

SCHEME OF AMALGAMATION

BETWEEN

SHASUN PHARMACEUTICALS LIMITED ... TRANSFEROR COMPANY

AND

STRIDES ARCOLAB LIMITED ... TRANSFEREE COMPANY

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PART I - GENERAL

A. Description of Companies

- I. Shasun Pharmaceuticals Limited (“**Shasun**” or the “**Transferor Company**” as more particularly defined hereunder) is a company incorporated under the provisions of the Act (as defined hereinafter) and having its registered office at Chennai. The Corporate Identification Number of the Transferor Company is L24117TN1976PLC007122. The equity shares of the Transferor Company are listed on the Stock Exchanges (as defined hereinafter). The Transferor Company develops, manufactures and sells generic pharmaceutical products and active pharmaceutical ingredients within and outside India. It is also engaged in the contract research and manufacturing services business, which provides chemistry and analytical services within and outside India, and offers formulation, development and manufacturing services for solid dosage products to pharmaceutical customers. In addition, the company is involved in research and development services, manufacturing, sales, marketing and distribution of recombinant biopharmaceutical products (both drug substance and drug product) in any form. It exports its products to North America, Europe, Asia, and Latin America.
- II. Strides Arcolab Limited (“**Strides**” or the “**Transferee Company**” as more particularly defined hereunder) is a company incorporated under the provisions of the Act and having its registered office at Navi Mumbai. The Corporate Identification number of the Transferee Company is L24230MH1990PLC057062. The Transferee Company is a global pharmaceutical company with business interests in pharma generics, branded generics and biogenerics and offers soft gel capsules, hard gel capsules, liquid-filled hard gel capsules, tablets, ointments, creams, sachets, liquids and syrups. The company develops generic pharmaceutical products in therapeutic segments, such as immunosuppressants, anti-virals, antibiotics and complex vitamins. In addition, it supplies drugs to global agencies in the anti-retroviral and anti-malarial segments. The company sells its products in North America, Europe, Africa, Australia, South-East Asia, Latin America and India.

B. Rationale for the Scheme

This Scheme of Amalgamation provides for the amalgamation of the Transferor Company with the Transferee Company pursuant to Sections 391 to 394 and other relevant provisions of the Act.

The amalgamation of the Transferor Company with the Transferee Company would *inter alia* result in the following benefits:

- (i) The amalgamation will create a vertically integrated pharma company of scale with a strong presence in front ended regulated market finished dosage formulations, emerging markets branded generics, institutional business, active pharmaceutical ingredients and contract research and manufacturing services;
- (ii) The amalgamation will significantly enhance the finished dosage formulations portfolio in niche and complex domains with a pipeline of over 100 (one hundred) products and accelerate product filings with a combined research and development strength of over 400 (four hundred) personnel;
- (iii) The amalgamation will significantly de-risk operations with the combined entity having 12 (twelve) manufacturing facilities, including 3 (three) finished dosage formulations manufacturing facilities approved by the US Food and Drug Administration, 2 (two) active pharmaceutical ingredients manufacturing facilities approved by the US Food and Drug Administration, 1 (one) contract research and manufacturing services facility approved by the US Food and Drug Administration and 6 (six) manufacturing facilities catering to the emerging markets;
- (iv) The amalgamated entity will leverage the Transferor Company's best in class active pharmaceutical ingredients manufacturing capacities and shift focus towards niche active pharmaceutical ingredients aligned with the portfolio and pipeline for finished dosage formulations;
- (v) The amalgamation will create significant synergistic opportunities in operations and cost savings through economies of scale; and
- (vi) The amalgamated entity will be amongst the top 15 (fifteen) listed Indian pharma companies by revenue with increased scale and visibility to drive future growth.

In view of the aforesaid, the Board of Directors of the Transferor Company as well as the Board of Directors of the Transferee Company have considered and proposed the amalgamation of the entire undertaking and business of the Transferor Company with the Transferee Company in order to benefit the stakeholders of both companies. Accordingly, the Board of Directors of both the companies have formulated this Scheme of Amalgamation for the transfer and vesting of the entire undertaking and business of the Transferor Company with and into the Transferee Company pursuant to the provisions of Section 391 to Section 394 and other relevant provisions of the Act.

C. Parts of the Scheme

This Scheme of Amalgamation is divided into the following parts:

- (i) **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;
- (ii) **Part II** deals with the transfer and vesting of the Undertaking (as hereinafter defined) of the Transferor Company to and in the Transferee Company;
- (iii) **Part III** deals with the issue of new equity shares by the Transferee Company to the equity shareholders of the Transferor Company and the treatment of convertible instruments;
- (iv) **Part IV** deals with the accounting treatment for the amalgamation in the books of the Transferee Company and dividends;
- (v) **Part V** 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.

The amalgamation of the Transferor Company with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income Tax Act, 1961. If any terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of Section 2(1B) of the Income Tax Act, 1961, including as a result of an amendment of law or for any other reason whatsoever, the Scheme shall stand modified to the extent determined necessary to comply with Section 2(1B) of the Income Tax Act, 1961. Such modification shall, however, not affect the other parts of the Scheme.

PART I – DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

“**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;

“**Appointed Date**” means opening of business on April 1, 2015 or such other date as may be agreed between the Transferor Company and the Transferee Company and approved by the High Courts;

“**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;

“**Bombay High Court**” means the High Court of Judicature at Bombay and shall include, if applicable, the National Company Law Tribunal as applicable or such other forum or authority as may be vested with the powers of a High Court under Sections 391 to 394 of the Act;

“**BSE**” means the BSE Limited;

“**CCI**” means the Competition Commission of India;

“**Effective Date**” means 8 (eight) business days from the last of the dates on which the conditions and matters referred to in Clause 18 hereof occur or have been fulfilled or waived; References in this Scheme to the date of “**coming into effect of this Scheme**” or “**effectiveness of this Scheme**” shall mean the Effective Date;

“**Eligible Employees**” mean all permanent employees of the Transferor Company holding stock options under the Shasun ESOP Scheme as on the Effective Date;

