

GITANJALI

GITANJALI GEMS LIMITED

Registered Office: A-1, 7th Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (E), Mumbai - 400051

CIN : L36911MH1986PLC040689

Tel: 022-40354600 **Fax:** 022-40102005 **email:** investors@gitanjaligroup.com **Website:** www.gitanjaligroup.com

NOTICE OF POSTAL BALLOT AND E-VOTING

NOTICE PURSUANT TO SECTION 110 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES 2014 AND CIRCULAR NO. CIR/CFD/DIL/5/2013 DATED FEBRUARY 4, 2013 AND CIRCULAR NO. CIR/CFD/DIL/8/2013 DATED MAY 21, 2013 ISSUED BY SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)

Dear Shareholders,

Notice is hereby given to consider, and, if thought fit, approve the arrangement embodied in the proposed Scheme of Amalgamation between Gitanjali Exports Corporation Limited (hereinafter referred to as "GECL" or "Transferor Company") with Gitanjali Gems Limited (hereinafter referred to as "GGL" or "Transferee Company" or "the Company") and their respective shareholders and creditors (hereinafter referred to as "the Scheme" or "the Scheme of Amalgamation"). Clause 5.16 of Securities and Exchange Board of India (SEBI) Circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 and SEBI Circular No. CIR/CFD/DIL/8/2013 dated 21st May, 2013 ("SEBI Circular") requires the Scheme to be put for voting by shareholders through postal ballot and e-voting. This notice is given accordingly to the shareholders in terms of above mentioned SEBI Circular read with Section 110 of the Companies Act, 2013 and relevant provisions of Companies (Management and Administration) Rules, 2014, for consideration of the following resolution by postal ballot and e-voting :

1. To consider and if thought fit to give assent/dissent to the following draft Resolution with requisite majority as per Circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 and SEBI Circular No. CIR/CFD/DIL/8/2013 dated 21st May, 2013 issued by Securities and Exchange Board of India (SEBI):

"RESOLVED THAT pursuant to the provisions of Sections 391 to 394 of Companies Act 1956 read with Section 52 of the Companies Act, 2013 and Sections 100 to 103 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and the Companies Act, 2013, Circular No. CIR/CFD/DIL/5/2013 dated 4th February, 2013 and SEBI Circular No. CIR/CFD/DIL/8/2013 dated 21st May, 2013 and enabling provisions of the Company's Memorandum and Articles of Association and subject to the requisite approval of creditors of the Company and the sanction of the High Court of Judicature at Bombay or such other competent authority, the Scheme of Amalgamation of Gitanjali Exports Corporation Limited with the Company , a copy whereof is enclosed with postal ballot notice be and is hereby approved on the terms and conditions mentioned in the said Scheme of amalgamation.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, the Board of Directors of the Company (herein referred to as 'the Board', which term shall deem to include any committee or any person(s) which the Board may nominate or constitute to exercise its powers, including the powers conferred under this resolution), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper and to settle any questions or difficulties or doubts that may arise, as considered necessary to give effect to the above resolution or to carry out such modifications/directions as may be ordered by the Hon'ble High Court of Judicature at Bombay, any other appropriate statutory or regulatory authority or as may be decided by the Board of Directors to implement the aforesaid resolution."

By Order of the Board
For Gitanjali Gems Limited

Place : Mumbai
Date : August 14, 2015

Pankhuri Warange
Company Secretary

NOTES:

1. The Explanatory Statement with reasons for proposing the Resolution as stated in the notice is annexed hereto.
2. The Notice is being sent to the registered address of all the Public Shareholders whose names appear in the Register of Members / Beneficial Owners as per the records of the Depositories as on closing hours of Friday, September 4, 2015 (record date).
3. All the material documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection by the Shareholders at the Registered Office of the Company at Office No. 1, 'A' Wing, 7th Floor, Laxmi Tower, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra, India, during office hours on all working days between 11.00 a.m. and 1.00 p.m. up to the last date for receipt of the postal ballot specified in the accompanying Notice i.e. Thursday, October 15, 2015 (except Saturdays, Sundays and Government Holidays).
4. Sections 391 to 394A of the Companies Act, 1956 continue to be in force with certain other provisions of the said Act having been re-enacted by enforcement of various Sections of the Companies Act, 2013 as mentioned in the Table attached to General Circular No.07/2014 issued by the Ministry of Corporate Affairs on 1st April, 2014. For the said provisions and new Sections, reference may be made to the said Table accordingly. It is further clarified that votes through postal ballot cannot be permitted through a proxy.
5. The Postal Ballot Form along with instructions for voting are also enclosed herewith ("Postal Ballot Form"). The Company has appointed Mr. Manish Ghia, Partner of M/s Manish Ghia & Associates, Practicing Company Secretaries, as Scrutinizer for conducting the Postal Ballot / e-voting process in a fair and transparent manner.
6. In accordance with Clause 35B of the Equity Listing Agreement entered into by the Company with BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on which the equity shares of the Company are listed, and the provisions of Section 110 of the Companies Act 2013 and applicable rules read with SEBI Circular bearing No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & CIR/CFD/DIL/8/2013 May 21, 2013 respectively, the Company is pleased to provide electronic voting ("e-voting") facility as an alternative to its Shareholders to enable them to cast their votes electronically.
7. For this purpose, the Company has entered into an agreement with Karvy Computershare Private Limited (Karvy) for facilitating e-voting to enable the Shareholders to cast their votes electronically instead of dispatching Postal Ballot Form. E-voting is optional.

The instructions for Shareholders for e-voting are as under:

(a) In case of Shareholders' receiving e-mail from Karvy:

- i) Open your e-mail. The login credentials (i.e., user-id & password) will be mentioned in the mail. Please note that the password is an initial password.
- ii) Launch internet browser by typing the following <https://evoting.karvy.com>
- iii) Put user ID and password as initial password noted in step (i) above. Click Login.
- iv) Members holding shares in Demat/ Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile number, email ID etc, on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- v) You need to log in again with the new credentials.
- vi) On successful login system will prompt to select the e-voting event number of Gitanjali Gems Limited.
- vii) If you are holding shares in Demat form and had logged on to "<https://evoting.karvy.com>" and casted your vote earlier for any company, then your existing login id and password are to be used.
- viii) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- ix) Once you have voted on the resolution, you will not be allowed to modify your vote.

