

**COMPOSITE SCHEME OF ARRANGEMENT**

**BETWEEN**

**STRIDES SHASUN LIMITED**

**AND**

**SEQUENT SCIENTIFIC LIMITED**

**AND**

**SOLARA ACTIVE PHARMA SCIENCES LIMITED**

## **PART A - GENERAL**

### **PREAMBLE**

This Composite Scheme of Arrangement (“**Scheme**” as more particularly defined hereunder) is presented under Sections 230 to 232 and other applicable provisions of the Act (as defined below) between Strides Shasun Limited (formerly Strides Arcolab Limited) (“**Strides**” or the “**Demerged Company 1**”) and Sequent Scientific Limited (“**Sequent**” or the “**Demerged Company 2**”) and Solara Active Pharma Sciences Limited (“**Solara**” or the “**Resulting Company**”) and their respective shareholders and creditors.

### **BACKGROUND**

- (a) Strides is a public limited company incorporated on 28 June 1990 under the provisions of the Companies Act, 1956, having its registered office at 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400 703, Maharashtra. Strides is a vertically integrated global pharmaceutical company headquartered in Bangalore. Strides has four business verticals, viz., regulated markets, emerging markets, institutional business and active pharmaceutical ingredients. Strides has a global manufacturing foot print spread across three continents and has three dedicated research and development facilities in India with global filing capabilities and a strong commercial footprint across 85 countries. The equity shares of Strides are listed on the BSE Limited and the National Stock Exchange of India Limited (collectively with BSE Limited, the “**Stock Exchanges**”).
- (b) Sequent is a public limited company incorporated on 28 June 1985 under the provisions of the Companies Act, 1956, having its registered office at 301, 3rd Floor, Dosti Pinnacle, Plot No.E7 Road No.22, Wagle Industrial Estate, Thane West - 400 604, Maharashtra. Sequent is an integrated pharmaceutical company with a global footprint, operating in the domains of animal health active pharmaceuticals ingredients and formulation, human active

pharmaceuticals ingredients, and analytical services. The equity shares of Sequent are listed on the Stock Exchanges.

- (c) Solara is a public limited company incorporated on 23 February 2017 under the provisions of the Act, having its registered office at 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400 703, Maharashtra. Solara has been incorporated with the object of, *inter alia*, undertaking the business of manufacturing, production, processing, formulating, sale, import, export, merchandising, distributing, trading of and dealing in active pharmaceutical ingredients. The entire issued and paid up share capital of Solara is held by Strides and its nominees.

### **RATIONALE**

This Scheme provides for transfer by way of a demerger of the Commodity API Business (as defined hereinafter) of Strides and the Human API Business (as defined hereinafter) of Sequent into Solara.

- The Commodity API Business and Human API Business, being “B2B” businesses, require a differentiated strategy and direction to grow and deliver value.
- Segregation of the Commodity API Business from the other core “B2C” businesses of Strides will allow concentrated focus by Solara management on the Commodity API Business and Strides management on its other core B2C businesses.
- Segregation of the Human API Business from the animal healthcare business of Sequent will allow concentrated focus by Solara management on the Human API Business and Sequent management on the animal healthcare business.
- The unbundling of Commodity API Business and Human API Business and consolidation into Solara will create an active pharmaceutical ingredients company in India with critical size, and is expected to unlock value by enabling

the business activities to be carried out with greater focus and specialization for sustained growth.

- The demergers are expected to enhance shareholder value for shareholders of both Strides and Sequent.

The Scheme is expected to be in the best interests of the shareholders, employees and the creditors of each of the Demerged Company 1, Demerged Company 2 and the Resulting Company.

In furtherance of the aforesaid, this Scheme provides for the following:

- (i) the transfer by way of a demerger of the Demerged Undertaking 1 (as defined hereinafter) of the Demerged Company 1 to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company 1 in accordance with the Share Entitlement Ratio 1 (as defined below) (“**First Demerger**”);
- (ii) the transfer by way of a demerger of the Demerged Undertaking 2 (as defined hereinafter) of the Demerged Company 2 to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company 2 in accordance with the Share Entitlement Ratio 2 (as defined below) (“**Second Demerger**”); and
- (iii) various other matters consequential or integrally connected therewith, including the reorganisation of the share capital of the Resulting Company;

pursuant to Sections 230 to 232 and other relevant provisions of the Act in the manner provided for in this Scheme and in compliance with the provisions of the Income Tax Act, 1961, including Section 2(19AA) thereof.

## **PARTS OF THE SCHEME**

The Scheme is divided into following parts:

1. **Part A** deals with background of the Companies, rationale and objective of the Scheme;
2. **Part B** deals with the Definitions, Interpretation and Share Capital;
3. **Part C** deals with demerger of the Demerged Undertaking 1 of Strides on a going concern basis into Solara;
4. **Part D** deals with demerger of the Demerged Undertaking 2 of Sequent on a going concern basis into Solara; and
5. **Part E** deals with the General Terms and Conditions applicable to the Scheme.

## **TREATMENT OF THE SCHEME FOR THE PURPOSES OF INCOME TAX ACT, 1961**

The demergers of the Demerged Undertaking 1 and the Demerged Undertaking 2 from Demerged Company 1 and Demerged Company 2 respectively into the Resulting Company pursuant to this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961, such that:

- (A) in relation to the First Demerger:
  - (i) all the properties of Demerged Company 1 forming part of the Demerged Undertaking 1 immediately before the First Demerger shall become the properties of the Resulting Company by virtue of the First Demerger;
  - (ii) all the liabilities of Demerged Company 1 forming part of the Demerged Undertaking 1 immediately before the First Demerger shall become the liabilities of the Resulting Company by virtue of the First Demerger;

- (iii) the properties and the liabilities relating to the Demerged Company 1 forming part of the Demerged Undertaking 1 shall be transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company 1 immediately before the First Demerger;
  - (iv) the Resulting Company shall issue, in consideration of the First Demerger, shares to the shareholders of the Demerged Company 1 in the Share Entitlement Ratio 1;
  - (v) all the shareholders of the Demerged Company 1 as on the Record Date shall become the shareholders of the Resulting Company by virtue of the First Demerger; and
  - (vi) the transfer of the Demerged Undertaking 1 shall be on a going concern basis.
- (B) In relation to the Second Demerger:
- (i) all the properties of the Demerged Company 2 forming part of the Demerged Undertaking 2 immediately before the Second Demerger shall become the properties of the Resulting Company by virtue of the Second Demerger;
  - (ii) all the liabilities relating to the Demerged Company 2 forming part of the Demerged Undertaking 2 immediately before the Second Demerger shall become the liabilities of the Resulting Company by virtue of the Second Demerger;
  - (iii) the properties and the liabilities relating to the Demerged Company 2 forming part of the Demerged Undertaking 2 shall be transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company 2 immediately before the Second Demerger;
  - (iv) the Resulting Company shall issue, in consideration of the Second Demerger, shares to the shareholders of the Demerged Company 2 in the Share Entitlement Ratio 2;

- (v) all the shareholders of the Demerged Company 2 as on the Record Date shall become the shareholders of the Resulting Company by virtue of the Second Demerger; and
- (vi) the transfer of the Demerged Undertaking 2 shall be on a going concern basis.

If any of the terms or provisions of the Scheme are found or interpreted to be inconsistent with the provisions of Section 2(19AA) of the Income Tax Act, 1961 at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of Section 2(19AA) of the Income Tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income Tax Act, 1961. Such modifications shall however not affect the other parts of the Scheme.

## **PART B - DEFINITIONS, INTERPRETATION AND SHARE CAPITAL**

### **1. DEFINITIONS**

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

- 1.1 “**Act**” means the Companies Act, 2013 and the Companies Act, 1956 (to the extent the same is in force and applicable), the rules and regulations made thereunder and shall include any statutory modification or re-enactment thereof for the time being in force;
- 1.2 “**Appointed Date**” means opening of business on 1 October 2017 or such other date as the NCLT may direct/ allow;
- 1.3 “**Applicable Law**” means any applicable statute, law, regulation, ordinance, rule, judgment, order, decree, clearance, approval, directive, guideline, requirement or any similar form of determination by or decision of any Appropriate Authority, that is binding or applicable to a Person, whether in effect as of the date on which this Scheme has been approved by the Board of the Companies or at any time thereafter;
- 1.4 “**Appropriate Authority**” means any national, state, provincial, local or similar governmental, statutory, regulatory, administrative authority, agency, commission, departmental or public body or authority, board, branch, tribunal or court or other entity authorized to make laws, rules, regulations, standards, requirements, procedures or to pass directions or orders, in each case 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 including the Registrar of Companies, Regional Director, Company Law Board, Competition Commission of India, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges, National Company



Law Tribunal, and such other sectoral regulators or authorities as may be applicable;

- 1.5 “**Board**” in respect of a Company means the board of directors of such Company in office at the relevant time, and, unless it is repugnant to the context, shall include a committee duly constituted and authorized thereby;
- 1.6 “**Companies**” shall mean Strides, Sequent and Solara, collectively, and “**Company**” shall mean any one of them as the context may require;
- 1.7 “**Commodity API Business**” means the business of manufacturing, marketing and distributing active pharmaceuticals ingredients undertaken by Strides;
- 1.8 “**Demerged Liabilities 1**” shall have the meaning set out in Clause 5.9;
- 1.9 “**Demerged Liabilities 2**” shall have the meaning set out in Clause 16.9;
- 1.10 “**Demerged Undertaking 1**” means all the businesses, undertakings, activities, operations and properties, of whatsoever nature and kind and wheresoever situated, forming part of the Commodity API Business as a going concern, including but not limited to, the following:
- (a) all immovable properties and rights thereto i.e. land together with the buildings and structures standing thereon (whether freehold, leasehold (including properties leased from SIPCOT at Cuddalore), leave and licensed, right of way, tenancies or otherwise) including roads, drains and culverts, bunk house, civil works, foundations for civil works, buildings, warehouses, offices, etc., which immovable properties form part of the Commodity API Business and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest, benefits and interests of rental agreements for lease or licence or other rights to use of premises, in connection with the said immovable properties;

- (b) all assets, as are movable in nature forming part of the Commodity API Business, whether present or future or contingent, tangible or intangible, in possession or not, corporeal or incorporeal, in each case, wherever situated (including plant and machinery, capital work in progress, furniture, fixtures, fixed assets, computers, air conditioners, appliances, accessories, office equipment, communication facilities, installations, vehicles, inventories, stock in trade, stores and spares, packing material, raw material, formulation, tablets, capsules, active pharmaceutical ingredients, drug intermediaries, tools and plants), actionable claims, earnest monies and sundry debtors, prepaid expenses, bills of exchange, promissory notes, financial assets, investment and shares in entities/ branches undertaking the active pharmaceutical ingredients business in India or overseas outstanding loans and advances, recoverable in cash or in kind or for value to be received, receivables, funds, cash and bank balances and deposits including accrued interest thereto with Government, semi-Government, local and other authorities and bodies, banks, customers and other persons, the benefits of any bank guarantees, performance guarantees and tax related assets, including but not limited to service tax input credits, CENVAT credits, value added/ sales tax/ entry tax credits or set-offs, advance tax, tax deducted at source and tax refunds;
- (c) all permits, licenses, permissions, right of way, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, tax deferrals and exemptions and other benefits (in each case including the benefit of any applications made for the same), income tax benefits and exemptions including the right to deduction for the residual period, i.e., for the period remaining as on the Appointed Date out of the total period for which the deduction is available in law, if any, liberties and advantages, approval for commissioning of project and other licenses or clearances granted/ issued/ given by any governmental, statutory or regulatory or

local or administrative bodies, organizations or companies for the purpose of carrying on the Commodity API Business or in connection therewith including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that form part of the Commodity API Business;

- (d) all contracts, agreements, purchase orders/ service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, bids, tenders, tariff policies, expressions of interest, letters of intent, hire and purchase arrangements, power purchase agreements, lease/ licence agreements, tenancy rights, agreements/ panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier/ manufacturer of goods/ service providers, other arrangements, undertakings, deeds, bonds, schemes, concession agreements, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether vested or potential and written, oral or otherwise and all rights, title, interests, claims and benefits thereunder forming part of the Commodity API Business;
- (e) all intellectual property rights, drug master files, applications (including hardware, software, licenses, source codes, para meterisation and scripts), registrations, goodwill, trade names, service marks, copyrights, patents, project designs, marketing authorization, approvals, marketing intangibles, permits, permissions, incentives, privileges, special status, domain names, designs, trade secrets, research and studies, technical knowhow, confidential information and other benefits (in each case including the benefit of any applications made for the same) and all such rights of whatsoever description and nature that form part of the Commodity API Business;

- (f) all rights to use and avail telephones, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by Demerged Company 1 forming part of the Commodity API Business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by Demerged Company 1 and forming part of the Commodity API Business;
- (g) all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/ supplier pricing information, and all other books and records, whether in physical or electronic form that form part of the Commodity API Business;
- (h) the Demerged Liabilities 1;
- (i) the Strides Transferred Employees; and
- (j) all legal or other proceedings of whatsoever nature that form part of the Commodity API Business.

For the avoidance of doubt, it is clarified that the investment made by Demerged Company 1 and the shareholding acquired by Demerged Company 1

in Perrigo API India Private Limited shall not constitute part of the Commodity API Business and shall not be part of the Demerged Undertaking 1.

