



STRIDES ARCOLAB LIMITED

Regd. Office: 201, 'Devavrata' Sector-17, Vashi, Navi Mumbai - 400 705.
Corporate Office: 'Strides House', Bilekahalli, Bannerghatta Road, Bangalore - 560 076.

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**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO. 597 OF 2009**

In the matter of the Companies Act, 1956 (1 of 1956)

AND

In the matter of Sections 391 to 394 read with Sections 78, 100 to 104 of the Companies Act, 1956

AND

In the matter of Composite Scheme of Arrangement of Global Remedies Limited ('the First Transferor Company') and Grandix Pharmaceuticals Limited ('the Second Transferor Company') and Grandix Laboratories Limited ('the Third Transferor Company') and Quantum Remedies Private Limited ('the Fourth Transferor Company') and Strides Arcolab Limited ('the Applicant Company') and their respective Shareholders and Creditors

STRIDES ARCOLAB LIMITED,

a company incorporated under the provisions
of Companies Act, 1956 having its
Registered Office at 201, 'Devavrata', Sector-17,
Vashi, Navi Mumbai - 400 705

} Applicant Company

**NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS
OF STRIDES ARCOLAB LIMITED, THE APPLICANT COMPANY**

To,

The Equity Shareholders of **Strides Arcolab Limited** ("the Applicant Company"),

TAKE NOTICE that by an Order made on the 8th day of May, 2009, in the above Company Application, the Hon'ble High Court of Judicature at Bombay has directed that a meeting of the Equity Shareholders of Strides Arcolab Limited, the Applicant Company, be convened and held at Hotel Tunga Regency, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai - 400 703 on Wednesday, the 24th day of June, 2009 at 2.30 p.m., for the purpose of considering and, if thought fit, approving with or without modification(s), the proposed arrangement embodied in the Composite Scheme of Arrangement of Global Remedies Limited, Grandix Pharmaceuticals Limited, Grandix Laboratories Limited, Quantum Remedies Private Limited and Strides Arcolab Limited and their respective Shareholders and Creditors.

TAKE FURTHER NOTICE that in pursuance of the said Order and as directed therein, a meeting of the Equity Shareholders of Strides Arcolab Limited, the Applicant Company will be convened and held at Hotel Tunga Regency, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai - 400 703 on Wednesday, the 24th day of June, 2009 at 2.30 p.m., at which place, day, date and time you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy provided that a proxy in the prescribed form, duly signed by you or your authorized representative, is deposited at the Registered Office of the Applicant Company at 201, 'Devavrata', Sector-17, Vashi, Navi Mumbai - 400 703, not later than 48 hours before the said meeting.

The Hon'ble High Court has appointed Mr. Deepak Vaidya, Chairman of the Board of Directors of Applicant Company, failing him, Mr. Arun Kumar, Managing Director of the Applicant Company, and failing him Mr. T.S. Rangan, Group CFO of the Applicant Company, to be the Chairman of the said meeting.

A copy of the Statement under Section 393 of the Companies Act, 1956, Composite Scheme of Arrangement, Attendance Slip and Form of Proxy are enclosed.

Dated this 25th day of May, 2009

Registered office:

201, 'Devavrata', Sector-17, Vashi, Navi Mumbai - 400 705

Sd/-

Deepak Vaidya

Chairman appointed for the meeting

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 proxy or by Authorised Representative under Section 187 of the Companies Act, 1956) at the Equity Shareholders meeting. The representative of a body corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate is deposited at the registered office of the Applicant Company not later than 48 hours before the meeting authorizing such representative to attend and vote at the Equity Shareholders meeting.

Enclosures: As above

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
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In the matter of the Companies Act, 1956 (1 of 1956)

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In the matter of Sections 391 to 394 read with Sections 78, 100 to 104 of the Companies Act, 1956

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In the matter of Composite Scheme of Arrangement of Global Remedies Limited ('the First Transferor Company') and Grandix Pharmaceuticals Limited ('the Second Transferor Company') and Grandix Laboratories Limited ('the Third Transferor Company') and Quantum Remedies Private Limited ('the Fourth Transferor Company') and Strides Arcolab Limited ('the Applicant Company') and their respective Shareholders and Creditors

STRIDES ARCOLAB LIMITED,

a company incorporated under the provisions of Companies Act, 1956 having its Registered Office at 201, 'Devavrata', Sector-17, Vashi, Navi Mumbai - 400 705

Applicant Company

**EXPLANATORY STATEMENT UNDER SECTION 393
OF THE COMPANIES ACT, 1956**

1. Pursuant to an Order dated 8th day of May, 2009 passed by the High Court of Judicature at Bombay in the Company Application referred to hereinabove, a meeting of the Equity Shareholders of STRIDES ARCOLAB LIMITED, the Applicant Company is being convened at Hotel Tunga Regency, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai - 400 703 on Wednesday, the 24th day of June, 2009 at 2.30 p.m., for the purpose of considering and if thought fit, approving with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement of Global Remedies Limited, Grandix Pharmaceuticals Limited, Grandix Laboratories Limited, Quantum Remedies Private Limited and Strides Arcolab Limited and their respective Shareholders and Creditors ("Scheme").
2. A copy of the Scheme setting out in detail the terms and conditions of the arrangement, inter alia, providing for amalgamation of Global Remedies Limited, Grandix Pharmaceuticals Limited, Grandix Laboratories Limited and Quantum Remedies Private Limited into Strides Arcolab Limited which has been approved by Board of Directors of the Applicant Company at its meeting held on 13th day of April, 2009, is attached to this explanatory statement.
3. In this statement, **STRIDES ARCOLAB LIMITED** is hereinafter referred to as 'Strides Arcolab' or 'the Applicant Company'. The other definitions contained in the scheme shall apply to this Explanatory Statement also.
4. The background of all the companies involved in the Composite Scheme of Arrangement are as under:

4.1 Global Remedies Limited

- a. Global Remedies Limited (hereinafter referred to as "Global Remedies") was incorporated on the 16th July, 1986 under the provisions of Companies Act, 1956. The Registered Office of Global Remedies is situated at 124, Sipcot Industrial Complex, Hosur, Tamilnadu - 635 126
- b. The Share Capital of Global Remedies as at December 31, 2008 is as under:

Authorised Capital	Amount in Rs.
1,07,50,000 Equity Shares of Rs.10/- each	10,75,00,000
Total	10,75,00,000
Issued, Subscribed & Paid-up Capital	
1,05,79,876 Equity Shares of Rs. 10/- each fully paid-up	10,57,98,760
Total	10,57,98,760

The capital structure of Global Remedies post December 31, 2008 has not undergone any change. The entire equity share capital of Global Remedies is held by the Applicant Company and its nominees. Accordingly, Global Remedies is a wholly-owned subsidiary of the Applicant Company.

- c. The main objects specified in the Memorandum of Association of Global Remedies are, inter alia, as follows:
- i. To manufacture, produce, procure, formulate, blend, refine, pack or re-pack, import, buy, sell or otherwise dispose or, market, supply, exchange, stock, distribute, act as wholesale and retail chemists, druggists, pharmaceutical or analytical chemists, trade and generally deal in all types and forms of biological, bacteriological, pathological, immunological, gynecological, biochemical, medical, herbal, animal, chemical, surgical, therapeutic, veterinary, pharmaceutical products and other preparations under allopathic, ayurvedic, homoeopathic, unani and any other systems.
 - ii. Antibiotics, alkaloids drugs, extracts and other preparations useful in human and veterinary use, pesticides, plant protection against pathogenic bacteria, fungi, protozoa, virus and other microorganisms, by chemical, physical, fermentation bacteriological or other methods independently or in collaboration with others or under license.
 - iii. Contraceptives, diagnostic reagents, serums, vaccines, surgical dressings, orthopaedic bandages and other hospital requisites.
 - iv. Aerated mineral or medicated waters and other drinks, beverages, liquors, soups, broths, tonics, baby foods and other restoratives or foods suitable or deemed to be suitable for invalids and convalescents and / or for the general public, confectionery milk or other food products, food stuffs.
 - v. Aromatics, flavours, essences, cordials, solvents, acids and alkalis, insinglass, glues, polish and compositions.
 - vi. Heavy, fine grany other chemicals, chemical compounds-organic and inorganic and any other chemical products, to related pharmaceutical preparations.
 - vii. Gases, gypsum, plaster of Paris, orthopedic fibers, fabrics, bandages, plasters, dressings, adhesive tapes.
- d. Global Remedies has a dedicated facility at Hosur, Tamilnadu for the manufacture of multi-vitamin tablets mainly for the African and Russian markets. The facility is also into the manufacture of nutraceuticals for UNICEF.

4.2 Grandix Pharmaceuticals Limited:

- a. Grandix Pharmaceuticals Limited (hereinafter referred to as "Grandix Pharma") was incorporated on the 4th day of April, 1996 under the provisions of Companies Act, 1956. The Registered Office of Grandix Pharma is situated at No. 42, Loganathan Nagar, Jamal Sonu Terrace, 100 Feet Road, Choolaimedu, Chennai 600 094.
- b. The Share Capital of Grandix Pharma as at December 31, 2008 is as under:

Authorised Capital	Amount in Rs.
60,00,000 Equity Shares of Rs. 10/- each	6,00,00,000
Total	6,00,00,000
Issued, Subscribed & Paid-up Capital	
46,35,000 Equity Shares of Rs. 10/- each fully paid-up	4,63,50,000
Total	4,63,50,000

Subsequent to December 31, 2008, there has been no change in the share capital of Grandix Pharma. 46,25,982 equity shares of Rs. 10 each, representing 99.81% of the paid-up equity share capital of Grandix Pharma are held by the Applicant Company. Accordingly, Grandix Pharma is a subsidiary of the Applicant Company.

- c. The main objects specified in the Memorandum of Association of Grandix Pharma are, inter alia, as under:
- i. To carry on the business of wholesalers, retailers, importers, exporters, dealers, traders, indenting agents and manufacturers, representatives of all medicines, drugs, medical aids, pharmaceutical products, chemicals and compounds and all other medicinal and pharmaceutical items required/used by medical practitioners, hospitals and clinics.
 - ii. To carry on the business of chemists and druggists and dealers of preparations, articles, compounds, drugs in all chemical, surgical and scientific apparatus and materials.
 - iii. To carry on the business of manufacturing, medicines, drugs, pharmaceuticals, medical dietary, cosmetic and like preparations and drugs either on the Company's own license or on a loan license in terms of the Drugs Control Regulation as may be expedient.
- d. Grandix Pharma is engaged in the trading of pharmaceutical products. Grandix Pharma's range of products includes anti-diabetic, anti-hypertensive and painkiller products. Rerverve is the flagship brand of Grandix. Grandix Pharma has a huge presence in South India and is in the process of establishing itself in the markets of Central and Northern parts of India.

