAL	
23,15,82,591 equity shares of Rs 2 each (divided into 21,56,53,439 PRIL Equity Shares and 1,59,29,152 PRIL DVRs)	463,165,182
PAID UP CAPITAL	
23,15,82,591 equity shares of Rs 2 each (divided into 21,56,53,439 PRIL Equity Shares and 1,59,29,152 PRIL DVRs)	463,165,182

The equity shares of the Demerged Company are listed on the Stock Exchanges.

3.2 The authorised, issued, subscribed and paid up capital of the Resulting Company as on August 31, 2012 is as follows:

PARTICULARS	AMOUNT (Rs.)
AUTHORISED CAPITAL	
1,00,00,000 equity shares of Rs 10 each	10,00,00,000
1,00,15,000 preference Shares (1,00,00,000 shares of Rs. 10 each and 15,000 shares of Rs. 100 each)	10,15,00,000
Total:	**20,15,00,000**
ISSUED SUBSCRIBED AND PAID UP CAPITAL	
5,00,000 equity shares of Rs 10 each	50,00,000
5,00,500 preference shares (5,00,000 shares of Rs. 10 each and 500 shares of Rs. 100 each)	50,50,000
Total:	**1,00,50,000**

The entire issued equity share capital of the Resulting Company is held by Indigold and its nominees.

3.3 There are 800 (eight hundred) optionally fully convertible debentures, of Rs. 1,00,00,000 (Rupees One Crore each), of the Resulting Company convertible into 4,59,77,011 (Four Crores Fifty Nine Lakhs Seventy Seven Thousand and Eleven) equity shares of Rs. 10 (ten) each of the Resulting Company (**"ITSL OFCDs"**).

3.4 The shares of the Resulting Company are at present not listed on any stock exchanges.

PART B

DEMERGER

4. **Transfer of Demerged Undertaking**

4.1 Upon the coming into effect of this Scheme, the Demerged Undertaking (including all the estate, properties, assets, Demerged Liabilities, obligations, rights, claims, title, interest and authorities including accretions and appurtenances of the Demerged Undertaking) shall, with effect from the Appointed Date, subject to the terms and conditions of this Scheme and without any further act or deed, be demerged from the Demerged Company and be transferred to and vested in, and shall be deemed to have been demerged from the Demerged Company and transferred to and vested in, the Resulting Company, and pursuant to Section 394(2) of the Act and as per Section 2(19AA) of the Income Tax Act, 1961, as a going concern, so as to become as and from the Appointed Date, the estate, properties, assets, liabilities, debts, obligations, rights, claims, title, interest, authorities and undertaking of the Resulting Company.

4.2 Without prejudice to the generality of the foregoing, the transfer of the assets of the Demerged Undertaking shall occur in the following manner:

4.2.1 In respect of all the assets, benefits and privileges, as are movable in nature or are otherwise capable of transfer by physical delivery of possession or by endorsement and delivery, the same may be so transferred by the Demerged Company, and shall become the property of the Resulting Company in pursuance of the provisions of Section 394 of the Act as an integral part of the Demerged Undertaking.

4.2.2 In respect of movables other than those dealt with in Clause 4.2.1 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 depositee, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Resulting Company).

4.2.3 In respect of such of the assets of the Demerged Undertaking other than those referred to in Clause 4.2.1 and 4.2.2, the same shall as more particularly provided in Clause 4.1 above, without any further act, instrument or deed, be demerged from the Demerged Company and be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company pursuant to the provisions of Section 394 of the Act.

4.2.4 Any assets acquired by the Demerged Company after the Appointed Date but prior to the Effective Date pertaining to the Demerged Undertaking 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.

4.2.5 For the avoidance of doubt, upon the coming into effect of this Scheme, all the rights, title, interest and claims of the Demerged Company in any leasehold / licensed properties or other properties which are used by the Demerged Company in relation to the Demerged Undertaking 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.

4.3 The transfer of the Demerged Liabilities of the Demerged Undertaking shall occur in the following manner:

4.3.1 Upon the coming into effect of this Scheme, the Demerged Liabilities shall, without any further act or deed, be demerged from the Demerged Company and be and stand transferred to, and be deemed to be demerged from the Demerged Company and be transferred to, the Resulting Company to the extent that they are outstanding as on the Effective Date and on the same terms and conditions as applicable to the Demerged Company, and shall become the debts, liabilities, duties and obligations of the Resulting Company.

4.3.2 Where any of the debts, liabilities, loans raised and used, obligations incurred, duties and obligations of the Demerged Company and relating the Demerged Undertaking deemed to be transferred to the

Resulting Company hereunder have been discharged by the Demerged 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 Resulting Company.

4.3.3 All loans raised with the consent of the Resulting Company and all liabilities and obligations incurred by the Demerged Company for the operations of the Demerged Undertaking after the Appointed Date but prior to the Effective Date, shall, subject to the terms of this Scheme, to the extent that 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 debts, liabilities, duties and obligations of the Resulting Company, which shall meet discharge and satisfy the same.