1.11 **“Demerged Undertaking 2”** means all the businesses, undertakings, activities, operations and properties, of whatsoever nature and kind and wheresoever situated, forming part of the Human API Business as a going concern, including but not limited to, the following:

- (a) all immovable properties and rights thereto i.e. land together with the buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) including roads, drains and culverts, bunk house, civil works, foundations for civil works, buildings, warehouses, offices, etc., which immovable properties form part of the Human API Business and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest, benefits and interests of rental agreements for lease or licence or other rights to use of premises, in connection with the said immovable properties;
- (b) all assets, as are movable in nature forming part of the Human API Business, whether present or future or contingent, tangible or intangible, in possession or not, corporeal or incorporeal, in each case, wherever situated (including plant and machinery, capital work in progress, furniture, fixtures, fixed assets, computers, air conditioners, appliances, accessories, office equipment, communication facilities, installations, vehicles, inventories, stock in trade, stores and spares, packing material, raw material, formulation, tablets, capsules, active pharmaceutical ingredients, drug intermediaries, tools and plants) actionable claims, earnest monies and sundry debtors, prepaid expenses, bills of exchange, promissory notes, financial assets, investment and shares in entities/ branches undertaking the active pharmaceutical ingredients business in India or overseas, outstanding loans and

advances, recoverable in cash or in kind or for value to be received, receivables, funds, cash and bank balances and deposits including accrued interest thereto with Government, semi-Government, local and other authorities and bodies, banks, customers and other persons, the benefits of any bank guarantees, performance guarantees and tax related assets, including but not limited to service tax input credits, CENVAT credits, value added/ sales tax/ entry tax credits or set-offs, advance tax, tax deducted at source and tax refunds;

- (c) all permits, licenses, permissions, right of way, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, tax deferrals, and exemptions and other benefits (in each case including the benefit of any applications made for the same), income tax benefits and exemptions including the right to deduction for the residual period, i.e., for the period remaining as on the Appointed Date out of the total period for which the deduction is available in law, if any, liberties and advantages, approval for commissioning of project and other licenses or clearances granted/ issued/ given by any governmental, statutory or regulatory or local or administrative bodies, organizations or companies for the purpose of carrying on the Human API Business or in connection therewith including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that form part of the Human API Business;
- (d) all contracts, agreements, purchase orders/ service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, bids, tenders, tariff policies, expressions of interest, letters of intent, hire and purchase arrangements, power purchase agreements, lease/ licence agreements, tenancy rights, agreements/ panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase

and other agreements with the supplier/ manufacturer of goods/ service providers, other arrangements, undertakings, deeds, bonds, schemes, concession agreements, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether vested or potential and written, oral or otherwise and all rights, title, interests, claims and benefits thereunder forming part of the Human API Business;

- (e) all intellectual property rights, drug master files, applications (including hardware, software, licenses, source codes, para meterisation and scripts), registrations, goodwill, trade names, service marks, copyrights, patents, project designs, marketing authorization, approvals, marketing intangibles, permits, permissions, incentives, privileges, special status, domain names, designs, trade secrets, research and studies, technical knowhow, confidential information and other benefits (in each case including the benefit of any applications made for the same) and all such rights of whatsoever description and nature that form part of the Human API Business;
- (f) all rights to use and avail telephones, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favour of or enjoyed by Demerged Company 2 forming part of the Human API Business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favour of or held for the benefit of or enjoyed by Demerged Company 2 and forming part of the Human API Business;

- (g) all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, product master cards, lists of present and former customers and suppliers including service providers, other customer information, customer credit information, customer/ supplier pricing information, and all other books and records, whether in physical or electronic form that form part of the Human API Business;
  - (h) the Demerged Liabilities 2;
  - (i) the Sequent Transferred Employees; and
  - (j) all legal or other proceedings of whatsoever nature that form part of the Human API Business.
- 1.12 “**Effective Date**” means the last of the dates on which all the conditions and matters referred to in Clause 30 of the Scheme occur or have been fulfilled, obtained or waived, as applicable, in accordance with this Scheme. References in this Scheme to date of ‘coming into effect of the Scheme’ or ‘effectiveness of the Scheme’ shall be construed accordingly;
- 1.13 “**Encumbrance**” or to “**Encumber**” means without limitation any options, claim, pre-emptive right, easement, limitation, attachment, restraint, 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;
- 1.14 “**Existing Stock Option Schemes - Sequent**” means the ‘Employee Stock Option Plan of Sequent Scientific Limited’ approved by the Board of Sequent



on January 29, 2008 and amended by the Board of Sequent on January 27, 2010 and May 28, 2014 and by the shareholders of Sequent on September 24, 2015;

- 1.15 “**Existing Stock Option Schemes - Strides**” means the Strides Arcolab ESOP 2011, Strides Arcolab Employee Stock Option Plan 2015 and Strides Shasun Employees Stock Option Plan 2016 of Strides;
- 1.16 “**Human API Business**” means the business of manufacturing, marketing, distributing and developing active pharmaceuticals ingredients carried on by Sequent, other than active pharmaceuticals ingredients manufactured, marketed, distributed, developed or being developed purely or primarily for veterinary purposes;
- 1.17 “**Liabilities**” means all debts (whether in Indian Rupees or foreign currency), liabilities (including contingent liabilities, and obligations under any licenses or permits or schemes), loans raised and used, obligations incurred, duties of any kind, nature or description and undertakings of every kind or nature and the liabilities of any description whatsoever whether present or future, and howsoever raised or incurred or utilized along with any charge, encumbrance, lien or security thereon;
- 1.18 “**Long Stop Date**” shall have the meaning set out in Clause 31.1;
- 1.19 “**National Company Law Tribunal**” or “**NCLT**” means the National Company Law Tribunal at Mumbai having jurisdiction in relation to the Companies and/ or the National Company Law Appellate Tribunal (“**NCLAT**”) as constituted and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under sections 230 to 232 of the Act and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purposes of Sections 230 to 232 of the Act as may be applicable;
- 1.20 “**Record Date**” means a mutually agreed date to be fixed by the Boards of Strides and Sequent for the purposes of determining the equity shareholders of

Strides and Sequent respectively to whom shares would be issued and allotted in accordance with Clauses 6 and 17 of this Scheme;

- 1.21 **“Registrar of Companies”** means the Registrar of Companies at Mumbai, Maharashtra;
- 1.22 **“Retained Business of Demerged Company 1”** means all the undertakings, investments, businesses, activities and operations of Demerged Company 1 other than those comprised in the Demerged Undertaking 1;
- 1.23 **“Retained Business of Demerged Company 2”** means all the undertakings, investments (including the shares held by Sequent in Strides), businesses, activities and operations of Demerged Company 2 other than those comprised in the Demerged Undertaking 2;
- 1.24 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Composite Scheme of Arrangement in its present form as submitted to NCLT or this Scheme with such modification(s), if any made, as per Clause 29 of the Scheme;
- 1.25 **“SEBI”** means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;
- 1.26 **“SEBI Scheme Circular”** shall have the meaning set out in Clause 30(a);
- 1.27 **“Sequent”** or **“Demerged Company 2”** means Sequent Scientific Limited (Corporate Identification Number: L99999MH1985PLC036685), a public company incorporated under the Companies Act 1956 and having its registered office at 301, 3rd Floor, Dosti Pinnacle, Plot No.E7 Road No.22, Wagle Industrial Estate, Thane 400604, Maharashtra, India;
- 1.28 **“Sequent Locked in Shares”** shall have the meaning set out in Clause 17.12;
- 1.29 **“Sequent Transferred Employees”** shall have the meaning set out in Clause 21.1;
- 1.30 **“Share Entitlement Ratio 1”** shall have the meaning set out in Clause 6.1;

- 1.31 **“Share Entitlement Ratio 2”** shall have the meaning set out in Clause 17.1;
- 1.32 **“Solara”** or **“Resulting Company”** means Solara Active Pharma Sciences Limited (Corporate Identification Number: U24230MH2017PLC291636, incorporated as ‘SSL Pharma Sciences Limited’ and name changed on March 25, 2017), a company incorporated under the Act and having its registered office at 201, Devavrata, Sector – 17, Vashi, Navi Mumbai – 400703, Maharashtra, India;
- 1.33 **“Stock Exchange”** means BSE Limited and/ or the National Stock Exchange of India Limited and **“Stock Exchanges”** shall mean both collectively;
- 1.34 **“Strides”** or **“Demerged Company 1”** means Strides Shasun Limited (Corporate Identification Number: L24230MH1990PLC057062), a public company incorporated under the Companies Act 1956 and having its registered office at 201, Devavrata, Sector – 17, Vashi, Navi Mumbai – 400703, Maharashtra, India.
- 1.35 **“Strides Locked in Shares”** shall have the meaning set out in Clause 6.12; and
- 1.36 **“Strides Transferred Employees”** shall have the meaning set out in Clause 10.1.

## **2. INTERPRETATION**

- 2.1 All terms and words used but not defined 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, bye-laws, as the case may be or any statutory modification or re-enactment thereof for the time being in force.
- 2.2 References to clauses, recitals and schedules, unless otherwise provided, are to clauses, recitals and schedules of and to this Scheme.
- 2.3 The headings herein shall not affect the construction of this Scheme.

- 2.4 Unless the context otherwise requires, reference to any law or to any provision thereof shall include references to any such law or to any provision thereof as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, or to any law or any provision which replaces it, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.
- 2.5 The singular shall include the plural and vice versa; and references to one gender include all genders.
- 2.6 Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 2.7 References to a person 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).

### **3. DATE OF TAKING EFFECT AND OPERATIVE DATE**

This Scheme shall be effective from the Appointed Date but shall be operative from the Effective Date.

### **4. SHARE CAPITAL**

- 4.1 The authorized, issued, subscribed and paid up share capital of Demerged Company 1 as on August 28, 2017 is as under:

<b>Share Capital</b>	<b>Amount (In Rs.)</b>
<u>Authorized Share Capital</u>	
176,750,000 equity Shares of Rs. 10/- each	1,767,500,000
<b>TOTAL</b>	<b>1,767,500,000</b>
<u>Issued, subscribed and paid-up Share Capital</u>	
89,493,006 equity Shares of Rs. 10/- each fully paid up*	894,930,060
<b>TOTAL</b>	<b>894,930,060</b>

\* *Strides has 391,097 outstanding employee stock options under the Existing Stock Option Schemes - Strides, the exercise of which may result in an increase of upto 391,097 equity shares in the issued and paid-up share capital of Strides.*

4.2 The authorized, issued, subscribed and paid up share capital of Sequent as on August 28, 2017 is as under:

<b>Share Capital</b>	<b>Amount (In Rs.)</b>
<u>Authorized Share Capital</u>	
250,000,000 equity shares of Rs. 2 each	500,000,000
<b>TOTAL</b>	<b>500,000,000</b>
<u>Issued, subscribed and paid-up Share Capital</u>	
243,736,195 equity shares of Rs. 2 each, fully paid up*	487,472,390
<b>TOTAL</b>	<b>487,472,390</b>

\* *Sequent has 2,592,700 outstanding employee stock options under an Existing Stock Option Scheme - Sequent, the exercise of which may result in an increase of upto 1,147,500 equity shares in the issued and paid-up share capital of Sequent.*

4.3 The authorized, issued, subscribed and paid up share capital of Solara as on August 28, 2017 is as under:

<b>Share Capital</b>	<b>Amount (In Rs.)</b>
<u>Authorized Share Capital</u>	
10,000 equity shares of Rs. 10 each	100,000
<b>TOTAL</b>	<b>100,000</b>
<u>Issued, subscribed and paid-up Share Capital</u>	
10,000 equity shares of Rs. 10 each, fully paid up	100,000
<b>TOTAL</b>	<b>100,000</b>

The entire issued and paid-up capital of Solara is held by Strides and its nominee shareholders.

**PART C - TRANSFER AND VESTING OF DEMERGED UNDERTAKING 1  
OF DEMERGED COMPANY 1 INTO RESULTING COMPANY**

**5. TRANSFER AND VESTING OF DEMERGED UNDERTAKING 1**

**TRANSFER OF ASSETS**

- 5.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Undertaking 1 shall, subject to the provisions of this Clause 5 in relation to the mode of transfer and vesting and pursuant to Section 232 of the Act and without any further act or deed, be demerged from the Demerged Company 1 and be transferred to and vested in and be deemed to have been demerged from the Demerged Company 1 and transferred to and vested in the Resulting 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 Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/ or financial institutions.
- 5.2 Upon the Scheme becoming effective, with effect from the Appointed Date, in respect of such of the assets of the Demerged Undertaking 1 as are movable in nature and/ or otherwise capable of transfer by manual or constructive delivery and/ or by endorsement and delivery, the same shall stand transferred by Demerged Company 1 to Resulting Company pursuant to the provisions of Section 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same, and shall become the property of Resulting Company as an integral part of the Demerged Undertaking 1 subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/ or financial institutions.
- 5.3 Without prejudice to the generality of Clause 5.2 and in respect of movable assets other than those dealt with in Clause 5.2 above, including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits with any Appropriate Authorities or any other bodies and/ or customers or any other person, if any, forming part of the Demerged Undertaking 1, whether recoverable in cash or in kind or for value to

be received, bank balances, etc., the same shall stand transferred to and vested in Resulting Company without any notice or other intimation to any person in pursuance of the provisions of Sections 230 to 232 read with other relevant provisions of the Act to the end and intent that the right of Demerged Company 1 to recover or realize the same stands transferred to Resulting Company, and that appropriate entries should be passed in their respective books to record the aforesaid change, without any notice or other intimation to such debtors, depositors or persons as the case may be. Resulting Company may, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in Resulting Company and be paid or made good or held on account of the Resulting Company as the person entitled thereto.

- 5.4 Without prejudice to the generality of the foregoing, all assets, estate, rights, title, interest and authorities held by the Demerged Company 1 on the Appointed Date in relation to the Demerged Undertaking 1, not otherwise specified in Clauses 5.1, 5.2 and 5.3 above, shall also, without any further act, instrument or deed, stand transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 230 to 232 of the Act.
- 5.5 Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme, all the rights, title, interest and claims of Demerged Company 1 in any immovable properties including any leasehold/ leave and licence/ right of way properties of Demerged Company 1 forming part of the Demerged Undertaking 1, shall, pursuant to Section 232 of the Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to or vested in Resulting Company on the same terms and conditions. The immovable property forming part of the Demerged Undertaking 1 shall stand transferred to Resulting Company either under the Scheme or by way of a separate conveyance or agreement without payment of consideration.



