

SCHEME OF ARRANGEMENT

AMONGST

STRIDES PHARMA SCIENCE LIMITED

(“STRIDES” OR “TRANSFEROR COMPANY 1” OR “DEMERGED COMPANY 1”)

AND

STERISCIENCE SPECIALTIES PRIVATE LIMITED

**(“STERISCIENCE” OR “TRANSFEROR COMPANY 2” OR “DEMERGED
COMPANY 2”)**

AND

STELIS BIOPHARMA LIMITED

(“STELIS” OR “TRANSFEREE COMPANY” OR “RESULTING COMPANY”)

AND

THEIR RESPECTIVE SHAREHOLDERS

**(UNDER SECTION 230 TO 232 AND OTHER APPLICABLE
PROVISIONS OF THE COMPANIES ACT, 2013)**

A. PREAMBLE

This Scheme of Arrangement (“the Scheme” as more particularly defined hereunder) is presented under Sections 230 to 232 and other applicable provisions of the Act (as defined below) provides for:

- a) Demerger of the Demerged Undertaking 1 (*defined in clause 1.6*) from Strides Pharma Science Limited (“Strides” or “Transferor Company 1” or “Demerged Company 1”) into Stelis Biopharma Limited (“Stelis” or “Transferee Company” or “Resulting Company”).
- b) Demerger of the Demerged Undertaking 2 (*defined in clause 1.7*) from Steriscience Specialties Private Limited (“Steriscience” or “Transferor Company 2” or “Demerged Company 2”) into Transferee Company.

Strides, Stelis and Steriscience are collectively referred to as “Companies” and individually as “Company”.

Strides and Steriscience are collectively referred to as “Transferor Companies”.

This Scheme also provides for various other matters consequential or otherwise integrally connected therewith.

B. BACKGROUND

1. Strides is a public limited company incorporated on 28th June 1990 with Corporate Identification Number: L24230MH1990PLC057062 and having its registered office at 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400 703, Maharashtra. Strides is a global pharmaceutical company headquartered in Bengaluru, India and specialises in developing and manufacturing niche finished dosage formulations. The Company mainly operates in the regulated markets and has an “in Africa for Africa” strategy and an institutional business to service donor-funded markets. The Company’s product portfolio encompasses a range of technically complex pharmaceutical products, including liquids, creams, ointments, soft gels, sachets, tablets, and modified-release dosage formats. Its expertise lies in the production of ‘difficult to manufacture’ products. In addition, Strides boasts a dedicated research and development facility in India with global filing capabilities, enabling continuous innovation and growth. Operating in over 100 countries, Strides has a robust global manufacturing footprint spanning eight facilities across four continents, including five US FDA approved sites.
2. Steriscience is a private limited company incorporated on 29th August 2020 with Corporate Identification Number: U24304KA2020PTC137884 and presently having its registered office at 152/6 and 154/16, Dorasani Palya, Begur Hobli, Bannerghatta Road, Bangalore- 560076. The Board of Directors and the Shareholders of Steriscience have approved the shifting of registered office of Steriscience from the State of Karnataka to the State of Maharashtra on 14th September, 2023 respectively, subject to approval from applicable regulatory authorities. Steriscience is engaged in the business of development, manufacturing, marketing and distribution of niche pharmaceuticals products such as injectables for various markets. Steriscience focuses on creating value-added sterile injectables that bridge the gap at hospitals by streamlining workflows, reducing wastage of key resources, and increasing efficiency that solves for challenges of healthcare professionals across the globe, and also offers contract development and manufacturing services in relation to the same.

3. Stelis is a public limited company incorporated on 12th June 2007 with Corporate Identification Number: U74140KA2007PLC043095 and presently having its registered office at Star 1, Opp IIM Bangalore, Bilekahalli, Bannerghatta Road Bangalore 560076. The Board of Directors and the Shareholders of Stelis have approved the shifting of registered office of Stelis from the State of Karnataka to the State of Maharashtra on 12th September, 2023 and 20th September, 2023 respectively, subject to approval from applicable regulatory authorities. Stelis is engaged in research, development, manufacture and commercialisation of biological drug products in various injectable formats. Stelis is a leading global biopharmaceutical contract development and manufacturing organization with extensive biologics, biosimilars, and vaccine research capabilities and offers end-to-end contract development and manufacturing services across all phases of pre-clinical and clinical development and commercial supply of biologics.

C. RATIONALE

The Board of Directors of the Companies involved in the Scheme are intending to build a one-of-a-kind specialty pharmaceutical Contract Development and Manufacturing ('CDMO') powerhouse with capabilities in biologics, oral soft gels, complex injectables, sterile injectables, including other complex drug delivery systems. In this regard, it is proposed to combine the Identified CDMO Business and Soft Gelatin Business of Strides (*as defined in clause 1.11*) and the Identified CDMO Business of Steriscience (*as defined in clause 1.12*) under Stelis. The new platform will be able to offer development and manufacturing services covering platform technologies, specialty injectables, complex generics, biosimilars, and biologics.

The proposed Scheme would *inter alia* have the following benefits:

1. The consolidation of the Identified CDMO Business and Soft Gelatin Business of Strides and Identified CDMO Business of Steriscience, with Stelis, will result in integration synergies and enable better supervision of the business.

2. The consolidation will allow the management to devise, implement and pursue independent business strategies for the contract development and manufacturing business which will enable a wider scope for independent collaboration, investment opportunities and expansion.
3. The consolidation will enhance business potential and result in an increased capability to offer a wider portfolio of products with a diversified resource base and deeper client relationships.
4. The consolidation would result in efficient utilisation of the infrastructure facilities and optimum utilisation of the available resources.
5. Further, the synergies arising out of the consolidation will lead to enhancement of net worth of the combined business and enhancement in earnings and cash flow would optimize the value of the Stelis and consequently enhance the shareholder's value.
6. The consolidation will create and enhance stakeholder's value by unlocking the intrinsic value of the Identified CDMO Business and Soft Gelatin Business of Strides and Identified CDMO Business of Sterisience, on listing of shares of Stelis.
7. Moreover, the Scheme is expected to increase the long-term value for the shareholders of all the Companies and other stakeholders.

In view of the aforesaid, the Board of Directors of the Companies have considered and proposed this Scheme and matters incidental thereto pursuant to the provisions of Sections 230 to 232 and other relevant provisions of the Act.

D. PARTS OF THE SCHEME

The Scheme is divided into following parts:

1. Part I deals with Definitions, Interpretations and Share Capital
2. Part II deals with the demerger of the Demerged Undertaking 1 of the Transferor Company 1 into the Transferee Company.
3. Part III deals with the demerger of the Demerged Undertaking 2 of the Transferor Company 2 into the Transferee Company.

4. Part IV deals with General Terms and Conditions applicable to the Scheme and other matters consequential and integrally connected thereto.

Though this Scheme is divided into various parts for the purpose of convenience, it is to be implemented as a single inseparable comprehensive Scheme.

E. NO ARRANGEMENT WITH CREDITORS

Under the proposed Scheme, there is no arrangement proposed to be entered into with the creditors, either secured and/or unsecured creditors of the Companies. No compromise is offered under this Scheme to any of the creditors of the Companies. The liability towards the creditors of the Transferor Company 1 (relating to the Demerged Undertaking 1) and Transferor Company 2 (relating to the Demerged Undertaking 2) is neither being reduced nor being extinguished but shall be assumed and discharged by the Transferee Company, as per the original terms thereof.

PART I - DEFINITIONS, INTERPRETATION AND SHARE CAPITAL

1. Definitions

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

- 1.1 “**Act**” means the Companies Act, 2013 and the rules and regulations made thereunder and shall include any statutory modification, amendments or re-enactment thereof for the time being in force;
- 1.2 “**Appointed Date**” means 1st April, 2024 or such other date as may be fixed or approved by the National Company Law Tribunal or such other competent authority / Appropriate Authority;

- 1.3 **“Applicable Law”** means any applicable statute, law, regulation, ordinance, rule, judgement, order, decree, clearance, approval, directive, guideline, requirement or any similar form of determination by or decision of any Appropriate Authority, that is binding or applicable to a Person, whether in effect as of the date on which this Scheme has been approved by the Board of the Companies or at any time thereafter;
- 1.4 **“Appropriate Authority”** means any national, state, provincial, local or similar governmental, statutory, regulatory, administrative authority, agency, commission, departmental or public body or authority, board, branch, tribunal or court or other entity authorized to make laws, rules, regulations, standards, requirements, procedures or to pass directions or orders, in each case having the force of law, or arbitral body having jurisdiction or any non-governmental regulatory or administrative authority, body or other organization to the extent that the rules, regulations and standards, requirements, procedures or orders of such authority, body or other organization have the force of law, or any stock exchange of India or any other country including the Registrar of Companies, Regional Director, Official Liquidator, Competition Commission of India, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchange, National Company Law Tribunal and such other sectoral regulators or authorities as may be applicable;
- 1.5 **“Board of Directors” or “Board”** in relation to a Company, means the board of directors of such Company, and shall include a committee of directors, or any other person duly authorised by such Board of Directors or such Committee of Directors for the purpose of this Scheme;
- 1.6 **“Demerged Undertaking 1”** means the Identified CDMO Business and Soft Gelatin Business of Strides, on a going concern basis, comprising, inter alia, of all assets, properties, liabilities, permits, licenses, registrations, approvals, contracts, and employees, in relation to and pertaining to such business and shall include without limitation:
- i. all properties and assets of the Identified CDMO Business and Soft Gelatin Business of Strides including all movable or immovable, freehold, leasehold or licensed,

tenancy rights, hire purchase and lease arrangements, real or personal, corporeal or incorporeal or otherwise, present, future, contingent, tangible or intangible, furniture, fixtures, office equipment, appliances, accessories, vehicles, sheds, godowns, warehouses, investments, stocks, sundry debtors, deposits, provisions, advances, recoverables, receivables, title, interest, cash and bank balances, bills of exchange, covenants, all earnest monies, security deposits, or other entitlements, funds, powers, authorities, licenses, registrations, quotas, allotments, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, fiscal incentives, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested in or granted in favor of or held for the benefit of or enjoyed by Strides with respect to the Identified CDMO Business and Soft Gelatin Business of Strides;

- ii. all current assets including inventories, sundry debtors, receivables, cash and bank accounts (including bank balances), fixed deposits, loans and advances, actionable claims, bills of exchanges and debit notes for the purpose of carrying on the Identified CDMO Business and Soft Gelatin Business of Strides;
- iii. all rights or benefits, benefits of any deposit, receivables, claims against any vendor or advances or deposits paid by or deemed to have been paid, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, hire purchase contracts, lending contracts, rights and benefits under any agreement, benefits of any security arrangements or under any guarantee, reversions, powers, tenancies in relation to the office and/or residential properties for the employees or other persons, vehicles, guest houses, godowns, share of any joint assets and other facilities pertaining to the Identified CDMO Business and Soft Gelatin Business of Strides;
- iv. all 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 interests held in trusts, registrations, contracts, engagements, arrangement of all kinds, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of Strides or enjoyed by the company

or in connection with or relating to the said 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 the Identified CDMO Business and Soft Gelatin Business of Strides;

- v. all permissions, approvals, consents, subsidies, privileges, all other rights, benefits and liabilities related thereto including licenses, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Identified CDMO Business and Soft Gelatin Business of Strides;
- vi. all licenses (including but not limited to licenses under the Drugs and Cosmetics Act, 1940 and Food Safety and Standards Act, 2006 or any other license granted by any government, statutory or regulatory bodies for the purpose of carrying on the business or in connection therewith), approvals, authorizations, permissions including municipal permissions, consents, registrations including import registrations, certifications, no objection certificates, quotas including import quotas, rights, permits including import permits, exemptions, subsidies, tax deferrals, credits (including Cenvat credits, sales tax credits, Good and Service Tax credits and income tax credits), privileges, advantages and all other rights and facilities of every kind, nature and description whatsoever for the purpose of carrying on the business of the Identified CDMO Business and Soft Gelatin Business of Strides;
- vii. all application monies, advance monies, earnest monies and/ or security deposits paid or deemed to have been paid and payments against other entitlements with respect to the Identified CDMO Business and Soft Gelatin Business of Strides;
- viii. all agreements, contracts, arrangements, understandings, engagements, deeds and instruments including lease/ license agreements, tenancy rights, bonds, schemes, arrangements, sales orders, service arrangements, equipment purchase agreements, master service agreements, loan license agreements, third party manufacturing agreements and other agreements with the customers, purchase and other agreements/ contracts with the supplier/manufacturer of goods/ service providers and all rights, title, interests, claims and benefits there under for the purpose of carrying on the Identified CDMO Business and Soft Gelatin Business of Strides;

