



## STRIDES ARCOLAB LIMITED

**Registered Office** : 201, Devavrata, Sector – 17, Vashi, Navi Mumbai – 400 703  
**Tel No.** : +91 22 2789 2924/ 2789 2968  
**Fax No.** : +91 22 2789 2942  
**CIN** : L24230MH1990PLC057062  
**Website** : [www.stridesarco.com](http://www.stridesarco.com)  
**Email** : [investors@stridesarco.com](mailto:investors@stridesarco.com)

### COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS AND POSTAL BALLOT AND E-VOTING

#### COURT CONVENED MEETING

**Day** : Friday  
**Date** : April 10, 2015  
**Time** : 12.00 p.m.  
**Venue** : The Regenza by Tunga, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai – 400 703

#### POSTAL BALLOT AND E-VOTING

**Start Date** : Wednesday, March 11, 2015  
**Last Date** : Thursday, April 9, 2015

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IN THE HIGH COURT OF JUDICATURE AT BOMBAY  
ORDINARY ORIGINAL CIVIL JURISDICTION

COMPANY SUMMONS FOR DIRECTION NO. 172 of 2015

In the matter of the Companies Act, 1956 or any re-enactment thereof;

-And-

In the matter of Application under Sections 391 to 394 of the Companies Act, 1956 or any re-enactment thereof;

-And-

In the matter of Strides Arcolab Limited [CIN:L24230MH1990PLC057062], a company incorporated under the Companies Act, 1956 having its registered office at 201, Devavrata, Sector – 17, Vashi, Navi Mumbai – 400703;

-And-

In the matter of Scheme of Amalgamation between Shasun Pharmaceuticals Limited (Transferor Company) and Strides Arcolab Limited (Transferee Company) and their respective shareholders and creditors.

<b>Strides Arcolab Limited</b>	}	
[CIN:L24230MH1990PLC057062], a company	}	
incorporated under the Companies Act, 1956 having its	}	
registered office at 201, Devavrata, Sector – 17, Vashi,	}	... Applicant Company
Navi Mumbai – 400 703	}	

**NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF THE APPLICANT COMPANY**

To

**The Equity Shareholders of Strides Arcolab Limited (the “Applicant Company”)**

**TAKE NOTICE** that by an order made on 27<sup>th</sup> February, 2015, the Hon’ble High Court of Judicature at Bombay (the “**Order**”), has directed that a meeting of the equity shareholders of the Applicant Company be held at The Regenza by Tunga, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai – 400 703 on Friday, the 10<sup>th</sup> of April, 2015 at 12:00 noon (1200 hours) for the purpose of considering, and if thought fit, approving, with or without modification(s), the proposed Scheme of Amalgamation between Shasun Pharmaceuticals Limited (the Transferor Company) and the Applicant Company (which is the transferee company) and their respective shareholders and creditors (the “**Scheme**”).

**TAKE FURTHER NOTICE** that in pursuance of the said Order, a meeting of the equity shareholders of the Applicant Company will be held at The Regenza by Tunga, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai – 400 703 on Friday, the 10<sup>th</sup> of April, 2015 at 12:00 noon (1200 hours) which you are requested to attend.

**TAKE FURTHER NOTICE** that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you or your authorised signatory, is deposited at the registered office of the Applicant Company, at 201, Devavrata, Sector -17, Vashi, Navi Mumbai – 400 703 not later than 48 (forty eight) hours before the meeting.

The Hon’ble High Court of Judicature at Bombay has appointed Mr. Deepak Vaidya, a Director of the Applicant Company, and in his absence, Mr. Bharat Shah, a Director of the Applicant Company, and in his absence, Mr. M. R. Umarji, Director of the Applicant Company, to be the Chairman of the said meeting.

A copy of each of the Scheme, the Explanatory Statement under Section 393 of the Companies Act, 1956 read with Section 102 of the Companies Act, 2013, the other enclosures as indicated hereinabove, the Form of Proxy and Attendance Slip is enclosed.

Dated this 3<sup>rd</sup> day of March 2015

**Sd/-**  
**Deepak Vaidya**  
**Chairman appointed for the meeting**

**Registered Office:**

Strides Arcolab Limited  
201, Devavrata, Sector – 17,  
Vashi, Navi Mumbai – 400703

**Notes:**

1. Only registered equity shareholders of the Applicant Company may attend and vote (either in person or by proxy) at the said equity shareholders meeting. A registered equity shareholder of the Applicant Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Applicant Company.
2. The authorized representative of a body corporate or Foreign Institutional Investor (“FII”) which is a registered equity shareholder of the Applicant Company may attend and vote at the meeting, provided a certified copy of the resolution of the board of directors or other governing body of the body corporate/ FII authorizing such representative to attend and vote at the meeting on behalf of such body corporate/ FII is deposited at the registered office of the Applicant Company not later than 48 (forty eight) hours before the meeting.
3. All alterations made in the form of proxy should be initialed.
4. A registered equity shareholder or his proxy is requested to bring a copy of the notice to the meeting, and produce at the entrance of the meeting venue, the attendance slip duly completed and signed.
5. Registered equity shareholders who hold shares in dematerialised form are requested to bring their Client ID and DP ID for easy identification.
6. Registered equity shareholders are informed that in case of joint holders attending the meeting, only such joint holder whose name stands first in the Register of Members of the Applicant Company/ list of Beneficial Owners as received from the National Securities Depository Services Limited/ Central Depository Services (India) Limited or Registrar and Share Transfer Agent as on February 27, 2015, in respect of such joint holding, will be entitled to vote.

**Encl: As above**



## STRIDES ARCOLAB LIMITED

### NOTICE OF POSTAL BALLOT AND E-VOTING

Notice pursuant to Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and other applicable provisions of the Companies Act, 2013 and the rules, circulars and notifications thereunder (including any statutory modification or re-enactment thereof), circular number CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular number CIR/CFD/DIL/8/2013 dated May 21, 2013, both issued by the Securities and Exchange Board of India, for the approval of the Public Shareholders (as defined hereinafter) of Strides Arcolab Limited through postal ballot and e-voting for the resolutions set out hereinafter.

To,

The Public Shareholders,  
Strides Arcolab Limited

The Board of Directors of Strides Arcolab Limited (the "**Transferee Company**"), at a meeting held on September 29, 2014, approved a draft Scheme of Amalgamation under Sections 391-394 and other relevant provisions of the Companies Act, 1956 and any amendments thereto or replacements thereof (the "**Scheme**") for the entire business and undertaking of Shasun Pharmaceuticals Limited ("**Transferor Company**") to be transferred by way of amalgamation into the Transferee Company, subject to the sanction by the High Court of Judicature at Bombay and the High Court of Judicature at Madras and subject to the approval by (i) the shareholders and creditors (if any) of the Transferee Company; (ii) BSE Limited and the National Stock Exchange of India Limited; (iii) the Securities and Exchange Board of India; and (iv) the Competition Commission of India, the Foreign Investment Promotion Board, the Reserve Bank of India and any other statutory or regulatory authority (whether in India or abroad).

On February 27, 2015, the Hon'ble High Court of Judicature at Bombay, in Company Summons for Direction No. 172 of 2015, directed the Transferee Company to convene and conduct a meeting of its equity shareholders at The Regenza by Tunga, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai – 400 703 on Friday, the 10th of April, 2015 at 12:00 noon ("**Court Convened Meeting**").

In addition to the Court Convened Meeting, the Transferee Company is also seeking the approval of its Public Shareholders to the Scheme by way of postal ballot and e-voting pursuant to circular number CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular number CIR/CFD/DIL/8/2013 dated May 21, 2013, both issued by the Securities and Exchange Board of India ("**SEBI**") and such circulars the "**SEBI Circulars**"). For this purpose the term "**Public**" shall have the meaning assigned to it in Rule 2(d) of the Securities Contract (Regulation) Rules, 1957 and the term "**Public Shareholders**" shall be construed accordingly.

In terms of the SEBI Circulars, listed companies are required to provide for voting by their Public Shareholders through postal ballot and e-voting, after disclosure of all material facts in the explanatory statement sent to the Public Shareholders of such listed company seeking their approval to the scheme of amalgamation (the "**Public Shareholder Condition**"), in cases:

- (i) *Where additional shares have been allotted to Promoter/Promoter Group, Related Parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary/(s) of Promoter / Promoter Group.*
- (ii) *Where the Scheme of Arrangement involves the listed company and any other entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group.*
- (iii) *Where the parent listed company, has acquired the equity shares of the subsidiary, by paying consideration in cash or in kind in the past to any of the shareholders of the subsidiary who may be Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the parent listed company, and if that subsidiary is being merged with the parent listed company under the Scheme.*

In the instant case, the Public Shareholder Condition would be applicable, as certain promoters of the Transferee Company are shareholders and warrant holders of the Transferor Company (constituting 8.52% of the equity share capital and constituting the entire outstanding warrants of the Transferor Company, as on September 29, 2014), and would be allotted shares in the Transferee Company, pursuant to the Scheme.

Accordingly, the Transferee Company is seeking the approval of its Public Shareholders to the Scheme by way of postal ballot and e-voting pursuant to the SEBI Circulars. In terms of the SEBI Circulars, the Scheme shall be acted upon only if the votes cast by the Public Shareholders of the Transferee Company in favour of the proposal are more than the votes cast by the Public Shareholders against the proposal.

The proposed resolution for approving the Scheme along with the Explanatory Statement is set out hereinafter for your consideration. A postal ballot form is also enclosed.

The Board of Directors of the Transferee Company have appointed Mr. Binoy Chacko, Practicing Company Secretary of M/s. BG & Associates, Bangalore, as the Scrutinizer, for conducting the postal ballot and e-voting process in a fair and transparent manner. Further, the Transferee Company has engaged the services of Karvy Computershare Private Limited, Hyderabad ("**Karvy**") to provide e-voting facility.

In compliance with the provisions of Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and the equity listing agreement, the Public Shareholders of the Transferee Company may cast their votes either through the postal ballot form or electronically i.e. e-voting. It is clarified that the Public Shareholders can opt for only one mode of voting i.e., either through postal ballot or e-voting. It is further clarified that casting of votes by postal ballot or e-voting does not disentitle a Public Shareholder from attending the Court Convened Meeting.

Public Shareholders desirous of voting electronically are requested to carefully read the instructions for e-voting enumerated in the notes to the Notice. Public Shareholders who wish to exercise their vote using postal ballot are requested to carefully go through the instructions printed in the enclosed postal ballot form.

The voting including e-voting will commence on March 11, 2015, at 9.00 a.m. and will end at 6.00 p.m. on April 9, 2015. You are requested to carefully read the instructions printed in the postal ballot form and return the form duly completed and signed in the enclosed self-addressed postage pre-paid envelope so as to reach the Scrutinizer on or before 6.00 p.m. on April 9, 2015. Postal ballot forms/ votes received after the said date will be treated as if the reply from such Public Shareholder has not been received.

The Scrutinizer will submit his report to the Chairman after completion of the scrutiny of the postal ballots including e-votes, and the results of the postal ballot and e-voting will be announced on Saturday, April 11, 2015.

The results, together with the Scrutinizer's report, will be displayed at the registered office of, the corporate office of and on the website of the Transferee Company ([www.stridesarco.com](http://www.stridesarco.com)) and also on the website of Karvy (<https://evoting.www.karvy.com>), besides being communicated to BSE Limited and the National Stock Exchange of India Limited on which the shares of the Transferee Company are listed.

Under the SEBI Circulars, the following resolutions are to be passed by the Public Shareholders of the Transferee Company through postal ballot and e-voting.

#### **DRAFT RESOLUTIONS:**

**To consider and, if thought fit, to pass the following resolutions with requisite majority as per the SEBI Circulars:**

**"RESOLVED THAT** pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Companies Act, 1956 and/or under the corresponding provisions of the Companies Act, 2013, the rules, circulars and notifications thereunder (including any statutory modification or re-enactment thereof) as may be applicable, the Securities and Exchange Board of India Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 read with Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013, the observation letters issued by each of BSE Limited and the National Stock Exchange of India Limited dated December 10, 2014 and December 11, 2014, and relevant provisions of applicable laws, and subject to the approval of the High Court of Judicature at Bombay and the High Court of Judicature at Madras, the Scheme of Amalgamation

(the “**Scheme**”), between Shasun Pharmaceuticals Limited (the “**Transferor Company**”) and Strides Arcolab Limited (the “**Transferee Company**”) and their respective shareholders and creditors, for the Transferor Company to be amalgamated with the Transferee Company, be and is hereby approved and agreed to, with/without any modifications and/or conditions, if any, which may be required and/or imposed by the High Court of Judicature at Bombay and/or the High Court of Judicature at Madras while sanctioning the Scheme, or by any other authorities under applicable law.

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, the Board of Directors of the Transferee Company (herein referred to as the “**Board**”, which term shall be deemed to include any committee or any person(s) which the Board may constitute or nominate to exercise its powers, including the powers conferred under this resolution), be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper, and to settle any questions or difficulties or doubts that may arise, including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary to give effect to the above resolution, or to carry out such modifications/directions as may be required and/or imposed by the High Court of Judicature at Bombay and/or the High Court of Judicature at Madras while sanctioning the Scheme, or by any other authorities under applicable law.”

By Order of the Board of Directors  
For **Strides Arcolab Limited**

**Date:** March 3, 2015  
**Place:** Bangalore

**Sd/-**  
**Badree Komandur**  
**CFO & Company Secretary**

**Notes:**

1. Consideration and approval of the Public Shareholders of the Transferee Company by postal ballot and e-voting is sought for the above resolutions.
2. The Explanatory Statement as required under Section 102 of the Companies Act, 2013 is annexed hereto.
3. The Notice, together with the documents accompanying the same, is being sent to all the members by registered post acknowledgment due whose names appear in the Register of Members/ list of Beneficial Owners as received from the National Securities Depository Services Limited/ Central Depository Services (India) Limited or Registrar and Share Transfer Agent as on February 27, 2015, at their respective registered/last known address. The Notice will be displayed on the website of the Transferee Company ([www.stridesarco.com](http://www.stridesarco.com)) and of Karvy.
4. The date of dispatch of the Notice and the Explanatory Statement along with the postal ballot papers will be announced through advertisement in the following newspapers: Free Press Journal (Mumbai Edition) and Navshakti (Mumbai Edition), having wide circulation in the district where the registered office of Transferee Company is situated.
5. The Transferee Company has appointed Mr. Binoy Chacko, Practicing Company Secretary of M/s. BG & Associates, Bangalore, as the Scrutinizer to conduct the postal ballot and e-voting process in a fair and transparent manner.
6. Voting rights shall be reckoned on the paid up value of the shares registered in the names of the members as on February 27, 2015. Where the entries in the records are disputed, the Chairman of the meeting shall determine the number as the case may be for the purposes of the meeting and his decision in that behalf would be final. The resolutions shall be considered approved by the Public Shareholders in case the votes in favour of the resolutions are more than the votes cast against the resolution.
7. Public Shareholders have the option either to vote through the e-voting process or through the postal ballot form.
8. A postal ballot form along with self-addressed postage pre-paid envelope is also enclosed. Public Shareholders voting in physical form are requested to carefully read the instructions printed in the attached postal ballot form. Public Shareholders who have received the postal ballot notice by e-mail and who wish to vote through postal ballot form, can download the postal ballot form from the Transferee Company's website ([www.stridesarco.com](http://www.stridesarco.com)) or seek duplicate postal ballot form from the Transferee Company. Members shall fill in the requisite details and send the duly completed and signed postal ballot form in the enclosed self-addressed postage pre-paid envelope to the Scrutinizer so as to reach the Scrutinizer on or before 6.00 p.m. on April 9, 2015. Any postal ballot form received after the said date and time period shall be treated as if the reply from the member has not been received.

9. Incomplete, unsigned, improperly or incorrectly tick marked postal ballot forms will be rejected. There will be only 1 (one) postal ballot form for every registered folio /client ID irrespective of the number of joint members.
10. The postal ballot form should be completed and signed by the Public Shareholder (as per specimen signature registered with the Transferee Company and/or furnished to National Securities Depository Limited / Central Depository Services (India) Limited). In case, shares are jointly held, this form should be completed and signed by the first named member and, in his/her absence, by the next named member. Holder(s) of Power of Attorney (“**PoA**”) on behalf of a Public Shareholder may vote on the postal ballot mentioning the registration number of the PoA with the Transferee Company or enclosing a copy of the PoA authenticated by a notary. In case of shares held by companies, societies etc., the duly completed postal ballot form should be accompanied by a certified copy of the board resolution/ authorisation giving the requisite authority to the person voting on the postal ballot form.
11. In compliance with provisions of Clause 35B of the equity listing agreement, as stated hereinabove, the Transferee Company is pleased to offer e-voting facility to its Public Shareholders holding equity shares as on February 27, 2015 (being the cut off date), to exercise their right to vote electronically on the above resolutions. For this purpose, the Transferee Company has signed an agreement with Karvy for facilitating e-voting.
12. The instructions for the Public Shareholders for voting electronically are as under:-
  - (i) To use the following URL for e-voting: <https://evoting.karvy.com>
  - (ii) Enter the login credentials i.e., user id and password mentioned below this communication. Your Folio No/ DP ID/ Client ID will be your user ID.

