

HIGH COURT OF JUDICATURE AT HYDERABAD  
FOR THE STATE OF TELANGANA AND THE STATE OF ANDHRA PRADESH  
(Original Jurisdiction)

TUESDAY, THE TWENTY THIRD DAY OF SEPTEMBER  
TWO THOUSAND AND FOURTEEN

PRESENT:

THE HON'BLE SRI JUSTICE C.V.NAGARJUNA REDDY

COMPANY PETITION NO: 144 of 2014  
CONNECTED WITH  
COMPANY APPLICATION NO : 709 OF 2014

IN THE MATTER OF THE COMPANIES ACT, 1956 (1 OF 1956)

AND

IN THE MATTER OF SECTIONS 391 TO 394 OF  
THE COMPANIES ACT, 1956

AND

IN THE MATTER OF AUCTUS PHARMA LIMITED

AND

IN THE MATTER OF SCHEME OF ARRANGEMENT

! BETWEEN

AUCTUS PHARMA LIMITED ..... Transferor Company

AND

GRANULES INDIA LIMITED ..... Transferee Company

AND

THEIR RESPECTIVE SHAREHOLDERS

Between:

Auctus Pharma Limited, A Company incorporated under the Companies Act,  
1956, and having its registered office at 2<sup>nd</sup> Floor, 3<sup>rd</sup> Block, My Home Hub,  
Madhapur, Hyderabad 500 081 Represented by its Director, Sri VVS Murthy

..... Petitioner Company

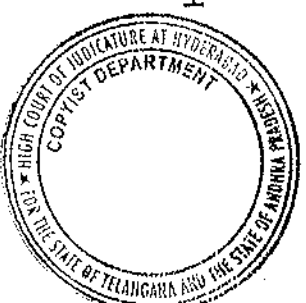
Petition to sanction the Scheme of Arrangement under Section  
391(2) read with Section 394 of the Companies Act, 1956, praying:

i) the Scheme of Arrangement may be sanctioned by this Hon'ble  
Court, so as to be binding on all the shareholders and creditors of the Petitioner  
Company and of Transferee Company respectively, and on the said Petitioner  
Company with effect from the Appointed Date.

ii) the notice to Central Government under Section 394A of the  
Companies Act, 1956 be issued to the Regional Director, South Eastern  
Region, Ministry of Corporate Affairs, Hyderabad, the Registrar of Companies,  
at Hyderabad and the Official Liquidator, High Court of Judicature at Hyderabad  
for the State of Telangana and for the State of Andhra Pradesh.

iii) the Notice of Petition be directed to be published in Hyderabad  
edition of the "Business Standard" the English daily newspaper and in the  
Hyderabad edition of "Surya", the Telugu daily newspaper.

iv) the Petitioner Company be dissolved without winding up with  
effect from the Effective Date as per the Scheme of Arrangement.



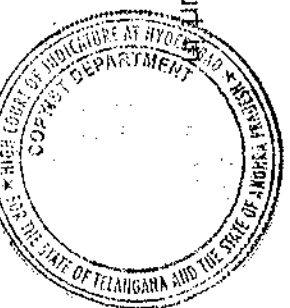


This Petition coming on for orders on 23/09/2014 upon reading the Company Petition and the affidavit dated 04/07/2014 filed by Sri.V.V.S.Murthy, Director of the Petitioner Company in support of the petition, and upon perusing the Order dated 24/06/2014 made in CA No.709/2014 and this reports filed by the Regional Director, South Eastern Region, and the Official Liquidator and on being satisfied and that the hearing of the Company Petition has been duly advertised and upon hearing the arguments of Sri.L.V.V.Iyer Advocate, for the Petitioner, and of Sri.M.Anil Kumar, counsel for the Official Liquidator, and of Sri.M.B.Appa Rao, Advocate, appearing for Sri.M.Narayana Reddy, Assistant Solicitor General, for Central Government.

**THIS COURT DOTH ORDER**

1. That the Company Petition be and hereby is allowed
2. That the scheme of amalgamation be and hereby is sanctioned w.e.from the appointed dated i.e. 01/04/2013 and doth hereby declare the same to be binding on all the shareholders and employees and creditors, of the petitioner the transferor company and the transferee company.
3. That all the property, rights and powers of the transferor company specified in the first, and second parts of the scheme hereto and all other property, rights and powers of the transferor company be transferred without further act or deed to the transferee company and accordingly the same shall pursuant to section 394(2) of the companies Act, 1956, be transferred to and vest in the transferee company for all the estate and interest of the transferor company therein but subject nevertheless to all charges now affecting the same
4. That all the liabilities and duties of the transferor company be transferred without further act or deed to the transferee company and accordingly the same shall, pursuant to section 394(2) of the Companies Act, 1956, be transferred to and become the liabilities of the transferee company; and
5. That all proceedings now pending by or against the transferor company be continued by or against the transferee company; and
6. That since the Transferor Company, a wholly owned subsidiary of the Transferee company is being amalgamated into the Transferee Company there would be no issue of shares pursuant to the amalgamation. The entire share capital of the Transferor Company held by the Transferee Company shall stand cancelled upon the scheme being effective in terms thereof, as per clause 8 of the scheme.
7. That the authorized capital of the Transferor Company shall stand added to and clubbed with the authorized capital of the Transferee Company without payment of any fees or stamp duty.
8. That the Transferor company and Transferee company do within 30 days from the date of this order cause a certified copy of this order to be delivered to the Registrar of Companies for and take all other consequential actions in pursuance of sanction of the scheme of amalgamation, and on such certified copy being so delivered the transferor company shall be dissolved without being wound up.