- 5.6 All assets, estate, rights, title, interest and authorities acquired by Demerged Company 1 after the Appointed Date and prior to the Effective Date forming part of the Demerged Undertaking 1 shall also stand transferred to and vested or be deemed to have been transferred to or vested in Resulting Company upon the coming into effect of this Scheme without any further act, instrument or deed.
- 5.7 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is expressly clarified that upon the coming into effect of this Scheme and with effect from the Appointed Date, all permits, licenses, permissions, right of way, approvals, clearances, consents, benefits, tax incentives/ concessions, registrations, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, issued to or granted to or executed in favour of Demerged Company 1, and the rights and benefits under the same, in so far as they relate to the Demerged Undertaking 1 and all intellectual property and rights thereto of Demerged Company 1, whether registered or unregistered, along with all rights of commercial nature including attached goodwill, title, interest, quality certifications and approvals, trademarks, trade names, service marks, copy rights, domain names, designs, trade secrets, research and studies, technical knowhow and all such other industrial or intellectual rights of whatsoever nature and all other interests relating to the goods or services forming part of the Demerged Undertaking 1 and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents acquired by Demerged Company 1 forming part of the Demerged Undertaking 1 shall be transferred to and vested in or deemed to have transferred to or vested in Resulting Company and the concerned licensors and grantors of such approvals, clearances, permissions, etc., shall endorse, where necessary, and record, in accordance with law, Resulting Company on such approvals, clearances, permissions so as to empower and facilitate the approval and vesting of the Demerged Undertaking 1 in Resulting Company and continuation of operations forming part of Demerged Undertaking 1 in Resulting Company without hindrance and that such approvals, clearances and

permissions shall remain in full force and effect in favour of or against Resulting Company, as the case may be, and may be enforced as fully and effectually as if, instead of Demerged Company 1, Resulting Company had been a party or beneficiary or obligee thereto.

- 5.8 In so far as various incentives, subsidies, exemptions, all indirect tax related benefits, including service tax benefits, income tax holiday/ benefit/ losses and other benefits or exemptions or privileges enjoyed, granted by any Appropriate Authority or by any other person, or availed of by Demerged Company 1 are concerned, the same shall, without any further act or deed, in so far as they relate to the Demerged Undertaking 1, vest with and be available to Resulting Company on the same terms and conditions as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to Resulting Company.

#### **TRANSFER OF LIABILITIES**

- 5.9 Upon coming into effect of this Scheme and with effect from the Appointed Date, all debts, duties, obligations, and Liabilities (including contingent liabilities) of Demerged Company 1 forming part of the Demerged Undertaking 1 (“**Demerged Liabilities 1**”) shall without any further act, instrument or deed be and stand transferred to Resulting Company to the extent that they are outstanding as on the Effective Date and shall thereupon become the debts, duties, obligations, and liabilities of Resulting Company which it undertakes to meet, discharge and satisfy to the exclusion of Demerged Company 1 such that Demerged Company 1 shall in no event be responsible or liable in relation to any such Demerged Liabilities 1. Resulting Company shall keep Demerged Company 1 indemnified at all times from and against all such debts, duties, obligations and liabilities and from and against all actions, demands and proceedings in respect thereto. 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 debts, obligations, duties and liabilities have arisen in order to give effect to the provisions of this Clause. The term “**Demerged Liabilities 1**” shall mean:

- (a) the liabilities which arise out of the activities or operations of the Demerged Undertaking 1;
- (b) the specific loans or borrowings (including debentures, if any, raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking 1); and
- (c) in cases other than those referred to in Clause 5.9(a) or Clause 5.9(b) above, so much of the amounts of general or multipurpose borrowings, if any, of Demerged Company 1, as stand in the same proportion which the value of the assets transferred pursuant to the First Demerger bears to the total value of the assets of Demerged Company 1 immediately prior to the Appointed Date.

5.10 In so far as loans and borrowings of Demerged Company 1 are concerned, the loans and borrowings and such amounts pertaining to the general and multipurpose loans, and liabilities, if any, which are to be transferred to Resulting Company in terms of Clause 5.9 hereof, shall, without any further act or deed, become loans and borrowings of Resulting Company, and all rights, powers, duties and obligations in relation thereto shall stand transferred to and vested in and shall be exercised by or against Resulting Company as if it had entered into such loans and incurred such borrowings. Thus, the primary obligation to redeem or repay such liabilities shall be that of Resulting Company.

5.11 Where any of the liabilities and obligations of Demerged Company 1 as on the Appointed Date deemed to be transferred to Resulting Company, have been partially or fully discharged by Demerged Company 1 after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of Resulting Company and all liabilities and obligations incurred by Demerged Company 1 for the operations of the Demerged Undertaking 1 after the Appointed Date and prior to the Effective Date shall be deemed to have been incurred for and on behalf of Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any

further act or deed be and stand transferred to Resulting Company and shall become the liabilities and obligations of Resulting Company.

- 5.12 In so far as the existing Encumbrances in respect of the Demerged Liabilities 1 are concerned, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking 1 which have been Encumbered in respect of the Demerged Liabilities 1 as transferred to Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Demerged Undertaking 1 which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Demerged Liabilities 1, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 5.13 Subject to the other provisions of this Scheme, in so far as the assets forming part of the Demerged Undertaking 1 are concerned, the Encumbrances, over such assets, to the extent they relate to any loans or borrowings or debentures or other debt or debt securities of Demerged Company 1 pertaining to the Retained Business of Demerged Company 1 shall, as and from the Effective Date, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as Encumbrances in relation to those liabilities of Demerged Company 1 pertaining to the Retained Business of Demerged Company 1 which are not transferred to Resulting Company pursuant to the Scheme (and which shall continue with Demerged Company 1).
- 5.14 In so far as the assets of the Retained Business of Demerged Company 1 are concerned, the Encumbrances over such assets, to the extent they relate to any loans or borrowings forming part of the Demerged Undertaking 1 shall, without any further act, instrument or deed be released and discharged from such Encumbrances. The absence of any formal amendment which may be required

by a bank and/ or financial institution or trustee or third party in order to effect such release shall not affect the operation of this Clause 5.14.

- 5.15 In so far as the existing Encumbrances in respect of the loans and other liabilities relating to the Retained Business of Demerged Company 1 are concerned, such Encumbrances shall, without any further act, instrument or deed be continued with Demerged Company 1 only on the assets relating to the Retained Business of Demerged Company 1 and the assets of the Demerged Undertaking 1 shall stand released therefrom.
- 5.16 Without any prejudice to the provisions of the foregoing Clauses, Demerged Company 1 and Resulting Company shall enter into and execute such other deeds, instruments, documents and/ or writings and/ or do all acts and deeds as may be required, including the filing of necessary particulars and/ or modification(s) of charge, with the Registrar of Companies to give formal effect to the provisions of this Clause and foregoing Clauses, if required.
- 5.17 Upon the coming into effect of this Scheme and with effect from the Appointed Date, Demerged Company 1 alone shall be liable to perform all obligations in respect of all debts, liabilities, duties and obligations pertaining to the Retained Business of Demerged Company 1 and Resulting Company shall not have any obligations in respect of the debts, liabilities, duties and obligations of the Retained Business of Demerged Company 1. Further, upon the coming into effect of this Scheme and with effect from the Appointed Date, Resulting Company alone shall be liable to perform all obligations in respect of Demerged Liabilities 1, which have been transferred to it in terms of this Scheme, and Demerged Company 1 shall not have any obligations in respect of such Demerged Liabilities 1.
- 5.18 The foregoing provisions shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security documents, all of which instruments, deeds or writings shall be deemed to have been modified and/ or superseded by the foregoing provisions.

- 5.19 It is expressly provided that, save as mentioned in this Scheme, no other term or condition of the Demerged Liabilities 1 transferred to the Resulting 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.
- 5.20 All cheques and other negotiable instruments, pay orders, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of Demerged Company 1 after the Effective Date, in so far as the same forms part of the Demerged Undertaking 1, shall be deemed to have been in the name of Resulting Company and credited to the account of Resulting Company, if presented by Resulting Company or received through electronic transfers and shall be accepted by the relevant bankers and credited to the accounts of the Resulting Company. Similarly, the banker of Resulting Company shall honour all cheques/ electronic fund transfer instructions issued by Demerged Company 1 (in relation to the Demerged Undertaking 1) for payment after the Effective Date. If required, the bankers of Demerged Company 1 and/ or Resulting Company shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of Demerged Company 1 by Resulting Company in relation to the Demerged Undertaking 1 for such time as may be determined to be necessary by Resulting Company for presentation and deposit of cheques, pay order and electronic transfers that have been issued/ made in the name of Demerged Company 1.

## **6. CONSIDERATION FOR DEMERGER**

- 6.1 Upon this Scheme becoming effective and in consideration of vesting of the Demerged Undertaking 1 of Demerged Company 1 in Resulting Company in terms of this Scheme, Resulting Company shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up, to the members of Demerged Company 1, holding fully paid up equity shares in Demerged Company 1 and whose names appear in the register of members of Demerged Company 1 on the Record Date or to such of their respective heirs,

executors, administrators or other legal representative or other successors in title as on the Record Date in the following manner:

*“1 (one) fully paid up equity share of Rs. 10 (Rupees Ten only) each of Solara shall be issued and allotted for every 6 (six) fully paid up equity shares of Rs. 10 (Rupees Ten only) each held in Strides” (“Share Entitlement Ratio 1”)*

- 6.2 The consideration in the form of equity shares shall be issued and allotted by Resulting Company in dematerialized form to all the shareholders of Demerged Company 1 holding such shares in dematerialized form and in physical form to all those shareholders of Demerged Company 1, holding such shares in physical form as per Clause 6.8.
- 6.3 Other than in respect of issuance of shares by the Demerged Company 1 pursuant to exercise of options which have been granted as on March 20, 2017 under the Existing Stock Option Schemes - Strides, in the event of any increase in the issued, subscribed or paid up share capital of the Demerged Company 1 or the Resulting Company, issuance of any instruments convertible into equity shares or restructuring of their respective equity share capital including by way of consolidation, share split, issue of bonus shares, or other similar action, that occurs after March 20, 2017 and before issuance of shares to the shareholders of the Demerged Company 1 pursuant to Clause 6.1 above, the Share Entitlement Ratio 1 shall be appropriately adjusted to take into account the effect of such issuance or corporate actions and assuming conversion of any such issued instruments convertible into equity shares.
- 6.4 The equity shares to be issued and allotted by Resulting Company to the equity shareholders of Demerged Company 1 shall be subject to the Scheme, the memorandum and articles of association of Resulting Company and applicable laws and shall rank pari passu in all respects with the then existing equity shares of Resulting Company.
- 6.5 No shares shall be allotted in respect of fractional entitlements, by Resulting Company to which the members of Demerged Company 1 may be entitled on

allotment of shares as per Clause 6.1. The Board of Resulting Company shall, at its absolute discretion, decide to take any or a combination of the following actions:

- (a) consolidate all such fractional entitlements and thereupon allot equity shares in lieu thereof to a person/ trustee authorized by the Board of Resulting Company in this behalf who shall hold the shares in trust on behalf of the members of Demerged Company 1 entitled to fractional entitlements with the express understanding that such person shall sell the shares of Resulting Company so allotted on the Stock Exchanges at such time or times and at such price or prices and to such person, as such person/ trustee deems fit, and shall distribute the net sale proceeds, subject to tax deductions and other expenses as applicable, to the members of Demerged Company 1 in proportion to their respective fractional entitlements. In case the number of such new shares to be allotted to a person authorized by the Board of Resulting Company by virtue of consolidation of fractional entitlements is a fraction, it shall be rounded off to the next higher integer.
- (b) round off all fractional entitlements to the next whole number above the fractional entitlement and issue such number of securities to the relevant shareholders of Demerged Company 1.
- (c) deal with such fractional entitlements in such other manner as they may deem to be in the best interests of the shareholders of Demerged Company 1 and Resulting Company.

6.6 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of Demerged Company 1, the Board of Demerged Company 1 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 Demerged Company 1, after the effectiveness of this Scheme. The Board of



Demerged Company 1 shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in Demerged Company 1 on account of difficulties faced in the transaction period.

- 6.7 Without prejudice to the generality of Clause 6.1 above, the Board of Resulting Company shall, if and to the extent required, apply for and obtain any approvals from concerned Appropriate Authority and undertake necessary compliance for the issue and allotment of equity shares to the members of Demerged Company 1 pursuant to Clause 6.1 of the Scheme.
- 6.8 The equity shares shall be issued in dematerialized form to those shareholders who hold shares of Demerged Company 1 in dematerialized form, in to the account in which shares of the Demerged Company 1 are held or such other account as is intimated in writing by the shareholders to Demerged Company 1 and/ or its Registrar provided such intimation has been received by the Demerged Company 1 and/or its Registrar at least 30 (thirty) days before the Record Date. All those shareholders who hold shares of Demerged Company 1 in physical form shall also have the option to receive the equity shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to Demerged Company 1 and/ or its Registrar provided such intimation has been received by the Demerged Company 1 and/or its Registrar at least 30 (thirty) days before the Record Date. The shareholders who fail to provide such details shall be issued equity shares in physical form.
- 6.9 The equity shares to be issued by Resulting Company, pursuant to Clause 6.1 above, in respect of any equity shares of Demerged Company 1 which are held in abeyance under the provisions of Section 126 of the Act or which the Resulting Company is unable to issue due to non-receipt of relevant approvals or due to Applicable Laws or otherwise shall, pending allotment or settlement of dispute by order of NCLT or otherwise, be held in abeyance by Resulting Company.

- 6.10 Approval of this Scheme by the equity shareholders of Resulting Company shall be deemed to be the due compliance of the provisions of Section 42 and Section 62 of the Act, and other relevant and applicable provisions of the Act and rules made thereunder for the issue and allotment of the equity shares by Resulting Company to the equity shareholders of Demerged Company 1 as on the Record Date, as provided in this Scheme.
- 6.11 The equity shares to be issued by Resulting Company to the members of Demerged Company 1 pursuant to Clause 6.1 of this Scheme will be listed and/or admitted to trading on the Stock Exchanges on which shares of Demerged Company 1 are listed on the Effective Date. Resulting 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 Resulting Company with the formalities of the said Stock Exchange. The equity shares of Resulting Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the designated stock exchange. There shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date and the listing which may affect the status of approvals received from the Stock Exchanges, other than as provided in the Scheme.
- 6.12 The equity shares of Resulting Company issued in respect of any equity shares of Demerged Company 1 that are subject to lock in under applicable law (“**Strides Locked in Shares**”), if any, will also be subject to a lock in for the remainder of the period for which the Strides Locked in Shares are subject to lock in.
- 6.13 The equity shares of the Resulting Company issued pursuant to this Scheme may not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Resulting Company may elect, in its sole discretion, to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof or any other exemption that the Resulting Company may elect to rely upon. In the event the Resulting

Company elects to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof, the sanction of the NCLT to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the equity shares of the Resulting Company for such an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof.

