SCHEME OF AMALGAMATION

BETWEEN

PRIORITY GOLD PRIVATE LIMITED

(A wholly owned subsidiary of Priority Jewels Private Limited)

...... (TRANSFEROR COMPANY)

AND

PRIORITY JEWELS PRIVATE LIMITED

...... (TRANSFEREE COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS

UNDER SECTION 233 OF THE COMPANIES ACT, 2013 READ WITH RULE 25 OF COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016

PREAMBLE

1. AN OVERVIEW OF THE SCHEME:

This Scheme of Amalgamation is presented for amalgamation of Priority Gold Private Limited ("PGPL" or the "Transferor Company") with Priority Jewels Private Limited ("PJPL" or the "Transferee Company") and their respective Shareholders, pursuant to Section 233 of the Companies Act, 2013 ("Companies Act") read with the Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ("Companies Rules") and in compliance with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the Income Tax Act, 1961 and the same is divided into the following parts:

Part A – deals with the Definitions and Capital Structure of the Transferor Company and Transferee Company.

Part B – deals with the Amalgamation of the Transferor Company with the Transferee Company in accordance with Section 233 of the Companies Act, 2013.

Part C – deals with other terms and conditions applicable to the Scheme.

Under this Scheme of Amalgamation, it is proposed that the Transferor Company be amalgamated with the Transferee Company, followed by dissolution without winding-up of the Transferor Company and consequent cancellation of equity shares held by the Transferee Company in the Transferor Company, pursuant to Section 233 of the Companies Act, 2013 and Rules framed thereunder.

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2. **DESCRIPTION OF COMPANIES:**

PGPL

2.1. Priority Gold Private Limited is an unlisted Private Limited Company, incorporated on 12th January, 2011 under the Companies Act, 1956 ("1956 Act") with Corporate Identity Number (CIN) U28990MH2011PTC212237 presently having its registered office at Plot No. 121, Street No.15/18 MIDC, Andheri (East) Mumbai - 400093, Maharashtra, India. The main object of the Company is as set out in Sub Clause (A) of Clause III of the Memorandum of Association of the Company which is as under:

i. To set up, implement, purchase, establish and run unit for manufacturing, cleaving, sawing, cutting, polishing, processing, indenting, assorting, model making, cashing, polishing, preparing, studding, furnishing, refining, enamelling and of buying, selling, importing, exporting, supplying, distributing of plain and studded jewellery in gold, platinum, silver, copper, brass their alloys and other metal and studded with diamonds, pearls, synthetic gems, precious and semi-precious stones in any other Export processing Zone whether in India or abroad and to implement such project whether it is approved to the company or to any other Concern by Export Processing Zone or any other Authority.

ii. To do business as recognized export house/trading house and of buying and selling, importing, exporting, commission agents and/or distributors and/or job work contractors and/or indenters for or in respect of diamonds, pearls, corals, gems, rubies and all kind of precious and semi-precious emeralds, sapphires, synthetic stones, all kinds of jewellery and jewels and precious and semi-precious metals.

PJPL

2.2. Priority Jewels Private Limited is an unlisted Private Limited Company, incorporated on 12th October, 2007 under the Companies Act, 1956 ("1956 Act") with Corporate Identity Number (CIN) U52393MH2007PTC174977 presently having its registered office at Plot No. 121, Street No.15/18 MIDC, Andheri (East) Mumbai - 400093, Maharashtra, India. The main object of the Company is as set out in Sub Clause (A) of Clause III of the Memorandum of Association of the Company which is as under:

i) To set up, implement, purchase, establish and run unit for manufacturing, cleaving, sawing, cutting, polishing, processing, indenting, assorting, model making, cashing, polishing, preparing, studding, furnishing, refining, enamelling and of buying, selling, importing, exporting, supplying, distributing of studded jewellery in gold, platinum, silver, copper, brass their alloys and other metal and studded with diamonds, pearls, synthetic gems, precious and semi-precious stones in any other Export processing Zone whether in India or abroad and to implement such project whether it is approved to the company or to any other Concern by Export Processing Zone or any other Authority.

ii) To do business as recognized export house/trading house and of buying and selling, importing, exporting, commission agents and/or distributors and/or job work contractors and/or indenters for or in respect of diamonds, pearls, corals, gems, rubies and all kind of precious and semi-precious emeralds, sapphires, synthetic stones, all kinds of jewellery and jewels and precious and semi-precious metals.

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3. RATIONALE AND PURPOSE OF THE SCHEME:

The Transferor Company is a wholly owned subsidiary Company of Transferee Company and is managed and controlled by Management of Transferee Company.