4.3 Grandix Laboratories Limited:

- a. Grandix Laboratories Limited (hereinafter referred to as "Grandix Labs") was incorporated on the 10th October, 2001 under the provisions of Companies Act, 1956. The Registered Office of Grandix Labs is situated at No. 42, Loganathan Nagar, Jamal Sonu Terrace, 100 Feet Road, Choolaimedu, Chennai 600 094.
- b. The Share Capital of Grandix Labs as at December 31, 2008 is as under:

Authorised Capital	Amount in Rs.
30,00,000 Equity Shares of Rs. 10/- each	3,00,00,000
Total	3,00,00,000
Issued, Subscribed & Paid-up Capital	
23,75,244 Equity Shares of Rs. 10/- each fully paid-up	2,37,52,440
Total	2,37,52,440

Subsequent to December 31, 2008, there has been no change in the share capital of Grandix Labs. 23,72,204 equity shares of Rs. 10 each, representing 99.87% of the paid-up equity share capital of Grandix Labs are held by Grandix Pharma. Accordingly, Grandix Labs is a subsidiary of the Applicant Company by virtue of its shareholding in Grandix Pharma.

- c. The main objects specified in the Memorandum of Association of Grandix Labs are, inter alia, as follows:
- i. To carry on the business of wholesalers, retailers, importers, exporters, dealers, traders, indenting agents and manufacturers, representatives of all medicines, drugs, medical aids, pharmaceutical products, chemicals and compounds and all other medicinal and pharmaceutical items required/used by medical practitioners, hospitals and clinics.
 - ii. To carry on the business of chemists and druggists and dealers of preparations, articles, compounds, drugs in all chemical, surgical and scientific apparatus and materials.
 - iii. To carry on the business of manufacturing, medicines, drugs, pharmaceuticals, medical dietary, cosmetic and like preparations and drugs either on the Company's own licence or on a loan licence in terms of the Drugs Control Regulation as may be expedient.
- d. Grandix Labs is engaged in the trading of pharmaceutical products. Grandix Labs has presence in Tamil Nadu and operates closely in tandem with Grandix Pharma.

4.4 Quantum Remedies Private Limited:

- a. Quantum Remedies Private Limited (hereinafter referred to as "Quantum Remedies") was incorporated on the 12th March, 2008 under the provisions of Companies Act, 1956. The

Registered Office of Quantum Remedies is situated at Strides House, Bilekahalli, Bannerghatta Road, Bangalore 560 076.

b. The Share Capital of Quantum Remedies as at December 31, 2008 is as under:

Authorised Capital	Amount in Rs.
10,000 Equity Shares of Rs. 10/- each	1,00,000
Total	1,00,000
Issued, Subscribed & Paid-up Capital	
10,000 Equity Shares of Rs. 10/- each fully paid-up	1,00,000
Total	1,00,000

Subsequent to December 31, 2008, there has been no change in the share capital of Quantum Remedies. The entire equity share capital of Quantum Remedies is held by the Applicant Company and its nominees. Accordingly, Quantum Remedies is a wholly-owned subsidiary of the Applicant Company.

c. The main objects specified in the Memorandum of Association of Quantum Remedies are, inter alia, as follows:

- i. To carry on the business of research and manufacturing of all kinds chemicals, synthetic chemicals, elements, chemical compound, biological, bacteriological, bio-chemicals, therapeutic, pharmaceuticals products and all other preparations in India or elsewhere.
- ii. To carry on the business as manufacturers, producers, processors, formulators, sellers, importers, exporters, merchants, distributors, traders and dealers in proprietary medicine, common medical preparations, drugs, chemicals and allied solvents, dyes, vitamin preparations, elixirs, drops, tonics, other liquid drugs and medicines, injections, tablets, capsules, lotions and ointments in India or elsewhere.
- iii. To carry on the business of sale or otherwise the formula and formulations for the manufacture of pharmaceutical drugs and medicines, injections, capsules, lotions, patent and proprietary medicines, common medicinal preparations, elixirs, drops, tonics, other liquid drugs and medicines, injections, tablets, lotions, ointments, antibiotics, hormones, liver extracts, biological and non-biological and no-biological pharmaceuticals tablets, biological and non-biological capsules, tranquilizers, vitamins and tonic preparations, medicated ointments, hormone preparations, ayurvedic products, medicated powders, pre-packed drugs, analgesics and antipyretic preparations, anti-diarrhea preparations, anti-cholinergic preparations, anti-asthmatic preparations, ophthalmic lotions and ointments, drugs, druggists as defined under the Drugs Act and Rules in all its branches and to carry on the business of manufactures antibiotics, alkaloids drugs extracts and other preparations useful in human and veterinary use, pesticides, plant protection against pathogenic bacteria, fungi, protozoa, virus and other microorganisms by chemical, physical, fermentation bacteriological or other methods independently or in collaboration with others or under license.

d. Quantum Remedies is engaged in the business of manufacture and sale of pharmaceutical formulations mainly for the African markets. In addition to above, Quantum Remedies is actively venturing in Middle East Region, Russia and CIS countries.

4.5 Strides Arcolab Limited:

a. The Applicant Company was incorporated on the 28th June, 1990, under the Companies Act, 1956 under the name and style "Strides Pharmaceuticals Private Limited". With effect from the 23rd day of May 1994, the Company was converted into a public limited company and the word "Private" was deleted from the name of the Company. Subsequently, on 21st March 1997, the name was changed to "Strides Arcolab Limited". The Registered Office of the Applicant Company is situated at 201, 'Devavrata', Sector-17, Vashi, Navi Mumbai - 400 705.

b. The Share Capital of the Applicant Company as at December 31, 2008 is as under:

Authorised capital	Amount in Rs.
7,00,00,000 Equity Shares of Rs. 10/- each	70,00,00,000
6,20,000 6% Cumulative redeemable preference shares of Rs. 1000/- each	62,00,00,000
Issued, subscribed and paid-up capital	
4,00,50,014 Equity Shares of Rs. 10/- each	40,05,00,140
4,91,606 6% cumulative redeemable Preference Shares of Rs. 1000/- each	49,16,06,000

The Equity Shares of the Applicant Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

- c. The main objects specified in the Memorandum of Association of Strides Arcolab are, inter alia, as follows:
- i. To carry on business in India and elsewhere as manufacturers, producers, processors, formulators, sellers, importers, exporters, merchants, distributors, traders and dealers in proprietary medicine, common medical preparations, drugs, chemicals and allied, solvents, dyes, vitamin preparations, elixirs, drops, tonics, other liquid drugs and medicines, injections tablets, capsules, lotions ointments.
 - ii. To carry on the business of preparing for sale or otherwise the formula and formulations for the manufacture of pharmaceutical drugs and medicines, injections, capsules, lotions, patent and proprietary medicines, common medicinal preparations, elixirs, drops, tonics, other liquid drugs and medicines, injections, tablets, lotions, ointments, antibiotics, hormones, liver extract, biological and non-biological and no-biological pharmaceutical tablets, biological and non-biological capsules, tranquilisers vitamins and tonic preparations, medicated ointments, hormone preparations, ayurvedic products, medicated powders, re-packed drugs, analgesics and antipyretic preparations, anti-diarrhoeal preparations, diffestures, anti-cholinergic preparations, antiasthmatic preparations, ophthalmic lotions and ointments, drugs, druggists as defined under the Drugs Act and Rules in all its branches.
- d. Strides Arcolab is a global pharmaceutical company and manufactures pharmaceutical formulations in various dosage forms including sterile injectables, with dedicated facilities for Penicillin and Penems, Cephalosporins, Oncolytics and lyophilized injectable products. The company also manufactures pharmaceutical formulations in oral dosage forms, including capsules and tablets and softgel capsules.
5. Strides Arcolab is now proposing a Scheme for the amalgamation of the Global Remedies, Grandix Pharma, Grandix Labs and Quantum Remedies with itself.
6. The above said amalgamation would inter alia have the following benefits:
- a) Strengthened leadership in the industry, in terms of the asset base, revenues, product range, production volumes, integrated supply chain and market share of the combined entity. The amalgamated entity will have the ability to leverage and optimise on its large asset base, diverse range of products, brands and vast pool of intellectual capital, optimise the value of the brands, enter into the domestic market with greater access to brands, which would enhance the shareholder value.
 - b) Greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value, and will improve the competitive position of the combined entity.
 - c) Greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value.

- d) Improved organizational capability and leadership, arising from the pooling of human capital that has the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.
 - e) Benefit of operational synergies to the combined entity in areas such as raw material sourcing, product placement, marketing and sale promotions initiatives, freight optimization and logistics, access to brands owned by Grandix Pharma and Grandix Labs which can be put to the best advantage of the stakeholders.
 - f) Greater leverage in operations planning and process optimization and enhanced flexibility in product offerings. Further, the consolidation would lead to access to multi-locational sourcing opportunity for vendors/ customers. Better negotiating abilities with both vendors and customers.
 - g) Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, productivity improvements, improved procurement, usage of common resource pool like human resource, administration, finance, accounts, legal, technology and other related functions, leading to elimination of duplication and rationalization of administrative expenses.
 - h) Simplification of group structure by eliminating multiple companies in similar business thus enabling focus on core competencies and unlocking of value through operating independence of each vertical.
7. Accordingly, the Board of Directors of Strides Arcolab vide their resolution dated 13th day of April, 2009 approved the Composite Scheme of Arrangement of Global Remedies Limited, Grandix Pharmaceuticals Limited, Grandix Laboratories Limited, Quantum Remedies Private Limited and Strides Arcolab Limited and their respective Shareholders and Creditors.
8. The Board of Directors of all the transferor companies has also approved the Scheme at their respective meetings held on the 13th day of April, 2009.
9. The salient features of the Scheme are as follows:
- (a) "Appointed Date" means the 1st day of January, 2009 or such other date as the High Court(s) or such other authorities may direct / fix.
 - (b) "Effective Date" means the last of the dates on which the certified true copies of the order of the High Court(s) sanctioning the Scheme are filed with the respective Registrar of Companies, by all the companies, who are a party to this Scheme.
 - (c) "Transferor Companies" means collectively Global Remedies, Grandix Pharma, Grandix Labs and Quantum Remedies.
 - (d) Upon the Scheme being effective, the entire business and undertaking(s) of the Transferor Companies including all the debts, liabilities, duties and obligations, of the Transferor Companies of every description and also including, all the movable and immovable properties and assets (whether tangible or intangible) of the Transferor Companies and business licenses, permits, deposits, authorisations, approvals, insurance cover of every description, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademark, service mark, trade secret, brands, registrations, product licenses, marketing authorisations or other intellectual property rights, proprietary right, title, interest, contracts, consent, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals of the Transferor Companies, would be transferred, subject to the charges affecting the same as on the Effective Date, to the Applicant Company.
 - (e) The entire equity share capital of Global Remedies and Quantum Remedies is held by the Applicant Company and its nominees. Further, around 99.81% of the paid-up equity share capital of Grandix Pharma is held by the Applicant Company, which in turn holds around

99.87% of the paid-up equity share capital of Grandix Labs. Accordingly, pursuant to the amalgamation of the Transferor Companies into the Applicant Company, no shares of the Applicant Company shall be allotted to the extent of its holding in Global Remedies, Grandix Pharma and Quantum Remedies and the investments in the shares of Global Remedies Grandix Pharma and Quantum Remedies, appearing in the books of account of the Applicant Company shall stand cancelled. Also, to the extent of shares held by Grandix Pharma in Grandix Labs, no shares of the Applicant Company shall be allotted and the said investment in Grandix Labs, appearing in the books of account of Grandix Pharma shall stand cancelled.