User - ID	<b>For Members holding shares in Demat Form</b>
	a) For NSDL : 8 Character DP ID followed by 8 Digits Client ID
	b) For CDSL : 16 digits beneficiary ID
	<b>For Members holding shares in Physical Form</b>
	Event No. followed by Folio Number registered with the Company
Password	In case of Public Shareholders who have not registered their e-mail addresses, their User-Id and Password is printed below.
Captcha	Enter the verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- (iii) After entering the details appropriately click on LOGIN.
- (iv) Password change menu will appear. Change the password with a new password of your choice. The new password has to be a minimum of 8 (eight) characters consisting of at least 1 (one) upper case (A-Z), 1 (one) lower case (a-z), 1 (one) numeric value (0-9) and a special character.  
  
Kindly note that this password can be used by the Demat holders for voting on any resolution of any other company on which they are eligible to vote, provided that company opts for e-voting through Karvy e-voting platform.  
  
The system will prompt you to change your password and update any contact details like mobile no., email ID etc., on first login. You may also enter the ‘Secret Question’ and answer of your choice to retrieve your password in case you forget it.  
  
It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (v) Login again with the new credentials.
- (vi) On successful login, system will prompt to select the ‘**EVEN**’ (E-voting Event Number) i.e., the Transferee Company’s name ‘**Strides Arcolab Limited**’.
- (vii) On the voting page, you will see the ‘Resolution Description’ and against the same the option ‘FOR/ AGAINST/ ABSTAIN’ from voting.

- (viii) Enter the number of shares (which represents number of votes) under 'FOR/ AGAINST/ ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/ AGAINST' taken together should not exceed your total shareholding. If the shareholder does not want to cast his vote, select 'ABSTAIN'.
- (ix) Shareholders holding multiple folios/ demat account shall choose the voting process separately for each folios/ demat account.
- (x) After selecting the resolution you have decided to vote on, click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on 'CANCEL' and accordingly modify your vote.
- (xi) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- (xii) Corporate/ Institutional Members (Corporate/ FIs/ FIIs/ Trust/ Mutual Funds/ Banks etc.) are required to send scan (PDF format) of the relevant board resolution to the Scrutinizer through e-mail to binoy@cnpartners.in with a copy to [evoting@karvy.com](mailto:evoting@karvy.com).
- (xiii) In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the download section of <https://evoting.karvy.com> or contact Mr. Varghese P.A. of Karvy at +91 40 44655000 or at 1800 345 4001 (toll free).
- (xiv) Members are eligible to cast vote electronically only if they are holding shares as on February 27, 2015.
- (xv) The voting period shall commence at 9.00 a.m. on Wednesday, March 11, 2015 and will end at 6.00 p.m. on Thursday, April 9, 2015. The e-voting module shall be disabled by Karvy at 6.00 p.m. on the same day.

<b>E-voting Details</b>		
<b>EVEN</b>	<b>USER ID</b>	<b>PASSWORD</b>

13. Public Shareholders have the option to vote either through e-voting or through physical postal ballot form. If a Public Shareholder has opted for e-voting, then he/she should not vote by physical postal ballot form also and *vice-versa*. However, in case Public Shareholders cast their vote both *via* physical postal ballot form and e-voting, then voting through e-voting shall prevail and voting done by postal ballot shall be treated as invalid.
14. The Scrutinizer will submit his report to the Chairman of the Board after completion of the scrutiny of the postal ballots including e-votes submitted. The Scrutinizer's decision on the validity of the vote (including e-votes) shall be final. The results of the postal ballot including e-voting will be announced on Saturday, April 11, 2015.
15. The results, together with the Scrutinizer's report, will be displayed at the registered office of, the corporate office of and on the website of the Transferee Company i.e., [www.stridesarco.com](http://www.stridesarco.com) and also on the website of Karvy i.e., <https://evoting.karvy.com>, besides being communicated to BSE Limited and the National Stock Exchange of India Limited on which the shares of the Transferee Company are listed.



**IN THE HIGH COURT OF JUDICATURE AT BOMBAY**  
ORDINARY ORIGINAL CIVIL JURISDICTION  
COMPANY SUMMONS FOR DIRECTION NO. 172 OF 2015

In the matter of the Companies Act, 1956 or any re-enactment thereof;

-And-

In the matter of Application under Sections 391 to 394 of the Companies Act, 1956 or any re-enactment thereof;

-And-

In the matter of Strides Arcolab Limited [CIN:L24230MH1990PLC057062], a company incorporated under the Companies Act, 1956 having its registered office at 201, Devavrata, Sector – 17, Vashi, Navi Mumbai – 400703;

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In the matter of Scheme of Amalgamation between Shasun Pharmaceuticals Limited (Transferor Company) and Strides Arcolab Limited (Transferee Company) and their respective shareholders and creditors.

Strides Arcolab Limited	}	
[CIN: L24230MH1990PLC057062], a company incorporated under the	}	
Companies Act, 1956 having its registered office at 201, Devavrata,	}	
Sector – 17, Vashi, Navi Mumbai – 400 703,	}	... Applicant Company

**EXPLANATORY STATEMENT UNDER SECTION 393 OF THE COMPANIES ACT, 1956 READ WITH SECTION 102 OF THE COMPANIES ACT, 2013 TO (1) THE NOTICE OF THE COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF STRIDES ARCOLAB LIMITED, AND (2) THE NOTICE FOR POSTAL BALLOT AND E-VOTING UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA CIRCULAR NO. CIR/CFD/DIL/5/2013 DATED FEBRUARY 4, 2013 READ WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA CIRCULAR NO. CIR/CFD/DIL/8/2013 DATED MAY 21, 2013**

1. Pursuant to an order dated 27<sup>th</sup> February, 2015, passed by the Hon'ble High Court of Judicature at Bombay, in Company Summons for Directions No. 172 of 2015 (the "**Order**"), a meeting ("**Court Convened Meeting**") of the equity shareholders of Strides Arcolab Limited (the "**Transferee Company**", which is the applicant company herein) is being convened at The Regenza by Tunga, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai – 400 703 on Friday, the 10<sup>th</sup> April, 2015 at 12:00 noon (1200 hours) for the purpose of considering, and if thought fit, approving, with or without modification, the Scheme of Amalgamation between the Shasun Pharmaceuticals Limited (the "**Transferor Company**") and the Transferee Company and their respective shareholders and creditors (the "**Scheme**") for the amalgamation of the Transferor Company into the Transferee Company. A copy of the Scheme, setting out the terms and conditions on which the amalgamation is proposed, which has been approved by the Board of Directors of the Transferee Company at its meeting held on 29<sup>th</sup> September, 2014, is enclosed as **Annexure 1** to this Explanatory Statement which is an annexure to the notice convening the meeting.
2. In terms of the said Order, the quorum for the Court Convened Meeting shall be 30 (thirty) equity shareholders of the Transferee Company present in person. Further in terms of the said Order, the Hon'ble High Court of Judicature at Bombay, has appointed Mr. Deepak Vaidya, a Director of the Transferee Company, and in his absence, Mr. Bharat Shah, a Director of the Transferee Company, and in his absence, Mr. M. R. Umarji, a Director of the Transferee Company, as Chairman for the purposes of the Court Convened Meeting.

3. This explanatory statement explaining the terms of the Scheme is being furnished as required under Section 393 of the Companies Act, 1956 (the “**Act**”), read with Section 102 of the Companies Act, 2013.
4. In addition to the Court Convened Meeting, the Transferee Company is also seeking the approval of its Public Shareholders to the Scheme by way of postal ballot and e-voting pursuant to circular number CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular number CIR/CFD/DIL/8/2013 dated May 21, 2013, both issued by the Securities and Exchange Board of India (“**SEBI**” and such circulars the “**SEBI Circulars**”). For this purpose the term “**Public**” shall have the meaning assigned to it in Rule 2(d) of the Securities Contract (Regulation) Rules, 1957 and the term “**Public Shareholders**” shall be construed accordingly.
5. In terms of the SEBI Circulars, listed companies are required to provide for voting by their Public Shareholders through postal ballot and e-voting, after disclosure of all material facts in the explanatory statement sent to the Public Shareholders of such listed company seeking their approval to the scheme of amalgamation (the “**Public Shareholder Condition**”), *inter alia* in cases
  - (i) *Where additional shares have been allotted to Promoter/Promoter Group, Related Parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary/(s) of Promoter / Promoter Group.*
  - (ii) *Where the Scheme of Arrangement involves the listed company and any other entity involving Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group.*
  - (iii) *Where the parent listed company, has acquired the equity shares of the subsidiary, by paying consideration in cash or in kind in the past to any of the shareholders of the subsidiary who may be Promoter / Promoter Group, Related Parties of Promoter / Promoter Group, Associates of Promoter / Promoter Group, Subsidiary/(s) of Promoter / Promoter Group of the parent listed company, and if that subsidiary is being merged with the parent listed company under the Scheme.*
6. In the instant case, certain promoters of the Transferee Company are shareholders and warrant holders of the Transferor Company (constituting 8.52% of the equity share capital and constituting the entire outstanding warrants of the Transferor Company, as on September 29, 2014), and would be allotted shares in the Transferee Company, pursuant to the Scheme. Accordingly, the Transferee Company is seeking the approval of its Public Shareholders to the Scheme by way of postal ballot and e-voting pursuant to the SEBI Circulars.
7. In accordance with the provisions of Section 391 of the Companies Act, 1956, the Scheme shall be acted upon only if a majority in number representing three fourths in value of the equity shareholders of the Transferee Company, present and voting at the Court Convened Meeting, in person or by proxy, agree to the Scheme.
8. Further, in terms of the SEBI Circulars, the Scheme shall be acted upon only if the votes cast by the Public Shareholders of the Transferee Company voting through postal ballot and e-voting in favor of the proposal are more than the votes cast by the Public Shareholders against the proposal.

#### **Particulars of the Transferee Company**

9. The Transferee Company, namely Strides Arcolab Limited, was incorporated under the Act on June 28, 1990, as Strides Pharmaceuticals Private Limited. The name was changed to Strides Pharmaceuticals Limited vide a certificate dated May 23, 1994. The name was further changed to its present name, Strides Arcolab Limited, vide a certificate dated March 21, 1997. The equity shares of the Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited.
10. The registered office of the Transferee Company is situated at 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400 703, Maharashtra, India.

11. The authorized, issued, subscribed and paid-up share capital of the Transferee Company as on September 29, 2014 is as under:

Share Capital	Amount in Rs.
<b>Authorised Capital</b>	
<u>Equity Shares</u> 8,97,50,000 equity shares of Rs. 10 each	89,75,00,000
<u>Preference Shares</u> 6,20,000 cumulative redeemable preference shares of Rs. 1,000 each	62,00,00,000
<b>Total</b>	<b>1,51,75,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
<u>Equity Shares</u> 5,95,65,621 equity shares of Rs. 10 each	59,56,56,210
<b>Total</b>	<b>59,56,56,210</b>

12. The Transferee Company has reserved:

- (i) 10,00,000 (ten lakh) stock options for employees (as defined therein) under the Transferee Company ESOP 2006 Scheme. As on the date of filing the Scheme, no options under the Transferee Company ESOP 2006 Scheme are outstanding. Under the Transferee Company ESOP 2006 Scheme, an aggregate of 80,500 (eighty thousand five hundred) stock options are available for further grant.
- (ii) 15,00,000 (fifteen lakh) stock options for employees (as defined therein) under the Transferee Company ESOP 2008 Scheme. As on the date of filing the Scheme, no options under the Transferee Company ESOP 2008 Scheme are outstanding. Under the Transferee Company ESOP 2008 Scheme, an aggregate of 1,69,950 (one lakh sixty nine thousand nine hundred and fifty) stock options are available for further grant.
- (iii) 5,00,000 (five lakh) stock options for the directors of the Transferee Company under the Transferee Company ESOP 2008 Directors Scheme. As on the date of filing the Scheme, no options under the Transferee Company ESOP 2008 Directors Scheme are outstanding. Under the Transferee Company ESOP 2008 Directors Scheme, an aggregate of 1,90,000 (one lakh ninety thousand) stock options are available for further grant.
- (iv) Transferee Company ESOP 2011
  - (a) 15,00,000 (fifteen lakh) stock options under the Transferee Company ESOP 2011 Scheme for employees (as defined therein).
  - (b) The Transferee Company has granted 4,00,000 (four lakh) stock options to identified employees (as defined therein) at a price of Rs. 322.30 (Rupees Three Hundred and Twenty Two and Thirty Paise only) on February 7, 2014 under the Transferee Company ESOP 2011 Scheme with a total vesting period of 3 (three) years (the percentage of vesting in the first year (i.e. on February 7, 2015) will be 20% (twenty per cent) of the total stock options granted). Out of the above 400,000 (four hundred thousand) options granted:
    - (A) 1 (one) of the identified employees (as defined thereunder) holding 100,000 (one hundred thousand) options resigned, resulting in lapse of the options granted to him.
    - (B) The Transferee Company allotted 50,000 (fifty thousand) equity shares (having a face vale of Rs. 10) on February 25, 2015 upon exercise of the aforementioned options granted.
  - (c) Further on February 2, 2015, the Company granted 100,000 (one hundred thousand) options to another identified employee (as defined thereunder) at Rs. 792.60 (Seven Hundred Ninety Two and Sixty Paise only) with a vesting period of 3 (three) years (the percentage of vesting in the first year (i.e. on February 2, 2016 with be 20% twenty per cent of the total stock options granted).

- (d) Pursuant to the above, 350,000 (three hundred fifty thousand) stock options are outstanding and such 350,000 (three hundred fifty thousand) options are referred to as the **“Strides Options 2011”**.
  - (v) The exercise, if any, of the Strides Options 2011, under and in accordance with the Transferee Company ESOP 2011 Scheme, would result in an increase in the issued, subscribed and paid-up equity share capital of the Transferee Company.
  - (vi) In this paragraph 12, the following terms shall have the following meaning:
    - (a) **“Transferee Company ESOP 2006 Scheme”** means the Strides Arcolab ESOP – 2006 created by the Transferee Company for its employees and the employees of its subsidiaries;
    - (b) **“Transferee Company ESOP 2008 Directors Scheme”** means the Strides Arcolab ESOP – 2008 (Directors) created by the Transferee Company for the directors of the Transferee Company;
    - (c) **“Transferee Company ESOP 2008 Scheme”** means the Strides Arcolab ESOP – 2008 created by the Transferee Company for its employees and the employees of its subsidiaries; and
    - (d) **“Transferee Company ESOP 2011 Scheme”** means the Strides Arcolab ESOP – 2011 created by the Transferee Company for its employees and the employees of its subsidiaries.
13. Subsequent to September 29, 2014 the Transferee Company allotted 50,000 (fifty thousand) equity shares on February 25, 2015, upon conversion of employee stock options under the Transferee Company ESOP 2011. Accordingly, the issued, subscribed and paid-up share capital of the Transferee Company as on February 27, 2015 is Rs. 596,156,210 (Rupees Five Hundred Ninety Six Million One Hundred Fifty Six Thousand Two Hundred Ten) divided into 59,615,621 (fifty nine million six hundred fifteen thousand six hundred twenty one) equity shares of Rs. 10 (Rupees Ten) each.

#### **Particulars of the Transferor Company**

14. The Transferor Company, namely Shasun Pharmaceuticals Limited, was incorporated under the provisions of the Act on April 19, 1976 as Shasun Chemicals (Madras) Limited. The name of the Transferor Company was changed to Shasun Chemicals (Madras) Private Limited vide a certificate dated July 23, 1992 and was further changed to Shasun Chemicals and Drugs Limited vide a certificate dated November 26, 1993. The name of the Transferor Company was further changed to its present name, Shasun Pharmaceuticals Limited vide a certificate dated August 7, 2010. The equity shares of the Transferor Company are listed on BSE Limited and National Stock Exchange of India Limited.
15. The Transferor Company has its registered office at ‘Batra Centre’, 3<sup>rd</sup> & 4<sup>th</sup> Floor, No. 28, Sardar Patel Road, Guindy, Chennai – 600 032, Tamil Nadu, India.
16. The Transferor Company develops, manufactures and sells generic pharmaceutical products and active pharmaceutical ingredients within and outside India. It is also engaged in the contract research and manufacturing services business, which provides chemistry and analytical services within and outside India, and offers formulation, development and manufacturing services for solid dosage products to pharmaceutical customers. In addition, the Transferor Company is involved in research and development services, manufacturing, sales, marketing and distribution of recombinant biopharmaceutical products (both drug substance and drug product) in any form.