The Restructuring will inter alia have the following benefits to the Company:

- Optimum and effective utilization and rationalization of capital, resources;
- Enhancement of competitive strengths including financial resources;
- Obtaining synergy benefits;
- Better management and focus on growing the businesses;
- Reduction of overheads, administrative, managerial and other expenditure;
- Simplifying shareholding structure and reducing shareholding tiers.

3.1. In view of the above, it is considered desirable and expedient to amalgamate the Transferor Company with Transferee Company in accordance with this Scheme, pursuant to Section 233 of the Companies Act.

3.2. The Amalgamation of the Transferor Company with the Transferee Company, pursuant to and in accordance with this Scheme, under Section 233 and other relevant provisions of the Companies Act, shall take place with effect from the Appointed Date and shall be in compliance with section 2(1B) of the Income Tax Act, 1961.

PART A

GENERAL PROVISIONS

4. DEFINITIONS:

4.1. The "**Act**" means the Companies Act, 2013 and/ or any statutory modification or re-enactment thereof and the Rules framed thereunder in force from time to time

4.2. "**1956 Act**" means the Companies Act, 1956, or any modifications or re-enactments or amendments thereof from time to time.

4.3. "**Amalgamation**" means as specified under Section 2(1B) and other relevant provisions of the Income Tax Act, 1961.

4.4. **"Appointed Date"** means the 1st day of December, 2019 or such other date as the Regional Director, Western region or other competent authority may otherwise direct/ fix.

4.5. "**Appropriate Authority**" shall mean the Central Government or the Tribunal, in case the Central Government files an application pursuant to Section 233(5) to the Companies Act, as may be applicable.

4.6. "**Board**" means the board of directors of the Transferor Company and/ or the Transferee Company, as the case may be, and shall include a committee, if any, of the Board constituted for the implementation of this Scheme.

4.7. "**Central Government**" means the Government of India and vide. Notification No. S.O. 4090 (E) dated December 19, 2016, the Central Government has delegated powers vested in it under Section 233 of the Companies Act to the Regional Director, Ministry of Corporate Affairs, having jurisdiction.

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4.8. "**Companies Rules**" means Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

4.9. "**Effective Date**" means the date on which the certified/ authenticated copies of the confirmation or sanction order of the Appropriate Authority, as the case may be, are filed with the Registrar of Companies, Mumbai by the Transferor Company and the Transferee Company.

Any references in the Scheme to the words "upon the Scheme becoming effective" or "effectiveness of the Scheme" or "date of coming into effect of the Scheme" or "Scheme coming into effect" shall mean the Effective Date.

4.10. "**Equity Share(s)**" means the equity shares of the Transferor Company and the Transferee Company, as the case may be.

4.11. "**Governmental Authority**" means any applicable Central, State or local government, legislative body, regulatory or administrative authority, agency or commission or any tribunal, or any court, or board having jurisdiction.

4.12. "**IT Act**" means the Income Tax Act, 1961 including any other statutory modifications, amendments, restatements or re-enactments thereof from time to time and to the extent in force.

4.13. "**Law**" or "**Applicable Law**" includes all applicable statutes, enactments, acts of legislature or Parliament, Laws, Ordinance, Rules, Bye-Laws, Regulations, Notifications, Guidelines, Policies, Directions, Directives and Orders of any Government, Statutory Authority, Tribunal, Board, Court of India or any other jurisdiction as applicable.

4.14. "**Official Liquidator**" or "**OL**" means Official Liquidator having jurisdiction over the Transferor Company and the Transferee Company.

4.15. "**Proceedings**" means any suit, appeal, petition, complaint, application or other legal proceedings of whatsoever nature.

4.16. "**PGPL**" or the "**Transferor Company**" means Priority Gold Private Limited, a Private Unlisted Company incorporated under the 1956 Act having Corporate Identity Number (CIN) U28990MH2011PTC212237 and presently having its registered office at Plot No. 121, Street No.15/18 MIDC, Andheri (East) Mumbai - 400093, Maharashtra, India.

4.17. "**PJPL**" or the "**Transferee Company**" means Priority Jewels Private Limited, a private unlisted Company incorporated under the 1956 Act having Corporate Identity Number (CIN) U52393MH2007PTC174977 and presently having its registered office at Plot No. 121, Street No.15/18 MIDC, Andheri (East) Mumbai MH 400093, Maharashtra, India.

