

**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL,
HYDERABAD BENCH AT HYDERABAD**

CA (CAA) No. 198/230/HDB/2019

In the matter of the Companies Act, 2013

And

In the matter of Section 230 and Section 232 of the Companies Act, 2013

And

In the matter of M/s. Sai Quest Syn Private Limited ('Demerged Company')

And

In the matter of M/s. Sai Life Sciences Limited ('Resulting Company')

And

Their respective Shareholders and Creditors

M/s. Sai Quest Syn Private Limited

a company incorporated under the Companies Act, 1956

having its registered office at L.N's Harmony Park,

Flat No. 203, Plot No. 73,

8-2-334/1/1, Road No. 05, Banjara Hills, Hyderabad,

Telangana - 500034, India.

Represented by its Director

Smt. Kanumuri Mytreyi

... 1st Applicant / Demerged Company

M/s. Sai Life Sciences Limited

A company incorporated under the Companies Act, 1956

having its registered office at # L4 - 01 and 02,

SLN Terminus, Survey # 133, Gachibowli, Miyapur Road, Gachibowli,

Hyderabad, Telangana- 500032, India.

Represented by its Director

Sri Ranga Raju Kanumuri

... 2nd Applicant / Resulting Company

NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS

To

The Equity Shareholders of

M/s. Sai Life Sciences Limited,

Take Notice that by an order dated the 3rd day of October, 2019, the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad has directed that a meeting of Equity Shareholders of M/s. Sai Life Sciences Limited be held at registered office of the company at # L4 - 01 and 02, SLN Terminus, Survey # 133, Gachibowli Miyapur Road, Gachibowli, Hyderabad, Telangana- 500032, India on Saturday, 16th day of November 2019 at 10.30 A.M. for the purpose of considering, and if thought fit, approving with or without modification, the Scheme of Arrangement between Sai Quest Syn Private Limited and Sai Life Sciences Limited and their respective Shareholders and Creditors.

Take further notice that in pursuance of the said order, a meeting of the equity shareholders of M/s Sai Life Sciences Limited will be held at # L4 - 01 and 02, SLN Terminus, Survey # 133, Gachibowli, Miyapur Road, Gachibowli, Hyderabad, Telangana- 500032, on Saturday, 16th day of November 2019 at 10.30 A.M at which time and place you are requested to attend to consider and if thought fit, to approve with or without modification(s) the following resolution:

"RESOLVED THAT pursuant to the provisions of Sections 232 read with 230 and other applicable provisions, if any, of the Companies Act, 2013 along with the related rules and enabling provisions in the Memorandum and Articles of Association of the



Company, subject to the requisite approvals and subject to the sanction of the National Company Law Tribunal ("Tribunal"), Hyderabad Bench at Hyderabad, the Scheme of Arrangement between Sai Quest Syn Private Limited and Sai Life Sciences Limited and their respective Shareholders and Creditors placed before this meeting duly initialled by the chairman for the purpose of identification, be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors of the Company (the "Board") be and is hereby authorized to do all such acts, deeds, matters and things, as may be considered requisited, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangements embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper".

Take further notice that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form duly signed by you or your authorized representative is deposited at the registered office of the company at # L4 - 01 and 02, SLN Terminus, Survey # 133, Gachibowli, Miyapur Road, Gachibowli, Hyderabad, Telangana-500032, India, not later than 48 hours before the commencement of the meeting.

The Hon'ble National Company Law Tribunal, Hyderabad Bench has appointed Smt. K. Srilatha, Advocate to be the chairman of the said meeting and Shri K.V. Raman, Advocate as Scrutinizer of the said meeting.

A copy of the Scheme, the statement under sections 230, 232 and 102 and other applicable provisions of the Companies Act, 2013 and Rules framed there under, Form of Proxy, attendance slip are enclosed herewith. This notice convening meeting of the equity shareholders of the resulting company along with the aforesaid documents are placed on the website of the Company, i.e., <https://www.sailife.com/>

Dated this 10th day of October, 2019
At Hyderabad



Smt. K. Srilatha
Advocate
Chairman appointed
for the Equity Shareholders
Meeting
Address:

R/o. House No. 12-13-528/529
Flat No.204, Sri Sai Nivasa, Street
No.14, Nagarjuna Nagar Colony,
Tarnaka, Secunderabad - 500017

Notes:

1. An equity shareholder entitled to attend and vote at the meeting is entitled to appoint proxy or proxies to attend and vote instead of himself / herself on a poll only and such proxy need not be an Equity shareholder of the Resulting Company. The proxy form in order to be effective must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. Any alteration made in the proxy form shall be initialed.
3. Only Equity shareholders of the Resulting Company may attend and vote (either in person or by Proxy) or by Authorised Representative under Sections 112 and 113 and other applicable provisions of the Companies Act, 2013 at the meeting. The Authorised Representative of a Body Corporate which is a registered equity shareholder of the Resulting Company may attend and vote at the meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the Body Corporate under Section 113 of the Companies Act, 2013 authorizing such representative to attend and vote at the meeting is deposited at the Registered Office of the Resulting Company not later than 48 (forty eight) hours before the commencement of the meeting.

4. The quorum of the meeting of the Equity shareholders of the Resulting Company Shall be 5 (five) Equity shareholders of the Resulting Company, present in person or proxy as per Section 103 of Companies Act.
5. The form of proxy can be obtained free of charge from the registered office of the Resulting Company.
6. The Equity shareholders and/or their proxies are requested to bring the attendance slip duly completed and signed for attending the meeting.
7. The Notice, together with the documents accompanying the same, is being sent to the Equity shareholders by ordinary post/ speed post / courier.
8. The documents referred to in the accompanying Explanatory Statement shall be open for inspection by the Equity shareholders at the registered office of the Resulting Company between 10:00 a.m. and 12:00 noon on all days (except Saturdays, Sundays and public holidays) upto the date of the meeting.
9. The notice convening the aforesaid meeting will be published in the English and Regional Language Newspapers.
10. The route map to the venue of the meeting is furnished herewith and forms part of the Notice.
11. Pursuant to section 232(2) of the Companies Act, 2013, the following information is being circulated to the shareholders:
 - (a) the proposed Scheme of arrangement adopted by the directors of the said company is enclosed as **Exhibit 1** to this notice;
 - (b) A copy of the proposed Scheme of arrangement has been filed with the Registrar of Companies, Telangana, on 9th day of October, 2019.



**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL,
HYDERABAD BENCH AT HYDERABAD**

CA (CAA) No. 198/230/HDB/2019

In the matter of the Companies Act, 2013

And

In the matter of Section 230 and Section 232 of the Companies Act, 2013

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In the matter of M/s. Sai Quest Syn Private Limited ('Demerged Company')

And

In the matter of M/s. Sai Life Sciences Limited ('Resulting Company')

And

Their respective Shareholders and Creditors

M/s. Sai Quest Syn Private Limited

A company incorporated under the Companies Act, 1956
having its registered office at L.N's Harmony Park,
Flat No. 203, Plot No. 73,
8-2-334/1/1, Road No. 05, Banjara Hills, Hyderabad,
Telangana - 500034, India.
Represented by its Director
Smt. Kanumuri Mytreyi

... 1st Applicant / Demerged Company

And

M/s. Sai Life Sciences Limited

A company incorporated under the Companies Act, 1956
having its registered office at # L4 - 01 and 02,
SLN Terminus, Survey # 133, Gachibowli Miyapur Road, Gachibowli,
Hyderabad, Telangana- 500032, India.
Represented by its Director
Sri Ranga Raju Kanumuri

... 2nd Applicant / Resulting Company

**EXPLANATORY STATEMENT UNDER SECTION 230, 232 AND 102 OF THE
COMPANIES ACT, 2013 AND RULES MADE THEREUNDER**

In this statement, M/s. Sai Quest Syn Private Limited is referred to as the "1st Applicant Company" or "Demerged company" and M/s. Sai Life Sciences Limited is referred to as the "2nd Applicant Company" or "Resulting company". The other definitions contained in the enclosed Scheme of Arrangement ("Scheme") will apply to this Explanatory Statement.

The following statement as required under Sections 230, 232 and Section 102 of the Companies Act, 2013, sets forth the details of the Scheme, its effects and any material interests of the directors and Key Managerial Personnel in their capacity as members.

This is a statement accompanying the Notice convening the meeting of the Equity Shareholders of the Resulting Company, pursuant to the order dated the 3rd day of October, 2019 passed by the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad in CA(CAA) No.198/230/HDB/2019, to be held at # L4 - 01 and 02, SLN Terminus, Survey # 133, Gachibowli Miyapur Road, Gachibowli, Hyderabad, Telangana-500032 on Saturday, the 16th day of November, 2019 at 10.30 A.M. for the purpose of considering and, if thought fit, approving with or without modifications, the proposed Scheme of Arrangement between Sai Quest Syn Private Limited (1st Applicant / Demerged Company) and Sai Life Sciences Limited (2nd Applicant / Resulting Company) and their respective shareholders with effect from May 1, 2019.



Background of the Companies involved in the Scheme are as under:

1. M/s. Sai Quest Syn Private Limited, (hereinafter referred to as "Demerged Company") was originally incorporated on 21st April 1998 as Sai Quest Syn Private Limited and was subsequently converted into a public limited company as 'Sai Quest Syn Limited' on 13th February, 2004 and later on converted into a private limited company as 'Sai Quest Syn Private Limited' on 9th December, 2010 and a fresh certificate of incorporation consequent to change of name on conversion to private limited company was issued on 02nd March, 2011 and its CIN No. is U24110TG1998PTC029265.
2. Sai Quest Syn Private Limited / Demerged Company is incorporated, *inter alia*, to carry on the business of manufacturing of and dealers in, Chemicals, Fine Chemicals, Synthetics, Finished Drugs and Pharmaceuticals, Fine Pharmaceuticals, Bulk Drugs and Cosmetics. The main objects are set out in the Memorandum of Association. They are briefly as under:
 - (i) To carry on the business of manufacturers of and dealers in, Chemicals, Fine Chemicals, Synthetics, Finished Drugs and Pharmaceuticals, Fine Pharmaceuticals, Bulk Drugs and Cosmetics.
 - (ii) To carry on the business as chemical engineers, analytical chemists, importers, exporters, manufacturers of and dealers in heavy chemicals, acids, alkalis, chemical compounds, and chemicals of all kinds (solid, liquid and gaseous), drugs, medicines, pharmaceuticals, antibiotics, and pharmaceutical, medical, sizing, bleaching, photographic and other preparations and articles.
 - (iii) To carry on and to do all kinds of research services in Chemicals, Synthetics, Pharmaceuticals and carry on research in manufacturing and to act as advisors for such chemicals and to do research laboratories who may desire to utilize these services in Chemicals, Pharmaceuticals and Synthetics.
 - (iv) To carry on and to acquire or invent and secret formula, know-how manufacturing process and or design of plant, equipment for the manufacture of chemicals, Drugs, Pharmaceuticals, food products and install, erect the plant and run the plant for the Company' use.
3. The authorised, issued, subscribed and paid-up share capital of the Demerged Company as on 31st March 2019 is as follows:

