# Alembic Limited

Registered Office: Alembic Road, Vadodara 390 003.

**MEETING OF THE EQUITY SHAREHOLDERS**

Date : 16th September, 2010

Time : 12.00 noon

Venue : "Sanskruti", Alembic Corporate Conference Center, Alembic Colony, Vadodara-390 003

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**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD**
**ORIGINAL JURISDICTION**
**COMPANY APPLICATION NO. 215 OF 2010**

In the matter of
Scheme of Arrangement under Sections 391 and 394 read with Sec. 78 and 100 to 104 of the Companies Act, 1956;

And

In the matter of
Alembic Limited, a company registered under the Indian Companies Act, VI of 1882 and having its registered office at Alembic Road, Vadodara, 390 003 in the state of Gujarat.

And

In the matter of Composite Scheme of Arrangement in the nature of De-merger and transfer of the Pharmaceutical Undertaking of Alembic Limited to Alembic Pharma Limited and consequential Re-organisation of Share Capital in form of Utilisation of the Share Premium Account of Alembic Limited.

Alembic Limited, a company registered under the Indian Companies Act, VI of 1882 and having its registered office at Alembic Road, Vadodara, 390 003 in the state of Gujarat ..... Applicant De-merged Company

## NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS

To,

The Equity Shareholders of Alembic Limited.

TAKE NOTICE that by an Order made on the 2nd day of August 2010 and further order made on 9th day of August, 2010, in the above Company Application, the Hon'ble High Court of Gujarat at Ahmedabad has directed that a meeting of the Equity Shareholders of the Applicant Company be convened and held on **Thursday, 16th day of September 2010, at 12.00 noon** at "Sanskruti", Alembic Corporate Conference Center, Alembic Colony, Vadodara 390 003 in the state of Gujarat for the purpose of considering and, if thought fit, approving with or without modification(s), the Composite Scheme of Arrangement in the nature of De-merger and Transfer of the Pharmaceutical Undertaking of Alembic Limited to Alembic Pharma Limited and consequential Re-organisation of Share Capital in form of utilisation of the Share Premium Account of Alembic Limited, proposed between the Applicant Company and its Equity Shareholders.

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of the Applicant Company will be convened and held at "Sanskruti", Alembic Corporate Conference Center, Alembic Colony, Vadodara 390 003 in the state of Gujarat on **Thursday, 16th day of September 2010, at 12.00 noon**, at which time and place you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by authorised representative or by proxy, provided that a proxy / authorisation in the prescribed form, duly signed by you, or your authorised representative, is deposited at the registered office of the Applicant Company at Vadodara, not later than 48 hours before the scheduled commencement of the said meeting.

The Hon'ble Court has appointed Mr. Chirayu R. Amin, Chairman & Managing Director of the Applicant Company, and failing him Mr. Rajkumar Baheti, Director-Finance of the Applicant Company and failing him Mr. K.G. Ramanathan, Director of the Applicant Company to be the Chairman of the said meeting.

A copy each of the Scheme, the Statement under Section 393 of the Companies Act, 1956, a Form of Proxy and Attendance Slip is enclosed.

**Chirayu R. Amin**
Chairman appointed for the meeting

Dated this 9th August, 2010.

**Registered Office:**
Alembic Road, Vadodara.

Notes: (1) All alterations made in the Form of Proxy should be initialled.

(2) Only registered shareholders of the Applicant Company may attend and vote (either in person or by authorised representative) at the shareholders' meeting.

Enclosure: As above

**EXPLANATORY STATEMENT UNDER SECTION 393(1) OF THE COMPANIES ACT, 1956** to the composite Scheme of Arrangement in the nature of De-merger and Transfer of the Pharmaceutical Undertaking of Alembic Limited to Alembic Pharma Limited and consequential Re-organisation of Share Capital in form of Utilisation of the Share Premium Account of Alembic Limited.

1. Pursuant to the Orders dated 2nd August, 2010 and 9th August, 2010 passed by the Hon'ble High Court of Gujarat at Ahmedabad, in the Company Application No. 215 of 2010, separate meetings of the Equity Shareholders, Secured Creditors, Unsecured Creditors and Fixed Depositors of Alembic Limited are being convened for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement in the nature of De-merger and Transfer of the Pharmaceutical Undertaking of Alembic Limited to Alembic Pharma Limited and consequential Re-organisation of Share Capital in form of Utilisation of the Share Premium Account of Alembic Limited. Notice of the said meeting together with the copy of the Scheme of Arrangement is sent herewith. This statement explaining the terms of the Scheme of Arrangement is being furnished as required u/s 393 (1) (a) of the Companies Act, 1956.

2. 1 Alembic Limited, (hereinafter "AL") the De-merged Company was incorporated as Alembic Chemical Works Company Limited on 30th July, 1907 under the Indian Companies Act VI of 1882. Vide order dated 4th April 1967, passed by the Hon'ble High Court of Gujarat, Alembic Distributors Limited was amalgamated with Alembic Chemical Works Company Limited. Vide order dated 12th September 1986, passed by the Hon'ble High Court of Gujarat, Neomer Limited was amalgamated with Alembic Chemical Works Company Limited. The name of the Applicant Company was subsequently changed to Alembic Limited on 31st May, 1999 under section 23 (1) of the Companies Act, 1956. Further vide order dated 15th February 2002 passed by the Hon'ble High Court of Gujarat, Bulk Drugs Manufacturing unit of Darshak Limited was de-merged and transferred to Alembic Limited.

2.2 The registered office of the De-merged Company is situated at Alembic Road, Vadodara, 390 003 in the state of Gujarat.

2.3 The present share capital structure of the De-merged Company as on date of this explanatory statement is as under:

| **Authorized Capital** | **(Rs. in lacs)** |
|---|---|
| 22,50,00,000 Equity Shares of Rs.2/-each | Rs. 4500.00 |
| 5,00,000 redeemable cumulative Preference Shares of Rs.100/- each | Rs. 500.00 |
| **Total** | **Rs. 5000.00** |

| **Issued and Subscribed Capital** | **(Rs. in lacs)** |
|---|---|
| 13,84,64,270 Equity shares of Rs.2/- each. | Rs. 2769.29 |
| **Total** | **Rs. 2769.29** |

| **Paid up Capital** | **(Rs. in lacs)** |
|---|---|
| 13,35,15,914 Equity shares of Rs.2/- each | Rs. 2670.31 |
| Add : 9,365 Forfeited Shares of Rs. 2/- each | Rs. 0.09 |
| Total | Rs. 2670.40 |

The equity shares of Demerged Company are listed on Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

3.1 Alembic Pharma Limited, (hereinafter "APL") the Resulting Company is incorporated on the 16th June, 2010, under the Companies Act, 1956, as a wholly owned subsidiary of the De-merged Company.

3.2 The registered office of the Resulting Company is situated at Alembic Road, Vadodara, 390 003 in the state of Gujarat.

3.3 The present share capital structure of the Resulting Company as on 30th June, 2010 is as under:

**SHARE CAPITAL AS ON 30.06.2010**

| **Authorized Capital** | **(Rs. in lacs)** |
|---|---|
| 6,00,00,000 Equity Shares of Rs.2/-each | Rs. 1200.00 |
| **Total** | **Rs. 1200.00** |

| **Issued and Subscribed Capital** | **(Rs. in lacs)** |
|---|---|
| 5,50,00,000 Equity shares of Rs.2/- each. | Rs. 1100.00 |
| **Total** | **Rs. 1100.00** |

All the shares of the resulting company are held by Alembic Limited and its nominees. Hence, APL is the wholly owned subsidiary of Alembic Limited. After issue of shares by the Resulting Company in terms of Clause 10 of the Scheme of Arrangement, the Resulting Company would cease to be subsidiary of the Applicant Company. The Equity Shares of Resulting Company are at present not listed on any Stock Exchange. However, application for listing of the Equity Shares of the Resulting Company will be made to the Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd.

4. The De-merged Company viz. Alembic Limited is a leading pharmaceutical company with a global vision. Alembic is into the top bracket of Indian pharmaceutical companies with many of its brands amongst the top five in their respective categories. With such competitive advantages, the Company is uniquely poised in its pursuit of being amongst the largest Indian pharmaceutical companies. It is a public limited company and its shares are listed on Bombay Stock Exchange Limited as well as National Stock Exchange of India Limited. The company was originally incorporated to manufacture chemicals. Over a period of time it has diversified in several activities and is currently engaged in several businesses. These include undertakings / businesses pertaining to (i) Manufacturing and Marketing of Fermentation and Chemistry based Active Pharmaceuticals Ingredients (API) at Alembic Road, Vadodara (ii) Power generation through its co-generation power plant situated at

Alembic Road, Vadodara and through wind mills situated at Village Ukharla/Trambak, Tal. Ghogha, Dist. Bhavnagar, Gujarat (iii) Leasing out real estate (iv) Holding certain strategic and long term Investments (v) Manufacturing, Marketing and Trading of branded & generic Formulations and Active Pharmaceuticals Ingredients (API) at other manufacturing facilities viz. (a) Panelav, Tal. Halol, Dist. Panchmahal – 390 350, Gujarat (b) Plot No.21, 22, EPIP-Phase I, Jharmajri, Baddi, Tehsil-Nalagarh, Dist. Solan, Himachal Pradesh (c) Village Karakhadi, Taluka Padra, Dist. Vadodara (vi) Research & Development Activity situated at Alembic Road, Vadodara. During the last financial year ended on 31st March 2010, the total turnover of the company was more than Rs. 1000 crores and had operating profit of more than Rs. 96 crores. It has built up Reserves and Surplus of more than Rs. 289 crores. It has been a consistently profit making and dividend paying company since 1986.

5. As indicated hereinbefore, Alembic Limited is engaged in several activities like Power generation through co-generation power plant, Wind Mill based Power Project, Manufacturing and Marketing of Fermentation and Chemistry based Active Pharmaceuticals Ingredients, real estate activities, Manufacturing, Marketing and Trading of Formulations and Active Pharmaceuticals Business and R & D Activities, all of which have significant potential for growth. It is realized by the management of the company that the Pharmaceutical Undertaking of the company is poised for significant growth. The international pharmaceutical industry, in general is seeing greater share of generics with a large number of drugs expected to go off patent in the next few years offering tremendous growth opportunities to well managed and focused Indian pharmaceutical companies. The domestic pharmaceutical industry is also witnessing high growth rate riding on increasing economic development, increasing per capita income and greater focus on healthcare. However, in order to capitalize on the available opportunities there is a need for specialized attention, focus, resources, etc. Further this business is capable of attracting different set of investors, strategic partners, lenders and other stakeholders. Therefore, it is proposed to demerge the Pharmaceutical Undertaking into a separate company (Alembic Pharma Limited). As a new company the Pharmaceutical Undertaking will have the necessary independence, accountability and freedom to chart its own course of growth without the legacy of the other businesses / activities of the Company. Further, the De-merged Company is having some surplus land at Vadodara which can be potentially used for real estate development in future. The nature of risk and competition involved in each of these businesses are distinct from each other and consequently each business or undertaking is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders. There are also differences in the manner in which each of these businesses are required to be managed. In order to enable distinct focus of investors to invest in some of the key businesses and to lend greater focus to the operation of each of its diverse businesses, it is proposed to re-organize and segregate, by way of a de-merger, its Pharmaceutical Undertaking engaged in Manufacturing, Marketing and Trading of Formulations and Active Pharmaceuticals Business. It is envisaged that the demerger will create two separate entities with management focus on clearly laid out objectives, pursuant to which: -

   a. Resulting Company i.e. Alembic Pharma Limited would focus on core Pharmaceutical business which will include manufacturing, marketing and trading of Formulations & API in domestic as well as International markets and Research & Development activities.
   b. The De-merged Company i.e. Alembic Limited will focus on power generation through co-generation power plant & wind mills, real estate developments and manufacturing and marketing of fermentation and chemistry based APIs.

      The demerger will enable the investors to hold separate stocks. The demerger will facilitate more transparent benchmarking of the companies with their respective industry.

6. The Scheme would operate as under:

   (a) The De-merged Company has formed a wholly-owned subsidiary company viz. Alembic Pharma Limited.
   (b) The Pharmaceutical Undertaking as defined in detail in the Scheme which comprises of core Pharma business and Research & Development activities of the De-merged Company along with all assets and liabilities pertaining thereto, including investments in Incozen Therapeutics Private Limited, Alembic Global Holding, SA and other investments as defined in detail in the Scheme would be transferred to the Resulting Company.
   (c) The remaining assets and liabilities including investments in group companies would be retained in the De-merged Company defined more particularly as "Remaining Undertaking" in the Scheme.

7. I All shareholders in the Applicant Company on the record date would become shareholders in the Resulting Company and would be issued shares of the Resulting Company in the ratio 1:1. As per the Scheme, the relevant assets and liabilities will be transferred to the Resulting Company at Book Value. Given the fact that all existing shareholders of the Applicant Company will have proportionate participation in the Resulting Company in addition to their existing holding in the Applicant Company, the ratio has been fixed as 1:1. The Board of Directors of De-merged Company and Resulting Company while fixing the ratio, have considered the exchange ratio certificate issued by M/s. U.K. Gala and Associates, Chartereed Accountants and also the Fairness Opinion given by M/s. Edelweiss Capital Ltd., Merchant Bankers. After such issuance, each shareholder would, for every share held in the Applicant Company:-

a. continue to hold one equity share of the Applicant Company of face value of Rs. 2/- each fully paid up,
b. be allotted one equity share of the Resulting Company of face value of Rs. 2/- each fully paid up.

7.2 After the issue of new shares, the existing shareholders of Alembic Limited - would hold 70.83% shares in the Resulting Company in the same ratio as their current holding, with the remaining about 29.17% being held by Alembic Limited. In this manner, the shareholders of the De-merged Company shall directly and indirectly hold 100% share capital of the Resulting Company.

