

**POSTAL BALLOT NOTICE**

Dear Member(s),

Notice is hereby given that the draft resolution set out below is proposed to be passed through Postal Ballot in accordance with Section 110 of the Companies Act, 2013 ('the Act') read with Rule 22 of the Companies (Management and Administration) Rules, 2014 or any amendment thereof.

An Explanatory Statement pursuant to Section 102(2) of the Act setting out all material facts relating to the resolution is annexed hereto alongwith a Postal Ballot Form for consideration of Members.

The Board has appointed Mr. Hitesh Buch, Hitesh Buch & Associates, Practicing Company Secretaries (CP No. 8195) , as the Scrutinizer for conducting the voting process through Postal Ballot in accordance with the law and in a fair and transparent manner.

Members are requested to read carefully, the instructions printed in the Postal Ballot Form and return the said Postal Ballot Form (no other form or photocopy thereof is permitted) duly completed, in the attached self-addressed postage prepaid envelope so as to reach the Scrutinizer on or before 05:00 p.m. on Thursday, 26<sup>th</sup> March 2020. Pursuant to Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 (including any statutory modification/amendment thereof), the Company has also provided remote e-voting facility for its Members to exercise their vote on resolution proposed to be passed through Postal Ballot. The procedure for remote e-voting is given above the Explanatory Statement. Responses received from Members after 05:00 p.m. on Thursday, 26<sup>th</sup> March 2020 shall be treated as if no responses received in terms of Rule 22(12) of the Companies (Management and Administration) Rules, 2014 (including any statutory modification/amendment thereof). Members are therefore requested to send the duly completed Postal Ballot Forms on or before 05:00 p.m. on Thursday, 26<sup>th</sup> March 2020 providing sufficient time for postal transit. The Scrutinizer will submit his Report and the result on the resolution proposed to be passed through the Postal Ballot shall be announced on or before 31<sup>st</sup> March 2020.

Draft Resolution to be passed through Postal Ballot:

**RESOLUTION**

**Item No. 1: Approval for sale/transfer of wholesale trading business in "Flying Machine" brand, as a going concern, on a slump sale basis to Arvind Youth Brands Private Limited, a wholly owned subsidiary of the Company**

To consider and if thought fit to pass, with or without modification(s), the following resolution as a **Special Resolution**

**"RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and any other applicable rules framed thereunder, Memorandum and Articles of Association of the Company and subject to such other approvals, consents, permissions and sanctions as may be required from the concerned statutory / regulatory authorities and subject to such terms and conditions as may be imposed by them, if any, consent of the members, be and is hereby accorded to the Board of Directors of the Company (the "**Board**", which expression shall include any committee thereof) for the proposed transfer of the wholesale trading business in "Flying Machine" brand, as a going concern, by way of a slump sale for a lump sum consideration to be mutually agreed of not less than book value of the division as appearing on the date of closure of the transaction subject to the necessary adjustments as per applicable accounting policies to Arvind Youth Brands Private Limited, a wholly owned subsidiary of the Company which is being incorporated on such terms and conditions as the Board may consider fit and proper and to do all such things as may be considered necessary or expedient to give effect to the same.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be necessary, including finalizing and varying the terms and conditions to transfer the business undertaking, the consideration therefor, the methods and modes in respect thereof, and finalizing, modifying and executing necessary documents, including business transfer agreement, contracts, agreements, deeds of assignment / conveyance and such other documents, file applications and make representations in respect thereof and seek approval from relevant authorities, including governmental authorities if required, and deal with any matters, take necessary steps as the Board may in its absolute discretion deem necessary, desirable or expedient to give effect to this resolution, and to settle any questions, difficulties or doubts that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company or Chief Financial Officer or Company Secretary or any other officer(s) / authorised representative(s) of the Company to give effect to the aforesaid resolution.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects."