- ix. all tax credits, refunds, reimbursements, claims, deductions, concessions, exemptions, benefits under Tax Laws including sales tax deferrals, advance taxes, tax deducted at source, right to carry forward and set-off accumulated losses and unabsorbed depreciation, if any, deferred tax assets, goods and service tax credit, deductions and benefits under the Income-tax Act or any other taxation statute enjoyed by Strides with respect to the Identified CDMO Business and Soft Gelatin Business of Strides;
- x. all debts, borrowings, obligations, duties and liabilities both present and future, whether provided for or not in the books of accounts or disclosed in the balance sheet of Strides, whether secured or unsecured, all guarantees, assurances, commitments and obligations of any kind, nature or description, whether fixed, contingent or absolute, asserted or unasserted, matured or un-matured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to the Identified CDMO Business and Soft Gelatin Business of Strides;
- xi. all applications (including but not limited to Abbreviated New Drug Applications), permits, licences, approvals, registrations, quotas, incentives (including but not limited to production linked incentives), powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, pre-qualifications, trademarks, designs, copyrights, patents and other intellectual property rights pertaining to the Identified CDMO Business and Soft Gelatin Business of Strides, whether registered or unregistered and powers of every kind, nature and description whatsoever, whether from the government bodies or otherwise, pertaining to or relating to the Identified CDMO Business and Soft Gelatin Business of Strides;
- xii. all books, records, files, papers, process information, computer programs, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, list of present and former agents and brokers and other records whether in physical or electronic

form in connection with or relating to the Identified CDMO Business and Soft Gelatin Business of Strides;

- xiii. all legal proceedings, suits, claims, disputes, causes of action, litigation, petitions, appeals, writs, legal, taxation or other proceedings of whatever nature, (including before any statutory or quasi-judicial authority or tribunal), under Applicable Law, in connection with the Identified CDMO Business and Soft Gelatin Business of Strides;
- xiv. all insurance policies with respect to the Identified CDMO Business and Soft Gelatin Business of Strides; and
- xv. all permanent and/or temporary employees, workmen, staff, contract staff or laborers engaged in the Identified CDMO Business and Soft Gelatin Business of Strides as may be determined by the board of directors of Strides.

Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Demerged Undertaking 1 or whether it arises out of the activities or operations of the Demerged Undertaking 1 shall be decided by mutual agreement between Board of Directors of the Transferor Company 1 and the Transferee Company.

Further the Board of Directors of the Transferor Company 1 and the Transferee Company may mutually decide the modalities/commercial arrangement between the said Companies with regard to utilization of resources to ensure smooth transition and functioning of the respective businesses.

1.7 **“Demerged Undertaking 2”** means the Identified CDMO Business of Steriscience, on a going concern basis, comprising, inter alia, of all assets, properties, liabilities, permits, licenses, registrations, approvals, contracts, and employees, in relation to and pertaining to such business and shall include without limitation:

- i. all properties and assets of Identified CDMO Business of Steriscience including all movable or immovable, freehold, leasehold or licensed, tenancy rights, hire purchase and lease arrangements, real or personal, corporeal or incorporeal or otherwise, present, future, contingent, tangible or intangible, furniture, fixtures, office

equipment, appliances, accessories, vehicles, sheds, godowns, warehouses, investments, stocks, sundry debtors, deposits, provisions, advances, recoverables, receivables, title, interest, cash and bank balances, bills of exchange, covenants, all earnest monies, security deposits, or other entitlements, funds, powers, authorities, licenses, registrations, quotas, allotments, consents, privileges, liberties, advantages, easements and all the rights, title, interests, goodwill, benefits, fiscal incentives, entitlement and advantages, contingent rights or benefits belonging to or in the ownership, power, possession or the control of or vested in or granted in favor of or held for the benefit of or enjoyed by the Steriscience with respect to Identified CDMO Business of Steriscience;

- ii. all current assets including inventories, sundry debtors, receivables, cash and bank accounts (including bank balances), fixed deposits, loans and advances, actionable claims, bills of exchanges and debit notes for the purpose of carrying on the Identified CDMO Business of Steriscience;
- iii. all rights or benefits, benefits of any deposit, receivables, claims against any vendor or advances or deposits paid by or deemed to have been paid, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, hire purchase contracts, lending contracts, rights and benefits under any agreement, benefits of any security arrangements or under any guarantee, reversions, powers, tenancies in relation to the office and/or residential properties for the employees or other persons, vehicles, guest houses, godowns, share of any joint assets and other facilities pertaining to the Identified CDMO Business of Steriscience;
- iv. all 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 interests held in trusts, registrations, contracts, engagements, arrangement of all kinds, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of Steriscience or enjoyed by the company or in connection with or relating to the said 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 the Identified CDMO Business of Steriscience;

- v. all permissions, approvals, consents, subsidies, privileges, all other rights, benefits and liabilities related thereto including licenses, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Identified CDMO Business of Steriscience;
- vi. all licenses (including but not limited to licenses under the Drugs and Cosmetics Act, 1940 and Food Safety and Standards Act, 2006 or any other license granted by any government, statutory or regulatory bodies for the purpose of carrying on the business or in connection therewith), approvals, authorizations, permissions including municipal permissions, consents, registrations including import registrations, certifications, no objection certificates, quotas including import quotas, rights, permits including import permits, exemptions, subsidies, tax deferrals, credits (including Cenvat credits, sales tax credits, Good and Service Tax credits and income tax credits), privileges, advantages and all other rights and facilities of every kind, nature and description whatsoever for the purpose of carrying on the Identified CDMO Business of Steriscience;
- vii. all application monies, advance monies, earnest monies and/ or security deposits paid or deemed to have been paid and payments against other entitlements with respect to the Identified CDMO Business of Steriscience;
- viii. all agreements, contracts, arrangements, understandings, engagements, deeds and instruments including lease/ license agreements, tenancy rights, bonds, schemes, arrangements, sales orders, service arrangements, equipment purchase agreements, master service agreements, loan license agreements, third party manufacturing agreements and other agreements with the customers, purchase and other agreements/ contracts with the supplier/manufacturer of goods/ service providers and all rights, title, interests, claims and benefits there under for the purpose of carrying on the Identified CDMO Business of Steriscience;
- ix. all tax credits, refunds, reimbursements, claims, deductions, concessions, exemptions, benefits under Tax Laws including sales tax deferrals, advance taxes,

tax deducted at source, right to carry forward and set-off accumulated losses and unabsorbed depreciation, if any, deferred tax assets, goods and service tax credit, deductions and benefits under the Income-tax Act or any other taxation statute enjoyed by Steriscience with respect to the Identified CDMO Business of Steriscience;

- x. all debts, borrowings, obligations, duties and liabilities both present and future, whether provided for or not in the books of accounts or disclosed in the balance sheet of Steriscience, whether secured or unsecured, all guarantees, assurances, commitments and obligations of any kind, nature or description, whether fixed, contingent or absolute, asserted or unasserted, matured or un-matured, liquidated or unliquidated, accrued or not accrued, known or unknown, due or to become due, whenever or however arising (including, without limitation, whether arising out of any contract or tort based on negligence or strict liability) pertaining to the Identified CDMO Business of Steriscience;
- xi. all applications (including but not limited to Abbreviated New Drug Applications), permits, licences, approvals, registrations, quotas, incentives (including but not limited to production linked incentives), powers, authorities, allotments, consents, rights, benefits, advantages, municipal permissions, pre-qualifications, trademarks, designs, copyrights, patents and other intellectual property rights of Steriscience pertaining to the Identified CDMO Business of Steriscience, whether registered or unregistered and powers of every kind, nature and description whatsoever, whether from the government bodies or otherwise, pertaining to or relating to the Identified CDMO Business of Steriscience;
- xii. all books, records, files, papers, process information, computer programs, software licenses (whether proprietary or otherwise), drawings, manuals, data, catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, list of present and former agents and brokers and other records whether in physical or electronic form in connection with or relating to the Identified CDMO Business of Steriscience;
- xiii. all legal proceedings, suits, claims, disputes, causes of action, litigation, petitions, appeals, writs, legal, taxation or other proceedings of whatever nature, (including

before any statutory or quasi-judicial authority or tribunal), under Applicable Law, in connection with the Identified CDMO Business of Steriscience;

- xiv. all insurance policies with respect to the Identified CDMO Business of Steriscience; and
- xv. all permanent and/or temporary employees, workmen, staff, contract staff or laborers engaged in the business of the Identified CDMO Business of Steriscience as may be determined by the board of directors of Steriscience.

Any question that may arise as to whether a specific asset or liability pertains or does not pertain to the Demerged Undertaking 2 or whether it arises out of the activities or operations of the Demerged Undertaking 2 shall be decided by mutual agreement between Board of Directors of the Transferor Company 2 and the Transferee Company.

Further the Board of Directors of the Transferor Company 2 and the Transferee Company may mutually decide the modalities/commercial arrangement between the said Companies with regard to utilization of resources to ensure smooth transition and functioning of the respective businesses.

- 1.8 **"Demerger"** shall have the meaning ascribed to it under Section 2(19AA) of the IT Act;
- 1.9 **"Effective Date"** in relation to the Scheme, means the last of the dates on which certified copies of the order of the NCLT sanctioning the Scheme are filed by the Companies with the jurisdictional Registrar of Companies. References in this Scheme to the date of "coming into effect of this Scheme" or "upon the Scheme becoming effective" or "effectiveness of this Scheme" or "Scheme becomes effective" shall mean the Effective Date;
- 1.10 **"Encumbrance" or to "Encumber"** means without limitation any options, claim, pre-emptive right, easement, limitation, attachment, restraint, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance or interest of any kind securing, or conferring

any priority of payment in respect of any obligation of any person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law;

- 1.11 **“Identified CDMO Business and Soft Gelatin Business of Strides”** means the business of manufacturing of oral soft gelatins for its customers and under contract development and manufacturing arrangement, carried on by Strides at the plant located at KRS Gardens, Bangalore, along with related assets, customer contracts, employees, and intellectual properties. The said business also comprises of the intellectual properties, customer contracts and other related assets in relation to the contract development and manufacturing business carried on by Strides through its investment in Strides Pharma Services Private Limited which carries out the contract development and manufacturing of oral soft gelatins through Strides Softgels Pte. Ltd., Singapore, a step down wholly owned subsidiary of Strides. Further, the said business would also comprise of the investment held by Strides in Stelis, through which Strides is engaged in contract development and manufacturing activities across all phases of pre-clinical and clinical development and commercial supply of biologics;
- 1.12 **“Identified CDMO business of Steriscience”** means the business in relation to the contract development and manufacturing of sterile injectables, carried on by Steriscience in the special products division and beta lactam division located at Bangalore, along with related assets, customer contracts, employees, and intellectual properties. Further, the said business also comprises of the intellectual properties, customer contracts and other related assets in relation to the contract development and manufacturing business of sterile injectables carried on by Steriscience through Steriscience Specialties Pte. Ltd., Singapore, a wholly owned subsidiary of Steriscience;
- 1.13 **“Ind AS”** shall mean the Indian Accounting Standards as notified under Section 133 of the Act.
- 1.14 **“Ind AS Rules”** shall mean the Companies (Indian Accounting Standards) Rules, 2015.