Particulars	Amount in INR
Authorised Share Capital	
21,00,000 Equity Shares of INR 10/- each	2,10,00,000
Issued, Subscribed and Paid-up Share Capital	
20,00,000 Equity Shares of INR 10/- each fully paid-up	2,00,00,000
Total	2,00,00,000

4. The summary of audited financial statements as at March 31, 2019 of M/s Sai Quest Syn Private Limited / Demerged Company is given below:

(Amount in INR Lakhs)

Particulars		As at 31/03/2019 (Audited)
EQUITY AND LIABILITIES:		
A	Share Holders' Funds	
	(a) Share Capital	200.00
	(b) Reserve and Surplus	941.41

	Total (A)	1141.41
B	Non current Liabilities	
	(a) Long Term borrowings	14.66
	(b) Deferred tax liabilities (net)	2.90
	Total (B)	17.56
C	Current Liabilities	
	(a) Other current liabilities	3.21
	(b) Short term provisions	100.00
	Total (C)	103.21
	Total Liabilities (A+B+C)	1,262.18
ASSETS :		
A	Non-Current Assets	
	(a) Fixed Assets	
	(i) Tangible Assets	0.24
	(ii) Intangible Assets	25.17
	Total (A)	25.41
B	Current Assets	
	(a) Current investments	1,095.76
	(b) Cash & cash equivalents	45.43
	(c) Short-term loans & advances	95.58
	Total (B)	1,236.78
	Total Assets (A+B)	1,262.18

5. M/s. Sai Life Sciences Limited (hereinafter referred to as "2nd Applicant / Resulting Company") was originally incorporated on 25th January, 1999 as 'Sai Dru Syn Laboratories Limited'. The name of the company was then changed to 'Sai Life Sciences Limited' on 16th December, 2003. The name of the company was again changed to 'Sai Advantium Pharma Limited' on 13th August, 2006. The name of the company was again changed to 'Sai Life Sciences Limited' and a fresh certificate of incorporation consequent upon change of name was issued on 28th May, 2012. The CIN No. of the Resulting Company is U24110TG1999PLC030970.
6. Sai Life Sciences Limited / Resulting Company is incorporated, *inter alia*, to carry on the business of manufacturing and dealing in Chemicals, Fine Chemicals Synthetics, Finished Drugs and Pharmaceuticals, Fine Pharmaceuticals, Bulk Drugs and Cosmetics and to establish laboratory facilities for the Company's own or others' use. The main objects are set out in the Memorandum of Association. They are briefly as under:
- (i) "To carry on the business of manufacturers of and dealers in chemicals, Fine Chemicals Synthetics, Finished Drugs and Pharmaceuticals, Bulk Drugs and Cosmetics and to establish laboratory facilities for the company's own or other's use.

- (ii) To carry on the business as chemical engineers, analytical chemists, importers, exporters, manufacturers of and dealers in heavy chemicals, acids, alkalis, chemical compounds and chemicals of all kinds (solid, liquid and gaseous), drugs, medicines, pharmaceuticals, antibiotics and pharmaceutical, medical, sizing, bleaching, photographic and other preparations and articles.
- (iii) To carry on and to acquire or invest any secret formula, know-how manufacturing process and or design of plant, equipment for the manufacture of Chemicals, Drugs, Pharmaceuticals, Food Products and install, erect the plant and run the plant for the Company's use."
6. The authorized, issued, subscribed and paid-up share capital of Resulting Company as on 31st March 2019 is as under:

Particulars	Amount in INR
Authorised Share Capital	
2,14,00,000 Equity Shares of INR 10/- each	21,40,00,000
Issued, Subscribed and Paid-up Share Capital	
1,63,66,728 Equity Shares of INR 10/- each fully paid-up	16,36,67,280
Total	16,36,67,280

7. The summary of the audited financial statements as at March 31, 2018 and provisional financial statements as at March 31, 2019 of M/s Sai Life Sciences Limited/Resulting Company is given below:

(Amount in INR Lakhs)

Particulars		As at 31/03/2019 (Provisional)	As at 31/03/2018 (Audited)
ASSETS:			
A	Non-Current Assets		
	(a) Property, plant and equipment	33,359.28	30,290.08
	(b) Capital work-in-progress	11,613.86	1,367.54
	(c) Intangible assets	594.45	383.82
	(d) Financial assets		
	(i) Investments	3.84	3.84
	(ii) Loans & Deposits	607.28	533.75
	(iii) Other financial assets	-	114.62
	(e) Non-current tax assets	387.55	387.55
	(f) Other non-current assets	2,527.75	1,874.91
	Total (A)	49,094.01	34,956.11
B	Current Assets		
	(a) Inventories	4,365.93	7,285.40
	(b) Financial assets		
	(i) Trade receivables	23,952.19	26,163.30
	(ii) Cash & cash equivalents	23,780.63	782.32

	(iii) Bank balances other than (ii) above	370.87	763.39
	(iv) Loans & Deposits	56.35	54.39
	(v) Other financial assets	7,752.31	611.55
	(c) Other current assets	8,326.70	6,138.32
	Total (B)	68,604.98	41,798.67
	Total Assets (A+B)	117,698.99	76,754.78
	<u>EQUITY AND LIABILITIES:</u>		
	<u>Equity</u>		
A	(a) Equity Share Capital	1,636.67	1,417.53
	(b) Other Equity	70,576.68	34,975.15
	Total (A)	72,213.35	36,392.68
	<u>Liabilities</u>		
B	Noncurrent Liabilities		
	(a) Borrowings	8,188.65	6,776.67
	(b) Other financial liabilities	-	952.24
	(c) Provisions	1,252.38	852.38
	(d) Deferred tax liabilities (net)	3,390.29	1,472.81
	(e) Other non-current liabilities	-	257.17
	Total (B)	12,831.32	10,311.27
C	Current Liabilities		
	(a) Borrowings	14,111.17	14,606.43
	(b) Trade payables	5,842.11	6,611.21
	(c) Other financial liabilities	11,065.18	7,369.87
	(d) Other current liabilities	963.85	819.06
	(e) Provisions	368.01	350.64
	(f) Current tax liabilities	304.00	293.62
	Total (C)	32,654.32	30,050.83
	Total Liabilities (A+B+C)	117,698.99	76,754.78

8. The rationale of the Scheme inter-alia provides for the following:

The proposed demerger of the Demerged Undertaking of the Demerged Company into Resulting Company would result in the following benefits:

- (i) The Demerged Business Undertaking is subject to different rates of profitability, growth opportunities, future prospects and risks. The nature of risk and competition involved in this business undertaking is distinct. With an endeavor to enhance

shareholder's value, it is proposed to reorganize and segregate the business of demerged business undertaking of the demerged company.

- (ii) The Demerged Company is engaged in the business of manufacturing and trading in chemicals, fine chemicals, synthetics, finished drugs and pharmaceuticals whereas, the Resulting Company is engaged in manufacturing of similar products and uses the products traded by the Demerged Company as the raw material for its manufacturing process. The demerger of the Demerged Business Undertaking from the Demerged Company into Resulting Company would bring synergies in the operations of the Resulting Company as it would be able to use the procurement expertise/ capabilities available with the Demerged Company in its business, whereby maximizing cost efficiency on procurement of the said raw material, for the Resulting Company.
- (iii) Intellectual properties with respect to procurement expertise/ capabilities, managing logistics/ supply chain in overseas market, by the Demerged Business Undertaking of the Demerged Company shall enable rapid global expansion of the Resulting Company.
- (iv) Enable each business to pursue growth opportunities and offer investment opportunities to potential investors.

The members or creditors are requested to read the entire text of the Scheme to get acquainted with the contents thereof.

9. The Resolution passed at the meeting is subject to the confirmation of the Scheme by the Hon'ble National Company Law Tribunal at Hyderabad and/or appropriate authorities as may be necessary under the applicable law.
10. The present Directors of the Demerged Company are:

S. No	Name of the Directors	Address
1	Ranga Raju Kanumuri DIN: 00043186	H.no. 8-2-120/112/A/4, Shaikpet Village Jubilee Hills, Hyderabad, 500033 Telangana, India
2	Kanumuri Mytreysi DIN: 00064410	8-2-120/112/A/4 Road no 9 Jubilee Hills Hyderabad, 500034 Telangana, India
3	Sudha Kanumuri DIN: 02399755	Plot no 984 Road no 50 Ambedkar. University Jubilee Hills Shaikpet, Hyderabad 500033 Telangana, India
4.	Kanumuri Prathima DIN: 03079820	8-2-120/112/8/4 Road no 9 Jubilee Hills, Hyderabad, 500033 Telangana, Hyderabad

11. The present Directors of the Resulting Company are:

S. No	Name of the Directors	Address
1	Ranga Raju Kanumuri DIN: 00043186	H.no. 8-2-120/112/A/4, Shaikpet Village Jubilee Hills, Hyderabad, 500033 Telangana, India
2	Krishnamraju Kanumuri DIN: 00064614	8-2-120/112/A/4, Jubilee Hills, Hyderabad 500033 Telangana, India
3	Puneet Bhatia DIN: 00143973	House no. 525 A Magnolias Apartment, DLF Golf Course, DLF Phase-V, Gurgaon, G Alleria DL Gurgaon, 122009 Haryana, India
4.	Raju Penmasta DIN: 00897301	22640, Beaverdam Drive, Ashburn Virginia 201487335 US
5.	Rajagopal Srirama Tatta DIN: 00988348	963, Barcarmil Way Naples Florida, 34110 US

6.	Nandita Gurjar DIN: 01318683	No. 5, 10th Main 3rd Block, Madhavan Park, Jayanagar, Bangaluru, Bangalore South, 560011 Karnataka, India
7.	Mitesh Daga DIN: 08189217	F-2302, Oberoi Splendor, J V L R Opp Majas Bus Depot, Jogeshwari East Mumbai, 400060 Maharashtra, India

12. In view of the aforesaid advantages, the Board of Directors of the Demerged Company vide its resolution dated 25th March, 2019 approved the Scheme of Arrangement between Sai Quest Syn Private Limited and Sai Life Sciences Limited and their respective shareholders and creditors.

The name of Directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are:

S. No	Name of the Directors	Voted in favour / Voted against / did not participate
1	Ranga Raju Kanumuri	Voted in favour
2	Kanumuri Mytrei	Voted in favour
3	Sudha Kanumuri	Voted in favour
4.	Kanumuri Prathima	Voted in favour

13. The Board of Directors of the Resulting Company vide its resolution dated 25th March, 2019 approved the Scheme of Arrangement between Sai Quest Syn Private Limited and Sai Life Sciences Limited and their respective shareholders and creditors.

The name of Directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution are:

S. No	Name of the Directors	Voted in favour / Voted against / did not participate
1	Ranga Raju Kanumuri	Voted in favour
2	Krishnamraju Kanumuri	Voted in favour
3	Puneet Bhatia	Voted in favour
4.	Raju Penmasta	Voted in favour
5.	Rajagopal Srirama Tatta	Voted in favour
6.	Nandita Gurjar	Did not participate
7.	Mitesh Daga	Voted in favour

14. None of the Directors of the companies involved in the Scheme has any material interest in the said Scheme except as shareholders in general, to the extent of which it will appear

from the Register of the Directors' shareholding maintained by the companies involved in the Scheme.