8. Further, the proposed composite scheme envisages restructure of Alembic Limited as well. Vide clause 13 of the scheme, it is proposed to adjust the amount representing the surplus of assets over the liabilities on the transfer of the de-merged undertaking, partly against its Share Premium Account. This will amount to Reduction of Share Capital of the De-merged Company as per the provisions of Sec. 78 and 100 to 104 of the Companies Act, 1956. However, this being consequential in nature is proposed as an integral part of the proposed scheme of arrangement. Clause 9(c) of the Articles of Association empowers the De-merged Company for such Application of Share Premium Account, subject to confirmation by court and subject to the provisions of applicable provisions of the Companies Act, 1956. Vide clause 18, the scheme also envisages revaluation of the assets of the remaining undertaking, more specifically Vadodara Undertaking of the De-merged Company. The said Undertaking was established many decades ago and hence, some of its plant, machineries and other equipments are very old. Further, being an old facility, it is not designed in line with present regulatory and business requirements. In view of this situation the Vadodara Undertaking needs to be reorganized and right sized to enable it to survive the competitive pressures. The activities of the Vadodara Undertaking will also need greater focus and other restructuring measures to make it cost efficient and competitive. The Assets of the Vadodara Undertaking which are carried at historical costs do not reflect their true value and it has become imperative to revalue them so as to reflect their fair values.

9. The Board of Directors of both the companies considered that this Scheme of Arrangement would be the most appropriate methodology, as it is transparent and no shareholder suffers any detriment. Besides, such a structure unlocks value for the shareholders. The Board of Directors of the De-merged Company is of the opinion that the demerger would benefit the shareholders, employees and other stakeholders of the Company. The restructuring would benefit the shareholders of the Company in as much as they would be entitled to receive (upon the coming into effect of the Scheme) shares of the Resulting Company, which would enable the shareholders to participate in the growth and the future prospects of the Company as well as the Resulting Company. Additionally, each shareholder would now have the option to choose between either continuing with both the Companies or selectively exiting from any of the Companies. It is therefore, proposed that the Pharmaceutical Undertaking be segregated and demerged, pursuant to Scheme of Arrangement and transferred to a separate company. The De-merged Company will continue the business of the Remaining Undertaking and other businesses and develop new business focus.

10. With the aforesaid objectives, vide the Resolutions passed at the respective Board Meetings dated 29th June 2010, the Board of Directors of both the companies resolved that subject to such approvals of the Equity Shareholders, Secured Creditors, Unsecured Creditors and Fixed Depositors of the De-merged Company and approval of the Equity Shareholders of the Resulting Company and subject to such directions and sanctions of the appropriate Court, as may be required in law, and subject to such consents and permissions of the Central Government and other authorities as may be necessary the Scheme of Arrangement be made between the De-merged Company and the Resulting Company.

11. The demerger of the Pharmaceutical Undertaking of the De-merged Company under the Scheme of Arrangement will be effected under the provisions of Sections 391 to 394 of the Act. The proposed demerger complies with the provisions of Section 2(19AA) of the Income Tax Act, 1961, such that:

(i) All the properties of the Pharmaceutical Undertaking (as defined in the Scheme) being transferred by the Demerged Company immediately before the Demerger become the properties of the Resulting Company by virtue of the Demerger;
(ii) All the liabilities relatable to the Pharmaceutical Undertaking being transferred by the Demerged Company, immediately before the Demerger become the liabilities of the Resulting Company by virtue of the Demerger;
(iii) The properties and the liabilities, if any, relatable to the Pharmaceutical Undertaking being transferred by the Demerged Company are transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company immediately before the Demerger;
(iv) The Resulting Company issues shares to the shareholders of the Demerged Company in consideration of the Demerger on a proportionate basis;
(v) All the shareholders of the Demerged Company shall become the shareholders of the Resulting Company by virtue of the Demerger; and
(vi) The transfer of the Pharmaceutical Undertaking will be on a going concern basis.

12. The salient features of the Scheme of Arrangement are:-

"2. DEFINITIONS:
(b) 'Appointed Date' means the commencement of 1st day of April, 2010 or such other date as may be approved by the High Court of Judicature at Gujarat.
(e) 'Effective Date' means the last of the dates on

which the sanctions / approvals or orders as specified in Clause No. 22 of this Scheme have been obtained and the order of the High Court sanctioning the Scheme of Arrangement is filed with the Registrar of Companies by the Demerged Company and the Resulting Company. References in this Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "Scheme becoming effective" shall be construed accordingly.

(f) 'Pharmaceutical Undertaking' or 'Demerged Undertaking' means the Demerged Company's undertaking, business activities and operations pertaining to pharmaceutical business other than Vadodara Undertaking comprising all the assets, (moveable and immoveable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) and liabilities, which relate thereto or are necessary therefor and including specifically the following:

I) The manufacturing facilities and research & development centre as described in Schedule I-A, together with all that pieces or parcels of freehold and leasehold lands, hereditaments and premises situate, lying and being thereat together with all the buildings and structures standing thereon as on the Appointed Date.

II) All secured and unsecured debts, fixed deposits, liabilities (including contingent liabilities), duties and obligations of every kind and nature whatsoever and howsoever accruing or arising out of and all loans or borrowings raised and incurred and utilized for its businesses, activities and operations pertaining to Pharmaceutical Undertaking, along with any charge, encumbrance, lien or security thereon, of the Demerged Company as on the Appointed Date (hereinafter referred to as 'the said Liabilities'). All other regional offices relating to pharmaceutical business whether owned or leased.

For the purpose of this Scheme, it is clarified that liabilities pertaining to the Pharmaceutical Undertaking include:

- the liabilities, including contingent liabilities, which arise out of the respective activities or operations of the Pharmaceutical Undertaking;
- specific loans and borrowings raised, incurred and utilized solely for the respective activities or operation of the Pharmaceutical Undertaking;
- liabilities other than those referred to in sub-clauses above, being the amounts of general or multipurpose borrowings of the Demerged Company, allocated to the Pharmaceutical Undertaking in the same proportion in which the value of the assets transferred under this Scheme bear to the total value of the assets of the Demerged Company immediately before giving effect to this Scheme.

III) All strategic investments of the Demerged Company pertaining to Pharmaceutical Undertaking as described in Schedule I-B.

IV) All reserves and provisions and funds relating to Pharmaceutical Undertaking.

V) Without prejudice to the generality of sub-clause (I) and (II) mentioned above, the Pharmaceutical Undertaking of the Demerged Company shall include all Pharmaceutical Undertaking activities, assets including investments, claims, subsidies, powers, authorities, allotments, approvals, consents, contracts, enactments, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights and other intangible rights, hire purchase contracts and assets, lending contracts, benefit of any security arrangements, reversions, permits, quotas, entitlements, registrations, construction and infrastructure registration(s), licences (industrial, software or otherwise), municipal permissions, systems of any kind whatsoever, rights and benefits of all agreements and other interests including rights and benefits under various schemes of different taxation laws as may belong to or be available to the Pharmaceutical Undertaking activities of the Demerged Company, rights and powers of every kind, nature and description of whatsoever probabilities, liberties, easements, advantages and approvals of whatsoever nature and wheresoever situated, belonging to or in ownership, including but without being limited to patents, copyrights, brand names, and any other intellectual property rights of any nature whatsoever, trade mark except trademark "Alembic" (the trademark "Alembic" will remain the property of the Demerged Company. However, the Resulting Company shall be entitled to make use of the word "Alembic" for the purpose of the Pharmaceutical Undertaking), domain names, service marks, colour schemes, logos, records, files papers, engineering and process information, quotations, technical know-how, designs, design registrations, authorizations, rights to use and avail of telephones, telexes, facsimile, email, internet, lease line connections and installations, utilities, electricity and other services, all records, files, papers, computer programs, manuals, data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other records in connection with or in relation to the Pharmaceutical Undertaking of the Demerged Company and all other interests of whatsoever nature belonging

to or in the ownership, power, possession, or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Pharmaceutical Undertaking of Alembic Limited.

VI) All the employees of the Demerged Company employed in the Pharmaceutical Undertaking, as identified by the Board of Directors or any Committee or Person(s) authorized by the Board of the Demerged Company as on the Effective Date.

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

(g) 'Remaining Undertaking' means all the business and all the properties, assets, investments and liabilities, employees of the Demerged Company including the Vadodara Undertaking, Power Business, investments other than Pharmaceutical Undertaking defined hereinabove.

(j) 'Scheme' or 'the Scheme' or 'this Scheme' means this Scheme of Arrangement in its present form as submitted to the Honorable High Court of Gujarat or this Scheme with such modification(s), if any made, as per Clause 20 of the Scheme.

(k) 'Vadodara Undertaking' means and includes business of manufacturing and marketing of fermentation and chemistry based Active Pharmaceuticals Ingredients (API) at Vadodara. It includes the assets more particularly described in Schedule II.

4. TRANSFER OF UNDERTAKING

The Pharmaceutical Undertaking of the Demerged Company as defined in Clause 2(f), shall stand transferred to and vested in the Resulting Company, as a going concern, in accordance with Section 2(19AA) of the Income Tax Act and in the following manner:

(a) With effect from the Appointed Date and subject to the provisions of this Scheme and pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Act and in relation to the mode of transfer and vesting, all the assets and properties, rights, claims, title, interest, hereditaments and authorities including accretions and appurtenances thereto such as dividends, or other benefits received of the Pharmaceutical Undertaking of the Demerged Company shall, without any further act, instrument or deed, be and the same shall stand transferred to and / or vested in or be deemed to have been and stand transferred to or vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, rights, titles, hereditaments and interests and authorities including accretions and appurtenances thereto such as dividends, or other benefits receivable that of the Resulting Company.

(b) With effect from the Appointed Date, and subject to the provisions of this Scheme, all the debts, liabilities including entire existing fixed deposits of the Demerged Company, contingent liabilities, duties and obligations of every kind, nature and description of the Demerged Company relatable to the said Pharmaceutical Undertaking of the Demerged Company shall stand transferred or deemed to have been transferred without any further act, instrument or deed of the Resulting Company, pursuant to the provisions of Sections 391 to 394 of the Act, so as to become as and from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company and further that it shall not be necessary to obtain consent of any third party or other person who is a party to the contract or arrangements by virtue of which such debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this Clause.

(c) With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, certificates, clearances, quota, authorities, USFDA approvals, DMF approvals, ANDA approvals, ISO certifications, trademarks, patents, Intellectual property rights, leases, tenancy, assignments, allotments, power of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Pharmaceutical Undertaking, permissions or approvals or consents held by the Demerged Company required to carry on operations of Pharmaceutical Undertaking shall stand vested in or transferred to the Resulting Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to the Resulting Company pursuant to the Scheme. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Demerged Company relating to the Pharmaceutical Undertaking, are concerned, the same shall vest with and be available to the Resulting Company on the same terms and conditions without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company.

(d) The transfer and vesting of Pharmaceutical Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relatable to Pharmaceutical Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Pharmaceutical Undertaking.

(e) All debentures, bonds or other debt securities, if any, of the Demerged Company relating to the liabilities comprised in the Pharmaceutical Undertaking, (hereinafter referred to as the "Debt Securities") shall, pursuant to the provisions of Sections 391 to 394 and other relevant provisions of the Act, without any further act, instrument or deed, become the Debt Securities of the Resulting Company on the same terms and conditions except to the extent modified under the provisions of this Scheme and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in and shall be exercised by or against the Resulting Company to the same extent as if it were the Demerged Company in respect of the Debt Securities so transferred.

(f) With effect from the Appointed Date, and subject to the provisions of this Scheme all the Employees of the Pharmaceutical Undertaking of the Demerged Company shall stand transferred or deemed to have been transferred with all their accrued liabilities without any further act, instrument or deed of the Resulting Company, pursuant to the provisions of Sections 391 to 394 of the Act, so as to become as and from the Appointed Date, the employees of the Resulting Company and further that it shall not be necessary to obtain consent of any third party or other person, in order to give effect to the provisions of this Clause.

(g) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Pharmaceutical Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme, the Resulting Company shall be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

(h) It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Pharmaceutical Undertaking, which the Demerged Company owns or to which the Demerged Company is a party and which cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset in trust for the benefit of the Resulting Company to which the Pharmaceutical Undertaking is being transferred in terms of this Scheme, in so far as it is permissible so to do, till such time as the transfer is effected.

(i) Where any of the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company after the Appointed Date and up to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.

(j) All loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operations of Pharmaceutical Undertaking after the Appointed Date and up to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company in which the Pharmaceutical Undertaking shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the debts, liabilities, duties and obligations of the Resulting Company which shall meet discharge and satisfy the same.

(k) Without prejudice to clause (a) above, it is expressly provided that in respect of such assets belonging to Pharmaceutical Undertaking of the Demerged Company as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred by the Demerged Company, and shall become the property of the Resulting Company in pursuance of the provisions of Sections 391 to 394 and other applicable provisions of the said Act.

(l) the Demerged Company may, if required, give notice in such form as it may deem fit and proper to each party, debtor or depositor as the case may be that pursuant to the High Court of Gujarat sanctioning the Scheme, the said debt, loan, advance, etc. be paid or made good or held on account of the Resulting Company as the person entitled thereto and that the right of the Demerged Company to recover or realise the same stands extinguished.

(m) The Resulting Company may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the High Court of Gujarat having sanctioned the Scheme, the said person, debtor or depositor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of the Resulting Company to recover or realise the same is in substitution of the right of the Demerged Company.

(n) The demerger and the transfer and vesting of the assets comprised in the Pharmaceutical Undertaking to and in the Resulting Company under this clause shall be subject to the mortgages and charges, if any, affecting the same as hereinafter provided.

(i) The existing securities, mortgages, charges, encumbrances or liens (the "Encumbrances") or those, if any created by the Demerged Company after the Appointed Date, in terms of this Scheme, over the assets comprised in the Pharmaceutical Undertaking or any part thereof transferred to the Resulting Company by virtue of this Scheme, shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they related or attached prior to the Effective Date and as are transferred to the Resulting Company, and such Encumbrances shall not relate or attach to any of the other assets of Resulting Company Provided however that no Encumbrances shall have been created by the Demerged Company in relation to any of the Pharmaceutical Undertaking after the Appointed Date without the prior consent of the Resulting Company.