- 1.15 **“IT Act” or “Income-tax Act”** means the Income-tax Act, 1961, of India, including any statutory modifications, re-enactments or amendments thereof for the time being in force;
- 1.16 **“National Company Law Tribunal” or “NCLT” or “Tribunal”** means the National Company Law Tribunal constituted under Section 408 of the Act and/ or the National Company Law Appellate Tribunal (“NCLAT”) as constituted and authorized as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under sections 230 to 232 of the Act and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purposes of Sections 230 to 232 of the Act as may be applicable;
- 1.17 **“Parties” or “Companies”** means collectively the Transferor Company 1, Transferor Company 2 and the Transferee Company and “Party” or “Company” shall mean each of them, individually;
- 1.18 **“Record Date 1”** means a mutually agreed date to be fixed by the Board of Directors of the Transferor Company 1 and Transferee Company for the purposes of determining the shareholders of the Transferor Company 1 to whom shares would be issued and allotted in accordance with clause 11.1 of this Scheme;
- 1.19 **“Record Date 2”** means a mutually agreed date to be fixed by the Board of Directors of the Transferor Company 2 and Transferee Company for the purposes of determining the shareholders of the Transferor Company 2 to whom shares would be issued and allotted in accordance with clause 20.1 of this Scheme;
- 1.20 **“Registrar of Companies”** means the Registrar of Companies having jurisdiction over the Companies.
- 1.21 **“Remaining Business of Transferor Company 1”** means all the business, units, divisions, undertakings, assets, investments and liabilities of the Transferor Company 1 other than the Demerged Undertaking 1;

- 1.22 **“Remaining Business of Transferor Company 2”** means all the business, units, divisions, undertakings, assets, investments and liabilities of the Transferor Company 2 other than the Demerged Undertaking 2;
- 1.23 **“Scheme” or “the Scheme” or “this Scheme” or “the Scheme of Arrangement”** means this Scheme of Arrangement in its present form submitted to the NCLT or with any modification(s) made under clause 33 of this Scheme or with such other modifications/amendments as the NCLT may direct;
- 1.24 **“SEBI”** means the Securities Exchange Board of India established under the Securities and Exchange Board of India Act, 1992;
- 1.25 **“SEBI Circulars”** means the circulars issued by Securities and Exchange Board of India in relation to the amalgamations and arrangements carried out under the Act and shall inter-alia refer to SEBI Master Circular No. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023, as amended from time to time.
- 1.26 **“Share Entitlement Ratio 1”** shall have the meaning set out in clause 11.1;
- 1.27 **“Share Entitlement Ratio 2”** shall have the meaning set out in clause 20.1;
- 1.28 **“Stock Exchange”** means BSE Limited and National Stock Exchange of India Limited;
- 1.29 **“Tax Laws”** mean IT Act, Customs Act, 1962, Central Excise Act, 1944, Value Added Tax Act, applicable to any state in which the Companies operate, Central Sales Tax Act, 1956, any other State Sales Tax / Value Added Tax laws, or Service Tax, Goods and Service Tax or other applicable laws/ regulations dealing with taxes/ duties/ levies/cess.
- 1.30 **“Transferee Company” or “Resulting Company” or “Stelis”** means Stelis Biopharma Limited (Corporate Identification Number: U74140KA2007PLC043095), a public limited company incorporated under provisions of the Companies Act, 1956 and presently having its registered office at Star 1, Opp IIM Bangalore, Bilekahalli,

Bannerghatta Road, Bangalore 560076. The Board of Directors and the Shareholders of Stelis have approved the shifting of registered office of Stelis from the State of Karnataka to the State of Maharashtra on 12th September, 2023 and 20th September, 2023 respectively, subject to approval from applicable regulatory authorities.

- 1.31 **“Transferor Company 1” or “Demerged Company 1” or “Strides”** means Strides Pharma Science Limited (Corporate Identification Number: L24230MH1990PLC057062), a public limited company incorporated under provisions of the Companies Act, 1956 and having its registered office at 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400 703, Maharashtra.
- 1.32 **“Transferor Company 2” or “Demerged Company 2” or “Steriscience”** means Steriscience Specialties Private Limited (Corporate Identification Number: U24304KA2020PTC137884), a private limited company incorporated under provisions of the Companies Act, 2013 and having its registered office at 152/6 and 154/16, Dorasani Palya, Begur Hobli, Bannerghatta Road, Bangalore- 560076. The Board of Directors and the Shareholders of Steriscience have approved the shifting of registered office of Steriscience from the State of Karnataka to the State of Maharashtra on 14th September, 2023 respectively, subject to approval from applicable regulatory authorities.
2. In this Scheme, unless the context otherwise requires:
- a) words denoting the singular shall include the plural and vice versa;
 - b) headings and bold typefaces are only for convenience and shall be ignored for the purpose of interpretation;
 - c) references to the word “include” or “including” shall be construed without limitation;
 - d) a reference to a clause, section or part is, unless indicated to the contrary, a reference to a clause, section or part of this Scheme;
 - e) unless otherwise defined, the reference to the word “days” shall mean calendar days;
 - f) reference to a document includes an amendment or supplement to, or

- replacement or novation of that document;
- g) word(s) and expression(s) elsewhere defined in the Scheme shall have the meaning(s) respectively ascribed to them; and
 - h) references to any law or legislation or regulation shall include amendment(s), circulars, notifications, clarifications or supplement(s) to, or replacement, re-enactment, restatement or amendment of, that law or legislation or regulation and shall include the rules and regulations thereunder; and
 - i) All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other Applicable Laws, rules, regulations, byelaws, as the case may be, or any statutory modification or re-enactment thereof for the time being in force.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the NCLT or any other statutory authorities or in terms of this Scheme shall take effect from the Appointed Date but shall be operative from the Effective Date.

4. SEQUENCE OF EFFECTIVENESS OF THE SCHEME

Upon the Scheme becoming effective, with effect from the Appointed Date, the Part II and Part III, which provides for demerger of Demerged Undertaking 1 and Demerged Undertaking 2 from Transferor Company 1 and Transferor Company 2 respectively, to Transferee Company, shall become effective and operative simultaneously.

5. SHARE CAPITAL

- 5.1 The share capital of the Transferor Company 1 as on 15th September 2023 is as under:

Particulars	Amount (Rs.)
Authorised Share Capital	
18,83,70,000 equity shares of Rs. 10/- each	1,88,37,00,000
Total	1,88,37,00,000
Issued, Subscribed and Paid-up Share Capital	
9,03,32,854 Equity Shares of Rs. 10/- each	90,33,28,540
Total	90,33,28,540

The equity shares of the Transferor Company 1 are listed on the Stock Exchange. As at 15th September 2023, the Transferor Company 1 has the following outstanding instruments, exercise of which may result in an increase by equal number of equity shares in the issued and paid-up share capital of the Transferor Company 1:

1. 3,10,350 outstanding employee stock options under the existing stock option schemes; and
2. 15,47,510 equity warrants, allotted to a promoter group company on a preferential basis.

5.2 The share capital of the Transferor Company 2 as on 15th September 2023 is as under:

Particulars	Amount (Rs.)
Authorised Share Capital	
1,50,000 Equity Shares of Rs. 10/- each	15,00,000
4,00,000 Compulsorily Convertible Preference Shares of Rs. 10/- each	40,00,000
Total	55,00,000
Issued, Subscribed and Paid-up Share Capital	
18,736 Fully Paid-up Equity Shares of Rs. 10/-	1,87,360
486 Partly Paid-up Equity Shares of Rs. 0.1/-	48.60
Total	1,87,408.60

Prior to the Scheme coming into effect, the 486 partly paid shares of Transferor Company 2 shall be converted into fully paid-up shares. Before the effectiveness of the

Scheme, the Transferor Company 2 has committed to issue 1,649 shares under employee stock options and under other commitments made by the management of Transferor Company 2, on account of which the above-mentioned share capital may undergo a change.

5.3 The share capital of the Transferee Company as on 15th September 2023 is as under:

Particulars	Amount (Rs.)
Authorised Share Capital	
5,00,00,000 Equity Shares of Rs. 1/- each	5,00,00,000
Total	5,00,00,000
Issued, Subscribed and Paid-up Share Capital	
4,00,23,816 Fully Paid-up Equity Shares of Rs. 1/-	4,00,23,816
15,22,694 Partly Paid-up Equity Shares of Rs. 0.05/-	76,134.70
Total	4,00,99,950.70

Prior to the Scheme coming into effect, the 15,22,694 partly paid shares of Transferee Company shall be converted into fully paid-up shares. Before the effectiveness of the Scheme, the Transferee Company has committed to issue 5,10,144 shares under employee stock options and under other commitments made by the management of Transferee Company, on account of which the above-mentioned share capital may undergo a change.

**Part II – DEMERGER AND VESTING OF DEMERGED UNDERTAKING 1 OF
THE TRANSFEROR COMPANY 1 INTO THE TRANSFEE COMPANY**

6. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING 1

6.1 Upon the Scheme becoming effective and with effect from the Appointed Date and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act and Section 2(19AA) of the IT Act, the Demerged Undertaking 1 shall, without any further act, instrument or deed, be transferred to, and be vested in or be deemed to have

been transferred to and vested in Transferee Company, as a going concern, so as to become on and from the Appointed Date, the assets, liabilities, contracts, arrangements, employees, permits, records, etc. of Transferee Company by virtue of operation of law and in the manner provided in this Scheme.

- 6.2 In respect of such of the assets and properties forming part of the Demerged Undertaking 1 which are movable in nature (including but not limited to all intangible assets and intellectual properties) or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Transferor Company 1 to Transferee Company upon coming into effect of this Scheme and shall, ipso facto and without any other order to this effect, become the assets and properties of Transferee Company without requiring any deed or instrument of conveyance for transfer of the same.
- 6.3 Subject to clause 6.4 below, with respect to the assets of the Demerged Undertaking 1 other than those referred to in clause 6.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Transferor Company 1, the same shall, without any further act, instrument or deed, be transferred to and vested in and / or be deemed to be transferred to and vested in the Transferee Company, with effect from the Appointed Date by operation of law as transmission in favour of Transferee Company. With regard to the licenses of the properties, Transferee Company will enter into novation agreements, if it is so required.
- 6.4 In respect of such of the assets and properties forming part of the Demerged Undertaking 1 which are immovable in nature, whether freehold or leasehold, and any documents of title, rights, agreements to sell / agreements of sale and easements in relation thereto, same shall stand transferred to and be vested in Transferee Company with effect from the Appointed Date, without any act or deed done by the Transferor Company 1 or Transferee Company, and without any approval or acknowledgement of any third party. With effect from the Appointed Date, the Transferee Company shall be

entitled to exercise all rights and privileges and be liable to pay all taxes and charges and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation/ substitution of the title to such immovable properties shall be made and duly recorded in the name of the Transferee Company by the Appropriate Authority pursuant to the sanction of the Scheme by the NCLT and in accordance with the terms hereof. The Transferor Company 1 shall take all steps as may be necessary to ensure that lawful, peaceful and unencumbered possession, right, title, interest of its immovable property is given to the Transferee Company.

- 6.5 Notwithstanding anything contained in this Scheme, with respect to the immovable properties comprised in the Demerged Undertaking 1 in the nature of land and buildings situated in India, whether owned or leased, for the purpose of, inter alia, payment of stamp duty and vesting in Transferee Company, if Transferee Company so decides, the Parties, whether before or after the Effective Date, may execute and register or cause to be executed and registered, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of Transferee Company in respect of such immovable properties. Each of the immovable properties, only for the purposes of the payment of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a value determined by the relevant authorities in accordance with the applicable circle rates. The transfer of such immovable properties shall form an integral part of this Scheme.
- 6.6 Upon the Scheme coming into effect and with effect from the Appointed Date, all rights entitlements, licenses, applications and registrations relating to copyrights, trademarks, service marks, brand names, logos, patents and other intellectual property rights of every kind and description, whether registered or unregistered or pending registration, and the goodwill arising therefrom, relating to the Demerged Undertaking 1, to which either the Transferor Company 1 is a party or to the benefit of which the Transferor Company 1 may be / was eligible or entitled, shall become the rights, entitlement or property of Transferee Company and shall be enforceable by or against Transferee Company, as fully and effectually as if, instead of the Transferor Company 1, Transferee Company had been a party or beneficiary or obligee thereto or the holder or owner thereof.