## **7. REDUCTION OF SHARE CAPITAL**

### **7.1 Reduction of Share Capital held by Demerged Company 1 in Resulting Company**

7.1.1 Notwithstanding anything contained under the Act, pursuant to the provisions of Section 230 to 232 of the Act, the existing shareholding of Demerged Company 1 in Resulting Company shall stand cancelled without any further act or deed immediately following the issuance of shares by Resulting Company to the shareholders of Demerged Company 1 and Demerged Company 2 pursuant to Clauses 6.1 and 17.1 of this Scheme, in accordance with provisions of the Scheme.

7.1.2 The reduction of share capital of Resulting Company shall be effected as an integral part of this Scheme and Resulting Company shall not be required to follow the process under Sections 66 of the Act or any other provisions of Applicable Law separately.

7.1.3 The reduction would not involve either a diminution of liability in respect of unpaid share capital, if any or payment to any shareholder of any unpaid share capital.

7.1.4 Notwithstanding the reduction in the equity share capital of Resulting Company, Resulting Company shall not be required to add “And Reduced” as suffix to its name.

### **7.2 Reduction of Share Capital of Demerged Company 1**

7.2.1 Notwithstanding anything contained under the Act, pursuant to the provisions of Section 230 to 232 of the Act, the securities premium account of the Demerged Company 1 shall stand reduced to the extent required in accordance

with Clause 8.3 without any further act or deed in accordance with provisions of the Scheme.

- 7.2.2 The reduction of share capital of the Demerged Company 1 shall be effected as an integral part of this Scheme and the Demerged Company 1 shall not be required to follow the process under Sections 66 of the Act or any other provisions of Applicable Law separately.
- 7.2.3 The reduction would not involve either a diminution of liability in respect of unpaid share capital, if any or payment to any shareholder of any unpaid share capital.
- 7.2.4 Notwithstanding the reduction in the equity share capital of the Demerged Company 1, the Demerged Company 1 shall not be required to add “And Reduced” as suffix to its name.

## **8. ACCOUNTING TREATMENT**

### **IN THE BOOKS OF THE DEMERGED COMPANY 1**

Upon the effectiveness of this Scheme, in accordance with the applicable accounting standards, Act and generally accepted accounting principles in India, the Demerged Company 1 shall provide the following accounting treatment in its books of accounts:

- 8.1 Upon the Scheme coming into effect, with effect from the Appointed Date, the Demerged Company 1 shall transfer the assets and liabilities forming part of the Demerged Undertaking 1 to the Resulting Company at their respective carrying amounts (i.e. the book value) at the Appointed Date;
- 8.2 Inter-company investment between the Demerged Company 1 and the Resulting Company will stand cancelled as per Clause 7.1 and there shall be no further obligation/ outstanding in that behalf.
- 8.3 **Adjustments**
- 8.3.1 Upon the Scheme coming into effect, Reserves of the Demerged Company 1 shall be adjusted for:

- (i) solely to meet the requirements of Ind AS notified under Section 133 of the Act, the fair value as at the Appointed Date of the Demerged Undertaking 1; and
- (ii) the reduction of shareholding of the Demerged Company 1 in the Resulting Company as per Clause 7.1 of the Scheme.

8.3.2 The adjustment to Reserves mentioned in Clause 8.3.1 shall be as follows:

- (i) the excess of the book value of assets over the book value of liabilities transferred as per Clause 8.1 as at the Appointed Date shall be reduced from the balance in the Securities Premium account.
- (ii) the difference between (a) the fair value of the Demerged Undertaking 1 as determined under Clause 8.3.1(i), and (b) the adjustment under Clause 8.3.2(i), shall be charged to the surplus/ deficit accumulated in Retained earnings.

The adjustment to Reserves mentioned in Clause 8.3.1 (ii) shall be by way of reduction of the balance in Retained earnings.

8.4 Upon the Scheme coming into effect, with effect from Appointed Date, solely to meet the requirements of Ind AS notified under section 133 of the Act, the difference between (a) the fair value of the Demerged Undertaking 1 as determined under Clause 8.3.1(i), and (b) the excess of the book value of assets over the book value of liabilities transferred as per Clause 8.1 as at the Appointed Date, shall be credited to the Statement of Profit and Loss.

8.5 As mentioned in Clause 9.1, with effect from Appointed Date until Effective Date, the Demerged Company 1 shall be deemed to have been carrying on and shall carry on its business and activities relating to the Demerged Undertaking 1 and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its estates, properties, rights, title, interest, authorities, contracts and investments and assets forming part of the Demerged

Undertaking 1 for and on account of and in trust for the Resulting Company. Accordingly, the following shall apply:

- (i) Pending approval of the Scheme by the NCLT and other appropriate authorities, in the period between Appointed Date and the Effective Date, the Demerged Company 1 shall continue to record the transactions and balances relating to the Demerged Undertaking 1 in its books of account.
- (ii) Upon the Scheme coming into effect, the Demerged Company 1 shall derecognize all transactions and balances relating to the Demerged Undertaking 1 that was recorded between the Appointed Date and the Effective Date pursuant to Clause 8.5(i) above and shall redraw its books of account to the extent required to give effect to the Scheme.

8.6 It is reiterated that the demerger of the Demerged Undertaking 1 of the Demerged Company 1 into the Resulting Company pursuant to this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.

#### **IN THE BOOKS OF THE RESULTING COMPANY**

Upon the effectiveness of this Scheme, in accordance with the applicable accounting standards, Act and generally accepted accounting principles in India, the Resulting Company shall provide the following accounting treatment in its books of accounts:

8.7 Upon the Scheme coming into effect, with effect from the Appointed Date, the Resulting Company shall record the assets and liabilities of the Commodity API Business of the Demerged Company 1 vested in it pursuant to this Scheme at their respective book values appearing in the books of the Demerged Company 1, as per Clause 8.1 above in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Act;

- 8.8 The Resulting Company shall record the equity shares issued and allotted by it pursuant to Clause 6.1 of the Scheme at a premium. The face value of the equity shares issued shall be recorded to the credit of share capital account. The premium on issue of equity shares shall be determined as the difference between (i) the book value of the net assets (i.e book value of assets and the liabilities) recorded pursuant to Clause 8.7, and (ii) the face value of the equity shares allotted. The premium shall be credited to the Securities Premium account.
- 8.9 Shares held by the Demerged Company 1 in the Resulting Company shall stand cancelled as per Clause 7.1 and the same shall be transferred to Capital reserve. There shall be no further obligation in respect of the cancelled shares.
- 8.10 Notwithstanding the above, the Board of Directors of the Resulting Company, in consultation with its statutory auditors, is authorized to account any of the balances in any other manner in accordance with the applicable accounting standards, if such accounting treatment is considered more appropriate.
- 8.11 It is reiterated that the demerger of the Commodity API Business of the Demerged Company 1 into the Resulting Company pursuant to this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961. Upon the Scheme coming into effect, the Resulting Company shall account for the transactions relating to the Commodity API Business from the Appointed Date and shall redraw its books of account to the extent required to give effect to the Scheme.

**9. CONDUCT OF DEMERGED UNDERTAKING 1 OF DEMERGED COMPANY 1 TILL THE EFFECTIVE DATE**

With effect from the date of approval of this Scheme by the respective Boards and up to and including the Effective Date:

- 9.1 Demerged Company 1 shall be deemed to have been carrying on and shall carry on its business and activities relating to the Demerged Undertaking 1 and shall

be deemed to have held and stood possessed of and shall hold and stand possessed of all its estates, properties, rights, title, interest, authorities, contracts and investments and assets forming part of the Demerged Undertaking 1 for and on account of and in trust for Resulting Company.

9.2 Demerged Company 1 undertakes that it will preserve and carry on the business of the Demerged Undertaking 1 and hold its said assets with reasonable diligence and business prudence and shall not undertake financial commitments in respect of, or sell, transfer, alienate, charge, mortgage, or encumber, the Demerged Undertaking 1 or any part thereof or recruit new employees or conclude settlements with union or employees without the concurrence of Resulting Company or undertake substantial expansion or change the general character or nature of the business of the Demerged Undertaking 1 or any part thereof save and except in each case:

- (a) if the same is in its ordinary course of business; or
- (b) if the same is expressly permitted by this Scheme; or
- (c) if the prior written consent of the Resulting Company has been obtained.

9.3 Without prejudice to the generality of Clause 9.2 above, neither Demerged Company 1 nor Resulting Company shall take, enter into, perform or undertake, as applicable: (i) any material decision in relation to its business and affairs and operations as form part of, in case of Demerged Company 1, the Demerged Undertaking 1 and in case of Resulting Company, to its entire business; and (ii) any agreement or transaction, which is not in the ordinary course of business as carried on by it as on March 20, 2017, without the prior written consent of the Board of the other Company or except as mutually agreed between Demerged Company 1 and Resulting Company in writing.

9.4 All the profits or income accruing or arising to Demerged Company 1 and expenditure or losses arising or incurred or suffered by Demerged Company 1 which form part of Demerged Undertaking 1, for the period commencing from



the Appointed Date shall, for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of Resulting Company, except for profits or income accruing to the Retained Business of Demerged Company 1.

9.5 Any of the rights, powers, authorities or privileges attached, related or forming part of the Demerged Undertaking 1, exercised by Demerged Company 1 shall be deemed to have been exercised by Demerged Company 1 for and on behalf of, and in trust for Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or forming part of the Demerged Undertaking 1 that have been undertaken or discharged by Demerged Company 1 shall be deemed to have been undertaken/ discharged for and on behalf of Resulting Company.

9.6 Demerged Company 1 and Resulting Company shall be entitled, pending sanction of the Scheme, to apply to the Central/ State Government and all other Appropriate Authorities concerned as are necessary under any Applicable Law or rules for such consents, approvals and sanctions, which may be required pursuant to this Scheme.

9.7 Demerged Company 1 shall not vary the terms and conditions of employment of any of the employees in relation to the Demerged Undertaking 1 except in the ordinary course of business or with the prior written consent of Resulting Company.

9.8 With effect from the Effective Date, Resulting Company shall commence and carry on and shall be authorized to carry on the Commodity API Business which was earlier carried on by Demerged Company 1.

## **10. EMPLOYEES**

10.1 On the Scheme becoming effective, all permanent employees of Demerged Company 1 engaged in the Demerged Undertaking 1 in service on the Effective Date (“**Strides Transferred Employees**”) shall be deemed to have become employees of Resulting Company with effect from the Appointed Date or their

respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with Resulting Company shall not be less favourable than those applicable to them with reference to their employment in Demerged Company 1 on the Effective Date.

- 10.2 It is expressly provided that, on the Scheme becoming effective, insofar as the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff and employees of Demerged Company 1 (including Strides Transferred Employees) are concerned (collectively referred to as the “**Strides Funds**”), such proportion of the investments made in the funds and liabilities which are referable to the Strides Transferred Employees shall be transferred to the similar funds created by Resulting Company and shall be held for their benefit pursuant to this Scheme, or at the sole discretion of Resulting Company, maintained as separate funds by Resulting Company. In the event that Resulting Company does not have its own funds in respect of any of the above, Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Strides Funds or discharge such liabilities of Demerged Company 1, until such time that Resulting Company creates its own funds, at which time the funds and the investments and contributions pertaining to the Strides Transferred Employees shall be transferred to the funds created by Resulting Company.
- 10.3 Further to the transfer of Strides Funds as set out in Clause 10.2 above, for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to 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, if any, all rights, duties, powers and obligations of Demerged Company 1 in relation to Demerged Undertaking 1 as on the Effective Date in relation to such fund or funds shall become those of Resulting Company. It is clarified that the services of the Strides Transferred Employees

of Demerged Company 1 forming part of the Demerged Undertaking 1 will be treated as having been continuous for the purpose of the said Strides Funds.

10.4 In relation to any other fund (including any funds set up by the government for employee benefits) created or existing for the benefit of the Strides Transferred Employees, Resulting Company shall stand substituted for Demerged Company 1, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Strides Transferred Employees.

10.5 In so far as the existing benefits or funds created by Demerged Company 1 for the employees of the Retained Business of Demerged Company 1 are concerned, the same shall continue and Demerged Company 1 shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held *inter alia* for the benefit of the employees of the Retained Business of Demerged Company 1 and Resulting Company shall have no liability in respect thereof.

10.6 Stock Options:

- (a) The stock options granted by Demerged Company 1 under the Existing Stock Option Schemes - Strides to the employees who will be transferred as part of the Demerged Undertaking 1, which have not been exercised (irrespective of whether the same are vested or not) and are outstanding, shall be accelerated such that the stock options are vested upto 7 (seven) Business Days prior to the Effective Date or such other date as may be determined by the relevant committee of the Board of Demerged Company 1 and may be exercised from the vesting date upto 3 (three) Business Days after the Effective Date, failing which, such options as remain unexercised on that date shall lapse.
- (b) The stock options granted by Demerged Company 1 under the Existing Stock Option Schemes - Strides to the employees who form part of the Retained Business of Demerged Company 1 and will not be transferred

to Resulting Company, which have not been exercised (irrespective of whether the same are vested or not) and are outstanding, shall continue on the existing terms and conditions, except for such modifications/adjustments to the exercise price by the relevant committee of the Board of Demerged Company 1 in order to provide for reduction in intrinsic value of the Demerged Company 1 pursuant to the demerger of the Demerged Undertaking 1, in accordance with the provisions of the Existing Stock Option Schemes – Strides and applicable Law.