- (f) Upon this Scheme becoming effective and upon amalgamation of the Transferor Companies into Strides Arcolab in terms of this Scheme, Strides Arcolab shall, issue and allot shares, credited as fully paid up, to the extent indicated below, to the members of Grandix Labs and Grandix Pharma holding fully paid-up equity shares in Grandix Labs and Grandix Pharma respectively and whose names appear in the Register of Members of the respective companies on the Record Date in the following proportion viz.:
- * 23 (Twenty Three) fully paid up equity shares of Rs. 10 each of Strides Arcolab shall be issued and allotted for every 100 (One Hundred) equity shares of Rs. 10 each held in Grandix Labs, and
 - * 213 (Two Hundred and Thirteen) fully paid up equity shares of Rs. 10 each of Strides Arcolab shall be issued and allotted for every 100 (One Hundred) equity shares of Rs. 10 each held in Grandix Pharma
- (g) Strides Arcolab will account for the amalgamation of the transferor companies in its books in the manner described under clause 11.1 to 11.8 of the Scheme.
- (h) Amount, if any, credited to Reserve for Business Restructuring in the books of Strides Arcolab as per clause 11.8 of the Scheme and the balance in the Securities Premium Account, as appearing in the books of Strides Arcolab, which may be transferred to Reserve for Business Restructuring (to such extent as may be determined by the Board) is proposed to be utilised in the manner specified in clause 11.12 to 11.15 of the Scheme.
- (i) On the Scheme becoming effective, all staff, workmen and employees of the Transferor Companies in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Applicant Company with effect from the Appointed Date, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Applicant Company (i.e. Cost to company basis, in monetary terms) shall not be less favourable than those applicable to them with reference to their employment with the Transferor Companies on the Effective Date.
- (j) The Scheme provides that upon the Scheme coming into effect, the authorised share capital of the Applicant Company in terms of its Memorandum of Association and Articles of Association shall automatically stand enhanced without any further act, instrument or deed on the part of the Transferee Company, including payment of stamp duty and fees payable to Registrar of Companies, by an amount of Rs. 19,75,00,000 (Rupees Nineteen Crore and Seventy Five Lakhs Only), and the Memorandum of Association and Articles of Association of the Applicant Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 16, Section 31, Section 94 or any other applicable provisions of the Act, would be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Transferor Companies on their respective authorised share capitals shall be utilized and applied to the increased share capital of the Applicant Company, and shall be deemed to have been so paid by the Applicant Company on such combined authorised share capital and accordingly, the

Applicant Company shall not be required to pay any fees/ stamp duty on the authorised share capital so increased.

- (k) Strides Arcolab shall apply to the relevant Stock Exchange(s) or the concerned Government authorities for listing of its equity shares, which will be allotted in pursuance of this Scheme.
- (l) On the Scheme becoming effective, the Transferor Companies shall stand dissolved without being wound-up.
- (m) In the event of the Scheme being sanctioned by the High Courts, the Applicant Company shall bear and pay all costs, charges, expenses, taxes including duties, levies in connection with the Scheme.
- (n) The Scheme is conditional upon and subject to:
 - i) The requisite consent, approval or permission of the Central Government or any Government Authorities, which by law may be necessary for the implementation of this Scheme;
 - ii) The certified copies of the orders of the High Court(s) sanctioning the Scheme are filed with the respective Registrar(s) of Companies; and
 - iii) Compliance with such other conditions as may be imposed by the High Court(s).

The features set out above being only the salient features of the Composite Scheme of Arrangement; the members are requested to read the entire text of the Composite Scheme of Arrangement annexed hereto to get fully acquainted with the provisions thereof.

10. The pre-amalgamation shareholding pattern of the Transferor Companies is as under:

Shareholding Pattern of Global Remedies:

Category	Equity Shares	%
Promoters Holding		
Indian Promoters- Strides Arcolab Limited	10,579,876	100.00%
Foreign Promoters	-	0.00%
(A)	10,579,876	100.00%
Non-Promoters Holding	(B)	0.00%
	-	
Grand Total (A + B)	10,579,876	100.00%

Shareholding Pattern of Grandix Pharma:

Category	Equity Shares	%
Promoters Holding		
Indian Promoters- Strides Arcolab Limited	4,625,982	99.81%
Foreign Promoters	-	0.00%
(A)	4,625,982	99.81%
Non-Promoters Holding	(B)	0.19%
	9,018	
Grand Total (A + B)	4,635,000	100.00%

Shareholding Pattern of Grandix Labs:

Category	Equity Shares	%
Promoters Holding		
Indian Promoters- Grandix Pharmaceuticals Limited	2,372,204	99.87%
Foreign Promoters	-	0%
(A)	2,372,204	99.87%
Non-Promoters Holding	(B)	3,040
		0.13%
Grand Total (A + B)	2,375,244	100.00%

Shareholding Pattern of Quantum Remedies:

Category	Equity Shares	%
Promoters Holding		
Indian Promoters- Strides Arcolab Limited	10,000	100.00%
Foreign Promoters	-	0.00%
(A)	10,000	100.00%
Non-Promoters Holding	(B)	-
		0.00%
Grand Total (A + B)	10,000	100.00%

11. The pre and post-amalgamation (expected) shareholding pattern of Strides Arcolab, based on shareholding as on March 31, 2009, is as under:

	Category of Shareholder	Pre-Amalgamation Shareholding		Post-Amalgamation Shareholding	
		Shares	%	Shares	%
A	PROMOTERS GROUP				
1	Promoter and Promoter Group	10,342,928	25.83	10,342,928	25.81
2	Persons acting in concert	Nil	Nil	Nil	Nil
	Sub Total (A)	10,342,928	25.83	10,342,928	25.81
B	NON-PROMOTERS GROUP				
1.	Institutions				
	Mutual Funds & UTI	2,585,111	6.45	2,585,111	6.45
	Bank, Financial Institutions, Insurance, Companies (Central/State Govt.) Institutions/Non Government Institutions)	37,412	0.09	37,412	0.09
	Foreign Institutional Investors	4,272,388	10.67	4,272,388	10.66
	Foreign Venture Capital Investors	12,452,557	31.09	12,452,557	31.08
	Sub Total (B1)	19,347,468	48.30	19,347,468	48.28
2.	Non-institutions				
	Bodies Corporate	10,32,667	2.58	10,32,667	2.58
	NRI/OCBs	778,604	1.94	778,604	1.94
	Foreign Companies	5,620,705	14.03	5,620,705	14.03
	Indian Public/Others	2,927,642	7.32	2,947,556	7.36
	Sub Total (B2)	10,359,618	25.87	10,379,532	25.91
	Grand Total	40,050,014	100.00	40,069,928	100.00

12. The directors of the Applicant Company and the Transferor Companies 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 Applicant Company as a result of the Scheme. Save as aforesaid, none of the directors of the company have any material interest in the proposed amalgamation.
13. (a) The details of the Directors of Strides Arcolab and the extent of their shareholding in Strides Arcolab and the transferor companies either singly or jointly or as nominee is as under:

Name of the director	Designation	Number of equity shares				
		Strides Arcolab	Global Remedies	Grandix Pharma	Grandix Labs	Quantum Remedies
Deepak Vaidya	Chairman	Nil	Nil	Nil	Nil	Nil
Arun Kumar	Vice Chairman & MD	1,260,797	100*	Nil	Nil	Nil
K.R Ravishankar	Director	1,232,406	100*	Nil	Nil	Nil
P.M Thampi	Director	1,000	Nil	Nil	Nil	Nil
Virtanes Saatci	Director	175,000	Nil	Nil	Nil	Nil
Dr. Ronald Ling	Director	Nil	Nil	Nil	Nil	Nil
D.G Prasad	Director	Nil	Nil	Nil	Nil	Nil
M. R. Umarji	Director	Nil	Nil	Nil	Nil	Nil
A.K. Nair	Director	Nil	Nil	Nil	Nil	Nil

*holding shares for and on behalf of Strides Arcolab Limited

- (b) The details of the Directors of Global Remedies and the extent of their shareholding in Global Remedies and other transferor companies and Strides Arcolab either singly or jointly or as nominee is as under:

Name of the director	Designation	Number of equity shares				
		Strides Arcolab	Global Remedies	Grandix Pharma	Grandix Labs	Quantum Remedies
T.S. Rangan	Director	Nil	Nil	Nil	Nil	Nil
Sudhir Kanchan	Director	Nil	Nil	03	10	Nil
P. Guruswamy	Director	Nil	Nil	Nil	Nil	Nil

- (c) The details of Directors of Grandix Pharma and the extent of their shareholding in Grandix Pharma and other transferor companies and Strides Arcolab either singly or jointly or as nominee is as under:

Name of the director	Designation	Number of equity shares				
		Strides Arcolab	Global Remedies	Grandix Pharma	Grandix Labs	Quantum Remedies
S.A. Manikandan	Managing Director	Nil	Nil	03	10	Nil
Arun Kumar	Director	1,260,797	100*	Nil	Nil	Nil
T.S. Rangan	Director	Nil	Nil	Nil	Nil	Nil
V.S. Iyer	Director	Nil	Nil	Nil	Nil	Nil