- 6.7 Upon effectiveness of the Scheme,
- a. The Transferor Company 1 may, at its sole discretion but without being obliged to, give notice in such form as it may deem fit and proper, to such persons, as the case may be, that any debt, receivable, bill, credit, loan, advance, debenture or deposit relating to the Demerged Undertaking 1 stands transferred to and vested in Transferee Company and that appropriate modification should be made in their respective books / records to reflect the aforesaid changes.
 - b. all liabilities relating to and comprised in the Demerged Undertaking 1 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 1 of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations of Demerged Undertaking 1, shall, stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company, without any further act, instrument, deed, matter or thing.
 - c. If the Transferor Company 1 is entitled to any unutilized credits (including accumulated losses and unabsorbed depreciation), benefits under the state or central fiscal / investment incentive schemes (including production linked incentive schemes) and policies or concessions relating to the Demerged Undertaking 1 under any Tax Law or Applicable Law, Transferee Company shall be entitled, as an integral part of the Scheme, to claim such benefit or incentives or unutilised credits, as the case may be, without any specific approval or permission. Without prejudice to the generality of the foregoing, in respect of unutilized input credits of goods and service tax of the Transferor Company 1, the portion which will be attributed to the Demerged Undertaking 1 and be transferred to Transferee Company shall be determined by the Board of the Transferor Company 1 in accordance with the Applicable Law.
 - d. Subject to clause 27 and any other provisions of the Scheme, in respect of any refund, benefit, incentive, grant or subsidy in relation to or in connection with the Demerged Undertaking 1, the Transferor Company 1 shall, if so required by Transferee Company, issue notices in such form as Transferee Company may deem

fit and proper, stating that pursuant to the NCLT having sanctioned this Scheme, the relevant refund, benefit, incentive, grant or subsidy be paid or made good to or held on account of Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company 1 to recover or realise the same stands transferred to Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

- e. On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Transferee Company and are in relation to or in connection with the Demerged Undertaking 1, shall be accepted by the bankers of Transferee Company and credited to the account of Transferee Company, if and when presented by Transferee Company.
- f. The Transferee Company shall at any time upon the Scheme coming into effect and in accordance with the provisions hereof, if so required under any Law or otherwise execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Demerged Undertaking 1 to which the Transferor Company 1 has been a party, in order to give formal effect to the above provisions.
- g. Upon the Scheme coming into effect on the Effective Date and with effect from Appointed Date, in relation to the assets forming part of the Demerged Undertaking 1, if any, separate documents are required for vesting of such assets in the Transferee Company, or which the Transferor Company 1 and/ or the Transferee Company otherwise desire to be vested separately, the Transferor Company 1 and the Transferee Company will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.
- h. It is hereby clarified that if any assets of the Demerged Undertaking 1, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company 1 shall hold such asset in trust for the benefit of the Transferee Company and the Parties will thereafter mutually agree to the mechanism for transfer of such assets as per applicable law.

7. ENCUMBRANCES

- 7.1 The transfer and vesting of the assets comprised in the business of the Demerged Undertaking 1 of the Transferor Company 1, to and in the Transferee Company under clause 6 of this Scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.
- 7.2 In so far as any Encumbrance in respect of liabilities is concerned, such Encumbrance shall, without any further act, instrument or deed being required to be taken or modified, be extended to, and shall operate only over the assets comprised in the Demerged Undertaking 1 which have been Encumbered in respect of the liabilities as transferred to Transferee Company pursuant to the Scheme. Provided that if any of the assets comprised in the Demerged Undertaking 1 which are being transferred to Transferee Company pursuant to this Scheme have not been Encumbered in respect of the liabilities, such assets shall remain unencumbered, and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee, or third party shall not affect the operation of the above.
- 7.3 All the existing securities, mortgages, charges, Encumbrances or liens, if any, as on the Appointed Date and created by the Transferor Company 1 after the Appointed Date, over the assets comprised in the business of the Demerged Undertaking 1 of the Transferor Company 1, or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to liabilities of the Transferor Company 1, 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.
- 7.4 In so far as the assets comprised in the Demerged Undertaking 1 are concerned, the Encumbrance over such assets relating to any liabilities which are not transferred to the Transferee Company pursuant to this Scheme and which continue with the Transferor

Company 1 shall without any further act, instrument or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.

7.5 It is expressly provided that, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or to the extent guarantees are replaced or otherwise by necessary implication.

7.6 The provisions of this clause 7 shall operate in accordance with the terms of the Scheme, 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 be deemed to stand modified and/or superseded by the foregoing provisions.

8. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

8.1 Upon coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, including contracts for tenancies and licenses, deeds, bonds, agreements, incentives, benefits, exemptions, entitlements, arrangements, escrow arrangements and other instruments of whatsoever nature in relation to Demerged Undertaking 1 to which the Transferor Company 1 is a party or to the benefit of which the Transferor Company 1 may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or 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 1, the Transferee Company had been a party or beneficiary or obligee thereto.

8.2 The Transferee Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings, confirmations or novations or tripartite arrangements with any party to any contract or arrangements to which the Transferor Company 1 is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions.

8.3 It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged

Undertaking 1 to which the Transferor Company 1 is a party, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company 1 shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Transferee Company and Parties shall mutually agree on the mechanism for transfer of the same thereafter.

- 8.4 Upon the Scheme coming into effect and with effect from Appointed Date, all consents, agreements, permissions, statutory or regulatory licenses, certificates, insurance covers, clearances, authorities and power of attorney given by, issued to or executed in favour of the Transferor Company 1 in relation to the Demerged Undertaking 1, shall stand transferred to the Transferee Company in accordance with Applicable Laws, 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. In so far as the various incentives, subsidies, schemes, special status and other benefits or privileges enjoyed, granted by any governmental body, local authority, or by any other person, or availed by the Transferor Company 1 in relation to the Demerged Undertaking 1 are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions as applicable to the Transferor Company 1, as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to the Transferee Company.

9. **EMPLOYEES AND STAFF**

- 9.1 Upon the Scheme becoming effective and with effect from the Effective Date, Transferee Company undertakes to engage, without any interruption in service, all employees engaged in or in relation to the Demerged Undertaking 1, on terms and conditions no less favourable than those on which they are engaged by the Transferor Company 1. Transferee Company undertakes to continue to abide by any agreement / settlement or arrangement entered into or deemed to have been entered into by the Transferor Company 1 with any of the aforesaid employees or union representing them. Transferee Company agrees that the services of all such employees of the Transferor

Company 1 prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral / terminal benefits. The decision on whether or not an employee is part of the Demerged Undertaking 1 shall be decided by the Board of Directors of Transferor Company 1, and such decision shall be final and binding on all concerned Parties.

- 9.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such provident fund, gratuity fund and superannuation funds nominated by Transferee Company and/or such new provident fund, gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authority, by Transferee Company. Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the said employees would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Transferor Company 1.

10. **LEGAL PROCEEDINGS**

- 10.1 Upon coming into effect of this Scheme, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) (“Proceedings”) by or against the Transferor Company 1 under any statute, pending on the Appointed Date, relating to the Demerged Undertaking 1, shall be continued and enforced by or against the Transferee Company after the Effective Date. To the extent such Proceedings cannot be taken over by the Transferee Company, the Proceedings shall be pursued by the Transferor Company 1 as per the instructions of and entirely at the costs and expenses of the Transferee Company. In the event that such liability is incurred or such claim or demand is made upon the Transferor Company 1 pertaining to the Demerged Undertaking 1, then the Transferee Company shall reimburse and indemnify the Transferor Company 1 for any payments made in relation to the same. The Transferor Company 1 and the Transferee Company shall take appropriate steps in the respective

court or forum of the Proceedings before which they are pending to appropriately substitute the name of the plaintiff, defendant, petitioner, respondent or other in the cause title respectively from that of the Transferor Company 1 to the name of the Transferee Company, on due approval or sanction of such court or forum as appropriate.

- 10.2 Any Proceedings by or against the Transferor Company 1 under any statute, pending on the Appointed Date, whether or not in respect of any matter arising before the Effective Date relating to the Remaining Business of Transferor Company 1 (including those relating to any property, right, power, liability, obligation or duties of the Transferor Company 1 in respect of the Remaining Business of Transferor Company 1) shall be continued and enforced by or against the Transferor Company 1. The Transferee Company shall in no event be responsible or liable for or in relation to any such Proceeding by or against the Transferor Company 1.

11. CONSIDERATION

- 11.1 Upon the Scheme coming into effect and in consideration of the transfer and vesting of the Demerged Undertaking 1 of Transferor Company 1 with the Transferee Company pursuant to this Scheme and subject to the provisions of this Scheme, the Transferee Company shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis, to each member of the Transferor Company 1, whose name is recorded in the register of members as member of the Transferor Company 1 as on the Record Date 1, as follows:

Share Entitlement Ratio 1:

“1 (One) equity share of Transferee Company (of INR 1/- each fully paid up) for every 2 (Two) equity shares of Transferor Company 1 (of INR 10/- each fully paid up).”

- 11.2 The equity shares to be issued and allotted pursuant to the demerger of the Demerged Undertaking 1 into the Transferee Company under this Scheme shall be subject to the provisions of the memorandum of association and articles of association of Transferee Company and shall rank pari passu in all respects with any existing equity shares of the Transferee Company after the Effective Date including with respect to dividend, bonus,

right shares, voting rights and other corporate benefits attached to the shares of the Transferee Company.

- 11.3 Subject to Applicable Laws, the equity shares that are to be issued in terms of this Scheme shall be issued in dematerialized form. The register of members maintained by the Transferee Company and/ or, other relevant records, whether in physical or electronic form, maintained by the Transferee Company, the relevant depository, in terms of Applicable Laws shall (as deemed necessary by the Board of the Transferee Company) be updated to reflect the issue of the shares in terms of this Scheme. The shareholders of the Transferor Company 1 who hold shares in physical form, should provide the requisite details relating to his/ her/ its account with a depository participant or other confirmations as may be required, to the Transferee Company, prior to the Record Date 1 to enable it to issue the equity shares. However, if no such details have been provided to the Transferee Company by the shareholders holding shares in physical share certificates on or before the Record Date 1, the Transferee Company shall deal with the relevant equity shares in such manner as may be permissible under the Applicable Law, including by way of issuing the corresponding shares in dematerialized form to a person nominated by the Board of Transferee Company (“Nominated Person”) who shall hold these equity shares for the benefit of such shareholder. The equity shares of Transferee Company held by the Nominated Person for the benefit of the shareholder shall be transferred to the respective shareholder once such shareholder provides details of his/her/its demat account to the Nominated Person, along with such other documents as may be required by the Nominated Person. The respective shareholders shall have all the rights of the shareholders of the Transferee Company, including the right to receive dividend, voting rights and other corporate benefits, pending the transfer of equity shares from the Nominated Person. All costs and expenses incurred in this respect shall be borne by Transferee Company.
- 11.4 For the purpose of the allotment of the shares, pursuant to this Scheme, in case any shareholder’s holding in the Transferor Company 1 is such that the shareholder becomes entitled to a fraction of a share of the Transferee Company, the Transferee Company shall not issue fractional shares to such shareholder and shall consolidate all such fractions and round up the aggregate of such fractions to the next whole number. Such

consolidated shares shall be issued to and held by the Trust (nominated by the Board of the Transferee Company in that behalf) in dematerialised form, who shall hold such shares, with all additions or accretions thereto, for the benefit of the respective shareholders of the Transferee Company to whom they belong (“Record Date 1 Shareholders”) for the specific purpose of selling such shares in the market at such price or prices and at such time or times, within a period of 90 days from the date of allotment of shares, as the Trust may, in its sole discretion, decide and distribute the net sale proceeds (after deduction of the expenses incurred and applicable income tax) to the respective shareholders in the same proportion of their fractional entitlements. Any fractional entitlements from such net proceeds shall be rounded off to the nearest Rupee. It is clarified that any such distribution shall take place only on the sale of all the fractional shares of the Transferee Company pertaining to the fractional entitlements. To the extent any Record Date 1 Shareholder requires any consents, approvals or waivers (including any governmental approvals under applicable law) to receive such consideration, such shareholder shall be liable to procure the same prior to any distributions being made by the Trust.

- 11.5 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company 1, the Board of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date 1, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date 1, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Transferor Company 1, after the Scheme becoming effective.
- 11.6 The shares to be issued pursuant to this Scheme in respect of any equity shares of the Transferor Company 1 which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall pending allotment or settlement of dispute by order of court or otherwise, be held in abeyance.
- 11.7 If necessary, the Transferee Company shall before allotment of the equity shares of Transferee Company in term of the Scheme, increase, reclassify, and/or restructure its authorised share capital in such manner and by such amount as may be necessary to

satisfy its obligation under the provisions of the Scheme in compliance with the applicable provisions of the Act and the Rules thereunder.