- (c) The relevant committee of the Board of Demerged Company 1 shall make appropriate amendments to the Existing Stock Option Schemes – Strides to provide for (i) acceleration of the vesting period of the stock options held by the employees who are being transferred under the Demerged Undertaking 1 such that the stock options are vested upto 7 (seven) Business Days prior to the Effective Date or such other date as may be determined by the relevant committee of the Board of the Demerged Company 1 and may be exercised from the vesting date upto 3 (three) Business Days after the Effective Date; and (ii) modification of the exercise price of the stock options held by the employees who shall form of the Retained Business of Demerged Company 1 in order to provide for reduction in intrinsic value of the Demerged Company 1 pursuant to the demerger of the Demerged Undertaking 1. The modifications/adjustments, if any, to the Existing Stock Option Schemes - Strides required to effect the treatment set out at (a) and (b) above shall be effected as an integral part of the Scheme and the approval granted to the Scheme by the shareholders shall also be deemed to be their approval to such amendments pertaining to the Existing Stock Option Schemes – Strides required under Applicable Law, including under Section 62 of the Act and the SEBI (Share Based Employee Benefits) Regulations, 2014. No further approval of the shareholders of Demerged Company 1 or any other Person would be required in this connection.

## **11. LEGAL PROCEEDINGS**

- 11.1 Upon the coming into effect of this Scheme, if any suit, appeal, legal, taxation or other proceeding of whatever nature, whether criminal or civil (including before any statutory or quasi-judicial authority or tribunal), under any statute, by or against Demerged Company 1 in relation to Demerged Undertaking 1 whether pending on the Appointed Date or which may be instituted any time thereafter, 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 Resulting Company, as the case may be, after the Effective Date, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Demerged Company 1 in relation to Demerged Undertaking 1 as if this Scheme had not been made.
- 11.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against Demerged Company 1 in relation to Demerged Undertaking 1, Resulting Company shall be made party thereto and shall prosecute or defend such proceedings in co-operation with Demerged Company 1 and any payment and expenses made thereto shall be the liability of Resulting Company.
- 11.3 Resulting Company undertakes to have all legal or other proceedings initiated by or against Demerged Company 1 referred to in Clause 11.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against Resulting Company to the exclusion of Demerged Company 1. Both companies shall make relevant applications in that behalf.

## **12. CONTRACTS, DEEDS, ETC.**

- 12.1 Upon coming into effect of this Scheme and subject to the other provisions of this Scheme, all contracts, deeds, bonds, schemes, insurance, letters of intent,

undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature forming part of the Demerged Undertaking 1 to which Demerged Company 1 is a party or to the benefit of which Demerged Company 1 is eligible and which is subsisting or having effect on the Effective Date, shall without any further act or deed, continue in full force and effect against or in favour of Resulting Company and may be enforced by or against Resulting Company as fully and effectually as if, instead of Demerged Company 1, Resulting Company had been a party thereto. It shall not be necessary to obtain the consent of any third party or other person who is a party to any such contracts, deeds, bonds, agreements, schemes, arrangements and other instruments to give effect to the provisions of this Clause 12 of the Scheme.

12.2 Resulting Company may at its sole discretion enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which Demerged Company 1 will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. Resulting Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Demerged Company 1 for the Demerged Undertaking 1 and to implement or carry out all formalities required to give effect to the provisions of this Scheme.

12.3 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 Demerged Company 1 in relation to the Demerged Undertaking 1, including by any Appropriate Authority, including the benefits of any applications made for any of the foregoing, shall stand transferred to Resulting Company as if the same were originally given by, issued to or executed in favour of Resulting Company, and Solara shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to Resulting Company. Resulting Company shall make necessary applications/

file relevant forms to any Appropriate Authority as may be necessary in this behalf.

- 12.4 Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking 1 which Demerged Company 1 owns or to which Demerged Company 1 is a party to, cannot be transferred to Resulting Company for any reason whatsoever, Demerged Company 1 shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.

### **13. SAVING OF CONCLUDED TRANSACTIONS**

Subject to the terms of the Scheme, the transfer of the Demerged Undertaking 1 into Resulting Company under Clause 5 above and the continuance of legal proceedings by or against Resulting Company under Clause 11 above shall not affect any transaction or proceedings already concluded by Demerged Company 1 for the Demerged Undertaking 1 until the Effective Date, to the end and intent that Resulting Company accept and adopts all acts, deeds and things done and executed by Demerged Company 1 for the Demerged Undertaking 1 in respect thereto as acts, deeds and things made, done and executed by or on behalf of Resulting Company.

### **14. TAXES/ DUTIES/ CESS ETC.**

- 14.1 With effect from the Appointed Date, all taxes (including sales tax, excise duty, custom duty, service tax, sales tax, value added tax, etc), duties, cess received/ receivable/ paid/ payable by Demerged Company 1 relating to the Demerged Undertaking 1, including all or any refunds/ input credit/ claims/ tax losses/ unabsorbed depreciation relating thereto shall be treated as the asset/ liability or

refunds/ input credit/ claims/ tax losses/ unabsorbed depreciation, as the case may be, of Resulting Company.

14.2 Any benefits under incentive schemes and policies relating to the Demerged Undertaking 1 shall be transferred to and vested in Solara.

14.3 Demerged Company 1 and Resulting Company are expressly permitted to revise their tax returns including tax deducted at source certificates/ returns and to claim refunds, advance tax credits, TDS credits, excise, service tax credits, set off, sales tax, value added tax, etc., on the basis of the accounts of the Demerged Undertaking 1 as vested with Resulting Company upon the coming into effect of this Scheme.

14.4 Impact under Clause 8.4 to the statement of profit and loss of Strides shall be ignored for the purposes of calculation of book profits under Section 115JB of the Income tax Act, 1961.

#### **15. RETAINED BUSINESS OF DEMERGED COMPANY 1**

15.1 The Retained Business of Demerged Company 1 and all the assets, properties, rights, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by Demerged Company 1, and Resulting Company shall have no right, claim or obligation in relation to the Retained Business of Demerged Company 1.

15.2 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against Demerged Company 1 under any statute, whether relating to the period prior to or after the Appointed Date and whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Effective Date and relating to the Retained Business of Demerged Company 1 (including those relating to any property, right, power, liability, obligation or duty of Demerged Company 1 in respect of the Retained Business of Demerged Company 1 and any income tax related liabilities) shall



be continued and enforced by or against Demerged Company 1 even after the Effective Date.

15.3 Up to and including the Effective Date:

- (a) Demerged Company 1 shall carry on and shall be deemed to have been carrying on all business and activities relating to the Retained Business of Demerged Company 1 for and on its own behalf;
- (b) all profits accruing to Demerged Company 1 or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Retained Business of Demerged Company 1 shall, for all purposes, be treated as the profits or losses, as the case may be, of Demerged Company 1; and
- (c) all assets and properties acquired by Demerged Company 1 in relation to the respective Retained Business of Demerged Company 1 on and after the Appointed Date shall belong to and continue to remain vested in Demerged Company 1.

**PART D - TRANSFER AND VESTING OF DEMERGED UNDERTAKING 2**  
**OF DEMERGED COMPANY 2 INTO RESULTING COMPANY**

**16. TRANSFER AND VESTING OF DEMERGED UNDERTAKING 2**

**TRANSFER OF ASSETS**

- 16.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Demerged Undertaking 2 shall, subject to the provisions of this Clause 16.1 in relation to the mode of transfer and vesting and pursuant to Section 232 of the Act and without any further act or deed, be demerged from the Demerged Company 2 and be transferred to and vested in and be deemed to have been demerged from the Demerged Company 2 and transferred to and vested in the Resulting 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 Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/ or financial institutions.
- 16.2 Upon the Scheme becoming effective, with effect from the Appointed Date, in respect of such of the assets of the Demerged Undertaking 2 as are movable in nature and/ or otherwise capable of transfer by manual or constructive delivery and/ or by endorsement and delivery, the same shall stand transferred by Demerged Company 2 to Resulting Company pursuant to the provisions of Section 232 of the Act without requiring any deed or instrument of conveyance for transfer of the same, and shall become the property of Resulting Company as an integral part of the Demerged Undertaking 2 subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/ or financial institutions.
- 16.3 Without prejudice to the generality of Clause 16.1 and in respect of movable assets other than those dealt with in Clause 16.2 above, including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits with any Appropriate Authorities or any other bodies and/ or customers or any other person, if any, forming part of the

Demerged Undertaking 2, whether recoverable in cash or in kind or for value to be received, bank balances, etc., the same shall stand transferred to and vested in Resulting Company without any notice or other intimation to any person in pursuance of the provisions of Sections 230 to 232 read with other relevant provisions of the Act to the end and intent that the right of Demerged Company 2 to recover or realize the same stands transferred to Resulting Company, and that appropriate entries should be passed in their respective books to record the aforesaid change, without any notice or other intimation to such debtors, depositors or persons as the case may be. Resulting Company may, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such person, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in Resulting Company and be paid or made good or held on account of the Resulting Company as the person entitled thereto.

- 16.4 Without prejudice to the generality of the foregoing, all assets, estate, rights, title, interest and authorities held by the Demerged Company 2 on the Appointed Date in relation to Demerged Undertaking 2, not otherwise specified in Clauses 16.1, 16.2 and Clause 16.3 above, shall also, without any further act, instrument or deed stand transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company upon the coming into effect of this Scheme pursuant to the provisions of Sections 230 to 232 of the Act.
- 16.5 Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme, all the rights, title, interest and claims of Demerged Company 2 in any immovable properties including any leasehold/ leave and licence/ right of way properties of Demerged Company 2 forming part of the Demerged Undertaking 2, shall, pursuant to Section 232 of the Act, without any further act or deed, be transferred to and vested in or be deemed to have been transferred to or vested in Resulting Company on the same terms and conditions. The immovable property forming part of the Demerged Undertaking 2 shall stand transferred to Resulting Company either under the

Scheme or by way of a separate conveyance or agreement without payment of consideration.

- 16.6 All assets, estate, rights, title, interest and authorities acquired by Demerged Company 2 after the Appointed Date and prior to the Effective Date forming part of the Demerged Undertaking 2 shall also stand transferred to and vested or be deemed to have been transferred to or vested in Resulting Company upon the coming into effect of this Scheme without any further act, instrument or deed.
- 16.7 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is expressly clarified that upon the coming into effect of this Scheme and with effect from the Appointed Date, all permits, licenses, permissions, right of way, approvals, clearances, consents, benefits, tax incentives/ concessions, registrations, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, issued to or granted to or executed in favour of Demerged Company 2, and the rights and benefits under the same, in so far as they relate to the Demerged Undertaking 2 and all intellectual property and rights thereto of Demerged Company 2, whether registered or unregistered, along with all rights of commercial nature including attached goodwill, title, interest, quality certifications and approvals, trademarks, trade names, service marks, copy rights, domain names, designs, trade secrets, research and studies, technical knowhow and all such other industrial or intellectual rights of whatsoever nature and all other interests relating to the goods or services forming part of the Demerged Undertaking 2 and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents acquired by Demerged Company 2 forming part of the Demerged Undertaking 2 shall be transferred to and vested in or deemed to have transferred to or vested in Resulting Company and the concerned licensors and grantors of such approvals, clearances, permissions, etc., shall endorse, where necessary, and record, in accordance with law, Resulting Company on such approvals, clearances, permissions so as to empower and facilitate the

approval and vesting of the Demerged Undertaking 2 in Resulting Company and continuation of operations forming part of the Demerged Undertaking 2 of Demerged Company 2 in Resulting Company without hindrance and that such approvals, clearances and permissions shall remain in full force and effect in favour of or against Resulting Company, as the case may be, and may be enforced as fully and effectually as if, instead of Demerged Company 2, Resulting Company had been a party or beneficiary or obligee thereto.

- 16.8 In so far as various incentives, subsidies, exemptions, all indirect tax related benefits, including service tax benefits, income tax holiday/ benefit/losses and other benefits or exemptions or privileges enjoyed, granted by any Appropriate Authority or by any other person, or availed of by Demerged Company 2 are concerned, the same shall, without any further act or deed, in so far as they relate to the Demerged Undertaking 2, vest with and be available to Resulting Company on the same terms and conditions as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to Resulting Company.

#### **TRANSFER OF LIABILITIES**

- 16.9 Upon coming into effect of this Scheme and with effect from the Appointed Date, all debts, duties, obligations, and liabilities (including contingent liabilities) of Demerged Company 2 forming part of the Demerged Undertaking 2 (“**Demerged Liabilities 2**”) shall without any further act, instrument or deed be and stand transferred to Resulting Company to the extent that they are outstanding as on the Effective Date and shall thereupon become the debts, duties, obligations, and liabilities of Resulting Company which it undertakes to meet, discharge and satisfy to the exclusion of Demerged Company 2 such that Demerged Company 2 shall in no event be responsible or liable in relation to any such Demerged Liabilities 2. Resulting Company shall keep Demerged Company 2 indemnified at all times from and against all such debts, duties, obligations and liabilities and from and against all actions, demands and proceedings in respect thereto. 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 debts, obligations, duties and liabilities have arisen in order to give effect to the provisions of this Clause. The term “**Demerged Liabilities 2**” shall mean:

- (a) the liabilities which arise out of the activities or operations of the Demerged Undertaking 2;
- (b) the specific loans or borrowings (including debentures, if any, raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking 2); and
- (c) in cases other than those referred to in Clause 16.9(a) or Clause 16.9(b) above, so much of the amounts of general or multipurpose borrowings, if any, of Demerged Company 2, as stand in the same proportion which the value of the assets transferred pursuant to the Second Demerger bears to the total value of the assets of Demerged Company 2 immediately prior to the Appointed Date.

16.10 In so far as loans and borrowings of Demerged Company 2 are concerned, the loans and borrowings and such amounts pertaining to the general and multipurpose loans, and liabilities, if any, which are to be transferred to Resulting Company in terms of Clause 16.9 hereof, shall, without any further act or deed, become loans and borrowings of Resulting Company, and all rights, powers, duties and obligations in relation thereto shall stand transferred to and vested in and shall be exercised by or against Resulting Company as if it had entered into such loans and incurred such borrowings. Thus, the primary obligation to redeem or repay such liabilities shall be that of Resulting Company.