9. That any person interested shall be at liberty to apply to the court in the above matter for any directions that may be necessary.



### SCHEDULE

PART - I of the Scheme : definition

PART - II of the Scheme : Amalgamation.

Dated this 23<sup>rd</sup> day of September 2014.

(By the Court)

Note: The Scheme of Arrangement for Amalgamation enclosed herewith.

SD/-T.LAKSHMI HEMALATHA  
JOINT REGISTRAR

//TRUE COPY//  
*D. Shrivani*  
SECTION OFFICER

To

1. Sri.V.V.S.Murthy, Director, Auctus Pharma Limited, Regd. Office at 2<sup>nd</sup> Floor, 3<sup>rd</sup> Block, My Home Hub, Madhapur, Hyderabad.
2. The Authorised Signatory, Granules India Limited, Regd. Office at 2<sup>nd</sup> Floor, 3<sup>rd</sup> Block, My Home Hub, Madhapur, Hyderabad.
3. The Official Liquidator, High Court of A.P. Hyderabad, Office at 5-4-400, II Floor, East Wing, Gagan Vihar Building, Opp: Gandhi Bhavan, Nampally, Hyderabad.
4. The Registrar of Companies, 3-5-398, C.P.W.D. Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad.
5. The Regional Director, South Eastern Region, Ministry of Corporate Affairs, Hyderabad, Office at II Floor, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad.
6. Two CD Copies
7. One cc to Sri.L.V.V.Iyer, Advocate (OPUC)

*14/11/14*  
**SUPERINTENDENT**  
Copyist Department  
High Court of Judicature at Hyderabad  
for the State of Telangana and the  
State of Andhra Pradesh

*AB*

High Court of Judicature at Hyderabad  
for the State of Telangana and the  
State of Andhra Pradesh

Op No. 748  
Application serial 23-9 2014  
Application received on ..... 2014  
Application brought on ..... 2014  
Stampa attached 10-11- 2014  
Stampa deposited 14-11- 2014  
Addl. Stampa submitted on ..... 2014  
Addl. Stampa deposited on ..... 2014  
Copy ready 14-11- 2014

*[Signature]*  
Section Officer

Exhibit - IV

92



**SCHEME OF ARRANGEMENT**

**BETWEEN**

**AUCTUS PHARMA LIMITED**  
*(Transferor Company)*

**AND**

**GRANULES INDIA LIMITED**  
*(Transferee Company)*

**AND**

**THEIR RESPECTIVE SHAREHOLDERS**

**WHEREAS:**

- A. **GRANULES INDIA LIMITED** ('Granules') is a Company formed and registered under the Companies Act 1956 having its registered office at 2nd Floor, 3<sup>rd</sup> Block, My Home Hub, Madhapur, Hyderabad (AP) 500 081.
- B. **AUCTUS PHARMA LIMITED** ('Auctus') is a Company formed and registered under the Companies Act 1956 having its registered office at 2nd Floor, 3<sup>rd</sup> Block, My Home Hub, Madhapur, Hyderabad (AP) 500 081. Auctus Pharma Limited is a wholly owned subsidiary of Granules India Limited.
- C. This Scheme of Arrangement (hereinafter referred to as the "Scheme") involves the amalgamation of a wholly owned subsidiary i.e. Auctus Pharma Limited (the "Transferor Company"), with its holding company, i.e. Granules India Limited (the "Transferee Company") pursuant to Section 391 and 394(1) of the Companies Act, 1956, which has been set forth in Part II herein under.
- D. On the basis of discussions, meetings and consultations between members of the Boards of Directors of the Transferor Company and the Transferee Company, legal and other professional consultants, it has been decided to take appropriate steps to carry out effectively and efficiently the amalgamation of the above mentioned Transferor Company with the Transferee Company in the larger interest of the shareholders of the above mentioned Companies.