- 11.8 In the event, any or all of the Companies restructure their share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share exchange ratio stated in clause 11.1 above shall be adjusted (including stock options) accordingly, to consider the effect of any such corporate actions undertaken by such Party.
- 11.9 Upon the issuance and allotment of equity shares pursuant to the Scheme, the Transferee Company shall take necessary steps, including the filing of the applications with Stock Exchange, for the purpose of listing of the equity shares of the Transferee Company on such recognized Stock Exchange, in accordance with the Applicable Laws.
- 11.10 The shares allotted by the Transferee Company pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the Stock Exchange.
- 11.11 The Transferee Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchange and SEBI Circular.
- 11.12 The issue and allotment of the shares is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Transferee Company or the Transferor Company 1 or their shareholders and as if the procedure laid down under the Act and such other Applicable Law as may be applicable, were duly complied with. It is clarified that the approval of the members of the Transferee Company to this Scheme, shall be deemed to be their consent/approval for the issue and allotment of shares of the Transferee Company.
- 11.13 The equity shares of the Transferee Company issued pursuant to this Scheme may not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and the Transferee Company may elect, in its sole discretion, to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof or any other exemption that the Transferee Company may elect to rely upon. In the event the Transferee Company elects to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof,

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

12. ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEROR COMPANY 1

12.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the demerger of the Demerged Undertaking 1 from the Transferor Company 1 to the Transferee Company shall be accounted for, in the books of the Transferor Company 1, in accordance with Appendix A of Ind AS 10 'Distribution of Non-Cash Assets to Owners' and other applicable Ind AS read with the Ind AS rules, as may be amended from time to time as follows:

12.1.1 The Transferor Company 1 shall measure a liability to distribute non cash assets to its owners to the extent of fair value of the Demerged Undertaking 1 to be distributed with a corresponding debit to the securities premium to the extent of book value of net assets (book value of assets minus book value of liabilities of Demerged Undertaking 1) and the balance amount (fair value of the Demerged Undertaking minus book value of net assets) shall be debited against the retained earnings of the Transferor Company 1.

12.1.2 The Transferor Company 1 shall reduce from its books of accounts, the carrying amount of assets and liabilities pertaining to the Demerged Undertaking 1, being transferred to the Transferee Company.

12.1.3 The book value of the net assets de-recognised as per clause 12.1.2 above will be adjusted against the carrying amount of the liability recognised as per clause 12.1.1 above, and the difference, if any, shall be recognised in the Statement of Profit and Loss.

12.1.4 The adjustment to the securities premium (as per clause 12.1.1 above) shall be effected as an integral part of the Scheme, pursuant to the order of the NCLT

sanctioning this Scheme, under Section 230 of the Act. The order of the NCLT sanctioning this Scheme shall also include approval and confirmation of such reduction in the securities premium of the Transferor Company 1 to the extent so required. Accordingly, as provided in the second explanation in Section 230 of the Act, the provisions of Section 66 of the Act shall not apply to such reduction of securities premium of the Transferor Company 1, effected in pursuance of the said order of the NCLT. Notwithstanding the reduction in the securities premium of the Transferor Company 1, the Transferor Company 1 shall not be required to add “And reduced” as a suffix to its name.

13. ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEREE COMPANY

13.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the Transferee Company will account for the demerger of Demerged Undertaking 1 of the Transferor Company 1 in its books of accounts using the principles laid down in Indian Accounting Standard 103 - Business Combinations and other applicable generally accepted accounting principles as follows:

13.1.1 Upon the Scheme becoming effective, the Transferee Company shall record the assets and liabilities transferred to and vested in it pertaining to the Demerged Undertaking 1 of the Transferor Company 1 pursuant to this Scheme at the fair values as on the Appointed Date.

13.1.2 The shareholding in the Transferee Company held by Transferor Company 1 as on the Appointed Date shall stand cancelled. Upon cancellation, the Transferee Company shall debit to its equity share capital the aggregate face value of such cancelled equity shares with a corresponding credit to the investments recognised as part of 13.1.1. The difference (if any) would be adjusted against the securities premium of the Transferee Company.

13.1.3 The Transferee Company shall credit the aggregate face value of the equity shares of Transferee Company issued and allotted by it as per clause 11 above to the members of the Transferor Company 1, to its share capital in its books of

account. The excess, if any, of the fair value of the equity shares over the face value of the equity shares shall be credited to the securities premium of the Transferee Company.

13.1.4 Upon the Scheme becoming effective, the intercompany balances between the Transferee Company and the Demerged Undertaking 1 of the Transferor Company 1, if any appearing in the books of the Transferee Company shall stand cancelled.

13.1.5 The excess/deficit of the fair value of net assets pertaining to the Demerged Undertaking 1, vested in the Transferee Company and the fair value of equity shares issued as per clause 13.1.3, after considering the effect of clause 13.1.2 above, shall be adjusted to the capital reserve/ goodwill of the Transferee Company, as applicable.

13.1.6 In case of any difference in accounting policy between the Demerged Undertaking 1 of the Transferor Company 1 and the Transferee Company, the accounting policies followed by the Transferee Company will prevail to ensure that the financial statements reflect the financial position based on consistent accounting policies.

14. REMAINING BUSINESS OF TRANSFEROR COMPANY 1

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

14.2 All the legal, taxation and other proceedings whether civil or criminal (including before any statutory authority or quasi-judicial authority or tribunal) by or against Transferor Company 1 under any statute, whether relating to the period prior to or after the Appointed Date and whether pending on the Appointed Date or which may be instituted in the future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining business of Transferor Company 1 (including those

relating to any property, right, power or liability, obligation or duty of Transferor Company 1 in respect of the Remaining Business of Transferor Company 1 and any income tax liability) shall be continued and enforced by or against Transferor Company 1 even after the Effective Date.

14.3 Up to and including the Effective Date

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

Part III – DEMERGER AND VESTING OF DEMERGED UNDERTAKING 2 OF THE TRANSFEROR COMPANY 2 INTO THE TRANSFEREE COMPANY

15. DEMERGER AND VESTING OF THE DEMERGED UNDERTAKING 2

- 15.1 Upon the Scheme becoming effective and with effect from the Appointed Date and subject to the provisions of this Scheme and pursuant to Sections 230 to 232 of the Act and Section 2(19AA) of the IT Act, the Demerged Undertaking 2 shall, without any further act, instrument or deed, be transferred to, and be vested in or be deemed to have been transferred to and vested in Transferee Company, as a going concern, so as to become on an from the Appointed Date, the assets, liabilities, contracts, arrangements, employees, permits, records, etc. of Transferee Company by virtue of operation of law and in the manner provided in this Scheme.
- 15.2 In respect of such of the assets and properties forming part of the Demerged Undertaking 2 which are movable in nature (including but not limited to all intangible

assets and intellectual properties) or are otherwise capable of transfer by delivery or possession or by endorsement, the same shall stand transferred by the Transferor Company 2 to Transferee Company upon coming into effect of this Scheme and shall, ipso facto and without any other order to this effect, become the assets and properties of Transferee Company without requiring any deed or instrument of conveyance for transfer of the same.

- 15.3 Subject to clause 15.4 below, with respect to the assets of the Demerged Undertaking 2 other than those referred to in clause 15.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), investments in shares and any other securities, sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with any Appropriate Authority, customers and other Persons, whether or not the same is held in the name of the Transferor Company 2, the same shall, without any further act, instrument or deed, be transferred to and vested in and / or be deemed to be transferred to and vested in the Transferee Company, with effect from the Appointed Date by operation of law as transmission in favour of Transferee Company. With regard to the licenses of the properties, Transferee Company will enter into novation agreements, if it is so required.
- 15.4 In respect of such of the assets and properties forming part of the Demerged Undertaking 2 which are immovable in nature, whether freehold or leasehold, and any documents of title, rights, agreements to sell / agreements of sale and easements in relation thereto, same shall stand transferred to and be vested in Transferee Company with effect from the Appointed Date, without any act or deed done by the Transferor Company 2 or Transferee Company, and without any approval or acknowledgement of any third party. With effect from the Appointed Date, the Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay all taxes and charges and fulfil all obligations, in relation to or applicable to such immovable properties. The mutation/ substitution of the title to such immovable properties shall be made and duly recorded in the name of the Transferee Company by the Appropriate Authority pursuant to the sanction of the Scheme by the NCLT and in accordance with the terms hereof. The Transferor Company 2 shall take all steps as may be necessary to ensure that lawful,

peaceful and unencumbered possession, right, title, interest of its immovable property is given to the Transferee Company.

- 15.5 Notwithstanding anything contained in this Scheme, with respect to the immovable properties comprised in the Demerged Undertaking 2 in the nature of land and buildings situated in India, whether owned or leased, for the purpose of, inter alia, payment of stamp duty and vesting in Transferee Company, if Transferee Company so decides, the Parties, whether before or after the Effective Date, may execute and register or cause to be executed and registered, separate deeds of conveyance or deeds of assignment of lease, as the case may be, in favour of Transferee Company in respect of such immovable properties. Each of the immovable properties, only for the purposes of the payment of stamp duty (if required under Applicable Law), shall be deemed to be conveyed at a value determined by the relevant authorities in accordance with the applicable circle rates. The transfer of such immovable properties shall form an integral part of this Scheme.
- 15.6 Upon the Scheme coming into effect and with effect from the Appointed Date, all rights entitlements, licenses, applications and registrations relating to copyrights, trademarks, service marks, brand names, logos, patents and other intellectual property rights of every kind and description, whether registered or unregistered or pending registration, and the goodwill arising therefrom, relatable to the Demerged Undertaking 2, to which either the Transferor Company 2 is a party or to the benefit of which the Transferor Company 2 may be / was eligible or entitled, shall become the rights, entitlement or property of Transferee Company and shall be enforceable by or against Transferee Company, as fully and effectually as if, instead of the Transferor Company 2, Transferee Company had been a party or beneficiary or obligee thereto or the holder or owner thereof.
- 15.7 Upon effectiveness of the Scheme,
- a. The Transferor Company 2 may, at its sole discretion but without being obliged to, give notice in such form as it may deem fit and proper, to such persons, as the case may be, that any debt, receivable, bill, credit, loan, advance, debenture or deposit relating to the Demerged Undertaking 2 stands transferred to and vested in

Transferee Company and that appropriate modification should be made in their respective books / records to reflect the aforesaid changes.

- b. all liabilities relating to and comprised in the Demerged Undertaking 2 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 2 of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilised for its business activities and operations of Demerged Undertaking 2, shall, stand transferred to and vested in or deemed to be transferred to and vested in the Transferee Company, without any further act, instrument, deed, matter or thing.
- c. If the Transferor Company 2 is entitled to any unutilized credits (including accumulated losses and unabsorbed depreciation), benefits under the state or central fiscal / investment incentive schemes (including production linked incentive schemes) and policies or concessions relating to the Demerged Undertaking 2 under any Tax Law or Applicable Law, Transferee Company shall be entitled, as an integral part of the Scheme, to claim such benefit or incentives or unutilised credits as the case may be without any specific approval or permission. Without prejudice to the generality of the foregoing, in respect of unutilized input credits of goods and service tax of the Transferor Company 2, the portion which will be attributed to the Demerged Undertaking 2 and be transferred to Transferee Company shall be determined by the Board of the Transferor Company 2 in accordance with the Applicable Law.
- d. Subject to clause 27 and any other provisions of the Scheme, in respect of any refund, benefit, incentive, grant or subsidy in relation to or in connection with the Demerged Undertaking 2, the Transferor Company 2 shall, if so required by Transferee Company, issue notices in such form as Transferee Company may deem fit and proper, stating that pursuant to the NCLT having sanctioned this Scheme, the relevant refund, benefit, incentive, grant or subsidy be paid or made good to or held on account of Transferee Company, as the person entitled thereto, to the end and intent that the right of the Transferor Company 2 to recover or realise the same

stands transferred to Transferee Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

- e. On and from the Effective Date, all cheques and other negotiable instruments and payment orders received or presented for encashment which are in the name of the Transferee Company and are in relation to or in connection with the Demerged Undertaking 2, shall be accepted by the bankers of Transferee Company and credited to the account of Transferee Company, if and when presented by Transferee Company.
- f. The Transferee Company shall at any time upon the Scheme coming into effect and in accordance with the provisions hereof, if so required under any Law or otherwise execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to the Demerged Undertaking 2 to which the Transferor Company 2 has been a party, in order to give formal effect to the above provisions.
- g. Upon the Scheme coming into effect on the Effective Date and with effect from Appointed Date, in relation to the assets forming part of the Demerged Undertaking 2, if any, separate documents are required for vesting of such assets in the Transferee Company, or which the Transferor Company 2 and/ or the Transferee Company otherwise desire to be vested separately, the Transferor Company 2 and the Transferee Company will execute such deeds, documents or such other instruments, if any, as may be mutually agreed.
- h. It is hereby clarified that if any assets of the Demerged Undertaking 2, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company 2 shall hold such asset in trust for the benefit of the Transferee Company and thereafter the Parties shall mutually agree on the mechanism to transfer the same.