17. The authorized, issued, subscribed and paid-up share capital of the Transferor Company as on September 29, 2014 is as follows:

Share Capital	Amount in Rs.
<b>Authorised Capital</b>	
<u>Equity</u> 7,50,00,000 equity shares of Rs. 2 each	15,00,00,000
<u>Preference</u> 10,00,000 redeemable preference shares of Rs. 100 each	10,00,00,000
<b>Total</b>	<b>25,00,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	
<u>Equity</u> 6,01,23,852 equity shares of Rs. 2 each	12,02,47,704
<b>Total</b>	<b>12,02,47,704</b>

18. Warrants and ESOP:
- (i) The Transferor Company has issued 71,00,000 (seventy one lakh) convertible warrants at a price of Rs. 110 (Rupees One Hundred and Ten only) per warrant (the “**Transferor Company Warrants**”) which, upon exercise, would entitle the holders thereof to 71,00,000 (seventy one lakh) equity shares of Rs. 2 (Rupees Two only) each of the Transferor Company. The exercise of the Transferor Company Warrants by the holder thereof would result in an increase in the issued, subscribed and paid-up equity share capital of the Transferor Company.
- (ii) The Transferor Company has reserved 11,02,477 (eleven lakh two thousand four hundred seventy seven) stock options under the Shasun Pharmaceuticals Limited Employee Stock Option Plan, 2012 (the “**Shasun ESOP Scheme**”) and granted 2,23,000 (two lakh twenty three thousand) stock options to identified employees of the Transferor Company at a price of Rs. 85.60 (Rupees Eighty Five and Sixty Paise only) on August 6, 2014 under the Shasun ESOP Scheme, which options will be vested over a period of 5 (five) years at the rate of one-fifth of the options (i.e., 44,600 each year) with the first vesting date being 1 (one) year from the date of grant of the option (i.e., August 5, 2015) (the “**Shasun Options**”). The exercise of stock options before the effective date of the Scheme, under and in accordance with the Shasun ESOP Scheme, would result in an increase in the issued, subscribed and paid-up equity share capital of the Transferor Company.
19. Subsequent to September 29, 2014 there has been no change in the share capital of the Transferor Company.

#### **Description and Rationale for the Scheme**

20. The Scheme provides for the amalgamation of the Transferor Company with the Transferee Company pursuant to Sections 391 to 394 and other relevant provisions of the Act and any amendments thereto or replacements thereof, as applicable. The Scheme proposes the transfer and vesting of the whole of the undertaking and entire business of the Transferor Company with the Transferee Company and consequent issue of new equity shares by the Transferee Company to the equity shareholders of the Transferor Company, and matters incidental and consequential thereto. Upon the coming into effect of the Scheme, the Transferor Company shall stand dissolved without winding up, and the board of directors of the Transferor Company and any committees thereof, shall, without any further act, instrument or deed, stand dissolved.
21. The amalgamation of the Transferor Company with the Transferee Company would *inter alia* result in the following benefits:
- (i) the amalgamation will create a vertically integrated pharma company of scale with a strong presence in front ended regulated market finished dosage formulations, emerging markets branded generics, institutional business, active pharmaceutical ingredients and contract research and manufacturing services;

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

### Salient Features of the Scheme

22. The salient features of the Scheme are as follows:

### Definitions

Unless specifically defined hereinbelow, capitalised terms used hereinbelow, shall have the meaning ascribed to such terms in the Scheme.

- (i) "**Act**" means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force, including the Companies Act, 2013 and provisions thereof as are notified and applicable from time to time and shall include any statutory modifications, re-enactment or amendments thereof.
- (ii) "**Appointed Date**" means opening of business on April 1, 2015 or such other date as may be agreed between the Transferor Company and the Transferee Company and approved by the High Courts.
- (iii) "**Board of Directors**" in relation to the Transferor Company and the Transferee Company, as the case may be, means the Board of Directors of such company and, unless it is repugnant to the context, includes a duly authorised committee of directors.
- (iv) "**Effective Date**" means 8 (eight) business days from the last of the dates on which the conditions and matters referred to in Clause 18 of the Scheme have been fulfilled or waived; references in the Scheme to the date of "**coming into effect of the Scheme**" or "**effectiveness of the Scheme**" shall mean the Effective Date. The conditions and matters referred to in Clause 18 of the Scheme have been listed below:
  - (a) the Scheme being approved by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Transferor Company and the Transferee Company as required under the Act and the SEBI Circulars and the requisite orders of the High Courts being obtained;

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

- (b) the certified copies of the orders of the High Courts approving the Scheme being filed with the jurisdictional registrar of companies;
  - (c) approval from the Competition Commission of India shall have been granted or deemed to have been granted through the expiration of time periods available for the Competition Commission of India's investigation provided under the Competition Commission of India (Procedure in regard to the transaction of business relating to combination) Regulations, 2011 as amended;
  - (d) the Appointed Date having occurred;
  - (e) post-sanction approval of the Securities and Exchange Board of India in terms of the SEBI Circulars being obtained, if applicable;
  - (f) approval of the Foreign Investment Promotion Board, Department of Economic Affairs, Ministry of Finance, Government of India as required under applicable law being obtained;
  - (g) approval of the Reserve Bank of India for the transfer of all overseas investments and external commercial borrowings of the Transferor Company to the Transferee Company being obtained; and
  - (h) any other approvals and sanctions from a Governmental Authority as may be required by Law in respect of the Scheme being obtained.
- (v) **"Encumbrance"** or to **"Encumber"** means: (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance or interest of any kind securing, or conferring any priority of payment in respect of any obligation of any person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable law; (ii) a contract to give or refrain from giving any of the foregoing; (iii) any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any person; and (iv) any adverse claim as to title, possession or use.
- (vi) **"Governmental Authority"** means any national, state, provincial, local or similar government, governmental, statutory, regulatory or administrative authority, government department, agency, commission, board, branch, tribunal or court or other entity in any jurisdiction authorized to make Laws, rules, regulations, standards, requirements, procedures or to pass directions or orders having the force of Law, or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of Law, or any stock exchange of India or any other country.
- (vii) **"High Courts"** collectively mean the High Court of Judicature at Bombay and the High Court of Judicature at Madras and shall include, if applicable, the National Company Law Tribunal as applicable or such other forum or authority as may be vested with the powers of a High Court under Sections 391 to 394 of the Act.

- (viii) **“Law”** means any statute, law, regulation, ordinance, rule, judgment, notification, rule of common law, order, decree, bye-law, approval, directive, guideline, requirement or other governmental restriction, or any similar form of decision of, or determination by, or any interpretation, policy or administration, having the force of law of any of the foregoing, by any Governmental Authority having jurisdiction over the matter in question.
- (ix) **“Record Date”** means the date to be fixed by the Board of Directors of the Transferee Company for determining names of the equity shareholders of the Transferor Company, who shall be entitled to shares of the Transferee Company upon coming into effect of the Scheme as specified under Clause 9.2 of the Scheme.
- (x) **“Undertaking”** means the whole of the undertaking and entire business of the Transferor Company as a going concern, all its assets, rights, licenses and powers, and all its debts, outstandings, liabilities, duties, obligations and employees including, but not limited to, the following:
- (a) all the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) of the Transferor Company, whether situated in India or abroad, including, without being limited to, manufacturing facilities, laboratories, land (whether leasehold or freehold), processing plants, plant and machinery, equipment, buildings and structures, offices, residential and other premises, stock-in-trade, packing material, raw materials, formulations, tablets, capsules, vials, ointments, active pharmaceutical ingredients and drugs intermediaries, capital work in progress, sundry debtors, furniture, fixtures, office equipment, appliances, accessories, power lines, depots, deposits, all stocks, stocks of fuel, assets, investments of all kinds (including share application money, shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates in domestic or overseas entities and including shares or other securities held by the Transferor Company in its subsidiaries), cash balances or deposits with banks, loans, advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by the Transferor Company, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other assets, intangible assets (including but not limited to software), trade and service names and marks, brands, patents, copyrights, licenses, marketing authorisations, approvals, marketing tangibles, and other intellectual property rights of any nature whatsoever and wheresoever situate, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interests, refunds, other benefits (including indemnities given for the benefit of the Transferor Company and tax benefits), assets held by or relating to any Transferor Company employee benefit plan, export incentives accrued, derivative instruments, forward contracts, insurance claims receivable, tax holiday benefit, incentives, credits (including tax credits), minimum alternative tax credit entitlement tax losses, rights, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad;
- (b) all agreements, rights, contracts, entitlements, licenses, assignments, permits, permissions, incentives, approvals, registrations, tax deferrals and benefits, subsidies, concessions, grants,



rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges and claims as to any patents, brands, trademarks, licenses, marketing authorisations, approvals, marketing tangibles, designs, quotas, rights, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Transferor Company business activities and operations;

- (c) all liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised;
- (d) all intellectual property rights, engineering and process information, and approvals, records, files, papers, computer programmes, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents, whether in physical or electronic form and whether owned by, licensed to or assigned to the Transferor Company, relating to the Transferor Company's business activities and operations whether in India or abroad;
- (e) all other obligations of whatsoever kind, including liabilities of the Transferor Company with regard to their employees, or the employees of any of their subsidiaries, with respect to the payment of gratuity, pension benefits and the provident fund or other compensation or benefits, if any, whether in the event of resignation, death, voluntary retirement or retrenchment or otherwise; and
- (f) all permanent employees engaged by the Transferor Company as on the Effective Date.

### **Operation of the Scheme**

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

### **Transfer and Vesting of Undertaking**

- (i) Part- II of the Scheme envisages the transfer and vesting of the Undertaking of the Transferor Company to the Transferee Company in the following manner:

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

- (a) **Transfer of Assets:** all the estate, assets, rights, claims, title, investments, properties, interests and authorities including accretions and appurtenances of the Transferor Company, comprised in the Undertaking of whatsoever nature and wheresoever situate (including all the trade and service names and marks, brands, patents, copyrights, licenses, marketing authorisations, approvals and marketing tangibles of the Transferor Company including registered and unregistered trademarks) shall without any further act or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Transferee Company.

- (b) **Transfer of consents, licenses etc:** all the consents, licenses, permits, entitlements, quotas, approvals, permissions, registrations, marketing authorisations, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, refunds, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to either of the Transferor Company, whether on, before or after the Appointed Date, including income tax and other tax benefits and exemptions shall, under the provisions of Section 391 to Section 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in and/or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become the consents, licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.
- (c) **Transfer of Liabilities:** all liabilities relating to and comprised in the Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations (herein referred to as the “**Liabilities**”), shall, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen and all debts, loans raised, liabilities, duties and obligations of the Transferor Company as on the Appointed Date, whether or not provided in the books of the Transferor Company, and all debts, loans raised, liabilities, duties and obligations incurred or which arise or accrue to the Transferor Company on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, liabilities, duties and obligations incurred by the Transferee Company by virtue of the Scheme. All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Transferor Company in the ordinary course of its business after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- (d) **Encumbrances:** all the existing Encumbrances, as on the Appointed Date and created by the Transferor Company after the Appointed Date, over the assets comprised in the Undertaking or any part thereof transferred to the Transferee Company by virtue of the Scheme and in so far as such Encumbrances secure or pertain to Liabilities of the Transferor Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company. No Encumbrances shall have been created by the Transferor Company over its assets after September 29, 2014 without the prior written consent of the Board of Directors of the Transferee Company or except as mutually agreed to in writing between the Transferor Company and the Transferee Company.

- (e) **Inter se Transactions:** as on the Effective Date, all inter-party transactions between the Transferor Company and the Transferee Company shall be considered as intra-party transactions of the Transferee Company for all purposes from the Appointed Date.
- (f) **Transfer of Contracts, Deeds etc:** all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto. All consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company in relation to the Transferor Undertaking shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall make applications to any governmental authority as may be necessary in this behalf.
- (g) **Legal Proceedings:** all suits, actions, claims and legal proceedings by or against the Transferor Company pending and/or arising on or before the Effective Date shall be continued and/or enforced as desired by the Transferee Company and on and from the Effective Date, shall be continued and/or enforced by or against the Transferee Company as effectually and in the same manner and to the same extent as if the same had been originally instituted and/or pending and/or arising by or against the Transferee Company.
- (h) **Employees:** all the permanent employees of the Transferor Company employed in the Transferor Company as on the Effective Date ("**Transferor Company Employees**"), shall become the permanent employees of the Transferee Company, and, subject to the provisions of the Scheme, on terms and conditions not less favourable than those on which they are engaged by the Transferor Company and without any interruption of, or break in service as a result of the transfer of the Undertaking. The Transferee Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such Transferor Company Employees and such benefits to which the Transferor Company Employees are entitled in the Transferor Company shall also be taken into account, and the Transferor Company agrees and undertakes to pay the same as and when payable. Other than as provided in the Scheme, the Transferor Company Employees who become the employees of the Transferee Company by virtue of the Scheme, shall be entitled to the employment policies and shall be entitled to avail of any schemes and benefits existing as on the Effective Date that may be applicable and available to any of the other employees of the Transferee Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the other employees of the Transferee Company), unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into or deemed to have been entered into by the Transferor Company with any employee or trade union of the Transferor Company.
- (i) **Employee Benefits:** Insofar as the provident fund, gratuity fund, trusts, retirement fund or benefits and any other funds or benefits created by the Transferor Company for the Transferor Company Employees or to which the Transferor Company is contributing for the benefit of the Transferor Company Employees and other such funds, trusts, the benefits of which the Transferor Company Employees enjoy (the "**Employee Benefit Funds**") are concerned, all the contributions made to such Employee Benefit Funds for the benefit of the Transferor Company Employees and the investments made by the Employee Benefit Funds in relation to the Transferor Company Employees shall be transferred to the Transferee Company and shall be held for the benefit of the concerned Transferor Company Employees. In the event the Transferee Company has its own funds in respect of any of the Employee Benefit Funds, such

contributions and investments shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, be transferred to the relevant funds of the Transferee Company and shall be held for the benefit of the concerned Transferor Company Employees. In relation to those Transferor Company Employees for whom the Transferor Company is making contributions to the government provident fund, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Transferor Company Employees.

- (ii) Part II of the Scheme also provides for the conduct of the businesses of the Transferor Company with effect from the Appointed Date up to and including the Effective Date:
- (a) The Transferor Company shall carry on and shall be deemed to have carried on its business and shall hold and stand possessed of and shall be deemed to have held and stood and possessed of the Undertaking on account of, and for the benefit of and in trust for, the Transferee Company.
  - (b) All profits or income accruing or arising to the Transferor Company, all cheques or payments made out to the name of the Transferor Company and all expenditure incurred by it (including Taxes) shall be treated and be deemed to be and accrue as the profits or income or expenditure of the Transferee Company.
  - (c) All taxes paid or payable by the Transferor Company in respect of the operations and/or profits of the business before the Appointed Date, shall be on account of the Transferor Company and, insofar as it related to the tax payment, whether by way of deduction at source, advance tax or otherwise, in respect of the profits or activities or operation of its business after the Appointed Date, the same shall be deemed to be corresponding item paid by the Transferee Company and in all proceedings shall be dealt accordingly.
  - (d) With effect from September 29, 2014 and up to and including the Effective Date, the Transferor Company and the Transferee Company shall preserve and carry on their business and activities with reasonable diligence and business prudence and they shall not undertake any additional financial commitments or investments of any nature or sell, transfer, alienate, charge or deal with the Undertaking save and except in the cases mentioned in the Scheme.
- (iii) Part II of the Scheme also provides that the transfer and vesting of the Undertaking shall not affect any transactions or proceedings already concluded by the Transferor Company on or before the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Company as acts, deeds and things made, done and executed by or on behalf of the Transferee Company in accordance with the Scheme.

#### **Issue of New Equity Shares by Transferee Company**

- (iv) Part III of the Scheme provides for the issue of equity shares by the Transferee Company to the equity shareholders of the Transferor Company:
- (a) Upon the effectiveness of the Scheme and in consideration of the transfer of and vesting of the Undertaking of the Transferor Company in the Transferee Company, in terms of the Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor Company (whose names are registered in the Register of Members of the Transferor Company on the Record Date, or his/her/its legal heirs, executors or administrators or, as the case may be, successors), equity shares of face value of Rs. 10 (Rupees Ten only) each credited as fully paid up of the Transferee Company in the ratio of 5 (five) equity shares of the face value of Rs. 10 (Rupees Ten only) each of the Transferee

Company for every 16 (sixteen) equity shares of Rs. 2 (Rupees Two only) credited as fully paid-up (the “**Share Exchange Ratio**”) held on the Record Date by such equity shareholders or their respective legal heirs, executors or administrators or, as the case may be, successors in the Transferor Company (the “**New Equity Shares**”).