**For AUCTUS PHARMA LIMITED**

*W S Srinivas*  
Director





E. The Scheme of Arrangement will benefit the Transferor Company, the Transferee Company and their respective shareholders. The rationale and reasons for the proposed Scheme of Arrangement, inter alia, are summarized below:

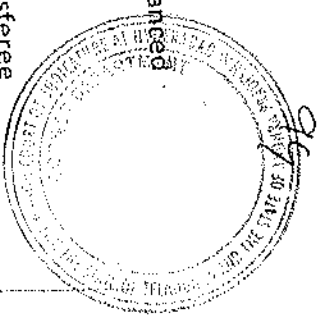
- would enable focused strategic leadership and top management attention to be bestowed on the Undertaking of the Transferor Company so as to integrate the business synergies and reap the benefits of consolidation.
- would channelize synergies; enable optimum utilization of the available resources, broadening the customer base besides enabling a focused business approach for achieving optimization.
- would enable to achieve higher long-term financial returns and inculcation of greater financial strength and flexibility than could be achieved by the companies individually.
- would enable the Transferee Company to have diversified product portfolio which would enable it to manage risks in a better way.
- Would enable the Transferee Company to make value added products from Transferor Company's Active Pharmaceutical Ingredients to make Finished Dosages and Pharmaceutical Formulations Intermediates which would give higher returns and also exploit its customer base to increase exports of such products which could result in higher foreign exchange earnings to the country and to the transferee company
- would result in greater rationalization and help reduce duplication of systems and processes.
- would result in more efficient and more cost effective management system in view of consolidation of operations and larger size as the Transferor and Transferee are involved in the same line of business.
- would be beneficial for pooling of financial, managerial and technical resources, personnel capabilities, skills, expertise and technologies of the merging companies leading to increased competitive strength.

FOR AUCTUS PHARMA LIMITED

*W. Srinivas*  
Director



In view of the above benefits, the proposed amalgamation would result in an enhanced shareholder value.



F. This Scheme involves the amalgamation of the Transferor Company with the Transferee Company which has been set forth in Part II, as follows:

The transfer and vesting of the Undertaking of the Transferor Company, pursuant to Part II, by Auctus Pharma Limited, the Transferor Company to Granules India Limited, the Transferee Company, pursuant to Section 391 and Section 394(1) (a) of the Companies Act, 1956.

G. The Scheme also makes provisions for various other matters consequential, incidental or related thereto and otherwise integrally connected therewith in Part II, which are common for the arrangement set out in Part II. Part I of this Scheme deals with the definitions of the expressions used in arrangement set out in Part II and details in respect of the incorporation and share capital of the Transferor Company and the Transferee Company.

#### PART - I

#### 1. DEFINITIONS

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

- (i) "Act" means the Companies Act, 1956 and any amendments and/or re-enactment thereof, for the time being in force.
- (ii) "Appointed Date" means 1<sup>st</sup> April 2013 or such other date as may be fixed by the High Court of Judicature at Hyderabad for the State of Telangana and the State of Andhra Pradesh.
- (iii) "Board" means the board of directors of the Transferor Company or of the Transferee Company, as the case may be, including any duly constituted committee thereof.
- (iv) "Effective Date" means the date on which the certified copies of the Order of the High Court of Judicature of Andhra Pradesh at Hyderabad or any other Court or authority of appropriate jurisdiction sanctioning the Scheme are filed with the Registrar of Companies, Andhra Pradesh.

For AUCTUS PHARMA LIMITED

Director





- (v) 'Transferor Company' means Auctus Pharma Limited ('Auctus'), a Company formed and registered under the Companies Act 1956 having its registered office at 2nd-floor, 3<sup>rd</sup> Block, My Home Hub, Madhapur, Hyderabad (AP) 500 081.
- (vi) 'Transferee Company' means Granules India Limited, a Company formed and registered under the Companies Act 1956 having its registered office at 2nd Floor, 3<sup>rd</sup> Block, My Home Hub, Madhapur, Hyderabad (AP) 500 081.
- (vii) "Scheme" means the Scheme of Arrangement as set out herein or with any modifications approved or imposed or directed by the High Court of Judicature of Andhra Pradesh at Hyderabad or authority of appropriate jurisdiction sanctioning the Scheme, as the case may be.

(viii) "Undertaking of the Transferor Company" includes :-

- (a). all the assets and property of the Transferor Company as on the Appointed Date;
- (b). all debts, liabilities, duties, responsibilities and obligations of the Transferor Company as on the Appointed Date;