15. In view of the above advantages, it is proposed that the Demerged undertaking of the Demerged Company be transferred and vested with the Resulting Company with effect from the Appointed Date i.e., May 1, 2019 or such other date as the Hon'ble National Company Law Tribunal, Hyderabad Bench at Hyderabad or such other authorities may direct / fix, which will be not only beneficial to its shareholders but also to its employees and creditors.
16. The Demerged Company is a group Company of the Resulting Company and pursuant to the Scheme of Arrangement becoming effective, shares of the Resulting Company shall be allotted to the shareholders of Demerged Company. A copy of the swap recommendation letter obtained from Shri. Sampath Soora, Registered Valuer (IBBI) is enclosed herewith.
17. The Scheme does not affect the rights of the Creditors of the Demerged Company and the Resulting Company. There will not be any reduction in amounts payable to the creditors of the Demerged Company and the Resulting Company post sanctioning of the Scheme.
18. The KMPs, if any and the employees of the Demerged undertaking of the Demerged Company in service shall be deemed to have become the KMPs and employees of the Resulting Company post sanctioning of the Scheme without interruption in their service. Further, the terms and conditions of their employment with the Resulting Company (i.e. cost-to-company basis, in monetary terms) shall not be less favourable than those applicable to them with reference to their employment with the Demerged Company.
19. The KMPs of the Resulting Company are Mr. Krishnamraju Kanumuri (MD), Mr. Jayant Bhalchandra Manmadkar (CFO), Mr. Sivaramkrishnan Chittor (COO) and Ms. Runa Karan (CS) and of the Demerged Company are Ms. Kanumuri Mytreysi (MD). None of the KMPs of the Demerged Company and the Resulting Company have any material interest in the said Scheme except as employees/ shareholders in general.
20. Scheme would not be prejudicial to the interests of the shareholders or creditors, if any, of either of the companies. There is no likelihood that any secured or unsecured creditor of either of the companies would lose or be prejudiced as a result of the Scheme being passed nor are their rights sought to be modified in any manner. Hence, the Scheme will not cast any additional burden on the shareholders or creditors of the Demerged Company or the Resulting Company, nor will it affect the interest of any of the shareholders or creditors, as post arrangement.
21. There are no proceedings/investigation pending against the Demerged Company and the Resulting Company.
22. The Notice of the proposed meeting and the Scheme shall be filed with the Registrar of Companies, Regional Director, Official Liquidator and the Income Tax Authorities and the representation if any to the Scheme shall be made within thirty days of receipt of such notice. It may be noted that there are no sectoral regulators which needs to be informed in the present case.
23. A copy of the Scheme setting out the terms and conditions of the Arrangement between the Demerged Company and the Resulting Company and their respective shareholders and Creditors as approved by the Board of Directors of the respective companies in their respective Board Meetings is enclosed herewith.
24. The proposed Scheme is in the best interests of the Demerged Company and Resulting Company and their respective shareholders and Creditors.
25. Equity Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him and such proxy need not be an Equity shareholder of the Resulting Company. The instrument appointing the proxy should however be deposited at the registered office of the Resulting Company not later than 48 (forty-eight) hours prior to the commencement of the meeting.

26. Equity Shareholders who are body corporates, shall authorize any person to act as its representative at the meeting by means of a Board Resolution. The certified true copy of such resolution as signed by the director/ manager/ secretary of the body corporate shall be deposited at the registered office of the Resulting Company not later than 48 (forty-eight) hours prior to the commencement of the meeting.
27. A copy of the proposed Scheme of arrangement has been filed with the Registrar of Companies, Telangana, on 9th day of October, 2019.
28. Copy of the Scheme and of this Explanatory Statement, may be obtained free of charge during ordinary business hours on all working days except Saturdays, Sundays and public holidays from the registered office of the Resulting Company.
29. Copies of the following documents for obtaining extract from or for making or obtaining copies of or for inspection are available at the registered office of the Resulting Company between ordinary business hours on any working day.
- a) Memorandum and Articles of Association of the Resulting Company.
 - b) Latest audited financial statements of the Resulting Company as on March 31, 2018.
 - c) Latest un-audited provisional financial statements of the Resulting Company as on March 31, 2019.
 - d) Copy of the order of the Hon'ble National Company Law Tribunal, Hyderabad Bench dated 3rd day of October, 2019.
 - e) Copy of the Scheme of Arrangement between Sai Quest Syn Private Limited and Sai Life Sciences Limited and their respective shareholders and Creditors.
 - f) Copy of the contracts or arrangements material to the Scheme.
 - g) Copy of the certificate issued by Deloitte Haskins & Sells LLP, Chartered Accountants, that the accounting treatment proposed in the Scheme is in conformity with the applicable accounting standards prescribed under Section 133 of the Companies Act, 2013.
 - h) Register of Directors, shareholdings of Directors and members of the Resulting Company.

Dated this 10th day of October, 2019



Smt. K. Srilatha
 Advocate
 Chairman appointed
 for the Equity Shareholders
 Meeting
 Address:
 # R/o. House No. 12-13-528/529
 Flat No.204, Sri Sai Nivasa,
 Street No.14, Nagarjuna Nagar
 Colony, Tarnaka, Secunderabad –
 500017

SCHEME OF ARRANGEMENT

**(UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER)**

BETWEEN

**SAI QUEST SYN PRIVATE LIMITED
(‘DEMERGED COMPANY’)**

AND

**SAI LIFE SCIENCES LIMITED
(‘RESULTING COMPANY’)**

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS



PREAMBLE

This Scheme of Arrangement is presented pursuant to the provisions of Section 230 to 232 of the Companies Act, 2013 and the rules made there under (to the extent applicable) for the demerger of Demerged Business Undertaking (defined hereunder) of Sai Quest Syn Private Limited ('Sai Quest') into Sai Life Sciences Limited ('SLS').

1. INTRODUCTION AND OBJECTIVE OF THE SCHEME**1.1. INTRODUCTION****1.1.1. Sai Quest Syn Private Limited**

- (i) Sai Quest ('Demerged Company') is a company incorporated under the Companies Act, 1956 having its registered office at L.N's Harmony Park, Flat No. 203, Plot No. 73, 8-2-334/1/1, Road No. 05, Banjara Hills, Hyderabad, Telangana - 500034, India. The Demerged Company was originally incorporated on 21st April 1998 as Sai Quest Syn Private Limited and was subsequently converted into a public limited company as 'Sai Quest Syn Limited' on 13th February, 2004 and was subsequently converted into a private limited company as 'Sai Quest Syn Private Limited' on 9th December, 2010 and a fresh certificate of incorporation consequent to change of name on conversion to private limited company was issued on 02nd March, 2011 and its CIN is U24110TG1998PTC029265. The PAN of the Company is AAEC9057J.
- (ii) The Demerged Company, as applicable, is incorporated, *inter alia*, to carry on the business of manufacturing of and dealers in, Chemicals, Fine Chemicals,

Synthetics, Finished Drugs and Pharmaceuticals, Fine Pharmaceuticals, Bulk Drugs and Cosmetics.

1.1.2. Sai Life Sciences Limited

- (i) SLS ('Resulting Company') is a company incorporated under the Companies Act, 1956 having its registered office at Office # L4-01 and 02, SLN Terminus, Survey # 133, Gachibowli, Miyapur Road, Hyderabad, Telangana- 500032, India. The Resulting Company was originally incorporated on 25th January, 1999 as 'Sai Dru Syn Laboratories Limited'. The name of the company was then changed to 'Sai Life Sciences Limited' on 16th December, 2003. The name of the company was again changed to 'Sai Advantium Pharma Limited' on 13th August, 2006. The name of the company was again changed to 'Sai Life Sciences Limited' and a fresh certificate of incorporation consequent upon change of name was issued on 28th May, 2012. The CIN of the Resulting Company is U24110TG1999PLC030970. The PAN of the Company is AAEC6143F.
- (ii) The Resulting Company is incorporated, *inter alia*, to carry on the business of manufacturing and dealing in Chemicals, Fine Chemicals Synthetics, Finished Drugs and Pharmaceuticals, Fine Pharmaceuticals, Bulk Drugs and Cosmetics and to establish laboratory facilities for the Company's own or others' use.

1.2. OBJECTIVES OF THE SCHEME

This Scheme of Arrangement is being proposed broadly for the ease of doing businesses by the Companies by demerger of the Demerged Business Undertaking of the Demerged Company in to the Resulting Company. The circumstances that have necessitated or justified the proposed Scheme of Arrangement and its main benefits are, *inter alia*, summarized as under:



- (i) The Demerged Business Undertaking is subject to different rates of profitability, growth opportunities, future prospects and risks. The nature of risk and competition involved in this business undertaking is distinct. With an endeavor to enhance shareholder's value, it is proposed to reorganize and segregate the business of demerged business undertaking of the demerged company.
- (ii) The Demerged Company is engaged in the business of manufacturing and trading in chemicals, fine chemicals, synthetics, finished drugs and pharmaceuticals whereas, the Resulting Company is engaged in manufacturing of similar products and uses the products traded by the Demerged Company as the raw material for its manufacturing process. The demerger of the Demerged Business Undertaking from the Demerged Company into Resulting Company would bring synergies in the operations of the Resulting Company as it would be able to use the procurement expertise/ capabilities available with the Demerged Company in its business, whereby maximizing cost efficiency on procurement of the said raw material, for the Resulting Company.
- (iii) Intellectual properties with respect to procurement expertise/ capabilities, managing logistics/ supply chain in overseas market, by the Demerged Business Undertaking of the Demerged Company shall enable rapid global expansion of the Resulting Company.
- (iv) Enable each business to pursue growth opportunities and offer investment opportunities to potential investors.



1.3. PARTS OF THE SCHEM

1.3.1. The Scheme is divided into the following parts:

- (i) **PART I** - Deals with definitions, interpretation, and share capital;
- (ii) **PART II** - Deals with demerger of the Demerged Business Undertaking (as defined hereinafter) of the 'Demerged Company' into 'Resulting Company';
- (iii) **PART III** - Deals with general terms and conditions applicable to this Scheme of Arrangement and other matters consequential and integrally connected thereto.

