

SCHEME OF AMALGAMATION
UNDER SECTIONS 391 TO 395 READ WITH SECTIONS 100 TO 105 OF THE
COMPANIES ACT, 1956
OF
BLUE PEARL LIFESTYLE PRIVATE LIMITED
(the "Transferor Company")
With
BLUE PEARL TEXSPIN LIMITED
(the "Transferee Company")

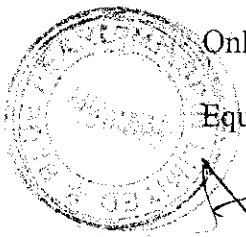
The Scheme is divided into the following parts:

- (a) **Part I** deals with the Preamble;
- (b) **Part II** deals with Rationale and Salient Features of the scheme;
- (c) **Part III** deals with the Definitions and Share Capital;
- (d) **Part IV** deals with cancellation of shares and adjustment of Debit balance in the Profit and Loss account of 'Blue Pearl Texspin Limited'
- (e) **Part V** deals with the General Clauses;

PART I. - PREAMBLE

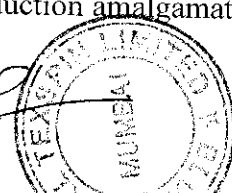
1. PREAMBLE

This Scheme provides for Amalgamation under Section 391 to 395 read with Sections 100 to 105 and other applicable provisions, if any, of the Companies Act, 1956 for undertaking financial restructuring and reconstruction of BLUE PEARL TEXSPIN LIMITED (Transferee Company or BPTL) whereby BPTL would write up part of the debit balance in Profit and Loss account to the extent of Rs.4,91,52,000/- (Rupees Four Crores Ninety One Lacs Fifty Two Thousand Only) i.e. by reduction of 96% on 51,20,000 Equity Shares in the existing paid up Equity Share Capital of the BPTL and post Capital Reduction amalgamate BLUE



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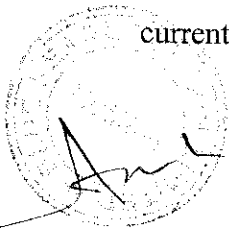


PEARL LIFESTYLE PRIVATE LIMITED (Transferor Company or BPLPL) with BLUE PEARL TEXSPIN LIMITED (Transferee Company or BPTL) as detailed in the Scheme of Amalgamation as detailed below:

PART II – RATIONALE & SALIENT FEATURES

2. RATIONALE

- 2.1 Continuous Losses have substantially wiped off the value represented by the Share Capital thus the financial statements do not reflect the correct picture of the health of the Company.
- 2.2 For ensuring that the financial statements of the Company reflect the real picture and the Capital which is lost is not continued to be shown on the face of balance sheet it is necessary to carry out reduction of capital of the Company.
- 2.3 The reduction of Capital in the manner proposed would enable the Company to have a rational capital structure which is commensurate with its remaining business and assets.
- 2.4 This Scheme of Amalgamation is presented with a view to achieve Restructuring of the Transferee Company which would result in the increase in the net worth of the Transferee Company and improvement in financial health as more business activities shall be brought into the Transferee Company thereby preventing it from becoming a sick company.
- 2.5 BLUE PEARL TEXSPIN LIMITED AND BLUE PEARL LIFESTYLE PRIVATE LIMITED both are with view to take advantage of consolidation in the current competitive environment, it is proposed to consolidate operations and



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amalgamate the two companies which would result in benefits from economies of scale of operations.

- 2.6 Amalgamation of the Transferor Company with the Transferee Company will also provide an opportunity to leverage combined assets and build a stronger sustainable business. Specifically, the merger will enable optimal utilization of existing resources and provide an opportunity to fully leverage strong assets, capabilities, experience, expertise and infrastructure of both the companies.
- 2.7 The Scheme of amalgamation will result in cost saving for all the companies as they are capitalizing each other's core competency and market which is expected to result in higher profitability levels and cost savings for the Amalgamated Company.

SALIENT FEATURES OF THE SCHEME

This Scheme is presented as a Scheme of Amalgamation between BLUE PEARL LIFESTYLE PRIVATE LIMITED and BLUE PEARL TEXSPIN LIMITED pursuant to Section 391 to 395 read along with Section 100 to 105 and all other applicable provisions of the Companies Act, 1956. The salient features of the Scheme inter alia are as follows:-

1. The Scheme provides for the reduction of the equity share capital of BLUE PEARL TEXSPIN LIMITED pursuant to Section 100 to 105 read with 391 and other relevant provisions of the Companies Act, 1956.
2. The Scheme provides for the reconstruction of BLUE PEARL TEXSPIN LIMITED pursuant to Section 391 and other relevant provisions of the Companies Act, 1956.



3. The Scheme provides for the amalgamation of BLUE PEARL LIFESTYLE PRIVATE LIMITED into BLUE PEARL TEXSPIN LIMITED pursuant to Sections 391 to 395 of the Companies Act, 1956.
4. The Scheme also provides for various other matters consequential, supplemental and/or otherwise integrally connected herewith.