- (b) The New Equity Shares will be distributed in dematerialized form to the equity shareholders of the Transferor Company, provided that all details relating to the account with the depository participant are available to the Transferee Company. All those equity shareholders who hold equity shares of the Transferor Company and do not provide their details relating to the account with the depository participant will be distributed New Equity Shares in the physical/ certificate form unless such details are communicated in writing by the shareholders on or before such date as may be determined by the board of the Transferee Company or committee thereof.
- (c) No fractional certificates, entitlements or credits shall be issued or given by the Transferee Company in respect of the fractional entitlements, if any, to which the shareholders of the Transferor Company are entitled on the issue and allotment of equity shares by the Transferee Company in accordance with the Scheme. If any members of the Transferor Company have a shareholding such that such members become entitled to a fraction of a New Equity Share, the Board of Directors of the Transferee Company may (i) consolidate all such fractional entitlements and allot such fractional entitlements to a nominee, who shall hold such fractional entitlements with all additions or accretions thereto in trust for the benefit of the respective shareholders to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such fractional entitlements in the market at such price or prices and at such time or times as the nominee may in its sole discretion decide and on such sale pay to the Transferee Company the net sale proceeds thereof and any additions and accretions, whereupon the Transferee Company shall, subject to withholding tax and expenses, if any, distribute such sale proceeds to the concerned shareholders of the Transferor Company in proportion to their respective fractional entitlements; or (ii) adopt any other procedure as permitted under applicable Law to deal with such fractional entitlements.
- (d) All heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of the Transferee Company.
- (e) Any increase in the issued, subscribed or paid up share capital of the Transferor Company or the Transferee Company or issuance of any instruments convertible into equity shares or restructuring of their respective equity share capital including by way of share split/ consolidation/ issue of bonus shares, free distribution of shares or instruments convertible into equity shares or other similar action in relation to the share capital of the Transferor Company or the Transferee Company at any time before the Record Date, the Share Exchange Ratio shall be adjusted appropriately to take into account the effect of such issuance or corporate actions and assuming conversion of any such issued instruments convertible into equity shares.
- (f) Upon the coming into effect of the Scheme, the New Equity Shares of the Transferee Company to be issued and allotted to the members of the Transferor Company as provided in the Scheme shall be subject to the provisions of the memorandum of association and articles of association of the Transferee Company and shall rank *pari passu* from the date of allotment in all respects with the existing equity shares of the Transferee Company including entitlement in respect of dividends. All lock-in period, if any, as per applicable Law outstanding on the equity shares of the Transferor Company held by any of its shareholders shall continue to be applicable on the New Equity Shares held by such shareholder for the remainder of the period stipulated under applicable Law.

## Employee Stock Options

- (v) Part III of Scheme also provides for treatment of employee stock options:
- (a) Upon the effectiveness of the Scheme, the Transferee Company shall issue stock options ("**New Strides Options**") to Transferor Company Employees holding Shasun Options ("**Eligible Employees**") which shall entitle the Eligible Employees to purchase equity shares of the Transferee Company. The number of New Strides Options issued shall equal the product of the number of Shasun Options (whether vested or unvested) outstanding at the time of the effectiveness of the Scheme multiplied by the Share Exchange Ratio, with any fractional stock options rounded up to the next higher whole number of stock options. The terms and conditions applicable to the New Strides Option shall be no less favourable than those provided under the Shasun ESOP Scheme. Such New Shasun Options will be issued under a new employee stock option scheme created by the Transferee Company *inter alia* for the purpose of granting stock options to the Eligible Employees pursuant to the Scheme ("**Transferee Company New ESOP Scheme**").
  - (b) The grant of stock options to the Eligible Employees shall be effected as an integral part of the Scheme and the consent of the shareholders of the Transferor Company and the Transferee Company to the Scheme shall be deemed to be their consent in relation to all matters pertaining to the Shasun ESOP Scheme and the Transferee Company New ESOP Scheme, including without limitation, for the purposes of creating the Transferee Company New ESOP Scheme, modifying the Shasun ESOP Scheme and/ or the Transferee Company New ESOP Scheme, modifying the exercise price of the stock options under the Shasun ESOP Scheme and all related matters. No further approval of the shareholders of the Transferor Company or the Transferee Company would be required in this connection under any applicable Law, including the Act or the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

## Transferor Company Warrants

- (vi) Part III of the Scheme also provides that upon the effectiveness of the Scheme, the Transferee Company shall issue warrants convertible into equity shares of the Transferee Company ("**Transferee Company New Warrants**") to the holders of the Transferor Company Warrants which are outstanding as on such date in accordance with the Share Exchange Ratio (i.e., 5 (five) Transferee Company New Warrants shall be issued for every 16 (sixteen) Transferor Company Warrants). The Transferee Company New Warrants shall have the same terms and conditions as applicable to the Transferor Company Warrants and each Transferee Company New Warrant shall be convertible into 1 (one) equity share of the Transferee Company. If the number of Transferee Company New Warrants to be issued pursuant to the Scheme is a fractional number, the same shall be rounded down to the previous lower whole number. The lock-in period, if any, which is outstanding on the Transferor Company Warrants as per applicable Law shall continue to be applicable for the remainder of the period in the Transferee Company with respect to the Transferee Company New Warrants.
- (vii) Part III of the Scheme provides that if there are any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company, the Board of Directors of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Transferor Company, after the effectiveness of the Scheme. New Equity Shares to be issued by the Transferee Company pursuant to the Scheme in respect of any equity shares of the Transferor Company which are held in abeyance under the provisions of the Act or otherwise shall pending allotment or settlement of dispute by order of Court or otherwise, be held in abeyance by the Transferee Company.

- (viii) Part III of the Scheme provides that the equity shares of the Transferee Company issued pursuant to the Scheme, including without limitation the New Equity Shares, shall not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") in reliance upon the exemption under Section 3(a)(10) of the Securities Act. The sanction of the High Courts to the Scheme will be relied upon for the purpose of qualifying the issuance and distribution of the equity shares of the Transferee Company issued pursuant to the Scheme.
- (ix) Part III of the Scheme provides that upon coming into effect of the Scheme, the authorized share capital of the Transferor Company, as on the Effective Date, shall be added to the authorized share capital of the Transferee Company, as on the Effective Date, and the preference share capital of the Transferee Company shall stand reclassified into the equity share capital of the Transferee Company and Clause VI of the Memorandum of Association of the Transferee Company and Article 4 of the Articles of Association of the Transferee Company shall be altered accordingly. By virtue of the fact that the shareholders of the Transferee Company, while approving the Scheme as a whole, have approved and accorded the relevant consents as required under the Act and shall not be required to pass separate resolutions as required under the Act. The Transferee Company shall not be required to pay any fees/ stamp duty on the authorised share capital so increased.

#### **Accounting Treatment and Dividends**

- (x) Part IV of the Scheme provides for the accounting treatment in the books of the Transferee Company and dividends:
  - (a) The accounting treatment in respect of assets, liabilities and reserves of the Transferor Company shall be governed, subject to the provisions of the Scheme, in accordance with what is described in AS-14 as "**the Pooling of Interests Method**". Accordingly all the assets and liabilities of the Transferor Company shall be recorded at their respective book values in the books of the Transferee Company.
  - (b) The Transferee Company shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Transferor Company pursuant to the Scheme and any inter-company balances and inter-company investments between the Transferor Company and the Transferee Company as on the Effective Date will stand cancelled and there shall be no further obligation/outstanding in that behalf.
  - (c) As on the Appointed Date, the reserves, surplus and balance in profit & loss account of the Transferor Company will be merged with the respective reserves, surplus and balance in profit & loss account of the Transferee Company in the same form as they appeared in the financial statements of the Transferor Company.
  - (d) In case of any difference in accounting policies of the Transferee Company and the Transferor Company, the impact of the same, till the Appointed Date will be quantified and the same shall be appropriately adjusted and reported in accordance with applicable accounting rules and principles so as to ensure that the financial statement of the Transferee Company reflects the financial position on the basis of consistent accounting policy.
  - (e) An amount equal to the balance lying to the credit/debit of the profit and loss account in the books of the Transferor Company shall be credited/debited by the Transferee Company to the balance of its profit and loss account.
  - (f) The difference between the net Asset value of the Transferor Company (i.e., the book value of assets minus the book values of the liabilities and reserves of the Transferor Company as on the Appointed Date) and the value of equity share capital to be issued to the shareholders of the Transferor Company on amalgamation by the Transferee Company, if any, shall be credited by the Transferee Company to its reserves. In case the difference results in a debit, it shall be debited by the Transferee Company to its reserves.

- (g) From September 29, 2014 to the Effective Date, except as mutually agreed between the Transferor Company and the Transferee Company in writing or as required by applicable Law, neither the Transferor Company nor the Transferee Company shall be permitted to declare or pay dividends, whether interim or final, or make any other distributions payable in cash, stock, property or in any other manner, to its shareholders, except for dividends, which are paid in cash on dates and in amounts consistent with past practice on the equity shares of such company. The shareholders of the Transferor Company shall not be entitled to dividend, if any, declared and paid on or prior to the Effective Date by the Transferee Company to its shareholders for the accounting period prior to the Appointed Date.

#### **Dissolution of the Transferor Company, Validity of Existing Resolutions and Conditions**

- (xi) Part V of the Scheme envisages the dissolution of the Transferor Company and provides that on the coming into effect of the Scheme, the Transferor Company shall stand dissolved without winding-up, and the Board of Directors and any committees thereof of the Transferor Company shall without any further act, instrument or deed be and stand dissolved.
- (xii) Part V of the Scheme also provides that upon the coming into effect of the Scheme, the resolutions, if any, of the Transferor Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then the said limits shall be added to the limits, if any, under like resolutions passed by the Transferee Company and shall constitute the aggregate of the said limits in the Transferee Company.
- (xiii) Part V of the Scheme further provides that in the event any of the conditions, sanctions and/or approvals referred to in Clause 18 of the Scheme have not been satisfied or obtained, as the case may be, and/or the Scheme has not been sanctioned by the High Courts on or before September 30, 2015, or such other date as mutually agreed to between the Transferor Company and the Transferee Company, either the Transferor Company or the Transferee Company may opt to terminate the Scheme.

**The features set out above being only the salient features of the Scheme, the members are requested to read the entire text of the Scheme (annexed herewith) to get fully acquainted with the provisions thereof and the rationale and objectives of the Scheme.**

#### **Approvals and Actions Taken in relation to the Scheme**

23. The proposal for the amalgamation of the Transferor Company into the Transferee Company in accordance with the Scheme was placed before the Audit Committee of the Board of Directors of the Transferee Company at its meeting held on September 29, 2014. The Audit Committee of the Board of Directors of the Transferee Company took into account the joint valuation report, dated September 29, 2014, issued by S.R. Batliboi & Co. LLP and Price Waterhouse & Co. LLP, both acting as independent valuers, to the respective Boards of Directors of the Transferor Company and the Transferee Company (the "**Joint Valuation Report**"). The Joint Valuation Report recommended that the share exchange ratio for the amalgamation of the Transferor Company into the Transferee Company pursuant to the Scheme should be 5 (five) equity shares of the Transferee Company (of Rs. 10 each fully paid up) for every 16 (sixteen) equity shares of the Transferor Company (of Rs. 2 each fully paid up) (the "**Share Exchange Ratio**"). The Audit Committee of the Board of Directors of the Transferee Company also took into account the fairness opinion, dated September 29, 2014, issued by Jefferies India Private Limited (the "**Jefferies Fairness Opinion**"), on the Share Exchange Ratio as set out in the Joint Valuation Report. A copy of the Jefferies Fairness Opinion is enclosed as **Annexure 2**. On the basis of its evaluation and independent judgment, the Audit Committee has recommended the Scheme to the Board of Directors of the Transferee Company.



24. The Board of Directors of the Transferee Company, at their meeting dated September 29, 2014, took into account the recommendation of the Share Exchange Ratio as set out in the Joint Valuation Report and the Jefferies Fairness Opinion and the independent recommendations of its Audit Committee.
25. On the basis of their own independent judgment, and having considering the aforementioned reports and opinions together with the benefits of the Scheme, the Board of Directors of the Transferee Company has, at its meeting held on September 29, 2014, come to the conclusion that the Share Exchange Ratio is fair and reasonable and, has approved the Scheme and the Share Exchange Ratio. Separately, the Board of Directors of the Transferee Company, at its meeting held on September 29, 2014, approved the Scheme.
26. The Transferor Company, the Transferee Company and their respective promoters executed an implementation agreement, on September 29, 2014 (the "**Implementation Agreement**") to set out the terms and conditions of and the framework for the Scheme and its implementation.
27. The National Stock Exchange of India Limited was appointed as the designated stock exchange by the Transferor Company and the Transferee Company for the purpose of coordinating with the SEBI, pursuant to the SEBI Circulars. The Transferee Company has received observation letters regarding the Scheme from BSE Limited on December 10, 2014 and from the National Stock Exchange of India Limited on December 11, 2014, pursuant to which each of the stock exchanges have respectively conveyed their no objection for filing the Scheme with the High Courts. Copies of the observation letters dated December 10, 2014 and December 11, 2014 are enclosed as **Annexures 3 and 4** respectively. The Transferor Company has received similar observation letters from BSE Limited and the National Stock Exchange of India Limited.
28. The Scheme was filed by the Transferee Company with the High Court of Judicature at Bombay on December 20, 2014, and the Scheme was filed by the Transferor Company with the High Court of Judicature at Madras on January 5, 2015. The Hon'ble High Court Judicature at Madras has directed the Transferor Company to convene a meeting of its equity shareholders to seek their approval to the Scheme, and has dispensed with the requirement of convening meetings of the secured creditors and the unsecured creditors of the Transferee Company to seek their approval to the Scheme.
29. As required by the SEBI Circulars, the Transferee Company has filed the Complaints Report with BSE Limited and National Stock Exchange of India Limited on November 10, 2014. This report indicates that the Transferee Company received 2 (two) complaints and that the same has been resolved. A copy of the complaints report dated November 10, 2014 is enclosed as **Annexure 5**.

#### **Other Matters**

30. The financial position of the Transferee Company will not be adversely affected by the Scheme. The Transferee Company will be able to meet and pay its debts as and when they arise and become due. The rights and interests of the members and the creditors of the Transferor Company or the Transferee Company will not be prejudiced by the Scheme.
31. Pursuant to the Scheme, the equity shares of the Transferee Company that are proposed to be issued to the equity shareholders of the Transferor Company, in the prescribed Share Exchange Ratio are to be listed on the same stock exchanges on which the equity shares of the Transferee Company are listed, i.e., BSE Limited and the National Stock Exchange of India Limited.
32. No investigation proceedings have been instituted or are pending in relation to the Transferee Company under Sections 210 to 229 of the Companies Act, 2013 or under the corresponding provisions of the Act. No winding up petitions have been admitted or filed against the Transferee Company. No proceedings are pending in relation to the Transferee Company under provisions of the (hitherto) Monopolies and Restrictive Trade Practices Act, 1969 and the Competition Act, 2002.

33. The details of the present directors of the Transferor Company are as follows:

Sl. No.	Name of Director	Designation	Date of Appointment	Age
1	S. Abhaya Kumar	Managing Director	19.04.1976	62
2	Dr. S. Devendra	Wholetime Director	12.05.1978	64
3	S. Vimal Kumar	Wholetime Director	26.06.1985	58
4	R. Kannan	Chairman & Independent Director	30.07.2010	66
5	R. Sundara Rajan	Independent Director	30.05.2011	67
6	N. Subramanian	Independent Director	19.08.2011	60
7	Dr. Sunny Sharma	Non-Executive Director	29.03.2012	40
8	Dr. Arun Chandra Karmakar	Director – Operations & EHS	06.08.2014	52

34. The details of the present directors of the Transferee Company are as follows:

Sl. No.	Name of Director	Designation	Date of Appointment	Age
1	Arun Kumar	Managing Director	28.06.1990	54
2	Deepak Vaidya	Non-Executive Director and Chairman	16.01.1998	70
3	M. R. Umarji	Non-Executive Director	27.10.2005	73
4	Bharat Shah	Non-Executive Director	25.07.2014	68
5	S. Sridhar	Independent Director	27.07.2012	64
6	A. K. Nair	Independent Director	27.10.2005	71
7	P. M. Thampi	Independent Director	21.12.2005	80
8	Sangita Reddy	Independent Director	07.02.2014	53

35. None of the Promoters (other than those listed below), Directors, the Key Managerial Personnel (as defined under the Companies Act, 2013 and rules framed thereunder) of the Transferee Company and their respective Relatives (as defined under the Companies Act, 2013 and rules framed thereunder) have any interest in the Scheme, except as shareholders/warrant holders in general of the respective companies, the extent of which is as stated below:

Sl. No.	Names	Shareholding In Transferor Company as on February 27, 2015	Shareholding In Transferee Company as on February 27, 2015
<b>Promoters of the Company</b>			
1	Sequent Scientific Limited	35,00,000	NIL
2	Triumph Venture Holdings LLP	19,000	30,000
3	Ambemata Securities	15,41,313	NIL
4	K R Ravishankar	63,000	12,35,906
<b>Directors of the Company</b>			
5	Arun Kumar	NIL	670,797
6	Deepak Vaidya	NIL	150,000
7	M. R. Umarji	NIL	14,000
8	Bharat Shah	NIL	30,000
9	S. Sridhar	NIL	48,750
10	A. K. Nair	NIL	25,000
11	P. M. Thampi	16,000	53,000
12	Sangita Reddy	NIL	NIL
<b>Key Managerial Personnel (KMP) of the Company</b>			
13	Badree Komandur	NIL	NIL

36. None of the directors of the Transferor Company or the Transferee Company have given any loans to either company.

37. The pre-amalgamation shareholding pattern of the Transferor Company and the Transferee Company and the post-amalgamation shareholding pattern of the Transferee Company are as under:

**Pre-amalgamation shareholding pattern of Transferor Company as on September 19, 2014 (as submitted to BSE Limited and the National Stock Exchange of India Limited on October 08, 2014):**