(ii) In so far as any Encumbrances over the assets comprised in the Pharmaceutical Undertaking are security for liabilities of the Remaining Undertaking retained with the Demerged Company, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the Encumbrances shall only extend to and continue to operate against the assets retained with the Demerged Company and shall cease to operate against any of the assets transferred to the Resulting Company in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.

(iii) Without prejudice to the provisions of the foregoing clauses and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company shall execute any instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies, Gujarat to give formal effect to the above provisions, if required.

(iv) Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the liabilities, which have been transferred to them respectively in terms of the Scheme, and the Demerged Company shall not have any obligations in respect of such liabilities, and the Resulting Company shall indemnify the Demerged Company in relation to any claim, at any time, against the Demerged Company in respect of the liabilities which have been transferred to the Resulting Company.

(v) It is expressly provided that, save as mentioned in this Clause (n), no other term or condition of the liabilities transferred to the Resulting Company is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

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

6. LEGAL PROCEEDINGS:

(a) Upon coming into effect of this Scheme, all suits, claims, actions and proceedings by or against or in relation to the Pharmaceutical Undertaking of the Demerged Company pending and / or arising on or before the Effective date shall be continued and be enforced by or against the Resulting Company as effectually as if the same had been pending and/ or arising by or against the Resulting Company.

(b) If proceedings are taken against Demerged Company in respect of the matters referred to in clause above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost and risk of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof. In respect of such defence, the Resulting Company shall extend full and timely cooperation, including providing requisite information, personnel and the like, so as to enable Demerged Company to defend the same.

(c) The Resulting Company also undertakes to reimburse and indemnify the Demerged Company against invocation of bank guarantee, if any, relating to the Pharmaceutical Undertaking after the Appointed Date.

(d) The Demerged Company and the Resulting Company shall, to the extent possible, co-operate with each other in respect of any such contest, defence, litigation or settlement arising in respect of the Pharmaceutical Undertaking on or after the Appointed Date.

(e) The Resulting Company will undertake to have all legal or other proceedings initiated by or against the Pharmaceutical Undertaking of the Demerged Company referred to in sub-clause (a) above transferred to its name and to have the same continued, prosecuted and enforced by or against the Resulting Company.

(f) All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Undertaking (including those relating to any property, right, power, liability, obligation or duties of the

Demerged Company in respect of the Remaining Undertaking) shall be continued and enforced by or against the Demerged Company after the Effective Date. The Resulting Company shall not in any event be responsible or liable in relation to any such legal, taxation or other proceeding against the Demerged Company, which relate to the Remaining Undertaking.

(g) If proceedings are taken against the Resulting Company in respect of the matters referred to in sub- clause (a) above, the Resulting Company shall defend the same in accordance with the advice of the Demerged Company and at the cost and risk of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof. In respect of such defense, the Demerged Company shall extend full and timely cooperation, including providing requisite information, personnel and the like, so as to enable the Resulting Company to defend the same.

7. REMAINING UNDERTAKING OF THE DEMERGED COMPANY

The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company, (subject only in relation to encumbrances in favour of banks and financial institutions). For the purpose of clarity, the Remaining Undertaking will include but not limited to all the assets situated at the Vadodara Plant, Co-generation Power plants, Wind Mill Power project, Staff Colony at Vadodara, Mumbai Offices situated at Mahim and Sahar Road and Delhi Liasoning Office, Alembic Business Park, other land and buildings at Vadodara. The Resulting Company may use the common facilities viz. Mumbai Office, Corporate Office etc. after the demerger on such terms and conditions as may be mutually agreed between the Demerged Company and the Resulting Company. All other regional offices relating to Pharmaceutical Undertaking whether owned or leased will be transferred to the Resulting Company.

10. ISSUE OF SHARES AND SECURITIES BY THE RESULTING COMPANY:

(a) Upon the Scheme becoming finally effective, in consideration of the transfer of and vesting of the Pharmaceutical Undertaking of the Demerged Company in the Resulting Company, the Resulting Company shall, subject to the provisions of the Scheme and without any further application, act, instrument or deed, issue and allot at par to every member of the Demerged Company, holding fully paid up Equity Shares in the Demerged Company and whose name appears in the Register of members of the Demerged Company on the Record Date or to his / her heirs, executors, administrators or the successors-in-title, as the case may be, in respect of every 1 (One) Equity Share of face value Rs.2/- (Rupees Two only) each held by him in the Demerged Company, 1 (One) Equity Share of face value Rs.2/- (Rupees Two Only) each shall be credited as fully paid-up in the Equity Share Capital of the Resulting Company.

(b) The said shares shall be issued in dematerialized form by the Resulting Company, to those shareholders whose shares in the Demerged Company are in dematerialized form and shall be issued in physical form to those shareholders whose shares in the Demerged Company are in physical form, unless otherwise notified in writing by the shareholders of Demerged Company to the Resulting Company on or before such date as may be determined by the Board of Directors of Demerged Company. If any Bonus Equity Shares are issued by Demerged Company to the Equity Shareholders of Demerged Company on or before the Record Date, necessary adjustments in the number of shares to be issued and the ratio of the shares will be made by the Board of Directors of the Demerged Company in consultation with the Resulting Company.

(c) In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors or any committee thereof of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in the Demerged Company as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Resulting Company issued by the Resulting Company after the effectiveness of this Scheme.

(d) The said new Equity Shares issued and allotted by the Resulting Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall rank for voting rights and in all other respects pari-passu with the existing Equity Shares of the Resulting Company.

(e) Equity shares of the Resulting Company issued in terms of clause 10 of this Scheme may be listed and / or admitted to trading on the National Stock Exchange and / or the Bombay Stock Exchange and / or any other Stock Exchange where the shares of Demerged Company are listed and / or admitted to trading in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations (ICDR) 2009 and circulars/regulations/rules or directions issued by Securities and Exchange Board of India under section 11 of the Securities and Exchange Board of India Act, 1992. The Resulting Company shall enter into such and give such confirmations and / or undertaking as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchanges. On such formalities being fulfilled the said Stock exchanges shall list and / or admit such equity shares also for the purpose of trading.

(f) For the purpose of issue of equity shares to the shareholders of the Demerged Company, the Resulting Company shall, if and to the extent required, apply for and obtain the required statutory approvals and other concerned

regulatory authorities for the issue and allotment by the Resulting Company of such equity shares.

(g) The Equity Shares to be issued by the Resulting Company pursuant to this Scheme in respect of Equity Shares of Demerged Company, which are not fully paid up shall also be kept in abeyance and dealt with by the Resulting Company when they become fully paid-up, based on information periodically provided by Demerged Company to the Resulting Company.

(h) Unless otherwise determined by the Board of Directors or any committee thereof of Demerged Company and the Board of Directors or any committee thereof of the Resulting Company, issuance of Equity shares in terms of Clause 10 shall be done within 45 days from the Effective Date.

(i) For the purpose of Income Tax Act, 1961 :
   (i) The cost of acquisition of the shares of the Resulting Company in the hands of the shareholders of the Demerged Company shall be the amount which bears to the cost of acquisition of shares held by the shareholder in the Demerged Company the same proportion as the net book value of the assets transferred in the Demerger to the Resulting Company bears to the net worth of the Demerged Company immediately before the Demerger hereunder.
   (ii) The period for which the share(s) in the Demerged Company were held by the shareholders shall be included in determining the period for which the shares in the Resulting Company have been held by the respective shareholder.

(j) The issue and allotment of Equity Shares by the Resulting Company as provided in the Scheme shall be deemed to have been carried out by following the procedure laid down under Section 81(1A) of the Companies Act, 1956, if applicable, and other applicable provisions of the Act.

(k) The Shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing / trading permission is given by the Designated Stock Exchange. There shall be no change in the shareholding pattern or control in Alembic Pharma Limited between the record date and the listing which may afffect the status of the approval of the Stock Exchange.

(l) No fractional entitlements shall be issued in favour of any member of Demerged Company holding Equity Shares of the Demerged Company in respect of the fractional entitlements if any, to which he may be entitled on issue or allotment of the shares of the Resulting Company as aforesaid. The Board of Directors of the Resulting Company shall instead consolidate all such fractional entitlements and allot shares in lieu thereof to a director or an authorized officer of the Resulting Company with express understanding that such director or the officer shall sell the same at the best available price in one or more lots by private sale / placement or by auction as deemed fit (the decision of such director or the officer as the case may be as to the timing and method of the sale and the price at which such sale has been given effect to shall be final) and pay the sales proceeds to the Resulting Company. The net sale proceeds thereupon shall be distributed among the members of the Demerged Company in the proportion of their fractional entitlements in the Resulting Company.

11. ACCOUNTING BY THE DEMERGED COMPANY AND THE RESULTING COMPANY IN RESPECT OF ASSETS AND LIABILITIES:

11.1 Accounting treatment in the books of the Demerged Company:

a) The assets and the liabilities of the Demerged Company being transferred to the Resulting Company shall be at values appearing in the books of accounts of the Demerged Company as on the closure of March 31, 2010.

b) An amount equivalent to net book value of the assets (net of liabilities) of the Pharmaceutical Undertaking transferred to the Resulting Company by the Demerged Company in terms of this Scheme, shall be appropriated against Securities Premium account of the Demerged Company, and after such appropriation, will be further appropriated against General Reserve Account / Profit and Loss Account of the Demerged Company to the extent required.

c) The general and multipurpose loan obtained by the Demerged Company from various Banks will be apportioned between the Demerged Company and the Resulting Company in the ratio of the value of the assets allocated to both the Demerged Company and the Resulting Company and respective charges will be created over the assets of the respective Companies.

d) The book value of investment by the Demerged Company in the share capital of Resulting Company will be continued and shall not be cancelled.

11.2 Accounting treatment in the Books of the Resulting Company:

a) Upon coming into effect of this Scheme and upon the arrangement becoming operative, the Resulting Company shall record the assets and liabilities (including the portion of the Loan obtained for the Pharmaceutical Undertaking from various Banks) comprised in the Pharmaceutical Undertaking transferred to and vested in them pursuant to this Scheme, at the same value appearing in the books of the Demerged Company as on the closure of March 31, 2010.

b) The Resulting Company shall credit the Share Capital Account in its books of account with the aggregate face value of the new equity shares issued to the shareholders of the Demerged Company pursuant to Clause 10 of this Scheme.

c) The excess or deficit, if any, remaining after recording the aforesaid entries shall be credited by the Resulting Company to its General Reserve Account or debited to Goodwill / Securities Premium Account, as the case may be. The General Reserve created, if any, shall be treated for all purposes, as free reserve.

d) On allotment of shares by the Resulting Company in terms of Clause 10 above, the existing shareholding of the Demerged Company, in the Resulting Company shall be continued as an integral part of this Scheme and hence no reduction in the Share Capital will take place.

e) The borrowing limits of the Resulting Company in terms of Section 293(1)(d) read with Section 293(1)(a) of the Act shall, without any further act, instrument or deed, stand enhanced to an amount Rs.2000 Crores over and above its paid up capital and free reserves.

12. REORGANIZATION OF AUTHORISED SHARE CAPITAL

12.1 AUTHORISED SHARE CAPITAL OF THE DEMERGED COMPANY

a) Upon the scheme becoming effective, the existing preference share capital of Rs.5 Crores consisting of 5,00,000 Preference Shares of Rs.100/- each shall stand reclassified as equity shares of Rs.5 Crores consisting of 2,50,00,000 equity shares of Rs.2/- each pursuant to 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be without any further act, instrument or deed.

b) Upon the scheme becoming effective, the Authorised Share Capital of the Demerged Company shall stand transferred to the Resulting Company without any further act, instrument or deed and without payment of any fees, stamp duty etc. to the extent of Rs.20,00,00,000 (Rupees Twenty Crores) pursuant to 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be without any further act, instrument or deed.

c) Consequentially, upon Scheme being effective,

Clause V of the Memorandum of Association of the Demerged Company (relating to authorised share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:

"The authorised share capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crores only) divided into 15,00,00,000 (Fifteen Crores Only) Equity Shares of Rs. 2/- (Rupees Two only) each , with power to classify or reclassify, increase or reduce the capital from time to time in accordance with the regulations of the Company and the legislative provisions for the time being in force in this behalf and with the power to divide the share capital for the time being into several classes and to attach thereto respectively any preferential. qualified or special rights, privileges or condition including as to voting and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with these present and the Articles of Association."

12.2 AUTHORISED SHARE CAPITAL OF THE RESULTING COMPANY

a) Upon the scheme being effective, the Authorized Capital of the Resulting Company shall stand increased by Rs.20,00,00,000 (Rupees Twenty Crores) which shall stand transferred from the Authorized Capital of Demerged Company to the Resulting Company without any further act, instrument or deed and without payment of any fees, stamp duty etc.

b) Upon the scheme being effective, the Authorized Capital of the Resulting Company shall stand increased by Rs.8,00,00,000 (Rupees Eight Crores) without any further act, instrument or deed but subject to payment of fees and stamp duty thereon.

c) Consequentially, upon Scheme being effective,

Clause V of the Memorandum of Association of the Resulting Company (relating to authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:

"The Authorized share capital of the Company is Rs. 40,00,00,000/- (Rupees Forty Crores only) divided into 20,00,00,000 (Twenty Crores Only) Equity Shares of Rs. 2/- (Rupee Two only) each with power to classify or reclassify, increase or reduce the capital from time to time in accordance with the regulations of the Company and the legislative provisions for the time being in force in this behalf and with the power to divided the share capital for the time being into several classes and to attach thereto respectively any preferential, qualified or special rights, privileges or condition including as to voting and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with these present and the Articles of Association."

12.3 Under the accepted principle of Single Window Clearance, it is hereby provided that the aforesaid

alterations in the memorandum and Articles of Association of both the Demerged Company and Resulting Company viz. Change in the Capital Clause, referred above, shall become operative on the scheme being effective by virtue of the fact that the Shareholders of the Demerged Company and the Resulting Company while approving the Scheme as a whole at duly convened meetings or by virtue of written consent letter, have also resolved and accorded the relevant consents as required respectively under Sections 16, 31, 94 and 394 of the Companies Act, 1956 or any other provisions of the Act and shall not be required to pass separate resolutions as required under the Act.