16. **ENCUMBRANCES**

- 16.1 The transfer and vesting of the assets comprised in the business of the Demerged Undertaking 2 of the Transferor Company 2, to and in the Transferee Company under

clause 15 of this Scheme shall be subject to the mortgages and charges, if any, affecting the same, as and to the extent hereinafter provided.

- 16.2 In so far as any Encumbrance in respect of liabilities is concerned, such Encumbrance shall, without any further act, instrument or deed being required to be taken or modified, be extended to, and shall operate only over the assets comprised in the Demerged Undertaking 2 which have been Encumbered in respect of the liabilities as transferred to Transferee Company pursuant to the Scheme. Provided that if any of the assets comprised in the Demerged Undertaking 2 which are being transferred to Transferee Company pursuant to this Scheme have not been Encumbered in respect of the liabilities, such assets shall remain unencumbered, and the existing Encumbrance referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee, or third party shall not affect the operation of the above.
- 16.3 All the existing securities, mortgages, charges, Encumbrances or liens, if any, as on the Appointed Date and created by the Transferor Company 2 after the Appointed Date, over the assets comprised in the business of the Demerged Undertaking 2 of the Transferor Company 2, or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such Encumbrances secure or relate to liabilities of the Transferor Company 2, 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.
- 16.4 In so far as the assets comprised in the Demerged Undertaking 2 are concerned, the Encumbrance over such assets relating to any liabilities which are not transferred to the Transferee Company pursuant to this Scheme and which continue with the Transferor Company 2 shall without any further act, instrument or deed be released from such Encumbrance and shall no longer be available as security in relation to such liabilities.
- 16.5 It is expressly provided that, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that

such amendment is required statutorily or to the extent guarantees are replaced or otherwise by necessary implication.

- 16.6 The provisions of this clause 16 shall operate in accordance with the terms of the Scheme, 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 be deemed to stand modified and/or superseded by the foregoing provisions.

17. **CONTRACTS, DEEDS AND OTHER INSTRUMENTS**

- 17.1 Upon coming into effect of this Scheme and subject to the provisions of this Scheme, all contracts, including contracts for tenancies and licenses, deeds, bonds, agreements, incentives, benefits, exemptions, entitlements, arrangements, escrow arrangements and other instruments of whatsoever nature in relation to Demerged Undertaking 2 to which the Transferor Company 2 is a party or to the benefit of which the Transferor Company 2 may be eligible and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect on or 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 2, the Transferee Company had been a party or beneficiary or obligee thereto.
- 17.2 The Transferee Company may, at any time after coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, execute deeds, confirmations or other writings, confirmations or novations or tripartite arrangements with any party to any contract or arrangements to which the Transferor Company 2 is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions.
- 17.3 It is hereby clarified that if any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking 2 to which the Transferor Company 2 is a party, cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company 2 shall hold such contract, deeds, bonds, agreements, schemes, arrangements or other

instruments of whatsoever nature in trust for the benefit of the Transferee Company and Parties shall mutually agree on the mechanism for transfer of the same thereafter.

- 17.4 Upon the Scheme coming into effect and with effect from Appointed Date, all consents, agreements, permissions, statutory or regulatory licenses, certificates, insurance covers, clearances, authorities and power of attorney given by, issued to or executed in favour of the Transferor Company 2 in relation to the Demerged Undertaking 2, shall stand transferred to the Transferee Company in accordance with Applicable Laws, 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. In so far as the various incentives, subsidies, schemes, special status and other benefits or privileges enjoyed, granted by any governmental body, local authority, or by any other person, or availed by the Transferor Company 2 in relation to the Demerged Undertaking 2 are concerned, the same shall vest with and be available to the Transferee Company on the same terms and conditions as applicable to the Transferor Company 2, as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to the Transferee Company.

18. **EMPLOYEES AND STAFF**

- 18.1 Upon the Scheme becoming effective and with effect from the Effective Date, Transferee Company undertakes to engage, without any interruption in service, all employees engaged in or in relation to the Demerged Undertaking 2, on terms and conditions no less favourable than those on which they are engaged by the Transferor Company 2. Transferee Company undertakes to continue to abide by any agreement / settlement or arrangement entered into or deemed to have been entered into by the Transferor Company 2 with any of the aforesaid employees or union representing them. Transferee Company agrees that the services of all such employees of the Transferor Company 2 prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other retiral / terminal

benefits. The decision on whether or not an employee is part of the Demerged Undertaking 2 shall be decided by the Board of Directors of Transferor Company 2, and such decision shall be final and binding on all concerned Parties.

18.2 The accumulated balances, if any, standing to the credit of the aforesaid employees in the existing provident fund, gratuity fund and superannuation fund of which they are members, as the case may be, will be transferred respectively to such provident fund, gratuity fund and superannuation funds nominated by Transferee Company and/or such new provident fund, gratuity fund and superannuation fund to be established in accordance with Applicable Law and caused to be recognized by the Appropriate Authority, by Transferee Company. Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund dues of the said employees would be continued to be deposited in the existing provident fund, gratuity fund and superannuation fund respectively of the Transferor Company 2.

18.3 **Employee Stock Options:**

18.3.1 Upon the Scheme becoming effective, the Transferee Company shall formulate a new employee stock option plan in accordance with the provisions of Applicable Law (“**Transferee Company New ESOP Plan**”). The number of shares forming part of the Transferee Company New ESOP Plan shall be determined basis the Share Entitlement Ratio 2 as mentioned in clause 20 of this Scheme.

18.3.2 The Transferor Company 2 will adopt an employees stock option plan prior to the filing of the Scheme with the NCLT, and the concerned employees of the Demerged Undertaking 2, who are covered by such employees stock option plan of the Transferor Company 2, will upon the transfer of their employment with the Transferee Company, be governed by the provisions of Transferee Company New ESOP Plan, on a continuity of services basis and therefore their grant, vesting period and exercise period will be reckoned from the date of adoption of the employees stock option plan by the Board of the Transferor Company 2.

18.4 With effect from the date of filing of the Scheme with the NCLT and up to and including the Effective Date, neither the Transferor Company 2 nor the Transferee Company shall

vary the terms and conditions of employment of any of the employees pertaining to the Demerged Undertaking 2 except in the ordinary course of business or without the prior consent of the Board of Directors of Transferee Company or pursuant to any pre-existing obligation undertaken by the Transferor Company 2.

19. LEGAL PROCEEDINGS

- 19.1 Upon coming into effect of this Scheme, all legal or other proceedings (including before any statutory or quasi-judicial authority or tribunal) (“Proceedings”) by or against the Transferor Company 2 under any statute, pending on the Appointed Date, relating to the Demerged Undertaking 2, shall be continued and enforced by or against the Transferee Company after the Effective Date. To the extent such Proceedings cannot be taken over by the Transferee Company, the Proceedings shall be pursued by the Transferor Company 2 as per the instructions of and entirely at the costs and expenses of the Transferee Company. In the event that such liability is incurred or such claim or demand is made upon the Transferor Company 2 pertaining to the Demerged Undertaking 2, then the Transferee Company shall reimburse and indemnify the Transferor Company 2 for any payments made in relation to the same. The Transferor Company 2 and the Transferee Company shall take appropriate steps in the respective court or forum of the Proceedings before which they are pending to appropriately substitute the name of the plaintiff, defendant, petitioner, respondent or other in the cause title respectively from that of the Transferor Company 2 to the name of the Transferee Company, on due approval or sanction of such court or forum as appropriate.
- 19.2 Any Proceedings by or against the Transferor Company 2 under any statute, pending on the Appointed Date, whether or not in respect of any matter arising before the Effective Date relating to the Remaining Business of Transferor Company 2 (including those relating to any property, right, power, liability, obligation or duties of the Transferor Company 2 in respect of the Remaining Business of Transferor Company 2) shall be continued and enforced by or against the Transferor Company 2. The Transferee Company shall in no event be responsible or liable for or in relation to any such Proceeding by or against the Transferor Company 2.

20. **CONSIDERATION**

20.1 Upon the Scheme coming into effect and in consideration of the transfer and vesting of the Demerged Undertaking 2 of Transferor Company 2 with the Transferee Company pursuant to this Scheme and subject to the provisions of this Scheme, the Transferee Company shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis, to each member of the Transferor Company 2, whose name is recorded in the register of members as member of the Transferor Company 2 as on the Record Date 2, as follows:

Share Entitlement Ratio 2:

“1,515 (One Thousand Five Hundred and Fifteen) equity shares of Transferee Company (of INR 1/- each fully paid up) for every 1 (One) equity shares of Transferor Company 2 (of INR 10/- each fully paid up).”

20.2 The equity shares to be issued and allotted pursuant to the demerger of the Demerged Undertaking 2 into the Transferee Company under this Scheme shall be subject to the provisions of the memorandum of association and articles of association of Transferee Company and shall rank pari passu in all respects with any existing equity shares of the Transferee Company after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits attached to the shares of the Transferee Company.

20.3 Subject to Applicable Laws, the equity shares that are to be issued in terms of this Scheme shall be issued in dematerialized form. The register of members maintained by the Transferee Company and/ or, other relevant records, whether in physical or electronic form, maintained by the Transferee Company, the relevant depository, in terms of Applicable Laws shall (as deemed necessary by the Board of the Transferee Company) be updated to reflect the issue of the shares in terms of this Scheme.

20.4 For the purpose of the allotment of the shares, pursuant to this Scheme, in case any shareholder's holding in the Transferor Company 1 is such that the shareholder becomes entitled to a fraction of a share of the Transferee Company, the Transferee Company

shall not issue fractional shares to such shareholder and shall consolidate all such fractions and round up the aggregate of such fractions to the next whole number. Such consolidated shares shall be issued to and held by the Trust (nominated by the Board of the Transferee Company in that behalf) in dematerialised form, who shall hold such shares, with all additions or accretions thereto, for the benefit of the respective shareholders of the Transferee Company to whom they belong (“Record Date 2 Shareholders”) for the specific purpose of selling such shares in the market at such price or prices and at such time or times, within a period of 90 days from the date of allotment of shares, as the trust may, in its sole discretion, decide and distribute the net sale proceeds (after deduction of the expenses incurred and applicable income tax) to the respective shareholders in the same proportion of their fractional entitlements. Any fractional entitlements from such net proceeds shall be rounded off to the nearest Rupee. It is clarified that any such distribution shall take place only on the sale of all the fractional shares of the Transferee Company pertaining to the fractional entitlements. To the extent any Record Date 2 Shareholder requires any consents, approvals or waivers (including any governmental approvals under applicable law) to receive such consideration, such shareholder shall be liable to procure the same prior to any distributions being made by the trust.

- 20.5 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Transferor Company 2, the Board of the Transferee Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date 2, to effectuate such a transfer as if such changes in the registered holder were operative as on the Record Date 2, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Transferor Company 2, after the Scheme becoming effective.
- 20.6 The shares to be issued pursuant to this Scheme in respect of any equity shares of the Transferor Company 2 which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall pending allotment or settlement of dispute by order of court or otherwise, be held in abeyance.
- 20.7 If necessary, the Transferee Company shall before allotment of the Equity Shares of Transferee Company in term of the Scheme, increase, reclassify, and/or restructure its

authorised share capital in such manner and by such amount as may be necessary to satisfy its obligation under the provisions of the Scheme in compliance with the applicable provisions of the Act and the Rules thereunder.