“**Employee Benefit Funds**” means the existing provident fund, gratuity fund and pension and/or superannuation fund or trusts or retirement funds or benefits created by the Transferor Company or any other special funds created or existing for the benefit of the concerned permanent employees of the Transferor Company;

“**Encumbrance**” or to “**Encumber**” means: (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable law; (ii) a contract to give or refrain from giving any of the foregoing; (iii) any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any person; and (iv) any adverse claim as to title, possession or use;

“**FIPB**” means the Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India;

“**Governmental Authority**” means any national, state, provincial, local or similar government, governmental, statutory, regulatory or administrative authority, government department, agency, commission, board, branch, tribunal or court or other entity in any jurisdiction authorized to make Laws, rules, regulations, standards, requirements, procedures or to pass directions or orders having the force of Law, or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of Law, or any stock exchange of India or any other country;

“**High Courts**” collectively mean the Bombay High Court and the Madras High Court;

“**Law**” means any statute, law, regulation, ordinance, rule, judgment, notification, rule of common law, order, decree, bye-law, approval, directive, guideline, requirement or other governmental restriction, or any similar form of decision of, or determination by, or any interpretation, policy or administration, having the force of law of any of the foregoing, by any Governmental Authority having jurisdiction over the matter in question;

“**Liabilities**” shall have the meaning set forth in Clause 4.3;

“**Long Stop Date**” shall have the meaning set forth in Clause 19;

“**Madras High Court**” means the High Court of Judicature at Madras 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;

“**MAT**” means Minimum Alternate Tax;

“**New Equity Shares**” shall have the meaning set forth in Clause 9.2 of this Scheme;

“**New Strides Options**” means stock options issued under the Transferee Company New ESOP Scheme to the Shasun Employees, upon the effectiveness of the Scheme;

“**NSE**” means the National Stock Exchange of India Limited;

“**RBI**” means the Reserve Bank of India;

“**Record Date**” means the date to be fixed by the Board of Directors of the Transferee Company for determining names of the equity shareholders of the Transferor Company, who shall be entitled to shares of the Transferee Company upon coming into effect of this Scheme as specified under Clause 9.2 of this Scheme;

“**Scheme**” or “**Scheme of Amalgamation**” means this Scheme of Amalgamation as submitted to the respective High Courts together with any modification(s) approved or directed by the High Courts;

“**SEBI**” means the Securities and Exchange Board of India;

“**Securities Act**” means the United States Securities Act of 1933, as amended;

“**Share Exchange Ratio**” means the ratio in which equity shares of the Transferee Company are to be issued and allotted to the shareholders of the Transferor Company pursuant to the Scheme;

“**Shasun Employees**” mean all the permanent employees of the Transferor Company employed in the Transferor Company as on the Effective Date;

“**Shasun ESOP Scheme**” means the Shasun Pharmaceuticals Limited Employee Stock Option Plan, 2012;

“**Shasun Options**” shall have the meaning set forth in Clause 2.1;

“**Stock Exchanges**” means the BSE and the NSE;

“**Strides Options 2011**” shall have the meaning set forth in Clause 2.2;

“**Transferee Company**” or “**Strides**” means Strides Arcolab Limited, a public limited company incorporated under the Act, and having its registered office at 201, Devavrata Sector - 17, Vashi, Navi Mumbai - 400703, Maharashtra, India;

“**Transferee Company ESOP 2006 Scheme**” means the Strides Arcolab ESOP – 2006 created by the Transferee Company for its employees and the employees of its subsidiaries;

“**Transferee Company ESOP 2008 Directors Scheme**” means the Strides Arcolab ESOP – 2008 (Directors) created by the Transferee Company for the Directors of the Transferee Company;

“**Transferee Company ESOP 2008 Scheme**” means the Strides Arcolab ESOP – 2008 created by the Transferee Company for its employees and the employees of its subsidiaries;

“**Transferee Company ESOP 2011 Scheme**” means the Strides Arcolab ESOP – 2011 created by the Transferee Company for its employees and the employees of its subsidiaries;

“**Transferee Company ESOP Schemes**” means the Transferee Company ESOP 2006 Scheme, Transferee Company ESOP 2008 Scheme, Transferee Company ESOP 2008 Directors Scheme and Transferee Company ESOP 2011 Scheme;

“**Transferee Company New ESOP Scheme**” means the new employee stock option scheme to be created by the Transferee Company *inter alia* for the purpose of granting stock options of the Transferee Company to the Eligible Employees pursuant to the Scheme;

“**Transferee Company New Warrants**” shall have the meaning set forth in Clause 9.4;

“**Transferor Company**” or “**Shasun**” means Shasun Pharmaceuticals Limited, a public limited company incorporated under the Act, and having its registered office at the “Batra Centre” No. 28, Sardar Patel Road, Guindy, Chennai - 600032, Tamil Nadu, India;

“**Transferor Company Warrants**” shall have the meaning set forth in Clause 2.1;

“**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, outstandings, 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, laboratories, 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, formulations, tablets, capsules, vials, ointments, active pharmaceutical ingredients and drugs intermediaries, 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, scrips, 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 situate, 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), minimum alternative tax credit entitlement tax losses, rights, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate 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's 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.
- 1.2. All capitalized terms 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, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and 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.
- 1.3. References to "Schedules", "Clauses", "Sections" and "Parts", unless otherwise stated, are references to schedules, clauses, Sections and parts of this Scheme.
- 1.4. The headings herein shall not affect the construction of this Scheme.
- 1.5. The singular shall include the plural and vice versa; and references to one gender include all genders.
- 1.6. Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed without limitation.
- 1.7. References to a person shall include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).

