Annexure – 2

SCHEME OF ARRANGEMENT

BETWEEN

CADILA HEALTHCARE LIMITED

AND

ZYDUS HEALTHCARE LIMITED

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

PREAMBLE

This Scheme (*as defined hereinafter*) is presented under Sections 391 to 394 of the Act (*as defined hereinafter*) and other relevant provisions of the Act including corresponding provisions of the Companies Act, 2013, as may be applicable, for transfer and vesting of the India Human Formulations Undertaking (*as defined hereinafter*) of the Transferor Company (*as defined hereinafter*) with effect from Appointed Date, as a going concern, on Slump Sale (*as defined hereinafter*) basis, and for which a lump sum cash consideration shall be paid by the Transferee Company (*as defined hereinafter*) to the Transferor Company on the agreed terms and conditions as set out herein, in accordance with Section 2(42C) of the IT Act (*as defined hereinafter*) and for matters consequential, incidental, supplemental and/or otherwise integrally connected therewith.

A. BACKGROUND, RATIONALE AND PURPOSE OF THE SCHEME

(i) The Transferor Company, the flagship company of Zydus group, is incorporated on 15th day of May 1995, under the provisions of the Act, in the name of Cadila Healthcare Private Limited. The name of Cadila Healthcare Private Limited was changed to Cadila Healthcare Limited with effect from 17th day of July 1996. The Transferor Company is a listed public limited company having its registered office at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad–380 015. The equity shares of the Transferor Company are listed on the National Stock Exchange of India Limited ('NSE') and BSE Limited ('BSE').

(ii) The Transferor Company is engaged in the business of research and development, manufacture, marketing, sale, trading and export of drugs and pharmaceuticals. One of the business verticals of the Transferor Company is

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marketing and selling human formulations in India which is carried out through its Domestic Human Formulations Business. Domestic Human Formulations Business consists of (a) Strategic Business Unit (SBU) Biologics Business, and (b) India Human Formulations Business.

SBU Biologics Business is carrying on the business of marketing and selling human formulations in India through its several divisions, viz. (i) Oncosciences, (ii) Ingenia, (iii) Heptiza-Alpha and Omega, (iv) Synovia, (v) Ostivia, (vi) Biovation, (vii) Bionext, (viii) Vaxxicare and (ix) Nephrosciences- Dialysis and Transplant.

All other business pertaining to marketing and selling of human formulations in India, other than SBU Biologics Business, is carried out through various divisions of India Human Formulations Business. Some of the divisions, amongst others, under India Human Formulations Business are (i) Fortiza, (ii) Medica, (iii) Liva, (iv) Respicare, etc. The plant situated at Plot No. 3707-3708, Phase IV, GIDC, Vatva, Ahmedabad-382 445, manufactures various formulations for India Human Formulations Business. The Research & Development activity for India Human Formulations Business is carried out at Pharmaceutical Technology Centre (PTC) situated at Sigma Commerce Zone, Near Iscon Temple, S. G. Highway, Ahmedabad- 380 015. Further, the analytical laboratory for stability study in respect of India Human Formulations Business is situated at Magnet Corporate Park, House No. 5, Floor 1, 2 and 3, Thaltej Cross Roads, Thaltej, Ahmedabad – 380 059, and that the activities for development of formulations in respect of India Human Formulations Business is situated at 2nd & 3rd Floor, Plot No. 407, New Ahmedabad Industrial Estate, Sarkhej-Bavla Road, Village Moraiya, Taluka Sanand, Ahmedabad – 382 210.

(iii) The Transferee Company is a company incorporated on 2nd day of August 1989 under the provisions of the Act in the name of GR Exports Limited in the State of Maharashtra. The name of GR Exports Limited was changed to German Remedies Specialities Limited with effect from 1st day of April 2002. The name was further changed to German Remedies Limited and thereafter to Zydus Healthcare Limited with effect from 8th day of October 2003 and 8th day of September 2016, respectively. The registered office of the Transferee Company was shifted from the State of Maharashtra to the State of Gujarat with effect from 2nd day of April 2014. The Transferee Company is an unlisted public limited company having its registered office at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad–380 015. The Transferee Company is a wholly owned subsidiary of the Transferor Company.

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(iv) The Transferee Company is engaged in the business of manufacturing, marketing and selling of human formulations in India and for the said purpose is having its manufacturing plant at Sikkim. The existing business of the Transferee Company is similar to the India Human Formulations Business of the Transferor Company.

(v) It is desired to consolidate the business of marketing and selling of human formulations in India (which does not include the SBU Biologics Business) of Zydus group within the Transferee Company. In this regard, one of the group companies, namely, the erstwhile Zydus Healthcare Limited merged into German Remedies Limited (the name of German Remedies Limited was changed to Zydus Healthcare Limited, the Transferee Company). Further, it is also contemplated to amalgamate Biochem Pharmaceutical Industries Limited, a wholly owned subsidiary of the Transferor Company, carrying on the business of manufacturing, marketing and selling of human formulations primarily in India, with the Transferee Company and that necessary process for seeking sanction of the scheme of amalgamation of Biochem Pharmaceutical Industries Limited with the Transferee Company has been initiated before the Hon'ble High Court of Gujarat at Ahmedabad.