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PART I**2. DEFINITIONS, INTERPRETATION, AND SHARE CAPITAL****2.1. DEFINITIONS**

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the meanings as mentioned herein below:

- 2.1.1. **“Act” or “the Act”** means the Companies Act, 2013, and rules made there under and shall include any statutory modifications, re-enactment or amendments thereof for the time being in force;
- 2.1.2. **“Appointed Date”** means 01st May 2019 or such other date as may be fixed or approved by the Appropriate Authority;
- 2.1.3. **“Appropriate Authority”** means any government, statutory, regulatory, departmental or public body or authority of the Jurisdiction over Demerged Company, and the Resulting Company, including Registrar of Companies and the National Company Law Tribunal;
- 2.1.4. **“Board of Directors” or “Board”** shall mean the Board of Directors of Demerged Company and the Resulting Company or any committee thereof duly constituted or any other person duly authorized by the Board for the purpose of this Scheme.
- 2.1.5. **“Compulsory Convertible Preference Shares”** means the Compulsory convertible preference shares (CCPS) of face value of INR. 10 each (Rupees Ten each) each to be issued by the Resulting Company on the varied terms and conditions as set out in **Schedule I.**

2.1.6. **“Demerged Company”** means Sai Quest Syn Private Limited and shall have the meaning assigned to it in clause 1.1.1 above, as mentioned in Part II of this Scheme;

2.1.7. **“Demerged Business Undertaking”** shall mean the trading and business consultancy undertaking of Demerged Company carried on anywhere in or outside India and shall include all assets, liabilities and employees of the Demerged Company related to such Demerged Business Undertaking as may be more specifically decided by its Board of Directors and in particular includes the following:

- (i) All the assets / properties of Demerged Business Undertaking of Demerged Company, whether movable or immovable, whether tangible or intangible including all rights, title, interest, covenant, including continuing rights, title and interest in connection with the land and the buildings thereon whether, corporeal or incorporeal, leasehold or freehold, and includes all rights, titles, interest and covenant, undertakings, liability relating thereto, capital work in progress, other fixed assets, inventory and work in progress, all the loans and includes all rights, titles, interest and advances, tax credits viz. MAT, GST, VAT, Excise or any other indirect tax credits, brought forward losses, unabsorbed depreciation etc. of Demerged Company as on the Appointed Date.
- (ii) All the debts, borrowings and liabilities, present or future, whether secured or unsecured of the Demerged Business Undertaking of Demerged Company as on the Appointed Date.
- (iii) All statutory licenses, approvals, permissions, no-objection certificates, permits, consents, patents, trademarks, tenancies, offices, depots, quotas, rights, entitlements, privileges, benefits of all contracts / agreements (including but not limited to contracts / agreements with vendors, customers, government etc.), all

other rights (including but not limited to right to use and avail electricity connections, water connections, environmental clearances, telephone connections, facsimile connections, telexes, e-mail, internet, leased line connections and installations, lease rights, easements, powers and facilities), of Demerged Business Undertaking of Demerged Company as on the Appointed Date

- (iv) All staff, workmen, and employees engaged in Demerged Business Undertaking of Demerged Company
- (v) All records, files, papers, information, computer programs, manuals, data, catalogues, quotations, sales advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records, whether in physical form or electronic form of Demerged Business Undertaking of Demerged Company.
- (vi) All earnest monies and/or security or public deposits in connection with or relating to the Demerged Business/ Undertaking of the Demerged Company.

2.1.8. **“Effective Date”** means the Appointed Date as defined in Section 232 (6) of the Companies Act, 2013. Reference in this Scheme to the date of “upon the Scheme becoming effective” or “effectiveness of the Scheme” shall mean the Appointed Date subject to fulfilment of conditions under Clause 16 of this Scheme.

2.1.9. **“GST regulations”** means applicable provisions of The Central Goods and Services Tax Act, 2017 and/or The Integrated Goods and Services Tax Act, 2017 and/or respective State Goods and Services Tax Act and/or The Union Territory Goods and Services Tax Act, 2017 along with the applicable rules made thereunder;



2.1.10. **“INR”** means Indian Rupees;

2.1.11. **“IT Act”** means the Income-tax Act, 1961

2.1.12. **“NCLT / Tribunal”** means the National Company Law Tribunal, Hyderabad Bench at Hyderabad. The expression “Upon approval of the Scheme by the Tribunal” / “From the date of approval of the Scheme by the Tribunal” / “date on which the Scheme is approved by the Tribunal” shall mean the date on which the present Scheme is finally approved by the Tribunal.

2.1.13. **“Optionally Convertible Preference Shares”** means the optionally convertible preference shares (OCPS) of face value of INR. 10 each (Rupees Ten each) each to be issued by the Resulting Company on the varied terms and conditions as set out in **Schedule I.**

2.1.14. **“Record date”** means:

For the purpose of determining the shareholders of the Demerged Company, shall mean the date on which the Scheme is approved by the Tribunal, who shall be entitled to receive consideration pursuant to this Scheme.

2.1.15. **“Registrar of Companies” or “ROC”** means Registrar of Companies, Hyderabad having jurisdiction over the States of Telangana;

2.1.16. **“Remaining Undertaking”** means all the undertakings, businesses, activities and operations of the Demerged Company relating to the investment activities and other than Demerged Business Undertaking (defined in para 2.1.7) of the Demerged Company;



2.1.17. “**Resulting Company**” means Sai Life Sciences Limited and shall have the meaning assigned to it in clause 1.1.2 above, in case of demerger as mentioned in Part II of this Scheme.

2.1.18. “**Scheme**” or “**this Scheme**” or “**Scheme of Arrangement**” means this scheme of arrangement in its present form submitted to the NCLT, Hyderabad bench at Hyderabad or any other Appropriate Authority in the relevant jurisdictions, with any modification(s) thereto as the NCLT, Hyderabad bench at Hyderabad or any other Appropriate Authority may direct;

2.2. The expressions which are used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning hereof, have the same meaning ascribed to them under the Act and / or other applicable laws, rules, regulations, bye-laws, as the case may be, including any statutory modification or re-enactment thereof, from time to time.

2.3. **SHARE CAPITAL OF THE COMPANIES**

2.3.1. The share capital of Demerged Company as on 31st March, 2019 is as under:

Particulars	Amount in INR
<u>Authorized</u> 21,00,000 equity shares of INR 10 each	2,10,00,000
<u>Issued, subscribed and paid-up</u> 20,00,000 equity shares of INR 10 each, fully paid up	2,00,00,000

2.3.2. The share capital of Resulting Company as on 31st March, 2019 is as under:

Particulars	Amount in INR
<u>Authorized</u> 2,14,00,000 equity shares of INR 10 each	21,40,00,000
<u>Issued, subscribed and paid-up</u> 1,63,66,728 equity shares of INR 10 each, fully paid up	16,36,67,280



PART II**DEMERGER OF DEMERGED BUSINESS UNDERTAKING FROM THE DEMERGED
COMPANY INTO THE RESULTING COMPANY****3. TRANSFER AND VESTING OF DEMERGED BUSINESS UNDERTAKING
FROM THE DEMERGED COMPANY INTO THE RESULTING COMPANY**

3.1 Upon approval of the Scheme by the Tribunal and with effect from the Appointed Date defined in Clause 2.1.2, the Demerged Business Undertaking of the Demerged Company shall stand transferred from the Demerged Company to the Resulting Company, as provided in this Scheme, and, pursuant to the provisions of Section 230 read with section 232 of the Companies Act, 2013 and other applicable provisions of the Act, if any and also in accordance with Section 2(19AA) of the IT Act and without any further act, instrument or deed, matter or thing be transferred on a going concern basis such that as and from the Appointed Date all the assets and debts outstanding, credits (direct tax and/or indirect taxes, unabsorbed losses etc.), liabilities, duties and obligations whatsoever concerning the Demerged Business Undertaking of the Demerged Company as on the Appointed Date shall, accordingly stand transferred to and vested in and/or be deemed to be and stand transferred to and vested in the Resulting Company, as set out in Scheme hereunder.

3.2 Without prejudice to Clause 3.1 above, upon approval of the Scheme by the Tribunal and with effect from the Appointed Date:

- a) All immovable property (including land, buildings and any other immovable property, if any) of the Demerged Business Undertaking of the Demerged Company, whether freehold or leasehold, and any documents of title, rights and



easements in relation thereto, shall stand vested in the Resulting Company, without any act or deed done by the Demerged Company or the Resulting Company, and without any approval or acknowledgement of any third party. With effect from the Appointed Date, the Resulting 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 Resulting Company by the appropriate authorities pursuant to the sanction of the Scheme by the Tribunal in accordance with the terms hereof. The Demerged Company 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 Resulting Company.

- b) All the assets of the Demerged Business Undertaking of the Demerged Company as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, shall stand vested in the Resulting Company, and shall become the property and an integral part of the Resulting Company. The vesting pursuant to this sub-clause shall be deemed to have occurred by manual delivery or endorsement and delivery, as appropriate to the property being vested, and the title to such property shall be deemed to have been transferred and vested accordingly. No stamp duty shall be payable on the transfer of such movable properties upon its transfer and vesting in Resulting Company.
- c) In respect of movables other than those dealt with in Clause 3.2 (b) above including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, property development rights, investments, earnest money and deposits with any Government, quasi government, local or other authority or body or with any



company or other person of the Demerged Business Undertaking of the Demerged Company, the same shall on and from the Appointed Date stand transferred to and vested in the Resulting Company without any notice or other intimation to the debtors (although the Resulting Company may, without being obliged, and if it so deems appropriate, at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, that the said debt, loan, advance, balance or deposit stands transferred and vested in the Resulting Company).

- 3.3 With effect from the Appointed Date and upon approval of the Scheme by the Tribunal, all debts, liabilities, contingent liabilities, reserves, duties and obligations of every kind, nature and description relating to the Demerged Business Undertaking of the Demerged Company which may accrue or arise after the Appointed Date but which is related to the period up to the date immediately preceding the Effective Date, if any, whether quantified or not shall pursuant to the Scheme and as per the provision of Section 230 of the Act read with section 232 of the Act, without any further act or deed, be transferred to, or be deemed to be transferred to the Resulting Company, so as to become as and from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company and the Resulting Company undertakes to meet, discharge and satisfy the same.
- 3.4 In respect of general or multipurpose borrowings, debts, liabilities, if any, shall be transferred to or be deemed to be transferred to the Resulting Company as may be mutually agreed by the Board of Directors of the Demerged Company and the Resulting Company. It is hereby clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this clause (though the Resulting Company may,



if it deems appropriate, give notice to the debtors that the debts stand transferred to and vested in the Resulting Company).

3.5 Where any of the liabilities and obligations attributed to the Demerged Business Undertaking of the Demerged Company on the Appointed Date has been discharged by the Demerged Company after the Appointed Date and prior to the date of approval of the Scheme by the Tribunal, such discharge to the extent it pertains to the Demerged Business Undertaking of the Demerged Company shall be deemed to have been discharged for and on the behalf of the Resulting Company.

3.6 All liabilities and obligations attributed to the Demerged Business Undertaking of the Demerged Company, including its unsecured loans, taken over by the Resulting Company, may be discharged by the Resulting Company by way of one-time settlement or in any other manner as the Resulting Company may deem fit.

3.7 The transfer and vesting of the Demerged Business Undertaking of the Demerged Company as aforesaid, shall be subject to the existing securities, charges, hypothecation and mortgages, if any, subsisting in relation to any loans or borrowings of the Demerged Business Undertaking of the Demerged Company, provided however, any reference in any security documents or arrangements, to which the Demerged Company is a party, wherein the assets of the Demerged Business Undertaking of the Demerged Company have been or are offered or agreed to be offered as security for any financial assistance or obligations, shall be construed as reference only to the assets pertaining to the Demerged Business Undertaking of the Demerged Company as are vested in the Resulting Company, by virtue of this Scheme, to the end and intent that such security, charge, hypothecation and mortgage shall not extend or be deemed to extend, to any of the other assets of the Demerged Company or any of the assets of the Resulting Company, provided further that the securities, charges, hypothecation and mortgages (if any



subsisting) over and in respect of the assets or any part thereof of the Resulting Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages and shall not extend or be deemed to extend, to any of the assets of the Demerged Business Undertaking of the Demerged Company as vested in the Resulting Company, provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Demerged Company in relation to the Demerged Business Undertaking of the Demerged Company which shall vest in the Resulting Company by virtue of the vesting of the Demerged Business Undertaking of the Demerged Company with the Resulting Company and the Resulting Company shall not be obliged to create any further or additional security therefore after the Scheme has become operative.