4.18. "**Regional Director**" means the Regional Director (Western Region), Ministry of Corporate Affairs having office at Everest, 5th floor, 100, Marine Drive, Mumbai – 400002, having jurisdiction over the Transferor Company and Transferee Company.

4.19. "**RoC**" means the Registrar of Companies, Mumbai having office at 100, Everest, Marine Drive, Mumbai – 400 002, Maharashtra, India which has jurisdiction over the Transferor Company and the Transferee Company.

4.20. "**Scheme**" or "**the Scheme**" or "**this Scheme**" means this Scheme of Amalgamation in its present form as approved by the Board of Directors of the Transferor Company and the Transferee Company or with any modification(s) made under Clause 19 of this Scheme.

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4.21. "**Tribunal**" or "**NCLT**" means the Hon'ble National Company Law Tribunal, Mumbai Bench.

4.22. "**Undertaking**" shall mean and include:

(a) All the assets and properties (including movable and immovable properties) and the entire Business of the Transferor Company as on the Appointed Date (hereinafter referred to as "the said assets");

(b) All the debts, liabilities, contingent liabilities, duties, obligations and guarantees of the Transferor Company as on the Appointed Date (hereinafter referred to as "the said liabilities");

(c) Without prejudice to the generality of sub-clause (a) above, the undertaking of the Transferor Company shall include the Transferor Company's reserves, movable and immovable properties, all other assets including investments in shares, debentures, bonds and other securities, claims, loans and advances, deposits, ownership rights, lease-hold rights, tenancy rights, occupancy rights, hire purchase contracts, leased assets, lending contracts, revisions, powers, permits, authorities, licenses, consents, approvals, municipal permissions, industrial and other licenses, permits, authorizations, quota rights, registrations, bids, tenders, letter of intent, connections for water electricity and drainage, sanctions, consents, quota rights, allotments, approvals, freehold land, buildings, plant & machinery, electrical installations and equipments, furniture and fittings, office equipments, software packages, vehicles and contracts, engagements, titles, interest, benefits, allocations, exemptions, concessions, remissions, subsidies, tax deferrals, tenancy rights, and other industrial and intellectual properties, import quotas, telephones, telex, facsimile, websites, e-mail connections, networking facilities and other communication facilities and equipments, investments, rights and benefits of all agreements, and all other interests, rights and power of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals and all necessary records, files, papers, process information, data catalogues, and all books of accounts, documents and relating thereof.

(d) Without prejudice to the generality of the above, all benefits including under Income Tax, Goods & Service Tax etc., if any to which the Transferor Company is entitled to, in terms of the applicable tax Laws of the Union and State Governments.

4.23. The headings shall not affect the construction of this Scheme.

4.24. The singular shall include the plural and vice versa.

5. DATE OF COMING INTO EFFECT AND OPERATIVE DATE:

5.1. The date of coming into effect of the Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Appropriate Authority in terms of the Scheme, shall be the Effective Date, although operative from the Appointed Date.

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6. CAPITAL STRUCTURE:

6.1. The share capital of PGPL as on the Appointed Date is as under:

Particulars	Amount (Rs.)
Authorized Share Capital: 1,80,00,000 Equity Shares of Rs.10/- each	 18,00,00,000
Total	**18,00,00,000**
Issued and subscribed share capital: 1,55,00,000 Equity Shares of Rs.10/- each fully paid up	 15,50,00,000
Total	**15,50,00,000**
Paid-up share capital:	
1,16,25,000 Equity Shares of Rs.10/- each fully paid up	11,62,50,000
Total	**11,62,50,000**

6.2. As on the Appointed Date, the entire subscribed & paid-up share capital of PGPL is held by PJPL & its nominees, hence PGPL (Transferor Company) is a wholly owned subsidiary of PJPL (Transferee Company).

6.3. The share capital of PJPL as on the Appointed Date is as under:

Particulars	Amount (Rs.)
Authorized Capital 1,85,00,000 Equity Shares of Rs.10/- each 30,00,000 Preference Shares of Rs.10/- each	 18,50,00,000 3,00,00,000
Total	**21,50,00,000**
Issued, subscribed and paid-up share capital 1,84,00,000 Equity Shares of Rs. 10/- each fully paid up 28,00,000 Preference Shares of Rs. 10/-	 18,40,00,000 2,80,00,000
Total	**21,20,00,000**

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PART B

7. AMALGAMATION, TRANSFER AND VESTING OF THE UNDERTAKING OF THE TRANSFEROR COMPANY INTO TRANSFEREE COMPANY

7.1. With effect from the opening of the business as on the Appointed Date and subject to the provisions of the Scheme, the entire undertaking of the transferor Company including their assets and liabilities as on the Appointed Date, shall pursuant to applicable provisions of the Act, without any further act, instrument or deed, be and shall stand transferred to and vested in and/or deemed to have been transferred to and vested in the transferee company as a going concern subject, however, to all charges, liens, mortgages, if any, then affecting the same or any part thereof.