Registered Office:  
Main Building, Arvind Limited Premises,  
Naroda Road, Ahmedabad-380025

By Order of the Board

Vijay Kumar B S  
Company Secretary

Date: 21<sup>st</sup> February 2020

Place: Bengaluru

**NOTES:**

1. The approval of shareholders of the Company is solicited by passing special resolution through Postal Ballot as detailed in Item No. 1 of this Notice. Notice of this Postal Ballot is being sent to all shareholders, whose names appear in the Register of Members as Beneficial Owners as received from Depositories as on Friday, 21<sup>st</sup> February 2020.
2. Explanatory Statement setting out all material facts as required under Section 102 and 110 of the Act in respect of the aforesaid special business of the Company is appended.

3. Resolution, if approved, by the shareholders by means of Postal Ballot including e-voting is deemed to have been passed at a General Meeting of the shareholders.
4. The Postal Ballot Notice is sent electronically to all the shareholders who have registered their email ids with the Company and to other shareholders through courier.
5. Shareholders who have received the Postal Ballot Notice by email and who do not wish to avail the electronic voting facility, such shareholder can send a request on email to [investor\\_relations@arvindbrands.co.in](mailto:investor_relations@arvindbrands.co.in) or write a letter for obtaining physical Notice and Postal Ballot Form to the Registrars & Share Transfer Agents of the Company i.e. M/s. Link Intime India Pvt. Ltd., 506 - 508, Amarnath Business Center-1 (abc-1), beside Gala Business Center (GBC), Near St. Xavier's College Corner, Off. C. G. Road, Ellisbridge, Ahmedabad-380006.
6. Notice of Postal Ballot along with Explanatory Statement and Postal Ballot Form is available on the Company's website [www.arvindfashions.com](http://www.arvindfashions.com).

**7. Voting through Electronic Means :**

The Company is providing remote e-voting facility to its Members to cast their vote by electronic means through E-Voting Platform of NSDL at the link <https://www.evoting.nsdl.com/>.

The voting period begins at 09.00 a.m. (IST) on Wednesday, 26<sup>th</sup> February 2020 and ends at 05.00 p.m. (IST) on Thursday, 26<sup>th</sup> March 2020. The e-voting module shall be disabled by NSDL for voting thereafter. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 21<sup>st</sup> February 2020 may cast their vote electronically.

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

**Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2: Cast your vote electronically on NSDL e-Voting system**

**A. Details on Step 1 are mentioned below:**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
a. For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID. For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b. For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID. For example, if your Beneficiary ID is 12***** then your user ID is 12*****.
c. For Members holding shares in physical Form.	EVEN Number followed by Folio Number registered with the Company. For example, if EVEN is 101456 and folio number is 001*** then user ID is 101456001***.

5. Your password details are given below:
  - a. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c. How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account or last 8 digit client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the 'Initial password' or have forgotten your password:
  - a. Click on "[Forgot User Details/Password?](#)" (If you are holding shares in demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b. "[Physical User Reset Password?](#)" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c. If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your Password, tick on Agree to "Terms and Conditions" by selecting on the check box.

- 8 Now, you will have to click on "Login" button.
- 9 After you click on the "Login" button, Home page of e-Voting will open.

**B. Details on Step 2 is given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders:**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [pcs.buchassociates@gmail.com](mailto:pcs.buchassociates@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

**Item No. 1:**

**Approval for sale/transfer of wholesale trading business in "Flying Machine" brand, as a going concern, on a slump sale basis to Arvind Youth Brands Private Limited, a wholly owned subsidiary of the Company**

The "Flying Machine" business is distinct from other business and requires different business plans, strategies for growth and management focus. Considering the same, the Board thought it apt to consolidate the wholesale and retail business of "Flying Machine" in a single entity.

In order to provide greater focus to "Flying Machine" business and to allow the possibility of raising further capital for the business to allow the company to accelerate its growth, at fair market value, it is proposed to transfer the wholesale trading business of the Company and the retail trading business of Arvind Lifestyle Brands Limited, a wholly owned subsidiary of the Company in "Flying Machine" brand to Arvind Youth Brands Private Limited ("AYBPL"), a wholly owned subsidiary of the Company which is being incorporated.