*holding shares for and on behalf of Strides Arcolab Limited

- (d) The details of Directors of Grandix Labs and the extent of their shareholding in Grandix Labs and other transferor companies and Strides Arcolab either singly or jointly or as nominee is as under:

Name of the director	Designation	Number of equity shares				
		Strides Arcolab	Global Remedies	Grandix Pharma	Grandix Labs	Quantum Remedies
T.S. Rangan	Director	Nil	Nil	Nil	Nil	Nil
S. A. Manikandan	Director	Nil	Nil	03	10	Nil
Kannan. N	Director	Nil	100*	03	10	01*

*holding shares for and on behalf of Strides Arcolab Limited

- (e) The details of Directors of Quantum Remedies and the extent of their shareholding in Quantum Remedies and other transferor companies and Strides Arcolab either singly or jointly or as nominee is as under:

Name of the director	Designation	Number of equity shares				
		Strides Arcolab	Global Remedies	Grandix Pharma	Grandix Labs	Quantum Remedies
Ravi Seth	Director	Nil	Nil	Nil	Nil	Nil
Kannan. N.	Director	Nil	100*	03	10	01*
TS Rangan	Director	Nil	Nil	Nil	Nil	Nil

*holding shares for and on behalf of Strides Arcolab Limited

14. The financial position of the Applicant Company will not be adversely affected by the Composite Scheme of Arrangement. The financial position of Applicant Company will continue to remain strong and it will be able to meet and pay its debts as and when they arise in the normal course of business.
15. The Applicant Company has obtained the approval to the Composite Scheme of Arrangement in the terms of Clause 24(f) of the Listing Agreements of Bombay Stock Exchange Limited and National Stock Exchange Limited vide their letters dated May 4, 2009 and April 28, 2009 respectively.
16. No investigation proceedings are pending or are likely to be pending under Sections 235 to 251 of the Companies Act, 1956 in respect of Strides Arcolab.
17. The rights and interests of the members of Strides Arcolab will not be prejudicially affected by the Scheme.
18. In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of the Applicant Company and the Transferor Companies shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the High Court(s), the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.
19. Inspection of the following documents may be had by the Equity Shareholders of the Applicant Company at the Registered Office of Strides Arcolab up to one day prior to the date of the meeting between 11 a.m. and 1 p.m. on all working days (except Saturdays, Sundays and public holidays).
 - (a) Copy of the Order dated 8th day of May, 2009 of the High Court of Judicature at Bombay passed in Company Application No. 597 of 2009 directing the convening of the meeting of the equity shareholders of Strides Arcolab.
 - (b) Composite Scheme of Arrangement.
 - (c) Memorandum and Articles of Association of Strides Arcolab and the Transferor Companies.
 - (d) The Audited Financial Statements of Strides Arcolab and the Transferor Companies as on 31st December, 2008.
 - (e) Valuation Report of M/s Parimal Ram & Pattabhi, Chartered Accountants.
 - (f) Fairness opinion of Microsec Capital Limited.
 - (g) Copy of No Objection Certificate to the Scheme received from Bombay Stock Exchange and the National Stock Exchange of India Limited dated May 4, 2009 and April 28, 2009 respectively.

This statement may be treated as an Explanatory Statement under Section 173 of the Companies Act, 1956. A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Registered Office of the Applicant Company and/or at the office of the Advocates M/s RAJESH SHAH & Co., 16, Oriental Building, 30, Nagindas Master Road, Flora Fountain, Mumbai 400 001.

Dated this 25th day of May, 2009

Registered office: 201, 'Devavrata',
Sector-17, Vashi, Navi Mumbai - 400 705

Sd/-
Mr. Deepak Vaidya
Chairman appointed for the meeting

**COMPOSITE SCHEME OF ARRANGEMENT
OF
GLOBAL REMEDIES LIMITED
AND
GRANDIX PHARMACEUTICALS LIMITED
AND
GRANDIX LABORATORIES LIMITED
AND
QUANTUM REMEDIES PRIVATE LIMITED
AND
STRIDES ARCOLAB LIMITED
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

GENERAL

I. Purpose of Scheme

This Composite Scheme of Arrangement provides for the amalgamation of the Transferor Companies (herein defined), which are subsidiaries of the Transferee Company (herein defined), with the Transferee Company pursuant to Sections 391 to 394, read with Section 78 and Sections 100 to 104, and other relevant provisions of the Companies Act, 1956.

II. Rationale for the Scheme

The amalgamation of the Transferor Companies with the Transferee Company would *inter alia* have the following benefits:

1. Strengthened leadership in the industry, in terms of the asset base, revenues, product range, production volumes, integrated supply chain and market share of the combined entity. The amalgamated entity will have the ability to leverage and optimise on its large asset base, diverse range of products, brands and vast pool of intellectual capital, optimise the value of the brands, enter into the domestic market with greater access to brands, which would enhance the shareholder value.
2. Greater integration and greater financial strength and flexibility for the amalgamated entity, which would result in maximising overall shareholder value, and will improve the competitive position of the combined entity.
3. Greater efficiency in cash management of the amalgamated entity, and unfettered access to cash flow generated by the combined business which can be deployed more efficiently to fund organic and inorganic growth opportunities, to maximize shareholder value.
4. Improved organizational capability and leadership, arising from the pooling of human capital that has the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry.
5. Benefit of operational synergies to the combined entity in areas such as raw material sourcing, product placement, marketing and sale promotions initiatives, freight optimization and logistics, access to brands owned by Grandix Pharma and Grandix Labs which can be put to the best advantage of the stakeholders.
6. Greater leverage in operations planning and process optimization and enhanced flexibility in product offerings. Further, the consolidation would lead to access to multi-locational sourcing opportunity for vendors/ customers. Better negotiating abilities with both vendors and customers.
7. Cost savings are expected to flow from more focused operational efforts, rationalization, standardisation and simplification of business processes, productivity improvements, improved procurement, usage of common resource pool like human resource, administration, finance, accounts, legal, technology and other related functions, leading to elimination of duplication and rationalization of administrative expenses.
8. Simplification of group structure by eliminating multiple companies in similar business thus enabling focus on core competencies and unlocking of value through operating independence of each vertical.

In view of the aforesaid, the Board of Directors of Strides Arcolab as well as the Board of Directors of Global Remedies, the Board of Directors of Grandix Pharma, the Board of Directors of Grandix Labs and the Board of Directors of Quantum Remedies have considered and proposed the amalgamation of the entire undertaking and business of Global Remedies, Grandix Pharma, Grandix Labs and Quantum Remedies with Strides Arcolab in order to benefit the stakeholders of all the companies. Accordingly, the Board of Directors of all the companies have formulated this Composite Scheme of Arrangement for the

transfer and vesting of the entire undertaking and business of Global Remedies, Grandix Pharma, Grandix Labs and Quantum Remedies with and into Strides Arcolab and financial restructuring of Strides Arcolab pursuant to the provisions of Section 391 to 394, read with Section 78, Section 100 to 104, and other relevant provisions of the Companies Act, 1956.

III. **Parts of the Scheme**

The Scheme is divided into following parts:

- (i) **Part A** – dealing with definitions of the terms used in this Composite Scheme of Arrangement and sets out the share capital of the Transferor Companies and the Transferee Company;
- (ii) **Part B** – dealing with the transfer and vesting of the undertaking of the Transferor Companies to and in the Transferee Company;
- (iii) **Part C** – dealing with the issue of new equity shares by the Transferee Company to the equity shareholders of the Grandix Pharma and Grandix Labs;
- (iv) **Part D** – dealing with the accounting treatment for the arrangement in the books of the Transferee Company and dividends; and
- (v) **Part E** – dealing with the dissolution of the Transferor companies and the general terms and conditions applicable to this Composite Scheme of Arrangement and other matters consequential and integrally connected thereto.

PART A

DEFINITIONS AND SHARE CAPITAL

1 DEFINITIONS

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

- 1.1 **“Act” or “the Act”** means the Companies Act, 1956, ordinances, rules and regulations made thereunder and shall include any statutory modifications, re-enactment or amendment thereof.
- 1.2 **“Appointed Date”** means the 1st day of January, 2009 or such other date as the High Court(s) or such other authorities may direct / fix.
- 1.3 **“Board of Directors” or “Board”** means the board of directors of any of the Transferor Companies or the Transferee Company, as the case may be, and shall include a duly constituted committee thereof.
- 1.4 **“Effective Date”** means the last of the dates on which the certified true copies of the order of the High Court(s) sanctioning the Scheme are filed with the respective Registrar of Companies, by all the companies, who are a party to this Scheme.
- 1.5 **“Free Reserves”** means uncommitted reserves, not being capital reserves or reserves referred to in Section 205A(3) of the Act, available without limitation for all purposes of the Act, including declaration of dividends, bonus shares, buy-back of shares, etc.
- 1.6 **“Financial Statements”** would include quarterly/ annual accounts of Strides Arcolab (including cash flow statements, profit and loss account) and other financials published along with annual accounts, and quarterly/public reported financial statements of Strides Arcolab.
- 1.7 **“Government Authority”** means any applicable Central, State or local Government, legislative body, regulatory or administrative authority, agency or commission or any court, tribunal, board, bureau or instrumentality thereof or arbitration or arbitral body having jurisdiction.
- 1.8 **“Global Remedies”** means Global Remedies Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 124, Sipcot Industrial Complex, Hosur, Tamilnadu 635 126.
- 1.9 **“Grandix Labs”** means Grandix Laboratories Limited, a company incorporated under the Companies Act, 1956, and having its registered office at No 42, Loganathan Nagar, Jamal Sonu Terrace, 100 Feet Road, Choolaimedu, Chennai 600 094.
- 1.10 **“Grandix Pharma”** means Grandix Pharmaceuticals Limited, a company incorporated under the Companies Act, 1956, and having its registered office at No 42, Loganathan Nagar, Jamal Sonu Terrace, 100 Feet Road, Choolaimedu, Chennai 600 094.
- 1.11 **“High Court”** means the Hon'ble High Court of Judicature at Bombay having jurisdiction in relation to Strides Arcolab; Hon'ble High Court of Judicature at Madras having jurisdiction in relation to Global Remedies, Grandix Pharma and Grandix Labs and Hon'ble High Court of Karnataka at Bangalore

having jurisdiction in relation to Quantum Remedies, as the context may require and shall include National Company Law Tribunal, if applicable.