2. SHARE CAPITAL

2.1. Transferor Company:

- (i) The share capital structure of the Transferor Company as on September 29, 2014 is as follows:

Authorized Share Capital	Rupees
<u>Equity</u> 7,50,00,000 equity shares of Rs. 2/- each	Rs. 15,00,00,000
<u>Preference</u> 10,00,000 redeemable preference shares of Rs. 100/- (Rupees Hundred Only) each	Rs. 10,00,00,000
Total	Rs. 25,00,00,000
Issued, Subscribed and Paid-up Share Capital	Rupees
<u>Equity</u> 60,123,852 equity shares of Rs 2/- each fully paid up	Rs. 12,02,47,704

- (ii) The Transferor Company has issued 71,00,000 (Seventy One Lakh) convertible warrants at a price of Rs. 110/- (Rupees One Hundred and Ten) per warrant (“**Transferor Company Warrants**”) which, upon exercise, would entitle the holder thereof to 71,00,000 (Seventy One Lakhs) equity shares of Rs. 2/- each of the Transferor Company. The exercise of the Transferor Company Warrants by the holder thereof would result in an increase in the issued, subscribed and paid-up equity share capital of the Transferor Company.
- (iii) The Transferor Company has reserved 11,02,477 (Eleven Lakh Two Thousand Four Hundred Seventy Seven) stock options under the Shasun ESOP Scheme and granted 2,23,000 (Two Lakh Twenty Three Thousand) stock options to identified Shasun Employees at a price of Rs. 85.60/- (Rupees Eighty Five and Sixty Paise) on August 6, 2014 under the Shasun ESOP Scheme, which options will be vested over a period of five years at the rate of one-fifth of the options (i.e., 44,600 each year) with the first vesting date being one year from the date of grant of the option (i.e., August 5, 2015) (“**Shasun Options**”). The exercise of stock options before the Effective Date, under and in accordance with the Shasun ESOP Scheme, would result in an increase in the issued, subscribed and paid-up equity share capital of the Transferor Company.
- (iv) The equity shares of the Transferor Company are listed on the Stock Exchanges.

2.2. Transferee Company:

- (i) The share capital structure of the Transferee Company as on September 29, 2014 is as follows:

Authorized Share Capital	Rupees
Equity Shares	89,75,00,000

8,97,50,000 equity shares of Rs. 10/- each	
Preference Shares 6,20,000 cumulative preference shares of Rs. 1,000/- each	62,00,00,000
Total	1,51,75,00,000
Issued, Subscribed and Paid-up Share Capital	Rupees
Equity Shares 5,95,65,621 equity shares of Rs. 10/- each	59,56,56,210

- (ii) The Transferee Company has reserved:
- (a) 10,00,000 (Ten Lakh) stock options for employees (as defined therein) under the Transferee Company ESOP 2006 Scheme. As on the date of filing this Scheme, no options under the Transferee Company ESOP 2006 Scheme are outstanding. Under the Transferee Company ESOP 2006 Scheme, an aggregate of 80,500 (Eighty Thousand Five Hundred) stock options are available for further grant;
 - (b) 15,00,000 (Fifteen Lakh) stock options for employees (as defined therein) under the Transferee Company ESOP 2008 Scheme. As on the date of filing this Scheme, no options under the Transferee Company ESOP 2008 Scheme are outstanding. Under the Transferee Company ESOP 2008 Scheme, an aggregate of 1,69,950 (One Lakh Sixty Nine Thousand Nine Hundred and Fifty) stock options are available for further grant;
 - (c) 5,00,000 (Five Lakh) stock options for directors of Strides under the Transferee Company ESOP 2008 Directors Scheme. As on the date of filing this Scheme, no options under the Transferee Company ESOP 2008 Directors Scheme are outstanding. Under the Transferee Company ESOP 2008 Directors Scheme, an aggregate of 1,90,000 (One Lakh Ninety Thousand) stock options are available for further grant;
 - (d) 15,00,000 (Fifteen Lakh) stock options under the Transferee Company ESOP 2011 Scheme for employees (as defined therein). The Transferee Company has granted 4,00,000 (Four Lakh) stock options to identified employees (as defined therein) at a price of Rs. 322.30/- (Rupees Three Hundred and Twenty Two and Thirty Paise) on February 7, 2014 under the Transferee Company ESOP 2011 Scheme with a total vesting period of 3 years (the percentage of vesting in the first year, (i.e. on February 7, 2015) will be 20% of the total stock options granted). However, consequent to resignation of one of the identified employees (as defined therein) 3,00,000 (Three Lakh) stock options are outstanding (such 3,00,000 (Three Lakh) options referred to as the “**Strides Options 2011**”). The Strides Options 2011 are outstanding as on the date of filing of the Scheme, and the exercise, if any, of the Strides Options 2011, under and in accordance with the Transferee Company ESOP 2011 Scheme, would result in an increase in the issued, subscribed and paid-up equity share capital of the Transferee Company.

- (e) The equity shares of the Transferee Company are listed on the Stock Exchanges.

3. DATE WHEN THE SCHEME COMES INTO OPERATION

The Scheme shall come into operation from the Appointed Date, but the same shall become effective on and from the Effective Date.

PART II – TRANSFER AND VESTING OF THE UNDERTAKING

4. TRANSFER 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 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.

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 situate shall, under the provisions of Section 391 to Section 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. Notwithstanding this Clause 4.2.1, the immovable properties of the Transferor Company as may be identified by the Transferor Company shall stand transferred to the Transferee Company by way of a separate conveyance without payment of any consideration.

4.2.2. 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 Section 391 to Section 394 of the Act and all other provisions of applicable Law, if any, without requiring any deed or instrument of conveyance for transfer of the same.

4.2.3. 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 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 Section 391 to Section 394 of the Act and all other provisions of applicable Law, if any.

4.2.4. 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 Section 394 of the Act and all other provisions of applicable law, if any.

4.2.5. 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 Section 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.

4.2.6. Upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to the provisions of Section 391 to Section 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. No Encumbrances shall have been created by the Transferor Company over its assets after September 29, 2014 without the prior written consent of the Board of Directors of the Transferee Company or except as mutually agreed to in writing between the Transferor Company and 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. Notwithstanding such transfer of all obligations in respect of the Liabilities, any guarantees or other security provided by the promoters of the Transferor Company in respect of any Liabilities of the Transferor Company and the obligations of the promoters of Transferor Company in relation thereto shall continue and shall not be transferred to the Transferee Company or its existing promoters upon the Effective Date.

4.4.6. It is expressly provided that, save as mentioned in this Clause 4.4, 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.