Part III – DEFINITION AND SHARE CAPITAL

3. DEFINITIONS

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

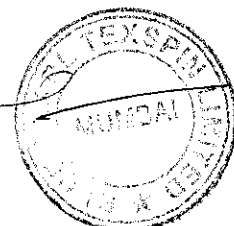
3.1 **BLUE PEARL LIFESTYLE PRIVATE LIMITED**, (hereinafter referred to as “Transferor Company” or “BPLPL”) means a Company incorporated under the Companies Act, 1956, in the name and style ‘GADA AND JAIN HOLDINGS PRIVATE LIMITED’ on 1st September 2005 and subsequently the name of the company was changed to ‘BLUE PEARL LIFESTYLE PRIVATE LIMITED’ vide fresh certificate of incorporation consequent on change of name issued by the Registrar of Companies, Maharashtra, on 09th May 2013, having its registered office situated at Unit No. 302, 3rd Floor, Samarpan Complex, New Link Road, Chakala, Andheri (East)– 400099 in the State of Maharashtra. The Company is engaged in the business of Textile.

3.2 **BLUE PEARL TEXSPIN LIMITED**, (hereinafter referred to as “Transferee Company” or “BPTL”) means a Company incorporated under the Companies Act, 1956, on 06th November, 1992, in the name and style “E-WHA FOAM INDIA LIMITED” and subsequently the name of the company was changed to ‘BLUE PEARL TEXSPIN LIMITED’ vide fresh



certificate of incorporation consequent on change of name issued by the Registrar of Companies on 08th November 2012, having its registered office at 32, Vyapar Bhavan, P.D. Mello Road, Masjid Bunder (e), Mumbai- 400009. The Company's equity shares are listed on BSE Limited. The Company is presently engaged in the business of Textiles.

- 3.3 "The said Act" means the Companies Act, 1956 or any statutory modification or re – enactment thereof.
- 3.4 "The Applicable Regulation" means Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended from time to time.
- 3.5 "The Appointed Date" means 1st day of July, 2013 or such other date as the Hon'ble High Court at the judicature of Bombay may direct.
- 3.6 "The Effective Date" means the dates on which certified copies of the Order(s) of the Hon'ble High Court at the judicature of Bombay vesting the assets, property, liabilities, rights, duties, obligations and the like of the Transferor Company in the Transferee Company are filed with the Registrar of Companies, Maharashtra after obtaining the consents, approvals, permissions, resolutions, agreements, sanction and orders necessary therefore.
- 3.7 "Record Date(For Reduction of Capital) means the date to be fixed by the Board of Directors of BPTL for the purpose of reckoning names of the Equity Shareholders, who shall be entitled to new share certificate, upon coming into effect, the financial restructuring of this Scheme.



3.8 "Record Date (For Amalgamation) means the date to be fixed by the Board of Directors of the Transferee Company i.e BPTL in consultation with the Board of Directors of the Transferor Company i.e. BPLPL for the purpose of reckoning names of the Equity Shareholders of the Transferor Company, who shall be entitled to receive shares of the Transferee Company, upon coming into effect, the amalgamation, of this Scheme.

3.9 "High Court" shall, for the purpose of this Scheme, means the Hon'ble High Court of Judicature at Bombay and the expression shall include, all the powers of the High Court under the Chapter V of the Act being vested on the National Company Law Tribunal constituted under section 10 FB of the Act, the National Company Law Tribunal and the provisions of the Act as applicable to the Scheme shall be construed accordingly.

3.10 "Undertakings" shall mean and include:

- a. All the assets and 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 all the Transferor Company reserves, all the movable and the immovable properties, all other assets including investments in shares, debentures, bonds and other securities, claims, loans and advances, deposits, ownership rights, leasehold rights, tenancy rights, hire purchase contracts, leased assets, lending contracts, revisions, powers, permits, authorities, licenses, consents,

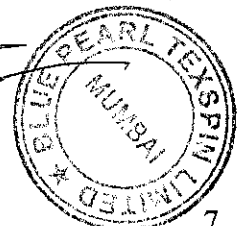
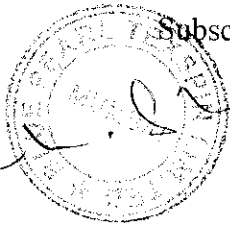


approvals, municipal permissions, industrial and other licenses, permits, authorizations, quota rights, registrations, import export licenses, bids, tenders, letter of intent, connections for water, electricity and drainage, sanctions, consents, product registrations, quota rights, allotments, approvals, freehold land, buildings, factory building, plant & machinery, electrical installations and equipments, furniture and fittings, laboratory equipments, office equipment, effluent treatment plant, vehicle, tube well, capital expenditure on scientific research, software package, vehicles and contracts, engagements, titles, interest, benefits, allocations exemptions, concessions, remissions, subsidies, tax deferrals, easement, tenancy rights, authorizations, trademarks, patents and other industrial and intellectual properties, import quotas, telephones, telex, facsimile and other communication facilities and equipments, investment, 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, document and records relating thereof.