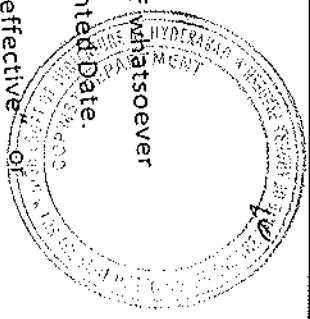
Without prejudice to the generality of the above, (i) the assets and property of the Transferor Company shall include the entire businesses and all rights, privileges, powers and authorities and all property, movable or immovable, real, corporeal or incorporeal, leasehold or otherwise, in possession or reversion, present or contingent of whatever nature and wheresoever situate, including fixed assets, if any, capital works in progress, current assets, investment of all kind, approvals, permissions, consents, exemptions, registrations, no-objection certificates and certifications, permits, quotas, rights, entitlements, tenancies, roof rights, trademarks, service marks, know-how, technical know-how, trade names, descriptions, trading style, franchises, labels, label designs, colour schemes, utility models, holograms, bar codes, designs, patents, copyrights, privileges and any rights, title or interest in intellectual property rights, benefits of security arrangements, contracts, agreements and all other rights including lease rights, licenses including those relating to trademarks, or service marks, easements, advantages, exemptions, benefits, powers and facilities of every kind, nature and description whatsoever of the Transferor Company or to which the Transferor Company is entitled including right to use of telephones, telex, facsimile connections and installations, electricity, power lines, communication lines and other services; reserves, deposits, provisions, funds, subsidies, grants, tax credits, and any accretions or additions arising to any of the foregoing on and after the Appointed Date and (ii) all the debts, liabilities, duties, responsibilities and

For AUCTUS PHARMA LIMITED

  
Director







obligations of the Transferor Company including all its obligations of whatsoever kind and liabilities which have arisen or accrued on or after the Appointed Date.

(ix) References in the Scheme to "upon the Scheme becoming effective" or "effectiveness of the Scheme" shall mean the Effective Date.

2. The Capital Structure of the Transferor Company and the Transferee Company as are parties to the present Scheme, is as under:

(i) Transferor Company

The Capital Structure of the Transferor Company as at 31<sup>st</sup> March 2013 is as follows:

SHARE CAPITAL	Rs.
AUTHORISED CAPITAL:	
45,00,000 Equity Shares of Rs. 10/- each	4,50,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL:	
39,00,000 Equity Shares of Rs. 10/- each, fully paid up.	3,90,00,000

As on date, the entire issued and subscribed share capital is entirely held by the Transferee Company and its nominees.

(ii) Transferee Company

The Capital Structure of the Transferee Company as at 31<sup>st</sup> March 2013 is as follows:

SHARE CAPITAL	Rs.
AUTHORISED CAPITAL:	
3,00,00,000 Equity Shares of Rs. 10/- each.	30,00,00,000
ISSUED, SUBSCRIBED AND PAID UP CAPITAL:	
2,01,26,154 Equity Shares of Rs. 10/- each.	20,12,61,540

During the current year, on account of allotment of fresh equity shares as per under mentioned, the issued, subscribed and paid up equity share capital as on date stands at Rs. 20,28,11,540 comprising 2,02,81,154 Equity Shares of Rs.10/- each. The details of the share allotment during the year are as under:

SHARE CAPITAL ISSUED, SUBSCRIBED AND PAID UP CAPITAL AS ON	DATE	UP	Rs.
SHARE CAPITAL			20,12,61,540
ISSUED, SUBSCRIBED AND PAID UP CAPITAL AS ON	31 <sup>ST</sup> MARCH 2013		50,000
ALLOTMENT ON	25 <sup>TH</sup> APRIL 2013		1,60,000
ALLOTMENT ON	12 <sup>TH</sup> JUNE 2013		7,20,000
ALLOTMENT ON	11 <sup>TH</sup> JULY 2013		1,10,000
ALLOTMENT ON	2 <sup>ND</sup> AUGUST 2013		90,000
ALLOTMENT ON	13 <sup>TH</sup> AUGUST 2013		1,30,000
ALLOTMENT ON	31 <sup>ST</sup> AUGUST 2013		50,000
ALLOTMENT ON	16 <sup>TH</sup> OCTOBER 2013		2,40,000
ALLOTMENT ON	31 <sup>ST</sup> DECEMBER 2013	UP	20,28,11,540
ISSUED, SUBSCRIBED AND PAID UP CAPITAL AS ON	31 <sup>ST</sup> DECEMBER 2013		

For AUCTUS PHARMA LIMITED

*[Signature]*  
Director



## Amalgamation

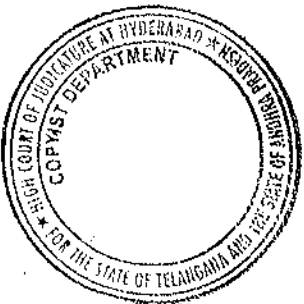
- 3.1. (a). With effect from the Appointed Date and upon the Scheme becoming effective, all the assets and properties, both movable and immovable, investments, rights, title and interests comprised in the Undertaking of the Transferor Company shall pursuant to the Scheme being sanctioned by the High Court under Section 394(2) of the Act and without any further act or deed be transferred to, and vested in, or deemed to have been transferred to, and vested in, the Transferee Company so as to become as and from the Appointed Date, the estate, assets, rights, title and interests of the Transferee Company subject to Clause 3.2 of this Scheme in relation to charges thereon in favour of bank(s).