During the 9 months period ended 31<sup>st</sup> December 2019, the combined "Flying Machine" business operated by the Company and its wholly owned subsidiary Arvind Lifestyle Brands Limited ("ALBL") had revenue of Rs. 353.0 crores and EBITDA of Rs. 17.0 crores on a consolidated basis; and revenue of Rs. 293.2 crores and EBITDA of Rs. 13.0 crores on a standalone basis. During the year ended March 31, 2019, the combined "Flying Machine" business operated by the Company and its wholly owned subsidiary ALBL had revenue of Rs. 481.0 crores and EBITDA of Rs. 32.0 crores on a consolidated basis; and revenue of Rs. 365.2 crores and EBITDA of Rs. 25.0 crores on a standalone basis. The revenue of "Flying Machine" business has grown at a CAGR of over 20% over the last 3 financial years, is seeing significant consumer traction and has large opportunity for growth. The Board considers it to be prudent to transfer the business to a wholly owned subsidiary to provide more focus and enable raising capital to allow the company to accelerate its growth.

It is thus proposed that the business be transferred to Arvind Youth Brands Private Limited, a wholly owned subsidiary for a lump sum consideration to be mutually agreed of not less than book value on the date of closure of the transaction subject to the necessary adjustments as per applicable accounting policies. As at 31<sup>st</sup> December 2019, the book value of the division is about Rs. 48.6 crores in the Company and Rs. 127.3 crores in Arvind Lifestyle Brands Limited as certified by an Independent Chartered Accountant.

The proposed transfer of wholesale and retail business of "Flying Machine" business would inter-alia benefit the Company since:

- Consolidation of whole-sale and retail business of "Flying Machine" would result into operational synergies and lead to overall cost optimization;
- Creation of separate company for "Flying Machine" business with separate focused management would provide greater flexibility in pursuing long-term growth plans and strategies for "Flying Machine" business;
- Separation of "Flying Machine" business would help the management of group in evaluating the performance of "Flying Machine" business on an independent basis and would help in improving the efficiency and attracting more customers;
- Separation of "Flying Machine" business would enable to raise further funds.

The consideration that may be received could be in the form of shares of Arvind Youth Brands Private Limited or cash or combination of shares and cash.

The Board has, at its meeting held on 21<sup>st</sup> February 2020, recommended the proposal to transfer the "Flying Machine" wholesale trading business of the Company as a going concern. The salient features of the proposal are:

- The "Flying Machine" Business shall be transferred to a wholly owned subsidiary of the Company as a going concern by way of a slump sale.
- The book value of the division as at 31<sup>st</sup> December 2019 is about Rs. 48.6 crores in the Company as certified by an Independent Chartered Accountant. The lump sum consideration for the transfer of the Business will be not less than the book value of the division as appearing on the date of closure of the transaction subject to the necessary adjustments as per applicable accounting policies and may be received in the form of shares of Arvind Youth Brands Private Limited or cash or combination of shares and cash.
- Employees in the business will be transferred to Arvind Youth Brands Private Limited with continuity of service on terms not less favorable than those prevailing on the transfer date.
- The transaction will be implemented after receiving the approval of members and all other necessary statutory approvals.

Section 180(1)(a) of the Companies Act, 2013 ("**Act**") provides that the Board of Directors of a public company shall not sell, lease, or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, the whole or substantially the whole of any such undertaking without the consent of the members by way of a special resolution. The said Section also defines an undertaking in which the investment of the company exceeds twenty per cent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty percent of the total income of the company during the previous financial year.

The "Flying Machine" wholesale business that is proposed to be transferred exceeds the requirement as prescribed in section 180(1)(a). Accordingly, the requirement of approval of the members by means of a special resolution will apply.

The Board is, accordingly, proposing the resolution as set out under Item No. 1 in the accompanying notice for the approval of the members by way of passing a special resolution through postal ballot.

No Director or Key Managerial Personnel (KMP) of the Company or their relatives have any concern or interest in the resolution except to the extent of their shareholding in the Company and/ or their employment with the Company under the terms of their employment.

Registered Office:  
Main Building, Arvind Limited Premises,  
Naroda Road, Ahmedabad-380025

By Order of the Board

Vijay Kumar B S  
Company Secretary

Date: 21<sup>st</sup> February 2020  
Place: Bengaluru