3.11 "The Scheme" means this Scheme of Amalgamation in its present form or with any modification(s) approved or imposed or directed by the Hon'ble High Court at the judicature of Bombay.

4. SHARE CAPITAL

4.1 The Authorised Share Capital of the Transferor Company is of Rs. 5,00,00,000/- (Rupees Five Crores only) divided into 50,00,000 (Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each. The issued, Subscribed and Paid up Share Capital is of Rs. 5,00,00,000/- (Rupees Five



Crores only) divided into 50,00,000 (Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each fully paid up.

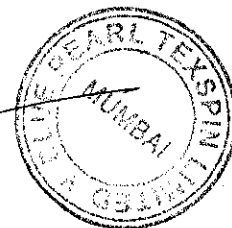
4.2 The Authorised Share Capital of the Transferee Company is of Rs. 10,00,00,000/- (Rupees Ten Crores Only) comprising of 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each. The issued, Subscribed and Paid up Equity Share Capital is of Rs.5,12,00,000/- (Rupees Five Crores Twenty Lakhs only) comprising of 51,20,000 (Fifty One Lakh Twenty Thousand) Equity Shares of Rs.10/- (Rupees Ten only) each fully paid up.

PART IV

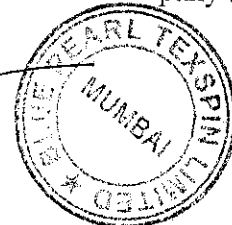
5. DEAL WITH CANCELLATION OF SHARES AND ADJUSTMENT OF DEBIT BALANCE IN THE PROFIT AND LOSS ACCOUNT OF "BLUE PEARL TEXSPIN LIMITED".

- 5.1 The BLUE PEARL TEXSPIN LIMITED commenced its business operations on its incorporation. At present Company is into the Textile Business.
- 5.2 The Transferee Company has accumulated losses of Rs. 52,142,506/- (Rupees Five Crores Twenty One Lakhs Forty Two Thousand Five Hundred and Six) as on 30th June 2013.
- 5.3 The Transferee Company is now proposing to undertake a financial restructuring exercise whereby it is proposed to cancel the Equity Share Capital of Rs. 4,91,52,000/- (Rupees Four Crore Ninety One Lakhs Fifty Two Thousand only). The cancellation of shares is proportionately among the members of the Company and the same amount shall be utilized for adjusting the debit balance in Profit &

Loss Account.



- 5.4 The equity shares of BPTL shall be reorganized by reducing quantity of 49,15,200 (Forty Nine Lakhs Fifteen Thousand Two Hundred Only) equity shares of Rs 10/- (Rupees Ten Only) each fully paid-up i.e. 96% of the entire paid up Equity share capital of the BLUE PEARL TEXSPIN LIMITED without effecting the face value and cancelled equity share capital amounting to Rs. 4,91,52,000/- (Rupees Four Crore Ninety One Lakhs Fifty Two Thousand Only) shall be utilized to write off the debit balance in the profit & Loss Account of the BLUE PEARL TEXSPIN LIMITED. Thus, issued subscribed and paid-up share capital of the Company Post reorganization shall be of Rs.20,48,000/- (Rupees Twenty Lakhs Forty Eight Thousand Only) consisting of 2,04,800 (Two Lakhs Four Thousand Eight Hundred Only) equity shares of Rs.10/- (Rupees Ten Only).
- 5.5 Upon the Scheme becoming finally effective, the Transferee Company shall subject to the provisions of this Scheme and without any further application or action or deed, issue Fresh Share Certificates upon such reorganization, in lieu of or in the place of the certificates of equity shares of the Transferee Company held by the equity shareholders of the Transferee Company whose names are found in Register of Members of the Company on a date after the Effective Date to be fixed by the Board of Directors of the Company (hereinafter called "Record Date for Reduction of Capital") for the purpose of Reduction of Capital or his/her/its heirs, executors or, as the successors, one equity share of Rs. 10/- each for every ten equity shares of Rs. 10/- each held by them in the paid up share capital of the Company. The original share certificates shall be deemed to be cancelled. The fresh share certificates of the Company shall be delivered to the equity shareholders holding shares in physical form, by registered post or courier or any other mode of dispatch, irrespective of whether such equity shareholders surrender their old share certificates or not and shall be credited to the demat account of equity shareholders holding shares in demat form. The Company shall



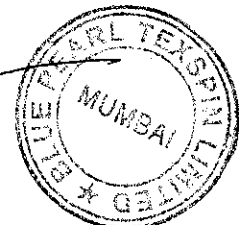
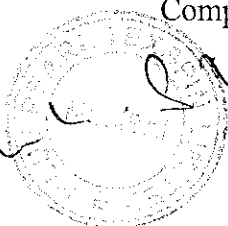
not be required to add "and reduced" as suffix to its name and the Company shall continue with its existing name.