- 1.12 **“Quantum Remedies”** means Quantum Remedies Private Limited, a company incorporated under the Companies Act, 1956, and having its registered office at Strides House, Bilekahalli, Bannerghatta Road, Bangalore 560 076.
- 1.13 **“Record Date”** means the date to be fixed by the Board of Directors of the Transferee Company for determining names of the members of Grandix Pharma and Grandix Labs, who shall be entitled to shares of the Transferee Company upon coming into effect of this Scheme as specified under clause 9.2 and clause 9.4 of this Scheme respectively.
- 1.14 **“Scheme”** or **“the Scheme”** or **“this Scheme”** means this Composite Scheme of Arrangement in its present form or with any modification(s) made under clause 18 of this Scheme, as approved or directed by the High Court(s) or any other appropriate authority.
- 1.15 **“Strides Arcolab”** or **“the Transferee Company”** means Strides Arcolab Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 201, 'Devavrata', Sector-17, Vashi, Navi Mumbai 400 703.
- 1.16 **“Transferor Companies”** means collectively Global Remedies, Grandix Pharma, Grandix Labs and Quantum Remedies.

All terms and words 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 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

2 SHARE CAPITAL

Details of the share capital of the companies, as at December 31, 2008, are given below:

2.1 Global Remedies

Authorised Capital	Amount (Rs.)
1,07,50,000 Equity Shares of Rs.10/- each	10,75,00,000
Issued, Subscribed and Paid-up Capital Amount (Rs.)	
1,05,79,876 Equity Shares of Rs. 10/- each fully paid-up	10,57,98,760

Subsequent to December 31, 2008, there has been no change in the share capital of Global Remedies. The entire share capital of Global Remedies is held by Strides Arcolab and its nominees. Accordingly, Global Remedies is a wholly-owned subsidiary of Strides Arcolab.

2.2 Grandix Pharma

Authorised Capital	Amount (Rs.)
60,00,000 Equity Shares of Rs. 10/- each	6,00,00,000
Issued, Subscribed and Paid-up Capital Amount (Rs.)	
46,35,000 Equity Shares of Rs. 10/- each fully paid-up	4,63,50,000

Subsequent to December 31, 2008, there has been no change in the share capital of Grandix Pharma. 46,25,982 equity shares of Rs. 10 each, representing 99.81% of the paid-up equity share capital of Grandix Pharma are held by Strides Arcolab. Accordingly, Grandix Pharma is a subsidiary of Strides Arcolab.

2.3 Grandix Labs

Authorised Capital	Amount (Rs.)
30,00,000 Equity Shares of Rs. 10/- each	3,00,00,000
Issued, Subscribed and Paid-up Capital Amount (Rs.)	
23,75,244 Equity Shares of Rs. 10/- each fully paid-up	2,37,52,440

Subsequent to December 31, 2008, there has been no change in the share capital of Grandix Labs. 23,72,204 equity shares of Rs. 10 each, representing 99.87% of the paid-up equity share capital of Grandix Labs are held by Grandix Pharma. Accordingly, Grandix Labs is a subsidiary of Strides Arcolab by virtue of its shareholding in Grandix Pharma.

2.4 Quantum Remedies

Authorised Capital	Amount (Rs.)
10,000 Equity Shares of Rs. 10/- each	1,00,000
Issued, Subscribed and Paid-up Capital Amount (Rs.)	
10,000 Equity Shares of Rs. 10/- each fully paid-up	1,00,000

Subsequent to December 31, 2008, there has been no change in the share capital of Quantum Remedies. The entire share capital of Quantum Remedies is held by Strides Arcolab and its nominees.

2.5 Strides Arcolab

Authorised Capital	Amount (Rs.)
7,00,00,000 Equity Shares of Rs. 10/- each	70,00,00,000
6,20,000 cumulative redeemable Preference Shares of Rs. 1000/- each	62,00,00,000
Total	132,00,00,000
Issued, Subscribed and Paid-up Capital	
4,00,50,014 Equity Shares of Rs. 10/- each	40,05,00,140
4,91,606 6% cumulative redeemable Preference Shares of Rs. 1000/- each	49,16,06,000
Total	89,21,06,140

Subsequent to December 31, 2008, there has been no change in the share capital of Strides Arcolab.

3 DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the High Court(s) or any other appropriate authority shall be operative from the Appointed Date mentioned herein, but shall be effective from the Effective Date.

PART B

TRANSFER AND VESTING OF UNDERTAKING OF THE TRANSFEROR COMPANIES WITH STRIDES ARCOLAB

4 TRANSFER AND VESTING OF UNDERTAKING

- 4.1 Subject to the provisions of this Scheme as specified hereinafter and with effect from the Appointed Date, the entire business and undertaking(s) of the Transferor Companies including all the debts, liabilities, duties and obligations, including those arising on account of taxation laws and other allied laws, of the Transferor Companies of every description and also including, without limitation, all the movable and immovable properties and assets (whether tangible or intangible) of the Transferor Companies comprising, amongst others, all freehold land, leasehold land, building, plants, motor vehicles, receivables, actionable claims, furniture and fixtures, computers, office equipment, electrical installations, telephones, telex, facsimile and other communication facilities and business licenses, permits, deposits, authorisations, approvals, insurance cover of every description, lease, tenancy rights, permissions, incentives, if any, and all other rights, patents, know-how, trademark, service mark, trade secret, brands, registrations, product licenses, marketing authorisations or other intellectual property rights, proprietary right, title, interest, contracts, consent, approvals and rights and powers of every kind, nature and description whatsoever, privileges, liberties, easements, advantages, benefits and approvals, shall, under the provisions of Sections 391 to 394 of the Act, and pursuant to the order of the High Courts sanctioning this Scheme and without further act, instrument or deed, but subject to the charges affecting the same as on the Effective Date, be transferred and/or deemed to be transferred to and vested in the Transferee Company, so as to become the properties, assets, rights, business and undertaking(s) of the Transferee Company.
- 4.2 With effect from the Appointed Date all debts, liabilities, duties and obligations of the Transferor Companies as on the Appointed Date whether provided for or not in the books of account of the Transferor Companies and all other liabilities which may accrue or arise after the Appointed Date but which relate to the period on or up to the day of the Appointed Date shall be the debts, liabilities, duties and obligations of the Transferee Company including any encumbrance on the assets of the Transferor Companies or on any income earned from those assets.

- 4.3 With effect from the Appointed Date, all inter-party transactions between the Transferor Companies or any of the Transferor Companies and the Transferee Company shall be considered as intra-party transactions for all purposes from the Appointed Date.
- 4.4 Loans, advances and other obligations (including any guarantees, letters of credit, letters of comfort or any other instrument or arrangement which may give rise to a contingent liability in whatever form), if any, due or which may at any time in future become due between the Transferor Companies or any of the Transferor Companies and the Transferee Company shall, *ipso facto*, stand discharged and come to an end and there shall be no liability in that behalf on any party and appropriate effect shall be given in the books of accounts and records of the Transferee Company. It is hereby clarified that there will be no accrual of interest or other charges in respect of any inter-company loans, advances and other obligations with effect from the Appointed Date.
- 4.5 All the existing securities, mortgages, charges, encumbrances or liens, if any, as on the Appointed Date and created by any of the Transferor Companies after the Appointed Date, over the assets comprised in the undertaking or any part thereof transferred to the Transferee Company by virtue of this Scheme and in so far as such securities, mortgages, charges, encumbrances or liens secure or relate to liabilities of any of the Transferor Companies, the same shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date and as are transferred to the Transferee Company, and such securities, mortgages, charges, encumbrances or liens shall not relate or attach to any of the other assets of the Transferee Company, provided however that no encumbrances shall have been created by any of the Transferor Companies over its assets after the date of filing of the Scheme without the prior written consent of the Board of Directors of the Transferee Company.
- 4.6 The existing encumbrances over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties and shall not extend or attach to any of the assets and properties of the Transferor Companies transferred to and vested in the Transferee Company by virtue of this Scheme.
- 4.7 It is expressly provided that, save as herein provided, no other term or condition of the liabilities transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required statutorily or by necessary implication.
- 4.8 With effect from the Appointed Date, all statutory licences, registrations, incentives, tax deferrals and benefits, carry-forward of tax losses, tax credits, tax refunds, subsidies, concessions, grants, rights, claims, leases, tenancy rights, liberties, permissions, approvals or consents to carry on the operations of the Transferor Companies, special status and other benefits or privileges enjoyed or conferred upon or held or availed of by any of the Transferor Companies and all rights and benefits that have accrued or which may accrue to any of the Transferor Companies, whether before or after the Appointed Date shall stand vested in or transferred to the Transferee Company, pursuant to the Scheme, without any further act or deed and shall remain valid, effective and enforceable on the same terms and conditions and shall be appropriately mutated by the statutory authorities concerned in favour of the Transferee Company upon the vesting and transfer of the undertakings of the Transferor Companies pursuant to this Scheme.
- 4.9 The amalgamation of the Transferor Companies with the Transferee Company, pursuant to and in accordance with this Scheme, shall take place with effect from the Appointed Date and shall be in accordance with Section 2(1B) of the Income-tax Act, 1961.

5 STAFF, WORKMEN & EMPLOYEES

- 5.1 On the Scheme becoming effective, all staff, workmen and employees of the Transferor Companies in service on the Effective Date shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the Appointed Date, without any break or interruption in their service and on the basis of continuity of service, and the terms and conditions of their employment with the Transferee Company (i.e. Cost to company basis, in monetary terms) shall not be less favourable than those applicable to them with reference to their employment with the Transferor Companies on the Effective Date.
- 5.2 It is expressly provided that, on the Scheme becoming effective, the provident fund, gratuity fund, superannuation fund or any other special fund or trusts, if any, created or existing for the benefit of the staff, workmen and employees of the Transferor Companies shall become trusts/ funds of the Transferee Company for all purposes whatsoever in relation to the administration or operation of such fund or funds or in relation to 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, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Companies in relation to such fund or funds shall become those of the Transferee Company. It is clarified that, for the purpose of the said fund or funds, the services of the staff, workmen and employees of the Transferor Companies will be treated as having been continuous with the Transferee Company from the date of employment as reflected in the records of the Transferor Companies.

6 LEGAL PROCEEDINGS

If any suit, appeal or other proceeding of whatever nature by or against any of the Transferor Companies is pending, including those arising on account of taxation laws and other allied laws, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the arrangement by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Transferee Company, in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Companies, as if this Scheme had not been made.