Sl. No.	Category of Shareholder (ii)	Total number of Shares (iii)	Percentage of total number of Shares (iv)
<b>(A)</b>	<b>Promoter and Promoter Group</b>		
<b>1</b>	<b>Indian</b>		
	Individual/Hindu Undivided Family	1,61,58,716	26.88
	Central Govt./State Govt.	-	-
	Bodies Corporate	75,84,146	12.61
	Financial Institutions/Banks	-	-
	Any other (specify)	-	-
	<b>Sub Total (A)(1)</b>	<b>2,37,42,862</b>	<b>39.49</b>
<b>2</b>	<b>Foreign</b>		
	Individuals (Non-Resident Individuals / Foreign Nationals)	-	-
	Bodies Corporate	-	-
	Institutions	-	-
	Qualified Foreign Investor	-	-
	Any other (specify)	-	-
	<b>Sub Total (A)(2)</b>		
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>2,37,42,862</b>	<b>39.49</b>
<b>(B)</b>	<b>Public</b>		
<b>1</b>	<b>Institutions</b>		
<b>(a)</b>	Mutual Funds / UTI	18,64,249	3.10
<b>(b)</b>	Financial Institutions / Banks	82,146	0.14
<b>(c)</b>	Central Govt. / State Govt.	-	-
<b>(d)</b>	Venture Capital Funds	-	-
<b>(e)</b>	Insurance Companies	3,50,950	0.58
<b>(f)</b>	Foreign Institutional Investors	17,09,770	2.84
<b>(g)</b>	Foreign Venture Capital Investors	65,78,947	10.94
<b>(h)</b>	Qualified Foreign Investor	-	-
<b>(i)</b>	Any other (specify)	-	-
	<b>Sub Total (B)(1)</b>	<b>1,05,86,062</b>	<b>17.61</b>
<b>2</b>	<b>Non Institutions</b>		
<b>(a)</b>	Bodies Corporate	88,14,907	14.66
<b>(b)</b>	Individuals	1,50,97,877	25.12
<b>(c)</b>	Any other (specify)		
<b>(c i)</b>	Clearing Member	3,79,894	0.63
<b>(c ii)</b>	Corporate Body-Limited Liability Partner	8,72,030	1.45
<b>(c iii)</b>	Corporate Cm/Tm - Client Margin A/C	2,27,149	0.38
<b>(c iv)</b>	Corporate Cm/Tm - Client Beneficiary A/C	3,96,635	0.66
<b>(c v)</b>	Individual Cm/Tm -Client Beneficiary A/C	790	0.00
<b>(c vi)</b>	Limited Liability Partnership	5,346	0.01
<b>(c vii)</b>	Trusts	300	0.00
	<b>Sub Total B(2)</b>	<b>2,57,94,928</b>	<b>42.90</b>
	<b>Total Public Shareholding (B) = (B)(1) +(B)(2)</b>	<b>3,63,80,990</b>	<b>60.51</b>
	<b>Total (A)+(B)</b>	<b>6,01,23,852</b>	<b>100</b>

**Pre-amalgamation shareholding pattern of Transferee Company as on September 19, 2014 (as submitted to BSE Limited and the National Stock Exchange of India Limited on October 8, 2014):**

<b>Sl. No.</b>	<b>Category of Shareholder (ii)</b>	<b>Total number of Shares (iii)</b>	<b>Percentage of total number of Shares (iv)</b>
<b>(A)</b>	<b>Promoter and Promoter Group</b>		
<b>1</b>	<b>Indian</b>		
(a)	Individual/ Hindu Undivided Family	33,87,326	5.69
(b)	Central Govt./ State Govt.	-	-
(c)	Bodies Corporate	1,30,96,876	21.99
(d)	Financial Institutions/ Banks	-	-
(e)	Any other (specify)	-	-
	<b>Sub Total (A)(1)</b>	<b>1,64,84,202</b>	<b>27.68</b>
<b>2</b>	<b>Foreign</b>		
(a)	Individuals (Non-Resident Individuals / Foreign Nationals)	-	-
(b)	Bodies Corporate	-	-
(c)	Institutions	-	-
(d)	Qualified Foreign Investor	-	-
(e)	Any other (specify)	-	-
	<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>1,64,84,202</b>	<b>27.68</b>
<b>(B)</b>	<b>Public</b>		
<b>1</b>	<b>Institutions</b>		
(a)	Mutual Funds / UTI	39,09,195	6.56
(b)	Financial Institutions / Banks	20,302	0.03
(c)	Central Govt. / State Govt.	-	-
(d)	Venture Capital Funds	-	-
(e)	Insurance Companies	4,93,351	0.83
(f)	Foreign Institutional Investors	2,40,53,669	40.38
(g)	Foreign Venture Capital Investors	-	-
(h)	Qualified Foreign Investor	97,263	0.16
(i)	Any other (specify)	-	-
	<b>Sub Total (B)(1)</b>	<b>2,85,73,780</b>	<b>47.96</b>
<b>2</b>	<b>Non Institutions</b>		
(a)	Bodies Corporate	24,75,519	4.16
(b)	Individuals	92,97,920	15.61
<b>(c)</b>	<b>Any other (specify)</b>		
(ci)	Non Resident Indians	19,31,392	3.24
(cii)	HUF	2,02,954	0.34
(ciii)	Directors	2,90,750	0.49
(civ)	Trust	1,475	0.00
(cv)	Clearing Members	2,01,624	0.34
(cvi)	Foreign Nationals	80,000	0.13
(cvii)	Foreign Companies/ Overseas Corporate Bodies	21,005	0.04
(cviii)	Qualified Foreign Investor - Individual	5,000	0.01
	<b>Sub Total B(2)</b>	<b>1,45,07,639</b>	<b>24.36</b>
	<b>Total Public Shareholding (B) = (B)(1) +(B)(2)</b>	<b>4,30,81,419</b>	<b>72.32</b>
	<b>Total (A)+(B)</b>	<b>5,95,65,621</b>	<b>100.00</b>

**Post-amalgamation shareholding pattern of Transferee Company (assuming the continuing shareholding pattern as on September 19, 2014):**

<b>Sl. No.</b>	<b>Category of Shareholder (ii)</b>	<b>Total number of Shares (iii)</b>	<b>Percentage of total number of Shares (iv)</b>
<b>(A)</b>	<b>Promoter and Promoter Group</b>		
<b>1</b>	<b>Indian</b>		
(a)	Individual/ Hindu Undivided Family	84,56,612	10.79
(b)	Central Govt./ State Govt.	-	-
(c)	Bodies Corporate	1,70,48,269	21.76
(d)	Financial Institutions/ Banks	-	-
(e)	Any other (specify)	-	-
	<b>Sub Total (A)(1)</b>	<b>2,55,04,882</b>	<b>32.55</b>
<b>2</b>	<b>Foreign</b>		
(a)	Individuals (Non-Resident Individuals / Foreign Nationals)	-	-
(b)	Bodies Corporate	-	-
(c)	Institutions	-	-
(d)	Qualified Foreign Investor	-	-
(e)	Any other (specify)	-	-
	<b>Sub Total (A)(2)</b>	<b>-</b>	<b>-</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)</b>	<b>2,55,04,882</b>	<b>32.55</b>
<b>(B)</b>	<b>Public</b>		
<b>1</b>	<b>Institutions</b>		
(a)	Mutual Funds / UTI	44,91,773	5.73
(b)	Financial Institutions / Banks	45,973	0.06
(c)	Central Govt. / State Govt.	-	-
(d)	Venture Capital Funds	-	-
(e)	Insurance Companies	6,03,023	0.77
(f)	Foreign Institutional Investors	2,45,87,972	31.38
(g)	Foreign Venture Capital Investors	20,55,921	2.62
(h)	Qualified Foreign Investor - Corporate	97,263	0.12
(i)	Any other (specify)	-	-
	<b>Sub Total (B)(1)</b>	<b>3,18,81,925</b>	<b>40.68</b>
<b>2</b>	<b>Non Institutions</b>		
(a)	Bodies Corporate	39,21,339	5.00
(b)	Individuals	1,39,96,319	17.86
<b>(c)</b>	<b>Any other (specify)</b>		
(ci)	Non Resident Indians	19,31,392	2.46
(cii)	HUF	2,02,954	0.26
(ciii)	Directors	2,90,750	0.37
(civ)	Trust	1,569	0.00
(cv)	Clearing Members	3,20,341	0.42
(cvi)	Foreign Nationals	80,000	0.10
(cvii)	Foreign Companies/ Overseas Corporate Bodies	21,005	0.03
(cviii)	Qualified Foreign Investor - Individual	5,000	0.02
(cix)	Corporate Cm/Tm - Client Margin A/C	70,984	0.09
(cx)	Corporate Cm/Tm - Client Beneficiary A/C	1,23,948	0.16
(cxi)	Individual Cm/Tm -Client Beneficiary A/C	247	0.00
(cxii)	LLP	1,671	0.00
	<b>Sub Total B(2)</b>	<b>2,09,67,519</b>	<b>26.77</b>
	<b>Total Public Shareholding (B) = (B)(1) +(B)(2)</b>	<b>5,28,49,444</b>	<b>67.45</b>
	<b>Total (A)+(B)</b>	<b>7,83,54,325</b>	<b>100.00</b>

## Inspection Documents

38. The following documents will be open for inspection by the equity shareholders and the Public Shareholders of the Transferee Company at the registered office of the Transferee Company at 201, Devavrata, Sector – 17, Vashi, Navi Mumbai – 400703, Maharashtra between 10.00 a.m. and 5.00 p.m. on any working day, except Saturdays and Sundays, up to 1 (one) day prior to the date of the meeting:

- (i) Certified copy of the order passed by the High Court of Judicature at Bombay in Company Summons for Directions No. 172 of 2015, dated 27<sup>th</sup> February, 2015 directing the Transferee Company to convene the Court Convened Meeting;
- (ii) Copies of the Memorandum and Articles of Association of the Transferor Company and the Transferee Company;
- (iii) Copies of the annual reports of the Transferor Company and the Transferee Company for the year ended March 31, 2014;
- (iv) Copies of the unaudited financial results and limited review reports of the Transferor Company and the Transferee Company for the quarter ended September 30, 2014;
- (v) Copy of the valuation report recommending the fair exchange ratio, dated September 29, 2014, prepared jointly by S.R. Batliboi & Co. LLP and Price Waterhouse & Co. LLP and issued to the respective Boards of Directors of the Transferor Company and the Transferee Company;
- (vi) Copy of the fairness opinion, dated September 29, 2014, issued by Jefferies India Private Limited to the Board of Directors of the Transferee Company;
- (vii) Copy of the complaints report, dated November 10, 2014 submitted by the Transferee Company to BSE Limited and the National Stock Exchange of India Limited;
- (viii) Copy of the no-objection certificates issued by BSE Limited and National Stock Exchange of India Limited, dated December 10, 2014 and December 11, 2014, to the Transferor Company and the Transferee Company respectively;
- (ix) Copy of the Scheme; and
- (x) Copy of the Implementation Agreement.

A copy of the Scheme, the Explanatory Statement and the Proxy Form may be obtained from the Registered Office of the Transferee Company during ordinary business hours on any working day (except Saturdays and Sundays) up to 1 (one) day prior to the date of the meeting.

Dated this March 3, 2015

### **Registered Office**

Strides Arcolab Limited  
201, Devavrata, Sector – 17,  
Vashi, Navi Mumbai – 400703  
CIN: L24230MH1990PLC057062

Encl: As indicated hereinabove

**Sd/-**  
**Deepak Vaidya**  
**Chairman appointed for the meeting**  
  
**By Order of the Board of Directors**  
**For Strides Arcolab Limited**  
**Sd/-**  
**Badree Komandur**  
**CFO & Company Secretary**

## SCHEME OF AMALGAMATION

BETWEEN

SHASUN PHARMACEUTICALS LIMITED

... TRANSFEROR COMPANY

AND

STRIDES ARCOLAB LIMITED

... TRANSFEREE COMPANY

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

### PART I - GENERAL

#### A. Description of Companies

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

#### B. Rationale for the Scheme

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

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

- (i) The amalgamation will create a vertically integrated pharma company of scale with a strong presence in front ended regulated market finished dosage formulations, emerging markets branded generics, institutional business, active pharmaceutical ingredients and contract research and manufacturing services;
- (ii) The amalgamation will significantly enhance the finished dosage formulations portfolio in niche and complex domains with a pipeline of over 100 (one hundred) products and accelerate product filings with a combined research and development strength of over 400 (four hundred) personnel;
- (iii) The amalgamation will significantly de-risk operations with the combined entity having 12 (twelve) manufacturing facilities, including 3 (three) finished dosage formulations manufacturing facilities approved by the US Food and Drug Administration, 2 (two) active pharmaceutical ingredients manufacturing facilities approved by the US Food and Drug Administration, 1 (one) contract research and manufacturing services facility approved by the US Food and Drug Administration and 6 (six) manufacturing facilities catering to the emerging markets;

- (iv) The amalgamated entity will leverage the Transferor Company's best in class active pharmaceutical ingredients manufacturing capacities and shift focus towards niche active pharmaceutical ingredients aligned with the portfolio and pipeline for finished dosage formulations;
- (v) The amalgamation will create significant synergistic opportunities in operations and cost savings through economies of scale; and
- (vi) The amalgamated entity will be amongst the top 15 (fifteen) listed Indian pharma companies by revenue with increased scale and visibility to drive future growth.

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

### C. Parts of the Scheme

This Scheme of Amalgamation is divided into the following parts:

- (i) **Part I** deals with definitions of the terms used in this Scheme of Amalgamation and sets out the share capital of the Transferor Company and the Transferee Company;
- (ii) **Part II** deals with the transfer and vesting of the Undertaking (as hereinafter defined) of the Transferor Company to and in the Transferee Company;
- (iii) **Part III** deals with the issue of new equity shares by the Transferee Company to the equity shareholders of the Transferor Company and the treatment of convertible instruments;
- (iv) **Part IV** deals with the accounting treatment for the amalgamation in the books of the Transferee Company and dividends;
- (v) **Part V** deals with the dissolution of the Transferor Company and the general terms and conditions applicable to this Scheme of Amalgamation and other matters consequential and integrally connected thereto.

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

## PART I – DEFINITIONS AND SHARE CAPITAL

### 1. DEFINITIONS

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

**“Act”** means the Companies Act, 1956 and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force, including the Companies Act, 2013 and provisions thereof as are notified and applicable from time to time and shall include any statutory modifications, re-enactment or amendments thereof;

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



**“Board of Directors”** in relation to the Transferor Company and the Transferee Company, as the case may be, means the Board of Directors of such company and, unless it is repugnant to the context, includes a duly authorised committee of directors;

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

**“BSE”** means the BSE Limited;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**“Transferor Company”** or **“Shasun”** means Shasun Pharmaceuticals Limited, a public limited company incorporated under the Act, and having its registered office at No. 28, Sardar Patel Road, Post Box 2630, Guindy, Chennai - 600032, Tamil Nadu, India;

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

**“Undertaking”** means the whole of the undertaking and entire business of the Transferor Company as a going concern, all its assets, rights, licenses and powers, and all its debts, outstandings, liabilities, duties, obligations and employees including, but not limited to, the following:

- a) All the assets and properties (whether movable or immovable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) of the Transferor Company, whether situated in India or abroad, including, without being limited to, manufacturing facilities, laboratories, land (whether leasehold or freehold), processing plants, plant and machinery, equipment, buildings and structures, offices, residential and other premises, stock-in-trade, packing material, raw materials, formulations, tablets, capsules, vials, ointments, active pharmaceutical ingredients and drugs intermediaries, capital work in progress, sundry debtors, furniture, fixtures, office equipment, appliances, accessories, power lines, depots, deposits, all stocks, stocks of fuel, assets, investments of all kinds (including share application money, shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates in domestic or overseas entities and including shares or other securities held by the Transferor Company in its subsidiaries), cash balances or deposits with banks, loans, advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by the Transferor Company, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement, benefit of any security arrangements or under any guarantees, reversions, powers, municipal permissions, tenancies in relation to the office and/or residential properties for the employees or other persons, guest houses, godowns, warehouses, licenses, fixed and other assets, intangible assets (including but not limited to software), trade and service names and marks, brands, patents, copyrights, licenses, marketing authorisations, approvals, marketing tangibles, and other intellectual property rights of any nature whatsoever and wheresoever situate, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights including sales tax deferrals, title, interests, refunds, other benefits (including indemnities given for the benefit of the Transferor Company and tax benefits), assets held by or relating to any Transferor Company employee benefit plan, export incentives accrued, derivative instruments, forward contracts, insurance claims receivable, tax holiday benefit, incentives, credits (including tax credits), minimum alternative tax credit entitlement tax losses, rights, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Transferor Company or in connection with or relating to the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Transferor Company, whether in India or abroad;
- b) All agreements, rights, contracts, entitlements, licenses, assignments, permits, permissions, incentives, approvals, registrations, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges and claims as to any patents, brands, trademarks, licenses, marketing authorisations, approvals, marketing tangibles, designs, quotas, rights, engagements, arrangements, authorities, allotments, security arrangements, benefits of any guarantees, reversions, powers and all other approvals of every kind, nature and description whatsoever relating to the Transferor Company business activities and operations;
- c) All liabilities including, without being limited to, secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised;
- d) All intellectual property rights, engineering and process information, and approvals, records, files, papers, computer programmes, manuals, data, catalogues, sales material, lists of customers and suppliers, other customer information and all other records and documents, whether in physical or electronic form and whether owned by, licensed to or assigned to the Transferor Company, relating to the Transferor Company’s business activities and operations whether in India or abroad;

- e) All other obligations of whatsoever kind, including liabilities of the Transferor Company with regard to their employees, or the employees of any of their subsidiaries, with respect to the payment of gratuity, pension benefits and the provident fund or other compensation or benefits, if any, whether in the event of resignation, death, voluntary retirement or retrenchment or otherwise; and
- f) All permanent employees engaged by the Transferor Company as on the Effective Date.
- 1.2. All capitalized terms not defined but used in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, rules, regulations and byelaws, as the case may be, or any statutory amendment(s) or re-enactment thereof, for the time being in force.
- 1.3. References to “Schedules”, “Clauses”, “Sections” and “Parts”, unless otherwise stated, are references to schedules, clauses, Sections and parts of this Scheme.
- 1.4. The headings herein shall not affect the construction of this Scheme.
- 1.5. The singular shall include the plural and vice versa; and references to one gender include all genders.
- 1.6. Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed without limitation.
- 1.7. References to a person shall include any individual, firm, body corporate (whether incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).