13. REDUCTION OF SECURITIES PREMIUM AND/ OR GENERAL RESERVE OF THE DEMERGED COMPANY.

Upon the Scheme being finally effective, in view of the transfer of Pharmaceutical Undertaking by the Demerged Company

i. An amount equivalent to net book value of assets (net of liabilities) of the Pharmaceutical Undertaking transferred to the Resulting Company by the Demerged Company in terms of this Scheme, shall be firstly appropriated against Securities Premium Account of Demerged Company and after such appropriation, balance left if any, will be secondly appropriated against the General Reserve Account / Profit and Loss Account of the Demerged Company.

ii. It is proposed that the entire amount of Rs. 4057.47 lacs standing to the credit balance of Share Premium Account in the books of the Demerged Company as on the Appointed Date, shall be so utilized for the said adjustment.

iii. The same amounts to reduction of capital under sec. 78 and 100 of the Companies Act. However, the same is consequential in nature and is proposed to be effected as an integral part of the Scheme. The approval of the members of the De-merged Company to the proposed Scheme at the Court convened meeting, shall be deemed to be their approval under the provisions of Sections 78, 100 and all other applicable provisions of the Act to such reduction of capital of the De-merged Company and the De-merged Company shall not be required to undertake any separate proceedings for the same. The order of the Honorable High Court sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Act. In view of the same, the Resulting Companies shall not be required to separately comply with Sec. 100 or any other provisions of Companies Act, 1956. The De-merged Company shall not be required to add "And Reduced" after its name.

14. TAXES

All Taxes (including income tax, sales tax, excise duty, custom duty, service tax VAT etc) paid or payable by the Demerged Company in respect of the operations and/or profits of the Demerged Company before the Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, custom duty, service tax, VAT etc), whether by the way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Pharmaceutical Undertaking 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 with accordingly.

18. REORGANISATION OF THE VADODARA UNDERTAKING

Subsequent to the demerger, as on the Appointed Date, the Assets of the Vadodra Undertaking will be revalued and such a revaluation will be done by an approved valuer in accordance with the Accounting Standard 10 issued by the Institute of Chartered Accountant of India. The net increase in net book value of the Assets including out of the revaluation of the appurtenant land of the Vadodara Undertaking, will be firstly credited directly to the owner's interests under the head of Revaluation Reserve. The said Revaluation Reserve shall be renamed as Business Restructuring Reserve pursuant to the Scheme, to be referred to as such or by any other name and such Reserve shall be available to meet the costs, expenses, and losses, including on account of impairment of or write-down of assets of the Vadodara Undertaking, which may be suffered by AL, pursuant to this Scheme or otherwise in course of its business or in carrying out such re-organisation of operations of Vadodara Undertaking or any of its subsidiaries, as the Company considers necessary or appropriate. Such Reserve shall be arising out of this Scheme and shall not be considered as a reserve created by AL. Depreciation, after revaluation will be charged on the revalued amount of the Assets."

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

13. The Background of the Board of Directors

13.1 Alembic Limited.

| Sr. No. | Name of Director | Designation | Age | Educational Qualifications |
|---|---|---|---|---|
| 1 | Mr. Chirayu R. Amin | Chairman & Managing Director | 64 | B.Sc., MBA |
| 2 | Mrs. Malika C. Amin | Whole-time Director | 56 | MA |
| 3 | Dr. Babubhai R. Patel | Director | 81 | M.B. MRCP Edin (Cardiology) |
| 4 | Mr. Pranav M. Parikh | Director | 67 | B.Com, One year Business Administration Program |
| 5 | Mr. K. G. Ramanathan | Director | 71 | M.Sc. (Phys.), IAS (Retd.) |
| 6 | Mr. Paresh Saraiya | Director | 57 | B.E. (Mech.) |
| 7 | Mr. Raj Kumar Baheti | Director, President - Finance & Company Secretary | 51 | B.Com., FCA, FCS |
| 8 | Mr. Pranav Amin | Director & President - International Business | 35 | B.Sc. (Economics /Industrial Management), MBA |
| 9 | Mr. Milin Mehta | Director | | M.Com, LLB, FCA |

13.2 Alembic Pharma Limited.

| Sr. No. | Name of Director | Designation | Age | Educational Qualifications |
|---|---|---|---|---|
| 1 | Mr. Chirayu R. Amin | Director | 64 | B.Sc., MBA |
| 2 | Mrs. Malika C. Amin | Director | 56 | MA |
| 3 | Mr. Raj Kumar Baheti | Director | 51 | B.Com., FCA, FCS |

14. The equity shareholding pattern of the De-merged Company and the Resulting Company pre- and post-demerger is annexed hereto and marked as Annexure 1.

15. The financial position of the De-merged Company will not be adversely affected by the Scheme of Arrangement. It will continue to remain strong and it will be able to meet and pay its debts as and when they arise.The rights and interests of the members and the creditors of the De-merged Company and the Resulting Company will not be prejudicially affected by the Scheme.

16. Pursuant to clause 24 (f) of the Listing Agreement, the De-merged Company has received no objection letters from the BSE and the NSE for filing the Scheme with the Hon'ble High Court, vide their respective letters dated 16th July, 2010 and 26th July, 2010 and as indicated therein, this fact is being specifically brought to the notice of all the Equity Shareholders.

17. No investigation proceedings have been instituted or are pending in relation to the Applicant Company under Sections 235 and 250A of the Act.

18. The directors of the De-merged Company and the Resulting Company may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the respective Companies, or to the extent the said directors are common directors in the Companies, or to the extent the said directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the companies or to the extent they may be allotted shares in the Resulting Company as a result of the Scheme of Arrangement.

19.1 The respective shareholding (singly or jointly) of Directors in the De-merged Company and the Resulting Company as on the date of explanatory statement is as under:-

| Name of Directors | In Alembic Limited (Demerged Company) No. of Shares | In Alembic Pharma Limited (Resulting Company) No. of Shares |
|---|---|---|
| Mr. Chirayu Amin | 4551465 | 1* |
| Mrs. Malika Amin | 3035730 | 1* |
| Mr. Pranav Amin | 1009800 | 1* |
| Dr. B.R. Patel | 14385 | NIL |
| Mr. R.K. Baheti | NIL | 1* |
| Mr. Pranav M. Parikh | NIL | NIL |
| Mr. K.G. Ramanathan | NIL | NIL |
| Mr. Paresh M. Saraiya | NIL | NIL |
| Mr. Milin Mehta | NIL | NIL |

* Beneficial Interest held by Alembic Limited.

19.2 The Directors of either the De-merged Company or Resulting Company have not given any loans to either of the companies.

20. The abridged financial statements of the De-merged Company for last three years are annexed herewith as Annexure-2.

21. The following documents will be open for inspection up to one day prior to the date of the Meeting at its Registered Office between 10.30 a.m. and 1.00 p.m. on all working days, except Saturday:

(a) Certified copy of the Orders of the Hon'ble High Court of Gujarat dated 2nd August, 2010 and 9th August, 2010 passed in the Company Application No. 215 of 2010 directing the convening of the meetings;
(b) Certified copy of the Orders of the Hon'ble High Court of Gujarat dated 2nd August, 2010 and 9th August, 2010 passed in the Company Application No. 216 of 2010 dispensing with the meeting of Equity Shareholders;
(c) Copies of the Memorandum and Articles of Association of both the Companies;
(d) Audited Balance Sheet and Profit and Loss Account of the De-merged Company for the financial year ended 31 March 2010 alongwith the Annual Report;
(e) Copies of the no objection letters dated 16/7/2010 and 26/7/2010 received respectively from the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
(f) Scheme of Arrangement.
(g) Exchange Ratio Certificate/Valuation Opinion issued by M/s U.K. Gala & Associates, Chartered Accountants.
(h) The Fairness Opinion granted by M/s Edelweiss Capital Ltd., the Merchant Bankers.

A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Registered Office of the company and / or at the office of the Advocate Mrs. Swati Soparkar, 301, Shivalik 10, Opp. SBI Zonal Office, Near Excise Chowky, S.M.Road,Ahmedabad 380 015.

**Chirayu R. Amin**
Chairman appointed for the meeting

Dated this 9th August, 2010.

**Registered Office:**
Alembic Road, Vadodara – 390 003.

## ANNEXURE-1

Pre and Estimated Post Demerger Shareholding Pattern of the Applicant Company and the Resulting Company:

**Pre-Demerger Shareholding pattern of Applicant Company as on 30th June, 2010:**

| Sr. No. | Particulars | Shareholding Pre-Demerger | |
|---|---|---|---|
| | | No. of Shares | % |
| 1. | Promoters and Promoter Group | 8,47,53,005 | 63.48 |
| 2. | Public | 4,87,62,909 | 36.52 |
| | **Total** | **13,35,15,914** | **100.00** |

**The Estimated Post-Demerger Shareholding pattern of Applicant Company(based on the shareholding pattern as on 30th June, 2010):**

| Sr. No. | Particulars | Shareholding Post-Demerger | |
|---|---|---|---|
| | | No. of Shares | % |
| 1. | Promoters and Promoter Group | 8,47,53,005 | 63.48 |
| 2. | Public | 4,87,62,909 | 36.52 |
| | **Total** | **13,35,15,914** | **100.00** |

**Pre-Demerger Shareholding pattern of Resulting Company as on 30th June, 2010:**

| Sr. No. | Particulars | Shareholding Pre-Demerger | |
|---|---|---|---|
| | | No. of Shares | % |
| 1. | Alembic Limited | 5,50,00,000 | 100 |
| 2. | Public | Nil | Nil |
| | **Total** | **5,50,00,000** | **100** |

**The Estimated Post-Demerger Shareholding pattern of the Resulting Company (based on the shareholding pattern as on 30th June, 2010):**

| Sr. No. | Particulars | Shareholding Post-Demerger | |
|---|---|---|---|
| | | No. of Shares | % |
| 1. | Alembic Limited | 5,50,00,000 | 29.18 |
| 2. | Promoters and Promoter Group of Alembic Limited | 8,47,53,005 | 44.96 |
| 3. | Public | 4,87,62,909 | 25.86 |
| | **Total** | **18,85,15,914** | **100.00** |

## ANNEXURE-2
## Summarised Balance Sheet of
## Alembic Limited for the 3 years ended on

| Years/Period ended on | 31-03-2010 | 31-03-2009 | 31-03-2008 |
|---|---|---|---|
| **SOURCES OF FUNDS** | | **(Rs in Crores)** | |
| **1. SHAREHOLDERS FUNDS :** | | | |
| a. Capital | 26.70 | 27.44 | 27.69 |
| b. Reserve & Surplus | 289.03 | 299.55 | 313.67 |
| **2. LOAN FUNDS :** | | | |
| a. Secured Loans | 249.31 | 215.76 | 277.55 |
| b. Unsecured Loans | 159.06 | 259.68 | 145.92 |
| **Deferred Tax Liability** | 13.84 | 6.41 | - |
| **TOTAL** | **737.94** | **808.84** | **764.83** |
| **APPLICATION OF FUNDS :** | | | |
| **1. Fixed Assets** | | | |
| Gross Block | 712.33 | 681.78 | 605.50 |
| Less : Depreciation | 319.15 | 277.00 | 238.88 |
| Net Block | 393.18 | 404.78 | 366.62 |
| Capital Work in Progress | 3.90 | 7.16 | 21.96 |
| **2. INVESTMENTS :** | 8.49 | 8.45 | 14.06 |
| **3. Current Assets, Loans & Advances :** | - | - | 4.82 |
| Inventories | 244.95 | 238.39 | 202.81 |
| Receivables | 186.12 | 198.90 | 230.54 |
| Cash and Bank Balances | 2.08 | 16.31 | 18.66 |
| Loans & Advances | 125.44 | 126.80 | 86.38 |
| Less : Current Liabilities and Provisions | | | |
| Current Liabilities | 207.24 | 177.71 | 152.19 |
| Provisions | 18.98 | 14.24 | 28.83 |
| **NET CURRENT ASSETS :** | 332.37 | 388.45 | 357.37 |
| **TOTAL** | **737.94** | **808.84** | **764.83** |

## Summarised Profit & Loss Account of Alembic Limited for the 3 years ended on

| Years/Period ended on | 31-03-2010 | 31-03-2009 | 31-03-2008 |
|---|---|---|---|
| **Income** | | **(Rs in Crores)** | |
| Sales and Operating Income | 1021.51 | 1101.97 | 1003.25 |
| Other Income | 4.30 | 5.14 | 10.95 |
| **Total** | **1025.81** | **1107.11** | **1014.20** |
| **Expenditure** | | | |
| Cost of Materials | 475.73 | 548.90 | 492.28 |
| Personnel Expenses | 145.47 | 131.69 | 97.62 |
| Operation & Other Expenses | 307.99 | 335.04 | 267.43 |
| Finance Charges (Net) | 30.05 | 40.06 | 33.05 |
| Depreciation | **43.02** | **38.31** | **32.77** |
| **TOTAL** | **1002.26** | **1094.00** | **923.15** |
| **Profit for the year before Tax, before Prior period adjustments & Exceptional Items** | **23.55** | **13.11** | **91.05** |
| Less /(Add) : Exceptional Items | - | 7.52 | (22.55) |
| Less : Prior Period Adjustments | - | - | - |
| Less /(Add): Provision for tax, deferred tax & fringe benefit tax | 2.87 | (1.69) | 1.41 |
| **Profit after Taxation** | **20.68** | **7.28** | **112.19** |
| Add : Surplus Brought forward from earlier year | 72.36 | 79.73 | 41.83 |
| **Profit Available for Appropriation** | **93.04** | **87.01** | **154.02** |
| **Appropriations :** | | | |
| Proposed Dividend on Equity Shares. | 6.67 | 5.49 | 20.76 |
| Tax on Dividend (including surcharge) | 1.13 | 0.93 | 3.53 |
| Interim Dividend on Equity Shares | - | - | - |
| Tax on Interim Dividend (including surcharge) | - | - | - |
| Reversal of Provision of Dividend & Corporate Tax thereon – Buy Back Shares | 0.07 | - | - |
| Transfer to General Reserve | 2.07 | 0.73 | 50.00 |
| Transfer to Debenture Redemption Reserve | 7.92 | 7.50 | - |
| **Balance Carried to Balance Sheet** | **75.32** | **72.36** | **79.73** |
| Earning per Share of Re. 1/- each | | | |
| - Basic | 1.53 | 1.07 | 6.47 |
| -Diluted | 1.53 | 0.53 | 8.10 |