- 20.8 In the event, any or all of the Companies restructure their share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share exchange ratio stated in clause 20.1 above shall be adjusted (including stock options) accordingly, to consider the effect of any such corporate actions undertaken by such Party.
- 20.9 Upon the issuance and allotment of equity shares pursuant to the Scheme, the Transferee Company shall take necessary steps, including the filling of the applications with Stock Exchange, for the purpose of listing of the equity shares of the Transferee Company on such recognized Stock Exchange, in accordance with the Applicable Laws.
- 20.10 The shares allotted by the Transferee Company pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the Stock Exchange.
- 20.11 The Transferee Company shall enter into such arrangements and give such confirmations and/ or undertakings as may be necessary in accordance with Applicable Law for complying with the formalities of the Stock Exchange and SEBI Circular.
- 20.12 The issue and allotment of the shares is an integral part hereof and shall be deemed to have been carried out under the orders passed by the Tribunal without requiring any further act on the part of the Transferee Company or the Transferor Company 2 or their shareholders and as if the procedure laid down under the Act and such other Applicable Law as may be applicable, were duly complied with. It is clarified that the approval of the members of the Transferee Company to this Scheme, shall be deemed to be their consent/approval for the issue and allotment of shares of the Transferee Company.
- 20.13 The equity shares of the Transferee Company issued pursuant to this Scheme may not be registered under the Securities Act and the Transferee Company may elect, in its sole discretion, to rely upon an exemption from the registration requirements of the Securities Act under Section 3(a)(10) thereof or any other exemption that the Transferee Company may elect to rely upon. In the event the Transferee Company elects to rely upon an exemption from the registration requirements of the Securities Act under

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

21. ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEROR COMPANY 2

21.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the demerger of the Demerged Undertaking 2 from the Transferor Company 2 to the Transferee Company shall be accounted for, in the books of the Transferor Company 2, in accordance with Appendix A of Ind AS 10 'Distribution of Non-Cash Assets to Owners' read with the Companies (Indian Accounting Standards) Rules, 2015, as may be amended from time to time, other Indian accounting standards and other generally accepted accounting principles as applicable.

22. REDUCTION OF SECURITIES PREMIUM IN THE BOOKS OF TRANSFEROR COMPANY 2

22.1 The Transferor Company 2 shall debit the book value of net assets (i.e., in case book value of assets minus book value of liabilities of Demerged Undertaking 2 is positive) to the securities premium of the Transferor Company 2.

22.2 The adjustment to the securities premium (as per clause 22.1 above) shall be effected as an integral part of the Scheme, pursuant to the order of the NCLT sanctioning this Scheme, under Section 230 of the Act. The order of the NCLT sanctioning this Scheme shall also include approval and confirmation of such reduction in the securities premium of the Transferor Company 2 to the extent so required. Accordingly, as provided in the second explanation in Section 230 of the Act, the provisions of Section 66 of the Act shall not apply to such reduction of securities premium of the Transferor Company 2, effected in pursuance of the said order of the NCLT. Notwithstanding the reduction in

the securities premium of the Transferor Company 2, the Transferor Company 2 shall not be required to add “And reduced” as a suffix to its name.

23. ACCOUNTING TREATMENT IN THE BOOKS OF TRANSFEEE COMPANY

23.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the demerger of the Demerged Undertaking 2 from the Transferor Company 2 to the Transferee Company shall be accounted for, in the books of the Transferee Company, in accordance with the Indian Accounting Standard 103 - Business Combinations and other applicable generally accepted accounting principles.

23.2 Upon the Scheme becoming effective, the intercompany balances between the Transferee Company and the Demerged Undertaking 2 of the Transferor Company 2, if any appearing in the books of the Transferee Company shall stand cancelled.

23.3 In case of any difference in accounting policy between the Demerged Undertaking 2 of the Transferor Company 2 and the Transferee Company, the accounting policies followed by the Transferee Company will prevail to ensure that the financial statements reflect the financial position based on consistent accounting policies.

24. REMAINING BUSINESS OF TRANSFEROR COMPANY 2

24.1 The Remaining Business of the Transferor Company 2 and all the assets, properties, rights, liabilities and obligations pertaining thereto, shall continue to belong to and be vested in and be managed by Transferor Company 2 and Transferee Company shall have no right, claim or obligation in relation to the Remaining Business of Transferor Company 2.

24.2 All the legal, taxation and other proceedings whether civil or criminal (including before any statutory authority or quasi-judicial authority or tribunal) by or against Transferor Company 2 under any statute, whether relating to the period prior to or after the

Appointed Date and whether pending on the Appointed Date or which may be instituted in the future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining business of Transferor Company 2 (including those relating to any property, right, power or liability, obligation or duty of Transferor Company 2 in respect of the Remaining Business of Transferor Company 2 and any income tax liability) shall be continued and enforced by or against Transferor Company 2 even after the Effective Date.

- 24.3 Up to and including the Effective Date
- a. Transferor Company 2 shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business of the Transferor Company 2 for and on its own behalf.
 - b. All profits accruing to the Remaining Business of Transferor Company 2 or losses arising or incurred to the Remaining Business of Transferor Company 2 (including the effect of taxes, if any, thereon) shall for all purposes, be treated as the profits or losses, as the case may be, of the Transferor Company 2; and
 - c. All assets and properties acquired in relation to Remaining Business of Transferor Company 2 on and after the Appointed Date shall belong to and continue to remain vested in the Transferor Company 2.

PART IV - GENERAL TERMS AND CONDITIONS

25. REDUCTION OF SHARE CAPITAL OF TRANSFEREE COMPANY

- 25.1 Upon the Scheme becoming effective and with effect from the Appointed Date, the equity shares of the Transferee Company held by the Transferor Company 1 shall, without any further application, act, instrument or deed, be automatically cancelled and be of no effect. Accordingly, the share capital of the Transferee Company shall stand reduced to the extent of the face value of such shares.
- 25.2 The reduction of the share capital of Transferee Company (as per clause 25.1 above) and adjustment against securities premium of Transferee Company (as per clause 13.1.2 above) shall be effected as an integral part of the Scheme, pursuant to the order of the

NCLT sanctioning this Scheme. The order of the NCLT sanctioning this Scheme shall also include approval and confirmation of such reduction in the share capital and securities premium of the Transferee Company to the extent so required. Accordingly, as provided in the second Explanation in Section 230 of the Act, the provisions of Section 66 of the Act shall not apply to such reduction of share capital and securities premium of the Transferee Company, effected in pursuance of the said order of the NCLT. Notwithstanding the reduction in the share capital of the Transferee Company, the Transferee Company shall not be required to add “And reduced” as a suffix to its name.

26. INTER-SE TRANSACTIONS

26.1 With effect from the Appointed Date, all inter-party transactions between the Transferor Company 1 (in relation to the Demerged Undertaking 1), Transferor Company 2 (in relation to the Demerged Undertaking 2) and Transferee Company, shall be considered as intra-party transactions for all purposes from the Appointed Date, and on the coming into effect of this Scheme, the same shall stand cancelled without any further act, instrument or deed.

26.2 Further, it is clarified that the above clause has no impact whatsoever on any taxes in the form of income-tax, goods and service tax, service tax, works contract tax, value added tax etc. paid on account of such transactions. The taxes paid shall be deemed to have been paid by or on behalf of the Transferee Company, on its own account and therefore, the Transferee Company, will be eligible to claim the credit / refund of the same and is also entitled to revise returns, as may be necessary, to give effect to the same.

27. COMPLIANCE WITH TAX LAWS

27.1 The Scheme has been drawn up in compliance with the conditions relating to ‘Demerger’ as specified under Section 2(19AA) of the IT Act.

- 27.2 If any of the terms or provisions of the Scheme is / are found or interpreted to be inconsistent with the provisions of Section 2(19AA) of the IT Act at a later date, including resulting from an amendment of Law or for any other reason whatsoever, the provisions of Section 2(19AA) of the IT Act shall prevail and the Scheme shall stand modified to the extent determined necessary to comply with the provisions of Section 2(19AA) of the IT Act, 1961. Such modifications will however not affect the other parts of the Scheme.
- 27.3 On or after the Effective Date, the Companies are expressly permitted to revise, its financial statements and returns along with prescribed forms, filings and annexures under the IT Act (including for the purpose of re-computing minimum alternative tax, and claiming other tax benefits), Service Tax law, VAT law, Goods and Service Tax law and other tax laws, and to claim refunds and / or credits for taxes paid (including tax on book profits, MAT credit and foreign tax credit) and to claim tax benefits etc. and for matters incidental thereto, if required to give effect to the provisions of the Scheme notwithstanding that the period of filing / revising such returns / forms may have lapsed and period to claim refund / credit also elapsed upon this Scheme becoming effective.
- 27.4 All tax assessment proceedings / appeals (including application and proceedings in relation to advance ruling) of whatsoever nature by or against the Transferor Company 1 (relating to the Demerger Undertaking 1) and the Transferor Company 2 (relating to the Demerger Undertaking 2), arising on or after the respective Appointed Date and relating to the Transferor Company 1 (relating to the Demerger Undertaking 1) and the Transferor Company 2 (relating to the Demerger Undertaking 2) shall be continued and / or enforced until the Effective Date as desired by the Transferee Company. As and from the Effective Date, the tax proceedings shall be continued and enforced by or against the Transferee Company, in the same manner and to the same extent as it would or might have been continued and enforced by or against the Transferor Company 1 (relating to the Demerger Undertaking 1) and the Transferor Company 2 (relating to the Demerger Undertaking 2).
- 27.5 Further, the aforementioned proceedings shall not abate or be discontinued nor be in any way prejudicially affected by reason of anything contained in the Scheme.

- 27.6 Any tax liabilities including but not limited to liabilities under the IT Act, Foreign Tax Credit, Tax Treaties, Customs Act 1962, Service Tax laws, VAT laws, Goods and Service Tax laws or other Applicable Laws / regulations dealing with taxes / duties / levies allocable or related to the Transferor Companies (relating to the respective Demerged Undertaking), to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date shall be transferred to the Transferee Company.
- 27.7 Any refund including but not limited to refund under the IT Act, Foreign Taxes, Customs Act 1962, Service Tax laws, Value Added Tax laws, Goods and Service Tax laws or other Applicable Laws / regulations dealing with taxes / duties / levies allocable or related to the Transferor Companies (relating to the respective Demerged Undertaking), consequent to the assessment made on the Transferor Companies (relating to the respective Demerged Undertaking), and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 27.8 All taxes including income-tax, foreign taxes, custom duty, service tax, goods and service tax, etc. paid or payable by the Transferor Companies (relating to the respective Demerged Undertaking), in respect of their operations and / or the profits of the business before the Appointed Date, shall be on account of the Transferor Companies, and, in so far as it relates to the tax payment (including, without limitation, income-tax, custom duty, service tax, goods and service tax, etc.) whether by way of deduction at source, advance tax or otherwise howsoever, by the Transferor Companies (relating to the respective Demerged Undertaking), in respect of their profits or activities or operation of the 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.
- 27.9 Further, any tax deducted at source by the Transferor Companies (relating to the respective Demerged Undertaking) and Transferee Company, on account of inter-se transactions which has been deemed not to be accrued, shall be deemed to be advance taxes paid by the Transferee Company and shall, in all proceedings, be dealt with accordingly.

- 27.10 Obligation for deduction of tax at source on any payment made by or to be made by the Transferor Companies (relating to the respective Demerged Undertaking), including but not limited to obligation under the IT Act, Service Tax laws, Customs law, Goods and Service tax law or other Applicable Laws / regulations dealing with taxes / duties / levies shall be made or deemed to have been made and duly complied with by the Transferee Company.
- 27.11 Without prejudice to the generality of the above, all benefits, incentives, losses, credit for tax including on book profits, accumulated losses, credits (including, without limitation income tax, excise duty, service tax, applicable state value added tax, cenvat credit, goods and service tax credit, etc.) to which the Transferor Companies (relating to the respective Demerged Undertaking) are entitled, shall be available to and vest in the Transferee Company, if eligible as per the provisions of the IT Act on and after the Appointed Date, even if such credits have not been availed off in the books as on the date of transfer. Also, the Transferee Company, will be entitled to avail Cenvat Credit / Goods and Service Tax Credit after the Appointed Date in respect of all duties / taxes where the documents are in the name of the Transferor Companies (relating to the respective Demerged Undertaking). Further, licenses issued to the Transferor Companies (relating to the respective Demerged Undertaking), by any regulatory authorities, if any, and all benefits and tax credits, if any, associated with it shall stand transferred to the Transferee Company upon the Scheme becoming effective.