## 2. SHARE CAPITAL

### 2.1. Transferor Company:

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

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

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

2.2. Transferee Company:

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

<b>Authorized Share Capital</b>	<b>Rupees</b>
<b>Equity Shares</b> 8,97,50,000 equity shares of Rs. 10/- each	89,75,00,000
<b>Preference Shares</b> 6,20,000 cumulative preference shares of Rs. 1,000/- each	62,00,00,000
<b>Total</b>	<b>1,51,75,00,000</b>
<b>Issued, Subscribed and Paid-up Share Capital</b>	<b>Rupees</b>
<b>Equity Shares</b> 5,95,65,621 equity shares of Rs. 10/- each	59,56,56,210

(ii) The Transferee Company has reserved:

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

The equity shares of the Transferee Company are listed on the Stock Exchanges.

### 3. DATE WHEN THE SCHEME COMES INTO OPERATION

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

## PART II – TRANSFER AND VESTING OF THE UNDERTAKING

### 4. TRANSFER OF UNDERTAKING

#### 4.1. Generally:

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

#### 4.2. Transfer of Assets:

4.2.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date, all the estate, assets, rights, claims, title, interest and authorities including accretions and appurtenances comprised in the Undertaking of whatsoever nature and wheresoever situate shall, under the provisions of Section 391 to Section 394 of the Act and all other provisions of applicable law, if any, without any further act or deed, be and stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company as a going concern so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Transferee Company. Notwithstanding this Clause 4.2.1, the immovable properties of the Transferor Company as may be identified by the Transferor Company shall stand transferred to the Transferee Company by way of a separate conveyance without payment of any consideration.

4.2.2. In respect of such of the assets and properties of the Transferor Company as are movable in nature or are otherwise capable of transfer by delivery of possession or by endorsement and delivery, the same may be so transferred by the Transferor Company upon the coming into effect of the Scheme, and shall become the assets and property of the Transferee Company with effect from the Appointed Date pursuant, to the provisions of Section 391 to Section 394 of the Act and all other provisions of applicable Law, if any, without requiring any deed or instrument of conveyance for transfer of the same.

4.2.3. In respect of such of the assets and properties belonging to the Transferor Company including sundry debtors, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any governmental authority, quasi government, local or other authority or body or with any company or other person, other than those referred to in Clause 4.2.1 above, the same shall, as more particularly provided in Clause 4.2.2 above, without any further act, instrument or deed, cost or charge and without any notice or other intimation to any third party, be transferred to and vested in and/or be deemed to be transferred to and vested in the Transferee Company upon the coming into effect of the Scheme and with effect from the Appointed Date, pursuant to the provisions of Section 391 to Section 394 of the Act and all other provisions of applicable Law, if any.

4.2.4. All assets, rights, title, interest, investments and properties of the Transferor Company and any assets, right, title, interest, investments and properties acquired by the Transferor Company after the Appointed Date but prior to the Effective Date shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Transferee Company upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to the provisions of Section 391 to Section 394 of the Act and all other provisions of applicable law, if any.

4.2.5. All the consents licenses, permits, entitlements, quotas, approvals, permissions, registrations, marketing authorisations, incentives, tax deferrals, exemptions and benefits (including sales tax and service tax), subsidies, refunds, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Transferor Company and all rights and benefits that have accrued or which may accrue to either of the Transferor Company, whether on, before or after the Appointed

Date, including income tax and other tax benefits and exemptions shall, under the provisions of Section 391 to Section 394 of the Act and all other provisions of applicable law, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in and/or be deemed to be transferred to and vested in and be available to the Transferee Company so as to become the consents, licenses, permits, entitlements, quotas, approvals, permissions, registrations, incentives, tax deferrals, exemptions and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Transferee Company and shall remain valid, effective and enforceable on the same terms and conditions.

4.2.6. Upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to the provisions of Section 391 to Section 394 of the Act and all other provisions of applicable Law, if any, the Transferee Company will be entitled to all the trade and service names and marks, brands, patents, copyrights, licenses, marketing authorisations, approvals and marketing tangibles of the Transferor Company including registered and unregistered trademarks along with all rights of commercial nature including those attached to goodwill, title, interest, labels and brands registrations, copyrights, trademarks and all such other industrial or intellectual rights of whatsoever nature, and the Transferee Company may take such actions as may be necessary and permissible to get the same transferred and /or registered in the name of the Transferee Company.

#### 4.3. **Transfer of Liabilities:**

4.3.1. Upon the coming into effect of this Scheme and with effect from the Appointed Date all liabilities relating to and comprised in the Undertaking including all secured and unsecured debts (whether in Indian rupees or foreign currency), sundry creditors, liabilities (including contingent liabilities), duties and obligations and undertakings of the Transferor Company of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations (herein referred to as the "**Liabilities**"), shall, pursuant to the sanction of this Scheme by the High Courts and under the provisions of Sections 391 to 394 and other applicable provisions, if any, of the Act, without any further act, instrument, deed, matter or thing, be transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, along with any charge, encumbrance, lien or security thereon, and the same shall be assumed by the Transferee Company to the extent they are outstanding on the Effective Date so as to become as and from the Appointed Date the liabilities of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and the Transferee Company shall meet, discharge and satisfy the same and further it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such Liabilities have arisen in order to give effect to the provisions of this Clause.

4.3.2. All debts, loans raised, liabilities, duties and obligations of the Transferor Company as on the Appointed Date, whether or not provided in the books of the Transferor Company, and all debts, loans raised, liabilities, duties and obligations incurred or which arise or accrue to the Transferor Company on or after the Appointed Date till the Effective Date, shall be deemed to be and shall become the debts, loans raised, liabilities, duties and obligations incurred by the Transferee Company by virtue of this Scheme.

4.3.3. Where any such debts, loans raised, liabilities, duties and obligations of the Transferor Company as on or arising after the Appointed Date have been discharged or satisfied by the Transferor Company after the Appointed Date and prior to the Effective Date, such discharge or satisfaction shall be deemed to be for and on account of the Transferee Company.

4.3.4. All loans raised and utilised and all liabilities, duties and obligations incurred or undertaken by the Transferor Company in the ordinary course of its business after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used, incurred or undertaken for and on behalf of the Transferee Company and to the extent they are outstanding on the Effective Date, shall, upon the coming into effect of this Scheme and under the provisions of Sections 391 to 394 of the Act, without any further act, instrument or deed be and stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company and shall become the loans and liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.

4.3.5. Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Company and the Transferee Company shall, *ipso facto*, stand discharged and come to an end on the Effective Date and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.

#### 4.4. **Encumbrances**

4.4.1. The transfer and vesting of the assets comprised in the Undertaking to and in the Transferee Company under Clauses 4.1 and 4.2 of this Scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.

4.4.2. All the existing Encumbrances, as on the Appointed Date and created by the Transferor Company after the Appointed Date, over the assets comprised in the Undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or pertain to Liabilities of the Transferor Company, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such Encumbrances shall not relate or attach to any of the other assets of the Transferee Company. No Encumbrances shall have been created by the Transferor Company over its assets after September 29, 2014 without the prior written consent of the Board of Directors of the Transferee Company or except as mutually agreed to in writing between the Transferor Company and the Transferee Company.

4.4.3. The existing Encumbrances over the other assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate to such assets and properties and shall not extend or attach to any of the assets and properties transferred to and vested in the Transferee Company by virtue of the Scheme.

4.4.4. Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Transferor Company and the Transferee Company shall execute any instrument/s and/or document/s and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.

4.4.5. Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the Liabilities, which have been transferred to it in terms of this Scheme. Notwithstanding such transfer of all obligations in respect of the Liabilities, any guarantees or other security provided by the promoters of the Transferor Company in respect of any Liabilities of the Transferor Company and the obligations of the promoters of Transferor Company in relation thereto shall continue and shall not be transferred to the Transferee Company or its existing promoters upon the Effective Date.

4.4.6. It is expressly provided that, save as mentioned in this Clause 4.4, no other term or condition of the liabilities transferred to the Transferee Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

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

#### 4.5. **Inter - se Transactions:**

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



#### **4.6. Transfer of Contracts, Deeds, Etc.**

- 4.6.1. Upon the coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature, to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.
- 4.6.2. Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Transferor Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of Part III of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- 4.6.3. For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in favour of the Transferor Company in relation to the Transferor Undertaking shall stand transferred to the Transferee Company as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall make applications to any governmental authority as may be necessary in this behalf.

#### **5. LEGAL PROCEEDINGS**

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

#### **6. CONDUCT OF BUSINESS**

- 6.1. With effect from the Appointed Date and up to and including the Effective Date:
  - 6.1.1. The Transferor Company shall carry on and shall be deemed to have carried on all its business and activities as hitherto and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking on account of, and for the benefit of and in trust for, the Transferee Company.
  - 6.1.2. All the profits or income accruing or arising to the Transferor Company, all cheques or payments made out to the name of the Transferor Company, and all expenditure or losses arising or incurred (including all taxes, if any, paid or accruing in respect of any profits and income) by the Transferor Company shall, for all purposes, be treated and be deemed to be and accrue as the profits or income or as the case may be, expenditure or losses (including taxes) of the Transferee Company.
  - 6.1.3. All taxes (including income tax, sales tax, MAT, excise duty, customs duty, service tax, VAT, etc.) paid or payable by the Transferor Company in respect of the operations and/or the profits of the business before the Appointed Date, shall be on account of the Transferor Company and, insofar as it relates to the tax payment (including, without limitation, sales tax, excise duty, custom duty, income tax, service tax, VAT, etc.), whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Company in respect of the profits or activities or operation of its business after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.

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

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

6.2.1. The Transferor Company and the Transferee Company shall preserve and carry on their business and activities with reasonable diligence and business prudence and they shall not undertake any additional financial commitments or investments of any nature whatsoever, borrow any amounts nor incur any other liabilities or expenditure, issue any additional guarantees, indemnities, letters of comfort or commitments either for themselves or on behalf of their group companies or any third party or sell, transfer, alienate, charge, mortgage or encumber or deal with the Undertaking or any part thereof save and except in each case in the following circumstances:

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

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

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

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

## **7. EMPLOYEES**

7.1. Upon the coming into effect of this Scheme, all Shasun Employees as on the Effective Date shall become the permanent employees of the Transferee Company, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are engaged by the Transferor Company and without any interruption of, or break in service as a result of the transfer of the Transferor Undertaking. The Transferee Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of such Shasun Employees and such benefits to which the Shasun Employees are entitled in the Transferor Company shall also be taken into account, and the Transferor Company agrees and undertakes to pay the same as and when payable.

- 7.2. It is clarified that save as expressly provided for in this Scheme, the Shasun Employees who become the employees of the Transferee Company by virtue of this Scheme, shall be entitled to the employment policies and shall be entitled to avail of any schemes and benefits existing as on the Effective Date that may be applicable and available to any of the other employees of the Transferee Company (including the benefits of or under any employee stock option schemes applicable to or covering all or any of the other employees of the Transferee Company), unless otherwise determined by the Transferee Company. The Transferee Company undertakes to continue to abide by any agreement/settlement, if any, entered into or deemed to have been entered into by the Transferor Company with any employee or trade union of the Transferor Company.
- 7.3. Insofar as the provident fund, gratuity fund, trusts, retirement fund or benefits and any other funds or benefits created by the Transferor Company for the Shasun Employees or to which the Transferor Company is contributing for the benefit of the Shasun Employees and other such funds, trusts, the benefits of which the Shasun Employees enjoy (the “**Employee Benefit Funds**”) are concerned, all the contributions made to such Employee Benefit Funds for the benefit of the Shasun Employees and the investments made by the Employee Benefit Funds in relation to the Shasun Employees shall be transferred to the Transferee Company and shall be held for the benefit of the concerned Shasun Employees. In the event the Transferee Company has its own funds in respect of any of the Employee Benefit Funds, such contributions and investments shall, subject to the necessary approvals and permissions and at the discretion of the Transferee Company, be transferred to the relevant funds of the Transferee Company and shall be held for the benefit of the concerned Shasun Employees.
- 7.4. In relation to those Shasun Employees for whom the Transferor Company is making contributions to the government provident fund, the Transferee Company shall stand substituted for the Transferor Company, for all purposes whatsoever, including relating to the obligation to make contributions to the said fund in accordance with the provisions of such fund, bye laws, etc. in respect of such Shasun Employees.

## **8. SAVING OF CONCLUDED TRANSACTIONS**

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

## **PART III - ISSUE OF EQUITY SHARES BY TRANSFEREE COMPANY**

### **9. ISSUE OF EQUITY SHARES**

- 9.1. The provisions of this Part III shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.
- 9.2. **Issue of New Equity Shares by Transferee Company**
- 9.2.1. Upon the effectiveness of the Scheme, in consideration of the transfer of and vesting of the Undertaking of the Transferor Company in the Transferee Company and in terms of the Scheme, the Transferee Company shall, without any further application, act, instrument or deed, issue and allot to the equity shareholders of the Transferor Company (whose names are registered in the Register of Members of the Transferor Company on the Record Date, or his/her/ its legal heirs, executors or administrators or, as the case may be, successors), equity shares of face value of Rs. 10/- (Rupees Ten) each credited as fully paid up of the Transferee Company in the ratio of 5 (five) equity shares of the face value of Rs. 10/- (Rupees Ten) each of the Transferee Company for every 16 (sixteen) equity shares of Rs. 2/- (Rupees Two) credited as fully paid-up (the “**Share Exchange Ratio**”) held on the Record Date by such equity shareholders or their respective legal heirs, executors or administrators or, as the case may be, successors in the Transferor Company (the “**New Equity Shares**”)
- 9.2.2. Where New Equity Shares are to be allotted to heirs, executors or administrators or as the case may be, to successors of deceased equity shareholders of the Transferor Company, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of the Transferee Company.

- 9.2.3. In the event of any increase in the issued, subscribed or paid up share capital of the Transferor Company or the Transferee Company or issuance of any instruments convertible into equity shares or restructuring of their respective equity share capital including by way of share split/ consolidation/ issue of bonus shares, free distribution of shares or instruments convertible into equity shares or other similar action in relation to the share capital of the Transferor Company or the Transferee Company at any time before the Record Date, the Share Exchange Ratio shall be adjusted appropriately to take into account the effect of such issuance or corporate actions and assuming conversion of any such issued instruments convertible into equity shares.
- 9.2.4. The New Equity Shares issued in terms of the Scheme shall, in compliance with the applicable regulations, be listed and admitted to trading on the NSE and BSE, where the equity shares of Transferee Company are listed and admitted to trading. The Transferee Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of such stock exchanges. The New Equity Shares allotted pursuant to this Scheme shall remain frozen in the depositories system till relevant directions in relation to listing/trading are provided by the relevant stock exchanges.
- 9.2.5. Upon the New Equity Shares being issued and allotted to the shareholders of the Transferor Company, the shares held by the said members of the Transferor Company in the Transferor Company, whether in the physical form or in the dematerialized form, shall be deemed to have been automatically cancelled and be of no effect, without any further act, deed or instrument.
- 9.2.6. In so far as the New Equity Shares are concerned, the same will be distributed in dematerialized form to the equity shareholders of the Transferor Company, provided that all details relating to the account with the depository participant are available to the Transferee Company. All those equity shareholders who hold equity shares of the Transferor Company and do not provide their details relating to the account with the depository participant will be distributed New Equity Shares in the physical/ certificate form unless such details are communicated in writing by the shareholders on or before such date as may be determined by the board of the Transferee Company or committee thereof.
- 9.2.7. Upon the coming into effect of the Scheme, the New Equity Shares of the Transferee Company to be issued and allotted to the members of the Transferor Company as provided in the Scheme shall be subject to the provisions of the memorandum of association and articles of association of the Transferee Company and shall rank *pari passu* from the date of allotment in all respects with the existing equity shares of the Transferee Company including entitlement in respect of dividends. Provided however that the lock-in period, if any, as per applicable Law outstanding on the equity shares of the Transferor Company held by any of its shareholders shall continue to be applicable on the New Equity Shares held by such shareholder for the remainder of the period stipulated under applicable Law. The issue and allotment of the New Equity Shares by the Transferee Company to the members of the Transferor Company as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out pursuant to and in accordance with all provisions of the Act and other applicable Law which may otherwise have been applicable to the issue and allotment of the New Equity Shares.
- 9.2.8. No fractional certificates, entitlements or credits shall be issued or given by the Transferee Company in respect of the fractional entitlements, if any, to which the shareholders of the Transferor Company are entitled on the issue and allotment of equity shares by the Transferee Company in accordance with this Scheme. If any members of the Transferor Company have a shareholding such that such members become entitled to a fraction of a New Equity Share, the Board of Directors of the Transferee Company may:
- (i) consolidate all such fractional entitlements to which the shareholders of the Transferor Company may be entitled on issue and allotment of the New Equity Shares of the Transferee Company as aforesaid and shall, without any further application, act, instrument or deed, issue and allot such fractional entitlements directly to a nominee to be appointed by the Board of Directors of the Transferee Company, who shall hold such fractional entitlements with all additions or accretions thereto in trust for the benefit of the respective shareholders to whom they belong and their respective heirs, executors, administrators or successors for the specific purpose of selling such fractional entitlements in the market at such price or prices and at such time or times as the nominee may in its sole discretion decide and on such sale pay to the Transferee Company

the net sale proceeds thereof and any additions and accretions, whereupon the Transferee Company shall, subject to withholding tax and expenses, if any, distribute such sale proceeds to the concerned shareholders of the Transferor Company in proportion to their respective fractional entitlements; or

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

### 9.3. ESOPs

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

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

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

9.3.4. In relation to the New Strides Options granted by the Transferee Company to the Eligible Employees pursuant to this Scheme, in lieu of the Shasun Options granted to them under the Shasun ESOP Scheme, the period during which the Shasun Options were held by or deemed to have been held by the Eligible Employees shall be taken into account for determining the minimum vesting period required under applicable law, the Shasun ESOP Scheme and the Transferee Company New ESOP Scheme.