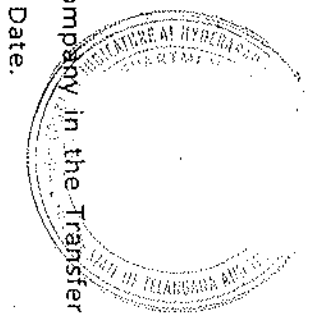
- (b). With effect from the Appointed Date and upon the Scheme becoming effective, all rights and licenses relating to trademarks, know-how, technical know-how, trade names, descriptions, trading style, franchises, labels, label designs, colour schemes, utility models, holograms, bar codes, copyrights, privileges and any rights, title or interest in intellectual property rights (including applications submitted to the registration authorities on or before the Effective Date by the Transferor Company), tenancies, if any, with the consent of the landlord wherever necessary, powers, facilities of every kind and description of whatsoever nature in relation to the Undertaking of the Transferor Company to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled/eligible and which are subsisting or have effect immediately before the Appointed Date, shall be in full force and effect on, or against, or in favour of, the Transferee Company as the case may be, and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

- (c). In particular, with effect from the Appointed Date and upon the Scheme becoming effective, all licenses, sanctions, consents, authorization, approvals and permissions (whether statutory or otherwise) of the Transferor Company pertaining to the conduct of its business (including, without limitation, benefits, remissions, special reservations, exemption available to the Transferor Company, under any income tax, sales tax (including any benefits related to the deferment of sales tax) and excise (whether modvat or cenvat) laws (whether such laws be enacted at the central and/or state levels including excise credits), shall vest in the Transferee Company and the concerned licensors and grantors of such approvals or permissions, shall endorse and record the Transferee Company on such approvals and permissions so as to empower and enable the approval

For AUCTUS PHARMA LIMITED

*W. S. Kumar*  
Director





99

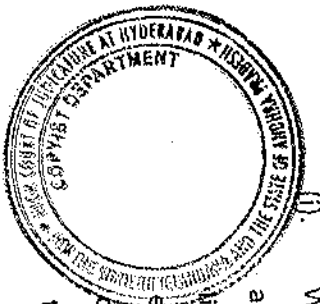
and vesting of the Undertaking of the Transferor Company in the Transferee Company without hindrance or let from the Appointed Date.

- (d). All assets and properties as are moveable in nature, including investments, or are otherwise capable of transfer by physical delivery or by endorsement and delivery, shall stand so transferred by each of the Transferor Company, without requiring any deed or instrument of conveyance for the same and shall become the property of the Transferee Company accordingly and such transfer shall be deemed to have taken place at the Registered Office of the Transferee Company in the State of Andhra Pradesh.
- (e). All debts, outstanding and receivables of the Transferor Company shall accordingly, on and from the Appointed Date and upon the Scheme becoming effective, stand transferred to and vested in the Transferee Company without any notice or other intimation to the debtors (though the Transferee Company may, if it deems appropriate, give notice to the debtors that the debts stand transferred and vested in the Transferee Company) and the debtors shall be obliged to make payment to the Transferee Company after the Effective Date.
- (f). The transfer/vesting, as aforesaid, shall be subject to existing charges/hypothecation/mortgage (if any as may be subsisting) over or in respect of the said assets or any part thereof. Provided, however, that any reference in any security documents or arrangements to which the Transferor Company is a party, to such assets of such Transferor Company offered or agreed to be offered as security for any financial assistance both availed and to be availed up to any limit for which sanctions have already been obtained by such Transferor Company shall be construed as reference only to the assets pertaining to such Transferor Company as are vested in the Transferee Company by virtue of this Clause to the end and intent that such security, mortgage and/or charge shall not extend or be deemed to extend to any of the assets or to any of the other units or divisions of the Transferee Company, unless specifically agreed to by the Transferee Company with such secured creditor(s).
- (g). All assets including investments acquired and liabilities incurred by the Transferor Company after the Appointed Date but prior to the Effective Date in relation to the Undertaking of the Transferor Company shall also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in the Transferee Company upon the coming into effect of this Scheme.

FORAUCTUS PHARMA LIMITED

  
Director



3.2. TRANSFER OF LIABILITIES

(i). With effect from the Appointed Date and upon the Scheme becoming effective, all debts (whether secured or unsecured), liabilities (including contingent liabilities, whether disclosed or undisclosed), taxes, duties and obligations of every kind, nature and description of the Transferor Company along with any charge, encumbrance, lien or security thereon shall also be vested and stand transferred to and be deemed to be and stand vested in the Transferee Company without any further act, or instrument or deed pursuant to the Scheme being sanctioned by the High Court under Section 394(2) of the Act so as to become the debts, liabilities, duties and obligations of the Transferee Company from the Appointed Date and further that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, duties and obligations have arisen in order to give effect to the provisions of this clause.

(ii). With effect from the Appointed Date and upon the Scheme becoming effective, all the existing securities, mortgages, charges, encumbrances or liens (the Encumbrances), if any created by the Transferor Company after the Appointed Date, in terms of this Scheme, over the assets comprised in the Undertaking of the Transferor Company, transferred to the Transferee Company, by virtue of this Scheme and in so far as such Encumbrances secure or relate to the liabilities of such Transferor Company, the same shall, after the Effective Date continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company.