- x) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail: scrutinizer@mgconsulting.in with a copy marked to evoting@karvy.com

(b) In case of Shareholders' receiving Postal Ballot Form by Post:

- i) Initial password is provided as below/at the bottom of the Postal Ballot Form

EVEN (E-Voting Event Number)	User ID	Password / PIN

- ii) Please follow all steps from Sl. No. (ii) to Sl. No. (ix) above, to cast vote if you wish to opt for e-voting.
- iii) Please contact toll free No. **1-800-34-54-001** for any further clarifications.
- iv) If you are already registered with Karvy Computershare Private Limited for e-voting then you can use your existing user ID and password for casting your vote.
8. In case of any queries/grievances on e-voting, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of Karvy's e-voting website <https://evoting.karvy.com>. or contact Ms. Pankhuri Warange, Company Secretary of the Company by writing at Gitanjali Gems Limited A-1, 7th Floor, Laxmi Towers, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 or through telephone at 022- 4035 4600/601 or through email at investors@gitanjaligroup.com.
9. Shareholders whose email id is registered with depositories are being sent Notice of Postal Ballot by e-mail and others are sent by courier along with Postal Ballot Form. Shareholders who have received Postal Ballot Notice by e-mail and who wish to vote through Physical Postal Ballot Form can download Postal Ballot Form from 'www.gitanjaligroup.com' or seek duplicate Postal Ballot Form from Karvy Computershare Pvt. Ltd., Registrar & Transfer Agent, unit: Gitanjali Gems Limited, Karvy Selenium Tower B, Plot No. 31 & 32 Financial District, Nanakramguda, Hyderabad: 500 032, fill in the details and send the same to the Scrutinizer.
10. Kindly note that the Shareholders can opt only one mode of voting, i.e., either by Physical Ballot or e-voting. If you are opting for e-voting, then do not vote by Physical Ballot also and vice versa. However, in case Shareholders cast their vote by Physical Ballot and e-voting, then voting done through e-voting shall prevail and voting done by postal ballot will be treated as invalid.
11. Shareholders desiring to exercise vote by Physical Postal Ballot are requested to carefully read the instructions printed in the Postal Ballot Form and return the Form duly completed and signed in the enclosed self addressed business reply envelope to the Scrutinizer. The postage cost will be borne by the Company. However, envelopes containing Postal Ballots, if sent by courier or registered/speed post at the expense of the Shareholders will also be accepted.
12. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on closing hours of Friday, September 4, 2015 (record date). Any person who is not a member as on record date should treat this notice for information purpose only.
13. The e-voting period commences from Wednesday, September 16, 2015 (10.00 am) and ends on Thursday, October 15, 2015 (6.00 pm).
14. The e-voting module shall be disabled by Karvy for voting thereafter and voting received after 6.00 P.M of October 15, 2015 will not be allowed and will be treated as invalid.
15. The Scrutinizer will submit his report to the Chairman of the Company or in his absence to any other Director authorized by the Chairman, after completion of the scrutiny. The results of the Postal Ballot and e-voting will be announced on Tuesday, October 20, 2015 at 3.00 P.M at the registered office of the Company at A-1, 7th Floor, Laxmi Tower, Bandra Kurla Complex, Bandra (E), Mumbai – 400051 and the resolutions will be taken as passed effectively on the last date of receipt of duly completed postal ballot forms/evoting i.e October 15, 2015 .Subsequently results will be published in at least one English and one Marathi newspaper circulating in Mumbai. The result of the Postal Ballot will also be displayed at <http://investors.gitanjaligroup.com/phoenix.zhtml?c=196729&p=irol-contact#> besides being communicated to BSE and NSE.

EXPLANATORY STATEMENT UNDER SECTION 102 AND 110 OF THE COMPANIES ACT, 2013**Item No 1**

1. In this statement, Gitanjali Gems Limited is hereinafter referred to as “the Company” or “GGL” or “transferee” and Gitanjali Exports Corporation Limited is hereinafter referred to as “GECL” or “transferor”. The other definitions contained in the Scheme would also apply to this Explanatory Statement.
2. A copy of the Scheme between GECL and GGL setting out in detail the terms and conditions of the amalgamation is attached to this Explanatory Statement.
3. The Board of Directors of the Company had approved the Scheme on April 21, 2015 subject to the approval of Stock Exchanges and Securities and Exchange Board of India (hereinafter referred to as “SEBI”). Subsequently, National Stock Exchange of India Limited and BSE Limited *vide* their letters dated July 31, 2015 and August 3, 2015 respectively accorded its ‘no objection’ to the Scheme.

4. BACKGROUND OF THE COMPANIES

- a. GECL is a public company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Office No. 1 , ‘A’ Wing, 7th Floor, Laxmi Tower, ‘G’ Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra, India. The Transferor Company is a wholly owned subsidiary of the Transferee Company i.e. GGL and is engaged in the business of sourcing rough diamonds and manufacturing and trading of diamond and jewellery.
- b. GGL is a public company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Office No. 1 , ‘A’ Wing, 7th Floor, Laxmi Tower, ‘G’ Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra, India. The Transferee Company is engaged in the business of diamond and jewellery manufacturing including cutting and polishing of diamonds. The Transferee Company is listed on the Bombay Stock Exchange and National Stock Exchange.

The object for which the Company is established are:

(A) MAIN OBJECT:

1. *“To set up and carry on the business of manufacturing, refining, preparing, cleaving, sawing, acquiring, buying, selling, disposing of, importing, exporting, supplying, distributing and dealing in cut and uncut gems, precious, semi-precious stones, boart, diamonds including industrial diamonds and pearls including cultured pearls, and precious metals and commission agent;*
2. *To set up and carry on the business of cleaving, sawing, cutting, assorting, polishing diamonds, gems, pearls and all kinds of precious and semi-precious stones and metals.*
- 2A. *To commence, establish, set up, carry on, conduct, manage and administer the business of manufacturing, buying, selling, importing, retailing through the Shops, Malls or Company’s own showrooms or by any methods of sale or display, exporting, refining, cleaning, polishing, preparing, acquiring, disposing off, supplying, distribution, ordering, regulation, controlling, classifying, allocating, trading, and dealing in jewellery whether branded or not and ornaments of all kinds of metal and/ or studded with diamonds, gems and pearls, including of metal and/or studded with diamonds, gems and pearls including cultured pearls and / or precious, semi-precious and synthetic stones.*
- 2B. *To carry on the business as recognized Export House / Trading House and of buying and selling import entitlements and to act as agents and / or commissions agents and / or distributors and / or job work contractors and/or indentors for or in respect of diamonds, pearls, corals, gems, rubbies and all kinds of precious and semi-precious emeralds, sapphires, synthetic stones, all kinds of jewellery and jewels and precious and semi-precious metals.*
- 2C. *To own, construct, take, on lease or in any other manner and to run, render technical advice in constructing, furnishing, running and management of retail business including departmental stores, direct to home and mail order catalogue for all category of products and services including but not limited to Jewellery and Ornament products whether in India or any other part of the world*
- 2D. *To carry on in India and abroad the business to manufacture, produce, design, develop, modify, build, encourage, refine, repair, process, prepare, fabricate, alter, dismantle, provide, exchange, remove, set, convert, finish, polish, cut, fit, trim, contract, sub-contract, supply, turn to account, let on hire, buy, sell, import, export, wholesale, retail and to act as dealer, agent, broker, adatia, job worker, contractor, vendor, collaborator, stockiest, distributor or otherwise to deal in all kinds of Lifestyle products and accessories like Jewellery, watches, clocks, leather products,*

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eyewear, perfume, cosmetics or similar products including but not limited to all kinds of & in all shapes, sizes, varieties, designs, applications, combinations and use of apparel, ornaments, gems, jewelries, toys of all kinds including porcelain, figurines, home décor products, car, goods, watches, clocks, cutleries, stationaries, fabrics, utensils, furniture, antiques, articles and things, other lifestyle products made from jewellery and leather, their parts, accessories, fittings, components, ingredients and materials thereof made partly or wholly of gold, silver, platinum or other precious metals and alloys thereof together with precious, semi-precious, imitation, synthetic, natural or other varieties of stones and materials whatsoever, all kinds of jewellery and jewels and precious and semi-precious metals.”