4.3.4 Without prejudice to the provisions of the foregoing clauses and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company shall execute any 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 Registrar of Companies, Maharashtra, Mumbai to give formal effect to the above provisions, if required.

4.4 The demerger and the transfer and vesting of the assets comprised in the Demerged Undertaking to and in the Resulting Company under Clause 4.2 of this Scheme shall be subject to the mortgages and charges, if any, affecting the same as hereinafter provided.

4.4.1 The existing Encumbrances or those, if any created by the Demerged Company after the Appointed Date, in terms of this Scheme, over the assets comprised in the Demerged Undertaking or any part thereof transferred to the Resulting Company by virtue of this Scheme, to secure borrowings which form part of the Demerged Undertaking, shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they related or attached prior to the Effective Date and as are transferred to the Resulting Company, and such Encumbrances shall not relate or attach to any of the other assets of the Resulting Company. Provided however, that no Encumbrances shall have been created by the Demerged Company in relation to the Demerged Undertaking after the Appointed Date without prior written consent of the Resulting Company.

4.4.2 In so far as any Encumbrances over the assets comprised in the Demerged Undertaking are securities for liabilities of the Remaining Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the Encumbrances shall only extend to and continue to operate against the assets retained by the Demerged Company and shall cease to operate against any of the assets transferred to the Resulting Company in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause 4.4.2 shall operate notwithstanding anything contained in any instrument, deed or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

4.4.3 In so far as any Encumbrances over the assets comprised in the Remaining Undertaking are securities for liabilities of the Demerged Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the Encumbrances shall only extend to and continue to operate against the assets transferred to the Resulting Company and shall cease to operate against any of the assets retained in the Demerged Company in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause 4.4.3 shall operate notwithstanding anything contained in any instrument, deed or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

4.4.4 Without prejudice to the provisions of the foregoing clauses and upon effectiveness of the Scheme, the Demerged Company and the Resulting Company shall execute any instruments or documents and do all acts and deeds as may be required, including the filing of necessary forms for particulars/ modification / satisfaction of charge with the relevant Registrar of Companies to give formal effect to the above provisions if required.

4.4.5 The provisions of Clause 4.4 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.

5. **Conduct of Business**

5.1 With effect from the Appointed Date and upto and including the Effective Date:

5.1.1 the Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities of the Demerged Undertaking and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the Demerged Undertaking, for and on account of and in trust for the Resulting Company; and

5.1.2 all profits accruing to the Demerged Company or losses, arising or incurred by the Demerged Company (including the effect of taxes if any thereon), in relation to the Demerged Undertaking for the period commencing from the Appointed Date upto the Effective Date of the Demerged Company shall, for all purposes, be treated as the profits or losses, as the case may be, of the Resulting Company.

5.2 The Demerged Company shall continue, upto the Effective Date, to conduct the business of the Demerged Undertaking in the ordinary course.

6. **LEGAL PROCEEDINGS**

6.1 Upon the coming into effect of this Scheme, all legal or other proceedings (other than taxation) of whatsoever nature (including before any statutory or quasi-judicial authority or tribunal), under any statute, whether pending on the Appointed Date or which may be instituted any time thereafter, by or against the Demerged Company relating to the Demerged Undertaking ("**Proceedings**"), shall be continued and enforced by or against the Resulting Company, to the extent legally permissible, after the Effective Date. To the extent, such Proceedings cannot be taken over by the Resulting Company; the Proceedings shall be pursued by the Demerged Company as per the instructions of the Resulting Company and entirely at the costs and expenses of the Resulting Company and any adverse judgment for claims made in such proceedings shall be borne by the Resulting Company. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company, except as may be mutually agreed between the Demerged Company and 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 Demerged Company. A list of the Proceedings by or against the Demerged Company and relating to the Demerged Undertaking pending as on mutually agreed date has been separately agreed between the Demerged Company and the Resulting Company and all other Proceedings pending as on such mutually agreed date, shall be carried on and shall be to the account of the Demerged Company.

6.2 In respect of Proceedings instituted against the Demerged Company regarding the Demerged Undertaking after the Appointed Date and upto the Effective Date, the Demerged Company shall defend the same in accordance with the instructions of the Resulting Company and at the cost of the Resulting Company.

7. **CONTRACTS, LICENSES, APPROVALS / PERMITS**

7.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme:

7.1.1 all permits and licenses, approvals, authorizations, certificates, clearances, consents, permissions, powers of attorney and registrations forming part of the Demerged Undertaking and issued by any Governmental Authority or any other third party; and

7.1.2 all intellectual property rights including all registered trademark and copyrights including in the brand "Pantaloons" and the benefits of all applications for registration forming part of the Demerged Undertaking;

shall continue in full force and effect in favour of, or shall stand transferred to, as the case may be, 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 and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company has been a party or beneficiary or obligee thereto.

7.2 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme all contracts, agreements, deeds, bonds, schemes, arrangements, software, other instruments of whatsoever nature,

rights, benefits and entitlements forming a part of the Demerged Undertaking, and which are subsisting or have effect immediately before the Effective Date, 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.