**SCHEME OF ARRANGEMENT BETWEEN ALEMBIC LIMITED - DEMERGED COMPANY AND ALEMBIC PHARMA LIMITED - RESULTING COMPANY AND THEIR RESPECTIVE MEMBERS AND CREDITORS UNDER SECTIONS 391 TO 394 OF THE COMPANIES ACT 1956**

This Composite Scheme of Arrangement provides for Demerger/ Spin off of the Pharmaceutical Undertaking (as defined hereinafter) of **Alembic Limited** as a going concern to Alembic Pharma Limited, and consequential Re-organisation of its Share Capital, pursuant to Sections 391 to 394 read with Sections 78 and 100 to 104 and other relevant provisions of the Companies Act, 1956 as well as reorganization of the Vadodara Undertaking of Alembic Limited (defined hereinafter)

**1. PREAMBLE**

**A. DESCRIPTION OF COMPANIES**

(a) The Demerged Company viz. Alembic Limited (AL) was incorporated on 30/07/1907, under the name and style Alembic Chemical Works Company Limited under the provisions of the Indian Companies Act, VI of 1882. The name of the Company was changed to Alembic Limited and the Demerged Company obtained a new incorporation certificate on 31st May, 1999. The Equity Shares of AL are presently listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Demerged Company is presently engaged in manufacturing and marketing of fermentation and chemistry based Active Pharmaceuticals Ingredients (API) at Vadodara Plant and is also engaged in power generation through its co-generation power plant and through wind mills. The Company is also engaged in leasing out real estate and holding certain strategic and long term Investments. It is also engaged in manufacturing, marketing and trading of branded & generic Formulations and Active Pharmaceuticals Ingredients (API) at other manufacturing facilities. It is also engaged in research & development activities.

(b) The Resulting Company viz. Alembic Pharma Limited **(APL)** was incorporated on 16/06/2010 under the name and style "Alembic Pharma Limited". The main object of APL is to manufacture, sale, purchase, deal in various pharmaceuticals products, bulk drugs, medicines, chemicals, raw materials, intermediates for various pharmaceutical products and to engage in business of healthcares, life-sciences, research and development, contract manufacturing in India and/or abroad.

**B. RATIONALE AND OBJECTIVE OF THE SCHEME OF ARRANGEMENT**

a) Alembic Limited is a leading pharmaceutical company with a global vision. Alembic is into the top bracket of Indian pharmaceutical companies with many of its brands amongst the top five in their respective categories. With such competitive advantages, the Company is uniquely poised in its pursuit of being amongst the largest Indian pharmaceutical companies. Its business comprises of (i) manufacturing, marketing and trading of formulations & bulk drugs (Active Pharmaceutical Ingredients or APIs) and R & D Activities (the Pharmaceutical Undertaking), (ii) manufacture of predominantly fermentation and chemistry based bulk drugs (APIs) at its Vadodara Undertaking and (iii) power generation through its co-generation power plant and through wind mills (the Power Business) . The Company also has some real estate in Vadodara which can be potentially developed.

b) The Pharmaceutical Undertaking is poised for significant growth. The international pharmaceutical industry is seeing greater share of generics with a large number of drugs expected to go off patent in the next few years offering tremendous growth opportunities to well managed and focused Indian pharmaceutical companies. The domestic pharmaceutical industry is also witnessing double digit growth riding on increasing economic development, increasing per capita income and greater focus on healthcare. However, in order to capitalize on the available opportunities there is a need for specialized attention, focus, resources, etc. Further this business is capable of attracting different set of investors, strategic partners, lenders and other stakeholders. Therefore, it is proposed to demerge the Pharmaceutical Undertaking into a separate company (Alembic Pharma Limited). As a new company the Pharmaceutical Undertaking will have the necessary independence, accountability and freedom to chart its own course of growth without the legacy of the other businesses / activities of the Company.

c) The Vadodara Undertaking of Alembic Limited consisting of the assets (hereinafter referred to as "the Assets") more particularly described in Schedule II is engaged in the business of manufacture of predominantly fermentation and chemistry based bulk drugs (APIs) and is currently going through many challenges. The Vadodara Undertaking was established many decades ago and hence, some of its plant, machineries and other equipments are very old. Further, being an old facility, it is not designed in line with present regulatory and business requirements. The business is facing stiff price competition from Chinese manufacturers. The Company together with other manufacturers had applied for levy of anti dumping duty on such imports, which has not been favourably considered by the Government of India. In view of this situation the Vadodara Undertaking needs to be reorganized and right sized to enable it to survive the competitive pressures. The activities of the Vadodara Undertaking will also need greater focus and other restructuring measures to make it cost efficient and competitive. The Assets of the Vadodara Undertaking which are carried at historical costs do not reflect their true value and it has become imperative to revalue them so as to reflect their fair values.

d) The Company owns some land area at Vadodara which can be potentially used for real estate development in future. Similarly the Power Business also has good opportunity for growth and consolidation.

e) The risk-reward profile and the competition involved in each of these businesses is distinct from each other and consequently each business or undertaking is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders. There are also differences in the manner in which each of these businesses are required to be managed. The demerger will create two separate entities with management focus on clearly laid out objectives, pursuant to which Alembic Pharma Limited would focus on the Pharmaceutical Undertaking consisting of the business of manufacturing, marketing and trading of formulations & APIs and Research & Development activities and Alembic Limited would focus on its existing business and activities other than the Pharmaceutical Undertaking.

f) It is believed that the proposed demerger will create enhanced value for shareholders and allow

a focused strategy in operations, which would be in the best interest of both AL & APL, its shareholders, creditors and all persons connected with AL and APL. The demerger proposed by this Scheme of Arrangement will enable investors to separately hold investments in businesses with different investment characteristics thereby enabling them to select investments which would best suit their investment strategies and risk profiles.

g) The demerger will also provide scope for independent collaboration and expansion without committing the existing organization in its entirety.

h) The demerger will facilitate more transparent benchmarking of the Companies with their peers in their respective industries.

i) The Board of Directors of the Demerged Company and Resulting Company are of the opinion that the demerger would benefit the shareholders, employees and other stakeholders of the Demerged Company and the Resulting Company.

j) With the aforesaid rationale and objectives, it is proposed to demerge AL's Pharmaceutical Undertaking comprising manufacturing, marketing and trading of Formulations & API and research & development activities from AL to APL and reorganize the Vadodara Undertaking.

**C. OPERATION OF THE SCHEME**

a) In furtherance of the rationale and objectives mentioned above, this Scheme of Arrangement provides for:
   (i) The Demerger of the Pharmaceutical Undertaking from Demerged Company to the Resulting Company;
   (ii) The reorganization of the capital of the Demerged Company and the Resulting Company;
   (iii) Reorganization of the Vadodara Undertaking of Alembic Limited.

b) The Demerger of the Pharmaceutical Undertaking of the Demerged Company under this Scheme of Arrangement will be effected under the provisions of Sections 391 to 394 of the Companies Act, 1956. The Demerger complies with the provisions of Section 2(19AA) of the Income Tax Act, 1961, such that:
   (i) All the properties of the Pharmaceutical Undertaking (as defined hereinafter) being transferred by the Demerged Company immediately before the Demerger become the properties of the Resulting Company by virtue of the Demerger;
   (ii) All the liabilities relatable to the Pharmaceutical Undertaking being transferred by the Demerged Company, immediately before the Demerger become the liabilities of the Resulting Company by virtue of the Demerger;
   (iii) The properties and the liabilities, if any, relatable to the Pharmaceutical Undertaking being transferred by the Demerged Company are transferred to the Resulting Company at the values appearing in the books of account of the Demerged Company immediately before the Demerger;
   (iv) The Resulting Company issues shares to the shareholders of the Demerged Company in consideration of the Demerger on a proportionate basis;
   (v) All the shareholders of the Demerged Company shall become the shareholders of the Resulting Company by virtue of the Demerger; and
   (vi) The transfer of the Pharmaceutical Undertaking will be on a going concern basis.

c) This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under Section 2(19AA) of the Income Tax Act, 1961. If any terms or provisions of the Scheme is/ are inconsistent with the provisions of Section 2(19AA) and related provisions of the Income Tax Act, 1961, the provisions of Section 2(19AA) and related provisions of the Income Tax, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(19AA) and the related provisions of the Income Tax Act, 1961; such modification shall not affect other parts of the Scheme.

**2. DEFINITIONS:**

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meaning: -

(a) **'Act'** means the Companies Act, 1956 including any statutory modifications or re-enactments for the time being in force.

(b) **'Appointed Date'** means the commencement of 1st day of April, 2010 or such other date as may be approved by the High Court of Judicature at Gujarat;

(c) **'Court' or 'High Court'**, shall mean Hon'ble High Court of Gujarat, and shall be deemed to include the National Company Law Tribunal, if applicable.

(d) **'Company' or 'AL' or 'Demerged Company'** means Alembic Limited, a listed limited company incorporated under the Indian Companies Act VI of 1882 and having its Registered Office at Alembic Road, Vadodara, Gujarat, India 390 003.

(e) **'Effective Date'** means the last of the dates on which the sanctions / approvals or orders as specified in Clause No. 22 of this Scheme have been obtained and the order of the High Court sanctioning the Scheme of Arrangement is filed with the Registrar of Companies by the Demerged Company and the Resulting Company. References in this Scheme to the date of "coming into effect of this Scheme" or "effectiveness of this Scheme" or "Scheme becoming effective" shall be construed accordingly.

(f) **'Pharmaceutical Undertaking'** or 'Demerged Undertaking' means the Demerged Company's undertaking, business activities and operations pertaining to pharmaceutical business other than Vadodara Undertaking comprising all the assets, (moveable and immoveable, tangible or intangible, real or personal, corporeal or incorporeal, present, future or contingent) and liabilities, which relate thereto or are necessary therefor and including specifically the following:
   I) The manufacturing facilities and research & development centre as described in Schedule I-A, together with all that pieces or parcels of freehold and leasehold lands, hereditaments and premises situate, lying and being thereat together with all the buildings and structures standing thereon as on the Appointed Date.
   II) All secured and unsecured debts, fixed deposits, liabilities (including contingent liabilities), duties and obligations of every kind and nature whatsoever and howsoever accruing or arising out of and all loans or borrowings raised and incurred and utilized for its businesses, activities and operations pertaining to Pharmaceutical Undertaking, along with any charge, encumbrance, lien or security thereon, of the Demerged Company as on the Appointed Date (hereinafter referred to as 'the

said Liabilities'). All other regional offices relating to pharmaceutical business whether owned or leased.

For the purpose of this Scheme, it is clarified that liabilities pertaining to the Pharmaceutical Undertaking include:

- the liabilities, including contingent liabilities, which arise out of the respective activities or operations of the Pharmaceutical Undertaking;
- specific loans and borrowings raised, incurred and utilized solely for the respective activities or operation of the Pharmaceutical Undertaking;
- liabilities other than those referred to in sub-clauses above, being the amounts of general or multipurpose borrowings of the Demerged Company, allocated to the Pharmaceutical Undertaking in the same proportion in which the value of the assets transferred under this Scheme bear to the total value of the assets of the Demerged Company immediately before giving effect to this Scheme.

III) All strategic investments of the Demerged Company pertaining to Pharmaceutical Undertaking as described in Schedule I-B.

IV) All reserves and provisions and funds relating to Pharmaceutical Undertaking.

V) Without prejudice to the generality of sub-clause (I) and (II) mentioned above, the Pharmaceutical Undertaking of the Demerged Company shall include all Pharmaceutical Undertaking activities, assets including investments, claims, subsidies, powers, authorities, allotments, approvals, consents, contracts, enactments, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights and other intangible rights, hire purchase contracts and assets, lending contracts, benefit of any security arrangements, reversions, permits, quotas, entitlements, registrations, construction and infrastructure registration(s), licences (industrial, software or otherwise), municipal permissions, systems of any kind whatsoever, rights and benefits of all agreements and other interests including rights and benefits under various schemes of different taxation laws as may belong to or be available to the Pharmaceutical Undertaking activities of the Demerged Company, rights and powers of every kind, nature and description of whatsoever probabilities, liberties, easements, advantages and approvals of whatsoever nature and wheresoever situated, belonging to or in ownership, including but without being limited to patents, copyrights, brand names, and any other intellectual property rights of any nature whatsoever, trade mark except trademark "Alembic" (the trademark "Alembic" will remain the property of the Demerged Company. However, the Resulting Company shall be entitled to make use of the word "Alembic" for the purpose of the Pharmaceutical Undertaking), domain names, service marks, colour schemes, logos, records, files papers, engineering and process information, quotations, technical know-how, designs, design registrations, authorizations, rights to use and avail of telephones, telexes, facsimile, email, internet, lease line connections and installations, utilities, electricity and other services, all records, files, papers, computer programs, manuals, data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other records in connection with or in relation to the Pharmaceutical Undertaking of the Demerged Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession, or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Pharmaceutical Undertaking of Alembic Limited.

VI) All the employees of the Demerged Company employed in the Pharmaceutical Undertaking, as identified by the Board of Directors or any Committee or Person(s) authorized by the Board of the Demerged Company as on the Effective Date.

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

(g) 'Resulting Company' or 'APL' means Alembic Pharma Limited, a public limited company, incorporated under the Companies Act, 1956 having its Registered Office at Alembic Road, Vadodara, Gujarat, India 390 003.