5. The Share Capital of the Company as on 31st March, 2015 is as under:

PARTICULARS	AMOUNT (₹)
Authorized Share Capital	
15,00,00,000 Equity Shares of ₹ 10 each	150,00,00,000
TOTAL	150,00,00,000
Issued, Subscribed and Paid-up Share Capital	
9,81,20,451 Equity Shares of ₹ 10 each fully paid up	98,12,04,510
TOTAL	98,12,04,510

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of GGL, there is no change in authorized, issued, subscribed and paid-up equity capital of GGL. The equity shares of GGL are listed on the BSE & NSE.

6. The Share Capital of GECL as on 31st March, 2015 is as under:

PARTICULARS	AMOUNT (₹)
Authorized Capital	
1,72,50,000 Equity Shares of ₹ 10 each	17,25,00,000
TOTAL	17,25,00,000
Issued, Subscribed and Paid-up Capital	
1,72,50,000 Equity Shares of ₹ 10 each fully paid up	17,25,00,000
TOTAL	17,25,00,000

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of GECL, there is no change in authorized, issued, subscribed and paid-up equity capital of GECL.

The entire issued, subscribed and paid-up equity share capital is held by GGL along with its nominee shareholders.

7. RATIONALE OF THE SCHEME OF AMALGAMATION

- The amalgamation of GECL with GGL is being proposed for the purpose of consolidation of business.
- The merger would result in reduction in overheads, administrative, managerial and other expenditure, operational rationalization, organizational efficiency, and optimal utilization of various resources.
- The merger would result in consolidation of managerial expertise of the companies involved thereby giving additional strength to the operations and management of the Transferee Company.

8. SALIENT FEATURES OF THE SCHEME ARE AS FOLLOWS:

- The Scheme envisages merger of GECL into the Company pursuant to section 391 to 394 read with section 78 (corresponding provisions u/s 52 of the Companies Act, 2013) and sections 100 to 103 and other applicable provisions of the Companies Act, 1956 (or corresponding provisions of the Companies Act, 2013 as may be notified) in the manner provided for in the Scheme.
- The Appointed Date of the Scheme is April 1, 2014.
- “Effective Date” means the last of the dates on which certified copies of the Orders of the High Court of Judicature at Bombay, or any other appropriate authority under Sections 391 to 394 of the Act sanctioning the Scheme are filed with the Registrar of Companies, Maharashtra. Any references in this Scheme to the date of “coming into effect of this Scheme” or upon the Scheme becoming effective” or “effectiveness of this Scheme” shall mean the Effective Date. The Scheme provides that it shall be effective from the Appointed Date and shall be operative from the Effective Date.

- d) Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Undertaking of the Transferor Company shall, pursuant to the sanction of this Scheme by the High Courts and pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing to be made, done or executed so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.
- e) The entire equity share capital of GECL is held by the Company. Accordingly, there would be no issue of shares or payment of any consideration by the Company to the shareholders of GECL.
- f) On the Scheme becoming effective, GECL and the Company shall respectively account for as set out in Clause 6 of the Scheme respectively.
- g) Accounting treatment in the books of GGL:
 - i) Transferee Company shall record all the assets and liabilities including reserves of Transferor Company, transferred to and vested in Transferee Company, at their book values.
 - ii) The Transferee Company shall record 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.
 - iii) Inter-corporate deposits / Investments / loans and advances outstanding between Transferor Company and Transferee Company (if any) shall stand cancelled and there shall be no further obligation / outstanding in that behalf.
 - iv) The Amount of Share Capital of Transferor Company and the value of investment held by Transferee Company in the Transferor Company shall be adjusted against each other and the difference if any shall be adjusted against the Capital Reserve Account of the Transferee Company and the balance if any shall be adjusted against the Securities Premium Account of the Transferee Company.
 - v) In case of any differences in accounting policy between Transferor Company and Transferee Company, the accounting policies followed by Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted against balance in Securities Premium Account, to ensure that the financial statements of Transferee Company reflect the financial position on the basis of consistent accounting policy.
 - vi) To the extent the balance in Securities Premium Account is adjusted as per clause 6.4 of the Scheme, there shall be reduction of Securities Premium Account which shall be effected as an integral part of the Scheme itself in accordance with the provisions of Section 52 of the Companies Act, 2013 and Sections 100 to 103 of the Companies Act, 1956 and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction of capital. The Utilization of Securities Premium Account 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 Companies Act 1956 will not be applicable.
- h) The Scheme is conditional upon and subject to:
 - i) The requisite consent, approval or permission of SEBI, concerned Stock Exchanges and any other statutory or regulatory authority, which by law may be necessary for the implementation of this Scheme;
 - ii) Approval of the Scheme by the requisite majority of the respective shareholders and / or creditors of GGL as required under the Act and as may be directed by the High Court. Further, as per guidelines issued by SEBI, as amended and updated from time to time, GGL will provide for e-voting by public shareholders through postal ballot and that the Scheme shall be acted upon only if the votes cast by public shareholders in favor of the Scheme are more than the number of votes cast by public shareholders against it;
 - iii) Sanctions and Orders under the provisions of the Act being obtained by GECL and GGL from the High Court;
 - iv) Certified copies of the orders of the High Court, sanctioning the Scheme being filed with the Registrar of Companies, Maharashtra at Mumbai.

Members are requested to read the entire text of the Scheme to get fully acquainted with the provisions thereof. The aforesaid are only the extracts containing salient features thereof.

9. The names of directors of GGL and GECL and their current shareholding is as follows:

Sr. No	Name of Director	Number of shares held	
		In Transferee Company (GGL)	In Transferor Company (GECL)
A	Directors of Transferee Company		
1	Mr. Mehul Choksi	3,03,43,018	10*
2	Mr. Dhanesh Sheth	0	0
3	Mr. Nehal Modi	0	0
4	Mr. S. Krishnan	0	0
5	Ms. Nazura Ajaney	0	0
6	Mr. Vinod Juneja (Alternate Director to Mr. Nehal Modi)	150	0
B	Directors of Transferor Company		
1	Mr. Mehul Choksi	3,03,43,018	10*
2	Mr. Dhanesh Sheth	0	0
3	Mr. Sudhir Mehta	2392	10*
4	Mr. Dinesh Bhatia	89	0
5	Ms. Lata Saraiya	0	0