4.6. Transfer of Contracts, Deeds, Etc.

4.6.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

4.6.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Transferor Undertaking occurs by virtue of this Scheme itself, 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, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of Part III of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

4.6.3. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company in relation to the Transferor Undertaking shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall make applications to any governmental authority as may be necessary in this behalf.

5. LEGAL PROCEEDINGS

On and from the Appointed Date, all suits, actions, claims and legal proceedings by or against the Transferor Company pending and/or arising on or before the Effective Date shall be continued and/or enforced as desired by the Transferee Company and on and from the Effective Date, shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or pending and/or arising by or against the Transferee Company.

6. CONDUCT OF BUSINESS

6.1. With effect from the Appointed Date and up to and including the Effective Date:

6.1.1. The Transferor Company shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking on account of, and for the benefit of and in trust for, the Transferee Company.

6.1.2. All the profits or income accruing or arising to the Transferor Company, all cheques or payments made out to the name of the Transferor Company, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or income or as the case may be, expenditure or losses (including taxes) of the Transferee Company.

6.1.3. All taxes (including income tax, sales tax, MAT, excise duty, customs duty, service tax, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business before the Appointed Date, shall be on account of the Transferor Company and, insofar as it relates to the tax payment (including, without limitation, sales tax, excise duty, custom duty, income tax, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of its business after 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.

6.1.4. Any of the rights, powers, authorities and privileges attached or related or pertaining to and exercised by or available to the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of and as agent for the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Undertaking that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken or discharged for and on behalf of and as agent for the Transferee Company.

6.2. With effect from September 29, 2014 and up to and including the Effective Date:

6.2.1. The Transferor Company and the Transferee Company shall preserve and carry on their business and activities with reasonable diligence and business prudence and they shall not undertake any additional financial commitments or investments of any nature

whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for themselves or on behalf of their group companies or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with the Undertaking or any part thereof save and except in each case in the following circumstances:

- (i) if the same is in its ordinary course of business as carried on by it as on September 29, 2014; or
- (ii) if it relates to the sale of the shareholding of the Transferor Company in Alivira Animal Health Limited to the other shareholders of Alivira Animal Health Limited for a total consideration of not less than Rs. 75,00,00,000 (Rupees Seventy Five Crores); or
- (iii) if written consent of the Board of Directors of the Transferee Company has been obtained; or
- (iv) if mutually agreed between the Transferor Company and the Transferee Company in writing.

6.2.2. Without prejudice to the generality of Clause 6.2.1 above, neither the Transferor Company nor the Transferee Company shall take, enter into, perform or undertake, as applicable: (i) any material decision in relation to its business and affairs and operations; and (ii) any agreement or transaction, which is not in the ordinary course of business as carried on by it as on September 29, 2014, without the prior written consent of the Board of Directors of the other company or except as mutually agreed between the Transferor Company and the Transferee Company in writing.

6.2.3. Without prejudice to the generality of Clause 6.2.1 above, neither the Transferor Company nor the Transferee Company shall make any change in its capital structure, whether by way of increase (by issue of equity shares on a rights basis, bonus shares) decrease, reduction, reclassification, sub-division or consolidation, re-organisation, or in any other manner which may, in any way, affect the Share Exchange Ratio (as provided in Clause 9.2 below), except under any of the following circumstances:

- (i) by mutual consent of the respective Board of Directors of the Transferor Company and of the Transferee Company; or
- (ii) as may be expressly permitted under this Scheme; or
- (iii) pursuant to the exercise of the currently outstanding Shasun Options or the exercise of the currently outstanding Strides Options 2011 or the conversion of the Transferor Company Warrants; or
- (iv) if mutually agreed between the Transferor Company and the Transferee Company in writing.

7. EMPLOYEES

- 7.1. Upon the coming into effect of this Scheme, all Shasun Employees as on the Effective Date shall become the permanent employees of the Transferee Company, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Transferor Company and without any interruption of, or break in service as a result of the transfer of the Transferor Undertaking. The Transferee Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such Shasun Employees and such benefits to which the Shasun Employees are entitled in the Transferor Company shall also be taken into account, and the Transferor Company agrees and undertakes to pay the same as and when payable.
- 7.2. It is clarified that save as expressly provided for in this Scheme, the Shasun Employees who become the employees of the Transferee Company by virtue of this Scheme, shall be entitled to the employment policies and shall be entitled to avail of any schemes and benefits existing as on the Effective Date that may be applicable and available to any of the other employees of the Transferee Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the other employees of the Transferee Company), unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into or deemed to have been entered into by the Transferor Company with any employee or trade union of the Transferor Company.
- 7.3. Insofar as the provident fund, gratuity fund, trusts, retirement fund or benefits and any other funds or benefits created by the Transferor Company for the Shasun Employees or to which the Transferor Company is contributing for the benefit of the Shasun Employees and other such funds, trusts, the benefits of which the Shasun Employees enjoy (the “**Employee Benefit Funds**”) are concerned, all the contributions made to such Employee Benefit Funds for the benefit of the Shasun Employees and the investments made by the Employee Benefit Funds in relation to the Shasun Employees shall be transferred to the Transferee Company and shall be held for the benefit of the concerned Shasun Employees. In the event the Transferee Company has its own funds in respect of any of the Employee Benefit Funds, such contributions and investments shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, be transferred to the relevant funds of the Transferee Company and shall be held for the benefit of the concerned Shasun Employees.
- 7.4. In relation to those Shasun Employees for whom the Transferor Company is making contributions to the government provident fund, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Shasun Employees.

8. SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the Undertaking of the Transferor Company under Clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done

and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company in accordance with this Scheme.