PROVIDED ALWAYS that the Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company and which shall vest in the Transferee Company by virtue of Amalgamation, and the Transferee Company shall not be obliged to create any further or additional security thereof after the Effective Date or otherwise.

7.2. The entire business of the Transferor Company and all the properties whether movable or immovable, real or personal, corporeal or incorporeal, present or contingent including but without being limited to all assets, authorized capital, fixed assets, capital work-in-progress, current asset and debtors, investments, rights, claims and powers, authorities, allotments, approval and consents, reserves, provisions, permits, ownership rights, lease, tenancy rights, occupancy rights, incentives, claims, funds, quota rights, import quotas, licenses, registration, contracts, engagements, arrangements, brands, logos, patents, trade names, trademarks, copy rights, all other intellectual property rights, other intangibles of the Transferor Company whether registered or unregistered or any variation thereof as a part of its name or in a style of business otherwise, other industrial rights and licenses in respect thereof, lease, tenancy rights, flats, telephones, telexes, facsimile, connections, e-mail connections, internet connections, websites, installations and utilities, benefits of agreements and arrangements, powers, authorities, permits, allotments, approvals, sanctions, permissions, consents, privileges, liberties, easements, other assets, special status and other benefits that have accrued or which may accrue to the Transferor Company on and from the Appointed Date and prior to the Effective Date in connection with or in relation of the operation of the Undertaking and all rights, titles, interest, benefits, facilities and advantages of whatsoever nature and wherever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company as on the Appointed Date shall, pursuant to the applicable provisions of the Act, without any further act, instrument or deed, be and stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company.

a. With effect from the Appointed Date, all the equity shares, debentures, bonds, notes or other securities held by the Transferor Company, whether convertible in equity or not and whether quoted or not shall, without any further act or deed, be and stand transferred to the Transferee Company as also all the movable assets including cash in hand, if any, of the Transferor Company shall be capable of passing by manual delivery or by endorsement and delivery, as the case may be, to the Transferee Company to the end and intent that the property therein passes to the Transferee Company on such manual delivery or by endorsement and delivery.

b. In respect of movable properties other than specified in Clause 7.2 (a) above, including sundry debtors, outstanding loans and advances, if any recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi government, local and other authorities and bodies, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance

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with the provisions hereof, if required, under any law or otherwise, give notice in such form as it may deem fit and proper to each person, debtor or depositor, as the case may be, that pursuant to the Central Government or Tribunal in case of any reference by Central Government to the Tribunal having sanctioned the Scheme, the said debts, loans, advances or deposits be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end and intent that the right of the Transferor Company to recover or realize all such debts, deposits and advances (including the debts payable by such persons, debtor or deposit to the Transferor Company) stand transferred and assigned to the Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

7.3. With effect from the Appointed Date, all the debts, secured or unsecured, liabilities, duties and obligations of every kind, nature and description of the Transferor Company shall also under the applicable provisions of the Act, without any further act or deed be transferred to or be deemed to be transferred to the Transferee Company so as to become as and from the Appointed Date, the debts secured or unsecured, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company and further that it shall not be necessary to obtain the consent of any third party or any other person who is a party to the contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this clause.

7.4. It is clarified that all debts, loans and liabilities, duties and obligations of the Transferor Company as on the Appointed Date and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or upto the day of the Appointed Date shall be the debts, loans and liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Company or on any income earned from those assets.

7.5. It is further specifically clarified, admitted, assured and declared by the Transferee Company that on or after this Scheme becoming effective, it will take over, absorb and pay and discharge on due dates all the liabilities including liabilities for income tax, goods and services tax, , custom duty, , dividend distribution tax, if any, of the Transferor Company.

7.6. With effect from the Appointed Date all the debts, liabilities, dues, duties and obligations, including all income tax, goods and services tax, custom duty, dividend distribution tax and other Government and Semi-Government and Statutory liabilities of the Transferor Company shall pursuant to the applicable provisions of the Act and without any further act or deed be also transferred or be deemed to be transferred to and vest in and be assumed by the Transferee Company so as to become as from the Appointed Date the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the respective Transferor Company.