(vi) As a part of the aforesaid consolidation, it is proposed to transfer the India Human Formulations Undertaking of the Transferor Company to the Transferee Company which would, inter alia, bring more focused and concentrated efforts by management to grow the respective operations of both the companies which would be in the best interest of the stakeholders.

1. DEFINITIONS FOR THE PURPOSES OF THE SCHEME

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

1.1 **"Act"** or **"the Act"** means the Companies Act, 1956 (to the extent of the sections thereof that have not been repealed) and the Companies Act, 2013 (to the extent of the sections thereof that have been brought into force).

1.2 **"Appointed Date"** means 1st April 2016.

1.3 **"Board of Directors"** means the board of directors of the Transferor Company and the Transferee Company as the context may require and shall include a committee of such board of directors duly constituted and authorised.

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1.4 **"Companies"** shall mean together the Transferor Company and the Transferee Company.

1.5 **"Effective Date"** means the last of the dates on which all conditions, matters and filings referred to in Clause 18 hereof have been fulfilled and necessary orders, approvals and consents referred to therein have been obtained. References in this Scheme to the date of **"coming into effect of this Scheme"** or **"upon the Scheme becoming effective"** shall mean the Effective Date.

1.6 **"High Court"** means the Hon'ble High Court of Gujarat at Ahmedabad and shall include the National Company Law Tribunal, as applicable or such other forum or authority as may be vested with the powers of a High Court in relation to the Scheme under the Act.

1.7 **"India Human Formulations Undertaking"** means all the businesses, undertakings, activities, properties and liabilities, of whatsoever nature and kind and wheresoever situated, pertaining to the India Human Formulations Business (which does not include the SBU Biologics Business), including specifically the following:

(a) the manufacturing plant situated at Plot No. 3707-3708, Phase IV, GIDC, Vatva, Ahmedabad-382 445;

(b) facilities situated at (i) the Pharmaceutical Technology Centre (PTC) Sigma Commerce Zone, Near Iscon Temple, S. G. Highway, Ahmedabad- 380 015; (ii) Magnet Corporate Park, House No. 5, Floor 1, 2 and 3, Thaltej Cross Roads, Thaltej, Ahmedabad – 380 059; and (iii) 2nd & 3rd Floor, Plot No. 407, New Ahmedabad Industrial Estate, Sarkhej-Bavla Road, Village Moraiya, Taluka Sanand, Ahmedabad – 382 210;

(c) all other immovable properties i.e. land together with the buildings and structures standing thereon (whether, leasehold, leave and licensed, right of way, tenancies or otherwise) including offices, warehouses, workshop, sheds, stores, DG Room, roads, laboratory, boundary walls, soil filling works, benefits of any rental agreement for use of premises, marketing offices, share of any joint assets, etc., which immovable properties are currently being used for the purpose of and in relation to the India Human Formulations Business and all documents (including panchnamas, declarations, receipts, etc.) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interests in connection with the said immovable properties;

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(d) all assets, as are movable in nature pertaining to and in relation to the India Human Formulations Business, whether present or future or contingent, tangible or intangible, in possession or reversion, corporeal or incorporeal (including plant and machinery, capital work in progress, stores under progress, electrical fittings, furniture, fixtures, appliances, accessories, power lines, office equipments, computers, communication facilities, installations, vehicles, inventory and tools and plants), stock-in-trade, stock-in-transit, raw materials, finished goods, supplies, packaging items, actionable claims, current assets, earnest monies and receivables, financial assets, outstanding loans and advances, recoverable in cash or in kind or for value to be received, provisions, 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, insurances, the benefits of any bank guarantees, performance guarantees and letters of credit, 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, deferred tax assets/liabilities, if any.

(e) all permits, licenses, permissions including municipal permissions, product permissions especially under the Drugs and Cosmetics Act, 1940 and that under the Narcotic Drugs and Psychotropic Substances Act, 1985, price approvals under Drugs (Prices Control) Order, 2013, right of way, approvals, clearances, consents, benefits, registrations including import registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, liberties and advantages (including consent/authorisation granted by Pollution Control Board and other licenses/permits granted/issued/given by any governmental, statutory or regulatory or local or administrative bodies for the purpose of carrying on the India Human Formulations 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 pertain to the India Human Formulations Business;

(f) all contracts, agreements including consultancy agreements, purchase orders/service orders, operation and maintenance contracts, memoranda of understanding, memoranda of undertakings, memoranda of agreements, memoranda of agreed points, minutes of meetings, bids, tenders, expression of interest, letter of intent, hire and purchase arrangements, lease/licence agreements, tenancy rights, agreements/panchnamas for right of way, equipment purchase

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agreements, agreement with customers, purchase and other agreements with the supplier/manufacturer of goods/service providers, other arrangements, undertakings, deeds, bonds, schemes, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether written, oral or otherwise and all rights, title, interests, claims and benefits thereunder pertaining to the India Human Formulations Business;