7.3 The Resulting Company may, at any time after the coming into effect of this Scheme, if so required under any law or otherwise, execute deeds, confirmations, or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party, in relation to the Demerged Undertaking, or any writing as may be necessary to be executed in order to give formal effect to the above provisions. The Demerged Company will, if necessary, also be a party to the above.

8. INTERIM ARRANGEMENTS

8.1 In the event any asset, contract, liability or property, which is a part of the Demerged Undertaking, does not get transferred to the Resulting Company upon the effectiveness of the Scheme, the Demerged Company and the Resulting Company undertake to take all necessary steps, and execute all necessary documents, to ensure the transfer of such asset, contact, liability or property to the Resulting Company forthwith. The Demerged Company and the Resulting Company agree that pending such transfer of such assets, contract and property to the Resulting Company, the Demerged Company shall hold such assets and property in trust for the Resulting Company, and shall put in place necessary arrangements to ensure that the benefit of such assets, contract and properties goes to the Resulting Company until the same is transferred to the Resulting Company.

9. EMPLOYEES

9.1 With effect from the Effective Date:

9.1.1 All the employees, staff and workmen of the Demerged Company engaged in the Demerged Undertaking as on the Effective Date (**"Demerged Employees"**) shall become the employees of the Resulting Company on terms and conditions no less favourable than those on which they are engaged by the Demerged Company without any break or interruption in service as a result of the transfer of the Demerged Undertaking of the Demerged Company to the Resulting Company.

9.1.2 The Resulting Company agrees that the services of all the Demerged Employees with the Demerged Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the Demerged Employees may be eligible, and accordingly, the period of service of the Demerged Employees shall be reckoned therefore from the date of their respective appointment in the Demerged Company.

9.1.3 The contributions, and all accretions thereto, in the Government provident fund account, superannuation fund, gratuity fund and other benefit funds if any, of which the Demerged Employees are members or beneficiaries till the Effective Date, shall, with the approval of the concerned authorities, be transferred (in such proportion as is referable to the Demerged Employees being transferred to the Resulting Company) to the relevant funds of the Resulting Company for the benefit of the Demerged Employees on terms no less favourable. In the event that the Resulting Company has its own funds in respect of any of the funds referred to above, such investments shall, subject to the necessary approvals and permissions, be transferred to the relevant 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 employees engaged in the Demerged Undertaking to the relevant funds of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the investments and contributions pertaining to the employees of the Demerged Undertaking shall be transferred to the funds created by the Resulting Company. In case, necessary approvals are not received by the Effective Date and there is delay, all such amounts shall continue to be administered by the Demerged Company in trust for the Resulting Company from the Effective Date till the date of actual transfer and, on receiving the approvals all the accumulated amounts till such date, shall be transferred to the respective funds of the Resulting Company *suo moto*.

10. TAXES

10.1 All taxes including income tax, central sales tax, excise duty, custom duty, service tax, VAT, and the like paid or payable by the Demerged Company in respect of the operations and / or the profits of the Demerged Undertaking before the Appointed Date, shall be on account of the Demerged Company and, insofar as it

relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, custom duty, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Demerged Undertaking after the Appointed Date, the same shall be on account of the Resulting Company and be deemed to be the corresponding item paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.

Upon the Scheme becoming effective, the Demerged Company and the Resulting Company are expressly permitted to revise their income tax returns, services tax returns, sales tax returns and other tax returns, and to claim refunds and / or credits, etc. pursuant to the provisions of the Scheme.

11. REMAINING UNDERTAKING

11.1 The Remaining Undertaking and all the assets, properties, rights, liabilities and obligations thereto shall continue to belong to and be vested in and be managed by the Demerged Company and the Resulting Company shall have no right, claim or obligation in relation to the Remaining Undertaking. From the Appointed Date, the Demerged Company shall carry on the activities and operations of the Remaining Undertaking distinctly and as a separate business from the Demerged Undertaking.

11.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case pertaining to the Remaining Undertaking shall be continued and enforced by or against the Demerged Company after the Effective Date. The Resulting Company shall in no event be responsible or liable in relation to any such legal or other proceeding against the Demerged Company.

11.3 With effect from the Appointed Date and up to, including and beyond the Effective Date, the Demerged Company:

11.3.1 shall be deemed to have been carrying on and to be carrying on all the business and activities relating to the Remaining Undertaking for and on its own behalf; and

11.3.2 all profits accruing to the Demerged Company thereon or losses arising or incurred by it relating to the Remaining Undertaking shall for all purposes be treated as the profits or losses, as the case may be, of the Demerged Company.

12. REORGANISATION OF SHARE CAPITAL AND CONSIDERATION

12.1 The provisions of this Clause 12 shall operate notwithstanding anything to the contrary in this Scheme. In consideration of the provisions of Part B of this Scheme and as an integral part of this Scheme, the share capital of the Resulting Company shall be restructured and reorganised in the manner set out in this Scheme.

12.2 Upon this Scheme coming into effect, the authorised equity share capital of the Resulting Company shall stand increased from Rs. 10,00,00,000/- (Rupees Ten Crores only) to Rs. 100,00,00,000 (Rupees One Hundred Crores Only). Approval of this Scheme by the shareholders of the Resulting Company shall be deemed to be the due compliance of the provisions of Section 16 and the other relevant and applicable provisions of the Act for the alteration of the memorandum of association, as provided in this Scheme.

