

DETAILED NOTE ON COMPOSITE SCHEME OF ARRANGEMENT BETWEEN STRIDES SHASUN LIMITED, SEQUENT SCIENTIFIC LIMITED AND SOLARA ACTIVE PHARMA SCIENCES LIMITED

The Composite Scheme of Arrangement ("Scheme") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 is between **Strides Shasun Limited** (formerly Strides Arcolab Limited) ("**Strides**" or the "**Demerged Company 1**") and **Sequent Scientific Limited** ("**Sequent**" or the "**Demerged Company 2**") and **Solara Active Pharma Sciences Limited** (formerly SSL Pharma Sciences Limited) ("**Solara**" or the "**Resulting Company**") and their respective shareholders and creditors.

1. Background of the Companies

- a) **Strides** is a public limited company incorporated on 28 June 1990 under the provisions of the Companies Act, 1956, having its registered office at 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400 703, Maharashtra. Strides is a vertically integrated global pharmaceutical company headquartered in Bangalore. Strides has four business verticals, viz., regulated markets, emerging markets, institutional business and active pharmaceutical ingredients. Strides has a global manufacturing foot print spread across three continents and has three dedicated research and development facilities in India with global filing capabilities and a strong commercial footprint across 85 countries. The equity shares of Strides are listed on the BSE Limited and the National Stock Exchange of India Limited.

"**Demerged Undertaking 1**" means all the businesses, undertakings, activities, operations and properties, of whatsoever nature and kind and wheresoever situated, forming part of the Commodity API Business of Strides as a going concern.

- b) **SeQuent** is a public limited company incorporated on 28 June 1985 under the provisions of the Companies Act, 1956, having its registered office at 301, 3rd Floor, Dosti Pinnacle, Plot No.E7 Road No.22, Wagle Industrial Estate, Thane West - 400 604, Maharashtra. Sequent is an integrated pharmaceutical company with a global footprint, operating in the domains of animal health active pharmaceuticals ingredients and formulation, human active pharmaceuticals ingredients, and analytical services. The equity shares of Sequent listed on the BSE Limited and the National Stock Exchange of India Limited.

"**Demerged Undertaking 2**" means all the businesses, undertakings, activities, operations and properties, of whatsoever nature and kind and wheresoever situated, forming part of the Human API Business of SeQuent as a going concern.

- c) **Solara** is a public limited company incorporated on 23 February 2017 under the provisions of the Act, having its registered office at 201, Devavrata, Sector 17, Vashi, Navi Mumbai – 400 703, Maharashtra. Solara has been incorporated with the object of, *inter alia*, undertaking the business of manufacturing, production, processing, formulating, sale, import, export, merchandising, distributing, trading of and dealing in active pharmaceutical ingredients. The entire issued and paid up share capital of Solara is held by Strides and its nominees.

SeQuent Scientific Limited



2. Synopsis of the Scheme

The Scheme provides for transfer of the Commodity API Business of Strides and the Human API Business of Sequent into Solara by way of a demerger.

Appointed Date of the Scheme is **October 1, 2017**.

3. Rationale

- The Commodity API Business and Human API Business, being “B2B” businesses, require a differentiated strategy and direction to grow and deliver value.
- Segregation of the Commodity API Business from the other core “B2C” businesses of Strides will allow concentrated focus by Solara management on the Commodity API Business and Strides management on its other core B2C businesses.
- Segregation of the Human API Business from the animal healthcare business of Sequent will allow concentrated focus by Solara management on the Human API Business and Sequent management on the animal healthcare business.
- The unbundling of Commodity API Business and Human API Business and consolidation into Solara will create an active pharmaceutical ingredients company in India with critical size, and is expected to unlock value by enabling the business activities to be carried out with greater focus and specialization for sustained growth.
- The demergers are expected to enhance shareholder value for shareholders of both Strides and Sequent.

The Scheme is expected to be in the best interests of the shareholders, employees and the creditors of each of Strides, SeQuent and Solara.

4. Consideration for Demerger

Upon this Scheme becoming effective and in consideration of vesting of the Demerged Undertaking 1 and Demerged Undertaking 2 in Solara/ Resulting Company in terms of the Scheme, Solara shall issue and allot equity shares, credited as fully paid-up, to the shareholders of Strides and SeQuent whose names appear in the register of shareholders of respective companies on the Record Date as per the Share Entitlement Ratio provided below:

Share Entitlement Ratio for Strides shareholders: “1 (one) fully paid up equity share of Rs. 10 (Rupees Ten only) each of Solara shall be issued and allotted for every 6 (six) fully paid up equity shares of Rs. 10 (Rupees Ten only) each held in Strides”

Share Entitlement Ratio for SeQuent shareholders: “1 (one) fully paid up equity Share of Rs. 10 (Rupees Ten only) each of Solara shall be issued and allotted for every 25 (twenty-five) fully paid up equity shares of Rs. 2 (Rupees Two only) each held in Sequent”

Record Date for determining the names of the equity shareholders of Strides and SeQuent who shall be entitled for allotment of equity shares by Solara, as consideration under the Composite Scheme shall be **Monday, April 9, 2018**.



5. Listing of shares to be issued by Solara

The equity shares to be issued by Solara to the shareholders of Strides and SeQuent will be listed and/ or admitted to trading on both the Stock Exchanges i.e., The National Stock Exchange of India Limited and BSE Limited, on which the shares of Strides and SeQuent are listed.

The equity shares of Solara allotted pursuant to the Scheme shall remain frozen in the depositories system till listing and trading permission is given by both the stock exchanges.

There shall be no change in the shareholding pattern or control in Solara between the Record Date and the listing, which may affect the status of approvals received from the Stock Exchanges, other than as provided in the Scheme.

6. Treatment of Fractional Entitlements/ Odd lot shares

In terms of the Scheme, no shares shall be allotted by Solara in respect of fractional entitlements to which the shareholders of Strides and SeQuent may be entitled on allotment of shares.

The Board of Solara shall, at its absolute discretion, decide to take any or a combination of the following actions:

(a) Solara will consolidate all such fractional entitlements and thereupon allot equity shares in lieu thereof to a person/ trustee authorized by the Board of Solara in this behalf who shall hold the shares in trust on behalf of the shareholders of Strides and SeQuent entitled to fractional entitlements with the express understanding that such person shall sell the shares of Solara so allotted on the Stock Exchanges at such time or times and at such price or prices and to such person, as such person/ trustee deems fit, and shall distribute the net sale proceeds, subject to tax deductions and other expenses as applicable, to the shareholders of Strides and SeQuent in proportion to their respective fractional entitlements. In case the number of such new shares to be allotted to a person authorized by the Board of Solara by virtue of consolidation of fractional entitlements is a fraction, it shall be rounded off to the next higher integer.

(b) round off all fractional entitlements to the next whole number above the fractional entitlement and issue such number of securities to the relevant shareholders of Strides and SeQuent.

(c) deal with such fractional entitlements in such other manner as they may deem to be in the best interests of the shareholders of Strides, SeQuent and Solara.

For SEQUENT SCIENTIFIC LIMITED


KRUPESH MEHTA
Company Secretary
Membership No.:FCS-7656