7.7. This Part of the Scheme has been drawn up to comply with the conditions relating to "Amalgamation" as specified under Section 2(1B) of the IT Act. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of the said Section of the IT Act at a later date, the provisions of the said Section of the IT Act, shall prevail and the Scheme shall stand modified to the extent determines necessary to comply with Section 2(1B) of the IT Act. Such modification will however not affect the other parts of the Scheme.

7.8. For avoidance of doubt and without prejudice to the generality of any applicable provisions of this Scheme, it is clarified that with effect from the Effective Date and till

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such times the name of the bank accounts of the Transferor Company would be replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company in the name of the Transferor Company in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. The Transferee Company shall be allowed to maintain bank accounts in the name of Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Company. It is hereby expressly clarified that any legal proceedings by or against the Transferor Company in relation to cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company shall be instituted, or as the case may be, continued or defended, by or against, the Transferee Company after the coming into effect of the Scheme.

8. COMPLIANCE WITH TAX LAWS:

8.1. Any tax liabilities under the Income Tax Act, 1961, Goods and service Tax or other applicable laws/ regulations dealing with taxes/ duties/ levies (hereinafter in this clause referred to as "Tax Laws") of the Transferor Company to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company.

8.2. This Scheme has been drawn up to comply with the conditions relating to 'Amalgamation' as specified under Section 2(1B) of the IT Act, 1961. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(1B) of the IT Act, 1961, the provisions of Section 2(1B) of the IT Act shall prevail and the Scheme shall stand modified to the extent necessary without requiring the modification under Clause 19 of this scheme and such modification shall not affect other parts of the Scheme.

8.3. Upon the Scheme becoming effective, the Transferor Company (if required) and the Transferee Company are expressly permitted to revise, its financial statements and returns along with prescribed forms, filings and annexures under the tax laws, and to claim refunds and/or credit for taxes paid (including MAT, tax collected at source, tax deducted at source, etc.) and for matters incidental thereto, if required to give effect to the provisions of the Scheme, from the Appointed Date.

8.4. All tax assessment proceedings/ appeals of whatsoever nature by or against the Transferor Company pending and/or arising at the Appointed Date and relating to the Transferor Company shall be continued and/or enforced until the Effective Date by the Transferor Company. In the event of the Transferor Company failing to continue or enforce any proceeding/appeal, the same may be continued or enforced by the Transferee Company, at the cost of the Transferee Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Company.

8.5. Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of the amalgamation of the Transferor Company with the Transferee Company or anything contained in the Scheme.

8.6. Any refund, under the tax laws due to Transferor Company consequent to the assessment made on Transferor Company and for which no credit is taken in the accounts as on the

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date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company upon this Scheme becoming effective.

8.7. The tax payments (including without limitation, income tax, Goods & Service Tax etc.) whether by way of tax deducted at source, advance tax, all earnest monies, security deposits, provisional payments, payment under protest, or otherwise howsoever, by the Transferor Company after the Appointed Date, shall be deemed to be paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.

8.8. Further, any tax deducted at source by Transferor Company/Transferee Company on transactions with the Transferee Company/ Transferor Company, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.

8.9. Obligation for deduction of tax at source on any payment made by or to be made by the Transferor Company shall be made or deemed to have been made and duly complied with by the Transferee Company, as the case maybe.

8.10. Without prejudice to the generality of the above, all benefits, entitlements, incentives, losses, credits (including, without limitation income tax, MAT Credit entitlement, tax deducted at source, applicable state value added tax, registrations, etc.) to which the Transferor Company are entitled to in terms of applicable laws, shall be available to and vest in the Transferee Company, upon this Scheme coming into effect.

8.11. Upon coming into effect of this scheme, all tax compliances under any tax laws by the Transferor Company on or after Appointed Date shall be deemed to be made by the Transferee Company.

9. LEGAL PROCEEDINGS:

9.1. If any Proceedings by or against the Transferor Company are pending on the Effective Date, the same shall not abate or be discontinued or in any way be prejudicially affected by reasons of the amalgamation of the Transferor Company with the Transferee Company or anything contained in this Scheme, but the Proceedings may be continued, prosecuted and enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as the same would or might have been continued, prosecuted and enforced by or against the Transferor Company, in the absence of the Scheme.

9.2. On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in relation to the present and past business of the Transferor Company.