- 3.8 All the loans, advances and other facilities sanctioned to the Demerged Company in relation to the Demerged Business Undertaking of the Demerged Company by its bankers and financial institutions prior to the Appointed Date, which are partly drawn or utilized shall be deemed to be the loans and advances sanctioned to the Resulting Company and the said loans and advances shall be drawn and utilized either partly or fully by the Demerged Company from the Appointed Date till the date of approval of the Scheme by the Tribunal and all the loans, advances and other facilities so drawn by the Demerged Company in relation to the Demerged Business Undertaking of the Demerged Company (within the overall limits sanctioned by their bankers and financial institutions) shall on the date of approval of the Scheme by the Tribunal be treated as loans, advances and other facilities made available to the Resulting Company and all the obligations of the Demerged Company in relation to the Demerged Business Undertaking of the Demerged Company under any loan agreement shall be construed and shall become the obligation of the Resulting Company without any further act or deed on the part of the Resulting Company.



- 3.9 Upon approval of the Scheme by the Tribunal, the Resulting Company alone shall be liable to perform all obligations in respect of the transferred liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such transferred liabilities.
- 3.10 Upon approval of the Scheme by the Tribunal, the Resulting Company shall, if so required under any law or otherwise, execute deeds of confirmation or other writings or arrangement with any party to any contract or arrangement to which the Demerged Business Undertaking of Demerged Company is a party in order to give formal effect to the above provisions. The Resulting Company shall be deemed to be authorized to execute any such writings on behalf of the Demerged Company to carry out or perform all such formalities or compliances referred to above on part of the Demerged Company for the demerged business Undertaking of the Demerged Company.
- 3.11 Upon approval of the Scheme by the Tribunal, the Resulting Company shall be entitled to secure the record of the change in the legal ownership upon the vesting of the assets of the Demerged Business Undertaking of the Demerged Company in accordance with the provisions of Sections 230 to 232 of the Act. The Demerged Company and the Resulting Company shall be jointly and severally authorized to execute any writings and / or carry out any formalities or compliance in this regard.
- 3.12 All taxes, duties, cess payable by the Demerged Business Undertaking of the Demerged Company including all or any refunds / credit / claims pertaining to the period prior to the Appointed Date shall be treated as the liability or refunds / credit / claims, as the case may be, of the Resulting Company.
- 3.13 Upon approval of the Scheme by the Tribunal and with effect from the Appointed Date, all existing and future incentives, unavailed credits and exemptions, benefit of carried



forward losses, unabsorbed depreciation and other statutory benefits, including in respect of income tax (including Minimum Alternative Tax), customs, VAT, sales tax, service tax, goods and services tax (SGST, CGST, IGST) etc. relating to the Demerged Business Undertaking to which Demerged Company is entitled to shall be available to and vest in the Resulting Company.

3.14 All the licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by the Demerged Business Undertaking of the Demerged Company and all rights and benefits that have accrued or which may accrue to the Demerged Business Undertaking of the Demerged Company, whether before or after the Appointed Date, shall, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions of the Act, if any, without any further act, instrument or deed, cost or charge be and stand transferred to and vest in or be deemed to be transferred to and vested in and be available to the Resulting Company so as to become as and from the Appointed Date licenses, permits, quotas, approvals, permissions, registrations, incentives, tax deferrals and benefits, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, special status and other benefits or privileges of the Resulting Company and shall remain valid, effective and enforceable on the same terms and conditions.

3.15 The Resulting Company shall, if required, file relevant intimations, e-forms, for the record of the statutory authorities signifying the transfer of the assets / properties including but not limited to permissions, approvals, consents, sanctions, remissions, special reservations, incentives, concessions and other authorisations of the Demerged Business Undertaking of the Demerged Company.



4. LEGAL PROCEEDINGS

- 4.1. Upon approval of the Scheme by the Tribunal, all the legal or other proceedings by or against the Demerged Business Undertaking of the Demerged Company, under any statute, whether pending on the date of approval of the Scheme by the Tribunal or which may be instituted in future in respect of any matter arising before the date of approval of the Scheme by the Tribunal and relating to the Demerged Business Undertaking, shall be continued and enforced by or against the Resulting Company after the date of approval of the Scheme by the Tribunal . Except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings that stands transferred to the Resulting Company.
- 4.2. If proceedings are commenced against the Demerged Company in relation to its Demerged Business Undertaking, for the matters referred above between the Appointed Date and the date of approval of the Scheme by the Tribunal, the Demerged Company shall defend the same as per the advice of the Resulting Company. The Resulting Company will reimburse the entire costs and indemnify the Demerged Company against all liabilities incurred by the Demerged Company in respect thereof.
- 4.3. If any suit, appeal or other proceedings of whatever nature by or against the Demerged Business Undertaking of the Demerged Company is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of this demerger or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company as if the Scheme had not been made.



4.4. On and from the date of approval of the Scheme by the Tribunal, the Resulting Company shall, and may, if required, initiate, continue any legal proceedings in relation to the Demerged Business Undertaking of the Demerged Company.

4.5. The transfer of the Demerged Business Undertaking of the Demerged Company and the continuance of the proceedings by or against the Demerged Company pursuant to this Scheme, shall not affect any transactions or proceedings already concluded by the Demerged Company, in the ordinary course of business on or after the Appointed Date and the Resulting Company accept and adopt on behalf of itself all acts, deeds and things done lawfully and executed by the Demerged Company in regard thereto as having been done or executed on behalf of the Resulting Company, as the case may be.

5. **CONTRACTS, DEEDS, OTHER INSTRUMENTS**

5.1. Subject to the other provisions of the Scheme, all contracts, deeds, bonds, agreements and other instruments of whatsoever nature to which pertaining to the Demerged Business Undertaking of the Demerged Company and to which the Demerged Company is a party, or the benefit to which the Demerged Company may be eligible, subsisting or operative immediately on or before the date of approval of the Scheme by the Tribunal, shall be in full force and effect against or in favour of Resulting Company and may be enforced as fully and effectively as if instead of the Demerged Company, the Resulting Company had been a party or beneficiary thereto. Further, Resulting Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Demerged Company and to implement or carry out all formalities required on the part of the Demerged Company, to give effect to the provisions of this Scheme.

5.2. As a consequence of the demerger of the Demerged Business Undertaking of the Demerged Company into the Resulting Company in accordance with or pursuant to this



Scheme, the recording of change in name in the records of the statutory or regulatory authorities from the Demerged Company to the Resulting Company, whether pertaining to any licence, permit, approval or any other matter, or whether for the purposes of any transfer, registration, mutation or any other reason, shall be carried out by the concerned statutory or regulatory or any other appropriate authority concerned.

- 5.3. The Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite agreement, confirmations or novation's to which the Demerged Company will, if necessary, also be a party in order to give formal effect to the provisions of this Scheme, if it is so required or if it becomes necessary.

6. TREATMENT OF TAXES

- 6.1. This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the IT Act. If any term or provision of the Scheme is found or interpreted to be inconsistent with the said provisions at a later date, including resulting from an amendment of law or for any other reason whatsoever and the Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the IT Act. Such modification will however not affect other parts of the Scheme.
- 6.2. All taxes (including income tax, tax deducted at source, tax collected at sources, sales tax, excise duty, customs duty, security transaction tax, stamp duty, service tax, value added tax ('VAT'), amount paid under GST regulations (SGST, CGST, IGST) or under other applicable laws/regulations dealing with taxes/duties/levies) paid or payable by the Demerged Company in respect of the operations and/or the profits of the businesses of the Demerged Business Undertaking on or after the Appointed Date, shall be on account of the Resulting Company and, in so far as it relates to the tax payment (including, without limitation, sales tax, excise duty, custom duty, income tax, security transaction



tax, stamp duty, service tax and VAT and amount paid under GST regulations or under other applicable laws/regulations dealing with taxes/duties/levies), whether by way of deduction at source, or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Demerged Business Undertaking on or after the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company and shall in all proceedings be dealt accordingly. This is notwithstanding that challans or tax payment certificates are in the name of the Demerged Company and not in the name of the Resulting Company.

- 6.3. Any tax liabilities under the IT Act, Customs Act 1962, Central Excise Act, 1944, State sales tax/ VAT laws, Central Sales Tax Act, 1956, Finance Act, 1994, GST regulations or other applicable laws/regulations dealing with taxes/duties/levies allocable or related to the business of the Demerged Business 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 Resulting Company.
- 6.4. It is further provided that upon approval of the Scheme by the Tribunal, all taxes payable by the Demerged Company and all or any refunds and claims, from the Appointed Date, relating to the Demerged Business Undertaking, shall, for all purposes, be treated as the tax liabilities or refunds and claims, as the case may be of the Resulting Company. Accordingly, Upon approval of the Scheme by the Tribunal, the Demerged Company and the Resulting Company are also expressly permitted to revise their respective Income Tax Returns, TDS Returns, Service Tax Returns, Sales Tax Returns, Excise /and Cenvat Returns, returns required to be filed under GST regulations and other tax/ statutory returns and to claim refunds and withholding tax credits, and carry forward of accumulated depreciation and losses, etc. pursuant to the provisions of this Scheme.

6.5. In accordance with the Cenvat Rules framed under the Central Excise Act, 1944, legislations relating to Value Added Tax as are prevalent on the date of approval of the Scheme by the Tribunal in respect of the applicable State and Service Tax Rules as are prevalent on the date of approval of the Scheme by the Tribunal, legislations relating to GST regulations as are prevalent on the date of approval of the Scheme by the Tribunal and any other indirect tax as may be prevalent on the date of approval of the Scheme by the Tribunal, the unutilized credits relating to the VAT paid on inputs/work-in-progress/capital goods, credits under GST regulations lying in the accounts of the Demerged Business Undertaking of the Demerged Company, service tax credits and any other indirect tax credits (SGST, CGST, IGST) shall be permitted to be transferred to the credit of the Resulting Company as if all such unutilized credits were lying to the account of the Resulting Company. The Resulting Company shall accordingly be entitled to set off all such unutilized credits against the excise duty, VAT, service tax payable and amount payable under GST regulations by it.

7. CONDUCT OF BUSINESS UNTIL THE DATE OF APPROVAL OF THE SCHEME BY THE TRIBUNAL

7.1. With effect from the Appointed Date up to the date of approval of the Scheme by the Tribunal:

- a. Demerged Company shall carry on, and be deemed to have carried on its business, operations or activities, and shall be deemed to have held and stood possessed of and shall hold and stand possessed of the assets, properties, liabilities or Undertaking(s) pertaining to the Demerged Business Undertaking on behalf of and / or in trust for the Resulting Company.