5.6 Any fraction shares arising on account of reduction of Equity Share Capital shall be rounded off to the nearest integer and if required the shareholding of the Transferee Company will be adjusted to that extent, so that post reduction, the Equity Share Capital of the Transferee Company shall remain at Rs.20,48,000/- (Rupees Twenty Lakhs Forty Eight Thousand Only) consisting of 2,04,800 (Two Lakhs Four Thousand Eight Hundred Only) equity shares of Rs.10/- (Rupees Ten Only).

5.7 The reasons for Reduction in Share Capital are as follows:

- i) Give a true and fair picture of the financial condition of the Transferee Company ;
- ii) Result in better presentation of the balance sheet of the Transferee Company;
- iii) The restructuring proposal does not in any manner, alter or vary the rights of the creditors of the Transferee Company;
- iv) Further, the proposed adjustment would not in any way adversely affect the ordinary operations of the Company or its share holders, nor will it affect the ability of the Company to honour its commitment or pay its debts, if any in the ordinary course of business.

5.8 The Reduction will not cause any prejudice to the interest of the Creditors if any of the Company. The Creditors of the BLUE PEARL TEXSPIN LIMITED if any are in no way affected by the proposed reduction of the Equity Share Capital as there will not be any reduction in the amount payable to any of the Creditors arising out of this reduction. Further, the proposed reduction would not in any way adversely affect the ordinary operations of the Company or the ability of the Company to honour its commitments or pay the debts in ordinary course of



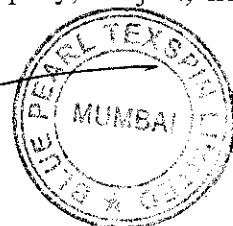
business. The above proposal, does not in any manner, alter, vary, or affect the rights of the Creditors.

- 5.9 The reduction of equity share capital pursuant to this Scheme shall be given effect as an integral part of the Scheme in accordance with the provisions of Sections 100 to 105 of the Companies Act and the order of the High Court sanctioning the Scheme shall be deemed to be also the order under Section 102 of the Companies Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of unpaid share capital or payment of paid-up share capital, and the provisions of Section 101 of the Companies Act will not be applicable. Further, the consent given to the Scheme by the shareholders and the creditors of the BLUE PEARL TEXSPIN LIMITED shall be deemed to be their consent under the provisions of Section 100 and all other applicable provisions of the Companies Act to such reduction of capital of the BLUE PEARL TEXSPIN LIMITED and BLUE PEARL TEXSPIN LIMITED shall not be required to convene any separate meeting for that purpose.

PART V – GENERAL CLAUSES

6. TRANSFER OF UNDERTAKINGS

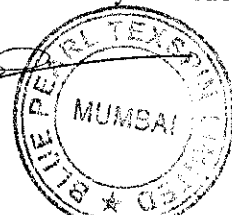
- 6.1 With effect from 1st July 2013 (“the Appointed Date”) and subject to the provisions to this entire Scheme, the entire undertaking of the Transferor Company including the assets and liabilities as on the appointed date shall pursuant to Section 394(2) of the Act, without any further act, instrument or deed, be and shall stand transferred to and vested in and/or be deemed to have been and stood transferred to and vested in the Transferee Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, title and interests and authorities of the Transferee Company, subject, however,



to all charges, liens, mortgages, if any then affecting the same or any part thereof.

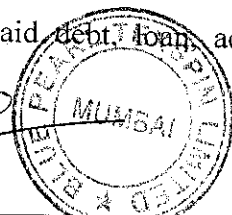
Provided always that except as provided herein, the Scheme shall not operate to enlarge the security for any loan, deposit or facility created by or available to the Transferor Company and which shall vest in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further or additional security after the amalgamation has become effective or otherwise unless specifically provided hereinafter.

- 6.2 The entire business of the Transferor Company as going concern 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, fixed assets, capital work-in-progress, current assets and debtors, investments, rights, claims and powers, authorities, allotments, approvals and consents, reserves, provisions, permits, ownerships rights, lease, tenancy right, incentives, claims, rehabilitation Schemes, funds, quota rights, import quotas, licenses, registrations, contracts, engagements, arrangements, brand, logos, patents, trade names, trademarks, copy rights, all other intellectual property rights, other intangibles of each 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, installations and utilities, benefits of agreements and arrangements, power, authorities, permits, allotments, approvals, permissions, sanctions, consents, privileges, liberties, easements, other assets, special status, income from existing contracts 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 to the operation of the undertaking and all the rights, titles, interests, benefits and advantages of whatsoever nature and whosoever situated belonging to or in the possession of or granted in favour of or enjoyed by the Transferor Company as on the Appointed Date and prior to the Effective Date shall, pursuant to the provision of Section 394(2) 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. With effect from the Appointed Date, all the equity shares, debentures, bonds, notes or other securities held by the Transferor Company, whether convertible into 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 delivery or endorsement and delivery.