10. EMPLOYEES OF THE TRANSFEROR COMPANY:

10.1. All the employees of the Transferor Company, who are in service on the date immediately preceding the date on which the Scheme finally takes effect, (i.e. the Effective Date) shall on and from the Effective Date and with effect from the Appointed Date, become and be engaged as the employees of the Transferee Company, without any break or interruption in service as a result of the transfer and on terms and conditions not less favourable than those on which they are engaged by the Transferor Company immediately preceding the Effective Date. Services of the employees of the Transferor Company shall be taken into account from the date of their respective appointment with the Transferor Company for the purposes of all the retirement benefits and all other entitlements for which they may be eligible. For the purpose of payment of any

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retrenchment compensation, if any, such past services with the Transferor Company shall also be taken into account.

10.2. On and from the Effective Date and with effect from the Appointed Date, the services of the employees of the Transferor Company will be treated as having been continuous, without any break, discontinuance or interruption, for the purpose of membership and the application of the rules or bye-laws of provident fund or gratuity fund or pension fund or superannuation fund or other statutory purposes as the case may be.

10.3 It is expressly provided that, on the Scheme becoming effective and with effect from the Appointed Date, the provident fund, gratuity fund, pension fund, superannuation fund or any other special fund or trusts created or existing for the benefit of the staff, workmen and other employees of the Transferor Company shall become trusts/funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such funds or trusts or in relation to the obligation to make contributions to the said funds or trusts in accordance with the provisions thereof as per the terms provided in the respective trust deeds or other documents, if any. It is the aim, and intent of the Scheme that all rights, duties, powers and obligations of the Transferor Company in relation to such funds or trusts shall become those of the Transferee Company. It is clarified that the services of the staff, workmen and employees of the Transferor Company which are employed with the Transferee Company will be treated as having been continuous for the purpose of the said fund or funds. The trustees including the Board of Directors of the Transferor Company and the Transferee Company or through any committee / person duly authorized by the Board of Directors in this regard shall be entitled to adopt such course of action in this regard as may be advised provided however that there shall be no discontinuation or breakage in the services of the employees of the Transferor Company.

11. PROFITS, DIVIDENDS, BONUS / RIGHTS SHARES

11.1 With effect from the Appointed Date, the Transferor Company shall not without the prior written consent of the Transferee Company, utilize the profits, if any, for declaring or paying of any dividend to its shareholders and shall also not utilize, adjust or claim adjustment of profits/ reserves, as the case may be earned/ incurred or suffered after the Appointed Date.

11.2 The Transferor Company shall not after the Appointed Date, issue or allot any further securities, by way of rights or bonus or otherwise without the prior written consent of the Board of Directors of the Transferee Company.

12. CONTRACTS, DEEDS, BONDS, APPROVALS AND OTHER INSTRUMENTS:

12.1 For avoidance of doubt and without prejudice to the generality of Clause 7 above, it is clarified that upon the coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme and without any further act of the parties, all memorandum of understanding, contracts (including but not limited to the agreements with respect to the immovable properties by way of lease, license and business arrangements), deeds, bonds, agreements, arrangements, incentives, engagements, registrations, schemes, assurances, licences, insurance policies, guarantees, and other instruments (including all tenancies, leases, and other assurances in favour of the Transferor Company or powers or authorities granted by or to it)of whatsoever nature to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible and which are subsisting or having effect immediately before the Effective Date, shall continue in full force and effect against or in favour of the Transferee Company as the case may be, and may be enforced as fully and effectually as

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if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee or obligor thereto.

12.2. It is hereby clarified that by virtue of the provisions of the Scheme and pursuant to the order of the Appropriate Authority confirming the Scheme, upon the Scheme coming into effect, all rights, services, obligations, liabilities, responsibilities undertaken by or in favour of the Transferor Company under any contractual arrangements shall automatically stand transferred to and vested in and/ or shall be deemed to have been transferred to and vested in the Transferee Company and all benefits to which the Transferor Company is entitled to shall be available to and vested in and/ or shall be deemed to have been available to and vested in the Transferee Company, as a successor-in-interest and the Transferee Company shall be entitled to deal with the same in place and stead of the Transferor Company, as if the same were originally performed or conferred upon or given or issued to or executed in favour of the Transferee Company, and the rights and benefits under the same will be available to the Transferee Company, without any further act or deed. The Transferee Company shall discharge its obligation in respect of the services to be performed/ provided or in respect of payment of service charges under any contractual arrangements instead of the Transferor Company.

12.3. Without prejudice to the above, the Transferee Company shall, if so desirable or required or become necessary, upon the coming into effect of this Scheme and with effect from the Appointed Date, enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite arrangements, to which the Transferor Company will, if necessary, also be party in order to give formal effect to the provisions of this Scheme and to the extent that the Transferor Company are required prior to the Effective Date to join in such deeds, writings or confirmations, the Transferee Company shall be entitled to act for and on behalf of and in the name of the Transferor Company, as the case may be. Further, the Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Company and to implement or carry out all formalities required on the part of the Transferor Company to give effect to the provisions of this Scheme.