12.3 Upon this Scheme coming into effect, the ITSL OFCDs shall stand converted into 4,59,77,011 (Four Crores Fifty Nine Lakhs Seventy Seven Thousand and Eleven) equity shares of Rs. 10 (ten) each of the Resulting Company.

12.4 Upon this Scheme coming into effect, in consideration of the transfer of the Demerged Undertaking by the Demerged Company to the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each Equity Shareholders whose name appears in the records of the Demerged Company or as beneficiary in the records of the depositories of the Demerged Company in respect of the shares of Demerged Company on the Record Date, 1 (one) equity share of Rs. 10/- each, credited as fully paid in the capital of the Resulting Company, for every 5 (five) fully paid up PRIL Equity Shares/ PRIL DVRs held by them in the Demerged Company (the "**Share Entitlement Ratio**").

12.5 In the event of any increase in the issued, subscribed or paid up share capital of PRIL or issuance of any Share Equivalents or any consolidation, stock split, bonus issue, free distribution of shares or other similar action in relation to the Share Capital of PRIL, that occurs at any time before the Record Date, the number of PRIL Equity Shares / PRIL DVR Shares in the Share Entitlement Ratio shall be appropriately adjusted to ensure that

the shareholding of the original shareholders of PEFRL in the post Demerger share capital of PEFRL, is not reduced below the shareholding it would have retained under the Share Entitlement Ratio prior to such change in the Share Capital of PRIL and assuming conversion of the Share Equivalents.

12.6 The equity shares to be issued and allotted by the Resulting Company as per Clause 12 hereof shall be at par, credited as fully paid up and shall have rights attached thereto as under:

12.6.1 they shall in all respects, rank *pari passu* with the existing equity shares of the Resulting Company; and

12.6.2 they will be subject to the applicable provisions of the Charter Documents of the Resulting Company.

12.7 Shares to be issued by the Resulting Company pursuant to Clause 12 in respect of any PRIL Equity Shares and PRIL DVRs which are held in abeyance under the provisions of Section 206A of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by the Resulting Company.

12.8 In so far as the issue of shares pursuant to Clause 12 is concerned, the same shall be issued and allotted in dematerialized form to those PRIL Equity Shareholders and PRIL DVR Shareholders who hold PRIL Equity Shares/ PRIL DVRs in dematerialized form, in to the account with the Depository Participant in which the PRIL Equity Shares/ PRIL DVRs in the Demerged Company are held or such other account with the Depository Participant as is intimated by the PRIL Equity Shareholders and PRIL DVR Shareholders to the Resulting Company before the Record Date. All those PRIL Equity Shareholders and PRIL DVR Shareholders who hold PRIL Equity Shares/ PRIL DVRs of the Demerged Company in physical form shall also have the option to receive the shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to the Resulting Company before the Record Date. In the event that the Resulting Company has received notice from any PRIL Equity Shareholder/ PRIL DVR Shareholder that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her /its account with a Depository Participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of the Resulting Company, then the Resulting Company shall issue equity shares of the Resulting Company, in accordance with the Share Entitlement Ratio, as the case may be, in physical form to such PRIL Equity Shareholder/ PRIL DVR Shareholder.

12.9 In case any PRIL Equity Shareholder/ PRIL DVR Shareholder has holding in the Demerged Company is such that it becomes entitled to a fraction of an equity share of the Resulting Company, the Resulting Company shall not issue fractional share certificates to such member but shall instead, at its absolute discretion, decide to take any or a combination of the following actions:

12.9.1 Consolidate such fractions and issue consolidated shares to a trustee nominated by the Resulting Company in that behalf, who shall, at its discretion, tender the shares in the Open Offer or sell such shares and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the shareholders respectively entitled to the same in proportion to their fractional entitlements;

12.9.2 Round off all fractional entitlements to the next whole number above the fractional entitlement and issue such number of Securities to the relevant shareholder;

12.9.3 Pay cash in lieu of Securities towards the fractional entitlements on the basis of Rs. *175/-* (Rupees One Hundred Seventy Five) per share; or

12.9.4 Deal with such fractional entitlements in such other manner as they may deem to be in the best interests of the shareholders of the Demerged Company and the Resulting Company.

12.10 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the board of directors or any committee thereof of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in the Demerged Company as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transfer of the share in the Demerged 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 Company and the Resulting Company shall be empowered to jointly remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.

12.11 The shares issued by the Resulting Company in terms of Clause 12 of this Scheme and the shares held by shareholders of the Resulting Company prior to such issuance will be listed and / or admitted to trading on the Stock Exchanges, where the shares of the Demerged Company are listed and / or admitted to trading and all necessary applications will be made in this respect by the Resulting Company.

12.12 Approval of this Scheme by the shareholders of the Resulting Company shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Resulting Company to Indigold and the shareholders of the Demerged Company, as provided in this Scheme.