PART III - ISSUE OF EQUITY SHARES BY TRANSFEE COMPANY

9. ISSUE OF EQUITY SHARES

9.1. The provisions of this Part III shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.

9.2. Issue of New Equity Shares by Transferee Company

9.2.1. Upon the effectiveness of the Scheme, in consideration of the transfer of and vesting of the Undertaking of the Transferor Company in the Transferee Company and in terms of the Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor Company (whose names are registered in the Register of Members of the Transferor Company on the Record Date, or his/her/its legal heirs, executors or administrators or, as the case may be, successors), equity shares of face value of Rs. 10/- (Rupees Ten) each credited as fully paid up of the Transferee Company in the ratio of 5 (five) equity shares of the face value of Rs. 10/- (Rupees Ten) each of the Transferee Company for every 16 (sixteen) equity shares of Rs. 2/- (Rupees Two) credited as fully paid-up (the “**Share Exchange Ratio**”) held on the Record Date by such equity shareholders or their respective legal heirs, executors or administrators or, as the case may be, successors in the Transferor Company (the “**New Equity Shares**”)

9.2.2. Where New Equity Shares are to be allotted to heirs, executors or administrators or as the case may be, to successors of deceased equity shareholders of the Transferor Company, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of the Transferee Company.

9.2.3. In the event of any increase in the issued, subscribed or paid up share capital of the Transferor Company or the Transferee Company or issuance of any instruments convertible into equity shares or restructuring of their respective equity share capital including by way of share split/ consolidation/ issue of bonus shares, free distribution of shares or instruments convertible into equity shares or other similar action in relation to the share capital of the Transferor Company or the Transferee Company at any time before the Record Date, the Share Exchange Ratio shall be adjusted appropriately to take into account the effect of such issuance or corporate actions and assuming conversion of any such issued instruments convertible into equity shares.

9.2.4. The New Equity Shares issued in terms of the Scheme shall, in compliance with the applicable regulations, be listed and admitted to trading on the NSE and BSE, where the equity shares of Transferee Company are listed and admitted to trading. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of such stock exchanges. The New

Equity Shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/trading are provided by the relevant stock exchanges.

9.2.5. Upon the New Equity Shares being issued and allotted to the shareholders of the Transferor Company, the shares held by the said members of the Transferor Company in the Transferor Company, whether in the physical form or in the dematerialized form, shall be deemed to have been automatically cancelled and be of no effect, without any further act, deed or instrument.

9.2.6. In so far as the New Equity Shares are concerned, the same will be distributed in dematerialized form to the equity shareholders of the Transferor Company, provided that all details relating to the account with the depository participant are available to the Transferee Company. All those equity shareholders who hold equity shares of the Transferor Company and do not provide their details relating to the account with the depository participant will be distributed New Equity Shares in the physical/ certificate form unless such details are communicated in writing by the shareholders on or before such date as may be determined by the board of the Transferee Company or committee thereof.

9.2.7. Upon the coming into effect of the Scheme, the New Equity Shares of the Transferee Company to be issued and allotted to the members of the Transferor Company as provided in the Scheme shall be subject to the provisions of the memorandum of association and articles of association of the Transferee Company and shall rank *pari passu* from the date of allotment in all respects with the existing equity shares of the Transferee Company including entitlement in respect of dividends. Provided however that the lock-in period, if any, as per applicable Law outstanding on the equity shares of the Transferor Company held by any of its shareholders shall continue to be applicable on the New Equity Shares held by such shareholder for the remainder of the period stipulated under applicable Law. The issue and allotment of the New Equity Shares by the Transferee Company to the members of the Transferor Company as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out pursuant to and in accordance with all provisions of the Act and other applicable Law which may otherwise have been applicable to the issue and allotment of the New Equity Shares.

9.2.8. No fractional certificates, entitlements or credits shall be issued or given by the Transferee Company in respect of the fractional entitlements, if any, to which the shareholders of the Transferor Company are entitled on the issue and allotment of equity shares by the Transferee Company in accordance with this Scheme. If any members of the Transferor Company have a shareholding such that such members become entitled to a fraction of a New Equity Share, the Board of Directors of the Transferee Company may:

- (i) consolidate all such fractional entitlements to which the shareholders of the Transferor Company may be entitled on issue and allotment of the New Equity Shares of the Transferee Company as aforesaid and shall, without any further application, act, instrument or deed, issue and allot such fractional entitlements directly to a nominee to be appointed by the Board of Directors of the Transferee Company, who shall hold such fractional entitlements with all additions or accretions thereto in trust for the benefit of the respective shareholders to whom

they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such fractional entitlements in the market at such price or prices and at such time or times as the nominee may in its sole discretion decide and on such sale pay to the Transferee Company the net sale proceeds thereof and any additions and accretions, whereupon the Transferee Company shall, subject to withholding tax and expenses, if any, distribute such sale proceeds to the concerned shareholders of the Transferor Company in proportion to their respective fractional entitlements; or

- (ii) adopt any other procedure as permitted under applicable Law to deal with such fractional entitlements.

9.3. ESOPs

9.3.1. Upon the effectiveness of the Scheme, the Transferee Company shall issue stock options (“**New Strides Options**”) to Shasun Employees holding Shasun Options (“**Eligible Employees**”) which shall entitle the Eligible Employees to purchase equity shares of the Transferee Company. The number of New Strides Options issued shall equal the product of the number of Shasun Options (whether vested or unvested) outstanding at the time of the effectiveness of the Scheme multiplied by the Share Exchange Ratio, with any fractional stock options rounded up to the next higher whole number of stock options. The terms and conditions applicable to the New Strides Option shall be no less favourable than those provided under the Shasun ESOP Scheme. Such New Shasun Options will be issued under a new employee stock option scheme created by the Transferee Company *inter alia* for the purpose of granting stock options to the Eligible Employees pursuant to the Scheme (“**Transferee Company New ESOP Scheme**”).

9.3.2. Each New Strides Option shall have an exercise price per equity share of the Transferee Company equal to the quotient of the Shasun Option exercise price per equity share of the Transferor Company divided by the Share Exchange Ratio (rounded up to the nearest higher whole cent).