13. SAVING OF CONCLUDED TRANSACTIONS:

13.1. Subject to the terms of this Scheme, the transfer and vesting of the entire Undertaking of the Transferor Company under this Scheme, shall not affect any transaction or proceedings already concluded by the Transferor Company on or before the Appointed Date or concluded between the Appointed Date and the Effective Date (both days inclusive), to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

14. CONDUCT OF BUSINESS TILL EFFECTIVE DATE:

Unless otherwise stated hereunder, with effect from the Appointed Date and up to the Effective Date:

14.1. The Transferor Company shall carry on and shall be deemed to have been carrying on their business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all the respective assets of the Transferor Company and the entire business and Undertaking for and on account of, and in trust for, the Transferee Company. The Transferor Company hereby undertake to hold the said assets with utmost prudence until the Effective Date.

14.2. With effect from the date of the Board meeting of the Transferee Company approving the Scheme and up to and including the Effective Date, the Transferor Company shall

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preserve and carry on their businesses and activities with reasonable diligence and business prudence and shall not, without the prior consent in writing of any of the persons authorised by the Board of Directors of the Transferee Company, undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments or sell, transfer, alienate, charge, mortgage, encumber or otherwise deal with its fixed assets, immovable properties or any part thereof, except in the ordinary course of business, or pursuant to any pre-existing obligation(s) undertaken by the Transferor Company.

14.3. All the profits or income, taxes (including advance tax, tax deducted at source and MAT Credit) or any costs, charges, expenditure accruing or arising to the Transferor Company or expenditure or losses arising or incurred or suffered by the Transferor Company shall for all purposes be treated and deemed to be and accrue as the profits, income, taxes, tax losses, MAT Credit, costs, charges, expenditure or losses of the Transferee Company, as the case may be.

14.4. For the removal of doubt, it is clarified that to the extent there are inter-company loans, deposits, obligation, balances or other outstanding as between the Transferor Company inter-se and/or the Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company for the reduction of such assets or liabilities as the case may be.

14.5. The Transferee Company shall be entitled, pending the confirmation of the Scheme, to apply to the Central Government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and confirmations which the Transferee Company may require to carry on the business of the Transferor Company and to give effect to the Scheme.

15. CANCELLATION OF SHARES OF THE TRANSFEROR COMPANY AND NO ISSUE OF SHARES BY THE TRANSFEREE COMPANY:

15.1 For the purposes of this Scheme, it is hereby clarified that the Transferor Company is wholly owned by the Transferee Company as on the Appointed Date and the Transferee Company along with its nominee shareholder holds all the shares issued by the Transferor Company. On the amalgamation of the Transferor Company with the Transferee Company, no shares of the Transferee Company shall be issued or allotted in respect of the holding of the Transferee Company in the Transferor Company.

15.2 Upon the Scheme becoming effective and with effect from the Appointed Date, as a consideration of the transfer and vesting of Undertaking including all assets and liabilities of the Transferor Company in the Transferee Company in terms of this Scheme, the entire paid up share capital in the Transferor Company fully held by the Transferee Company (either held directly or through and/or its /nominee(s)) on the Effective Date shall be cancelled or shall be deemed to be cancelled and all such equity shares of the Transferor Company held by the Transferee Company (either in its own name or held in the name of its nominee(s)) shall be cancelled and shall be deemed to be cancelled without any further application, act or deed.

16. COMBINATION OF AUTHORISED SHARE CAPITAL:

16.1 Upon coming into effect of the Scheme, the authorized share capital of the Transferee Company shall automatically stand increased without any further act, instrument or deed on the part of the Transferee Company including payment of stamp duty and registration fees payable to the RoC and the Memorandum of Association of the Transferee Company

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(relating to the authorised share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Sections 4, 13 and 61 and all other applicable provisions of the Companies Act, if any, would be required to be separately passed, as the case may be, and for this purpose the stamp duties and fees paid on the authorised share capital of the Transferor Company shall be utilized and applied to the increased authorised share capital of the Transferee Company and there would be no requirement for any further payment of stamp duty and/or fee by the Transferee Company for increase in the authorised share capital to that extent.