12.13 The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/ trading permission is given by the designated stock exchange; however, open offer as contemplated in Clause 15.1 of the Scheme shall be permitted, subject to necessary regulatory approvals.

13. AMENDMENT TO THE MAIN OBJECTS OF THE RESULTING COMPANY

13.1 Upon this Scheme coming into effect, Clause III(A)of the Memorandum of Association of the Resulting Company, being the main objects of the Resulting Company shall be without any further act or deed, be amended, restated and replaced by the following clause or with such modifications as may be directed by Registrar of Companies, Maharashtra:

1. *To carry on in India and elsewhere in any place or places in the world the trade or the business of manufacturers, makers, tailors, designers, exporters, importers, traders, dealers, merchants, shippers, indentors, distributors, wholesalers, retailers, shopkeepers, hirers, commission agents, muccadums, brokers, stockists, mercantile agents, forwarding agents, warehousemen, in all types of all products and services, dealing in all kinds of goods, materials and items including but not limited to clothes, fashion products, life style products, apparels, general merchandise, food & provisions, household goods, consumer durables, electronic items, arts and crafts, jewellery, home improvement products, footwears, luggages, books & stationery, health care and beauty products, toys and music, computers & accessories, telecom products, agri input products, furniture & furnishings, automobile & accessories, fabrics (including, without limitation, cotton, knitted, dyed, processed wool, jute, hemp, silk, nylon and allied materials and articles), textile of all kinds, non wearables of all kinds (including, without limitation, industrial or domestic wearable and non wearable, carpets and rugs, strapes, tapes, ribbon, elastic braids, labels, etc.) and any other products, goods and services not specifically listed above.*

2. *To carry on in India and elsewhere in any place or places in the world the trade or the business of manufacturing, buying, selling, importing, exporting, refining, manipulating or otherwise dealing 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 doth, 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 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.*

3. *To carry on in India and elsewhere in any place or places in the world the trade or the business of trading, buying, selling, importing, exporting, retailing or wholesaling and to offer one stop solution for sale, purchase, export, import, trade and the like through any means and formats, including, without limitation, hyper markets, super markets, mega stores, discount stores, factory outlets, warehouses, cash & carry, departmental stores, shoppers plaza, direct to home, phone order and mail order, catalogue, through internet and other forms and multi level channels for all products and services, dealing in all kinds of goods, materials and items including but not limited to clothes, fashion products, life style products, apparels, general merchandise, fabrics, textiles, food & provisions, household goods, consumer durables, jewellery, home improvement products, footwears, luggages, books & stationery, health care and beauty products, toys and music, computers & accessories, telecom products, agri input products, furniture & furnishings, automobile & accessories, fabrics, textile, and non wearables of all kinds (including, without limitation, industrial or domestic wearable and non wearable, carpets and rugs, strapes, tapes, ribbon, elastic braids, labels, etc.) and any other products, goods and services not specifically listed above."*

13.2 Approval of this Scheme by the shareholders of the Resulting Company shall be deemed to be the due compliance of the provisions of Section 16 and the other relevant and applicable provisions of the Act for the alteration of the memorandum of association, as provided in this Scheme. Pursuant to this Scheme, the Resulting Company shall file the requisite forms with the Registrar of Companies for alteration of its main objects and the consequent amendment of the Memorandum of Association of the Resulting Company.

14. AMENDMENT OF THE CAPITAL CLAUSE

14.1 Upon this Scheme coming into effect, Clause V of the Memorandum of Association of the Resulting Company, being the capital clause of the Resulting Company shall be without any further act or deed, be amended, restated and replaced by the following clause:

"'The Authorised Share Capital of the Company is Rs 110,15,00,000 (Rupees One Hundred Ten Crores and Fifteen Lakhs only) divided into 10,00,00,000 (Ten Crores only) Equity Shares of Rs.10 (Rupees Ten only) each amounting to Rs. 100,00,00,000- (Rupees Hundred Crores Only), 8% 1,00,00,000 (One Crore only) 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 only) Redeemable Cumulative Preference Shares of Rs. 100 (Rupees Hundred only) each amounting to Rs. 15,00,000/- (Rupees Fifteen Lakhs Only) 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."

Approval of this Scheme by the shareholders of the Resulting Company shall be deemed to be the due compliance of the provisions of Section 16 and the other relevant and applicable provisions of the Act for the alteration of the memorandum of association, as provided in this Scheme.

PART C

OPEN OFFER AND MANAGEMENT OF RESULTING COMPANY

15. **Open Offer**

15.1 On or after the Effective Date, but prior to the listing of PEFRL Shares, Indigold and/or its Affiliates may make an Open Offer to the public shareholders of PEFRL to acquire from such public shareholders up to 26% of the issued post Demerger and paid up equity share capital of PEFRL based on the price per share of Rs. 175 (One Hundred and Seventy Five).

15.2 The Open Offer if made shall be effected in the following manner:

15.2.1 Indigold shall send an offer letter (along with relevant details) (the "**Offer Letter**") to the equity shareholders of the Resulting Company as on the Record Date in terms of which Indigold and/ or its Affiliates (the "**Acquirer**") shall make an offer to the shareholders of the Resulting Company, to purchase up to 26% of the post Demerger total issued and paid up share capital of the Resulting Company) at Rs. 175 (Rupees One Hundred and Seventy Five only) per share (the "**Offer Price**").