(h) 'Record Date' means the date fixed by the Board of Directors of the Demerged Company in consultation with the Resulting Company for the purpose of reckoning names of the equity shareholders of the Demerged Company, who shall be entitled to receive shares of the Resulting Company upon coming into effect of this Scheme as specified in Clause 10(a) of this Scheme.

(i) 'Remaining Undertaking' means all the business and all the properties, assets, investments and liabilities, employees of the Demerged Company including the Vadodara Undertaking, Power Business, investments other than Pharmaceutical Undertaking defined hereinabove.

(j) 'Scheme' or 'the Scheme' or 'this Scheme' means this Scheme of Arrangement in its present form as submitted to the Honorable High Court of Gujarat or this Scheme with such modification(s), if any made, as per Clause 20 of the Scheme.

(k) 'Vadodara Undetaking' means and includes business of manufacturing and marketing of fermentation and chemistry based Active Pharmaceuticals Ingredients (API) at Vadodara. It includes the assets more particularly described in Schedule II.

All the terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract (Regulation) Act, 1956, the Depositories Act, 1996, the Income Tax Act, 1961 and other applicable laws, rules and regulations, bye-laws, as the case may be or any other statutory modifications or re-enactment thereof for the time being in force.

**3. SHARE CAPITAL**

A. The Share Capital of AL as on 31st March, 2010 (Audited) is as under:

**Authorized Capital** **(Rs. in lacs)**

| | | |
|---|---|---|
| 22,50,00,000 | Equity Shares of Rs.2/- each | Rs. 4500.00 |
| 5,00,000 | redeemable cumulative Preference Shares of Rs.100/- each | Rs. 500.00 |
| **Total** | | **Rs. 5000.00** |

**Issued and Subscribed Capital** **(Rs. in lacs)**

| | | |
|---|---|---|
| 13,84,64,270 | Equity shares of Rs.2/- each. | Rs.2769.29 |
| **Total** | | **Rs.2769.29** |

**Paid-up Capital** **(Rs. in lacs)**

| | | |
|---|---|---|
| 13,35,15,914 | Equity shares of Rs.2/- each. | Rs.2670.31 |
| **Total** | | **Rs. 2670.31** |

The equity shares of Demerged Company are listed on Bombay Stock Exchange and National Stock Exchange.

B. The Share Capital of the Resulting Company as on 29th June, 2010 is as under:

**Authorized Capital** **(Rs. in lacs)**

| | | |
|---|---|---|
| 6,00,00,000 | Equity Shares of Rs.2/- each | Rs.1200.00 |
| **Total** | | **Rs.1200.00** |

**Issued and Subscribed Capital** **(Rs. in lacs)**

| | | |
|---|---|---|
| 5,50,00,000 | Equity Shares of Rs.2/- each | Rs.1100.00 |
| **Total** | | **Rs.1100.00** |

100% of the shareholding of the Resulting Company is held by the Demerged Company as on date.

**4. TRANSFER OF UNDERTAKING**

The Pharmaceutical Undertaking of the Demerged Company as defined in Clause 2(f), shall stand transferred to and vested in the Resulting Company, as a going concern, in accordance with Section 2(19AA) of the Income Tax Act and in the following manner:

(a) With effect from the Appointed Date and subject to the provisions of this Scheme and pursuant to the provisions of Sections 391 to 394 and other applicable provisions of the Act and in relation to the mode of transfer and vesting, all the assets and properties, rights, claims, title, interest, hereditaments and authorities including accretions and appurtenances thereto such as dividends, or other benefits received of the Pharmaceutical Undertaking of the Demerged Company shall, without any further act, instrument or deed, be and the same shall stand transferred to and / or vested in or be deemed to have been and stand transferred to or vested in the Resulting Company as a going concern so as to become as and from the Appointed Date, the estate, rights, titles, hereditaments and interests and authorities including accretions and appurtenances thereto such as dividends, or other benefits receivable that of the Resulting Company.

(b) With effect from the Appointed Date, and subject to the provisions of this Scheme, all the debts, liabilities including entire existing fixed deposits of the Demerged Company, contingent liabilities, duties and obligations of every kind, nature and description of the Demerged Company relatable to the said Pharmaceutical Undertaking of the Demerged Company shall stand transferred or deemed to have been transferred without any further act, instrument or deed of the Resulting Company, pursuant to the provisions of Sections 391 to 394 of the Act, so as to become as and from the Appointed Date, the debts, liabilities, contingent liabilities, duties and obligations of the Resulting Company and further that it shall not be necessary to obtain consent of any third party or other person who is a party to the contract or arrangements by virtue of which such debts, liabilities, duties and obligations have arisen, in order to give effect to the provisions of this Clause.

(c) With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, certificates, clearances, quota, authorities, USFDA approvals, DMF approvals, ANDA approvals, ISO certifications, trademarks, patents, Intellectual property rights, leases, tenancy, assignments, allotments, power of attorney given by, issued to or executed in favour of the Demerged Company in relation to the Pharmaceutical Undertaking, permissions or approvals or consents held by the Demerged Company required to carry on operations of Pharmaceutical Undertaking shall stand vested in or transferred to the Resulting Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company. The benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to the Resulting Company pursuant to the Scheme. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Demerged Company relating to the Pharmaceutical Undertaking, are concerned, the same shall vest with and be available to the Resulting Company on the same terms and conditions without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company.

(d) The transfer and vesting of Pharmaceutical Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relatable to Pharmaceutical Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Pharmaceutical Undertaking.

(e) All debentures, bonds or other debt securities, if any, of the Demerged Company relating to the liabilities comprised in the Pharmaceutical Undertaking, (hereinafter referred to as the "Debt Securities") shall, pursuant to the provisions of Sections 391 to 394 and other relevant provisions of the Act, without any further act, instrument or deed, become the Debt Securities of the Resulting Company on the same terms and conditions except to the extent modified under the provisions of this Scheme and all rights, powers, duties and obligations in relation thereto shall be and stand transferred to and vested in or be deemed to have been transferred to and vested in and shall be exercised by or against the Resulting Company to the same extent as if it were the Demerged Company in respect of the Debt Securities so transferred.

(f) With effect from the Appointed Date, and subject to the provisions of this Scheme all the Employees of the Pharmaceutical Undertaking of the Demerged Company shall stand transferred or deemed to have been transferred with all their accrued liabilities without any further act, instrument or deed of the Resulting Company, pursuant to the provisions of Sections 391 to 394 of the Act, so as

to become as and from the Appointed Date, the employees of the Resulting Company and further that it shall not be necessary to obtain consent of any third party or other person, in order to give effect to the provisions of this Clause.

(g) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Pharmaceutical Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme, the Resulting Company shall be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed.

(h) It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Pharmaceutical Undertaking, which the Demerged Company owns or to which the Demerged Company is a party and which cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset in trust for the benefit of the Resulting Company to which the Pharmaceutical Undertaking is being transferred in terms of this Scheme, in so far as it is permissible so to do, till such time as the transfer is effected.

(i) Where any of the debts, liabilities, loans raised and used, liabilities and obligations incurred, duties and obligations of the Demerged Company as on the Appointed Date deemed to be transferred to the Resulting Company have been discharged by the Demerged Company after the Appointed Date and up to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.

(j) All loans raised and used and all liabilities and obligations incurred by the Demerged Company for the operations of Pharmaceutical Undertaking after the Appointed Date and up to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Resulting Company in which the Pharmaceutical Undertaking shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the debts, liabilities, duties and obligations of the Resulting Company which shall meet discharge and satisfy the same.

(k) Without prejudice to clause (a) above, it is expressly provided that in respect of such assets belonging to Pharmaceutical Undertaking of the Demerged Company as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred by the Demerged Company, and shall become the property of the Resulting Company in pursuance of the provisions of Sections 391 to 394 and other applicable provisions of the said Act.

(l) the Demerged Company may, if required, give notice in such form as it may deem fit and proper to each party, debtor or depositor as the case may be that pursuant to the High Court of Gujarat sanctioning the Scheme, the said debt, loan, advance, etc. be paid or made good or held on account of the Resulting Company as the person entitled thereto and that the right of the Demerged Company to recover or realise the same stands extinguished.

(m) The Resulting Company may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the High Court of Gujarat having sanctioned the Scheme, the said person, debtor or depositor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of the Resulting Company to recover or realise the same is in substitution of the right of the Demerged Company.

(n) The demerger and the transfer and vesting of the assets comprised in the Pharmaceutical Undertaking to and in the Resulting Company under this clause shall be subject to the mortgages and charges, if any, affecting the same as hereinafter provided.

(i) The existing securities, mortgages, charges, encumbrances or liens (the "Encumbrances") or those, if any created by the Demerged Company after the Appointed Date, in terms of this Scheme, over the assets comprised in the Pharmaceutical Undertaking or any part thereof transferred to the Resulting Company by virtue of this Scheme, shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they related or attached prior to the Effective Date and as are transferred to the Resulting Company, and such Encumbrances shall not relate or attach to any of the other assets of Resulting Company Provided however that no Encumbrances shall have been created by the Demerged Company in relation to any of the Pharmaceutical Undertaking after the Appointed Date without the prior consent of the Resulting Company.

(ii) In so far as any Encumbrances over the assets comprised in the Pharmaceutical Undertaking are security for liabilities of the Remaining Undertaking retained with the Demerged Company, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the Encumbrances shall only extend to and continue to operate against the assets retained with the Demerged Company and shall cease to operate against any of the assets transferred to the Resulting Company in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above.

(iii) Without prejudice to the provisions of the foregoing clauses and upon the effectiveness of this Scheme, the Demerged Company and the Resulting Company shall execute any instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s)

of charge, with the Registrar of Companies, Gujarat to give formal effect to the above provisions, if required.

(iv) Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the liabilities, which have been transferred to them respectively in terms of the Scheme, and the Demerged Company shall not have any obligations in respect of such liabilities, and the Resulting Company shall indemnify the Demerged Company in relation to any claim, at any time, against the Demerged Company in respect of the liabilities which have been transferred to the Resulting Company.

(v) It is expressly provided that, save as mentioned in this Clause (n), no other term or condition of the liabilities transferred to the Resulting Company is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

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

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

a) Subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature to which the Pharmaceutical Undertaking of the Demerged Company is a party or to the benefit of which Pharmaceutical Undertaking of the Demerged Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall continue in full force and effect against or in favour of the Resulting Company as the case may be 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. The Resulting Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into a tripartite arrangement, confirmation or novation to which the Demerged Company will, if necessary, also be a party in order to give formal effect to this Clause, if so required or become necessary.

b) It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contracts deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to Pharmaceutical Undertaking, which the Demerged Company owns or to which the Demerged Company is a party and which cannot be transferred to the relevant Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or any contracts deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company to which the Pharmaceutical Undertaking is being transferred in terms of this Scheme, in so far as it is permissible so to do till such time as the transfer is effected.

c) On and from the Appointed Date, if any certificate for tax deducted or collected at source or any other tax credit certificate relating to the business of the Pharmaceutical Undertaking is received in the name of the Demerged Company, it shall be deemed to have been received by the relevant Resulting Company which alone shall be entitled to claim credit for such tax deducted or paid.

d) The advance income tax paid by the Demerged Company to the tax authorities can be allocated amongst the Demerged Company and the Resulting Company in proportion to the taxes (net of tax deducted at source) attributable to the taxable income of the relevant Demerged Undertaking in the books of accounts of the Demerged Company.

**6. LEGAL PROCEEDINGS:**

(a) Upon coming into effect of this Scheme, all suits, claims, actions and proceedings by or against or in relation to the Pharmaceutical Undertaking of the Demerged Company pending and / or arising on or before the Effective date shall be continued and be enforced by or against the Resulting Company as effectually as if the same had been pending and/or arising by or against the Resulting Company.

(b) If proceedings are taken against Demerged Company in respect of the matters referred to in clause above, it shall defend the same in accordance with the advice of the Resulting Company and at the cost and risk of the Resulting Company, and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof. In respect of such defence, the Resulting Company shall extend full and timely cooperation, including providing requisite information, personnel and the like, so as to enable Demerged Company to defend the same.

(c) The Resulting Company also undertakes to reimburse and indemnify the Demerged Company against invocation of bank guarantee, if any, relating to the Pharmaceutical Undertaking after the Appointed Date.

(d) The Demerged Company and the Resulting Company shall, to the extent possible, co-operate with each other in respect of any such contest, defence, litigation or settlement arising in respect of the Pharmaceutical Undertaking on or after the Appointed Date.

(e) The Resulting Company will undertake to have all legal or other proceedings initiated by or against the Pharmaceutical Undertaking of the Demerged Company referred to in sub-clause (a) above transferred to its name and to have the same continued, prosecuted and enforced by or against the Resulting Company.

(f) All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Undertaking (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Undertaking) shall be continued and enforced by or against the Demerged Company after the Effective Date. The Resulting Company shall not in any event be responsible or liable in relation to any such legal, taxation or other proceeding against the Demerged Company, which relate to the Remaining Undertaking.

(g) If proceedings are taken against the Resulting Company in respect of the matters referred to in sub- clause (a) above, the Resulting Company shall defend the same in accordance with the advice of the Demerged Company and at the cost and risk of the Demerged Company, and the latter shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof. In respect of such defense, the Demerged Company shall extend full and timely cooperation, including providing requisite information, personnel and the like, so as to enable the Resulting Company to defend the same.

**7. REMAINING UNDERTAKING OF THE DEMERGED COMPANY**

The Remaining Undertaking and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company, (subject only in relation to encumbrances in favour of banks and financial institutions). For the purpose of clarity, the Remaining Undertaking will include but not limited to all the assets situated at the Vadodara Plant, Co-generation Power plants, Wind Mill Power project, Staff Colony at Vadodara, Mumbai Offices situated at Mahim and Sahar Road and Delhi Liasoning Office, Alembic Business Park, other land and buildings at Vadodara. The Resulting Company may use the common facilities viz. Mumbai Office, Corporate Office etc. after the demerger on such terms and conditions as may be mutually agreed between the Demerged Company and the Resulting Company. All other regional offices relating to Pharmaceutical Undertaking whether owned or leased will be transferred to the Resulting Company.