*As nominee of Gitanjali Gems Limited

10. The pre and post amalgamation shareholding pattern of GECL is as under:

Sr. No.	Name of the Shareholders	No. of Shares	Shares as a % of Total no. of shares	No. of Shares	Shares as a % of Total no. of shares
		Pre-amalgamation		Post-amalgamation	
1	Gitanjali Gems Limited	1,72,49,940	100.00	Not Applicable	
2	Individuals – 6 Nos. (as Nominees of Gitanjali Gems Limited)	60	0.00		
	Total	1,72,50,000	100.00		

11. The Scheme of Amalgamation was approved by the Audit Committee and the Board of Directors of the Company at their respective meetings on April 21, 2015 and by the Board of Directors of GECL on April 21, 2015.
12. GGL is a listed company and GECL is an unlisted company. The shares of GGL are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). GGL has duly filed the Scheme with the said Stock Exchanges pursuant to the provisions of the Listing Agreements. NSE and BSE by their respective Observation Letters dated July 31, 2015 and August 3, 2015 respectively have given their 'no-objection' to the Scheme pursuant to the SEBI Circulars dated 4th February, 2013 and 21st May, 2013. Copies of the Observation Letters of NSE and BSE, copy of fairness opinion and copy of 'Nil' Complaints Report filed by the Company with the Stock Exchanges in terms of the said SEBI Circular are open for inspection.
13. The Board of Directors of the Company passed a resolution on April 21, 2015 by which it was resolved that the Scheme placed before the Board be submitted to the Hon'ble High Court after obtaining the approval of SEBI.
14. The rights and interests of the creditors of the Company will not be prejudicially affected by the Scheme. There is no likelihood that any creditor of the Company would lose or be prejudiced as a result of the Scheme being passed, as the Company, post the Scheme will be able to meet its liabilities as they arise in the ordinary course of business.
15. No investigation proceedings have been instituted or are pending under Sections 235 to 251 of the Companies Act, 1956 (or any corresponding provisions of the Companies Act, 2013 as may be notified) in respect of the Company and GECL.
16. The Directors of the Company, Key Managerial Personnel or their relatives may be deemed to be concerned and / or interested in the Scheme to the extent of their shareholding in the Company, if any.
17. GGL will seek dispensation for filing an application / petition with the jurisdictional High Court to obtain an approval of the scheme.

A copy of the Scheme of Amalgamation and this Explanatory Statement and Postal Ballot Form can also be obtained from the Registered Office of the Company. The Board of Directors of the Company recommend resolution for approval of shareholders.

By Order of the Board
For Gitanjali Gems Limited

Place : Mumbai
Date : August 14, 2015

Pankhuri Warange
Company Secretary

**SCHEME OF AMALGAMATION
OF
GITANJALI EXPORTS CORPORATION LIMITED
WITH
GITANJALI GEMS LIMITED
AND**

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

**UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT, 1956 READ WITH SECTION 52 OF THE COMPANIES ACT, 2013
AND SECTIONS 100 TO 103 OF THE COMPANIES ACT, 1956**

A. Preamble

This Scheme provides for the amalgamation of Gitanjali Exports Corporation Limited (hereinafter referred to as “GECL” or “Transferor Company”) with Gitanjali Gems Limited (hereinafter referred to as “GGL” or “Transferee Company”) pursuant to Sections 391 to 394 of the Companies Act, 1956 read with Section 52 of the Companies Act, 2013 and Sections 100 to 103 of the Companies Act, 1956 and any corresponding provisions of the Companies Act, 2013 upon their notifications (including any statutory modifications or re-enactments thereof for the time being in force).

B. Description of Companies

- 1) Gitanjali Exports Corporation Limited (“GECL” or “Transferor Company”) is a public company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Office No. 1 , ‘A’ Wing, 7th Floor, Laxmi Tower, ‘G’ Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra, India. The Transferor Company is a wholly owned subsidiary of the Transferee Company and is engaged in the business of sourcing rough diamonds and manufacturing and trading of diamond and jewellery.
- 2) Gitanjali Gems Limited (“GGL” or “Transferee Company”) is a public company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Office No. 1 , ‘A’ Wing, 7th Floor, Laxmi Tower, ‘G’ Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra, India. The Transferee Company is engaged in the business of diamond and jewellery manufacturing including cutting and polishing of diamonds. The Transferee Company is listed on the Bombay Stock Exchange and National Stock Exchange.

C. Rationale for the Scheme of Amalgamation

- a) The amalgamation of GECL with GGL is being proposed for the purpose of consolidation of business.
- b) The merger would result in reduction in overheads, administrative, managerial and other expenditure, operational rationalization, organizational efficiency, and optimal utilization of various resources.
- c) The merger would result in consolidation of managerial expertise of the companies involved thereby giving additional strength to the operations and management of the Transferee Company.

D. Parts of the Scheme

- a) **Part I** deals with definitions of the terms used in this Scheme of Amalgamation and sets out the share capital of the Transferor Company and the Transferee Company;
- b) **Part II** deals with the transfer and vesting of the Undertaking (as hereinafter defined) of the Transferor Company to and in the Transferee Company;
- c) **Part III** deals with the Consideration and cancellation of equity shares held by Transferee Company in the Transferor Company;
- d) **Part IV** deals with the accounting treatment for the amalgamation in the books of the Transferee Company;
- e) **Part V & VI** deals with the dissolution of the Transferor Company and the general terms and conditions applicable to this Scheme of Amalgamation and other matters consequential and integrally connected thereto.

PART – I

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

- 1.1 “**Act**” means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force, including the Companies Act, 2013 and provisions thereof as are notified and applicable from time to time and shall include any statutory modifications, re-enactment or amendments thereof;
- 1.2 “**Appointed Date**” means opening of business on April 1, 2014 or such other date as may be agreed between the Transferor Company and the Transferee Company and approved by the High Court;