15.2.2 Following the receipt of such Offer Letter, and within the time prescribed therein, the equity shareholders may tender their equity shares to the Acquirer.

15.2.3 The detailed procedure and the manner in which the equity shares shall be purchased from the public shareholders by the Acquirer shall be prescribed in the guidelines issued to the equity shareholders along with the Offer Letter.

15.2.4 The number of equity shares of the Resulting Company accepted by the Acquirer in terms of the Open Offer shall not exceed such number of fully paid up equity shares which represent 26% of the subscribed and paid-up equity share capital of the Resulting Company after issuance of shares under the Demerger pursuant to the Scheme. It is hereby clarified that if the equity shares tendered exceeds 26% of the post Demerger total issued and paid up share capital of the Resulting Company, then the Acquirer shall be entitled to accept the equity shares on a proportionate basis taking care to ensure that the basis of acceptance is decided on a fair and equitable manner. The decision of the board of directors (or a committee thereof) of Indigold in this behalf shall be final and binding.

15.2.5 The promoters of the Demerged Company shall not be entitled to participate in the Open Offer.

15.2.6 The acquisition of the shares of the Resulting Company would be exempt under Regulations 10(1)(d)(ii) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 from the application of Regulations 3 and 4 of the said Regulations.

16. **Management of Resulting Company**

ABNL (and if applicable its Affiliates) shall be the only 'promoters' of the Resulting Company, and the existing promoters of the Demerged Company shall form part of the public shareholders of the Resulting Company and will not be considered or deemed to be a promoter of the Resulting Company or a persons acting in concert with ABNL and/or its Affiliates, or named as such promoter or person acting in concert in any document for any purpose whatsoever. post effectiveness of the Scheme, the Demerged Company and the Resulting Company shall make necessary filings and declarations for ABNL and its Affiliates to be categorised as the sole 'promoters' of the Resulting Company.

PART D

GENERAL TERMS AND CONDITIONS

17. ACCOUNTING TREATMENT IN THE BOOKS OF PEFRL

17.1 Upon the effectiveness of the Demerger:

17.1.1 the Resulting Company shall record the assets and liabilities comprised in the Demerged Undertaking transferred to and vested in it pursuant to this Scheme, at the same value as appearing in the Opening Financial Statement;

17.1.2 the Resulting Company shall issue shares to shareholders of the Demerged Company. These shares shall be issued and recorded at its face value and accordingly the aggregate face value of the shares to be issued shall be credited to its share capital account; and

17.1.3 the difference, if any, between the value of assets and value of liabilities pertaining to the Demerged Undertaking, after adjusting the amount credited as share capital as per Clause 17.1.2, shall be treated as goodwill, in case of a debit balance and Capital reserve in case of a credit balance. The capital reserve or goodwill as the case may be, may be dealt with by the Resulting Company as may be determined by Board of Directors;

17.1.4 Further if there is any difference on treatment on any accounting due to different accounting practices followed by Resulting Company and Demerged Company, the same would be recorded as per the practices followed by the resulting company and resultant goodwill / capital reserve account will be adjusted accordingly.

17.1.5 The Resulting Company shall determine and recognize the deferred tax assets and the deferred tax liability as on appointed date based on the assets and liabilities of the Demerged Undertaking and adjust the same against goodwill / capital reserve, as the case may be.

17.1.6 All expenses and related cost incurred in implementation of this Scheme shall be charged against the reserve of the Resulting Company.

18. ACCOUNTING TREATMENT IN THE BOOKS OF DEMERGED COMPANY

18.1 Upon the coming into effect of the Demerger:

18.1.1 the book values of the assets and liabilities pertaining to the Demerged Undertaking transferred by the Demerged Company to the Resulting Company shall be reduced from the book values of the assets and liabilities appearing in the books of the Demerged Company.

18.1.2 the excess of book value of assets over book value of liabilities of the Demerged Undertaking, if any, shall be adjusted against the balance in the general reserve / balance in profit and loss account of the Demerged Company. In case of a shortfall, the shortfall shall be credited to capital reserve account of the Demerged Company.

19. DIVIDEND

19.1 For the avoidance of doubt, it is hereby clarified that nothing in this Scheme shall prevent the Demerged Company or the Resulting Company from declaring and paying dividends, whether interim or final, to its shareholders in respect of the accounting period prior to the Effective Date. Provided that none of the shareholders of the Demerged Company shall be entitled to dividend, if any, declared and paid by the Resulting Company to its shareholders for the accounting period prior to the Effective Date.

19.2 The holders of the shares of each of the Demerged Company and Resulting Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association, including the right to receive dividend.

19.3 It is clarified that the aforesaid provisions in respect of declaration of dividend are enabling provisions only and shall not be deemed to confer any right on any shareholder of any Company to demand or claim any dividend which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the relevant Company, and subject to the approval, if required, of the shareholders of the relevant Company.