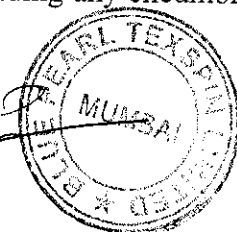
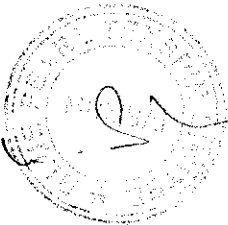
- a. In respect of movable properties of the Transferor Company other than specified in clause 6.2 above, including sundry debtors, outstanding loans and advances, if any recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi government, local and other authorities and bodies the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so 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 High Court having sanctioned the Scheme, the said debt, loan, advance or



deposit be paid or made good or held on account of the Transferee Company as the person entitled thereto to the end intent that the right of the Transferor Company to recover or realize all such debts (including the debts payable by such person or deposittee to the Transferor Company) stand transferred and assigned to the Transferee Company and that appropriate entries should be passed in its books to record the aforesaid changes.

6.3 With effect from the Appointed Date, all the debts, unsecured debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of the Transferor Company shall also under the provision of Sections 391 and 395 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, liabilities, contingent 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 other person who is a party to the contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provision of this clause.

6.4 It is clarified that all debts, loans and liabilities, contingent, duties and obligations of the Transferor Company as on the Appointed Date whether provided for or not in the books of accounts of the Transferor Company 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, contingent 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.

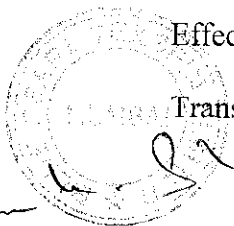
6.5 By virtue of this scheme there will be transfer of interest, obligation and control as defined in the applicable regulations and pursuant to approval of the scheme by the Hon'ble High Court of the Judicature of Bombay, the said transfer as stated above shall be in the due compliance with the provisions of the applicable regulations in India.

6.6 It is further specifically clarified, admitted, assured and declared by the Transferee Company that on this Scheme becoming effective it will take over, absorb and pay and discharge on due date all the liabilities including liabilities for income tax, sale tax, excise, if any, of the Transferor Company.

6.7 With effect from the Appointed Date all debts, liabilities, dues, duties and obligations including all income taxes, excise duty, customs duty, sales tax, value added tax, service tax and other Government and Semi-Government 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 Transferee Company so as to become as from the Appointed Date the debts, liabilities, duties and obligations of Transferee Company on the same terms and conditions as were applicable to the Transferor Company.

7. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

Subject to other provisions contained in the Scheme, all Contracts, Deeds, Bonds, Debentures, Agreements and other instruments of whatever nature to which the Transferor Company is a party subsisting or having effect immediately before the Effective Date shall remain 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 as



effectually as if, instead of the Transferor Company, the Transferee Company had been a party thereto.

8. LEGAL PROCEEDINGS

If any suit, writ petition, appeal, revision or other proceedings of whatever nature (hereinafter called "the Proceedings") by or against the Transferor Company are pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of the Transferor Company or of anything contained in the Scheme, but the Proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would be or might have been continued, prosecuted and enforced by or against the Transferor Company as if the Scheme had not been made. On and from the Effective Date, the Transferee Company shall and may initiate any legal proceedings for and on behalf of the Transferor Company.

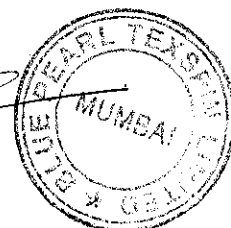
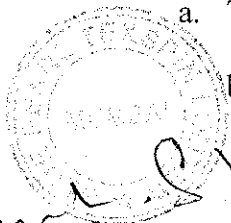
9. OPERATIVE DATE OF THE SCHEME

The Scheme, although operative from the Appointed Date, shall become effective from the Effective Date.

10. TRANSFEROR COMPANY STAFF, WORKMEN AND EMPLOYEES

All the staff, workmen and other employees in the service of the Transferor Company immediately before the transfer of the Undertaking under the Scheme shall become the staff, workmen and employees of the Transferee Company on the basis that:

- a. Their service shall have been continuous and shall not have been interrupted by reason of the transfer of the Undertaking;

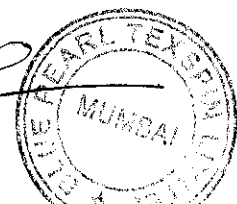


- b. The terms and conditions of service applicable to the said staff, workmen or employees after such transfer shall not in any way be less favourable to them than those applicable to them immediately before the transfer; and
- c. It is provided that as far as Provident Fund, Gratuity Fund, Superannuation Fund or any other special fund created or existing for the benefit of the staff, workmen and other employees of the Transferor Company are concerned, upon the scheme becoming effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever related to the administration or operation of such funds or in relation to the obligation to make contributions to the said Funds in accordance with provisions of such Funds as per the terms provided in the respective trust deeds. It is the aim and intent that all the rights, duties, powers and obligations of the Transferor Company in relation to such funds shall become those of the Transferee Company and all the rights, duties and benefits of the employees employed in different units of the Transferor Company under such Funds and Trusts shall be protected.