16.2 Consequent upon the amalgamation, the authorized share capital of the Transferee Company will be as under:

Authorised Capital	Amount in Rs.
3,65,00,000 Equity Shares of Rs.10/- each	36,50,00,000
30,00,000 Preference Shares of Rs.10/- each	3,00,00,000
Total	**39,50,00,000**

It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent / approval also to the alteration of the Memorandum and Articles of Association of the Transferee Company as may be required under the Act.

16.3 Upon this Scheme coming into effect, Clause V of the Memorandum of Association of PJPL, shall be without any further act, deed, be amended, restated and replaced as under :

V. (a) *The Authorized Share Capital of the Company is Rs. 39,50,00,000/- (Rupees Thirty Nine Crores Fifty Lakhs Only) divided into 3,65,00,000 (Three Crores Sixty Five Lakhs) Equity shares of Rs. 10/- (Rupees Ten Only) each and 30,00,000 (Thirty Lakhs) Preference Shares of Rs. 10/- each*

16.4 For the purpose of combination of authorised share capital as contemplated in this Clause, any subsequent increase in the authorised share capital of the Transferor Company and Transferee Company, as may be applicable, shall be considered and the effect of such further increase be given accordingly.

16.5 It is clarified that the approval of the members of the Transferee Company to the Scheme shall be deemed to be their consent / approval also to the alteration of the memorandum of association and the articles of association of the Transferee Company as may be required under the Companies Act, and Clause V of the Memorandum of Association of the Transferee Company shall stand substituted by virtue of the Scheme.

17. ACCOUNTING TREATMENT:

The Transferee Company shall abide by the pooling of interests method referred to in Accounting Standard 14 – Accounting for Amalgamations issued by the Institute of Chartered Accountants of India, subject to provisions of this Scheme.

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PART C-GENRAL TERMS AND CONDITIONS

18. APPLICATION TO REGIONAL DIRECTOR

The Transferor Company and the Transferee Company shall make applications/petitions to the Regional Director for sanction of this Scheme, and for dissolution of Transferor Company without being wound up.

19. MODIFICATION OR AMENDMENTS TO THE SCHEME:

19.1 Subject to the confirmation of the Appropriate Authority, the Transferor Company and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, may consent, on behalf of all persons concerned, from time to time, to any modifications or amendments of the Scheme or to any conditions or limitations that the Central Government, the Tribunal or any other government authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by the Appropriate Authority or such other government authority, whether in pursuance of a change in law or otherwise. The Transferor Company and the Transferee Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith.

19.2. For the purpose of giving effect to this Scheme or to any modification or amendments thereof or additions thereto, the delegate(s) and/ or Directors of the Transferor Company and/or the Transferee Company may give and are hereby authorised to determine and give all such directions as are necessary including directions for settling any question of doubt or difficulty that may arise and such determination or directions, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme.

20. CONDITIONALITY OF THE SCHEME:

This Scheme is and shall be conditional upon and subject to:

20.1. The Approval to the Scheme, by the requisite majority of the members and creditors of the Transferor Company and the Transferee Company respectively.

20.2. The requisite resolution(s) under the applicable provisions of the said Act being passed by the shareholders of the Transferee Company for any of the matters provided for or relating to the Scheme, as may be necessary or desirable.

20.3. The sanction of the Regional Director, Western Region under the applicable provisions of the Act, in favour of the Transferor and Transferee Company and to make necessary Order or Orders under the said Act being obtained.

20.4. Any other sanction or approval of the Appropriate Authorities concerned, as may be considered necessary and appropriate by the respective Board of Directors of the Transferor and Transferee Company being obtained and granted in respect of any matters for which such sanction or approval is required.

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20.5. The requisite consent, approval or permission of the Central Government or any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme.

20.6. Certified or authenticated copies of the orders of the Regional Director, Western Region sanctioning the scheme, being filed by the Transferor Company and the Transferee Company with their respective Registrar of Companies;

21. WINDING UP:

On the Scheme becoming effective, the Transferor Company shall be dissolved without being wound up and without any further act by the parties to this Scheme.

22. EFFECT OF NON-RECEIPT OF APPROVALS:

In the event of any approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Boards of Directors of the Transferee Company and the Transferor Company shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme not being sanctioned by the Regional Director, Western Region, the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

23. COSTS, CHARGES AND EXPENSES:

All past, present and future costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of the Transferor Company and the Transferee Company arising out of or incurred in carrying out and implementing this Scheme or implementation thereof and matters incidental thereto shall be borne by the Transferee Company.

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For PRIORITY GOLD PVT. LTD.

AUTHORISED SIGNATORY

For Priority Jewels Private Limited

S. H. Sanyal

Authorised Signatory