- b. All profits or income accruing or arising to the Demerged Business Undertaking of the Demerged Company, or losses arising or expenditure incurred by it, pertaining to the Demerged Business Undertaking, shall for all purposes be treated as, and be deemed to be treated as, the profits or income or losses or expenditure, as the case may be, of the Resulting Company.
- c. All assets howsoever acquired by the Demerged Company for carrying on its business, operations or activities pertaining to the Demerged Business Undertaking and the liabilities relating thereto shall be deemed to have been acquired and are also contracted for and on behalf of the Resulting Company.
- 7.2. The Resulting Company shall also be entitled, pending sanction of the Scheme, to apply to the Central Government, State Government, and all other agencies, department and statutory authorities concerned, wherever necessary, for such consents, approvals and sanctions which the Resulting Company may require including the registration, approvals, exemptions, relieves, etc., as may be required / granted under any law for the time being in force for carrying on business of the Demerged Business Undertaking of the Demerged Company.
- 7.3. The transfer of assets, properties, liabilities and the continuance of proceedings by or against the Demerged Company pertaining to the Demerged Business Undertaking shall not affect any transaction or proceedings already concluded by the Demerged Company on or after the Appointed Date to the end and intent that the Resulting Company accepts and adopts all acts, deeds things done and executed by the Demerged Business Undertaking of the Demerged Company, in regard thereto as done executed by the Resulting Company on behalf of itself.



8. CHARGES AND MORTGAGES

- 8.1. All the existing charges and mortgages over the properties of the Demerged Business Undertaking of the Demerged Company, both movable and immovable in favor of the lending banks and institutions shall stand transferred without any further act and deed to the Resulting Company and the Resulting Company is bound to honour all the terms and conditions of the existing charges and mortgages as though the said charges and mortgages were created by itself against its own properties, without any change or modification, however, always, that the Resulting Company shall if necessary and is insisted by the charge holders, execute any letters, agreements, forms or other papers including communications if any, to the satisfaction of the lenders to effectively implement this Scheme and their existing charges and mortgages. The Scheme does not in any way affect the charges and mortgages of the lenders and the rights, powers, terms and conditions as well as privileges, attached to such charges and mortgages.
- 8.2. The transfer and vesting of the Demerged Business Undertaking of the Demerged Company as aforesaid, shall be subject to the existing charges, mortgages, securities if any, subsisting over or in respect of properties and the assets of the Demerged Business Undertaking of the Demerged Company.
- 8.3. Provided however, any reference in any security document or arrangement to which, the Demerged Company is a party and where any property or asset covered by the said security document or arrangement belong to the Demerged Business Undertaking of the Demerged Company they are offered as security to the creditors or banks or financial institutions by the Demerged Company, such reference to those properties and/or assets shall be construed as reference only to the assets pertaining to the Demerged Business Undertaking of the Demerged Company as are vested in the Resulting Company pursuant to this Scheme, to the end and intent and such charge or mortgage shall not



extend or be deemed to extend to any of the other assets of the Demerged Company or any of the assets of the Resulting Company.

8.4. Also Provided, that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by the Demerged Company which shall vest in the Resulting Company.

8.5. The assets of each and every description of the Demerged Company and the corresponding liabilities which are not related to the Demerged Business Undertaking of the Demerged Company shall remain in the Demerged Company without any act and deed as forming part of the Remaining Undertaking of the Demerged Company and charges and mortgages over the properties of the Demerged Company not related to the Demerged Business Undertaking shall remain in the Demerged Company and shall continue to be the charges and mortgages of the secured creditors of the Demerged Company without any further act and deed. However, it is provided that the Demerged Company shall, if necessary or advised by its secured creditors, execute such documents, Letters, bonds and undertakings relating to the retained undertaking to protect the rights of its secured creditors over the assets of the Remaining Undertaking, which are mortgaged or charged to them.

8.6. In so far as any encumbrances, existing or created at any time prior to the date of approval of the Scheme by the Tribunal, over the assets forming part of the Demerged Undertaking, as are security for the debts, liabilities and obligations of the Demerged Company in relation to the Remaining Undertaking retained with the Demerged Company, the same shall, on the date of approval of the Scheme by the Tribunal, without any further act, instrument or deed, be modified to the extent that all such assets shall stand released and discharged from the obligations attached thereto, and securities created thereon, to secure the debts, liabilities and obligations of the Demerged Company in



relation to the Remaining Undertaking retained with the Demerged Company and such Encumbrances shall cease to operate against the assets forming part of the Demerged Undertaking transferred to the Resulting Company in terms of this Scheme. The absence of any formal amendment which may be required by any lender or third party shall not affect the operation of this sub-clause.

- 8.7. In so far as any securities, charges, encumbrances or liens, existing or created at any time prior to the date of approval of the Scheme by the Tribunal, over the assets forming part of the Remaining Undertaking retained with the Demerged Company, as are security for the debts, liabilities and obligations of the Demerged Company in relation to the Demerged Undertaking transferred to the Resulting Company, the same shall, on the date of approval of the Scheme by the Tribunal, without any further act, instrument or deed, be modified to the extent that all such assets shall stand released and discharged from the obligations attached thereto, and securities created thereon, to secure the debts, liabilities and obligations of the Demerged Company in relation to the Demerged Business Undertaking transferred to the Resulting Company and such Encumbrances shall cease to operate against the assets forming part of the Remaining Undertaking retained with the Demerged Company in terms of this Scheme. The absence of any formal amendment which may be required by any lender or third party shall not affect the operation of this sub-clause.

9. Without prejudice to the foregoing provisions, the Demerged Company and the Resulting Company shall execute any instruments or documents for recording the change of entity and do all acts and deeds as may be considered appropriate, including the filing of necessary particulars and / or modification(s) of charge(s), with the concerned Registrar of Companies to give formal effect to the substitution of the name of the Demerged Company with the name of the Resulting Company, if required.



10. The provisions of this clause 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.

11. STAFF, WORKMEN AND EMPLOYEES

- 11.1. Upon approval of the Scheme by the Tribunal, all staff, workmen and employees on the payrolls of the Demerged Business Undertaking of the Demerged Company, in service on the date of approval of the Scheme by the Tribunal shall be deemed to have become staff, workmen, and employees of Resulting Company on such date without any break or interruption in their service and on the terms and conditions of their employment not less favourable than those subsisting with reference to Demerged Business Undertaking of the Demerged Company as on the said date.
- 11.2. As of the date of filing of this Scheme, the Demerged Business Undertaking of the Demerged Company shall make contributions to the government maintained provident fund and / or other funds in relation to all its staff, workmen and employees. The Resulting Company shall subsequent to the date of approval of the Scheme by the Tribunal make appropriate contributions towards such provident fund and / or other funds in respect of the staff, workmen and employees taken over by it pursuant to this Scheme.
- 11.3. It is clarified that the services of all the transferred staff, workmen and employees of the Demerged Business Undertaking of the Demerged Company engaged with Demerged Business Undertaking, to the Resulting Company will be treated as having been continuous for the purpose of the aforesaid employee benefits and / or liabilities. For the purpose of payment of any retrenchment compensation, gratuity, and / or other terminal



benefits, and / or any other liability pertaining to staff, workmen and employees, the past services of such staff, workmen and employees with the Demerged Company shall also be taken into account by the Resulting Company, which shall pay the same if and when payable.

- 11.4. In so far as the existing benefits or funds created by the Demerged Company for the Remaining Employees are concerned, the same shall continue and the Demerged Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such funds and trusts, if any, shall be held inter alia for the benefit of the Remaining Employees.

12. CONSIDERATION

- 12.1. Upon approval of the Scheme by the Tribunal and in consideration of the transfer and vesting of the Demerged Business Undertaking of Demerged Company into the Resulting Company pursuant to the Scheme, the Resulting Company shall without any further application, act, instrument or deed, issue and allot equity shares credited as fully paid up, partly paid up Compulsory Convertible Preference Shares and partly paid up Optionally Convertible Preference Shares, to the extent indicated below to the members of the Demerged Company holding fully paid equity shares of Demerged Company and whose name appear in the register of members of the Demerged Company as on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of directors of the Resulting Company in the following proportion:

- a) 51 (fifty one) fully paid up equity shares of INR 10 (Rupees ten only) of the Resulting Company for every 100 equity shares of INR 10/- (Rupees Ten Only)



each held on the Record Date by the equity shareholders in the Demerged Company.

- b) 24 (Twenty four) partly paid up Compulsory Convertible Preference Shares of INR 10 (Rupees ten only) each of the Resulting Company for every 100 equity shares of INR10/- (Rupees Ten Only) each held on the Record Date by the equity shareholders in the Demerged Company, the terms and conditions of which is detailed under Schedule I hereunder.
 - c) 30 (Thirty) partly paid up Optionally Convertible Preference Shares of INR 10 (Rupees ten only) each of the Resulting Company for every 100 equity shares of INR 10/- (Rupees Ten Only) each held on the Record Date by the equity shareholders in the Demerged Company, the terms and conditions of which is detailed under Schedule I hereunder.
 - d) In respect of shareholders entitled for fractional entitlement based on the swap ratio, no share(s) shall be issued by the Resulting Company in respect of such fractional entitlements to the shareholders. Further for the fractional entitlements to the shareholders, basis the valuation of the shares, the Resulting Company would pay cash in proportion to their respective fractional entitlement.
- 12.2. Where shares of the Resulting Company are to be allotted to heirs, executors or administrators or, as the case may be, to successors of deceased equity shareholders of the Demerged Company, the concerned heirs, executors, administrators or successors shall be obliged to produce evidence of title satisfactory to the Board of Directors of the Resulting Company.



12.3. The approval of the Scheme by the shareholders of the Resulting Company shall be deemed to be the approval under section 62 read with section 42 of the Companies Act, 2013 read with relevant rules made thereunder, for the purpose of issue and allotment of shares by the Resulting Company to the shareholders of the Demerged Company and shall be deemed to have complied with the provisions of the Act, if any and any other applicable provisions of the Act, and such other statutes and regulations as may be applicable were duly complied with.

12.4. The shares issued and allotted by the Resulting Company in terms of Part II of the Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall inter-se rank pari passu in all respects with the then existing equity shares and preference shares, if any, respectively, of the Resulting Company, save and except in relation to dividends declared, and distributed by the Resulting Company from the Appointed Date till the date of approval of the Scheme by the Tribunal to which only the existing equity shares of Resulting Company will be entitled to.

13. AMENDMENT TO MEMORANDUM OF ASSOCIATION OF THE RESULTING COMPANY

The capital clause of the Memorandum and Articles of Association of the Resulting Company shall as part of and, upon the coming into effect of this Scheme and without any further act or deed, be replaced by the following clause:

MEMORANDUM OF ASSOCIATION

"V. The Authorised Share Capital of the Company is Rs. 21,40,00,000/- (Rupees twenty one crore forty lakhs only) divided into 2,03,00,000 (Two crore three lakhs only) equity shares of INR 10/- (Rupees Ten only) each, aggregating to INR 20,30,00,000 (Rupees



twenty crore thirty lakh only), 6,00,000 (Six lakh only) optionally convertible preference shares of INR 10 each (Rupees ten only) aggregating to Rs. 60,00,000 (Rupees sixty lakh only) and 5,00,000 (Five lakh) compulsorily convertible preference shares of INR 10 each (Rupees ten only) aggregating to Rs. 50,00,000 (Rupees fifty lakh only) with powers to increase or to reduce the same from time to time, subject to the provisions of the Companies Act, 2013. Upon any increase of capital other than the authorized capital, the Company is at liberty to issue any new shares with any preferential, qualify or special rights privileges conditions attached thereto.”