- 1.3 **“Board of Directors”** in relation to the Transferor Company and the Transferee Company, as the case may be, means the Board of Directors of such company and, unless it is repugnant to the context, includes a duly authorised committee of directors;
- 1.4 **“Bombay High Court” or “High Court” or “Court”** means the High Court of Judicature at Bombay and shall include, if applicable, the National Company Law Tribunal as applicable or such other forum or authority as may be vested with the powers of a High Court under sections 391 to 394 of the Act;
- 1.5 **“Effective Date”** means the last of the dates on which certified copies of the Orders of the High Court of Judicature at Bombay, or any other appropriate authority under sections 391 to 394 of the Act sanctioning the Scheme are filed with the Registrar of Companies, Maharashtra. Any references in this Scheme to the date of **“coming into effect of this Scheme”** or **upon the Scheme becoming effective”** or **“effectiveness of this Scheme”** shall mean the Effective Date;
- 1.6 **“Employees”** mean all the permanent employees of the Transferor Company employed in the Transferor Company as on the Effective Date;
- 1.7 **“Liabilities”** shall have the meaning set forth in Clause 4.3;
- 1.8 **“MAT”** means Minimum Alternate Tax;
- 1.9 **“Scheme”** or **“Scheme of Amalgamation”** or **“the Scheme”** or **“this Scheme”** means this Scheme of Amalgamation in its present form submitted to the High Court or any other appropriate authority or with any modification(s) made under Clause 17 of this Scheme;
- 1.10 **“SEBI”** means Securities and Exchange Board of India;
- 1.11 **“Transferee Company”** or **“GGL”** means Gitanjali Gems Limited, a public limited company incorporated under the Act, and having its registered office at Office No. 1 , ‘A’ Wing, 7th Floor, Laxmi Tower, ‘G’ Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra, India;
- 1.12 **“Transferor Company”** or **“GECL”** means Gitanjali Exports Corporation Limited, a public limited company incorporated under the Act, and having its registered office at Office No. 1 , ‘A’ Wing, 7th Floor, Laxmi Tower, ‘G’ Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051, Maharashtra, India;
- 1.13 **“Undertaking”** means the whole of the undertaking and entire business of the Transferor Company as a going concern, all its assets, rights, licenses and powers, and all its debts, outstanding, liabilities, duties, obligations and employees including, but not limited to, the following:
- a) All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) of the Transferor Company, whether situated in India or abroad, including, without being limited to, manufacturing facilities, land (whether leasehold or freehold), processing plants, plant and machinery, equipment, buildings and structures, offices, residential and other premises, stock-in-trade, packing material, raw materials, capital work in progress, sundry debtors, furniture, fixtures, office equipment, appliances, accessories, power lines, depots, deposits, all stocks, stocks of fuel, assets, investments of all kinds (including share application money, shares, scrip’s, stocks, bonds, debenture stocks, units or pass through certificates in domestic or overseas entities and including shares or other securities held by the Transferor Company in its subsidiaries), cash balances or deposits with banks, loans, advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by the Transferor Company, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other assets, intangible assets (including but not limited to software), trade and service names and marks, brands, patents, copyrights, licenses, marketing authorisations, approvals, marketing tangibles, and other intellectual property rights of any nature whatsoever and wheresoever situated, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interests, refunds, other benefits (including indemnities given for the benefit of the Transferor Company and tax benefits), assets held by or relating to any Transferor Company employee benefit plan, export incentives accrued, derivative instruments, forward contracts, insurance claims receivable, tax holiday benefit, incentives, credits (including tax credits), MAT, MAT credit, income tax losses (unabsorbed allowance), rights, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad;

- b) All agreements, rights, contracts, entitlements, licenses, assignments, permits, permissions, incentives, approvals, registrations, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges and claims as to any patents, brands, trademarks, licenses, marketing authorisations, approvals, marketing tangibles, designs, quotas, rights, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Transferor Company business activities and operations;
- c) All liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised;
- d) All intellectual property rights, engineering and process information, and approvals, records, files, papers, computer programmes, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents, whether in physical or electronic form and whether owned by, licensed to or assigned to the Transferor Company, relating to the Transferor Company business activities and operations whether in India or abroad;
- e) All other obligations of whatsoever kind, including liabilities of the Transferor Company with regard to their employees, or the employees of any of their subsidiaries, with respect to the payment of gratuity, pension benefits and the provident fund or other compensation or benefits, if any, whether in the event of resignation, death, voluntary retirement or retrenchment or otherwise; and
- f) All permanent employees engaged by the Transferor Company as on the Effective Date.

All terms and words not defined but used in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, other applicable laws, rules, regulations and byelaws, as the case may be, or any statutory amendment(s) or re-enactment thereof, for the time being in force.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court of Judicature at Bombay and/or any other appropriate authority made as per Clause 17 of the Scheme, shall be effective from the Appointed Date but shall be operative from the Effective Date.

3. SHARE CAPITAL

- 3.1. The share capital of GECL as on 31 December, 2014 is as under:

Particulars	Amount (In Rupees)
Authorized Capital	
1,72,50,000 Equity Shares of ₹ 10 each	17,25,00,000
	17,25,00,000
Issued, Subscribed and Paid-up	
1,72,50,000 Equity Shares of ₹ 10 each fully paid up	17,25,00,000
	17,25,00,000

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of GECL, there is no change in authorized, issued, subscribed and paid-up equity capital of GECL.

The entire issued, subscribed and paid-up equity share capital is held by GGL along with its nominee shareholders.

- 3.2. The share capital of GGL as on 31 December, 2014 is as under:

Particulars	Amount (In Rupees)
Authorized Capital	
15,00,00,000 Equity Shares of ₹ 10 each	150,00,00,000
	150,00,00,000
Issued, Subscribed and Paid-up	
9,81,20,451 Equity Shares of ₹ 10 each fully paid up	98,12,04,510
	98,12,04,510

Subsequent to the above date and till the date of the Scheme being approved by the Board of Directors of GGL, there is no change in authorized, issued, subscribed and paid-up equity capital of GGL. The equity shares of GGL are listed on the BSE & NSE.

PART – II

TRANSFER AND VESTING OF THE UNDERTAKING

4. TRANSFER AND VESTING OF UNDERTAKING**4.1. Generally:**

Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Undertaking of the Transferor Company shall, pursuant to the sanction of this Scheme by the High Court and pursuant to the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, as a going concern without any further act, instrument, deed, matter or thing to be made, done or executed so as to become, as and from the Appointed Date, the undertaking of the Transferee Company by virtue of and in the manner provided in this Scheme.

4.2. Transfer of Assets:

- 4.2.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the Undertaking of whatsoever nature and wheresoever situated shall, under the provisions of Sections 391 to 394 of the Act and all other provisions of applicable law, if any, without any further act or deed, be and stand transferred to and vested in and be deemed to have been 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, claims, title, interest and authorities of the Transferee Company.
- 4.2.2. The immovable properties belonging to the Transferor Company shall, without any further act, instrument or deed, be transferred to and stand vested in and / or be deemed to be transferred to and vested in the Transferee Company pursuant to the provision of Sections 391 to 394 of the Act.
- 4.2.3. In respect of such of the assets and properties of the Transferor Company as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same may be so transferred by the Transferor Company upon the coming into effect of the Scheme, and shall become the assets and property of the Transferee Company with effect from the Appointed Date pursuant, to the provisions of Sections 391 to 394 of the Act and all other provisions of applicable Law, if any.
- 4.2.4. In respect of such of the assets and properties belonging to the Transferor Company including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any governmental authority, quasi government, local or other authority or body or with any company or other person, other than those referred to in Clause 4.2.1 above, the same shall, as more particularly provided in Clause 4.2.2 and 4.2.3 above, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company upon the coming into effect of the Scheme and with effect from the Appointed Date, pursuant to the provisions of Sections 391 to 394 of the Act and all other provisions of applicable Law, if any.
- 4.2.5. All assets, rights, title, interest, investments and properties of the Transferor Company and any assets, right, title, interest, investments and properties acquired by the Transferor Company after the Appointed Date but prior to the Effective Date shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to the provisions of Section 391 to 394 of the Act and all other provisions of applicable law, if any.
- 4.2.6. All the consents licenses, permits, entitlements, quotas, approvals, permissions, registrations, marketing authorisations, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, refunds, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to either of the Transferor Company, whether on, before or after the Appointed Date, including income tax and other tax benefits and exemptions shall, under the provisions of Section 391 to 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in and/or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become the consents, licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.
- 4.2.7. Upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to the provisions of Section 391 to 394 of the Act and all other provisions of applicable Law, if any, the Transferee Company will be entitled to all the trade and service names and marks, brands, patents, copyrights, licenses, marketing authorisations, approvals and marketing tangibles of the Transferor Company including registered and unregistered trademarks along with all rights of commercial nature including those attached to goodwill, title, interest, labels and brands registrations, copyrights, trademarks and all such other industrial or intellectual rights of whatsoever nature, and the Transferee Company may take such actions as may be necessary and permissible to get the same transferred and /or registered in the name of the Transferee Company.