11. CONDUCT OF BUSINESS BY TRANSFEROR COMPANY TILL EFFECTIVE DATE

With effect from the Appointed Date and upto the Effective Date, the Transferor Company:

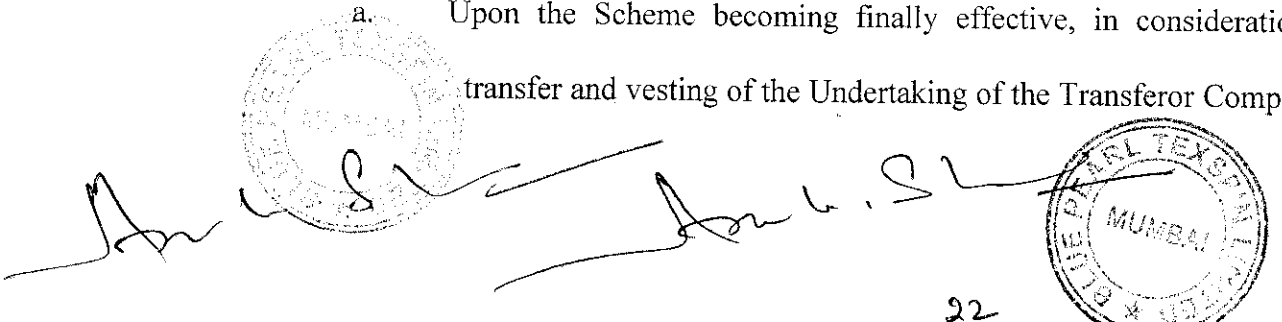
- a. Shall carry on and shall be deemed to be carrying on all its business activities and stand possessed of its properties and assets for and on account of and in trust for the Transferee Company and all the profits or income accruing or arising to the Transferor Company or any cost, charges, expenditure or losses arising or incurred by it shall, for all purposes, be treated and be deemed to be and accrue as the profits or incomes or cost, charges, expenditure or losses of the Transferee Company;



- b. Shall in the ordinary course of its business activities, assign, transfer or sell or exchange or dispose of or deal with all or any part of the rights vested with or title and interest in the property, assets, immovable or movable properties including assignment, alienation, charge, mortgage, encumbrance or otherwise deal with the rights, title and interest in the actionable claims, debtors and other assets etc., with the consent of the Transferee Company and such acts or actions would be deemed to have been carried on by the Transferor Company for and behalf of the Transferee Company and such acts or actions would be enforceable against or in favour of the Transferee company and all the profits or incomes or losses or expenditure accruing or arising or incurred by the Transferor Company shall, for all purposes, be treated as the profits or incomes or expenditure or losses of the Transferee Company;
- c. Hereby undertakes to carry on its business until the Effective Date with reasonable diligence, utmost prudence and shall not, without the written consent of the Transferee Company, alienate, charge or otherwise deal with the said undertaking or any part thereof except in the ordinary course of its business;
- d. Shall not, without the written consent of the Transferee Company, undertake any new business;
- e. Shall not vary the terms and conditions of the employment of its employees except in the ordinary course of business;
- f. Pay all statutory dues relating to the Undertaking for and on account of the Transferee Company;

12. ISSUE OF SHARES BY THE TRANSFEE COMPANY

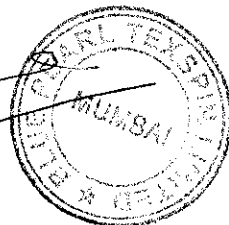
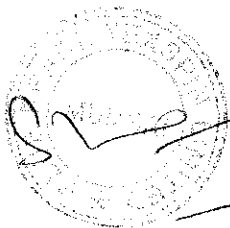
- a. Upon the Scheme becoming finally effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the



The image shows two handwritten signatures in black ink. The signature on the left is partially obscured by a circular stamp. The signature on the right is also partially obscured by a circular stamp. Both stamps are circular and contain the text 'THE PEARL TEXSPIN LIMITED' around the perimeter and 'MUMBAI' in the center. The stamps are slightly faded and overlapping.

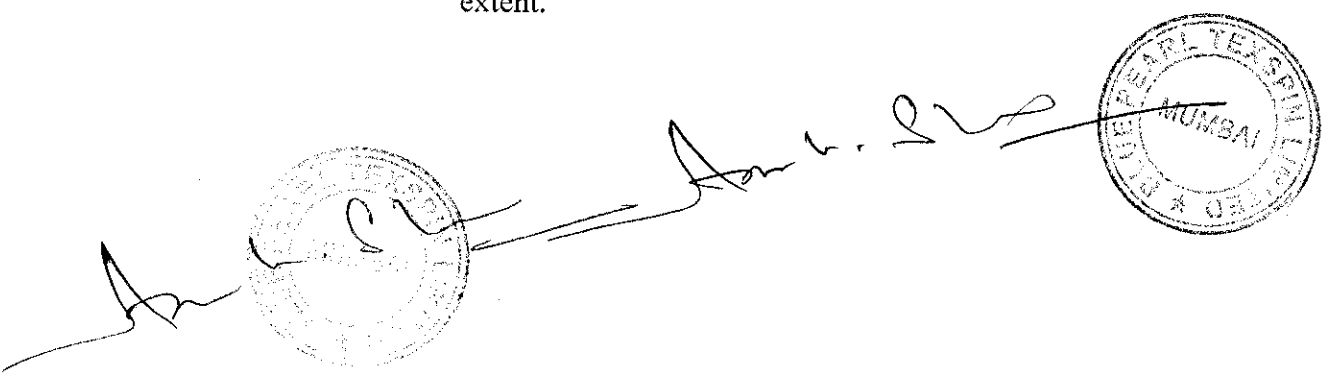
Transferee Company in terms of the Scheme, the Transferee Company shall subject to the provisions of the Scheme and without any further application or deed, issue and allot 1 (One) Equity Share of Rs.10/- (Rupees Ten only) each, for every 1 (One) Equity Share of Rs.10/- (Rupees Ten only) each, credited as fully paid-up in the capital of Transferee Company to all Equity Shareholders of the Transferor Company, whose names appear in the Register of Members, on a Record Date.