14. ACCOUNTING TREATMENT

The accounting treatment of the demerger of Demerged Undertaking in the books of the Demerged Company and the Resulting Company shall be in compliance with the applicable accounting standards notified under Section 133 of the Act and other generally accepted accounting principles in India.

15. REMAINING UNDERTAKING OF THE DEMERGED COMPANY

The Remaining Undertaking of the Demerged Company is the undertaking other than the Demerged Business Undertaking of the Demerged Company.



PART III**GENERAL TERMS AND CONDITIONS****16. SCHEME CONDITIONAL ON APPROVAL / SANCTIONS**

16.1. The Scheme is conditional upon subject to:

- a. Approval by requisite majority of the members and creditors of all the companies involved in the Scheme;
- b. Approval of the Scheme by Appropriate Authorities;
- c. Sanction of the Scheme by the NCLT;
- d. Certified copies of the orders of the NCLT, sanctioning the Scheme being filed with the ROC.

16.2. In the event of this Scheme failing to take effect finally, this Scheme shall become null and void and in that case no rights and liabilities whatsoever shall accrue to or be incurred inter-se by the parties or their shareholders or creditors or employees or any other person.

16.3. If any part of this Scheme is invalid, ruled illegal by any Court of competent jurisdiction, or unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of this Scheme, and this Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the Board of Directors of the companies involved in the Scheme shall attempt to bring about a modification in this Scheme, as will



best preserve for the parties the benefits, and obligations of this Scheme, including but not limited to such part.

17. APPLICATION TO THE NCLT

- 17.1. All the companies involved in the Scheme shall, with all reasonable dispatch, make applications to the NCLT, under Sections 230 to 232 of the Act and other applicable provisions of the Act, seeking orders for dispensing with or convening, holding and conducting of the meetings of the classes of their respective members and / or creditors and for sanctioning this Scheme, with such modifications as may be approved by the NCLT.
- 17.2. Upon this Scheme being approved by the requisite majority of the respective members, and creditors of the Demerged Company and Resulting Company (as may be directed by the NCLT), the Demerged Company and Resulting Company shall, with all reasonable dispatch, apply to the NCLT, for sanction of this Scheme under Sections 230 to 232 of the Act and other applicable provisions of the Act, and for such other order or orders, as the said NCLT may deem fit for carrying this Scheme into effect.
- 17.3. Upon approval of the Scheme by the Tribunal, the respective shareholders of the all the companies involved in the Scheme shall be deemed to have also accorded their approval under all relevant provisions of the Act for giving effect to the provisions contained in this Scheme.

18. MODIFICATIONS / AMENDMENTS TO THE SCHEME

- 18.1. All the companies involved in the Scheme, represented by their respective Board of Directors, may make and / or consent to any modifications / amendments to the Scheme



or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors).

18.2. All the companies involved in the Scheme shall be at liberty to withdraw from this Scheme, in case of any condition or alteration imposed by the NCLT or any other authority or any bank or financial institution is unacceptable to them or otherwise if so mutually agreed. .

18.3. All the companies involved in the Scheme by their respective Board of Directors shall be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or order of any other authority or otherwise however arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith.

19. EFFECT OF NON-RECEIPT OF APPROVALS/ SANCTIONS

19.1. In the event of any of the said sanctions approvals not being obtained and / or the Scheme not being sanctioned by the NCLT, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

20. COST, CHARGES, AND EXPENSES

All costs, charges, fees, taxes including duties (including the stamp duty and/or transfer charges, if any, applicable in relation to this Scheme), levied and all other expenses, if

any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing the terms and conditions and matters incidental thereto in relation to Part II of this Scheme shall be borne and paid by Resulting Company.

21. MISCELLANEOUS

21.1. The mutation of the title in respect of the immovable properties shall be made and duly recorded by the appropriate authorities pursuant to the sanction of the Scheme and Upon approval of the Scheme by the Tribunal, in accordance with the terms hereof, in favour of the Resulting Company, as the case may be, in respect of the immovable properties vested in it. Any inchoate title or possessory title of the Demerged Company or its predecessor companies shall be deemed to be the title of the Resulting Company respectively as the case may be.

21.2. It is the intention of the Parties that any Part of the Scheme, as may be mutually decided by the Board of each of Parties, shall be severable from the remainder of the Scheme, and the Scheme shall not be affected by such alteration.



SCHEDULE I**A) Terms and conditions for CCPS**

Issuer	Sai Life Sciences Limited (i.e. Resulting Company)
Dividend	0.001% p.a. on non-cumulative basis.
Face value of CCPS	<p>INR 10 (Rupees ten only) per preference share, the same has been partly paid up to the extent of INR 8.06 per preference share.</p> <p>Each partly paid-up CCPS, shall be treated as fully paid-up preference shares on payment of INR 1.94 per preference share.</p>
Conversion Terms	<p>Each CCPS shall be converted into 1 (One) fully paid-up equity share of INR 10/- each by the Resulting Company during the period of four years which can be exercisable in the following manner:</p> <ul style="list-style-type: none"> • 120,000 CCPS can be converted into equity shares on 1 April, 2020 or at any such time after the said date at the option of the CCPS holder; • 120,000 CCPS can be converted into equity shares on 1 April, 2021 or at any such time after the said date at the option of the CCPS holder; • 120,000 CCPS can be converted into equity shares on 1 April, 2022 or at any such time after the said date at the option of the CCPS holder; <p><i>and</i></p> <ul style="list-style-type: none"> • 120,000 CCPS can be converted into equity shares on 1 April, 2023 or at any such time after the said date at the option of the CCPS holder. <p>Each CCPS should be fully paid up at the time of conversion of such CCPS into equity shares.</p>
Conversion period	CCPS shall be converted into equity shares by the Resulting Company till the end of four years from the date of issue of such CCPS in the

	manner specified as per the conversion terms above.
Tenure	4 years from the date of issue.

B) Terms and conditions for OCPS

Issuer	Sai Life Sciences Limited (i.e. Resulting Company)
Dividend	0.001% p.a. on non-cumulative basis.
Face value of OCPS	<p>INR 10 (Rupees ten only) per preference share, the same has been partly paid up to the extent of INR 8.06 per preference share.</p> <p>Each partly paid-up OCPS, shall be treated as fully paid-up preference shares on payment of INR 1.94 per preference share.</p>
Conversion Terms	<p>Based on the occurrence of events as agreed between the shareholders of Resulting Company and the shareholders of Demerged Company in writing.</p> <p>Further, each OCPS shall be converted into 1 (One) fully paid-up equity share of INR 10/- each at the option of the Resulting Company during the period of five years which can be exercised as and when the occurrence of the agreed event is completed.</p> <p>Each OCPS should be fully paid up at the time of conversion of such OCPS into equity shares.</p>
Conversion period	OCPS shall be converted into equity shares at option of the Resulting Company till the end of five years from the date of issue of such OCPS in the manner specified in the conversion terms above.
Tenure	5 years from the date of issue.
Redemption	In case if the OCPS are not converted into equity shares by the Resulting

	<p>Company, the said OCPS will stand redeemable at the end of five years from the date of issuance of such OCPS at face value subject to terms agreed between the Resulting Company and the Demerged Company in writing.</p>
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SAMPATH SOORA

ACA, RV, SFA

Registered Valuer (IBBI)

RV-Registration No. : IBBI/RV/02/2019/11607

Date: May 23rd, 2019

The Board of Directors
Sai Quest Syn Private Limited
Flat 203, LN's Harmony Park,
8-2-334/1/1, Road No.5,
Banjara Hills, Hyderabad – 500 034

Sub: Recommendation of Equity Share Exchange ratio for the proposed demerger of in connection with the demerger of Trading Undertaking of Sai Quest Syn Private Limited ("Demerged Undertaking") with Sai Life Sciences Limited ("Transferee Company").

Dear Sirs,

We refer to the engagement letter dated 20th May, 2019 with us ('we' or 'us'), wherein Sai Quest Syn Private Limited ("SQSPL") has requested us to recommend a share exchange ratio of equity shares in connection with the proposed demerger of Demerged Undertaking with Transferee Company.

SCOPE AND PURPOSE OF THE SWAP LETTER

Sai Quest Syn Private Limited is a company incorporated under the Companies Act, 1956 having its registered office at Flat 203, LN's Harmony Park, Plot No. 73, 8-2-334/1/1, Road No.5, Banjara Hills, Hyderabad, Telangana – 500 034 ("Transferor Company") with its main objects are as follows: (1) To carry on the business of manufacturers of and dealers in, Chemicals, Fine Chemicals, Synthetics, Finished Drugs and Pharmaceuticals, Fine Pharmaceuticals, Bulk Drugs and Cosmetics. (2) To carry on the business as chemical engineers, analytical chemists, importers, exporters, manufacturers of and dealers in heavy chemicals, acids, alkalis, chemical compounds, and chemicals of all kinds (solid, liquid and gaseous), drugs, medicines, pharmaceuticals, antibiotics, and pharmaceutical, medical, sizing, bleaching, photographic and other preparations and articles. (3) To carry on and to do all kinds of research services in Chemicals, Synthetics, Pharmaceuticals and carry on research in manufacturing and to act as advisors for such chemicals and to do research laboratories who may desire to utilize these services in Chemicals, Pharmaceuticals and Synthetics. (4) To carry on and to acquire or invent and secret formula, know-how manufacturing process and or design of plant, equipment for the manufacture of chemicals, Drugs, Pharmaceuticals, food products and instal, erect the plant and run the plant for the Company' use. SQSPL at present has two undertakings i.e. Trading of Chemicals & API's and Investment Undertaking.

Sai Life Sciences Limited ("SLSL") is a company incorporated under the Companies Act, 1956 having its registered office at L4-01 & 02, SLN Terminus, Survey #133, Gachibowli Miyapur Road, Gachibowli, Hyderabad, Telangana – 500 032 ("Transferee Company") with its main objects are as follows: (1) To carry on the business of manufacturers of and dealers in Chemicals, Fine Chemicals Synthetics, Finished Drugs and Pharmaceuticals, Fine Pharmaceuticals, Bulk Drugs and Cosmetics and to establish laboratory facilities for the Company's own or others' use. (2) To carry on the business as chemical engineers, analytical chemists, importers, exporters, manufacturers of and dealers in heavy chemicals, acids, alkalis, chemical compounds and chemicals of all kinds (solid, liquid and gaseous), drugs, medicines, pharmaceuticals, antibiotics and pharmaceutical, medical, sizing, bleaching, photographic and other preparations and articles. (3) To carry on and to acquire or invent any secret formula, know-how

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manufacturing process and or design of plant, equipment for the manufacture of Chemicals, Drugs, Pharmaceuticals, Food Products and install, erect the plant and run the plant for the Company's use.

We understand that the management of Transferor and Transferee Company are considering a proposal to demerge Demerged undertaking (i.e. Trading Undertaking) with Transferee Company by implementing a Scheme of Arrangement under the provisions of Sections 230 to 232 of the Companies Act, 2013. As part of the proposed scheme, all assets and liabilities of Demerged Undertaking as on the appointed date (i.e. May 1, 2019) shall eventually stand transferred to and vested with Transferee Company. As consideration for the transfer of Demerged Undertaking to Transferee Company, the Shareholders of Transferor Company will be issued equity shares, partly paid up of Compulsory Convertible Preference Shares and Optionally Convertible Preference Shares of Transferee Company.