7 CONTRACTS, DEEDS, ETC. & POWER TO GIVE EFFECT TO THIS PART

7.1 Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments, if any, of whatsoever nature to which the Transferor Companies are a party and subsisting or having effect on the Effective Date, shall be in full force and effect against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been a party thereto, notwithstanding the terms contained in such contracts, deeds, bonds, agreements, licences, permits, registrations, approvals and other instruments.

7.2 The Transferee Company shall enter into and/ or issue and/ or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which the Transferor Companies will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required. Further, the Transferee Company shall be deemed to be authorised to execute any such deeds, writings or confirmations on behalf of the Transferor Companies and to implement or carry out all formalities required on the part of the Transferor Companies to give effect to the provisions of this Scheme.

8 TAXATION MATTERS

Upon the Scheme coming into effect, the Transferee Company through its respective Board of Directors, or any person(s) or committee authorised/ appointed by them, may carry out or assent to any modifications/ amendments to the returns and other documents filed by the Transferor Companies for periods falling prior to the Appointed Date, in relation to taxation and other allied laws, desirable or appropriate by them (i.e., the Board of Directors or the person(s)/ committee).

PART C

ISSUE OF EQUITY SHARES BY STRIDES ARCOLAB UPON AMALGAMATION

9 CONSIDERATION FOR THE AMALGAMATION

9.1 The entire equity share capital of Global Remedies and Quantum Remedies is held by the Transferee Company and its nominees, i.e. Global Remedies and Quantum Remedies are wholly-owned subsidiaries of Strides Arcolab. Accordingly, pursuant to the amalgamation of the Global Remedies and Quantum Remedies into the Transferee Company, no shares of the Transferee Company shall be allotted in respect of its holding in Global Remedies and Quantum Remedies, and the investments in the shares of Global Remedies and Quantum Remedies, appearing in the books of account of the Transferee Company shall, without any further act or deed, stand cancelled.

9.2 Upon this Scheme becoming effective and in consideration of the shareholders of Grandix Labs agreeing to the extinguishment of the shares of Grandix Labs, consequent to the amalgamation of Grandix Labs in Strides Arcolab, and the dissolution without winding-up of Grandix Labs, in terms of this Scheme, Strides Arcolab shall, without any further application, act, instrument or deed, issue and allot equity shares, credited as fully paid up, subject to clause 9.3 below, to the extent indicated below, to the members of Grandix Labs holding fully paid-up equity shares in Grandix Labs and whose names appear in the Register of members of Grandix Labs, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of Grandix Labs in the following proportion viz.:

“23 (Twenty Three) fully paid up equity shares of Rs. 10 each of Strides Arcolab shall be issued and allotted for every 100 (One Hundred) equity shares of Rs. 10 each held in Grandix Labs”

- 9.3 Around 99.87% of the paid-up equity share capital of Grandix Labs is held by Grandix Pharma, which is in turn a subsidiary of Strides Arcolab (with Strides Arcolab holding around 99.81% of the paid-up equity share capital of Grandix Pharma). The shares held by Grandix Pharma in Grandix Labs shall be cancelled and shall be deemed to have been cancelled without any further act or deed, and no shares of Strides Arcolab is required to be issued in lieu thereof.
- 9.4 Upon this Scheme becoming effective and in consideration of the shareholders of Grandix Pharma agreeing to the extinguishment of the shares of Grandix Pharma, consequent to the amalgamation of Grandix Pharma in Strides Arcolab, and the dissolution without winding-up of Grandix Pharma, in terms of this Scheme, Strides Arcolab shall, without any further application, act, instrument or deed, issue and allot equity shares, credited as fully paid up, subject to clause 9.5 below, to the extent indicated below, to the members of Grandix Pharma, holding fully paid-up equity shares in Grandix Pharma and whose names appear in the Register of members of Grandix Pharma, on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognized by the Board of Directors of Grandix Pharma in the following proportion viz.:
- “213 (Two Hundred and Thirteen) fully paid up equity shares of Rs. 10 each of Strides Arcolab shall be issued and allotted for every 100 (One Hundred) equity shares of Rs. 10 each held in Grandix Pharma”*
- 9.5 Around 99.81% of the paid-up equity share capital of Grandix Pharma is held by Strides Arcolab. The shares held by Strides Arcolab in Grandix Pharma shall be cancelled and shall be deemed to have been cancelled without any further act or deed, and no shares of Strides Arcolab is required to be issued in lieu thereof.
- 9.6 The shares or the share certificates of the Transferor Companies, in relation to the shares held by its members, shall without any further application, act, instrument or deed be deemed to have been automatically cancelled and be of no effect on and from the Record Date.
- 9.7 The equity shares to be issued to the members of Grandix Labs pursuant to clause 9.2 and the members of Grandix Pharma pursuant to clause 9.4 shall be in multiples of 1. The issue of shares as per clause 9.2 or clause 9.4, shall be rounded-off to the next higher multiple of 1.
- 9.8 In so far as the equity shares to be issued to the members of Grandix Labs pursuant to clause 9.2 and the members of Grandix Pharma pursuant to clause 9.4 are concerned, such equity shares shall be issued in dematerialized form by the Transferee Company, unless otherwise notified in writing by the shareholders of Grandix Labs and Grandix Pharma to the Transferee Company on or before such date as may be determined by the Board of Directors of the Transferee Company or a committee thereof. In the event that such notice has not been received by the Transferee Company in respect of any of the members of Grandix Labs and Grandix Pharma, the equity shares shall be issued to such members in dematerialised form provided that the members of the Transferee Company shall be required to have an account with a depository participant and shall be required to provide details thereof and such other confirmations as may be required. In the event that the Transferee Company has received notice from any member that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her account with a depository participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of the Transferee Company, then the Transferee Company shall issue equity shares in physical form to such member or members.
- 9.9 The equity shares to be issued to the members of Grandix Labs pursuant to clause 9.2 and the members of Grandix Pharma pursuant to clause 9.4 shall be subject to the Memorandum and Articles of Association of Strides Arcolab and shall rank *pari passu* with the existing equity shares of Strides Arcolab in all respects, save and except that the said equity shares shall be eligible for dividend for the period commencing from the Appointed Date.
- 9.10 The equity shares to be issued to the members of Grandix Labs pursuant to clause 9.2 and the members of Grandix Pharma pursuant to clause 9.4 of this Scheme will be listed and/or admitted to trading on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited, where the shares of the Transferee Company are listed and/or admitted to trading. The Transferee Company shall enter into such arrangements and give such confirmations and/or undertakings as may be necessary in accordance with the applicable laws or regulations for complying with the formalities of the said stock exchanges.

- 9.11 The Board of Directors of Strides Arcolab shall, if and to the extent required, apply for and obtain any approvals from concerned Government Authorities for the issue and allotment of equity shares to the members of Grandix Labs pursuant to clause 9.2 and the members of Grandix Pharma pursuant to clause 9.4 pursuant to the Scheme.
- 9.12 The equity shares to be issued by the Transferee Company to the members of Grandix Labs pursuant to clause 9.2 and the members of Grandix Pharma pursuant to clause 9.4 of this Scheme, in respect of any shares in Grandix Labs or Grandix Pharma which are held in abeyance under the provisions of Section 206A of the Act or otherwise, pending allotment or settlement of dispute, by order of court or otherwise, be held in abeyance by the Transferee Company.
- 9.13 Approval of this Scheme by the shareholders of Strides Arcolab shall be deemed to be the due compliance of the provisions of Section 81(1A) and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by Strides Arcolab to the shareholders of Grandix Labs and Grandix Pharma, as provided in this Scheme.

10 INCREASE IN AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL OF TRANSFEREE COMPANY

- 10.1 Upon the Scheme coming into effect, the authorised share capital of the Transferee Company in terms of its Memorandum of Association and Articles of Association shall automatically stand enhanced without any further act, instrument or deed on the part of the Transferee Company, including payment of stamp duty and fees payable to Registrar of Companies, by an amount of Rs. 19,75,00,000 (Rupees Nineteen Crore and Seventy Five Lakhs Only), and the Memorandum of Association and Articles of Association of the Transferee Company (relating to the authorized share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended, and the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting this amendment, and no further resolution(s) under Section 16, Section 31, Section 94 or any other applicable provisions of the Act, would be required to be separately passed. For this purpose, the filing fees and stamp duty already paid by the Transferor Companies on their respective authorised share capitals shall be utilized and applied to the increased share capital of the Transferee Company, and shall be deemed to have been so paid by the Transferee Company on such combined authorised share capital and accordingly, the Transferee Company shall not be required to pay any fees/ stamp duty on the authorised share capital so increased.
- 10.2 Accordingly, in terms of this Scheme, the authorised share capital of the Transferee Company shall stand enhanced to an amount of Rs. 151,75,00,000 (Rupees One Hundred and Fifty One Crore and Seventy Five Lakhs Only) divided into Rs. 8,97,50,000 equity shares of Rs. 10/- each and 6,20,000 cumulative redeemable preference shares of Rs. 1,000/- each and the capital clause being Clause V of the Memorandum of Association of the Transferee Company shall stand substituted to read as follows:
- "V. The Authorised Capital of the Company is Rs. 151,75,00,000 (Rupees One Hundred and Fifty One Crore and Seventy Five Lakhs Only) divided into Rs. 8,97,50,000 Equity Shares of Rs. 10/- each and 6,20,000 Cumulative Redeemable Preference Shares of Rs. 1,000/- each with power to increase or reduce and repay the Share Capital or any portion thereof at any time and from time to time in accordance with the regulation of the Company and the legislative provisions for the time being in that behalf. These shares in the Share Capital of the Company for the time being, whether original or increased, may be divided, consolidated and subdivided into two classes by any issue or new issue of any class, of any value, with such preferential, qualified or special rights, privileges or conditions as may be determined or in accordance with the Articles of Association of the Company and the right to vary, modify or abrogate any such rights, privileges, or conditions in such manner as may for the time being provided by the Articles of Association of the Company."*
- 10.3 Article 4 of the Articles of Association of the Transferee Company shall, on the Effective Date, also stand substituted to read as follows:
- "4. The Authorised Capital of the Company is Rs. 151,75,00,000 (Rupees One Hundred and Fifty One Crore and Seventy Five Lakhs Only) divided into Rs. 8,97,50,000 Equity Shares of Rs. 10/- each and 6,20,000 Cumulative Redeemable Preference Shares of Rs. 1,000/- each."*
- 10.4 Upon the Scheme becoming effective, the issued, subscribed and paid-up capital of the Transferee Company shall stand suitably increased consequent upon the issuance of new equity shares in accordance with clause 9.2 and clause 9.4 of this Scheme.