4.3. **Transfer of Liabilities:**

- 4.3.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date all liabilities relating to and comprised in the Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations (herein referred to as the “**Liabilities**”), shall, pursuant to the sanction of this Scheme by the High Courts and under the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.
- 4.3.2. All debts, loans raised, liabilities, duties and obligations of the Transferor Company as on the Appointed Date, whether or not provided in the books of the Transferor Company, and all debts, loans raised, liabilities, duties and obligations incurred or which arise or accrue to the Transferor Company on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, liabilities, duties and obligations incurred by the Transferee Company by virtue of this Scheme.
- 4.3.3. Where any such debts, loans raised, liabilities, duties and obligations of the Transferor Company as on or arising after the Appointed Date have been discharged or satisfied by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.
- 4.3.4. All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Transferor Company in the ordinary course of its business after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 391 to 394 of the Act, without any further act, instrument or deed be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- 4.3.5. Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall, *ipso facto*, stand discharged and come to an end on the Effective Date and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.

4.4. **Encumbrances**

- 4.4.1. The transfer and vesting of the assets comprised in the Undertaking to and in the Transferee Company under Clauses 4.1 and 4.2 of this Scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.
- 4.4.2. All the existing Encumbrances, as on the Appointed Date and created by the Transferor Company after the Appointed Date, over the assets comprised in the Undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or pertain to Liabilities of the Transferor Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company.
- 4.4.3. The existing Encumbrances over the other assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties transferred to and vested in the Transferee Company by virtue of the Scheme.
- 4.4.4. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Transferor Company and the Transferee Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- 4.4.5. Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of this Scheme.
- 4.4.6. It is expressly provided that, save as mentioned in this Clause 4.3, no other term or condition of the liabilities transferred to the Transferee Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

4.4.7. Subject to the necessary consents being obtained, if required, in accordance with the terms of this Scheme, the provisions of this Clause 4.4 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.

4.5. Inter - se Transactions:

Without prejudice to the provisions of Clauses 4.1, 4.2, 4.3 and 4.4, as on the Effective Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions of the Transferee Company for all purposes from the Appointed Date.

PART III

CONSIDERATION AND CANCELLATION OF EQUITY SHARES HELD BY TRANSFEE COMPANY IN THE TRANSFEROR COMPANY

5 NO ISSUE OF SHARES BY THE TRANSFEE COMPANY

- 5.1 For the purposes of this Scheme, it is hereby clarified that the Transferor Company is a wholly owned subsidiary of the Transferee Company and therefore there would be no issue of shares by the Transferee Company to the Shareholders of the Transferor Company in this regard.
- 5.2 Upon the Scheme becoming effective, in consideration of the transfer and vesting of the Undertaking of the Transferor Company in the Transferee Company in terms of this Scheme, the entire paid up share capital in the Transferor Company is fully held by the Transferee Company and/or its nominee(s) on the Effective Date shall be extinguished and shall stand extinguished and all such equity shares of the Transferor Company held by the Transferee Company either in its own name or in the name of its nominee(s) shall be cancelled and shall be deemed to be cancelled on the Effective Date without any further application, act or deed.
- 5.3 The Transferee Company shall not receive any payment or other consideration pursuant to the cancellation of the shares of the Transferor Company.

PART IV

6 ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEE COMPANY

On this Scheme becoming effective, Transferee company shall follow the method of accounting as prescribed under pooling of interest method referred to in Accounting Standard 14 – (AS 14) issued by the Institute of Chartered Accountants of India as notified by the Companies (Accounting Standards) Rules, 2006 as under:

- 6.1 Transferee Company shall record all the assets and liabilities including reserves of Transferor Company, transferred to and vested in Transferee Company, at their book values.
- 6.2 The Transferee Company shall record 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.
- 6.3 Inter-corporate deposits / Investments / loans and advances outstanding between Transferor Company and Transferee Company (if any) shall stand cancelled and there shall be no further obligation / outstanding in that behalf.
- 6.4 The Amount of Share Capital of Transferor Company and the value of investment held by Transferee Company in the Transferor Company shall be adjusted against each other and the difference if any shall be adjusted against the Capital Reserve Account of the Transferee Company and the balance if any shall be adjusted against the Securities Premium Account of the Transferee Company.
- 6.5 In case of any differences in accounting policy between Transferor Company and Transferee Company, the accounting policies followed by Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted against balance in Securities Premium Account, to ensure that the financial statements of Transferee Company reflect the financial position on the basis of consistent accounting policy.
- 6.6 To the extent the balance in Securities Premium Account is adjusted as per clause 6.4 above, there shall be reduction of Securities Premium Account which shall be effected as an integral part of the Scheme itself in accordance with the provisions of Section 52 of the Companies Act, 2013 and Sections 100 to 103 of the Companies Act, 1956 and the Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction of capital. The Utilization of Securities Premium Account 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 Act will not be applicable.

PART – V

GENERAL CLAUSES, TERMS AND CONDITIONS

7 REORGANISATION OF AUTHORISED SHARE CAPITAL

Upon the Scheme being effective the authorised share capital of the Transferee Company consisting of ₹ 150,00,00,000/- (Rupees One Hundred and Fifty Crores) comprising of 15,00,00,000 (Fifteen Crores) equity shares of ₹ 10 each shall automatically stand increased by the authorised share capital of GECL amounting to ₹ 17,25,00,000 (Rupees Seventeen

Crores Twenty Five Lacs) comprising of 1,72,50,000 (One Crore Seventy Two Lacs Fifty Thousand) equity shares of ₹ 10 each without any further act or deed on the part of the Transferee Company including payment of stamp duty and Registrar of Companies ('ROC') fees. Further, the authorised share capital of the Transferee Company shall be reclassified as under:

Particulars	Amount (In Rupees)
Authorized Capital	
16,72,50,000 Equity Shares of ₹ 10 each	167,25,00,000
	167,25,00,000

The Memorandum of Association and Articles of Association of the Transferee Company (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 13, 14 and 61 of Companies Act, 2013 and Section 394 of Companies Act, 1956 and applicable provisions of the Act would be required to be separately passed. The Transferee Company will file necessary forms with concerned Registrar of Companies for increasing/ reclassification of Authorised Share Capital.