16.11 Where any of the liabilities and obligations of Demerged Company 2 as on the Appointed Date deemed to be transferred to Resulting Company, have been partially or fully discharged by Demerged Company 2 after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of Resulting Company and all liabilities and obligations

incurred by Demerged Company 2 for the operations of the Demerged Undertaking 2 after the Appointed Date and prior to the Effective Date shall be deemed to have been incurred for and on behalf of Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to Resulting Company and shall become the liabilities and obligations of Resulting Company.

- 16.12 In so far as the existing Encumbrances in respect of the Demerged Liabilities 2 are concerned, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Demerged Undertaking 2 which have been Encumbered in respect of the Demerged Liabilities 2 as transferred to Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in Demerged Undertaking 2 which are being transferred to the Resulting Company pursuant to this Scheme have not been Encumbered in respect of the Demerged Liabilities 2, such assets shall remain unencumbered and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 16.13 Subject to the other provisions of this Scheme, in so far as the assets of forming part of the Demerged Undertaking 2 are concerned, the Encumbrances, over such assets, to the extent they relate to any loans or borrowings or debentures or other debt or debt securities of the Demerged Company 2 pertaining to Retained Business of Demerged Company 2 shall, as and from the Effective Date, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as Encumbrances in relation to those liabilities of Demerged Company 2 pertaining to the Retained Business of Demerged Company 2 which are not transferred to Resulting Company pursuant to the Scheme (and which shall continue with Demerged Company 2).
- 16.14 In so far as the assets of the Retained Business of Demerged Company 2 are concerned, the Encumbrances over such assets, to the extent they relate to any

loans or borrowings forming part of the Demerged Undertaking 2 shall, without any further act, instrument or deed be released and discharged from such Encumbrances. The absence of any formal amendment which may be required by a bank and/ or financial institution or trustee or third party in order to effect such release shall not affect the operation of this Clause 16.14.

- 16.15 In so far as the existing Encumbrances in respect of the loans and other liabilities relating to the Retained Business of Demerged Company 2 are concerned, such Encumbrance shall, without any further act, instrument or deed be continued with Demerged Company 2 only on the assets relating to the Retained Business of Demerged Company 2 and the assets of the Demerged Undertaking 2 shall stand released therefrom.
- 16.16 Without any prejudice to the provisions of the foregoing Clauses, Demerged Company 2 and Resulting Company shall enter into and execute such other deeds, instruments, documents and/ or writings and/ or do all acts and deeds as may be required, including the filing of necessary particulars and/ or modification(s) of charge, with the Registrar of Companies to give formal effect to the provisions of this Clause and foregoing Clauses, if required.
- 16.17 Upon the coming into effect of this Scheme and with effect from the Appointed Date, Demerged Company 2 alone shall be liable to perform all obligations in respect of all debts, liabilities, duties and obligations pertaining to the Retained Business of Demerged Company 2 and Resulting Company shall not have any obligations in respect of the debts, liabilities, duties and obligations of the Retained Business of Demerged Company 2. Further, upon the coming into effect of this Scheme and with effect from the Appointed Date, Resulting Company alone shall be liable to perform all obligations in respect of Demerged Liabilities 2, which have been transferred to it in terms of this Scheme, and Demerged Company 2 shall not have any obligations in respect of such Demerged Liabilities 2.
- 16.18 The foregoing provisions shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction



or issue or any security documents, all of which instruments, deeds or writings shall be deemed to have been modified and/ or superseded by the foregoing provisions.

16.19 It is expressly provided that, save as mentioned in this Scheme, no other term or condition of the Demerged Liabilities 2 transferred to the Resulting 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.

16.20 All cheques and other negotiable instruments, pay orders, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of Demerged Company 2 after the Effective Date, in so far as the same forms part of the Demerged Undertaking 2, shall be deemed to have been in the name of Resulting Company and credited to the account of Resulting Company, if presented by Resulting Company or received through electronic transfers and shall be accepted by the relevant bankers and credited to the accounts of the Resulting Company. Similarly, the banker of Resulting Company shall honour all cheques/ electronic fund transfer instructions issued by Demerged Company 2 (in relation to the Demerged Undertaking 2) for payment after the Effective Date. If required, the bankers of Demerged Company 2 and/or Resulting Company shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of Demerged Company 2 by Resulting Company in relation to the Demerged Undertaking 2 for such time as may be determined to be necessary by Resulting Company for presentation and deposit of cheques, pay order and electronic transfers that have been issued/ made in the name of Demerged Company 2.

## **17. CONSIDERATION FOR DEMERGER**

17.1 Upon this Scheme becoming effective and in consideration of vesting of the Demerged Undertaking 2 of Demerged Company 2 in Resulting Company in terms of this Scheme, Resulting Company shall, without any further application, act or deed, issue and allot equity shares, credited as fully paid-up,

to the members of Demerged Company 2, holding fully paid up equity shares in Demerged Company 2 and whose names appear in the register of members of Demerged Company 2 on the Record Date or to such of their respective heirs, executors, administrators or other legal representative or other successors in title as on the Record Date in the following manner:

*“1 (one) fully paid up equity Share of Rs. 10 (Rupees Ten only) each of Solara shall be issued and allotted for every 25 (twenty five) fully paid up equity shares of Rs. 2 (Rupees Two only) each held in Sequent” (“Share Entitlement Ratio 2”)*

- 17.2 The consideration in the form of equity shares shall be issued and allotted by Resulting Company in dematerialized form to all the shareholders of Demerged Company 2 holding such shares in dematerialized form and in physical form to all those shareholders of Demerged Company 2, holding such shares in physical form as per Clause 17.8.
- 17.3 Other than in respect of issuance of shares by the Demerged Company 2 pursuant to exercise of options which have been granted as on March 20, 2017 under the Existing Stock Option Schemes - Sequent, in the event of any increase in the issued, subscribed or paid up share capital of the Demerged Company 2 or the Resulting Company, issuance of any instruments convertible into equity shares or restructuring of their respective equity share capital including by way of consolidation, share split, issue of bonus shares, or other similar action, that occurs after March 20, 2017 and before issuance of shares to the shareholders of the Demerged Company 2 pursuant to Clause 17.1 above, the Share Entitlement Ratio 2 shall be appropriately adjusted to take into account the effect of such issuance or corporate actions and assuming conversion of any such issued instruments convertible into equity shares.
- 17.4 The equity shares to be issued and allotted by Resulting Company to the equity shareholders of Demerged Company 2 shall be subject to the Scheme, the memorandum and articles of association of Resulting Company and applicable

laws, and shall rank *pari passu* in all respects with the then existing equity shares of Resulting Company.

17.5 No shares shall be allotted in respect of fractional entitlements, by Resulting Company to which the members of Demerged Company 2 may be entitled on allotment of shares as per Clause 17.1. The Board of Resulting Company shall, at its absolute discretion, decide to take any or a combination of the following actions:

- (a) consolidate all such fractional entitlements and thereupon allot equity shares in lieu thereof to a person/ trustee authorized by the Board of Resulting Company in this behalf who shall hold the shares in trust on behalf of the members of Demerged Company 2 entitled to fractional entitlements with the express understanding that such person shall sell the shares of Resulting Company so allotted on the Stock Exchange at such time or times and at such price or prices on the stock exchange and to such person, as such person/ trustee deems fit, and shall distribute the net sale proceeds, subject to tax deductions and other expenses as applicable, to the members of Demerged Company 2 in proportion to their respective fractional entitlements. In case the number of such new shares to be allotted to a person authorized by the Board of Resulting Company by virtue of consolidation of fractional entitlements is a fraction, it shall be rounded off to the next higher integer.
- (b) round off all fractional entitlements to the next whole number above the fractional entitlement and issue such number of securities to the relevant shareholders of Demerged Company 2.
- (c) deal with such fractional entitlements in such other manner as they may deem to be in the best interests of the shareholders of Demerged Company 2 and Resulting Company.

17.6 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of Demerged Company 2, the Board of

Demerged Company 2 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 Demerged Company 2, after the effectiveness of this Scheme. The Board of Demerged Company 2 shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new shareholders in Demerged Company 2 on account of difficulties faced in the transaction period.

17.7 Without prejudice to the generality of Clause 17.1 above, the Board of Resulting Company shall, if and to the extent required, apply for and obtain any approvals from concerned Appropriate Authorities and undertake necessary compliance for the issue and allotment of equity shares to the members of Demerged Company 2 pursuant to Clause 17.1 of the Scheme.

17.8 The equity shares shall be issued in dematerialized form to those shareholders who hold shares of Demerged Company 2 in dematerialized form, in to the account in which Demerged Company 2 shares are held or such other account as is intimated in writing by the shareholders to Demerged Company 2 and/ or its Registrar provided such intimation has been received by the Demerged Company 2 and/or its Registrar at least 30 (thirty) days before the Record Date. All those shareholders who hold shares of Demerged Company 2 in physical form shall also have the option to receive the equity shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to Demerged Company 2 and/or its Registrar provided such intimation has been received by the Demerged Company 2 and/or its Registrar at least 30 (thirty) days before the Record Date. The shareholders who fail to provide such details shall be issued equity shares in physical form.

17.9 The equity shares to be issued by Resulting Company, pursuant to Clause 17.1 above, in respect of any equity shares of Demerged Company 2 which are held

in abeyance under the provisions of Section 126 of the Act or which the Resulting Company is unable to issue due to non-receipt of relevant approvals or due to Applicable Laws or otherwise shall, pending allotment or settlement of dispute by order of NCLT or otherwise, be held in abeyance by Resulting Company.

- 17.10 Approval of this Scheme by the equity shareholders of Resulting Company shall be deemed to be the due compliance of the provisions of Section 42 and Section 62 of the Act, and other relevant and applicable provisions of the Act and rules made thereunder for the issue and allotment of the equity shares by Resulting Company to the equity shareholders of Demerged Company 2 as on the Record Date, as provided in this Scheme.
- 17.11 The equity shares to be issued by Resulting Company to the members of Demerged Company 2 pursuant to Clause 17.1 of this Scheme will be listed and/ or admitted to trading on the Stock Exchanges on which shares of Demerged Company 2 are listed on the Effective Date. Resulting 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 Resulting Company with the formalities of the said Stock Exchange. The equity shares of Resulting Company allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by the designated stock exchange. There shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date and the listing which may affect the status of approvals received from the Stock Exchanges, other than as provided in the Scheme.
- 17.12 The equity shares of Resulting Company issued in respect of any equity shares of Demerged Company 2 that are subject to lock in under applicable law (“**Sequent Locked in Shares**”) will also be subject to a lock in for the remainder of the period for which the Sequent Locked in Shares are subject to lock in.

17.13 The equity shares of the Resulting Company issued pursuant to this Scheme may not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and the Resulting Company may elect, in its sole discretion, to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof or any other exemption that the Resulting Company may elect to rely upon. In the event the Resulting Company elects to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof, the sanction of the NCLT to this Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the equity shares of the Resulting Company for such an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof.

## **18. REDUCTION OF SHARE CAPITAL OF DEMERGED COMPANY 2**

18.1 Notwithstanding anything contained under the Act, pursuant to the provisions of Section 230 to 232 of the Act, the securities premium account of the Demerged Company 2 shall stand reduced to the extent required in accordance with Clause 19.3 without any further act or deed, in accordance with provisions of the Scheme.

18.2 The reduction of share capital of the Demerged Company 2 shall be effected as an integral part of this Scheme and the Demerged Company 2 shall not be required to follow the process under Sections 66 of the Act or any other provisions of Applicable Law separately.

18.3 The reduction would not involve either a diminution of liability in respect of unpaid share capital, if any or payment to any shareholder of any unpaid share capital.

18.4 Notwithstanding the reduction in the equity share capital of the Demerged Company 2, the Demerged Company 2 shall not be required to add “And Reduced” as suffix to its name.

## **19. ACCOUNTING TREATMENT**

### **IN THE BOOKS OF THE DEMERGED COMPANY 2**

Upon the effectiveness of this Scheme, in accordance with the applicable accounting standards, Act and generally accepted accounting principles in India, the Demerged Company 2 shall provide the following accounting treatment in its books of accounts:

- 19.1 Upon the Scheme coming into effect, with effect from the Appointed Date, the Demerged Company 2 shall transfer the assets and liabilities forming part of the Demerged Undertaking 2 to the Resulting Company at their respective carrying amounts (i.e. the book value) at the Appointed Date;
- 19.2 Upon the Scheme coming into effect, solely to meet the requirements of Ind AS notified under section 133 of the Act, Reserves of the Demerged Company 2 shall be adjusted for the fair value as at the Appointed Date of the Demerged Undertaking 2.
- 19.3 **Adjustments**

The adjustment to Reserves mentioned in Clause 19.2 shall be as follows:

- (i) the excess of the book value of assets over the book value of liabilities transferred as per Clause 19.1 as at the Appointed Date shall be reduced from the balance in the Securities Premium account.
- (ii) the difference between (a) the fair value of the Demerged Undertaking 2 as determined under Clause 19.2, and (b) the adjustment under Clause 19.3(i), shall be charged to the surplus/ deficit accumulated in Retained earnings.
- 19.4 Upon the Scheme coming into effect, with effect from Appointed Date, solely to meet the requirements of Ind AS notified under Section 133 of the Act, the difference between (a) the fair value of the Demerged Undertaking 2 as determined under Clause 19.2, and (b) the excess of the book value of assets

over the book value of liabilities transferred as per Clause 19.1 as at the Appointed Date, shall be credited to the Statement of Profit and Loss.

19.5 As mentioned in Clause 20.1, with effect from Appointed Date until Effective Date, the Demerged Company 2 shall be deemed to have been carrying on and shall carry on its business and activities relating to the Demerged Undertaking 2 and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its estates, properties, rights, title, interest, authorities, contracts and investments and assets forming part of the Demerged Undertaking 2 for and on account of and in trust for the Resulting Company. Accordingly, the following shall apply:

- (i) Pending approval of the Scheme by the NCLT and other appropriate authorities, in the period between Appointed Date and the Effective Date, the Demerged Company 2 shall continue to record the transactions and balances relating to the Demerged Undertaking 2 in its books of account.
- (ii) Upon the Scheme coming into effect, the Demerged Company 2 shall derecognize all transactions and balances relating to the Demerged Undertaking 2 that was recorded between the Appointed Date and the Effective Date pursuant to Clause 19.5(i) above and shall redraw its books of account to the extent required to give effect to the Scheme.