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

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

### 9.4. Transferor Company Warrants

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

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

#### 9.5. Pending Share Transfers

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

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

#### 9.6. Obtaining of approvals

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

### 10. AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE TRANSFEE COMPANY

#### 10.1. Increase of Authorised Share Capital

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

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

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

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

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

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

#### **PART IV - ACCOUNTING TREATMENT AND DIVIDENDS**

##### **11. ACCOUNTING TREATMENT IN THE BOOKS OF THE TRANSFEEE COMPANY**

- 11.1. Recognising that the amalgamation is to be considered as an "amalgamation in nature of merger" as defined by paragraph 29 of the Accounting Standard on "Accounting for Amalgamations" issued by the National Advisory Committee on Accounting Standards, ('AS-14'), the accounting treatment in respect of assets, liabilities and reserves of the Transferor Company shall be governed, subject to the provisions of this paragraph, in accordance with what is described in AS-14 as "**the Pooling of Interests Method**". Accordingly all the assets and liabilities of the Transferor Company shall be recorded at their respective book values in the books of the Transferee Company.
- 11.2. The Transferee Company shall credit its share capital account with the aggregate face value of the New Equity Shares issued to the shareholders of the Transferor Company pursuant to Clause 9.2 of the Scheme.
- 11.3. Any inter-company balances and inter-company investments between the Transferor Company and the Transferee Company as on the Effective date will stand cancelled and there shall be no further obligation / outstanding in that behalf.
- 11.4. As on the Appointed Date, the reserves, surplus and balance in profit & loss account of the Transferor Company will be merged with the respective reserves, surplus and balance in profit & loss account of the Transferee Company in the same form as they appeared in the financial statements of the Transferor Company.
- 11.5. An amount equal to the balance lying to the credit / debit of the Profit and Loss Account in the books of the Transferor Company shall be credited / debited by the Transferee Company to the balance of its Profit and Loss Account and shall constitute (or reduce, as the case may be) the Transferee Company's free reserves as effectively as if the same were created by the Transferee Company and credited by the Transferee Company out of its own earned and distributable profits.
- 11.6. The difference between the net Asset value of the Transferor Company (i.e., the book value of assets minus the book values of the liabilities and reserves of the Transferor Company as on the Appointed Date) and the value of equity share capital to be issued to the shareholders of the Transferor Company on amalgamation by the Transferee Company, if any, shall be credited by the Transferee Company to its reserves. In case the difference results in a debit, it shall be debited by the Transferee Company to its reserves.
- 11.7. In case of any difference in accounting policies of the Transferee Company and the Transferor Company, the impact of the same, till the Appointed Date will be quantified and the same shall be appropriately adjusted and reported in accordance with applicable accounting rules and principles so as to ensure that the financial statement of the Transferee Company reflects the financial position on the basis of consistent accounting policy.

## **12. DIVIDEND**

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

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

### **13. DISSOLUTION OF TRANSFEROR COMPANY**

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

### **14. VALIDITY OF EXISTING RESOLUTIONS, ETC.**

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

### **15. MODIFICATIONS, AMENDMENTS TO THE SCHEME**

- 15.1. If at any time the High Courts, the Stock Exchanges or any Governmental authority, including SEBI, suggests or requires material modifications or amendments to the Scheme, such material modifications or amendments shall not be binding on the Transferee Company and the Transferor Company except with their prior consent (which consent shall not be unreasonably withheld by any party); provided, however, that where any modification or amendment relates to severance or non-approval of any part of the Scheme, which part is capable of otherwise being lawfully performed in accordance with the mutual agreement in writing between the Transferor Company and Transferee Company, the Transferor Company and Transferee Company shall perform such part accordingly.
- 15.2. Subject to the foregoing, the Transferor Company and the Transferee Company (by any of their respective Directors) jointly:
- (a) may in their full and absolute discretion assent from time to time on behalf of all persons concerned to any modifications or amendments or addition to this Scheme or to any conditions or limitations which the High Court(s) or any authorities under Law may deem fit to approve of or impose and/or to resolve any doubt or difficulties that may arise for carrying out this Scheme and to do and execute all such acts, deeds, matters and things as may be necessary, desirable or proper for carrying the Scheme into effect;



- (b) are authorised to do and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect, and/ or give such consents as may be required in terms of this Scheme;
- (c) for the purpose of giving effect to this Scheme or to any modifications or amendments thereof, may give and are authorised to give all such directions that are necessary or are desirable including directions for settling any doubts or difficulties that may arise;
- (d) May mutually agree to modify any of the terms of this Scheme in the future to settle any question or difficulties (including as to the meaning or interpretation of this Scheme) or to implement the provisions of this Scheme smoothly or in any matter whatsoever connected therewith, if such need arises, and for all purposes the Effective Date for such subsequent modified scheme shall be the same as specified in this Scheme; and
- (e) in their full and absolute discretion and by mutual agreement in writing, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time.

## 16. FILING OF APPLICATIONS

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

## 17. APPROVALS

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

## 18. SCHEME CONDITIONAL ON

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

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

- (b) the certified copies of the orders of the High Courts approving this Scheme being filed with the jurisdictional registrar of companies;
- (c) approval from the CCI shall have been granted or deemed to have been granted through the expiration of time periods available for the CCI’s investigation provided under the Competition Commission of India (Procedure in regard to the transaction of business relating to combination) Regulation, 2011 as amended;

- (d) the Appointed Date having occurred;
- (e) post-sanction approval of the Securities and Exchange Board of India in terms of the SEBI Scheme Circulars being obtained, if applicable;
- (f) approval of the FIPB as required under applicable Law being obtained;
- (g) approval of the RBI for the transfer of all overseas investments and external commercial borrowings of the Transferor Company to the Transferee Company being obtained; and
- (h) any other approvals and sanctions from a Governmental Authority as may be required by Law in respect of the Scheme being obtained.

## 19. EFFECT OF NON-RECEIPT OF APPROVAL/SANCTION

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

## 20. TAXES / DUTIES / CESS ETC.

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

in its returns and to claim refunds or credits etc. if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

**21. SEVERABILITY**

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

**22. POST SCHEME CONDUCT OF OPERATIONS**

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

**23. EXPENSES CONNECTED WITH THE SCHEME**

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

# Jefferies

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29 September 2014  
 The Board of Directors  
 Strides Arcolab Limited  
 Strides House  
 Bilekahalli  
 Bannerghatta Road  
 Bangalore – 560076  
 India

The Board of Directors:

## **I. Engagement Background:**

We understand that Strides Arcolab Limited, an Indian public limited company, incorporated in India (the “**Company**”) is proposing to enter into a transaction with Shasun Pharmaceuticals Limited, (“**Shasun**”) through a composite scheme of arrangement pursuant to sections 391 to 394 of the Companies Act 1956 and the provisions of the Companies Act 2013, as may be applicable (the “**Scheme**”), with the Company as the surviving entity after the coming into effect of the Scheme (the “**Transaction**”). Pursuant to the Scheme, each shareholder of Shasun will be entitled to receive 5 equity shares of the Company in exchange for every 16 equity shares of Shasun held by such Shareholder (the “**Share Exchange Ratio**”). The Share Exchange Ratio is based on the draft valuation report dated 28 September 2014, jointly submitted by Price Waterhouse & Co. LLP. and S. R. Batliboi & Co. LLP, being independent professional valuers (the “**Valuers**”) appointed by the Boards of Directors of the Company and Shasun respectively for recommending an Share Exchange Ratio for the Scheme (the “**Valuation Report**”). The terms and conditions of the Transaction are more fully set out in the Scheme to be placed before the Company’s Board of Directors for their approval.

We have been informed by the Company’s Board of Directors that the Company will make certain funds available for distribution to shareholders (the “**Special Dividend**”) subject to the approval of the Company’s Board of Directors. In rendering our opinion, we have taken into account, with your consent, the effect of the payment of the Special Dividend by the Company. We further understand that apart from the Special Dividend mentioned hereinabove, no other future dividend announcement has been factored for by both the Company and Shasun.

We understand that the appointed date for the Transaction is fixed as 1 April 2015.

For the avoidance of doubt, in rendering our opinion (the “**Opinion**”), we have not taken into account, with your consent, the effect of any other corporate actions as part of the Scheme or the Transaction and this Opinion is only in respect of the Share Exchange Ratio in respect of the amalgamation of Shasun with the Company.

You have asked for our Opinion as of the date hereof, as to whether the Share Exchange Ratio pursuant to the Scheme is fair, from a financial point of view, to the public shareholders of the Company.

This Opinion is accordingly being provided solely for the use and benefit of the Company's Board of Directors (in its capacity as such), in connection with and for the purposes of the requirement under Clause 24(h) of the Listing Agreement between the Company and BSE Limited and the National Stock Exchange of India Limited and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Company's Board of Directors.

## **II. Basis of Opinion:**

In arriving at our Opinion, we have, among other things:

- reviewed a draft dated 28 September 2014 of implementation agreement proposed to be entered into between the Company and Shasun (the "**Agreement**");
- reviewed a draft dated 28 September 2014 of the Scheme document (the "**Scheme Document**" and "**Agreement**" collectively referred to herein as the "**Transaction Documents**");
- reviewed a draft dated 28 September 2014 of the Valuation Report;
- reviewed certain publicly available financial and other information about the Company and Shasun, respectively;
- reviewed certain information furnished to us by the Company's and Shasun's management, including financial forecasts and analyses, relating to the business, operations and prospects of both businesses;
- held discussions with members of senior management of the Company and Shasun concerning the matters described in clauses (c) and (d) above
- reviewed the share trading price and liquidity history and valuation multiples for the Company's and Shasun's equity shares and compared them with those of certain publicly traded companies that we deemed relevant;
- compared the proposed financial terms of the Transaction with the financial terms of certain other transactions that we deemed relevant;
- considered the potential pro forma impact of the Transaction; and
- conducted such other financial studies, analyses and investigations and considered such other information as we deemed appropriate.

## **III. Scope and Review, Limitations and Qualifications:**

Our Opinion and analysis is limited to the extent of review of documents as mentioned above. Whilst we have reviewed the above information, neither Jefferies India Private Limited, nor its affiliates, officers, partners, directors, shareholders, managers, employees or agents of any of them makes any representation or warranty, express or implied, as to the information or documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or resulting to any such information contained therein.

We have not undertaken a detailed analysis of the Transaction Documents or the conditions, rights and obligations thereunder, since our Opinion is limited to the fairness of the Share Exchange Ratio, from a financial point of view, to the public shareholders of the Company.

In our review and analysis and in rendering this Opinion, we have assumed and relied upon, but have not assumed any responsibility to independently investigate or verify and have not independently investigated or verified, the accuracy, sufficiency and completeness of all financial and other information including, without limitation, assumptions, operations and forecasts that was supplied or

discussed with us or otherwise made available by the Company and/or Shasun or that was publicly available to us (including, without limitation, the information described above), or that was otherwise reviewed by us. We have not assumed and do not assume any responsibility or liability for any such information and have relied on assurances of the management of the Company and Shasun that (i) they are not aware of any facts and/ or circumstances that would make such information inaccurate or misleading and (ii) they are not aware of any material information that has been omitted or that remains undisclosed to us that would make the information or data examined by, provided to, reviewed by, or discussed with, us inaccurate or misleading in any respect or that would otherwise be relevant in arriving at our Opinion. With respect to the Valuation Report, we have assume, with your consent, that it has been reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the Valuers. In our review, we did not independently carry out any due diligence or obtain any independent evaluation or valuation or appraisal of any of the assets or liabilities of, the Company or Shasun. We have not conducted a physical inspection of any of the assets or properties or facilities of, the Company and Shasun, nor have we been furnished with any evaluations or appraisals of such physical inspections, nor do we assume any responsibility to obtain any such evaluations or appraisals. We have also not evaluated the solvency or fair value of the Company or Shasun under any laws relating to bankruptcy, insolvency or similar matters.

In our Opinion, we have assumed with your consent that the Scheme shall be implemented in accordance with the terms therein without any waiver, modification or amendment of any terms or condition.

With respect to the financial forecasts provided to and examined by us, we note that projecting future results of any company is inherently subject to uncertainty. The Company and Shasun have informed us, however, and we have assumed, that such financial forecasts were reasonably prepared on bases reflecting (and continuing to reflect) the best currently available estimates and good faith judgments of the management of the Company and Shasun as to their respective future financial performance of the Company and Shasun. We express no opinion as to the Company's or Shasun's financial forecasts or the respective assumptions on which they are made. It may be noted that actual results during the forecast period often differ from the forecasts.

Our Opinion is based on economic, monetary, regulatory, market and other conditions existing and which can be evaluated and the information made available to us as of, the date hereof. Financial and stock markets can be volatile and we express no opinion or view as to any potential effects of such volatility on the Transaction. It should be understood that subsequent developments including in relation to any contingent liabilities, change in share capital and any effect on market prices of trading volumes of shares in the Company or shares in Shasun after announcement of the Scheme and other information that becomes available after this date may affect our Opinion and we do not have any obligation to update, revise or reaffirm our Opinion. Delivery of our Opinion does not create any fiduciary, equitable or contractual duties on us (including, without limitation, any duty of trust or confidence). Accordingly, we expressly disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting our Opinion of which we become aware after the date hereof and we have not assumed any responsibility to update, revise or reaffirm our Opinion.

Our Opinion does not address any legal, regulatory, tax or accounting matters. We have made no independent investigation of, and assume no responsibility or liability in connection with, any legal, regulatory, tax or accounting matters affecting the Company and/or Shasun or any of their respective affiliates, and we have assumed the correctness in all respects material to our analysis of all legal, regulatory, tax and accounting advice given to Company, Shasun and their respective affiliates and

the Company and its Board of Directors or Shasun and its Board of Directors, including, without limitation, advice as to the legal, regulatory, accounting and tax consequences of the terms of, and transactions contemplated by, the Transaction Documents to the Company, Shasun and their respective affiliates. We understand that the Company and Shasun have obtained such advice as they deemed necessary from qualified professionals with respect to the Transaction, and otherwise. Further, we have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, or other contingent liabilities to which the Company or Shasun is or may be a party or is or may be subject, or of any government investigation of any possible unasserted claims or other contingent liabilities to which the Company or Shasun is or may be a party or is or may be subject.

We have had discussions with the management of the Company and/or Shasun on certain contingent liabilities in relation to Company or Shasun. Some of these liabilities include tax related and legal matters. Further, we have had discussions with the management of the Company on certain contingent assets/payments due in relation to Company. We are not tax or legal experts and have relied upon our discussions with the management with respect to the impact of these issues on the Share Exchange Ratio in giving our Opinion.

We have assumed, and have been informed by the Company, that the Transaction will not trigger an obligation to make an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time, and accordingly we have not considered the consequences or impact on the Company and Shasun, if any such open offers are mandated, and we have also assumed that the Transaction will not result in any adverse effect on Shasun and the Company or their respective businesses, whether under tax or other laws or under the terms of any license or approval. We also have assumed, with your consent, that the Transaction will be treated as a tax-free reorganization for Indian income tax purposes.

In addition, in preparing this Opinion, we have not taken into account any accounting or tax consequences of the transaction to the Company, Shasun and their shareholders or any of their respective affiliates. Our Opinion also does not address any matters other than as expressly stated herein, including but not limited to matters such as corporate governance matters, shareholder rights or any other equitable considerations. Our Opinion also does not cover any aspects pertaining to any specific shareholders of the Company or Shasun. To the extent that there may be existing, directly or indirectly, any common ownership of shares of the Company and Shasun, we have not considered any aspects pertaining to the same, since our Opinion is only limited to the fairness, from a financial point of view, of the Share Exchange Ratio arrived at by the Valuers.