8 CONDUCT OF BUSINESS

As and from the Appointed date of this Scheme till the Effective Date:

- 8.1 The Transferor Company shall carry on and be deemed to have carried on their respective businesses and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the entire business and undertakings or the appropriate part thereof for and on account of and in trust for the Transferee Company.
- 8.2 The Transferor Company shall carry on their respective businesses with reasonable diligence and in the same manner as it had been doing hitherto, and the Transferor Company shall not alter or expand their respective businesses except with the concurrence of the Transferee Company in writing.
- 8.3 The Transferor Company shall not vary or alter, except in the ordinary course of business and as may be required for reorganization, the terms and conditions of employment of any of its employees.
- 8.4 All the profits or income accruing or arising to the Transferor Company or expenditure or losses arising or incurred or suffered by the Transferor Company pertaining to the business and undertaking of the Transferor Company shall for all purposes be treated and be deemed to be and accrue as the income or profits or losses or expenditure as the case may be of the Transferee Company.
- 8.5 It is clarified that there would be no accrual of income or expense on account of any transactions, including inter-alia any transactions in the nature of sale or transfer of any goods or services between the Transferor Company and Transferee Company, during the period between the Appointed Date and the Effective Date.
- 8.6 The Transferee Company shall be entitled, pending the sanction 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 sanctions which the Transferee Company may require to carry on the business of the Transferor Company.

9 STAFF, WORKMEN & EMPLOYEES

- 9.1 On the Scheme becoming effective, all staff, workmen and employees of the Transferor Company in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company shall not be less favorable than those applicable to them with reference to the Transferor Company on the Effective Date. The Transferee Company further agrees that for the purpose of payment of any retirement benefit/ compensation, such immediate uninterrupted past services with the Transferor Company shall also be taken into account.
- 9.2 The services of all such employees with the Transferor Company prior to the transfer, as aforesaid, shall be taken into account for the purposes of all benefits to which the said employees may be eligible, including in relation to the level of remuneration and contractual and statutory benefits, incentive plans, terminal benefits, gratuity plans, provident plans, superannuation plans and any other retirement benefits and accordingly, shall be reckoned therefore from the date of their respective appointment in the Transferor Company.
- 9.3 It is expressly provided that, on the Scheme becoming effective, the Provident Fund, Gratuity Fund, Superannuation Fund or any other Special Fund or Trusts created or existing for the benefit of the staff, workmen and employees of the Transferor Company shall be transferred to and shall get consolidated with the corresponding funds of the Transferee Company. The Transferee Company shall have the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds / EPFO, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Company in relation to such Fund or Funds shall become those of the Transferee Company. It is clarified that the services of the staff, workmen and employees of the Transferor Company will be treated as having been continuous for the purpose of the said Fund or Funds. Until such time that the Transferee Company creates/arranges for its own funds, the Transferee Company may, subject to necessary approvals and permissions if any, continue to make contributions

pertaining to the employees of the Transferor Company to the relevant fund of the Transferor Company. Such contributions and other balances pertaining to the employees of the Transferor Company shall be transferred to the funds created by the Transferee Company on creation of relevant funds/arrangements by the Transferee Company.

10 LEGAL PROCEEDINGS

- 10.1 If any suit, appeal or other proceeding of whatever nature by or against the Transferor Company is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, as the case may be, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.
- 10.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against the Transferor Company, the Transferee Company shall be made party thereto and any payment and expenses made thereto shall be the liability of the Transferee Company.

11 CONTRACTS, DEEDS, ETC.

- 11.1 Subject to the other provisions of the Scheme, all contracts, including contracts for tenancies and licenses, deeds, bonds, agreements and other instruments of whatsoever nature to which the Transferor Company are party, or the benefit to which the Transferor Company may be eligible, subsisting or operative immediately on or before the Effective Date, shall be in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectively as if instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto.
- 11.2 The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmation or enter into any tripartite agreement, confirmations or novations, to which the Transferor Company as the case may be will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if so required or becomes necessary. Further, the Transferee Company shall be deemed to be authorised 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.

12 SAVING OF CONCLUDED TRANSACTIONS

- 12.1 The transfer of the entire business and the undertaking of the Transferor Company to the Transferee Company and the continuance of all contracts or proceedings by or against the Transferor Company shall not affect any contracts or proceedings already concluded by the Transferor Company on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds, matters and things done and/or executed by the Transferor Company in regard thereto as having been done or executed on behalf of the Transferee Company.

13 DISSOLUTION WITHOUT WINDING UP

- 13.1 On the Scheme becoming effective, the Transferor Company shall stand dissolved without being wound up.

14 POST SCHEME CONDUCT OF OPERATION

- 14.1 Even after the Scheme becomes effective, the Transferee Company shall be entitled to operate all Bank Accounts of the Transferor Company and realize all monies and complete and enforce all pending contracts and transactions in respect of the Transferor Company in the name of the Transferee Company in so far as may be necessary until such time that the names of the bank accounts of the Transferor Company are replaced with that of the Transferee Company.

15 TREATMENT OF TAXES

- 15.1 Any tax liabilities under the Income-tax Act, 1961, Wealth Tax Act, 1957, Central Excise and Customs Laws, Value Added Tax Laws, Service Tax, Stamp Duty Laws as amended from time to time or other applicable laws/ regulations (hereinafter in this Clause referred to as "Tax Laws") dealing with taxes/ duties/ levies allocable or related to the business 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 Transferee Company.
- 15.2 All taxes (including income tax, excise duty, customs duty, sales tax, service tax, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business on and from the Appointed Date, shall be on account of the Transferee Company and, in so far as it relates to the tax payment (including without limitation income tax, excise duty, customs duty, sales tax, service tax, VAT, etc.), whether by way of MAT credit entitlement, deduction at source, advance tax, deferred tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of the business on and from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company, and, shall, in all proceedings, be dealt with accordingly.
- 15.3 Any refund under the Tax Laws received by / due to the Transferor Company consequent to the assessments made on Transferor Company subsequent to the Appointed Date and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 15.4 Upon the Scheme becoming effective, the Transferee Company is expressly permitted to revise its Sale Tax Returns, Excise and Modvat / Cenvat Returns, other tax returns, and to claim refunds/credits, pursuant to the provisions of this Scheme. Upon the Scheme becoming effective, the Transferee Company is also expressly permitted to revise its income-tax returns and to

claim refunds, advance tax and withholding tax credits, as the case may be, pursuant to the provisions of this Scheme. The Transferee Company shall be entitled to carry forward and set off the brought forward losses or depreciation as admissible under the provisions of the Income - tax Act, 1961 including section 72A to the extent applicable of the Transferor Company from the taxable profits of the Transferee Company with effect from the Appointed date.

- 15.5 Without prejudice to the generality of the above, all benefits including under the income tax, excise duty, customs duty, sales tax, service tax, VAT, etc., to which the Transferor Company are entitled to in terms of the applicable Tax Laws of the Union and State Governments, shall be available to and vest in the Transferee Company.
- 15.6 The Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961; such modification to not affect other parts of the Scheme.