(g) all trade marks (except the trade marks "Lipaglyn®", "Zydus", "Zydus" logo and related trade marks), registered or used by the Transferor Company as the owner or licensee, related only to India Territory, and pertaining to the India Human Formulations Business; all copyrights of the Transferor Company in labels, brochures, pamphlets, marketing and publicity materials and artistic/literary works that pertain to the India Human Formulations Business and relate to the India Territory; and right to use, develop and exploit the patents, technical know how, process know how and all other intellectual property rights of the Transferor Company in respect of formulations, processes, methods, molecules, improvements, etc. for India Territory and pertaining to India Human Formulations Business;

(h) all rights to use and avail telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other 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 the Transferor Company pertaining to or in connection with or relating to the Transferor Company in respect of the India Human Formulations 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 the Transferor Company and pertaining to the India Human Formulations Business;

(i) all books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), applications (including hardware, software, source codes, parameterization and scripts), test reports, computer programmes, drawings, manuals, data, databases including databases for procurement, commercial and management, catalogues, brochures, pamphlets, quotations, sales and

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advertising materials, marketing and publicity 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 pertain to the India Human Formulations Business;

(j) all debts, liabilities including contingent liabilities, duties, taxes and obligations of the Transferor Company pertaining to the India Human Formulations Business and/or arising out of and/or relatable to the India Human Formulations Business;

(k) all employees of the Transferor Company employed/engaged in the India Human Formulations Business as on the Effective Date; and

(l) all legal or other proceedings of whatsoever nature that pertain to the India Human Formulations Business.

Explanation:
In case of any question that may arise as to whether any particular asset or liability and/or employee pertains or does not pertain to the India Human Formulations Business or whether it arises out of the activities or operations of the India Human Formulations Business, and in each case, subject to Clause 11 hereof, the same shall be decided by mutual agreement between Board of Directors of the Transferor Company and the Transferee Company.

1.8 **"India Territory"** means the Union of India.

1.9 **"IT Act"** means the Income-tax Act, 1961 and rules and regulations made thereunder and shall include any statutory modification, amendment or re-enactment thereof for the time being in force.

1.10 **"LODR"** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1.11 **"Non-India Territory"** means other than the India Territory.

1.12 **"Scheme" or "the Scheme"** or **"this Scheme"** means this Scheme of Arrangement in its present form including any modification or amendment hereto, made in accordance with the terms hereof.

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1.13 **"SEBI"** means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.

1.14 **"SEBI Circular"** means Circular No. CIR/CFD/CMD/16/2015 dated 30th day of November 2015 issued by the SEBI, as amended or replaced from time to time.

1.15 **"Slump Sale"** means Slump Sale as defined under Section 2(42C) of the IT Act.

1.16 **"Stock Exchanges"** shall mean National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) collectively.

1.17 **"Remaining Business"** means all the undertakings, businesses, activities, investments and their respective assets and liabilities of the Transferor Company other than those forming part of the India Human Formulations Undertaking pursuant to this Scheme.

1.18 **"Transferee Company"** means Zydus Healthcare Limited, a company incorporated under the provisions of the Act and having its registered office at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad–380 015.

1.19 **"Transferor Company"** means Cadila Healthcare Limited, a company incorporated under the provisions of the Act and having its registered office at Zydus Tower, Satellite Cross Roads, Sarkhej-Gandhinagar Highway, Ahmedabad–380 015.

2. SHARE CAPITAL

2.1 The share capital of the Transferor Company as on 15th day of November 2016 was as under:

Share Capital	**Amount (in Rs.)**
Authorized	
172,50,00,000 Equity shares of Re. 1/- each	172,50,00,000
TOTAL	**172,50,00,000**
Issued, subscribed and paid-up	
102,37,42,600 Equity shares of Re. 1/- each fully paid up	102,37,42,600
TOTAL	**1,02,37,42,600**

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2.2 The share capital of the Transferee Company as on 15th day of November 2016 was as under:

Share Capital	Amount (in Rs.)
Authorized	
21,00,000 equity shares of Rs. 100/- each	21,00,00,000
3,00,000 8% non-cumulative redeemable preference shares of Rs. 100/- each	3,00,00,000
TOTAL	**24,00,00,000**
Issued, subscribed and paid-up	
19,38,242 equity shares of Rs. 100/- each fully paid up	19,38,24,200
2,54,460 8% non-cumulative redeemable preference shares of Rs. 100/- each fully paid up	2,54,46,000
TOTAL	**21,92,70,200**

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court shall be effective from the Appointed Date but shall be operative from the Effective Date.

4. TRANSFER AND VESTING OF THE INDIA HUMAN FORMULATIONS UNDERTAKING

4.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date and subject to the provisions of this Scheme in relation to the mode of transfer and vesting, the India Human Formulations Undertaking (including all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances of the India Human Formulations Undertaking) shall, without any further act, instrument, deed, matter or thing, be transferred to and vested in the Transferee Company or be deemed to have been transferred to and vested in Transferee Company on a going concern basis by way of a Slump Sale, so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interests and authorities of the Transferee Company, pursuant to Section 394(2) of the Act.

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4.2 In respect of such of the assets of the India Human Formulations Undertaking as are movable in nature and/or otherwise capable of transfer by manual or constructive delivery of possession and/or by endorsement and delivery, the same shall be so transferred by the Transferor Company to the Transferee Company upon the coming into effect of this Scheme pursuant to the provisions of Section 394 of the Act without requiring any deed or instrument of conveyance for transfer of the same, and shall become the property of the Transferee Company as an integral part of the India Human Formulations Undertaking.