20. APPLICATIONS TO THE HIGH COURT

The Demerged Company and the Resulting Company shall make necessary applications to the Bombay High Court for sanction of this Scheme under Sections 391 to 394 and other applicable provisions of the Act.

21. MODIFICATIONS OR AMENDMENTS

21.1 The Demerged Company and the Resulting Company, in their full and absolute discretion, may assent to any modification(s) or amendment(s) to the Scheme which the Bombay High Court may deem fit to impose and to do all acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

21.2 Other than as mutually agreed between the Demerged Company and the Resulting Company, the Demerged Company and the Resulting Company shall assent to any modification(s) or amendment(s) to the Scheme which the Bombay High Court or any Specified Authorities may deem fit to impose.

21.3 The Board of Directors of the Demerged Company and the Resulting Companymay give such directions 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 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).

21.4 Except as mutually agreed between the Demerged Company and the Resulting Company, the Board of Directors of the Demerged Company and the Resulting Company may, acting jointly in their full and absolute discretion, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time. The Board of Directors of the Demerged Company and the Resulting Company, jointly, may also at any time make such modifications as they may consider necessary in relation to the procedure and modalities of effecting the transactions contemplated herein.

Any issue as to whether any asset, liability, employee, legal or other proceedings pertains to the Demerged Undertaking or not shall be decided mutually by the Boards of Directors of the Demerged Company and the Resulting Company.

22. CONDITIONALITY OF SCHEME

22.1 The Scheme is conditional upon and subject to the following:

22.1.1 approval of this Scheme by the requisite majority of each class of members and creditors of each of the Demerged Company, and the Resulting Company;

22.1.2 sanction of this Scheme by the Bombay High Court;

22.1.3 the Competition Commission of India either having (i) granted approval to, or (ii) be deemed to have granted approval to, through the expiration of time periods available for their investigation and any period of limitation for filing an appeal therefrom having elapsed, the Demerger pursuant to the provisions of the Competition Act, 2002 and the rules and regulations thereunder;

22.1.4 certified copies of orders under Sections 391 to 394 of the Act being duly filed with the Registrar of Companies, Maharashtra; and

22.1.5 such other sanctions and approvals, and conditions that the Demerged Company and the Resulting Company may mutually agree to.

22.2 The date on which the last of the conditions specified in Clause 22.1 of this Scheme have been fulfilled shall be the **"Effective Date"** for the purpose of this Scheme.

23. TERMINATION & WITHDRAWAL OF THIS SCHEME

23.1 This Scheme shall terminate forthwith in the following cases:

23.1.1 the Scheme has not come into effect on or before December 14, 2013 or on such extended date as may be mutually agreed by the Board of Directors of the Demerged Company and the Resulting Company;

23.1.2 the optionally fully convertible debentures of the Demerged Company issued to the Resulting Company, on June 14, 2012, have been redeemed or converted;

23.1.3 final and non-appealable rejection of any approval required for the Scheme, including from the High Court and the Competition Commission of India; or

23.1.4 as otherwise mutually agreed between the Demerged Company and the Resulting Company.

23.2 In the event that this Scheme is terminated or withdrawn in the manner set out herein, this Scheme shall stand revoked, cancelled and be of no effect and null and void and in such event each party hereto shall bear and pay their respective costs, charges and expenses for and or in connection with the Scheme and the Demerged Company, and Resulting Company shall withdraw the Scheme.

23.3 It is clarified that the Scheme cannot be terminated other than in the manner set out in this Clause 23.

24. CHANGE OF NAME

24.1 With effect from the Effective Date, the name of the Demerged Company shall be changed to "FUTURE RETAIL INDIA LIMITED" or such other name as may be decided by the board of directors or a committee thereof and approved by the concerned registrar of companies. Further, the name of PANTALOON RETAIL (INDIA) Limited wherever it occurs in its memorandum and articles of association be substituted by such name.

24.2 Unless changed earlier, with effect from the Effective Date, the name of the Resulting Company shall be changed to "PANTALOONS FASHION & RETAIL LIMITED" or such other name as may be decided by the board of directors or a committee thereof and approved by the concerned registrar of companies. Further, the name of PETER ENGLAND FASHION RETAIL LIMITED wherever it occurs in its memorandum and articles of association be substituted by such name. Approval of this Scheme by the shareholders of the Resulting Company shall be deemed to be the due compliance of the provisions of Section 16 and 21 and the other relevant and applicable provisions of the Act for the alteration of the memorandum of association and articles of associations, as provided in this Scheme.

25. **COSTS, CHARGES AND EXPENSES**

25.1 Demerged Company and the Resulting Company shall bear its own costs relating to the High Court process including the filing fees and costs of convening meetings.

25.2 Stamp duty payable in relation to the Scheme shall be borne by the Resulting Company.

26. **SEVERABILITY**

If any part of the Scheme is found to be unworkable for any reason, the same shall not, affect the validity or implementation of the other parts of the Scheme.