**8. OPERATIVE DATE OF THE SCHEME**

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

**9. CONDUCT OF BUSINESS BY DEMERGED COMPANY AND RESULTING COMPANY TILL EFFECTIVE DATE:**

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

(i) The Demerged Company shall carry on and shall be deemed to have carried on all its business and activities of the Pharmaceutical Undertaking as hitherto and shall be deemed to have held and stood possessed of the Undertaking on account of, and for the benefit of and in trust for the Resulting Company.

(ii) All the profits or income accruing or arising to the Pharmaceutical Undertaking of the Demerged Company or expenditure or losses arising or incurred (including the effect of taxes, if any, thereon) by the Pharmaceutical Undertaking of the Demerged Company shall, for all purposes be treated and be deemed to be and accrued as the profits or income or expenditure or losses or taxes of the Resulting Company, as the case may be.

(iii) The Pharmaceutical Undertaking of Demerged Company shall carry on its business and activities with reasonable diligence, business prudence and shall not, undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any liabilities or expenditure, issue any additional guarantee, indemnities, letter of comfort or commitments either for itself or on behalf of any third party, or sell transfer, alienate, charge, mortgage, encumber or otherwise deal with the said Pharmaceutical Undertaking or any part thereof except in the ordinary course of business or if the same is expressly permitted by this Scheme or pursuant to any pre-existing obligation undertaken by the Pharmaceutical Undertaking of the Demerged Company prior to the Appointed Date, except with prior written consent of the Resulting Company.

Provided that as far as the obligations referred as above are concerned, the restrictions there under shall be applicable from the date of the acceptance of the present Scheme by the respective Board of Directors of the Demerged Company and Resulting Company even if the same are prior to the Appointed Date.

(iv) The Demerged Company shall not vary the terms and conditions and employment of employees of the Pharmaceutical Undertaking except in the ordinary course of business or with approval of Resulting Company.

(v) The Demerged Company shall not, without prior consent of the Resulting Company, take any major policy decisions in respect of management of the Pharmaceutical Undertaking other than in ordinary course of business.

(vi) The Demerged Company and the Resulting Company shall not make any change in their respective capital structure either by any increase, (by issue of equity or shares on a right basis, bonus shares, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, reorganisation, or in any other manner which may, in any way, affect the Share Exchange Ratio, except by mutual consent of the respective Board of Directors of Demerged Company and the Resulting Company or except as may be expressly permitted or envisaged under this Scheme.

**10. ISSUE OF SHARES AND SECURITIES BY THE RESULTING COMPANY:**

(a) Upon the Scheme becoming finally effective, in consideration of the transfer of and vesting of the Pharmaceutical Undertaking of the Demerged Company in the Resulting Company, the Resulting Company shall, subject to the provisions of the Scheme and without any further application, act, instrument or deed, issue and allot at par to every member of the Demerged Company, holding fully paid up Equity Shares in the Demerged Company and whose name appears in the Register of members of the Demerged Company on the Record Date or to his / her heirs, executors, administrators or the successors-in-title, as the case may be, in respect of every 1 (One) Equity Share of face value Rs.2/- (Rupees Two only) each held by him in the Demerged Company, 1 (One) Equity Share of face value Rs.2/- (Rupees Two Only) each shall be credited as fully paid-up in the Equity Share Capital of the Resulting Company.

(b) The said shares shall be issued in dematerialized form by the Resulting Company, to those shareholders whose shares in the Demerged Company are in dematerialized form and shall be issued in physical form to those shareholders whose shares in the Demerged Company are in physical form, unless otherwise notified in writing by the shareholders of Demerged Company to the Resulting Company on or before such date as may be determined by the Board of Directors of Demerged Company. If any Bonus Equity Shares are issued by Demerged Company to the Equity Shareholders of Demerged Company on or before the Record Date, necessary adjustments in the number of shares to be issued and the ratio of the shares will be made by the Board of Directors of the Demerged Company in consultation with the Resulting Company.

(c) In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors or any committee thereof of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in the Demerged Company as if such changes in the registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor or transferee of equity shares in the Resulting Company issued by the Resulting Company after the effectiveness of this Scheme.

(d) The said new Equity Shares issued and allotted by the Resulting Company in terms of this Scheme shall be subject to the provisions of the Memorandum and Articles of Association of the Resulting Company and shall rank for voting rights and in all other respects pari-passu with the existing Equity Shares of the Resulting Company.

(e) Equity shares of the Resulting Company issued in terms of clause 10 of this Scheme may be listed and / or admitted to trading on the National Stock Exchange and / or the Bombay Stock Exchange and / or any other Stock Exchange where the shares of Demerged Company are listed and / or admitted to trading in terms of the SEBI (Issue of Capital and Disclosure Requirements) Regulations (ICDR) 2009 and circulars/regulations/rules

or directions issued by Securities and Exchange Board of India under section 11 of the Securities and Exchange Board of India Act, 1992. The Resulting Company shall enter into such and give such confirmations and / or undertaking as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said Stock Exchanges. On such formalities being fulfilled the said Stock exchanges shall list and / or admit such equity shares also for the purpose of trading.

(f) For the purpose of issue of equity shares to the shareholders of the Demerged Company, the Resulting Company shall, if and to the extent required, apply for and obtain the required statutory approvals and other concerned regulatory authorities for the issue and allotment by the Resulting Company of such equity shares.

(g) The Equity Shares to be issued by the Resulting Company pursuant to this Scheme in respect of Equity Shares of Demerged Company, which are not fully paid up shall also be kept in abeyance and dealt with by the Resulting Company when they become fully paid-up, based on information periodically provided by Demerged Company to the Resulting Company.

(h) Unless otherwise determined by the Board of Directors or any committee thereof of Demerged Company and the Board of Directors or any committee thereof of the Resulting Company, issuance of Equity shares in terms of Clause 10 shall be done within 45 days from the Effective Date.

(i) For the purpose of Income Tax Act, 1961 :

(i) The cost of acquisition of the shares of the Resulting Company in the hands of the shareholders of the Demerged Company shall be the amount which bears to the cost of acquisition of shares held by the shareholder in the Demerged Company the same proportion as the net book value of the assets transferred in the Demerger to the Resulting Company bears to the net worth of the Demerged Company immediately before the Demerger hereunder.

(ii) The period for which the share(s) in the Demerged Company were held by the shareholders shall be included in determining the period for which the shares in the Resulting Company have been held by the respective shareholder.

(j) The issue and allotment of Equity Shares by the Resulting Company as provided in the Scheme shall be deemed to have been carried out by following the procedure laid down under Section 81(1A) of the Companies Act, 1956, if applicable, and other applicable provisions of the Act.

(k) The Shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing / trading permission is given by the Designated Stock Exchange. There shall be no change in the shareholding pattern or control in Alembic Pharma Limited between the record date and the listing which may afffect the status of the approval of the Stock Exchange.

(l) No fractional entitlements shall be issued in favour of any member of Demerged Company holding Equity Shares of the Demerged Company in respect of the fractional entitlements if any, to which he may be entitled on issue or allotment of the shares of the Resulting Company as aforesaid. The Board of Directors of the Resulting Company shall instead consolidate all such fractional entitlements and allot shares in lieu thereof to a director or an authorized officer of the Resulting Company with express understanding that such director or the officer shall sell the same at the best available price in one or more lots by private sale / placement or by auction as deemed fit (the decision of such director or the officer as the case may be as to the timing and method of the sale and the price at which such sale has been given effect to shall be final) and pay the sales proceeds to the Resulting Company. The net sale proceeds thereupon shall be distributed among the members of the Demerged Company in the proportion of their fractional entitlements in the Resulting Company.

**11. ACCOUNTING BY THE DEMERGED COMPANY AND THE RESULTING COMPANY IN RESPECT OF ASSETS AND LIABILITIES:**

11.1 Accounting treatment in the books of the Demerged Company:

a) The assets and the liabilities of the Demerged Company being transferred to the Resulting Company shall be at values appearing in the books of accounts of the Demerged Company as on the closure of March 31, 2010.

b) An amount equivalent to net book value of the assets (net of liabilities) of the Pharmaceutical Undertaking transferred to the Resulting Company by the Demerged Company in terms of this Scheme, shall be appropriated against Securities Premium account of the Demerged Company, and after such appropriation, will be further appropriated against General Reserve Account / Profit and Loss Account of the Demerged Company to the extent required.

c) The general and multipurpose loan obtained by the Demerged Company from various Banks will be apportioned between the Demerged Company and the Resulting Company in the ratio of the value of the assets allocated to both the Demerged Company and the Resulting Company and respective charges will be created over the assets of the respective Companies.

d) The book value of investment by the Demerged Company in the share capital of Resulting Company will be continued and shall not be cancelled.

11.2 Accounting treatment in the Books of the Resulting Company:

a) Upon coming into effect of this Scheme and upon the arrangement becoming operative, the Resulting Company shall record the assets and liabilities (including the portion of the Loan obtained for the Pharmaceutical Undertaking from various Banks) comprised in the Pharmaceutical Undertaking transferred to and vested in them pursuant to this Scheme, at the same value appearing in the books of the Demerged Company as on the closure of March 31, 2010.

b) The Resulting Company shall credit the Share Capital Account in its books of account with the aggregate face value of the new equity shares issued to the shareholders of the Demerged Company pursuant to Clause 10 of this Scheme.

c) The excess or deficit, if any, remaining after recording the aforesaid entries shall be credited by the Resulting Company to its General Reserve Account or debited to Goodwill / Securities Premium Account, as the case may be. The General Reserve created, if any, shall be treated for all purposes, as free reserve.

d) On allotment of shares by the Resulting Company in terms of Clause 10 above, the existing shareholding of the Demerged Company, in the Resulting Company shall be continued as an integral part of this Scheme and hence no reduction in the Share Capital will take place.

e) The borrowing limits of the Resulting Company in terms of Section 293(1)(d) read with Section 293(1)(a) of the Act shall, without any further act,

instrument or deed, stand enhanced to an amount Rs.2000 Crores over and above its paid up capital and free reserves.

**12. REORGANIZATION OF AUTHORISED SHARE CAPITAL**

12.1 AUTHORISED SHARE CAPITAL OF THE DEMERGED COMPANY

a) Upon the scheme becoming effective, the existing preference share capital of Rs.5 Crores consisting of 5,00,000 Preference Shares of Rs.100/- each shall stand reclassified as equity shares of Rs.5 Crores consisting of 2,50,00,000 equity shares of Rs.2/- each pursuant to 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be without any further act, instrument or deed.

b) Upon the scheme becoming effective, the Authorised Share Capital of the Demerged Company shall stand transferred to the Resulting Company without any further act, instrument or deed and without payment of any fees, stamp duty etc. to the extent of Rs.20,00,00,000 (Rupees Twenty Crores) pursuant to 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be without any further act, instrument or deed.

c) Consequentially, upon Scheme being effective,

(i) Clause V of the Memorandum of Association of the Demerged Company (relating to authorised share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:

"The authorised share capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crores only) divided into 15,00,00,000 (Fifteen Crores Only) Equity Shares of Rs. 2/- (Rupees Two only) each , with power to classify or reclassify, increase or reduce the capital from time to time in accordance with the regulations of the Company and the legislative provisions for the time being in force in this behalf and with the power to divide the share capital for the time being into several classes and to attach thereto respectively any preferential. qualified or special rights, privileges or condition including as to voting and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with these present and the Articles of Association."

**12.2 AUTHORISED SHARE CAPITAL OF THE RESULTING COMPANY**

a) Upon the scheme being effective, the Authorized Capital of the Resulting Company shall stand increased by Rs.20,00,00,000 (Rupees Twenty Crores) which shall stand transferred from the Authorized Capital of Demerged Company to the Resulting Company without any further act, instrument or deed and without payment of any fees, stamp duty etc.

b) Upon the scheme being effective, the Authorized Capital of the Resulting Company shall stand increased by Rs.8,00,00,000(Rupees Eight Crores) without any further act, instrument or deed but subject to payment of fees and stamp duty thereon.

c) Consequentially, upon Scheme being effective,

(i) Clause V of the Memorandum of Association of the Resulting Company (relating to authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Sections 16, 31, 94 and 394 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:

"The Authorized share capital of the Company is Rs. 40,00,00,000/- (Rupees Forty Crores only) divided into 20,00,00,000 (Twenty Crores Only) Equity Shares of Re. 2/- (Rupee Two only) each with power to classify or reclassify, increase or reduce the capital from time to time in accordance with the regulations of the Company and the legislative provisions for the time being in force in this behalf and with the power to divided the share capital for the time being into several classes and to attach thereto respectively any preferential, qualified or special rights, privileges or condition including as to voting and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with these present and the Articles of Association."

12.3 Under the accepted principle of Single Window Clearance, it is hereby provided that the aforesaid alterations in the memorandum and Articles of Association of both the Demerged Company and Resulting Company viz. Change in the Capital Clause, referred above, shall become operative on the scheme being effective by virtue of the fact that the Shareholders of the Demerged Company and the Resulting Company while approving the Scheme as a whole at duly convened meetings or by virtue of written consent letter, have also resolved and accorded the relevant consents as required respectively under Sections 16, 31, 94 and 394 of the Companies Act, 1956 or any other provisions of the Act and shall not be required to pass separate resolutions as required under the Act.

**13. REDUCTION OF SECURITIES PREMIUM AND/OR GENERAL RESERVE OF THE DEMERGED COMPANY.**

Upon the Scheme being finally effective, in view of the transfer of Pharmaceutical Undertaking by the Demerged Company

i. An amount equivalent to net book value of assets (net of liabilities) of the Pharmaceutical Undertaking transferred to the Resulting Company by the Demerged Company in terms of this Scheme, shall be firstly appropriated against Securities Premium Account of Demerged Company and after such appropriation, balance left if any, will be secondly appropriated against the General Reserve Account / Profit and Loss Account of the Demerged Company.

ii. It is proposed that the entire amount of Rs. 4057.47 lacs standing to the credit balance of Share Premium Account in the books of the Demerged Company as on the Appointed Date, shall be so utilized for the said adjustment.

iii. The same amounts to reduction of capital under sec. 78 and 100 of the Companies Act. However, the same is consequential in nature and is proposed to be effected as an integral part of the Scheme. The approval of the members of the De-merged Company to the proposed Scheme at the Court convened meeting, shall be deemed to be their approval under the provisions of Sections 78, 100 and all other applicable provisions of the Act to such reduction of capital of the De-merged Company and the De-merged Company shall not be required to undertake any separate proceedings for the same. The order of the Honorable High Court sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Act. In view of the same, the Resulting Company shall not be required to separately comply with Sec. 100 or any other provisions of Companies Act, 1956. The De-merged Company shall not be required to add "And Reduced" after its name.