9.3.3. The grant of stock options to the Eligible Employees pursuant to the provisions of this Scheme, including this Clause 9.3, shall be effected as an integral part of the Scheme and the consent of the shareholders of the Transferor Company and the Transferee Company to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the Shasun ESOP Scheme and the Transferee Company New ESOP Scheme, including without limitation, for the purposes of creating the Transferee Company New ESOP Scheme, modifying the Shasun ESOP Scheme and/ or the Transferee Company New ESOP Scheme, modifying the exercise price of the stock options under the Shasun ESOP Scheme and all related matters. No further approval of the shareholders of the Transferor Company or the Transferee Company would be required in this connection under any applicable Law, including the Act or the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

9.3.4. In relation to the New Strides Options granted by the Transferee Company to the Eligible Employees pursuant to this Scheme, in lieu of the Shasun Options granted to them under the Shasun ESOP Scheme, the period during which the Shasun Options

were held by or deemed to have been held by the Eligible Employees shall be taken into account for determining the minimum vesting period required under applicable law, the Shasun ESOP Scheme and the Transferee Company New ESOP Scheme.

9.3.5. Subject to applicable laws, the adjustments to the exercise price per option and option entitlement of the Eligible Employees proposed under this Clause shall be appropriately reflected in the accounts of the Transferee Company.

9.3.6. The Boards of Directors of the Transferor Company and the Transferee Company shall take such actions and execute such further documents as may be necessary or desirable for the purpose of giving effect to the provisions of this Clause 9.3 of the Scheme.

9.4. Transferor Company Warrants

9.4.1. Upon the effectiveness of the Scheme, the Transferee Company shall issue warrants convertible into equity shares of the Transferee Company (“**Transferee Company New Warrants**”) to the holders of the Transferor Company Warrants which are outstanding as on such date in accordance with the Share Exchange Ratio (i.e., 5 (five) Transferee Company New Warrants shall be issued for every 16 (sixteen) Transferor Company Warrants). The Transferee Company New Warrants shall have the same terms and conditions as applicable to the Transferor Company Warrants and each Transferee Company New Warrant shall be convertible into 1 (one) equity share of the Transferee Company. If the number of Transferee Company New Warrants to be issued pursuant to this clause is a fractional number, the same shall be rounded down to the previous lower whole number.

9.4.2. The initial upfront consideration price already paid by the Transferor Company Warrant holder on allotment of the Transferor Company Warrants by the Transferor Company, shall be adjusted against the Transferee Company New Warrants issued by the Transferee Company, and the holders of the Transferee Company New Warrants shall, at the time of allotment of equity shares by the Transferee Company pursuant to the conversion of the Transferee Company New Warrants to equity shares of the Transferee Company, be required to pay only the balance consideration that was required to be paid in respect of the conversion of the Transferor Company Warrants, as adjusted for any rounding down pursuant to Clause 9.4.1. The lock-in period, if any, which is outstanding on the Transferor Company Warrants as per applicable Law shall continue to be applicable for the remainder of the period in the Transferee Company with respect to the Transferee Company New Warrants.

9.5. Pending Share Transfers

9.5.1. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of Directors of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Transferor Company, after the effectiveness of this Scheme. The New Equity Shares to be issued by the Transferee Company pursuant to this Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the provisions of the Act or otherwise shall

pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Transferee Company.

9.5.2. The equity shares of the Transferee Company issued pursuant to this Scheme, including without limitation the New Equity Shares, shall not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) in reliance upon the exemption under Section 3(a)(10) of the Securities Act. The sanction of the High Courts to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the equity shares of the Transferee Company issued pursuant to this Scheme.

9.6. Obtaining of approvals

For the purpose of issue of the New Equity Shares to the shareholders of the Transferor Company, the Transferee Company shall, if and to the extent required, apply for and obtain the required statutory approvals and approvals of other concerned regulatory authorities for the issue and allotment by the Transferee Company of such New Equity Shares.

10. AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE TRANSFEREE COMPANY

10.1. Increase of Authorised Share Capital

10.1.1. As an integral part of Scheme, and, upon coming into effect of the Scheme, the authorized share capital of the Transferor Company, as on the Effective Date, shall be added to the authorized share capital of the Transferee Company, as on the Effective Date, and the preference share capital of the Transferee Company shall stand reclassified into the equity share capital of the Transferee Company, without any further act or deed and without any further payment of the stamp duty or the registration fees and Clause VI of the Memorandum of Association of the Transferee Company and Article 4 of the Articles of Association of the Transferee Company shall be altered accordingly.

(a) Clause VI of the Memorandum of Association of the Transferee Company shall, without any further act or deed, be substituted by the following clause:

“VI. The Authorized Share Capital of the Company is Rs. 176,75,00,000 divided into 17,67,50,000 Equity Shares of Rs. 10 with power to classify or reclassify, increase or reduce such capital from time to time and power to divide the shares in the capital for the time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with the power to divide the share capital for the time being into several classes and to attach thereto respectively preferential, qualified or special rights, privileges or conditions including as to voting and to vary, modify, or abrogate the same in such manner as may be permitted by the Act or as may for time to time being be provided for by these presents and the Articles of Association of the Company.”

- (b) Article 4 of the Articles of Association of the Transferee Company shall, without any further act or deed, be substituted by the following article:

“4. The Authorized Share Capital of the Company shall be as provided for in Clause VI of the Memorandum of Association of the Company.”

10.1.2. Pursuant to this Scheme, the Transferee Company shall file the requisite forms with the Registrar of Companies for alteration of its authorized share capital.

10.1.3. Under the accepted principle of single window clearance, it is hereby provided that the amendments pursuant to this Clause 10 shall become operative on the Scheme becoming effective by virtue of the fact that the shareholders of the Transferee Company, while approving the Scheme as a whole, have approved and accorded the relevant consents as required under the Act and shall not be required to pass separate resolutions as required under the Act. For this purpose, the filing fees and stamp duty already paid by the Transferor Company on its authorised share capital shall be utilized and applied to the increased share capital of the Transferee Company, and shall be deemed to have been so paid by the Transferee Company on such combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fees / stamp duty on the authorised share capital so increased.

PART IV - ACCOUNTING TREATMENT AND DIVIDENDS

11. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEEE COMPANY

11.1. Recognising that the amalgamation is to be considered as an “amalgamation in nature of merger” as defined by paragraph 29 of the Accounting Standard on “Accounting for Amalgamations” issued by the National Advisory Committee on Accounting Standards, (‘AS-14’), the accounting treatment in respect of assets, liabilities and reserves of the Transferor Company shall be governed, subject to the provisions of this paragraph, in accordance with what is described in AS-14 as “**the Pooling of Interests Method**”. Accordingly all the assets and liabilities of the Transferor Company shall be recorded at their respective book values in the books of the Transferee Company.