19.6 It is reiterated that the demerger of the Demerged Undertaking 2 of the Demerged Company 2 into the Resulting Company pursuant to this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.

#### **IN THE BOOKS OF THE RESULTING COMPANY**

Upon the effectiveness of this Scheme, in accordance with the applicable accounting standards, Act and generally accepted accounting principles in India, the Demerged Undertaking 2 is considered acquired by the Resulting



Company under Ind AS 103. Accordingly, the Resulting Company shall provide the following accounting treatment in its books of accounts.

- 19.7 The Resulting Company shall record the equity shares issued and allotted by it pursuant to Clause 17.1 of the Scheme at fair value as on the Appointed Date. The face value of the equity shares on such issue shall be credited to the share capital account and the balance shall be credited to the Securities premium account.
- 19.8 With effect from the Appointed Date, the Resulting Company shall record the assets and liabilities of the Demerged Undertaking 2 of the Demerged Company 2 vested in it pursuant to this Scheme.
- 19.9 Solely to meet the requirements of Ind AS notified under Section 133 of the Act, the Resulting Company shall reflect the values of the assets and liabilities transferred pursuant to Clause 19.8 at their respective fair values as at the Appointed Date.
- 19.10 The difference, being the excess of the fair value of shares allotted pursuant to Clause 19.7 over the value of net assets recorded under Clause 19.9 (including related deferred tax adjustments), shall be recorded as Goodwill. Shortfall, if any, shall be recorded as Other Comprehensive Income and included in Capital reserve.
- 19.11 Notwithstanding the above, the Board of Directors of the Resulting Company, in consultation with its statutory auditors, is authorized to account any of the balances in any other manner, if such accounting treatment is considered more appropriate.
- 19.12 It is reiterated that the demerger of the Human API Business of the Demerged Company 2 into the Resulting Company pursuant to this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961. Notwithstanding anything contained hereinabove, for purposes of preparing the Income tax returns of the Resulting Company, the assets and liabilities of the Demerged

Undertaking 2 of the Demerged Company 2 vested with the Resulting Company under the Scheme will be considered at their respective book values as appearing in the books of the Demerged Company 2 at the Appointed Date, in compliance with Section 2(19AA) of the Income Tax Act, 1961.

19.13 Upon the Scheme coming into effect, the Resulting Company shall account for the transactions relating to the Demerged Undertaking 2 from the Appointed Date and shall redraw its books of account to the extent required to give effect to the Scheme.

## **20. CONDUCT OF DEMERGED UNDERTAKING 2 OF DEMERGED COMPANY 2 TILL THE EFFECTIVE DATE**

With effect from the date of approval of this Scheme by the respective Boards and up to and including the Effective Date:

20.1 Demerged Company 2 shall be deemed to have been carrying on and shall carry on its business and activities relating to the Demerged Undertaking 2 and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its estates, properties, rights, title, interest, authorities, contracts and investments and assets forming part of the Demerged Undertaking 2 for and on account of and in trust for Resulting Company.

20.2 Demerged Company 2 undertakes that it will preserve and carry on the business of the Demerged Undertaking 2 and hold its said assets with reasonable diligence and business prudence and shall not undertake financial commitments in respect of, or sell, transfer, alienate, charge, mortgage, or encumber, the Demerged Undertaking 2 or any part thereof or recruit new employees or conclude settlements with union or employees without the concurrence of Resulting Company or undertake substantial expansion or change the general character or nature of the business of the Demerged Undertaking 2 or any part thereof save and except in each case:

(a) if the same is in its ordinary course of business; or

- (b) if the same is expressly permitted by this Scheme; or
  - (c) if the prior written consent of the Resulting Company has been obtained.
- 20.3 Without prejudice to the generality of Clause 20.2 above, neither Demerged Company 2 nor Resulting Company shall take, enter into, perform or undertake, as applicable: (i) any material decision in relation to its business and affairs and operations as form part of, in case of Demerged Company 2, the Demerged Undertaking 2 and in case of Resulting Company, to its entire business; and (ii) any agreement or transaction, which is not in the ordinary course of business as carried on by it as on March 20, 2017, without the prior written consent of the Board of the other Company or except as mutually agreed between Demerged Company 2 and Resulting Company in writing.
- 20.4 All the profits or income accruing or arising to Demerged Company 2 and expenditure or losses arising or incurred or suffered by Demerged Company 2 which form part of Demerged Undertaking 2, for the period commencing from the Appointed Date shall, for all purposes be treated and be deemed to be accrued as the income or profits or losses or expenditure as the case may be of Resulting Company, except for profits or income accruing to the Retained Business of Demerged Company 2.
- 20.5 Any of the rights, powers, authorities or privileges attached, related or forming part of the Demerged Undertaking 2, exercised by Demerged Company 2 shall be deemed to have been exercised by Demerged Company 2 for and on behalf of, and in trust for and as an agent of Resulting Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the Demerged Undertaking 2 that have been undertaken or discharged by Demerged Company 2 shall be deemed to have been undertaken/ discharged for and on behalf of Resulting Company.
- 20.6 Demerged Company 2 and Resulting Company shall be entitled, pending sanction of the Scheme, to apply to the Central/ State Government and all other

Appropriate Authorities concerned as are necessary under any Applicable Law or rules for such consents, approvals and sanctions, which may be required pursuant to this Scheme.

20.7 Demerged Company 2 shall not vary the terms and conditions of employment of any of the employees in relation to the Demerged Undertaking 2 except in the ordinary course of business or with the prior written consent of Resulting Company.

20.8 With effect from the Effective Date, Resulting Company shall commence and carry on and shall be authorized to carry on the Human API Business which was earlier carried on by Demerged Company 2.

## **21. EMPLOYEES**

21.1 On the Scheme becoming effective, all permanent employees of Demerged Company 2 engaged in the Demerged Undertaking 2 in service on the Effective Date (“**Sequent Transferred Employees**”) shall be deemed to have become employees of Resulting Company with effect from the Appointed Date or their respective joining date, whichever is later, without any break in their service and on the basis of continuity of service, and the terms and conditions of their employment with Resulting Company shall not be less favourable than those applicable to them with reference to their employment in Demerged Company 2 on the Effective Date.

21.2 It is expressly provided that, on the Scheme becoming effective, insofar as the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff and employees of Demerged Company 2 (including Sequent Transferred Employees) are concerned (collectively referred to as the “**Sequent Funds**”), such proportion of the investments made in the funds and liabilities which are referable to the Sequent Transferred Employees shall be transferred to the similar funds created by Resulting Company and shall be held for their benefit pursuant to this Scheme, or at the sole discretion of Resulting Company, maintained as separate

funds by Resulting Company. In the event that Resulting Company does not have its own funds in respect of any of the above, Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Sequent Funds or discharge such liabilities of Demerged Company 2, until such time that Resulting Company creates its own funds, at which time the funds and the investments and contributions pertaining to the Sequent Transferred Employees shall be transferred to the funds created by Resulting Company.

- 21.3 Further to the transfer of Sequent Funds as set out in Clause 21.2 above, for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to 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, if any, all rights, duties, powers and obligations of Demerged Company 2 in relation to Demerged Undertaking 2 as on the Effective Date in relation to such fund or funds shall become those of Resulting Company. It is clarified that the services of the Sequent Transferred Employees of Demerged Company 2 forming part of the Demerged Undertaking 2 will be treated as having been continuous for the purpose of the said Sequent Funds.
- 21.4 In relation to any other fund (including any funds set up by the government for employee benefits) created or existing for the benefit of the Sequent Transferred Employees, Resulting Company shall stand substituted for Demerged Company 2, for all purposes whatsoever, including relating to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bye laws, etc. in respect of such Sequent Transferred Employees.
- 21.5 In so far as the existing benefits or funds created by Demerged Company 2 for the employees of the Retained Business of Demerged Company 2 are concerned, the same shall continue and Demerged Company 2 shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held *inter alia* for the benefit of the

employees of the Retained Business of Demerged Company 2 and Resulting Company shall have no liability in respect thereof.

21.6 Stock Options:

- (a) The stock options granted by Demerged Company 2 under the Existing Stock Option Schemes - Sequent to the employees who shall be transferred as part of the Demerged Undertaking 2, which have not been exercised (irrespective of whether the same are vested or not) and are outstanding, shall be accelerated such that the stock options are vested upto 7 (seven) Business Days prior to the Effective Date or such other date as may be determined by the relevant committee of the Board of Demerged Company 2 and may be exercised from the vesting date upto 3 (three) Business Days after the Effective Date, failing which, such options as remain unexercised on that date shall lapse.
- (b) The stock options granted by Demerged Company 2 under the Existing Stock Option Schemes - Sequent to the employees who form part of the Retained Business of Demerged Company 2 and who shall not be transferred to Resulting Company, which have not been exercised (irrespective of whether the same are vested or not) and are outstanding, shall continue on the existing terms and conditions, except for such modifications/adjustments as may be deemed appropriate (including by issue of new/ additional options and/ or adjustment to the exercise price) by the Nomination & Remuneration Committee of Demerged Company 2 through the Sequent ESOP Trust and payment of appropriate compensation as determined by the Nomination & Remuneration Committee of Demerged Company 2 through the Sequent ESOP Trust in order to provide for reduction in intrinsic value of the Demerged Company 2 pursuant to the demerger of the Demerged Undertaking 2, in accordance with the provisions of the Existing Stock Option Schemes – Sequent and applicable Law.

- (c) The relevant committee of the Board of Demerged Company 2 shall make appropriate amendments to the Existing Stock Option Schemes – Sequent to provide for the modifications/adjustments (as may be deemed appropriate by such committee including by issue of new/ additional options and/ or adjustment to the exercise price) by the Sequent ESOP Trust and payment of appropriate compensation to the employees who shall be part of the Retained Business of Demerged Company 2, as may be determined by the Sequent ESOP Trust (based on the recommendation of such committee of the Board of Demerged Company 2) in order to provide for reduction in intrinsic value of the Demerged Company 2 pursuant to the demerger of the Demerged Undertaking 2. The modifications/adjustments, if any, to the Existing Stock Option Schemes - Sequent required to effect the treatment set out above shall be effected as an integral part of the Scheme and the approval granted to the Scheme by the shareholders shall also be deemed to be their approval for such modification or adjustments to the stock options pursuant to the Existing Stock Option Scheme - Sequent required under Applicable Law, including under Section 62 of the Act and the SEBI (Share Based Employee Benefits) Regulations, 2014. No further approval of the shareholders of Demerged Company 2 or any other Person would be required in this connection.

## **22. LEGAL PROCEEDINGS**

- 22.1 Upon the coming into effect of this Scheme, if any suit, appeal, legal, taxation or other proceeding of whatever nature, whether criminal or civil (including before any statutory or quasi-judicial authority or tribunal), under any statute, by or against Demerged Company 2 in relation to Demerged Undertaking 2 whether pending on the Appointed Date or which may be instituted any time thereafter, 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 Resulting Company, as the case may be, after the

Effective Date, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Demerged Company 2 in relation to Demerged Undertaking 2 as if this Scheme had not been made.

22.2 In case of any litigation, suits, recovery proceedings which are to be initiated or may be initiated against Demerged Company 2 in relation to Demerged Undertaking 2, Resulting Company shall be made party thereto and shall prosecute or defend such proceedings in co-operation with Demerged Company 2 and any payment and expenses made thereto shall be the liability of Resulting Company.

22.3 Resulting Company undertakes to have all legal or other proceedings initiated by or against Demerged Company 2 referred to in Clause 22.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against Resulting Company to the exclusion of Demerged Company 2. Both companies shall make relevant applications in that behalf.

### **23. CONTRACTS, DEEDS, ETC.**

23.1 Upon coming into effect of this Scheme and subject to the other provisions of this Scheme, all contracts, deeds, bonds, schemes, insurance, letters of intent, undertakings, arrangements, policies, agreements and other instruments, if any, of whatsoever nature forming part of the Demerged Undertaking 2 to which Demerged Company 2 is a party or to the benefit of which Demerged Company 2 is eligible and which is subsisting or having effect on the Effective Date, shall without any further act or deed, continue in full force and effect against or in favour of Resulting Company and may be enforced by or against Resulting Company as fully and effectually as if, instead of Demerged Company 2, Resulting Company had been a party thereto. It shall not be necessary to obtain the consent of any third party or other person who is a party to any such contracts, deeds, bonds, agreements, schemes, arrangements and other instruments to give effect to the provisions of this Clause 23 of the Scheme.



- 23.2 Resulting Company may at its sole discretion enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which Demerged Company 2 will, if necessary, also be party in order to give formal effect to the provisions of this Scheme. Resulting Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of Demerged Company 2 for the Demerged Undertaking 2 and to implement or carry out all formalities required to give effect to the provisions of this Scheme.
- 23.3 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 Demerged Company 2 in relation to the Demerged Undertaking 2, including by any Appropriate Authority, including the benefits of any applications made for any of the foregoing, shall stand transferred to Resulting Company as if the same were originally given by, issued to or executed in favour of Resulting Company, and Resulting 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 Resulting Company. Resulting Company shall make necessary applications/ file relevant forms to any Appropriate Authority as may be necessary in this behalf.
- 23.4 Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking 2 which Demerged Company 2 owns or to which Demerged Company 2 is a party to, cannot be transferred to Resulting Company for any reason whatsoever, Demerged Company 2 shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Resulting Company, insofar as it is permissible so to do, till such time as the transfer is effected.

## **24. SAVING OF CONCLUDED TRANSACTIONS**

Subject to the terms of the Scheme, the transfer of the Demerged Undertaking 2 into Resulting Company under Clause 16 above and the continuance of legal proceedings by or against Resulting Company under Clause 22 above shall not affect any transaction or proceedings already concluded by Demerged Company 2 for the Demerged Undertaking 2 until the Effective Date, to the end and intent that Resulting Company accept and adopts all acts, deeds and things done and executed by Demerged Company 2 for the Demerged Undertaking 2 in respect thereto as acts, deeds and things made, done and executed by or on behalf of Resulting Company.