We have not expressed any opinion on the impact of any contractual terms under the Transactional Documents on the valuation of the Company or Shasun. We have assumed that the final forms of the Transaction Documents and the Valuation Report will be substantially similar to the last drafts reviewed by us and that the Scheme will be consummated in accordance with, and on the basis of, the terms of the Transaction Documents without any waiver, amendment or breach of any term or condition thereof. We have also assumed that in the course of obtaining the necessary regulatory or shareholder or third party (including creditor) approvals, consents and releases for the Scheme, or in the implementation of the same, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on any party to the Transaction, the Company, or Shasun or the contemplated benefits of the Transaction. Further, we have assumed that there will not be any adverse rulings or proceedings whatsoever (whether of any court, regulatory body or otherwise) arising out of or in relation to the Scheme or the Transaction as contemplated.

In addition, we were not requested to and did not provide advice concerning the structure, the specific amount of the consideration to be offered, or any other aspects of the Transaction or the Scheme, or to provide services other than the delivery of this Opinion. In light of the nature of the Scheme, we were not authorised to and did not solicit any expressions of interest from any other parties with respect to the sale of all or any part of the Company or any other alternative transaction and we did not participate in the structuring or any negotiations with respect to the terms of the Scheme and related transactions. Consequently, we have assumed that such terms are the most beneficial terms from the Company's perspective that could under the circumstances be achieved, and no opinion is expressed whether any alternative transaction might result in consideration more favourable to the Company than that contemplated by the Transaction Documents.

It is understood that our Opinion is for the use and benefit of the Board of Directors of the Company in its consideration of the Share Exchange Ratio, and shall not be used for any other purpose and our Opinion does not address the relative merits of the Transaction contemplated by the Transaction Documents as compared to any alternative transaction or opportunity that might be available to the Company nor does it address the underlying business decision by the Company to engage in the Transaction or the terms of the Transaction Documents or the documents referred to therein. Our Opinion should not be construed as an investment proposition to buy or sell shares in the context of the Scheme, or any business or commercial decision to vote in favour of, or against, the Scheme. Our Opinion does not constitute an opinion or recommendation as to whether any holder of shares or securities in the Company should vote in favour of, or against, the Scheme or any matter related thereto. Furthermore, our Opinion does not address any term (other than the Share Exchange Ratio to the extent expressly specified herein) or other aspects or implication of the Scheme, including without limitation, the form or structure of the Scheme, any voting agreement, indemnification agreement or any other agreement, arrangement or understanding to be entered into in connection with or contemplated by the Scheme. In addition, you have not asked us to address, and this Opinion does not address, the fairness to, or any other consideration of, the holders of any class of securities, creditors or other constituencies of the Company. Our Opinion addresses only the fairness, from a financial point of view, of the Share Exchange Ratio to the public shareholders of the Company and does not address any other aspect or implication of the Transaction (including the likelihood of the consummation of the Transaction). We express no opinion as to the price at which shares of the Company will trade at any time. Specifically, we are expressing no opinion herein as to the value of the equity shares of the Company when actually issued or the price at which the equity shares of Shasun or the Company will trade following the announcement or consummation of the Transaction (including the Scheme). Furthermore, we do not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any consideration to be paid in connection with the Transaction to the holders of any other class of securities, creditors or other constituencies of any party to the Transaction. Further, we express no opinion or view with respect to the fairness (financial or otherwise) of the amount or nature of any compensation payable or to be received by any of the Company's or its affiliates' respective officers, directors or employees, or any class of such persons, in connection with the Transaction. As you are aware, the credit, financial and stock markets have experienced volatility and we express no opinion or view as to any potential effects of such volatility on the shares of the Company or shares of Shasun or the Scheme (including the contemplated benefits thereof). Our Opinion is not to be treated as a valuation of shares in the Company or shares in Shasun under any law.

We have been engaged by the Company's Board of Directors to provide a fairness opinion as to whether the Share Exchange Ratio pursuant to the Scheme is fair, from a financial point of view, to



the public shareholders of the Company and will receive a fee for the delivery of this Opinion, which shall be payable upon delivery of this Opinion. The fee for our services is not contingent upon the results of the Transaction. We also will be reimbursed for expenses incurred. The Company has agreed to reimburse some of our actual expenses and to indemnify us against liabilities arising out of or in connection with the services rendered and to be rendered by us under such engagement. We have, in the past, provided financial advisory and financing services to the Company and may continue to do so and have received, and may receive, fees for the rendering of such services. In the ordinary course of our business, we and our affiliates may trade or hold securities of the Company and Shasun and/or their respective affiliates for our own account and for the accounts of our customers and, accordingly, may at any time hold long or short positions in those securities. In addition, we may seek to, in the future, provide financial advisory and financing services to the Company or Shasun or entities that are affiliated with either the Company or Shasun for which we would expect to receive compensation.

We express herein no view or opinion as to any terms or other aspects of the Transaction or the Transaction Documents and any documents pertaining to the Transaction or the Scheme (other than the Share Exchange Ratio to the extent expressly specified herein).

This Opinion is to be read in totality, and not in parts, and should also be read in conjunction with the relevant documents referred to herein.

Except as otherwise expressly provided herein or in our engagement letter with the Company, our Opinion shall not be used or referred to by the Company or any of its affiliates, or quoted or disclosed or reproduced, referred to, or communicated (in whole or in part) to any person in any manner or for any purpose whatsoever, in whole or in part, without our prior written consent. We accept no responsibility to any person other than the Company's Board of Directors in relation to the contents of this Opinion even if it is disclosed to such person with our consent.

#### **IV. Conclusion:**

Based upon and subject to the foregoing, we are of the opinion that, as of the date hereof, the Share Exchange Ratio is fair, from a financial point of view, to the public shareholders of the Company.

Sincerely,

**JEFFERIES INDIA PRIVATE LIMITED**

By



Name: Probir Rao

Title: Managing Director



BSE Limited Registered Office : Floor 25, P J Towers, Dalal Street, Mumbai 400 001 India  
 T: +91 22 2773 1234 / 33 5 / +91 22 2773 4003 www.bseindia.com  
 Corporate Identity Number : U67120MH2005PLC155188



The Company Secretary  
**Strides Arcolab Ltd.**  
 201 Devavrata Sector - 17,  
 Vashi , Navi Mumbai ,  
 Maharashtra, 400703

Dear Sir / Madam,

**Sub: Observation letter regarding the Scheme of Amalgamation of Shasun Pharmaceuticals Limited & Strides Acrolab Limited.**

We are in receipt of Scheme of Amalgamation of Shasun Pharmaceuticals Limited & Strides Acrolab Limited.

The Exchange has noted the confirmation given by the Company stating that the scheme does not in any way violate or override or circumscribe the provisions of the SEBI Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 1956, the rules, regulations and guidelines made under these Acts, and the provisions of the Listing Agreement or the requirements of BSE Limited (BSE).

As required under SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 4, 2013 & SEBI Circular No. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI has vide its letter dated December 10, 2014, given the following comment(s) on the draft scheme of arrangement:

- ***Company shall duly comply with various provisions of the Circulars.***
- ***Company is advised to ensure compliance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.***

Accordingly, we hereby convey Exchange's 'No-objection' with limited reference to those matters having bearing on listing/ delisting/ continuous listing requirements within the provisions of the Listing Agreement, so as to enable you to file the scheme with the Hon'ble High Court.

Further, you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also mention the same in your application for approval of the scheme of arrangement submitted to the Hon'ble High Court.

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

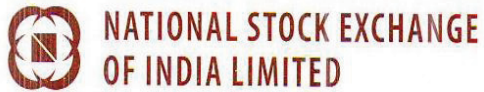
Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, the listed company shall submit to the stock exchange the following:

- a. Copy of the High Court approved Scheme;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme;
- d. Status of compliance with the Observation Letter/s of the stock exchanges;
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of this Circular.

Yours faithfully,

  
 Nitin Pujari  
 Manager

  
 Lalit Phatak  
 Asst. Manager



Ref: NSE/LIST/6894

December 11, 2014

The Company Secretary,  
Strides Arcolab Limited  
201, Devarata, Sector 17,  
Vashi,  
Navi Mumbai- 400705

**Kind Attn: Mr. Badree Komandur**

Dear Sir,

**Sub.: Observation letter for draft Scheme of Amalgamation between Shasun Pharmaceuticals Limited (Transferor Company) and Strides Acrolab Limited (Transferee Company) and their respective shareholders and creditors.**

This has reference to Draft Scheme of Amalgamation between Shasun Pharmaceuticals Limited (Transferor Company) and Strides Acrolab Limited (Transferee Company) and their respective shareholders and creditors submitted to NSE vide your letter dated October 08, 2014.

Based on our letter reference no Ref: NSE/LIST/3649 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013. SEBI has vide letter dated December 10, 2014 has given following comments on the draft scheme of Amalgamation:

- a) The company shall duly comply with various provisions of the Circulars.
- b) The company is advised to ensure compliance with SEBI (Employee Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

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

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

The validity of this "Observation Letter" shall be six months from December 11, 2014, within which the scheme shall be submitted to the Hon'ble High Court. Further pursuant to the above SEBI circulars upon sanction of the Scheme by the Hon'ble High Court, you shall submit to NSE the following:

- a. Copy of Scheme as approved by the High Court;
- b. Result of voting by shareholders for approving the Scheme;
- c. Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme
- d. Status of compliance with the Observation Letter/s of the stock exchanges
- e. The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f. Complaints Report as per Annexure II of SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013.

Yours faithfully,  
For National Stock Exchange of India Limited

Kamlesh Patel  
Manager

This Document is Digitally Signed

Signer : Patel Kamlesh  
Date: Thu, Dec 11, 2014 11:02:17 GMT+05:30  
Location: NSE



Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400051, India. • Tel: +91 22 26598235/36, 26598346 • Fax: +91 22 26598237/38  
E-mail : cmlist@nse.co.in • Web site: www.nseindia.com



November 10, 2014

**General Manger**  
**Department of Corporate Services**  
**The Bombay Stock Exchange Limited**  
 Phiroze Jeejeebhoy Towers,  
 Dalal Street, Mumbai – 400 001  
 Scrip Code: 532531

**The Manager**  
**Listing Department**  
**The National Stock Exchange of India Limited**  
 Exchange Plaza, Bandra-Kurla Complex,  
 Bandra (E), Mumbai - 400 051.  
 Scrip Code: STAR

Dear Sirs,

Ref: Scheme of Amalgamation between Shasun Pharmaceuticals Limited (Transferor Company) and Strides Arcolab Limited (Transferee Company) and their respective shareholders and creditors

Sub: Complaints Report in terms of SEBI circular dated February 4, 2013 (CIR/CFD/DIL/5/2013) read with SEBI circular dated May 21, 2013 (CIR/CFD/DIL/8/2013) in relation to the application for approval under Clause 24(f) of the Listing Agreement for proposed Scheme of Amalgamation

We refer to our application dated October 8, 2014 (which was uploaded on the website of NSE on 14 Oct 2014) made in terms of Clause 24 (f) of the Listing Agreement and for the proposed Scheme of Amalgamation between Shasun Pharmaceuticals Limited (Transferor Company) and Strides Arcolab Limited (Transferee Company) and their respective shareholders and creditors under Section 391 to 394 and other applicable provisions of the Companies Act, 1956. Please find the Complaints Report for the period from October 14, 2014 to November 3, 2014.

**Part A**

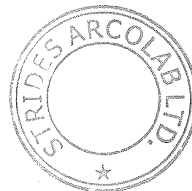
Sr. No.	Particulars	Number
1.	Number of complaints received directly	2
2.	Number of complaints forwarded by Stock Exchange	0
3.	Total Number of complaints/comments received (1+2)	2
4.	Number of complaints resolved	2
5.	Number of complaints pending	0

**Part B**

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Mr. Adarsh Jain	03 Oct 2014	Resolved
2.	Mr. Vijaya Kumar Yalavarthi	15 Oct 2014	Resolved

**Thanks & Regards,**  
**For STRIDES ARCOLAB LIMITED**

  
**BADREE KOMANDUR**  
**COMPANY SECRETARY**



CORP. OFF : 'STRIDES HOUSE', Bilekahalli, Bannerghatta Road, Bangalore - 560 076. India.

Tel : 91-80-67840000 • Fax : 91-80-67840700 / 800 • e-mail : info@stridesarco.com • Web : www.stridesarco.com

REGD. OFF : 201, Devavrata, Sector 17, Vashi, Navi Mumbai - 400 703. India • Tel : 91-22-27892924/968/27893199 • Fax : 91-22-27892942

CIN : L24230MH1990PLC057062

# Form No.37

IN THE HIGH COURT OF JUDICATURE AT BOMBAY  
ORDINARY ORIGINAL CIVIL JURISDICTION  
COMPANY SUMMONS FOR DIRECTION NO. 172 OF 2015

In the matter of the Companies Act, 1956 or any re-enactment thereof;

-And-

In the matter of Application under Sections 391 to 394, of the Companies Act, 1956 or any re-enactment thereof;

-And-

In the matter of Strides Arcolab Limited [CIN:L24230MH1990PLC057062], a company incorporated under the Companies Act, 1956 having its registered office at 201, Devavrata, Sector – 17, Vashi, Navi Mumbai – 400703;

-And-

In the matter of Scheme of Amalgamation between Shasun Pharmaceuticals Limited (Transferor Company) and Strides Arcolab Limited (Transferee Company) and their respective shareholders and creditors.

Strides Arcolab Limited [CIN: L24230MH1990PLC057062], a company incorporated under the Companies Act, 1956 having its registered office at 201, Devavrata, Sector – 17, Vashi, Navi Mumbai – 400703. }

... Applicant Company

## FORM OF PROXY

I/We, the undersigned equity shareholder/s of Strides Arcolab Limited (Applicant Company) hereby appoint Mr./ Ms. \_\_\_\_\_ of \_\_\_\_\_ and failing him/her Mr./ Ms. \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy, to act for me/us at the meeting of the equity shareholders of the Applicant Company to be held on Friday the 10<sup>th</sup> day of April, 2015, at 12:00 noon (1200 hours) at The Regenza by Tunga, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai 400703, for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme of Amalgamation between Shasun Pharmaceuticals Limited (Transferor Company) and Strides Arcolab Limited (Transferee Company) and their respective shareholders and creditors (the "Scheme"), and at such meeting and at any adjournment or adjournments thereof, to vote, for me/us and in my/our name \_\_\_\_\_ (here, 'if for', insert 'for'; 'if against', insert 'against', and in the latter case, strike out the words below after "Scheme") the said Scheme, *either with or without modification\**, as my/our proxy may approve.

\* Strike out what is not necessary.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Name : \_\_\_\_\_

Address : \_\_\_\_\_

Affix  
One Rupee  
Revenue  
Stamp

(Signature across stamp)

No. of shares held : \_\_\_\_\_

(For Demat holding)

DP Id. \_\_\_\_\_

Client Id. \_\_\_\_\_

(For Physical holding)

Folio No. \_\_\_\_\_

Signature of Shareholder(s) : Sole holder / First holder - \_\_\_\_\_

Second holder - \_\_\_\_\_

Third holder - \_\_\_\_\_

Signature of Proxy: - \_\_\_\_\_

### NOTES:

1. All alterations, if any, made in the Form of Proxy should be initialed.
2. Proxy must be deposited at the registered office of the Applicant Company at 201, Devavrata, Sector – 17, Vashi, Navi Mumbai – 400703, not later than FORTY EIGHT hours before the scheduled time of the commencement of the said meeting.
3. In case of multiple proxies, the proxy later in time shall be accepted.

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**Strides Arcolab Limited**

[CIN: L24230MH1990PLC057062]

Registered Office: 201, Devavrata, Sector – 17, Vashi, Navi Mumbai – 400703.

Website: [www.stridesarco.com](http://www.stridesarco.com), email: [investors@stridesarco.com](mailto:investors@stridesarco.com)

Tel.: +91 22 2789 2924/ 2789 2968, Fax: +91 22 2789 2942

**ATTENDANCE SLIP**

**COURT CONVENED MEETING OF EQUITY SHAREHOLDERS  
ON FRIDAY 10<sup>th</sup> APRIL, 2015 AT 12:00 NOON**

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL**

I/We hereby record my/our presence at the meeting of the equity shareholders of Strides Arcolab Limited, convened pursuant to the Order dated 27<sup>th</sup> day of February, 2015 of the Hon'ble High Court of Judicature at Bombay at The Regenza by Tungga, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai 400703 on Friday, the 10<sup>th</sup> day of April, 2015 at 12:00 noon (1200 hours).

Name and address of Equity Shareholder **(IN BLOCK LETTERS)** : \_\_\_\_\_

Signature : \_\_\_\_\_

Reg. Folio No. : \_\_\_\_\_

Client ID : \_\_\_\_\_

D.P. ID : \_\_\_\_\_

No. of Shares : \_\_\_\_\_

Name of the Proxy\* **(IN BLOCK LETTERS)** : \_\_\_\_\_

Signature : \_\_\_\_\_

\* (To be filled in by the Proxy in case he/she attends instead of the shareholder)

**NOTE:** Equity Shareholders attending the Meeting in person or by proxy or through authorised representative are requested to complete and bring the Attendance Slip and hand it over at the entrance of the meeting hall.

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