- b. No fractional Share shall be issued by the Transferee Company in respect of the fractional Share entitlement, if any, arising out of such allotment shall be rounded off to the nearest complete Share;
- c. If necessary, the Transferee Company shall, before allotment of the equity shares in terms of the scheme, increase its authorized share capital by the creation of at least such number of equity shares of Rs. 10/- (Rupees Ten only) each as may be necessary to satisfy its obligation under the scheme.
- d. The Equity shares to be issued to the members of Transferor Company pursuant to clause 12.a of this Scheme will be listed and/or admitted to trading in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 as amended from time to time on the Stock Exchanges on which shares of the Transferee Company are listed on the Effective Date. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertaking as may be necessary in advance in accordance with the applicable laws or regulations and the formalities of the said Stock Exchanges.



13. COMBINATION OF AUTHORISED CAPITAL

13.1 Upon sanction of this 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 fees payable to Registrar of Company, by the Authorized Share Capital of the Transferor Company amounting to Rs.5,00,00,000/- (Rupees Five Crores Only) divided into 50,00,000 (Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten Only) each with the Authorized share Capital of transferee Company so that the total aggregate authorized share capital the transferor Company and the transferee Company amounts to Rs.15,00,00,000/- (Rupees Fifteen Crores only) comprising of 1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only) each, the Memorandum of Association and Articles of Association of the Transferee Company (relating to the Authorized Share Capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, pursuant to Sections 16, 31, 94 and 391 to 395 and applicable provisions of the Act, as the case may be and for this purpose the stamp duties and fees paid on the authorized capital of the transferor Company shall be utilized and applied to the increased authorized share capital of the transferee company and no payment of any extra stamp duty and/or fee shall be payable by transferee company for increase in the authorised share capital to that extent.



The image shows a handwritten signature in black ink, which is crossed out with a horizontal line. To the left of the signature is a circular stamp, and to the right is another circular stamp. The right stamp is clearly legible and contains the text 'MUMBAI' in the center, surrounded by a circular border with some illegible text.

13.2 Consequent upon the amalgamation, the authorised share capital of the Transferee Company will be as under:

Authorised Capital	Amount in Rs.
1,50,00,000 (One Crore Fifty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten only)	15,00,00,000/-

13.3 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.

14. PROFITS, DIVIDENDS, BONUS/ RIGHTS SHARES

14.1 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, and shall also not utilize, adjust or claim adjustment of profits/ losses, as the case may be earned/ incurred or suffered after the appointed date.

14.2 The Transferor Company shall not after the Appointed date, issue or allot any further securities, either rights or bonus or otherwise without the prior written consent of the Board of Directors of the Transferee Company.

15. ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEEE COMPANY

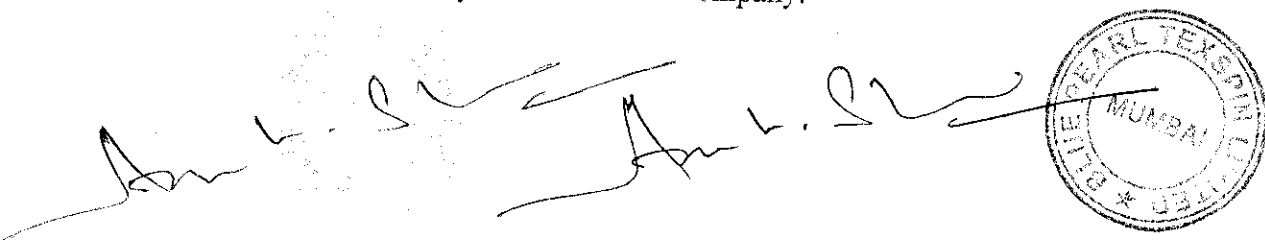
15.1 The Transferee Company shall record all assets and liabilities recorded in the Books of Accounts of Transferor Company, which are transferred to and vested in the Transferee Company pursuant to the Scheme at their book values as on the Appointed Date as per the Accounting Standard AS-

14 "Accounting for Amalgamation" issued by the Institute of Chartered Accountants of India.

15.2 The Transferee Company shall record all the reserves of the Transferor Company in the same form and at the same values as they appear in the financial statements of the Transferor Company at the close of business of the day immediately preceding the Appointed Date.