11.2. The Transferee Company shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Transferor Company pursuant to Clause 9.2 of the Scheme.

11.3. Any inter-company balances and inter-company investments between the Transferor Company and the Transferee Company as on the Effective date will stand cancelled and there shall be no further obligation / outstanding in that behalf.

11.4. As on the Appointed Date, the reserves, surplus and balance in profit & loss account of the Transferor Company will be merged with the respective reserves, surplus and balance in profit & loss account of the Transferee Company in the same form as they appeared in the financial statements of the Transferor Company.

- 11.5. An amount equal to the balance lying to the credit / debit of the Profit and Loss Account in the books of the Transferor Company shall be credited / debited by the Transferee Company to the balance of its Profit and Loss Account and shall constitute (or reduce, as the case may be) the Transferee Company's free reserves as effectively as if the same were created by the Transferee Company and credited by the Transferee Company out of its own earned and distributable profits.
- 11.6. The difference between the net Asset value of the Transferor Company (i.e., the book value of assets minus the book values of the liabilities and reserves of the Transferor Company as on the Appointed Date) and the value of equity share capital to be issued to the shareholders of the Transferor Company on amalgamation by the Transferee Company, if any, shall be credited by the Transferee Company to its reserves. In case the difference results in a debit, it shall be debited by the Transferee Company to its reserves.
- 11.7. In case of any difference in accounting policies of the Transferee Company and the Transferor Company, the impact of the same, till the Appointed Date will be quantified and the same shall be appropriately adjusted and reported in accordance with applicable accounting rules and principles so as to ensure that the financial statement of the Transferee Company reflects the financial position on the basis of consistent accounting policy.

12. DIVIDEND

- 12.1. From September 29, 2014 to the Effective Date, except as mutually agreed between the Transferor Company and the Transferee Company in writing or as required by applicable Law, neither the Transferor Company nor the Transferee Company shall be permitted to declare or pay dividends, whether interim or final, or make any other distributions payable in cash, stock, property or in any other manner, to its shareholders, except for dividends, which are paid in cash on dates and in amounts consistent with past practice on the equity shares of such company. The shareholders of the Transferor Company shall not be entitled to dividend, if any, declared and paid on or prior to the Effective Date by the Transferee Company to its shareholders for the accounting period prior to the Appointed Date.
- 12.2. It is clarified that the aforesaid provision in respect of declaration of dividends, whether interim or final, is an enabling provision only and shall not be deemed to confer any right on any member of the Transferor Company and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of Directors of the Transferee Company or the Board of Directors the Transferor Company, as the case may be, and subject, wherever necessary, to the approval of the shareholders of the Transferee Company or the Transferor Company, as the case may be.
- 12.3. Until the coming into effect of this Scheme, the holders of equity shares of the Transferor Company and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing respective rights under their respective Articles of Association.

PART V - DISSOLUTION OF TRANSFEROR COMPANY AND GENERAL TERMS AND CONDITIONS

13. DISSOLUTION OF TRANSFEROR COMPANY

On the coming into effect of this Scheme, the Transferor Company shall stand dissolved without winding-up, and the Board of Directors and any committees thereof of the Transferor Company shall without any further act, instrument or deed be and stand dissolved.

14. VALIDITY OF EXISTING RESOLUTIONS, ETC.

Upon the coming into effect of this Scheme the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.

15. MODIFICATIONS, AMENDMENTS TO THE SCHEME

15.1. If at any time the High Courts, the Stock Exchanges or any Governmental authority, including SEBI, suggests or requires material modifications or amendments to the Scheme, such material modifications or amendments shall not be binding on the Transferee Company and the Transferor Company except with their prior consent (which consent shall not be unreasonably withheld by any party); provided, however, that where any modification or amendment relates to severance or non-approval of any part of the Scheme, which part is capable of otherwise being lawfully performed in accordance with the mutual agreement in writing between the Transferor Company and Transferee Company, the Transferor Company and Transferee Company shall perform such part accordingly.

15.2. Subject to the foregoing, the Transferor Company and the Transferee Company (by any of their respective Directors) jointly:

- (a) may in their full and absolute discretion assent from time to time on behalf of all persons concerned to any modifications or amendments or addition to this Scheme or to any conditions or limitations which the High Court(s) or any authorities under Law may deem fit to approve of or impose and/or to resolve any doubt or difficulties that may arise for carrying out this Scheme and to do and execute all such acts, deeds, matters and things as may be necessary, desirable or proper for carrying the Scheme into effect;
- (b) are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect, and/or give such consents as may be required in terms of this Scheme;

- (c) for the purpose of giving effect to this Scheme or to any modifications or amendments thereof, may give and are authorised to give all such directions that are necessary or are desirable including directions for settling any doubts or difficulties that may arise;
- (d) May mutually agree to modify any of the terms of this Scheme in the future to settle any question or difficulties (including as to the meaning or interpretation of this Scheme) or to implement the provisions of this Scheme smoothly or in any matter whatsoever connected therewith, if such need arises, and for all purposes the Effective Date for such subsequent modified scheme shall be the same as specified in this Scheme; and
- (e) in their full and absolute discretion and by mutual agreement in writing, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time.

16. FILING OF APPLICATIONS

The Transferor Company and the Transferee Company shall with all reasonable despatch, make and file all applications and petitions under Sections 391 to 394 and other applicable provisions of the Act before the respective High Courts having jurisdiction for sanction of this Scheme under the provisions of Law, and shall apply for such approvals as may be required under Law.

17. APPROVALS

- 17.1. The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to any Governmental Authority, if required, under any Law for such consents and approvals which the Transferee Company may require to own the Undertaking and to carry on the business of the Transferor Company.
- 17.2. This Scheme shall be acted upon only if the votes cast by the public shareholders of each of the Transferor Company and the Transferee Company, respectively, in favour of the Scheme are more than the number of votes cast by the public shareholders of each of the Transferor Company and the Transferee Company, respectively, against it. The term “public shareholders” shall carry the same meaning as defined under Rule 2 of the Securities Contracts (Regulation) Rules, 1957 as amended from time to time.