(iii). Any reference in any security documents or arrangements (to which the Transferor Company is a party) to Transferor Company and its assets and properties, shall be construed as a reference to the Transferee Company and the assets and properties of Transferor Company, transferred to the Transferee Company by virtue of this Scheme. Without any prejudice to the foregoing provisions and upon the effectiveness of this Scheme, the Transferee Company shall execute any and all 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 charges, with the Registrar of Companies, Andhra Pradesh to give formal effect to the above provisions, if required.

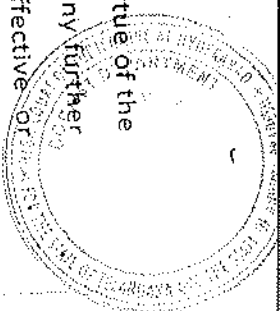
(iv). The Scheme shall not operate to enlarge the security of any loan, deposit, mortgages, charges, encumbrances, liens or facility created by or available to the

For AUCTUS PHARMA LIMITED

Director



Transferor Company which shall vest in the Transferee Company by virtue of the Scheme and the Transferee Company shall not be obliged to create any further or additional security therefore after the Scheme has become effective otherwise.



3.3

ACCOUNTING TREATMENT

Upon the scheme becoming effective, Transferee Company shall account for the amalgamation in its books of account with effect from the Appointed Date as under:

- (a) Amalgamation of the Transferor Company with the Transferee Company shall be accounted for in accordance with "Purchase Method" of accounting as per Accounting Standard - 14 as notified under Section 211 (3C) of the Act.
- (b) All the assets, including but not limited to fixed assets, existing in India or outside India, intangibles and any other assets, whether recorded in the books or not, of the Transferor Company and transferred to and vested in Transferee Company pursuant to the Scheme, subject to clause 3.3(d) of this Scheme, shall be recorded by Transferee Company at their respective fair values.
- (c) All liabilities of Transferor Company and transferred to and vested in Transferee Company, subject to clause 3.3(d) of this Scheme, shall be recorded by Transferee Company at their respective book values.
- (d) Intercompany loans, investments and other balances and obligations, if any, on the Appointed Date shall stand cancelled and extinguished.
- (e) After giving effect to Clause 3.3(a) to 3.3(d) above, any excess of the aggregate value of the liabilities over the aggregate value of the assets of the Transferee Company shall be recognized in the Transferee Company's financial statements as Goodwill. If the aggregate value of liabilities of the Transferee Company is lower than the aggregate value of the assets of the Transferee Company, the difference shall be treated as Capital Reserve.
- (f) In case of any difference in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the Appointed Date will be quantified and recorded in accordance with applicable Accounting Standards notified under Section 211 (3C) of the Act to ensure that the financial statements of the Transferee Company reflect the financial position on the basis consistent accounting policy.

For AUCTUS PHARMA LIMITED

Director



(g) This Scheme is in compliance with Section 2 (1B) of the Income Tax Act, 1961 and is intended to be implemented accordingly.

**CONTRACTS, DEEDS AND OTHER INSTRUMENTS**

(a) With effect from the Appointed Date and upon the Scheme becoming effective, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to the Undertakings of the Transferor Company to which the Transferor Company is a party or to the benefit of which the Transferor Company may be entitled/eligible, and which are subsisting or have effect immediately before the Appointed Date, shall be in full force and effect on, or against, or in favour of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto.

(b) For the avoidance of all doubt, it is expressly made clear that the transfer of respective Undertakings of the Transferor Company as contemplated herein, shall not affect the previous operation of any contract, agreement, deed or any instrument or the like to which the Transferor Company is a party or is the beneficiary of (as the case may be) and any reference in such agreements, contracts, deeds and instruments to the Transferor Company shall be construed as reference only to the Transferee Company with effect from the Effective Date.

(c) The resolutions, if any, of the Transferor Company which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Transferee Company and if any such resolutions have upper monetary or other limits being imposed under the provisions of the Act, or any other applicable provisions, then the said limits shall be added and shall constitute the aggregate of the said limits in the Transferee Company.

5. **LEGAL PROCEEDINGS**

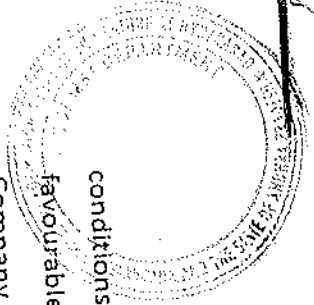
On and from the Appointed Date and upon the Scheme becoming effective, all suits, actions and other legal proceedings by or against each of the Transferor Company under any statute or otherwise, whether pending, or arising, before the Appointed Date shall be continued and enforced by or against the Transferee Company.