PART D

ACCOUNTING TREATMENT FOR THE ARRANGEMENT IN THE BOOKS OF THE TRANSFEREE COMPANY AND DIVIDENDS

11 ACCOUNTING TREATMENT IN THE BOOKS OF STRIDES ARCOLAB

On the Scheme becoming effective, the Transferee Company shall account for the amalgamation of the Transferor Companies in its books as given below:

- 11.1 All the assets, including but not limited to the fixed assets, existing investments in India or outside India, intangibles and any other assets of the Transferor Companies and the Transferee Company, subject to clause 11.6 and clause 11.7, whether recorded in the books or not, shall be recorded by the Transferee Company at their respective fair values, as may be determined by the Board of Directors of the Transferee Company.
- 11.2 All the liabilities of the Transferor Companies and the Transferee Company, subject to clause 11.6 and clause 11.7, whether recorded in the books or not, shall be recorded by the Transferee Company at their respective fair values, as may be determined by the Board of Directors of the Transferee Company.
- 11.3 The carrying amount of investments in the shares of the Transferor Companies to the extent held by the Transferee Company, shall stand cancelled in the books of the Transferee Company, without any further act or deed.
- 11.4 The face value of the equity shares of the Transferee Company issued to the members of Grandix Labs in terms of clause 9.2 and members of Grandix Pharma in terms of clause 9.4 shall be credited to the equity share capital account in the books of the Transferee Company.
- 11.5 In case of any differences in accounting policies between the Transferee Companies and the Transferor Companies, the accounting policies followed by the Transferee Company shall prevail to ensure that the Financial Statements reflect the financial position on the basis of consistent accounting policies.
- 11.6 The amount of any inter-company balances, amounts or investments between the Transferor Companies and the Transferee Company, appearing in the books of account of the Transferee Company and the Transferor Companies, shall stand cancelled without any further act or deed, upon the Scheme coming into effect.
- 11.7 The amount of any inter-company balances, amounts or investments between the Transferor Companies, appearing in the books of account of the respective Transferor Companies, shall stand cancelled without any further act or deed, upon the Scheme coming into effect, and the amounts so cancelled shall not be recorded in the books of account of the Transferee Company.
- 11.8 Out of the surplus, if any, arising out of the excess of assets over the liabilities of the Transferor Companies acquired and recorded by the Transferee Company in terms of clauses 11.1 and 11.2 respectively, over the aggregate of amounts mentioned in clauses 11.3 and 11.4 and after making the adjustments referred to in clause 11.5, and excess of the value of the assets of the Transferee Company recorded in terms of clause 11.1 over their earlier values and reduction in the value of the liabilities of the Transferee Company recorded in terms of clause 11.2 in comparison to their earlier values, an amount as may be determined by the Board of Directors of the Transferee Company shall be credited to the Reserve for Business Restructuring in the books of the Transferee Company and the balance amount, if any, shall be credited to the General Reserve of the Transferee Company. Such amount credited to the General Reserve shall be regarded as Free Reserves. Similarly, deficit if any, as computed herein, shall be debited to the General Reserve or Profit & Loss Account of the Transferee Company, as may be determined by the Board of Directors of the Transferee Company.
- 11.9 Balance in the Securities Premium Account, as appearing in the books of Strides Arcolab, without any act, instrument or deed shall be transferred to Reserve for Business Restructuring, to such extent as may be determined by the Board.
- 11.10 To the extent the balance in Securities Premium Account is transferred to the Reserve for Business Restructuring as per clause 11.9 above, there shall be reduction of Securities Premium Account which shall be effected as an integral part of the scheme itself in accordance with the provisions of Section 78 and Sections 100 to 104 of the Act, however, as the same does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital, the provisions of Section 101 of the Act are not applicable. Therefore no order under Section 102 of the Act confirming the reduction shall be required.

- 11.11 Notwithstanding the reduction as mentioned above, Strides Arcolab shall not be required to add "and reduced" as a suffix to its name and Strides Arcolab shall continue in its existing name.
- 11.12 Any expenses in the nature of (but not limited to) (a) impairment, diminution, loss, amortization and/ or write-off of assets/ investments/ intangibles (including goodwill), if any, in the Financial Statements of the Transferee Company; (b) interest and other financial charges paid/ payable on borrowings for acquisitions by Strides Arcolab and/ or any of its subsidiaries and interest and other financial charges paid/ payable upon refinancing of such borrowings; (c) employee compensation expenses arising on account of 'Strides Arcolab ESOP – 2006', 'Strides Arcolab ESOP – 2008', 'Strides Arcolab ESOP – 2008 (Director)' and any future ESOP plans of the Transferee Company, extended to its employees or of its subsidiaries, including expenses on repricing of the shares to be allotted thereunder, determined in accordance with the SEBI (Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Scheme (ESPS)) Guidelines, 1999, including any statutory modifications, re-enactment or amendment thereof and any other accounting guidelines as may be applicable and the amount of fringe benefit tax or similar taxes payable; (d) additional depreciation charged or suffered by the Transferee Company, attributable to the difference in value of the assets recorded by the Transferee Company as per clause 11.1 over and above their book values in the respective Transferor Companies or their earlier book values in the books of the Transferee Company, as the case may be; (e) expenses incurred in relation to and in connection with this Scheme, as envisaged in clause 20; and other expenses arising in the future as may be determined by the Board of Directors of the Transferee Company, shall be debited to the Reserve for Business Restructuring.
- 11.13 For the preparation of Financial Statements of Strides Arcolab, expenses illustrated in clause 11.12, incurred by Strides Arcolab or its subsidiaries to the extent applicable, shall be adjusted against the Reserve for Business Restructuring created pursuant to this Scheme, instead of being debited to Profit & Loss Account of Strides Arcolab on or at any time after January 1, 2009, as the case may be.
- 11.14 The balance in the Reserve for Business Restructuring shall be regarded as a reserve arising out of this Scheme and shall not, for any purpose, be considered as a reserve created by Strides Arcolab.
- 11.15 As and when the Board of Strides Arcolab determines that a part or whole of the balance remaining in the Reserve for Business Restructuring is no longer required to adjust the expenses illustrated in clause 11.12, then such part or whole of the balance, so determined can be transferred to the General Reserve Account of Strides Arcolab. The amount so credited into the General Reserve Account shall be regarded as Free Reserves.

12 DECLARATION OF DIVIDEND

- 12.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent the Transferee Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the respective record date for the purpose of dividend.
- 12.2 Grandix Pharma and Grandix Labs shall not make any declaration of dividend between the date of filing of this Scheme and the Effective Date.
- 12.3 Until the coming into effect of this Scheme, the holders of equity shares of the Transferor Companies and the Transferee Company shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing respective rights under their respective Articles of Associations.
- 12.4 It is clarified that the aforesaid provisions in respect of declaration of dividends, whether interim or final, are enabling provisions only and shall not be deemed to confer any right on any member of the Transferor Companies and/or the Transferee Company to demand or claim any dividends which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Boards of Directors of the Transferor Companies and the Transferee Company and subject, wherever necessary, to the approval of the shareholders of the Transferor Companies and the Transferee Company, respectively.

13 TRANSACTIONS BETWEEN APPOINTED DATE AND EFFECTIVE DATE

During the period from the Appointed Date to the Effective Date:

- 13.1 The Transferor Companies shall carry on and be deemed to have carried on their respective business and activities and shall be deemed to have held and stood possessed of and shall hold and stand possessed of their entire businesses and undertakings for and on account of and in trust for the Transferee Company
- 13.2 The Transferor Companies shall carry on their respective business and activities in the ordinary course of business with reasonable diligence and business prudence;

13.3 All the profits or income accruing or arising to the Transferor Companies or expenditure or losses incurred or arising to the Transferor Companies, shall for all purposes be treated and deemed to be and accrue as the profits or income or expenditure or losses (as the case may be) of the Transferee Company; and

13.4 The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the Central Government and all other Government Authorities/Agencies concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to carry on the business of the Transferor Companies.

14 SAVING OF CONCLUDED TRANSACTIONS

Subject to the terms of this Scheme, the transfer and vesting of the undertaking of the Transferor Companies under clause 4 of this Scheme shall not affect any transactions or proceedings already concluded by the Transferor Companies on or before the Appointed Date or concluded after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accepts and adopts all acts, deeds and things made, done and executed by the Transferor Companies as acts, deeds and things made, done and executed by or on behalf of the Transferee Company.

PART E

DISSOLUTION OF THE TRANSFEROR COMPANIES AND THE GENERAL TERMS AND CONDITIONS APPLICABLE TO THIS COMPOSITE SCHEME OF ARRANGEMENT AND OTHER MATTERS CONSEQUENTIAL AND INTEGRALLY CONNECTED THERETO

15 WINDING UP

On the Scheme becoming effective, all the Transferor Companies shall stand dissolved, without being wound-up.

16 CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

- i. The requisite consent, approval or permission of the Central Government or any Government Authorities, which by law may be necessary for the implementation of this Scheme;
- ii. The certified copies of the orders of the High Court(s) sanctioning the Scheme are filed with the respective Registrar(s) of Companies; and
- iii. Compliance with such other conditions as may be imposed by the High Court(s).

17 APPLICATION TO HIGH COURTS

The Transferee Company and the Transferor Companies shall, with all reasonable despatch, make and file applications to the High Courts, within whose jurisdiction the registered offices of the Transferee Company and the Transferor Companies are situated, for sanctioning the Scheme, and for dissolution of the Transferor Companies without being wound-up.

18 MODIFICATION OR AMENDMENTS TO THE SCHEME

The Transferee Company and the Transferor Companies by their respective Board of Directors, or any person(s) or committee authorised/ appointed by them, may carry out or assent to any modifications/ amendments to the Scheme or to any conditions or limitations that the High Court(s) and/ or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e., the Board of Directors or the person(s)/ committee). The Transferee Company and the Transferor Companies by their respective Board of Directors, or any person(s) or committee authorised/ appointed by them, shall be authorised to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of the Scheme and / or any matter concerned or connected therewith.