4.3 In respect of the movable assets other than those dealt with in clause 4.2 above, including but not limited to sundry debts, actionable claims, earnest monies, receivables, bills, credits, loans, advances and deposits with the Government, semi-Government, local and any other authorities and bodies and/or customers, if any, 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 the Transferee Company without any notice or other intimation to any person in pursuance of the provisions of Sections 391 to 394 read with other relevant provisions of the Act to the end and intent that the right of the Transferor Company to recover or realize the same stands transferred to the Transferee Company. The Transferee Company shall, 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 the Transferee Company and that appropriate modification should be made in their respective books/records to reflect the aforesaid changes.

4.4 In respect of such of the assets belonging to the India Human Formulations Undertaking other than those referred to in clause 4.2 and 4.3 above, the same shall, as more particularly provided in clause 4.1 above, without any further act, instrument or deed, be transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391-394 of the Act.

4.5 All assets, rights, titles, interests and investments of the Transferor Company in relation to the India Human Formulations Undertaking shall also without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Sections 391-394 of the Act.

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4.6 Without prejudice to the generality of the foregoing, upon the coming into effect of this Scheme, all the rights, title, interest and claims of the Transferor Company in any leasehold/leave and license/right of way properties of the Transferor Company in relation to the India Human Formulations Undertaking, shall, pursuant to Section 394(2) 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 the Transferee Company automatically and on the same terms and conditions.

4.7 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, all permits, licenses, permissions, right of way, approvals, clearances, consents, benefits, registrations, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, issued to or granted to or executed in favour of the Transferor Company, and the rights and benefits under the same, in so far as they relate to the India Human Formulations Undertaking and all quality certifications and approvals, and all other interests relating to the goods or services being dealt with by the India Human Formulations Undertaking and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents acquired by the Transferor Company in relation to the India Human Formulations Undertaking shall be transferred to and vested in the Transferee Company and the concerned licensors and granters of such approvals, clearances, permissions, etc., shall endorse, where necessary, and record, in accordance with law, the Transferee Company on such approvals, clearances, permissions so as to empower and facilitate the approval and vesting of the India Human Formulations Undertaking of the Transferor Company in the Transferee Company and continuation of operations pertaining to the India Human Formulations Undertaking of the Transferor Company in the Transferee Company without hindrance and that such approvals, clearances and permissions shall remain in full force and effect in favour of or against the Transferee Company, as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

4.8 In so far as various incentives, subsidies, exemptions, special status, service tax benefits, income tax holiday/benefit/losses and other benefits or exemptions or privileges enjoyed, granted by any Government body, regulatory authority, local authority or by any other person, or availed of by the Transferor Company are concerned, the same shall, without any further act or deed, in so far as they relate to the India Human Formulations Undertaking, vest with and be available to the Transferee Company on the same terms and conditions as if the same had

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been allotted and/or granted and/or sanctioned and/or allowed to the Transferee Company.

4.9 Any claims due to the Transferor Company from its customers or otherwise and which have not been received by the Transferor Company as on the date immediately preceding the Effective Date as the case may be, in relation to or in connection with the India Human Formulations Undertaking, shall also belong to and be received by the Transferee Company.

4.10 All assets, estate, rights, title, interest and authorities acquired by the Transferor Company after the Appointed Date and prior to the Effective Date for operation of the India Human Formulations Undertaking shall also stand transferred to and vested in the Transferee Company upon the coming into effect of this Scheme.

4.11 Upon the coming into effect of this Scheme, all debts, duties, obligations and liabilities (including contingent liabilities) of The Transferor Company relating to the India Human Formulations Undertaking shall without any further act, instrument or deed be and stand transferred to the Transferee Company and shall thereupon become the debts, duties, obligations and liabilities of the Transferee Company which it undertakes to meet, discharge and satisfy to the exclusion of the Transferor Company and to keep the Transferor Company 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.

4.12 In so far as loans and borrowings of the Transferor Company are concerned, the loans and borrowings, if any, and such amounts pertaining to the India Human Formulations Undertaking, which are to be transferred to the Transferee Company in terms of clause 4.11 above shall, without any further act or deed, become loans and borrowings of the Transferee Company, and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in and shall be exercised by or against the Transferee 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 the Transferee Company. However, without prejudice to such transfer of liability amount, if any, where considered necessary for the sake of convenience and towards facilitating single point creditor discharge, the Transferee Company may discharge such liability (including accretions) by making payments on the

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respective due dates to the Transferor Company, which in turn shall make payments to the respective creditors.

4.13 Subject to clause 4.12 above, from the Effective Date, the Transferee Company alone shall be liable to perform all obligations in respect of the liabilities of the India Human Formulations Undertaking as the borrower/issuer thereof, and the Transferor Company shall not have any obligations in respect of the said liabilities.