SCHEDULE 1

OPENING FINANCIAL STATEMENT

Statement of Assets and Liabilities of Pantaloons Format as at June 30, 2012 to be transferred under the proposed scheme of arrangement"

Liabilities:-	**Amount (Rupees in lacs)**
Loans	160,000.00
Trade Payables	33637.67
Statutory liabilities (net)	624.47
Other Liabilities	5,333.18
TOTAL	**199,595.32**
Assets	
Fixed Assets	
Net block	52,967.16
-CWIP	2,294.21
Current Assets	
Inventories	34,261.24
Trade Receivables	483.50
Cash and Bank Balances	
Cash in hand	247.98
Balances with Bank	73.36
Loans and Advances	
Deposits	4628.98
Advances to Suppliers	224.53
Advances for Capital Goods	279.08
Other advances	29.10
TOTAL	**95,489.14**

IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY SUMMONS FOR DIRECTION NO 783 OF 2012

In the matter of the Companies Act, 1956 (1 of 1956);
AND
In the matter of Sections 391 to 394 of the Companies Act, 1956;
AND
In the matter of Scheme of Arrangement
between
Pantaloon Retail (India) Limited ('PRIL or 'the Demerged Company')
and
Peter England Fashions and Retail Limited ("the Resulting Company")
and
their respective shareholders and creditors and Indigold Trade and Services Limited as shareholder of the Resulting Company, ("Indigold")

PANTALOON RETAIL (INDIA) LIMITED, a Company incorporated under the provisions of the Companies Act, 1956 and having its registered office at "Knowledge House", Shyam Nagar, off. Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai - 400060.

.....Applicant Company

FORM OF PROXY

I/ We _____, the undersigned, being the Member(s) of Pantaloon Retail (India) Limited, the Demerged Company do hereby appoint Mr./ Ms. _____ of _____ and failing him/her _____ of _____ as my/our proxy, to act for me/us at the meeting of the Member(s) to be held at Rangswar, Y. B. Chavan Centre, 4th Floor, Gen. Jagannath Bhosale Marg, Mumbai 400021 on Thursday 06th day of December, 2012 at 10.00 a.m. for the purpose of considering and, if thought fit, approving, with or without modification(s), the proposed arrangement embodied in the Scheme of Arrangement between Pantaloon Retail (India) Limited, the Demerged Company and Peter England Fashions and Retail Limited, the Resulting Company and their respective shareholders and creditors and Indigold Trade and Services Limited as shareholder of the Resulting Company (Indigold) and at such meeting, and any adjournment / adjournments thereof, to vote, for me / us and in my / our name(s) _____ (herein, if 'for' insert **'FOR'**, if 'against' insert **'AGAINST'** and in the later case strike out the words "either with or without modifications" after the word "Arrangement") the said arrangement embodied in the Scheme of Arrangement either with or without modifications as my/our proxy may approve

*Strike out what is not necessary

Dated this ____ day of _____, 2012

Name _____
Address _____
_____
_____

Affix Re.1 Revenue Stamp

Signature across the Revenue Stamp

Reg. Folio No. _____
Client ID No. _____
DP ID No. _____

Class of the Shares held*: Equity Shares / Class B (Series 1) Shares
(*Please select (✓) the appropriate class)

No. of shares : Equity - _____
Class B (Series 1) - _____

Signatures of
Shareholder(s)

Sole / First Holder: _____
Second Holder: _____
Third Holder: _____

Signature of Proxy

Proxy: _____

Notes:

(1) Please affix Revenue Stamp before putting Signature.
(2) All alterations made in the Form of proxy should be initialed.
(3) The Proxy must be deposited at the Registered Office of the Company at **Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060** at least 48 hours before the time for holding the Court Convening meeting.
(4) In case of multiple proxies, the proxy later in time shall be accepted.
(5) Proxy need not be a member.

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Pantaloon
Retail (India) Limited
a 'future group' venture

Regd. Office : Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060
Tel:-91-22-61190000 Fax: 91-22-66442201 Website: www.pantaloonretail.in

ATTENDANCE SLIP

COURT CONVENED MEETING OF MEMBERS ON THURSDAY, 6TH DAY OF DECEMBER, 2012

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

I/We hereby record my/our presence at the Meeting of the Members of the Company, convened pursuant to the Order dated 2nd day of November, 2012 of the Hon'ble High Court of Judicature of Bombay at Rangswar, Y. B. Chavan Centre, 4th Floor, Gen. Jagannath Bhosale Marg, Mumbai 400021 on Thursday 6th day of December, 2012 at 10.00 a.m.

Name and Address of Member **(IN BLOCK LETTERS)**:

_____

_____

_____

_____

Signature : _____

Class of the Shares held*: Equity Shares / Class B (Series 1) Shares

(*Please select (✓) the appropriate class)

Reg. Folio No. : _____

Client ID : _____

D.P. I.D. : _____

No. of Shares : _____

Name of the Proxy * **(IN BLOCK LETTERS)** : _____

Signature : _____

* (To be filled in by the Proxy in case he/she attends instead of the shareholder)

NOTE:

Members attending the Meeting in person or by Proxy or through authorized representative are requested to complete and bring the Attendance Slip and hand it over at the entrance of the meeting hall.