PART VI

OTHER TERMS AND CONDITIONS

16 APPLICATION TO THE HIGH COURT

- 16.1 The Transferor Company shall, with all reasonable dispatch, make application to the High Court under whose jurisdiction the registered office of the Company is situated, for sanctioning this Scheme under Sections 391 to 394 and applicable provisions of the Act and for dissolution of the Transferor Company without being wound up. The Transferee Company shall, if required by Court, apply to the Court for necessary orders or directions for holding meetings of the members of the Transferee Company for sanctioning this Scheme of Amalgamation under Section 391 of the Act or for dispensing the holding of such meetings and orders under Section 394 of the Act, for carrying this Scheme into effect.

17 MODIFICATIONS/AMENDMENTS TO THE SCHEME

- 17.1 The Transferor Company and the Transferee Company by their respective Board of Directors may make and/or consent to any modifications/ amendments to the Scheme or to any conditions or limitations that the Court or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors). The Transferor Company and the Transferee Company by their respective Board of Directors shall be authorised 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 order of any other authority or otherwise however arising out of or under or by virtue of the Scheme and/or any matter concerned or connected therewith. The power of the board to modify / amend the Scheme shall be subject to the approval of the High Court.

18 CONDITIONALITY OF THE SCHEME

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

- 18.1 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 as may be directed by the High Court.
- 18.2 The sanction of the High Court under Sections 391 to 394 of the said Act in favour of the Transferor Company and the Transferee Company under the said provisions and to the necessary Order under Section 394 of the said Act being obtained and the same being filed with the Registrar of Companies.
- 18.3 Approval and agreement by the public shareholders of the Transferee Company through resolution passed through postal ballot and e-voting (after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution), and that the votes cast by public shareholders in favor of the proposal are more than the number of votes cast by public shareholders against it in accordance with the SEBI Circular no. CIR/CFD/DIL/5/2013 issued on February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 issued on May 21, 2013 subject to modification, if any, in accordance with any subsequent circulars and amendment that may be issued by SEBI from time to time.

19 EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

- 19.1 In the event of any of the said sanctions and approvals referred to in Clause 18 above not being obtained and / or the Scheme not being sanctioned by the High Courts or such other competent authority as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect, 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.

20 COSTS, CHARGES & EXPENSES

- 20.1 All costs, charges, taxes including duties, levies and all other expenses, if any, of the Transferor Company and the Transferee Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by the Transferee Company.

GITANJALI

GG/GGL/S/2015/223

June 02, 2015

Department of Corporate Services
BSE Limited
P.J. Towers, Dalal Street
Mumbai - 400 001

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex
Bandra (E), Mumbai - 400051

Dear Sir,

Sub : Complaints Report pursuant to the application under clause 24(f) of the Listing Agreement

Ref : Scheme of Amalgamation of Gitanjali Exports Corporation Limited, a wholly owned subsidiary with the Gitanjali Gems Limited and their respective shareholders and creditors

In continuation to our application under Clause 24(f) for the Scheme of Amalgamation of Gitanjali Exports Corporation Limited, a wholly owned subsidiary with the Gitanjali Gems Limited and their respective shareholders and creditors and pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013, please find enclosed herewith "Complaints Report."

In accordance with Clause 5.15 of the SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013, we do hereby confirm that we have not received any complaints.

The Complaints Report will also be uploaded on the Website of the Company, i.e. www.gitanjaligroup.com as per the requirement of the said Circular.

Kindly take the same on your records.

Thanking You.

Yours truly,

For Gitanjali Gems Limited


(Pankhuri Warange)
Company Secretary

Gitanjali Gems Limited

Registered Office: A-1, 7th Floor, Laxmi Towers, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, India

T: 022 40354600 / 01 F: 40354602 • www.gitanjaligroup.com

CIN No - L36911MH1986PLC040689

Complaints Report

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	NIL
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total No. of complaints /comments received (1+2)	NIL
4.	Number of complaints resolved	NIL
5.	Number of complaints pending	NIL

Part B

Sr. No.	Name of complaint	Date of complaint	Status (Resolved /Pending)
1.	Not Applicable	Not Applicable	Not Applicable

For Gitanjali Gems Limited



(Pankhuri Warange)
Company Secretary

Date : June 02, 2015

Place: Mumbai

Ref: NSE/LIST/36157

July 31, 2015

The Company Secretary
Gitanjali Gems Limited
A-1,7th Floor, Laxmi Tower
Bandra Kurla Complex
Bandra (E)
Mumbai -4000051.

Kind Attn.: Ms. Pankhuri Warange

Dear Madam,

Sub: Observation letter for draft Scheme of Amalgamation of Gitanjali Exports Corporation Limited with Gitanjali Gems Limited and their respective shareholders and creditors.

This has reference to draft Scheme of Amalgamation of Gitanjali Exports Corporation Limited with Gitanjali Gems Limited and their respective shareholders and creditors submitted to NSE vide your letter dated May 06, 2015.

Based on our letter reference no Ref: NSE/LIST/31489 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013, SEBI has vide letter dated July 23, 2015 and July 30, 2015, has given following comments on the draft Composite Scheme of Amalgamation:

1. "The Company to ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange viz. is displayed from the date of receipt of this letter on the websites of the listed Company."
2. "The Company shall duly comply with various provisions of the Circulars."

We hereby convey our 'No-objection' with limited reference to those matters having a bearing on listing/delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Company to file the Scheme with Hon'ble High Court.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from July 31, 2015, within which the Scheme shall be submitted to the Hon'ble High Court. Further pursuant to the above cited SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, you shall submit to NSE the following:



- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme.
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013.

Yours faithfully,
For National Stock Exchange of India Limited

Kamlesh Patel
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL
http://www.nseindia.com/corporates/content/further_issues.htm

The Company Secretary,
Gitanjali Gems Limited.
Office No.1, A-Wing,
7th Floor, Laxmi Tower,
Bandra-Kurla Complex,
Bandra (E), Mumbai- 400 051,
Maharashtra.

Sub: Observation letter regarding the Draft Scheme of Arrangement between Gitanjali Gems Limited and Gitanjali Exports Corporation Limited.

We are in receipt of Draft Scheme of Arrangement between Gitanjali Gems Limited and Gitanjali Exports Corporation Limited.

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI vide its letter dated July 23, 2015 and July 30, 2015 has inter alia given the following comment(s) on the draft scheme of arrangement:

- **Company to ensure that additional information, if any, submitted by the company after filling the scheme with the stock exchange viz, is displayed from the date of receipt of this letter on the website of the listed company.**
- **Company shall duly comply with various provisions of the Circulars.**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information (as stated aforesaid) along with various documents are disseminated on their (company) website.
- The Company shall duly comply with provisions of Circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble High Court.

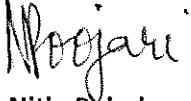
Further, pursuant to the above SEBI circulars, upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Copy of the observation letter issued by all the Stock Exchanges where Company is listed.
- e. Status of compliance with the Observation Letter/s of the stock exchanges;
- f. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable;
- g. Complaints Report as per Annexure II of this Circular.
- h. Any other document/disclosure as informed by the Exchange.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,



Nitin Pujari
Manager



Lalit Phatak
Asst. Manager