6. **EMPLOYEES**

(a) All permanent employees, if any, of the Transferor Company as on the Effective Date shall as from such date, become employees of the Transferee Company in such position, rank and designation as may be determined by the Transferee Company with the benefit of continuity of service and such that the terms and

**For AUCTUS PHARMA LIMITED**  
*[Signature]*  
Director






162

conditions of their employment with the Transferee Company are not less favourable than those applicable to them as employees of the Transferor Company on such date. With regard to provident fund, gratuity fund, superannuation fund or any other special fund created or existing for the benefit of such employees of the Transferor Company, from the Effective Date the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever in relation to the administration or operation of such fund or funds and the obligation to make contributions to the said fund or funds in accordance with the provisions thereof as per the terms provided in the respective trust deeds or other documents provided that if the Transferee Company considers it desirable for the smooth administration, management, operation and uniformity of such funds, the same may be merged with similar funds of the Transferee Company.

It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to such schemes or funds shall become those of the Transferee Company. It is clarified that the services of the employees of the Transferor Company will be treated as having been continuous for the purpose of the aforesaid schemes, funds and trusts.

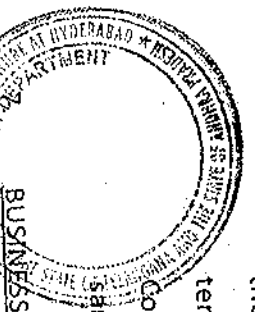
(b). In the event that trustees are constituted as holders of any securities, trust funds or trust monies, in relation to any provident fund trust, gratuity trust or superannuation trust of the Transferor Company, such funds shall be transferred by such trustees of the trusts of the Transferor Company, to separate trusts and the trustees of the Transferee Company set up for the same purpose and object and shall be deemed to be a transfer of trust property from one set of trustees to another set of trustees in accordance with the provisions of the relevant labour laws, Indian Trusts Act 1882, and the Income Tax Act, 1961 and relevant stamp legislations as applicable provided that if the Transferee Company considers it desirable for the smooth administration, management, operation and uniformity of such trusts of the respective Transferor Company, the same may be merged with similar trusts of the Transferee Company. Appropriate deeds of trusts and/or documents for transfer of trust properties shall be simultaneously executed upon the sanction of the Scheme in accordance with the terms hereof by the trustees of such trusts in favour of the trusts of the Transferee Company so as to continue the benefits of the employees. The provident fund trust, gratuity trust or superannuation trusts of the respective Transferor Company shall continue to hold such securities, trust funds and/or trust monies as hitherto, till such time as the transfer to the trustees of the Transferee Company employee trusts is made.

For AUCTUS PHARMA LIMITED

  
Director



(c). The Transferee Company undertakes to continue to abide by any agreement(s)/settlement(s) entered into by the Transferor Company with any employees of the Transferor Company. The Transferee Company agrees that for the purpose of payment of any retrenchment, compensation, gratuity and other terminal benefits, the past services of such employees with the Transferor Company shall also be taken into account, and agrees and undertakes to pay the same as and when payable.



BUSINESS AND PROPERTY IN TRUST FOR THE TRANSFEREE COMPANY

With effect from the Appointed Date and up to and including the Effective Date:

- (a). the Transferor Company shall carry on its business activities with reasonable diligence and business prudence and shall conduct its businesses in the ordinary course consistent with past practice.
- (b). Until the Effective Date and subject to such consents as may be necessary :
  - (i). the Transferor Company shall carry on and be deemed to have carried on its businesses and activities and shall hold and stand possessed of and shall be deemed to have held and stood possessed of the Undertaking of the Transferor Company on account of and in trust for the Transferee Company and the Transferor Company shall be entitled to sell or transfer any property or assets to any party including the Transferee Company, with the prior written consent of the Transferee Company;
  - (ii). all the profits or incomes accruing or arising to the Transferor Company or expenditure or losses incurred by the Transferor Company shall for all purposes be treated and be deemed to be and accrue as profits or incomes or expenditure or losses of the Transferee Company ;

8.0 NO ISSUE OF SHARES BY TRANSFEREE COMPANY

Since the Transferor Company, a wholly owned subsidiary of the Transferee Company, is being amalgamated into the Transferee Company there would be no issue of shares pursuant to the amalgamation. The entire share capital of the Transferor Company held by the Transferee Company shall stand cancelled upon the scheme being effective in terms hereof.

9.0 CLUBBING OF THE AUTHORISED CAPITAL OF THE TRANSFEROR COMPANIES

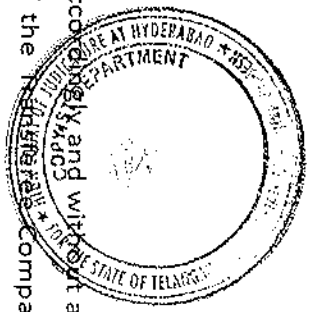
Upon the Scheme becoming effective, the authorized capital of the Transferor Company shall stand added to and clubbed with the authorized capital of the Transferee Company without payment of any fees or stamp duty and the relevant clause V of the Memorandum of Association of the Transferee Company and Article 3(a) of the Articles

For AUCTUS PHARMA LIMITED

*[Signature]*  
Director







of Association of the Transferee Company shall be replaced accordingly and without any further act or deed, and the resultant authorized capital of the Transferee Company shall on and after the Effective Date be as follows:

SHARE CAPITAL	Rs.
AUTHORISED CAPITAL	
3,45,00,000 Equity Shares of Rs.10/- each	34,50,00,000

**10.0 DISSOLUTION OF THE TRANSFEROR COMPANY**

With effect from the Effective Date, the Transferor Company shall stand dissolved without being wound up.