4.14 Where any of the liabilities and obligations of the Transferor Company as on the Appointed Date deemed to be transferred to the Transferee Company, have been discharged by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Transferee Company and all liabilities and obligations incurred by the Transferor Company for the operations of the India Human Formulations Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been incurred for and on behalf of the Transferee Company and to the extent of their outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Transferee Company and shall become the liabilities and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

4.15 Any claims, liabilities or demands arising on account of the India Human Formulations Undertaking of the Transferor Company which relates to the period prior to the Appointed Date but arises at any time after the Effective Date shall be entirely borne by the Transferee Company. In the event that such liability is incurred by or such claim or demand is made upon the Transferor Company, then the Transferee Company shall indemnify the Transferor Company for any payments made in relation to the same.

4.16 In so far as the assets of the India Human Formulations Undertaking are concerned, the security, pledge, existing charges and mortgages, over such assets, to the extent they relate to any loans or borrowings of the Remaining Business of the Transferor Company (except the loans and borrowings of the Remaining Business of the Transferor Company which relate to the External Commercial Borrowings availed from Bank of Tokyo Mitsubishi UFJ Limited, Singapore and Citibank N.A., Bahamas) shall, without any further act, instrument or deed be released and discharged from the same and shall no longer be available as security, pledge, charges and mortgages in relation to those liabilities of the Transferor Company which are not transferred to the Transferee Company.

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So far as the security and existing charges over the assets of India Human Formulations Undertaking are concerned, to the extent they relate to the aforesaid External Commercial Borrowings availed from Bank of Tokyo Mitsubishi UFJ Limited, Singapore and Citibank N.A., Bahamas by the Remaining Business of the Transferor Company, shall, without any further act, instrument or deed, continue to subsist over such assets of the India Human Formulations Undertaking and that such assets would be available to the aforesaid External Commercial Borrowings lenders for discharge of the liabilities in respect of the loans and borrowings availed by the Transferor Company for its Remaining Business.

4.17 Without any prejudice to the provisions of the foregoing clauses and upon the Scheme becoming effective, the Transferor Company and the Transferee Company shall execute any instrument(s) and/or document(s) and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies, Gujarat at Ahmedabad to give formal effect to the provisions of this clause and foregoing clauses, if required.

4.18 Upon the coming into effect of this Scheme, the Transferor Company alone shall be liable to perform all obligations in respect of all debts, liabilities, duties and obligations pertaining to the Remaining Business of the Transferor Company and the Transferee Company shall not have any obligations in respect of the Remaining Business of the Transferor Company.

4.19 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 stand modified and/or superseded by the foregoing provisions.

4.20 Upon the coming into effect of this Scheme and as an integral part thereof, the Transferor Company shall, without any further act, instrument, deed, matter or thing, grant to the Transferee Company a perpetual and irrevocable license to use the trade marks "Lipaglyn®", "Zydus", "Zydus" logo and related trade marks for use in the India Territory but only so long as the Transferee Company is the subsidiary of the Transferor Company.

4.21 It is clarified that upon the coming into effect of this Scheme, the Transferor Company's copyrights in labels, brochures, pamphlets, marketing and publicity materials and artistic/literary works, in so far as they relate to or pertain to the

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Non-India Territory, the same shall continue to belong to and remain vested in the Transferor Company.

4.22 Upon the coming into effect of this Scheme and as an integral part thereof, the Transferor Company shall, without any further act, instrument, deed, matter or thing, grant to the Transferee Company a perpetual royalty-free and irrevocable license to use, develop and exploit the patents, technical know how, process know how and all other intellectual property rights (other than the trade marks and copyrights which shall vest in the Transferee Company upon the coming into effect of this Scheme and subject to clause 4.20 and clause 4.21 above) in respect of formulations, processes, methods, molecules, improvements, etc. in the India Territory but only so long as the Transferee Company is the subsidiary of the Transferor Company.

4.23 Notwithstanding anything contained above, the Transferor Company shall be entitled to register in its name the trademarks, copyrights, etc. used or to be used in the Non-India Territory, for the purpose of export/sale of goods bearing the said trade marks in the Non-India Territory.

4.24 The Transferor Company and the Transferee Company shall be entitled to execute suitable agreements, deeds, affidavits, consent letters, power of attorney, applications and other documents as may be required to give effect to the foregoing clauses.

4.25 Upon the coming into effect of this Scheme, the Transferor Company and the Transferee Company shall extend all co-operation and give necessary support to each other, as may be required in the ongoing or future disputes, litigations relating to and/or for enforcement of their respective rights in trade marks, copyrights, patents, technical know how, process know how, etc. against the third party or parties.

4.26 On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to operate all bank accounts of the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking, and realize all monies and complete and enforce all pending contracts and transactions and to accept stock returns and issue credit notes in relation to or in connection with the India Human Formulations Undertaking of the Transferor Company, in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the India Human Formulations Undertaking to the Transferee Company under this Scheme have been formally given effect to under such contracts and transactions.

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4.27 For avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name of bank accounts of the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking, have been replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking, in the name of the Transferor Company in so far as may be necessary. All cheques and other negotiable instruments, payment orders received or presented for encashment, which are in the name of the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking, after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company. The Transferee Company shall be allowed to maintain bank accounts in the name of the Transferor Company for such time as may be determined to be necessary by the Transferee Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking. It is hereby expressly clarified that any legal proceedings by or against the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking, in relation to the cheques and other negotiable instruments, payment orders received or presented for encashment, which are in the name of the Transferor Company shall be instituted, or as the case may be, continued by or against the Transferee Company after the coming into effect of this Scheme.