28. CONDUCT OF BUSINESS UNTIL AND AFTER THE EFFECTIVE DATE

In respect of respective Demerged Undertaking of Transferor Company 1 and Transferor Company 2

- 28.1 With effect from the Appointed Date and upto and including the Effective Date,
- 28.1.1 The Transferor Company 1 and Transferor Company 2 shall carry on and be deemed to have carried on its business and activities relating to the respective Demerged Undertaking, and shall be deemed to have held and stood possessed of and shall hold and stand possessed of its business relating to the respective

Demerged Undertaking, for and on account of and in trust for the Transferee Company:

- 28.1.2 All the profits or income accruing or arising to, or expenditure or losses incurred by, the Transferor Company 1 and Transferor Company 2, relating to the respective Demerged Undertaking, shall for all purposes be treated and deemed to be the profits or income or expenditure or losses (as the case may be) of the Transferee Company; and
- 28.1.3 The Transferor Company 1 and Transferor Company 2, shall carry on their business and activities relating to the respective Demerged Undertaking with reasonable diligence and business prudence and shall not venture into/expand any new businesses, alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof relating to the respective Demerged Undertaking except in the ordinary course of business without the prior consent of the Transferee Company.
- 28.1.4 All taxes (including income tax, GST, Customs duty, service tax, VAT, etc.) paid or payable by the Transferor Company 1 and Transferor Company 2 in respect of the operations and / or the profits of the business relating to the respective Demerged Undertaking before the Appointed Date, shall be on account of the Transferor Company 1 and Transferor Company 2, respectively and, insofar as it relates to the tax payment (including, without limitation, income tax, GST, Customs duty, service tax, VAT, etc.) whether by way of deduction at source, advance tax or otherwise however, by the Transferor Company 1 and Transferor Company 2 in respect of the profits or activities or operations of its business relating to the respective Demerged Undertaking 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.
- 28.1.5 Any of the rights, powers, authorities or privileges attached, related or forming part of the respective Demerged Undertaking, exercised by Transferor Company 1 or Transferor Company 2 as the case may be, shall be deemed to have been exercised by Transferor Company 1 and Transferor Company 2, respectively, for and on behalf of, and in trust for and as an agent of Transferee Company.

Similarly, any of the obligations, duties and commitments attached, related or pertaining to the respective Demerged Undertaking that have been undertaken or discharged by Transferor Company 1 and Transferor Company 2 shall be deemed to have been undertaken/ discharged for and on behalf of Transferee Company.

28.2 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Appropriate Authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferor Company 1 and Transferor Company 2 may require to carry on the business relating to the respective Demerged Undertaking.

28.3 For the avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified as follow:

28.3.1 With effect from the Effective Date and till such time that the name of the bank accounts of the Transferor Company 1 and Transferor Company 2 (relating to the respective Demerged Undertaking) has been replaced with that of the Transferee Company, the Transferee Company shall be entitled to operate the bank accounts of the Transferor Company 1 and Transferor Company 2 (relating to the respective Demerged Undertaking) in the name of the Transferee Company in so far as may be necessary. All cheques and negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company 1 and Transferor Company 2 (relating to the respective Demerged Undertaking) after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company if presented by the Transferee Company. Similarly, till the time any regulatory registrations of the Transferor Company 1 and Transferor Company 2 (relating to the respective Demerged Undertaking) are closed / suspended and regulatory filings are required to be done on such registrations, the Transferee Company shall be entitled to do so to comply with the relevant regulations.

28.3.2 With effect from the Effective Date, the Transferee Company shall be entitled

to use all packed/ labeled goods, packing materials, cartons, stickers, wrappers, labels, containers, point of sale material, sign board, samples, closures, other publicity material, etc. lying unused with the Transferor Company 1 and Transferor Company 2 (relating to the respective Demerged Undertaking) or its vendors, suppliers or third party or in their supply chain or distribution channel and which the Transferor Company 1 and Transferor Company 2 are entitled to use under any statutes/ regulations, till such time as all of such stock exhaust without making any amendment on those goods or materials.

28.3.3 With a view to avoid any disruption of business, to ensure continuity of operations and exports and to maintain the same quality of product, with effect from the Effective Date and till such time all critical licenses, product registrations, marketing authorizations, permits, quotas, approvals, incentives, subsidies, etc. of Transferor Company 1 and Transferor Company 2 (relating to the respective Demerged Undertaking) is transferred, recorded, effected and/or perfected, in the record of the relevant governmental / regulatory authorities in all applicable jurisdictions in favour of Transferee Company, the Transferee Company shall carry on and be deemed to have been carrying on all the business and activities of the respective Demerged Undertaking in the name and style of the respective Demerged Undertaking as carried on by the Transferor Company 1 and Transferor Company 2 and under the relevant licenses, product registrations, marketing authorizations, permits, quotas, approvals, incentives, subsidies, etc. of Transferor Company 1 and Transferor Company 2, respectively. Further, during such period, Transferee Company can procure or use or manufacture, all material and product including packed/ labeled goods, packing materials, cartons, stickers, wrappers, labels, containers, point of sale material, sign board, samples, closures, other publicity material, etc. in the name and form/format of the Transferor Company 1 and Transferor Company 2 (relating to the respective Demerged Undertaking).

29. **VALIDITY OF RESOLUTIONS**

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

30. DIVIDENDS

30.1 The Companies shall be entitled to declare and pay dividends to their respective shareholders in the ordinary course of business, whether interim or final.

30.2 It is clarified that the aforesaid provisions in respect of declaration of dividends (whether interim or final) are enabling provisions only and shall not be deemed to confer any right on any shareholder of any of the Companies, as the case may be, to demand or claim or be entitled to any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the Board of the Companies, and subject to approval, if required, of the shareholders of the Companies.

31. CHANGE IN CAPITAL STRUCTURE OF THE COMPANIES

31.1 Without prejudice to the generality of this Scheme, during the period between the date of approval of the Scheme by the respective Boards and upto and including the date of allotment of shares pursuant to this Scheme, none of the Companies shall make any change in its capital structure, whether by way of increase (including by issue of equity shares on a rights basis, issue of bonus shares) decrease, reduction, reclassification, subdivision or consolidation, re-organisation of share capital, or in any other manner which may, in any way, affect the issuance of shares as per clauses 11 and 20, except under any of the following circumstances:

- (a) by mutual written consent of the respective Boards of the Companies; or
- (b) exercise of employee stock options granted under existing stock option schemes of the Companies; or
- (c) issue of shares by the Transferee Company to institutional investor(s) for fund raising of upto INR 850,00,00,000 (Indian Rupees Eight Hundred and Fifty Crores) (“**Proposed Fund Raise Amount**”), at a per share price of not less than INR 695 (Indian Rupees Six Hundred and Ninety-Five). The share capital of the Transferee Company in the event of such fund raising will be diluted accordingly to the extent of the funds raised. Such issue of shares will not change the swap ratio as specified in the Scheme; or
- (d) as may otherwise be expressly permitted under this Scheme.

32. **APPLICATION TO THE TRIBUNAL**

The Companies, with all reasonable dispatch, shall make necessary applications / petitions jointly and / or severally before the Tribunal for the sanction of this Scheme under Sections 230 to 232 and other applicable provisions of the Act.

33. **MODIFICATIONS / AMENDMENTS TO THE SCHEME**

- 33.1 The Companies, through their respective Board of Directors, may make and / or consent to any modifications / amendments to this Scheme or to any conditions or limitations that the Tribunal or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them or the Board, including the withdrawal of this Scheme or part thereof. The Board of Directors of the Companies shall take all such steps as may be necessary, desirable, or proper to resolve any doubts, difficulties or questions, including interpretation of the Scheme, whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith. The power of the Boards of Directors to modify / amend the Scheme shall be subject to the approval of the Tribunal.

33.2 If any part of this Scheme hereof is invalid, ruled illegal by the Tribunal, or unenforceable under present or future laws, then it is the intention of the Companies that such part shall be severable from the remainder of the Scheme. Further, if the deletion of such part of this Scheme may cause this Scheme to become materially adverse to the Companies, then in such case the Companies, shall attempt to bring about a modification in the Scheme, as will best preserve, for the Companies, the benefits, and obligations of the Scheme, including but not limited to such part.

34. SAVING OF CONCLUDED TRANSACTIONS

Anything contained in the Scheme, shall not affect any transaction or proceedings already concluded or liabilities incurred, or any liabilities discharged by the Transferor Companies, on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company, shall accept and adopt all acts, deeds and things made, done and executed by the Transferor Companies, as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

35. SCHEME CONDITIONAL ON APPROVALS / SANCTIONS

35.1 The Scheme is conditional upon and subject to:

35.1.1 the approval of the Scheme by the requisite majority of various classes of the respective members and creditors and such class of persons of the Companies, as required in terms of the applicable provisions of the relevant Act;

35.1.2 the approval of the scheme by the shareholders of the Transferor Company 1 through e-voting and / or other mode as may be required under any Applicable Law and the SEBI circular. The scheme is conditional upon approval by the public shareholders of the Transferor Company 1 through e-voting in terms of para 10(b) of Part I of SEBI Circular and the Scheme shall be acted upon only if votes cast by the public shareholders of the Transferor Company 1 in favour of the proposal are more than the number of votes cast by the public shareholders of the Transferor Company 1 against it.

- 35.1.3 the sanction of the Tribunal, being obtained under Sections 230 to 232 and other applicable provisions of the Act, if so, required on behalf of the Companies.
- 35.1.4 the certified copies of the order under Sections 230 to 232 of the Act, and other applicable provisions of the Act are duly filed with the Registrar of Companies;
- 35.1.5 approval of Appropriate Authorities (including Securities and Exchange Board of India) and receipt of 'No-Objection letter' from Stock Exchange where such approval or consent is necessary; and
- 35.1.6 all other sanctions and approvals as may be required by law in respect of this Scheme being obtained, where such approval or consent is necessary.

36. **COSTS**

All costs, charges, levies and expenses of the Companies, in relation to or in connection with or incidental to this Scheme or the implementation thereof shall be borne and paid for by the Transferee Company, unless otherwise determined by the Boards of Directors of the Companies.

37. **PROPERTY IN TRUST**

Notwithstanding anything contained in this Scheme, on or after Effective Date, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom pertaining to the Demerged Undertaking 1 of the Transferor Company 1 and Demerged Undertaking 2 of the Transferor Company 2 are transferred, vested, recorded, effected and/ or perfected, in the records of any Appropriate Authority, regulatory bodies or otherwise, in favour of the Transferee Company, such company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the Appropriate Authorities and till such time as may be mutually agreed by the relevant Parties, the Transferor Companies will continue to hold the property and/or

the asset, license, permission, approval, contract or agreement and rights and benefits arising therefrom, as the case may be, in trust for and on behalf of the Transferee Company.

38. SEVERABILITY

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

38.2 In the event of any inconsistency between any of the terms and conditions of any earlier arrangement amongst the Companies and their respective shareholders and/or creditors, and the terms and conditions of this Scheme, the latter shall prevail.

39. REMOVAL OF DIFFICULTIES

39.1 The Companies, through mutual consent and acting through their respective Boards, jointly and as mutually agreed in writing may give such directions (acting jointly) and agree to take steps, as may be necessary, desirable or proper, to resolve all doubts, difficulties or questions arising under this Scheme, whether by reason of any orders of NCLT or of any directive or orders of any Appropriate Authority, under or by virtue of this Scheme in relation to the arrangement contemplated in this Scheme and/ or matters concerning or connected therewith or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any manner whatsoever connected therewith, or to review the position relating to the satisfaction of various conditions of this Scheme and if necessary, to waive any of those to the extent permissible under Applicable Law; and do all such acts, deeds and things as may be necessary, desirable or expedient for carrying the Scheme into effect.

40. **BINDING EFFECT**

Upon the Scheme becoming effective, the same shall be binding on all the Companies, Appropriate Authority and all concerned parties without any further act, deed, matter or thing.