**11. APPROVALS AND MODIFICATIONS**

(a) The Transferor Company and the Transferee Company may jointly assent from time to time on behalf of all persons concerned to any modifications or amendments or additions to the Scheme or to any conditions or limitations which the High Court of Andhra Pradesh and/or the other competent authorities, if any, under any law, may deem fit and approve of or impose and which the Transferor Company and the Transferee Company may in their discretion deem fit and may resolve all doubts or difficulties that may arise for carrying out the Scheme and do and execute all acts, deeds, matters and things necessary for bringing the Scheme into effect. The aforesaid powers of the Transferor Company and the Transferee Company may be exercised by their respective boards of directors, a committee or committees of the board concerned or any director (hereafter referred as the "delegates").

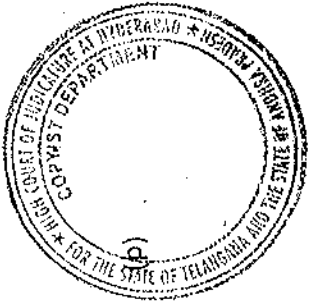
(b) For the purpose of giving effect to the Scheme or any modifications or amendments thereof or additions thereto the delegate(s) of the Transferor Company and the Transferee Company may jointly give and are hereby authorized respectively to determine and give all such directions as are necessary including directions for settling or removing any difficulties, as the case may be, which shall be binding on all parties in the same manner as if the same were specifically incorporated in the Scheme.

(c) After the dissolution of the Transferor Company, the Transferee Company acting through its board of directors or other persons, duly authorized by its board in this regard, shall be authorized, to take such steps, as may be necessary, desirable or proper to resolve any doubts, difficulties or questions that may arise, whether by reasons of any order of the High Court of Andhra Pradesh or otherwise.

**For AUCTUS PHARMA LIMITED**

*[Signature]*  
Director





Pradesh at Hyderabad or of any directive or order of any other authorities or otherwise, in connection with this Scheme and/or matters concerning or connected therewith.

If any part of this Scheme hereof is ruled illegal or invalid by, or is not sanctioned by, any High Court, or is unenforceable under present or future laws, then it is the intention of the parties that such part shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such part shall cause this Scheme to become materially adverse to any party, in which case the parties shall attempt to bring about a modification in the Scheme, as will best preserve for the parties the benefits and obligations of the Scheme, including but not limited to such part.

12. SCHEME CONDITIONAL UPON

This Scheme is conditional upon the following approvals:

- (a) the approval of the Scheme by the requisite majority of the members and creditors, if any, of the Transferor Company, as required under Section 391 of the Act;
- (b) the sanction of the Scheme by the High Court of Judicature of Andhra Pradesh at Hyderabad under Sections 391 and 394 of the Act and other applicable provisions of the Act, rules and regulations;

13. COSTS, CHARGES AND EXPENSES

Upon the Scheme becoming effective, all costs, charges, taxes including stamp duties, levies and all other expenses, if any, of the Transferor Company and the Transferee Company arising out of or incurred after the Effective Date for carrying out and implementing the Scheme and matters incidental thereto, shall be borne and paid by the Transferee Company (save as otherwise expressly agreed in writing).

14. SANCTION AND APPROVALS NOT FORTHCOMING

Save and except in respect of any act or deed done prior thereto as is contemplated hereunder, or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law, the Scheme shall stand revoked, cancelled and be of no effect if the events or sanctions and approvals referred to in Clause 11 have not occurred or have not been obtained by 30<sup>th</sup> September, 2014 or such extended period as may be agreed in writing between the each of the Transferor Company and the Transferee Company.

For AUCTUS PHARMA LIMITED

Director



14

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**SUPERINTENDENT**

Copyist Department

High Court of Judicature at Hyderabad  
for the State of Telangana and the  
State of Andhra Pradesh

Judge  
Court of Judicature at Hyderabad  
for the State of Telangana and the  
State of Andhra Pradesh

App No. 748 2014  
Application made 23-9- 2014  
Application returned ..... 2014  
Application re-assessed ..... 2014  
Stamps called for 10-1- 2014  
Stamps deposited 10-1- 2014  
Addl. Stamps called for ..... 2014  
Addl. Stamps deposited 10-1- 2014  
Copy ready ..... 2014

  
Section Officer