15.3 The excess if any, of the value of the assets over the value of the liabilities of Transferor Company vested in the Transferee Company pursuant to this Scheme as recorded in the books of account of the Transferee Company shall, after adjusting reserves as per clause 15.2 above and the aggregate face value of the shares issued by the Transferee Company to the members of the Transferor Company pursuant to this Scheme, be credited to the Capital Reserve account in the books of the Transferee Company.

15.4 The deficit, if any, in the value of the assets over the value of the liabilities of the Transferor Company vested in the Transferee Company pursuant to this Scheme as recorded in the books of account of the Transferee Company shall, after adjusting reserves as per clause 15.2 above and the aggregate face value of the shares issued by the Transferee Company to the members of the Transferor Company pursuant to this Scheme, being goodwill to be set off against Capital Reserve and/or other reserves of the Transferee Company post aggregation of such reserves of the Transferor Company in the Transferee Company as may be deemed appropriate by the Transferee Company.



The image shows two handwritten signatures in black ink. To the right of the signatures is a circular stamp. The stamp contains the text "PEARL TEXSPIN CENTRE" around the top inner edge and "MUMBAI" in the center. There are also some smaller, less legible characters around the bottom inner edge of the stamp.

15.5 Adjustment for differences in accounting policies In case of any differences in the accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the amalgamation will be quantified and adjusted in the General Reserve and / or Profit and Loss Account of the Transferee Company to ensure that the financial statements of the Transferee Company reflects the financial position on the basis of consistent accounting policy.

16. APPLICATIONS TO HIGH COURTS

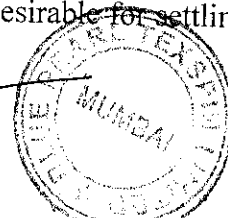
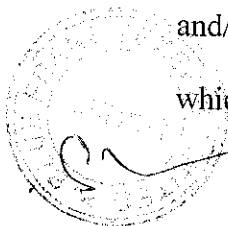
The Transferor Company and the Transferee Company hereto shall, with all reasonable dispatch, make applications under Sections 391 to 395 read with sections 100 to 105 of the said Act to the Hon'ble High Court of judicature at Bombay for sanctioning the Scheme and for dissolution of the Transferor Company without winding up.

17. DISSOLUTION OF THE TRANSFEROR COMPANY

On the Scheme becoming effective, the Transferor Company shall be dissolved without being wound up.

18. MODIFICATIONS/AMENDMENTS TO THE SCHEME

- a. The Transferor Company (by its respective Directors) and the Transferee Company (by its Directors) may assent to any modification or amendment to the Scheme or agree to any terms and/or conditions which the Courts and/or any other authorities under law may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any



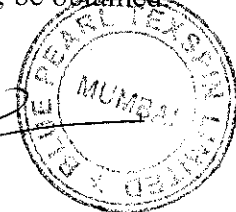
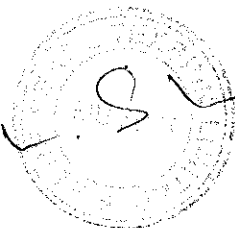
question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all acts, deeds and things as may be necessary, desirable or expedient for putting the Scheme into effect.

- b. For the purpose of giving effect to the Scheme or to any modification thereof, the Directors of the Transferee Company are hereby authorised to give such directions and/or to take such steps as may be necessary or desirable including any directions for settling any question or doubt or difficulty whatsoever that may arise.
- c. All amendments/modifications to the scheme pursuant to this clause shall be subject to approval of High Court.

19. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

The Scheme is conditional on and subject to:

- 19.1 The Scheme being approved by the requisite majorities in number and value of such classes of persons including the respective members and/or creditors of the Transferor Company and the Transferee Company.
- 19.2 The requisite resolution (s) under the applicable provisions of the said Act being passed by shareholders of the Transferor Company/Transferee Company for any of the matters provided for or relating to the Scheme as may be necessary or desirable.
- 19.3 The sanction of the High Court of Judicature at Bombay under Sections 391 to 395 read with sections 100 to 105 of the said Act, in favour of the Transferor Company and the Transferee Company and to the necessary Order or Orders under Section 394 of the said Act, be obtained



19.4 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 Company and the Transferee Company being obtained and granted in respect of any of the matter for which such sanction or approval is required.

19.5 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. EFFECT OF NON RECEIPT OF APPROVALS/ SANCTIONS

In the event of any of the said sanctions approvals not being obtained and / or the Scheme not being sanctioned by the High Court of Bombay, this Scheme shall become null and void and each party shall bear and pay its respective costs, charges and expenses for and/or in connection with the Scheme, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

21. EXPENSES CONNECTED WITH THE SCHEME

All costs, charges and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with the Scheme and of carrying out and implementing/completing the terms and provisions of the Scheme and/or incidental to the completion of Amalgamation of the said Undertaking of the Transferor Company in pursuance of the Scheme shall be borne and paid solely by the Transferee Company.



[Handwritten signature]