For this purpose, as requested, we are appointed to recommend the share exchange ratio in connection with the proposed demerger in the capacity of an Independent Registered Valuer registered with Insolvency and Bankruptcy Board of India.

This Swap Letter is our deliverable in respect of our recommendation of the share exchange ratio for the proposed demerger. This Swap Letter subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the Swap Letter is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

Sources of Information

In connection with preparing this Swap Letter, we have received and relied upon the following sources of information from the Management of the Companies:

1. Draft Scheme of Arrangement provided to us on May 20, 2019.
2. Audited financial statement of Transferor and Transferee Company for the year 2018 and 2017.
3. Valuation report of Sai Life Sciences Limited dated February 7, 2019 from Karvy Investor Services Limited.
4. Valuation report of Sai Quest Syn Private Limited dated April 29, 2019 from Karvy Investor Services Limited.
5. Shareholding pattern of Transferor and Transferee Company as on January 31, 2019.
6. MOA of SQSPL and SLSL.
7. Discussions with and explanations given by the management/senior executives of Transferor Company on various issues.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

In accordance with the terms of our engagement, we have assumed and relied upon, without independent verification, (i) the accuracy of information (both written & verbal) made available to us by the Companies and (ii) the accuracy of the information that was publicly available, and formed substantial basis for this Swap letter. We have not carried out a due diligence or audit of the Companies, nor have we independently investigated or otherwise verified the data provided by the Companies. In rendering this Swap Letter, we have not provided legal, regulatory, tax accounting or actuarial advice and accordingly we do not assume any responsibility or liability in respect thereof. We do not express any opinion or offer any form of assurance that the explanations, financial information or other information as prepared and provided by the Companies is accurate and complete. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not



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omitted any relevant and material factors and that, in case of any doubt, they have checked the relevance or materiality of any specific information with respect to the present exercise with us.

Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness.

Our conclusions are based on the assumptions and information given by/on behalf of the Companies. The respective Management of the Companies has indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the Swap Letter. However, nothing has come to our attention to indicate that the information provided was materially misstated/incorrect. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any manner, which a more extensive examination might disclose.

During the course of work, we have relied upon the management representations provided to us by the respective Management of the Companies.

Valuation work, by its very nature, cannot be regarded as an exact science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. Given the same set of facts and using the same assumptions, expert opinion may differ due to number of separate judgment decisions, which have to be made. There can therefore be no standard formulae to establish an undisputable value, although certain formulae are helpful in assessing reasonableness. There is, therefore, no indisputable single exchange ratio. While we have provided our recommendation of the Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Exchange Ratio. You acknowledge and agree that you have the final responsibility for the determination of the Exchange Ratio at which the proposed Amalgamation shall take place and factors other than this Report will need to be taken into account in determining the Exchange Ratio; these will include your own assessment of the proposed demerger and may include the inputs of other professional advisors.

This report and its contents is prepared for the Companies and to be used only for the specific engagement and regulatory reporting purposes (including to the National Company Law Tribunal) and must not be copied, disclosed or circulated or referred to or quoted in any correspondence, registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or discussion with any person. The report is confidential to the Companies and it is given on the express undertaking that will not be communicated, in whole or in part, to any third party without prior written consent of the valuer. Neither this report nor its contents may be used for any other purpose other than in connection with the proposed demerger without prior notice of the valuer.

This Swap Letter does not address the relative merits of the Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

No investigation of the Companies' claim to title of assets has been made for the purpose of this Swap Letter and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of legal nature. The book values of the assets and liabilities of the Companies have been considered as representative of their intrinsic value in the absence of any report of external valuers.



The fee for the Engagement is not contingent upon the results reported.

We owe responsibility to only the Board of Directors of Transferor Company which have retained us, and nobody else. We will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of or advice given to Transferor Company.

This Swap Letter is subject to laws of India. We would not be referred as "expert" in any regulatory filings.

DISCLOSURE TO AUTHORITIES IN INDIA

To the extent required under the applicable laws in relation to the Transaction, the Swap Letter can be shared with Shareholders of the Companies, Registrar of Companies, National Company Law Tribunal where registered offices of Companies are present and other relevant judicial, regulatory or government authorities as may be mandatorily required by the applicable laws, in connection with the Transaction outlined here, You may disclose the Swap Letter to your lawyers, statutory auditors, and advisors as long as you inform them, in advance, that we accept no liability to them and that no onward disclosure may be made. To the extent required by law / regulatory authorities, we will provide workings supporting our recommended share swap ratio. To extent required by any law or authority, we will co-operate with the Companies to address the queries/comments of regulatory, governmental or judicial authorities.

METHODS OF VALUATION

There are several methods for valuing the shares of a company, such as:

- (a) Capitalisation of Earnings Method;
- (b) Assets Based Valuation Method;
- (c) Market Price of Share Method;
- (d) Multiple based valuation techniques; and
- (e) Discounted Cash Flow ('DCF') Method.

APPROACH & METHODOLOGY OF SHARE EXCHANGE RATIO

Arriving at the Share Exchange Ratio for the proposed demerger would require the relative values of the concerned businesses. For valuing the trading undertaking of transferor Company we have adopted discounted cash flow method and for valuing the transferee Company we have adopted A Multiple based Method (Average of valuation based on EV/EBITDA Multiple and Market Capitalisation/Revenue Multiple).

These values are determined independently but on a relative basis, and without considering the effect of the proposed demerger. The application of any method of valuation depends on the purposes for which the valuation is done. Although, different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one place for one purpose.



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The Fair Market Value of trading undertaking of Transferor Company as per Discounted Cash Flow Method is **INR 2,381.23 Millions** and the fair market value of Transferee Company as per Multiple-based Valuation Technique is **INR 17,935.58 Millions**.

As per the Scheme, in consideration of the transfer of Demerged Undertaking with Transferee Company, Transferee Company shall issue & allot equity shares to the equity shareholders of Transferor Company based on the ratio of allotment of shares are 51 fully paid up equity shares of Transferee Company for every 100 fully paid up equity shares of Transferor Company, 24 partly paid up Compulsory Convertible Preference Shares for every 100 fully paid up equity shares of Transferor Company and 30 partly paid up Optionally Convertible Preference Shares for every 100 fully paid up equity shares of Transferor Company.

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of Companies and their assets.

Again, it is understood that this analysis does not represent a fairness opinion.



CONCLUSION

In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we consider that the exchange ratio of equity shares for the demerger of Demerged Undertaking with Transferee Company should be 51 fully paid up equity shares of Transferee Company for every 100 fully paid up equity shares of Transferor Company, 24 partly paid up Compulsory Convertible Preference Shares (₹ 8.06 paid up of face value ₹10) for every 100 fully paid up equity shares of Transferor Company and 30 partly paid up Optionally Convertible Preference Shares (₹ 8.06 paid up of face value ₹10) for every 100 fully paid up equity shares of Transferor Company.

Our Swap Letter is based on the current equity share capital structure of the Companies. Any variation in the equity capital structures of the Companies prior to the Scheme of Arrangement becomes effective may have an impact on the swap ratio.

We appreciate the co-operation received by us from your executives during this assignment.

Thanking you,
Yours faithfully,



CA. S. Sampath
ICAI Member
IBBI Valuer Registration No. IBBI/RV/02/2019/11607

**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL,
HYDERABAD BENCH AT HYDERABAD**

CA (CAA) No. 198/230/HDB/2019

In the matter of the Companies Act, 2013

And

In the matter of Section 230 and Section 232 of the Companies Act, 2013

And

In the matter of M/s. Sai Quest Syn Private Limited ('Demerged Company')

And

In the matter of M/s. Sai Life Sciences Limited ('Resulting Company')

And

Their respective Shareholders and Creditors

M/s. Sai Quest Syn Private Limited

a company incorporated under the Companies Act, 1956
having its registered office at L.N's Harmony Park,
Flat No. 203, Plot No. 73,
8-2-334/1/1, Road No. 05, Banjara Hills, Hyderabad,
Telangana - 500034, India.
Represented by its Director
Smt. Kanumuri Mytreyi

... 1st Applicant / Demerged Company

M/s. Sai Life Sciences Limited

a company incorporated under the Companies Act, 1956
having its registered office at Office # L4-01 and 02,
SLN Terminus, Survey # 133, Gachibowli, Miyapur Road, Gachibowli,
Hyderabad, Telangana- 500032, India.
Represented by its Director
Sri Ranga Raju Kanumuri

... 2nd Applicant / Resulting Company

Form No. MGT-11

Proxy form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014]

CIN: U24110TG1999PLC030970

Name of the Company: Sai Life Sciences Limited

Registered address:

No of Shares Held:

Folio No / Demat Account No.

Email Id:

I/ We being the Shareholder of Sai Life Sciences Limited, hereby appoint

1. Name:

Address:

E-mail Id:

Signature: _____ or failing him

2. Name:

Address:

E-mail Id:

Signature: _____ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at Shareholders Meeting of the Company; to be held on 16th November 2019 at 10.30 A.M. at # L4 - 01 and 02, SLN Terminus, Survey # 133, Gachibowli Miyapur Road, Gachibowli, Hyderabad, Telangana- 500032, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution:

To vote, for me/ us and in my / our Name Scheme of Arrangement between Sai Quest Syn Private Limited and Sai Life Sciences Limited and their respective Shareholders and Creditors. With or without modification(s) as my / our Proxy may approve.

Signed this _____ day of _____ 2019

Affix Revenue
Stamp

Signature of Shareholder _____

Signature of Proxy holder(s) _____

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, before the commencement of the Meeting.

Notes:

1. **The Proxy must be deposited at the Registered Office of the Resulting Company at L4-01 and 02, SLN Terminus, Survey # 133, Gachibowli Miyapur Road, Gachibowli, Hyderabad, Telangana- 500032, India atleast 48 hours before the scheduled time of the meeting. The Proxy need not be an Equity shareholder of the Resulting Company.**
2. **All alternations made in the form of proxy should be initialed.**

Sai Life Sciences Limited / 2nd Applicant / Resulting Company
Registered Office: # L4-01 and 02, SLN Terminus, Survey # 133, Gachibowli, Miyapur
Road, Gachibowli, Hyderabad, Telangana- 500032, India.
CIN: U24110TG1999PLC030970
Website: <https://www.sailife.com/>
Email id: runa.k@sailife.com

ATTENDANCE SLIP

Name and address of the Equity Shareholder _____

Number of shares held _____.

Folio No. _____.

Demat Account No. _____.

I/we certify that I/we am/are Equity Shareholders/proxy for Equity Shareholders of the Company. I/we hereby record my/our presence at the meeting of the Equity Shareholder of the Company held at registered office of the company at # L4-01 and 02, SLN Terminus, Survey # 133, Gachibowli Miyapur Road, Gachibowli, Hyderabad, Telangana- 500032, on Saturday 16th November 2019 at 10.30 A.M.

*Strike out what is not applicable.

Equity Shareholder's / Proxy's / Authorised
Representative Name

Equity Shareholder's / Proxy's / Authorised
Representative Signature

(in block letters)

Note: Please fill in this attendance slip and hand it over at the entrance of the hall.

ROUTE MAP TO THE VENUE OF THE MEETING