4.28 It is clarified that in order to ensure the smooth transition and sales of products and inventory of the Transferor Company, in relation to or in connection with the India Human Formulations Undertaking, manufactured and/or branded and/or labelled and/or packed in the name of the Transferor Company prior to the Effective Date, the Transferee Company shall have the right to own, use, market, sell, exhaust or to in any manner deal with any such products and inventory (including packing material) pertaining to the India Human Formulations Undertaking at manufacturing location(s) or warehouses or retail stores or elsewhere, without making any modifications whatsoever to such products and/or their branding, packing or labelling. All invoices/payment related documents pertaining to such products and inventory (including packing material) shall be raised in the name of the Transferee Company after the Effective Date.

4.29 It is hereby clarified that all assets and liabilities of the India Human Formulations Undertaking, which are set forth in the closing balance sheet of the Transferor

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Company as on the close of business hours on the date immediately preceding the Appointed Date, shall be transferred at values appearing in the books of account of the Transferor Company as on the Appointed Date.

5. LEGAL PROCEEDINGS

5.1 Upon the coming into effect of this Scheme, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) by or against the Transferor Company, under any statute, whether pending on the Appointed Date, or which may be instituted any time in the future and in each case relating to the India Human Formulations Undertaking shall be continued and enforced by or against the Transferee Company after the Effective Date. In the event that the legal proceedings referred to herein require the Transferor Company and the Transferee Company to be jointly treated as parties thereto, the Transferee Company shall be added as a party to such proceedings and shall prosecute and defend such proceedings in co-operation with the Transferor Company. In the event of any difference or difficulty in determining as to whether any specific legal or other proceedings relate to the India Human Formulations Undertaking or not, a decision jointly taken by the Board of Directors of the Transferor Company and the Transferee Company in this regard, shall be conclusive evidence of the matter.

5.2 If proceedings are taken against the Transferor Company in respect of the matters referred to in clause 5.1 above, it shall defend the same in accordance with the advice of the Transferee Company and at the cost of the Transferee Company, and the latter shall reimburse and indemnify the Transferor Company against all the liabilities and obligations incurred by the Transferee Company in respect thereof.

5.3 The Transferee Company shall have all legal or other proceedings initiated by or against the Transferor Company with respect to the India Human Formulations Undertaking, transferred into its name and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of the Transferor Company.

6. CONTRACTS, DEEDS, ETC.

6.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements, and other instruments of whatsoever nature to which the India Human Formulations Undertaking of the Transferor Company is a party or to the benefit of which the India Human Formulations Undertaking of the Transferor Company may be

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eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect by or against or in favour of the Transferee Company, as the case may be and may be enforced by or against the Transferee Company, as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

6.2 Notwithstanding the fact that the vesting of the India Human Formulations Undertaking of the Transferor Company occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme, in accordance with the provisions hereof, if so required, take such actions and execute deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Transferee Company will, if necessary, also be a party to the above. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of the Transferor Company, and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

6.3 Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interests 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 India Human Formulations Undertaking which the Transferor Company own or to which the Transferor Company is a party to, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such asset or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company, in so far as it is permissible so to do, till such time as the transfer is effected.

7. SAVING OF CONCLUDED TRANSACTIONS

7.1 The transfer and the vesting of the assets, liabilities and obligations of the India Human Formulations Undertaking under clause 4 hereof and the continuance of proceedings by or against the Transferee Company thereof shall not affect any transaction or proceedings already concluded by the Transferor Company on or after the Appointed Date, to the end and intent that the Transferee Company accepts all acts, deeds and things done and executed by, and/or on behalf of the

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Transferor Company as acts, deeds and things made, done and executed by and on behalf of the Transferee Company.

8. EMPLOYEES

8.1 Upon the coming into effect of this Scheme, all the employees relating to the India Human Formulations Undertaking that were employed by the Transferor Company, immediately before the Effective Date, shall become the employees of the Transferee Company without any break or interruption of service and with the benefit of continuity of service on terms and conditions which are not less favourable than the terms and conditions as were applicable to such employees relating to the India Human Formulations Undertaking of the Transferor Company immediately prior to the transfer and vesting of the India Human Formulations Undertaking.

8.2 The Transferee Company agrees that the service of all employees pertaining to the India Human Formulations Undertaking with the Transferor Company up to the Effective Date shall be taken into account for the purpose of all retirement benefits to which they may be eligible in the Transferor Company up to the Effective Date. The Transferee Company further agrees that for the purpose of payment of any retrenchment compensation, gratuity or other terminal benefits, such past service with the Transferor Company, shall also be taken into account and agrees and undertakes to pay the same as and when payable.

8.3 Upon the coming into effect of this Scheme, the Transferee Company shall make all the necessary contributions for such transferred employees relating to the India Human Formulations Undertaking, and deposit the same in provident fund, gratuity fund or superannuation fund or any other special fund or staff welfare scheme or any other special scheme. The Transferee Company will also file relevant intimations in respect of the India Human Formulations Undertaking to the statutory authorities concerned who shall take the same on record and substitute the name of the Transferee Company for the Transferor Company.