18. SCHEME CONDITIONAL ON

- 18.1. The coming into effect of this Scheme is conditional upon and subject to:
 - (a) this Scheme being approved by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Transferor Company and the Transferee Company as required under the Act and Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 on “Scheme of Arrangement under the Companies Act, 1956 – Revised requirements for the Stock Exchanges and Listed Companies” read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013 issued by the Securities Exchange Board of India (collectively, “**SEBI Scheme Circulars**”) and the requisite orders of the High Courts being obtained;

It is hereby clarified that in terms of the SEBI Scheme Circulars, approval of the shareholders of the Transferor Company and the Transferee Company shall be obtained through postal ballot/e-voting after disclosure of all material facts in the explanatory statement in relation to such resolution and such resolution shall be acted upon only if the votes cast by public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.

- (b) the certified copies of the orders of the High Courts approving this Scheme being filed with the jurisdictional registrar of companies;
- (c) approval from the CCI shall have been granted or deemed to have been granted through the expiration of time periods available for the CCI's investigation provided under the Competition Commission of India (Procedure in regard to the transaction of business relating to combination) Regulation, 2011 as amended;
- (d) the Appointed Date having occurred;
- (e) post-sanction approval of the Securities and Exchange Board of India in terms of the SEBI Scheme Circulars being obtained, if applicable;
- (f) approval of the FIPB as required under applicable Law being obtained;
- (g) approval of the RBI for the transfer of all overseas investments and external commercial borrowings of the Transferor Company to the Transferee Company being obtained; and
- (h) any other approvals and sanctions from a Governmental Authority as may be required by Law in respect of the Scheme being obtained.

19. EFFECT OF NON-RECEIPT OF APPROVAL/SANCTION

In the event any of the conditions, sanctions and/or approvals referred to in the preceding Clause 18 above have not been satisfied or obtained, as the case may be, and/or the Scheme has not been sanctioned by the High Courts and/or the Order(s) has not been passed as aforesaid on or before September 30, 2015, or such other date as mutually agreed by the Transferee Company and the Transferor Company (“**Long Stop Date**”), either the Transferor Company or the Transferee Company may opt to terminate this Scheme. If either the Transferor Company or the Transferee Company opt to withdraw\terminate this Scheme, the Transferor Company and the Transferee Company shall jointly withdraw\ terminate the Scheme, and this Scheme shall stand revoked, cancelled and be of no effect, and in that event no rights and liabilities whatsoever shall accrue to or be incurred or claimed *inter se* by the parties or their shareholders or creditors or employees or any other person, except as may have been agreed by the Transferor Company and the Transferee Company. Provided however, that the right to terminate this Scheme shall not be available: (i) to the Transferor Company, if the Transferor Company's failure to fulfil any obligation mutually agreed with the Transferee Company shall have been the cause of, or shall have resulted in, the failure of the Effective Date to occur on or prior to the Long Stop Date; and (ii) to the Transferee Company, if the Transferee Company's failure to fulfil any obligation

mutually agreed with the Transferor Company shall have been the cause of, or shall have resulted in, the failure of the Effective Date to occur on or prior to the Long Stop Date.

20. TAXES / DUTIES / CESS ETC.

- 20.1. The Transferee Company will be the successor of the Transferor Company. The unutilized credits relating to excise duties paid on inputs lying to the account of Transferor Company as well as the unutilized credits relating to service tax paid on input services consumed by the Transferor Company shall be transferred to the Transferee Company automatically without any specific approval or permission as an integral part of the Scheme.
- 20.2. With effect from the Appointed Date, all income tax paid (including advance tax and self-assessment tax), income tax refund due or receivable, tax deducted at source, alternative minimum tax, MAT, wealth tax, carried forward losses, depreciation, capital losses, pending balances of amortizations, tax holiday benefits, incentives, credits (including tax credits), MAT credit entitlement, tax losses (if available) etc., under the Income Tax Act, 1961 in respect of any assessment and/or appeal, (whether as per books or as per the Income Tax Act, 1961) and any rights / refunds under Income Tax Act, 1961 including applications for rectification, appeals filed with tax authorities of the Transferor Company shall also pursuant to Section 394 or other provisions of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company and shall be treated as paid by the Transferee Company and it shall be entitled to claim credit, refund or adjustment for the same as may be applicable.
- 20.3. If any of the Transferor Company is entitled to any benefits under incentive schemes and policies, it is declared that the benefits under all such incentive schemes and policies shall be transferred to and vested in the Transferee Company. The Transferee Company shall be entitled to deduction of book losses or depreciation, whichever is lower, (if any) for the purpose of calculation of MAT for the Transferee Company.
- 20.4. Upon this Scheme being effective, the Transferee Company is expressly permitted to revise and file its income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / VAT returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc. if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

21. SEVERABILITY

If any part of this Scheme is found to be unenforceable or unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme

22. POST SCHEME CONDUCT OF OPERATIONS

Even after the Scheme becomes effective, the Transferee Company shall be entitled to operate all bank accounts of the Transferor Company and realise 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.

23. EXPENSES CONNECTED WITH THE SCHEME

If the amalgamation contemplated under this Scheme is successfully consummated, all costs, charges and expenses, including any taxes, stamp duties and registration fees of the Transferor Company and the Transferee Company respectively in relation to or in connection with or incidental to this Scheme and of carrying out and completing the terms of this Scheme shall be borne and paid by the Transferee Company, and the stamp duty on the orders of the High Courts, if any and to the extent applicable, shall also be borne and paid by the Transferee Company. If the amalgamation contemplated under this Scheme is not successfully consummated, the Transferor Company and the Transferee Company shall each bear their own costs, charges and expenses and any costs, charges and expenses incurred jointly by the Transferor Company and the Transferee Company shall be borne by each of them in the same proportion as the Share Exchange Ratio.