## **25. TAXES/ DUTIES/ CESS ETC.**

- 25.1 With effect from the Appointed Date, all taxes (including, sales tax, excise duty, custom duty, service tax, sales tax, value added tax, etc), duties, cess received/ receivable/ paid/ payable by Demerged Company 2 relating to the Demerged Undertaking 2 including all or any refunds/ input credit/ claims/ tax losses/unabsorbed depreciation relating thereto shall be treated as the asset/ liability or refunds/ input credit/ claims/ tax losses/ unabsorbed depreciation, as the case may be, of Resulting Company.
- 25.2 Any benefits under incentive schemes and policies relating to the Demerged Undertaking 2 shall be transferred to and vested in Resulting Company.
- 25.3 Demerged Company 2 and Resulting Company are expressly permitted to revise their tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, TDS credits, excise, service tax credits, set off, sales tax, value added tax, etc., on the basis of the accounts of the Demerged Undertaking 2 as vested with Resulting Company upon the coming into effect of this Scheme.
- 25.4 Impact under Clause 19.4 to the statement of profit and loss of Demerged Company 2 shall be ignored for the purposes of calculation of book profits under Section 115JB of the Income tax Act, 1961.

## **RETAINED BUSINESS OF DEMERGED COMPANY 2**

- 25.5 The Retained Business of Demerged Company 2 and all the assets, properties, rights, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by Demerged Company 2, and Resulting Company shall have no right, claim or obligation in relation to the Retained Business of Demerged Company 2.
- 25.6 All legal, taxation and other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against Sequent under any statute, whether relating to the period prior to or after the Appointed Date and whether pending on the Appointed Date or which may be instituted in future, whether or not in respect of any matter arising before the Effective Date and relating to the Retained Business of Demerged Company 2 (including those relating to any property, right, power, liability, obligation or duty of Demerged Company 2 in respect of the Retained Business of Demerged Company 2 and any income tax related liabilities) shall be continued and enforced by or against Sequent even after the Effective Date.
- 25.7 Up to and including the Effective Date:
- (a) Demerged Company 2 shall carry on and shall be deemed to have been carrying on all business and activities relating to the Retained Business of Demerged Company 2 for and on its own behalf;
  - (b) all profits accruing to Demerged Company 2 or losses arising or incurred by it (including the effect of taxes, if any, thereon) relating to the Retained Business of Demerged Company 2 shall, for all purposes, be treated as the profits or losses, as the case may be, of Demerged Company 2; and
  - (c) all assets and properties acquired by Demerged Company 2 in relation to the respective Retained Business of Demerged Company 2 on and after the Appointed Date shall belong to and continue to remain vested in Demerged Company 2.

## **PART E - GENERAL TERMS AND CONDITIONS**

### **26. AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION OF SOLARA**

#### **26.1 Increase of Authorised Share Capital**

(a) As an integral part of Scheme, and, upon coming into effect of the Scheme, the authorized share capital of Solara shall stand suitably increased, without any further act, instrument or deed on the part of Solara for the purpose of issue of shares as per Clause 6 and Clause 17, as on the Effective Date such that upon the effectiveness of the Scheme the authorised share capital of Solara shall be Rs. 300,000,000 (Rupees Three Hundred Million only) divided into 30,000,000 (thirty million) equity share of Rs. 10 (Rupees Ten only) each. Clause 5 of the memorandum of association of Solara shall be altered as set out below, upon coming into effect of the Scheme and without any further act or deed.

(i) Clause 5 of the memorandum of association of Solara shall, without any further act or deed, be substituted by the following clause:

*“VI. The Authorized Share Capital of the Company is Rs. 300,000,000 divided into 30,000,000 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) Pursuant to this Scheme, Solara shall file the requisite forms with the Registrar of Companies for alteration of its authorized share capital.
- (c) Under the accepted principle of single window clearance, it is hereby provided that the amendments pursuant to this Clause 26 shall become operative on the Scheme becoming effective by virtue of the fact that the shareholders of Solara, while approving the Scheme as a whole, have approved and accorded the relevant consents as required under the Act for amendment of the memorandum of association of Solara and articles of association of Solara and shall not be required to pass separate resolutions under the applicable provisions of the Act.
- (d) It is hereby clarified that for the purposes of Clause 6 and Clause 17, the consent of the shareholders of Solara to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or increase in authorised share capital of Solara, and no further resolution under Section 13, Section 14, Section 42, Section 61, Section 62 and Section 64 of the Act or any other applicable provisions of the Act, would be required to be separately passed.

**27. CHANGE IN CAPITAL STRUCTURE OF STRIDES/ SEQUENT/ SOLARA**

Without prejudice to the generality of this Scheme, during the period between the date of approval of the Scheme by the respective Boards and upto and including the date of allotment of shares pursuant to this Scheme, none of Strides, Sequent or Solara shall make any change in its capital structure, whether by way of increase (including by issue of equity shares on a rights basis, issue of bonus shares) decrease, reduction, reclassification, sub-division

or consolidation, re-organisation of share capital, or in any other manner which may, in any way, affect the issuance of shares as per Clauses 6 and 17, except under any of the following circumstances:

- (a) by mutual written consent of the respective Boards of Strides, Sequent and Solara; or
- (b) as may be expressly permitted under this Scheme; or
- (c) exercise of employee stock options granted under Existing Stock Option Schemes – Strides or Existing Stock Option Schemes – Sequent.

## **28. APPLICATION TO NCLT AT MUMBAI**

28.1 Strides, Sequent and Solara shall with all reasonable dispatch make all necessary applications and petitions to NCLT for sanctioning this Scheme under Sections 230 to 232 of the Act and other applicable provisions of the Act, for sanction of the Scheme under the provisions of Applicable Law and obtain such other approvals, as required by law.

28.2 The Companies shall be entitled, pending the effectiveness of the Scheme, to apply to any Appropriate Authority, if required, under any Applicable Law for such consents and approvals, as agreed between the Companies, which the Companies may require to effect the transactions contemplated under the Scheme or carry on the Demerged Undertaking 1 and Demerged Undertaking 2, in any case subject to the terms as may be mutually agreed between the Companies.

## **29. MODIFICATION OR AMENDMENTS TO THE SCHEME**

29.1 Any modifications/ amendments or additions/deletions to the Scheme may only be made with the approval of the respective Boards of each of Strides, Sequent and Solara. The aforesaid powers of Strides, Sequent and Solara to give effect to the modification/ amendments to the Scheme may be exercised subject to approval of NCLT or any other Appropriate Authorities as may be required under Applicable Law.

- 29.2 Strides, Sequent and Solara agree that if, at any time, either of the NCLT or any Appropriate Authority directs or requires any modification or amendment of the Scheme, such modification or amendment shall not, to the extent it adversely affects the interests of Strides, Sequent or Solara, be binding on Strides, Sequent or Solara, as the case may be, except where the prior written consent of the affected party i.e. Strides, Sequent or Solara, as the case may be, has been obtained for such modification or amendment, which consent shall not be unreasonably withheld by Strides, Sequent or Solara, as the case may be.
- 29.3 Each Company (acting through its Board) may, in their full and absolute discretion, jointly and as mutually agreed in writing, jointly modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time, provided that any modification to the Scheme by the Companies, after receipt of sanction by the NCLT, shall be made only with the prior approval of the NCLT.
- 29.4 Strides and Solara (through their respective Boards) shall determine jointly whether any asset, liability, employee, legal or other proceedings form part of the Demerged Undertaking 1 or not, on the basis of any evidence that they may deem relevant for this purpose. Sequent and Solara (through their respective Boards) shall determine jointly whether any asset, liability, employee, legal or other proceedings form part of the Demerged Undertaking 2 or not, on the basis of any evidence that they may deem relevant for this purpose.

### **30. CONDITIONALITY OF THE SCHEME**

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

- (a) the Scheme being approved by the respective requisite majorities of the various classes of shareholders and/ or creditors (wherever applicable) of Strides, Sequent and Solara as required under the Act and Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 on Schemes of Arrangement by Listed Entities and Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 issued by

the Securities and Exchange Board of India (“**SEBI Scheme Circular**”) or as may be directed by the NCLT;

- (b) the Scheme being approved by the majority of public shareholders of Strides and Sequent respectively (by way of voting through e-voting) as may be required under the SEBI Scheme Circular, i.e. the votes cast by public shareholders in favour of the resolution are more than the number of votes cast by public shareholders against it;
- (c) the Competition Commission of India (or any appellate authority in India having appropriate jurisdiction) having either: (a) granted approval to this Scheme; or (b) been deemed to have granted approval to the Scheme through the expiration of time periods available for their investigation and any period of limitation for filing an appeal therefrom having elapsed;
- (d) if required, any waiting period (and any extension thereof) applicable to the consummation of the transactions contemplated in the Scheme and any ancillary documents as entered into between the Companies, or any two of them in terms of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 shall have expired or been terminated;
- (e) receipt of approvals of the relevant Stock Exchanges where the equity shares of Strides and Sequent are listed and traded and SEBI in terms of SEBI Scheme Circular;
- (f) the fulfilment, satisfaction or waiver (as the case may be) of any approvals from third parties mutually agreed by the Companies as being required for completion of the transaction, as may be mutually agreed between the Companies;
- (g) the Scheme being sanctioned by the NCLT in terms of Section 230 to Section 232 and other relevant provisions of the Act; and



- (h) the certified copies of the sanction order(s) of NCLT approving this Scheme being filed with the relevant Registrar of Companies having jurisdiction over the Companies.

### **31. EFFECT OF NON-RECEIPT OF APPROVALS**

31.1 In the event of any of the said sanctions and approvals referred to in Clause 30 not being obtained (or to the extent permissible under Applicable Law, waived) and/ or the Scheme not being sanctioned by NCLT or such other competent authority and/ or the sanction order(s) not being passed by the NCLT as aforesaid before March 31, 2018 (“**Long Stop Date**”) or such other date as may be agreed upon in writing between Strides, Sequent and Solara by their respective Boards, any of the Companies may opt to terminate this Scheme and the Scheme shall stand revoked, cancelled and be of no effect and any of the Companies, if required, may file appropriate proceedings before the NCLT in this respect. Provided that the right to terminate this Scheme shall not be available to Strides or Sequent if its failure to fulfil any obligation under this Scheme or the ancillary documents 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.

31.2 Upon the termination of this Scheme as set out in Clause 31.1 above, no rights and liabilities shall accrue to or be incurred by respective Companies or their shareholders or creditors or employees or any other person. In such case, each Company shall bear its own costs and expenses or as may be otherwise mutually agreed.

### **32. REMOVAL OF DIFFICULTIES**

Strides, Sequent and Solara through mutual consent and acting through their respective Boards, jointly and as mutually agreed in writing may:

32.1 give such directions (acting jointly) and agree to take steps, as may be necessary, desirable or proper, to resolve all doubts, difficulties or questions arising under this Scheme, whether by reason of any orders of NCLT or of any

directive or orders of any Appropriate Authority, under or by virtue of this Scheme in relation to the arrangement contemplated in this Scheme and/ or matters concerning or connected therewith or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those to the extent permissible under Applicable Law; and

32.2 do all such acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

### **33. RESIDUAL PROVISIONS**

33.1 Strides, Sequent and Solara shall be entitled to file/ revise its respective income tax returns, TDS certificates, TDS returns, wealth tax returns and other statutory returns, if required, and shall have the right to claim refunds, advance tax credits, credit of tax deducted at source, credit of foreign taxes paid/ withheld, etc., if any, as may be required consequent to implementation of this Scheme.

33.2 Upon this Scheme becoming effective, the accounts of the Companies, as on the Appointed Date shall be reconstructed in accordance with the terms of this Scheme.

### **34. WRONG POCKET ASSETS**

34.1 If any part of Demerged Undertaking 1 or Demerged Undertaking 2 is not transferred to Solara on the Effective Date pursuant to First Demerger or Second Demerger, as the case may be, Strides or Sequent, as applicable, shall take such actions as may be reasonably required to ensure that such part of the Demerged Undertaking 1 or Demerged Undertaking 2, as the case may be, is transferred to Solara promptly and for no further consideration. Solara shall bear all costs and expenses as may be incurred by Strides or Sequent, subject to the prior written consent of Solara, for giving effect to this Clause.

34.2 If Strides or Sequent realizes any amounts after the Effective Date that form part of the Demerged Undertaking 1 or Demerged Undertaking 2 respectively, it shall immediately make payment of such amounts to Solara. It is clarified that all receivables relating to the Demerged Undertaking 1 and Demerged Undertaking 2, for the period prior to the Effective Date, but received after the Effective Date, relate to the Demerged Undertaking 1 and Demerged Undertaking 2 respectively and shall be paid to Solara for no additional consideration. If Solara realizes any amounts after the Effective Date that pertains to either Retained Business of Demerged Company 1 or Retained Business of Demerged Company 2, as the case may be, Solara shall immediately pay such amounts to Strides or Sequent, as the case may be.

### **35. SEVERABILITY**

35.1 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if the Scheme is approved in its entirety unless specifically agreed otherwise by the respective Boards of each Company.

35.2 Subject to Clause 35.1 above, if any part of this Scheme is found to be unworkable or unenforceable for any reason whatsoever, the same shall not, subject to the decision of the respective Boards of Strides, Sequent and Solara, affect the validity or implementation of the other parts and/ or provisions of this Scheme.

### **36. COSTS, CHARGES & EXPENSES**

Subject to the provisions of Clause 34 of this Scheme, (i) until the Effective Date, each Company shall bear its own costs, charges and expenses, in relation to or in connection with or incidental to this Scheme, and (ii) after the Effective Date, Solara shall bear all costs, charges and expenses, in relation to or in connection with or incidental to this Scheme. Provided however that all stamp duty, registration charges and other transfer charges in relation to the Scheme and the matters contemplated herein shall be borne and paid by Solara.

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