8.4 In so far as the existing provident fund, gratuity fund and pension and /or superannuation fund/trusts, retirement funds or employees state insurance schemes or pension scheme or employee deposit linked insurance scheme or any other benefits, if any, created by the Transferor Company for employees of the India Human Formulations Undertaking are concerned, such proportion of the funds, contributions to the funds or the scheme or the investments made into the funds relatable to the employees pertaining to the India Human Formulations Undertaking as on the Effective Date, who are being transferred along with the India Human Formulations Undertaking in terms of the Scheme, upon the coming

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into effect of this Scheme, shall be transferred to the necessary funds, schemes or trusts of the Transferee Company and till the time such necessary funds, schemes or trusts are created by the Transferee Company, all contribution shall continue to be made to the existing funds, schemes or trusts of Transferor Company.

9. BUSINESS AND PROPERTY IN TRUST AND CONDUCT OF BUSINESS FOR THE TRANSFEREE COMPANY

With effect from the Appointed Date and upto and including the Effective Date:

9.1 the Transferor Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the India Human Formulations Undertaking and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all the estates, assets, rights, title, interest, authorities, contracts, investments and strategic decisions of the India Human Formulations Undertaking for and on account of, and in trust for, the Transferee Company;

9.2 all profits and income accruing or arising to the Transferor Company from the India Human Formulations Undertaking and any cost, charges, losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to India Human Formulations Undertaking shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure, as the case may be, of the Transferee Company;

9.3 any of the rights, powers, authorities, privileges, attached, related or pertaining to the India Human Formulations Undertaking exercised by the Transferor Company shall be deemed to have been exercised by the Transferor Company for and on behalf of, and in trust for and as an agent of the Transferee Company. Similarly, any of the obligations, duties and commitments attached, related or pertaining to the India Human Formulations Undertaking that have been undertaken or discharged by the Transferor Company shall be deemed to have been undertaken for and on behalf of and as an agent for the Transferee Company;

9.4 The Transferor Company undertakes that it will preserve and carry on the business of the India Human Formulations Undertaking with reasonable diligence and business prudence and shall not undertake financial commitments or sell, transfer, alienate, charge, mortgage, or encumber the India Human Formulations Undertaking or any part thereof or recruit new employees or conclude settlements with union or employees or undertake substantial expansion or

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change the general character or nature of the business of the India Human Formulations Undertaking or any part thereof save and except in each case:

(a) if the same is in its ordinary course of business as carried on by it as on the date of filing this Scheme with the High Court; or

(b) if the same is expressly permitted by this Scheme; or

(c) if the prior written consent of the Board of Directors of the Transferee Company has been obtained.

9.5 The Transferor Company and/ or the Transferee Company shall be entitled, pending sanction of the Scheme, to apply to the Central/State Government(s), regulatory/local/administrative bodies and all other agencies, departments and authorities concerned as are necessary under any law for such consent, approvals and sanctions, which the Transferee Company may require to carry on the business of the India Human Formulations Undertaking.

10. TAX CREDIT/DUTIES/CESS ETC.

10.1 The Transferee Company will be the successor of the Transferor Company vis-à-vis the India Human Formulations Undertaking. Hence, it will be deemed that the benefits of any tax credits whether central, state, or local, availed vis-à-vis the India Human Formulations Undertaking and the obligations, if any, for payment of taxes on any assets of the India Human Formulations Undertaking or their erection and/or installation, etc. shall be deemed to have been availed by the Transferee Company, or as the case may be deemed to be the obligation of the Transferee Company.

10.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess, receivables/payables by the Transferor Company relating to the India Human Formulations Undertaking including all or any refunds/ credits/claims/tax losses/unabsorbed depreciation relating thereto shall be treated as the assets/liability or refund/credit/claims/tax losses/unabsorbed depreciation, as the case may be, of the Transferee Company.

10.3 The Transferor Company and the Transferee Company are expressly permitted to revise their tax returns including tax deducted at source ('TDS') certificates/returns and to claim refund, advance tax, credits, excise and service tax credits, set off etc. on the basis of the accounts of the India Human Formulations Undertaking as vested with the Transferee Company upon coming into effect of this Scheme.

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10.4 Upon this Scheme becoming effective, both the Transferee Company and the Transferor Company, if required, are expressly permitted to revise and file their respective income tax returns and other statutory returns, including tax deducted/collected at source returns, service tax returns, excise tax returns, sales tax/VAT returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc., if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

11. CONSIDERATION BY THE TRANSFEREE COMPANY

11.1 Upon the coming into effect of this Scheme and in consideration of the transfer and vesting of the India Human Formulations Undertaking of the Transferor Company in the Transferee Company by way of Slump Sale on a going concern basis, in accordance with the terms of this Scheme and pursuant to the provisions of Sections 391 to 394 and other relevant provisions of the Act, the Transferee Company shall pay a lump sum cash consideration of INR 693 millions (Rupees Six Hundred Ninety Three Millions) to the Transferor Company.

12. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEROR COMPANY

12.1 Upon coming into effect of this Scheme, the Transferor Company shall reduce from its books, the book value of assets and liabilities, as on the Appointed Date, transferred as a part of the India Human Formulations Undertaking pursuant to the Scheme.