**14. TAXES**

All Taxes (including income tax, sales tax, excise duty, custom duty, service tax VAT etc) paid or payable by the Demerged Company in respect of the operations and/or profits of the Demerged Company before the Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the tax payment (including, without limitation, income tax, sales tax, excise duty, custom duty, service tax, VAT etc), whether by the way of deduction at source, advance tax or otherwise howsoever, by the Demerged Company in respect of the profits or activities or operation of the Pharmaceutical Undertaking 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 with accordingly.

**15. DIVIDEND, PROFIT, BONUS, RIGHT SHARES, MANAGEMENT AND ADMINISTRATION:**

At any time upto the Effective Date

a) The Resulting Company shall not declare/or pay dividends which are interim or final relating to any period commencing on or after the Appointed Date unless agreed to by the Board of Directors of both the Companies.

b) The Demerged Company and the Resulting Company, except mentioned otherwise in this Scheme shall not issue or allot any right shares, or Bonus Shares or any other security converting into Equity or other Share Capital or obtain any other financial assistance converting into Equity or other Share Capital, unless agreed to by the Board of Directors of both the Companies.

c) The resolutions relating to Pharmaceutical Undertaking, if any, of The Demerged Company, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Resulting Company and if any such resolutions have an upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be valid and shall constitute for the Resulting Company.

**16. DEMERGED COMPANY'S EMPLOYEES:**

On the Scheme taking effect as aforesaid, all officers and employees of the Demerged Company, engaged in the activities of the Pharmaceutical Undertaking to be transferred, in service on the Effective Date, shall become the officers and employees of the Resulting Company on such date as if they were in continuous service without any break or interruption in service and on the terms and conditions as to remuneration not less favourable than those subsisting with reference to the Demerged Company as on the said date.

It is expressly provided that as far as Provident Fund, Gratuity Fund, Pension Fund and/or Superannuation Fund or Trusts created by the Pharmaceutical Undertaking of the Demerged Company or any other special funds / Scheme(s) created or existing for the benefit of the officers and employees of the Pharmaceutical Undertaking are concerned, upon the Scheme becoming effective, the Resulting Company shall stand substituted for the Demerged Company for all purposes whatsoever related to the administration or operation of such Scheme(s)/Fund(s) or in relation to the obligation to make contribution to the said Schemes/Funds in accordance with the provisions of such Schemes/Funds as per the terms provided in the respective Trust Deeds. It is the end intent that all the rights, duties, powers and obligations of the Pharmaceutical Undertaking of the Demerged Company in relation to such fund shall become those of the Resulting Company. It is clarified that the services of the officers and employees of the Pharmaceutical Undertaking of the Demerged Company will be treated as having been continuous without any break or interruption for the purpose of aforesaid Schemes/Funds. It is however, clarified that the Resulting Company shall be eligible and entitled to effect the transfer of the officers and employees of the Pharmaceutical Undertaking of the Demerged Company in ordinary and usual course of business and as per business prudence, the Board of Directors of the Resulting Company shall be eligible to re-assess and to re-allocate any of the activity undertaken by the employees of the Pharmaceutical Undertaking of the Demerged Company. Upon the Scheme taking effect, the Pharmaceutical Undertaking of the Demerged Company shall stand substituted by The Resulting Company for all purposes whatsoever in relation to the administration of or obligations, right, duties (including under the respective Deeds pertaining thereto) and liabilities under or in respect of or pertaining to the Provident Fund, Gratuity Fund, Superannuation Fund, pension scheme or any other scheme or fund created or existing for the benefit of the employees or officers of the business of Pharmaceutical Undertaking of the Demerged Company.

All officers and employees of the Demerged Company engaged in the activities of the Vadodara Undertaking and the Remaining Undertaking shall continue to remain in service with Demerged Company.

All other employees of the Demerged Company working at the Registered Office who could not be specifically identified for the Pharmaceutical Undertaking, will provide their services to Resulting Company for a period up to 24 months on such terms and conditions as may be mutually agreed between the Resulting Company and the Demerged Company.

**17. BOARD RECONSTITUION**

At any time before or after the Record Date, Board of Directors of the Resulting Company shall be reconstituted so as to comply with the Listing requirements.

**18. REORGANISATION OF THE VADODARA UNDERTAKING**

Subsequent to the demerger, as on the Appointed Date, the Assets of the Vadodra Undertaking will be revalued and such a revaluation will be done by an approved valuer in accordance with the Accounting Standard 10 issued by the Institute of Chartered Accountant of India. The net increase in net book value of the Assets including out of the revaluation of the appurtenant land of the Vadodara Undertaking, will be firstly credited directly to the owner's interests under the head of Revaluation Reserve. The said Revaluation Reserve shall be renamed as Business Restructuring Reserve pursuant to the Scheme, to be referred to as such or by any other name and such Reserve shall be available to meet the costs, expenses, and losses, including on account of impairment of or write-down of assets of the Vadodara Undertaking, which may be suffered by AL, pursuant to this Scheme or otherwise in course of its business or in carrying out such re-organisation of operations of Vadodara Undertaking or any of its subsidiaries, as the Company considers necessary or appropriate. Such Reserve shall be arising out of this Scheme and shall not be considered as a reserve created by AL. Depreciation, after revaluation will be charged on the revalued amount of the Assets.

**19. APPLICATION TO THE HIGH COURT**

The Demerged Company and the Resulting Company shall make all applications/petitions under Sections 391 to 394 and other applicable provisions of the Act to the Hon'ble High Court of Gujarat for sanctioning of this Scheme of Arrangement for carrying this Scheme into effect and obtain all approvals as may be required under law.

**20. MODIFICATIONS, AMENDMENTS TO THE SCHEME**

The Demerged Company (by their Directors) and the Resulting Company (by their Directors) may in its full and absolute discretion assent from time to time on behalf of all persons concerned to any modifications or amendments or addition to this Scheme or to any conditions or limitations which the Hon'ble High Court, Gujarat or any authorities under the Law may deem fit to approve of or impose and / or to resolve any doubt or difficulties that may arise for carrying out this Scheme and to do and execute all such acts, deeds, matters and things as may be necessary, desirable or proper for carrying the Scheme into effect.

For the purpose of giving effect of this Scheme or to any modifications or amendments, thereof, the Directors of the Demerged Company and/or the Resulting Company may give and are authorised to give all such directions that are necessary or are desirable including directions for settling any doubts or difficulties that may arise.

**21. SCHEME CONDITIONAL UPON APPROVALS/ SANCTIONS**

This Scheme is specifically conditional upon and subject to:

a) The approval of and agreement to the Scheme by the requisite majorities of such classes of persons and creditors of the Demerged Company and Resulting Company as may be directed by the Hon'ble High Court of Gujarat on the applications made for directions under Sections 391 to 394 of the said Act for calling meetings or otherwise and necessary resolutions being passed / consents obtained under the Act for the purpose.

b) The sanctions of the Hon'ble High Court of Gujarat being obtained under Sections 391 to 394 and other applicable provisions of the Act, if so required on behalf of the Demerged Company and Resulting Company.

c) The certified copies of the High court orders referred to in this Scheme being filed with the Registrar of Companies, Gujarat.

**22. EFFECTIVE DATE OF THE SCHEME**

This Scheme although to come into operation from the Appointed Date shall not come into effect until the last date viz.:

a) The date on which the last of all the consents, approvals, permissions resolutions sanctions and/or orders as are hereinabove referred to have been obtained or passed; and

b) The date on which all necessary certified copies of the order under sections 391 and 394 of the Act are duly filed with the Registrar of Companies, Gujarat and such date shall be referred to as Effective Date for the purpose of the Scheme.

**23. EXPENSES CONNECTED WITH THE SCHEME**

All costs, charges and expenses, including any taxes and duties of the Demerged Company and the Resulting Company respectively in relation to or in connection with or incidental to this Scheme and of carrying out and completing the terms of this Scheme shall be respectively borne and paid by the Demerged Company and the Resulting Company.

**Schedule – I-A Manufacturing Facilities and R&D centre of Pharmaceutical Undertaking:**

1. Formulation and API manufacturing Facilities situated at Panelav, Taluka Halol, Dist. Panchmahals – 389 350.
2. Formulation and API manufacruting Facilities situated at Village Karkhadi, Taluka Padra, Dist. Vadodara
3. Formulation manufacturing Facilities situated at Plot No.21, 22, EPIP – Phase I, Jharmajri, Baddi, Tehsil – Nalagarh, Dist. Solan, Himachal Pradesh.
4. Research & Development Centre situated at Alembic-Gorwa Road, Vadodara 390 003 (Revenue Survey No.1093/1, Nal Land-1 (part) and Nal Land-2(part) in Gorwa Village, Registration District Vadodara Sub District Vadodara).

**Schedule – I-B Investments pertaining to Pharmaceutical Undertaking :**

1. Investments in the share capital of Incozen Therapeutics Private Limited.(1000000 equity shares of the face value of Rs.10/- each).
2. Investments in the share capital of Alembic Global Holding SA, a wholly owned subsidiary company in Switzerland(100000 equity shares of the face value of CHF 1 each).

**Schedule – II Particulars of the Assets at Vadodara Undertaking**

1. Manufacturing facility situated at Alembic Road, Vadodara - 390 003.
2. Co-generation power plant situated at Alembic Road, Vadodara - 390 003.

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**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD**
**ORIGINAL JURISDICTION**
**COMPANY APPLICATION NO. 215 OF 2010**

In the matter of
Scheme of Arrangement under Sections 391 and 394 read with Sec. 78 and 100 to 104 of the Companies Act, 1956;

And

In the matter of
Alembic Limited, a company registered under the Indian Companies Act, VI of 1882 and having its registered office at Alembic Road, Vadodara, 390 003 in the state of Gujarat.

And

In the matter of Composite Scheme of Arrangement in the nature of De-merger and transfer of the Pharmaceutical Undertaking of Alembic Limited to Alembic Pharma Limited and consequential Re-organisation of Share Capital in form of Utilisation of the Share Premium Account of Alembic Limited.

Alembic Limited, a company registered under the Indian Companies Act, VI of 1882 and having its registered office at Alembic Road, Vadodara, 390 003 in the state of Gujarat

..... Applicant De-merged Company

## EQUITY SHAREHOLDERS FORM OF PROXY

I/We, the undersigned Equity Shareholder/s of Alembic Limited do hereby appoint _____ of _____ and failing him/her_____ of_____ as my/our proxy to act for me/us at the Court Convened Meeting of the Equity Shareholders of Alembic Limited to be held at "Sanskruti", Alembic Corporate Conference Center, Alembic Colony, Vadodara - 390 003 in the state of Gujarat on **Thursday, the 16th September, 2010 at 12.00 noon** for the purpose of considering, and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement between Alembic Limited ("Applicant Company") and Alembic Pharma Limited ("Resulting Company") and their respective Shareholders, Creditors and Deposit Holders at such meeting and at any adjournment or adjournments thereof to vote for me/us and in my/our name(s) _____ (here, if for insert 'for' if against insert 'against' and in the latter case, strike out the words below after "Scheme of Arrangement" ) the said arrangement embodied in the Scheme of Arrangement either with or without modification(s)*, as my / our proxy may approve.
*Strike out what is not necessary.

Dated this ____day of_____2010

Affix Re.1/- Revenue Stamp

Signature across the stamp

Name: _____
Address: _____
_____
_____

*(For Demat holding)*
DP Id. _____ Client Id. _____

(For Physical holding)
Folio No. _____ No. of Shares held: _____

**Signature of** Sole holder / First holder - _____
Shareholder(s): _____
Second holder - _____
Third holder - _____

**Signature of Proxy : _____**

NOTES:
1. Alterations, if any, made in the Form of Proxy should be initialled.
2. Proxy must be deposited at the Registered office of the Applicant Company, not later than FORTY EIGHT hours before the time scheduled / fixed for the said meeting.
3. In case of multiple proxies, the proxy later in time shall be considered.

**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD ORIGINAL JURISDICTION COMPANY APPLICATION NO. 215 OF 2010**

**Alembic Limited**
Registered Office: Alembic Road, Vadodara - 390 003

**EQUITY SHAREHOLDERS**

**ATTENDANCE SLIP**

**COURT CONVENED MEETING OF THE EQUITY SHAREHOLDERS ON THURSDAY, 16TH SEPTEMBER, 2010 AT 12:00 NOON**

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

Joint shareholders may obtain additional Attendance Slip at the venue of the meeting

| | | | |
|---|---|---|---|
| DP. Id* | | Folio No. | |
| Client Id* | | No. of Share(s) held | |

**NAME AND ADDRESS OF THE SHAREHOLDER / PROXY HOLDER**

_____
_____
_____

I hereby record my presence at the meeting, convened pursuant to the Orders dated 2nd August, 2010 and 9th August, 2010 of the Hon'ble High Court of Gujarat of the Equity Shareholders of the Company on Thursday, the 16th day of September, 2010 at 12.00 noon at "Sanskruti", Alembic Corporate Conference Center, Alembic Colony, Vadodara - 390 003

Signature of the Equity Shareholder or proxy: _____

Notes:
1. *Applicable for shareholders holding shares in dematerialised form
2. Shareholders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the gate after fixing their signature on it.
3. Shareholders who come to attend the meeting are requested to bring with them copy of the Scheme of Arrangement.

**Book - Post**
**(Under Certificate of Posting)**

*If undelivered, please return to :*
**Alembic Limited**
Alembic Road, Vadodara 390 003.