12.2 In compliance with Indian Accounting Standards (Ind AS), the difference between the lump sum consideration and book value of the net assets pertaining to India Human Formulations Undertaking, as on the Appointed Date, shall be credited to profit and loss account or debited to the investment in the Transferee Company, as the case may be.

13. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEREE COMPANY

13.1 Upon coming into effect of this Scheme, the Transferee Company shall record the assets and liabilities comprised in the India Human Formulations Undertaking transferred to and vested in the Transferee Company pursuant to this Scheme, at the respective book values appearing in the books of accounts of the Transferor Company as on the close of business hours on the date immediately preceding the Appointed Date in accordance with Ind AS.

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13.2 In compliance with Ind AS, the deficit or excess, if any, remaining after recording the aforesaid entries over the value of lump sum consideration payable to the Transferor Company shall be debited/credited by the Transferee Company to Capital Reserve Account, as the case may be.

14. REMAINING BUSINESS

14.1 The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Transferor Company subject to the provisions of the Scheme.

14.2 All legal or other proceedings by or against the Transferor Company under any statute, 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 Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Transferor Company in respect of the Remaining Business) shall be continued and enforced by or against the Transferor Company. The Transferee Company shall in no event be responsible or liable in relation to any such legal or other proceedings by or against the Transferor Company.

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

a) The Transferor Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;

b) all profits and income accruing or arising to the Transferor Company, and any cost, charges, losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) relating to the Remaining Business shall, for all purposes, be treated as and be deemed to be the profits income, losses or expenditure, as the case may be, of the Transferor Company; and

c) all employees relatable to the Remaining Business shall continue to be employed by the Transferor Company and the Transferee Company shall not in any event be liable or responsible for any claims whatsoever regarding such employees.

15. APPLICATIONS TO THE HIGH COURT

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15.1 The Transferor Company and the Transferee Company shall, with all reasonable dispatch, make necessary applications/petitions, under Sections 391 to 394 and other applicable provisions of the Act to the High Court for seeking sanction of this Scheme.

16. MODIFICATIONS OR AMENDMENTS TO THE SCHEME

16.1 The Companies by their respective Board of Directors or any Director/Executive/Employee authorized in this behalf, (hereinafter referred as to the "Delegates") may assent to, or make, from time to time, any modification(s) or addition(s) to this Scheme which the High Court or any authorities under law may deem fit to approve of or may impose and which the Board of Directors of the Companies may in their discretion accept, or such modification(s) or addition(s) as the Board of Directors of the Companies or as the case may be, their respective Delegates may deem fit, or require for the purpose of resolving any doubts or difficulties that may arise in carrying out this Scheme. The Companies by their respective Board of Directors or Delegates are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect, and/or give such consents as may be required in terms of this Scheme. In the event that any conditions are imposed by the High Court or SEBI or any authorities, which the Board of Directors of the Companies find unacceptable for any reason, then the Companies shall be at liberty to withdraw the Scheme.

16.2 For the purpose of giving effect to this Scheme or to any modification(s) thereof or addition(s) thereto, the Delegates of the Transferor Company and the Transferee Company may give and are authorised to determine and give all such directions as are necessary for settling or removing any question of doubt or difficulty that may arise under this Scheme or in regard to the meaning or interpretation of any provision of this Scheme or implementation thereof or in any matter whatsoever connected therewith or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any such conditions (to the extent permissible in law) and such determination or directions or waiver, as the case may be, shall be binding on all parties, in the same manner as if the same were specifically incorporated in this Scheme. For the avoidance of doubt it is clarified that where this Scheme requires the approval of the Board of Directors of the Companies to be obtained for any matter, the same may be given through their Delegates.

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17. SEVERABILITY

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

18. SCHEME CONDITIONAL UPON APPROVALS/SANCTIONS

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

a) obtaining observation letter or no-objection letter from the Stock Exchanges in respect of the Scheme, pursuant to Regulation 37 of the LODR read with SEBI Circular and Regulations 11 and 94 of the LODR;

b) the approval of the Scheme by the shareholders and/or creditors of the Transferor Company and the Transferee Company in accordance with Sections 391-394 and other relevant provisions of the Act;

c) the Scheme being sanctioned and orders being obtained by the Transferor Company and the Transferee Company from the High Court in terms of Sections 391 to 394 of the Act and other relevant provisions of the Act; and

d) certified copies of the orders of the High Court sanctioning the Scheme being filed with the Registrar of Companies, Gujarat by the Transferor Company and the Transferee Company, respectively.

19. EFFECT OF NON-RECEIPT OF APPROVALS

19.1 In the event of any of the approvals or conditions enumerated in the Scheme not being obtained or complied, or for any other reason, this Scheme cannot be implemented, then the Board of Directors of the Companies shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with this Scheme.

20. COSTS, CHARGES AND EXPENSES

20.1 All costs, duties, levies, charges and expenses payable by the Transferor Company and the Transferee Company in relation to or in connection with the Scheme and incidental to the completion of this Scheme and of carrying out and completing the terms of this Scheme shall be borne and paid by the Transferor Company.

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