19 EFFECT OF NON-RECEIPT OF APPROVALS

In the event any of the approvals or conditions enumerated in the Scheme not being obtained or complied with, or for any other reason, the Scheme cannot be implemented, the Board of Directors of the Transferee Company and the Transferor Companies shall mutually waive such conditions as they consider appropriate to give effect, as far as possible, to this Scheme and failing such mutual agreement, or in case the Scheme is not sanctioned by the High Court(s), the Scheme shall become null and void and each party shall bear and pay their respective costs, charges and expenses in connection with the Scheme.

20 COSTS, CHARGES AND EXPENSES

In the event of the Scheme being sanctioned by the High Courts, the Transferee Company shall bear and pay all costs, charges, expenses, taxes including duties, levies in connection with the Scheme.

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION
COMPANY APPLICATION NO. 597 OF 2009**

In the matter of the Companies Act, 1956 (1 of 1956)

AND

In the matter of Sections 391 to 394 read with Sections 78, 100 to 104 of
the Companies Act, 1956

AND

In the matter of Composite Scheme of Arrangement of Global Remedies Limited ('the First Transferor Company') and Grandix Pharmaceuticals Limited ('the Second Transferor Company') and Grandix Laboratories Limited ('the Third Transferor Company') and Quantum Remedies Private Limited ('the Fourth Transferor Company') and Strides Arcolab Limited ('the Applicant Company') and their respective Shareholders and Creditors

STRIDES ARCOLAB LIMITED,

a company incorporated under the provisions
of Companies Act, 1956 having its
Registered Office at 201, 'Devavrata', Sector-17,
Vashi, Navi Mumbai - 400 705

..... Applicant Company

FORM OF PROXY

I/We, the undersigned, the Equity Shareholder(s) of STRIDES ARCOLAB LIMITED hereby appoint _____ of _____ and failing him/her _____ of _____ as my/our proxy, to act for me/us at the meeting of the Equity Shareholders of the Applicant Company to be held at **Hotel Tunga Regency, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai - 400 703 on Wednesday, the 24th day of June, 2009 at 2.30 p.m.**, for the purpose of considering and if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme of Arrangement of Global Remedies Limited, Grandix Pharmaceuticals Limited, Grandix Laboratories Limited, Quantum Remedies Private Limited and Strides Arcolab Limited and their respective Shareholders and Creditors ("Scheme") and at such meeting and any adjournment / adjournments thereof, to vote for me/us and in my/our name(s) _____ (here, if for, insert 'for', and if against, insert 'against' and in the latter case, strike out the words below after the word "Amalgamation") the said Scheme of Amalgamation either with or without *modifications as my/our proxy may approve.

Dated this the _____ day of _____, 2009.

Name : _____
Address : _____
Folio No. : _____
Client ID : _____
D.P. ID. : _____
No.of Shares : _____

Signature

Affix
Re.1/-
Revenue
Stamp

Notes:

1. The Form of Proxy must be deposited at the Registered Office of the Applicant Company 201, 'Devavrata', Sector-17, Vashi, Navi Mumbai - 400 705 at least 48 hours before the commencement of the meeting. The proxy need not be a member of Strides Arcolab Limited.
2. All alterations made in the form of Proxy should be initialled.
3. *Strike out what is not necessary

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STRIDES ARCOLAB LIMITED

Regd. Office: 201, 'Devavrata' Sector-17, Vashi, Navi Mumbai - 400705.
Corporate Office: 'Strides House', Bilekahalli, Bannerghatta Road, Bangalore - 560 076.

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

I/We hereby record my/our presence at the Meeting of the Equity Shareholders of the Company, convened pursuant to the Order dated May 8, 2009 of the Hon'ble High Court of Judicature at Bombay at **Hotel Tunga Regency, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai - 400 703 on Wednesday, the 24th day of June, 2009 at 2.30 p.m.,**

Name and Address of Equity Shareholder (IN BLOCK LETTERS):

Signature : _____

Folio No. : _____

Client ID : _____

D.P. ID. : _____

No. of Shares : _____

Name of the Proxy (IN BLOCK LETTERS) :

Signature : _____

NOTE :

Shareholders attending the Meeting in person or by Proxy are requested to complete the Attendance Slip and hand it over at the entrance of the meeting hall.

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STRIDES ARCOLAB LIMITED

Regd. Office: 201, 'Devavrata' Sector-17, Vashi, Navi Mumbai - 400705.

Corporate Office: 'Strides House', Bilekahalli, Bannerghatta Road, Bangalore - 560 076



NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (EGM) of the Members of Strides Arcolab Limited will be held on Wednesday, June 24, 2009 at 4.00 p.m. or soon after the conclusion of the Court Convened Meeting of the Equity Shareholders for approving the Composite Scheme of Arrangement, whichever is later, at Hotel Tunga Regency, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai - 400 703, to transact the following Special Business:

1. To consider and if thought fit, to pass with or without modifications, the following as a **Special Resolution:**

RESOLVED THAT pursuant to the provisions of Sections 78, 100 to 104 and other applicable provisions, if any, of the Companies Act, 1956 and Article 8 of the Articles of Association of the Company and subject to the sanction of the Composite Scheme of Arrangement ("Scheme") of Global Remedies Limited, Grandix Pharmaceuticals Limited, Grandix Laboratories Limited, Quantum Remedies Private Limited and Strides Arcolab Limited and their respective Shareholders and Creditors by the Hon'ble High Courts of Judicature at Bombay and Madras and by the Hon'ble High Court of Karnataka at Bangalore, under Sections 391 to 394 read with Sections 78, 100 to 104 and other applicable provisions of the Companies Act, 1956, the balance in the Securities Premium Account of the Company shall be transferred to Reserve for Business Restructuring, in terms of the Scheme, to such extent as may be determined by the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board (including its Committee(s) thereof) be and is hereby authorized to determine the date and the exact amount to be transferred from the Securities Premium Account to the Reserve for Business Restructuring in terms of the Scheme, and to do all acts, deeds and things as may be considered necessary, proper or expedient without being required to seek any further consent or approval of the Company or otherwise to the end and intent that they shall be deemed to have been given approval thereto expressly by the authority of this resolution. "

Date: May 25, 2009

Place: Bangalore

By order of the Board

Kannan. N

Company Secretary

Notes:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out material facts in respect of the business of this notice is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. Proxies, in order to be effective, must be received at the Registered Office / Corporate Office of the Company not less than FORTY EIGHT HOURS before the EGM.
3. Members / Proxies should bring the enclosed Attendance Slip duly filled in for attending the Meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT, 1956**

Item 1

The Board of Directors of the Company in their meeting held on April 13, 2009 have approved the Composite Scheme of Arrangement ("Scheme") of Global Remedies Limited, Grandix Pharmaceuticals Limited, Grandix Laboratories Limited, Quantum Remedies Private Limited and Strides Arcolab Limited and their respective Shareholders and Creditors, under Sections 391 to 394 read with Sections 78, 100 to 104 and other applicable provisions of the Companies Act, 1956 providing for the merger of Global Remedies Limited, Grandix Pharmaceuticals Limited, Grandix Laboratories Limited and Quantum Remedies Private Limited with Strides Arcolab Limited.

The detailed features of the Scheme approved by the Board have been appropriately described in the Explanatory Statement under Section 393 of the Companies Act, 1956, enclosed along with the Notice convening the meeting of the Equity Shareholders pursuant to Order made by the Hon'ble High Court of Judicature at Bombay on the 8th day of May 2009.

Pursuant to the Scheme being sanctioned by all concerned, including the Hon'ble High Courts of Judicature at Bombay and Madras and by the Hon'ble High Court of Karnataka at Bangalore, as the case may be, the balance in the Securities Premium Account of the Company may be transferred to Reserve for Business Restructuring, in terms of the Scheme, to such extent as may be determined by the Board. The balance in the Reserve for Business Restructuring of the Company would be utilized in the manner provided in the Scheme.

As per Section 78(1) of the Companies Act, 1956, utilization of the Securities Premium Account for purposes other than those specified in Section 78(2) shall require compliance with the provisions of Sections 100 to 104 of the Companies Act, 1956 and accordingly approval of the shareholders of the Company by way of a special resolution is being sought.

The Order of the High Court sanctioning the Scheme shall be deemed to be an Order under Section 102 of the Companies Act, 1956. However, the same does not involve either diminution of liability in respect of un-paid share capital or payment to any shareholder of any paid-up share capital. The Company's equity capital structure and share holding pattern will remain unchanged pursuant to the aforesaid transfer of the balance in the Securities Premium Account to the Reserve for Business Restructuring.

The Board of Directors have approved the Scheme, providing for the transfer of balance in Securities Premium Account to the Reserve for Business Restructuring in the best interests of the Company and its shareholders and therefore recommend the same for approval by the Shareholders.

None of the Directors of the Company is, in any way, concerned or interested in the Special Resolution.

STRIDES ARCOLAB LIMITED

Registered Office: 201, 'Devavrata' Sector-17, Vashi, Navi Mumbai - 400 705
Corporate Office: 'Strides House', Bilekahalli, Bannerghatta Road, Bangalore - 560 076



ATTENDANCE SLIP

Please complete this attendance slip and hand it over at entrance of the meeting hall

Folio / DP & Client ID No.:
No.of Shares :

Name of the attending member/Proxy
(In BLOCK letters)

I hereby record my presence at the Extraordinary General Meeting of the Company, at **Hotel Tunga Regency, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai - 400 703 at 4.00 p.m.**, or soon after the conclusion of the Court Convened Meeting of the Equity Shareholders whichever is later **on Wednesday, the 24th day of June, 2009.**

Signature of Shareholder/Proxy

Cut here

Cut here

STRIDES ARCOLAB LIMITED

Registered Office: 201, 'Devavrata' Sector-17, Vashi, Navi Mumbai - 400 705
Corporate Office: 'Strides House', Bilekahalli, Bannerghatta Road, Bangalore - 560 076



PROXY FORM

Folio / DP & Client ID No.:
No.of Shares :

I/We, the undersigned, the Equity Shareholder(s) of STRIDES ARCOLAB LIMITED hereby appoint _____ of _____ and failing him/her _____ of _____ as my/our proxy, to act for me/us at the meeting of the Equity Shareholders of the Applicant Company to be held at **Hotel Tunga Regency, Plot No. 37, Sector 30-A, Vashi, Navi Mumbai - 400 703 at 4.00 p.m.** or soon after the conclusion of the Court Convened Meeting of the Equity Shareholders whichever is later **on Wednesday, the 24th day of June, 2009.**

Signed this _____ day of _____, 2009.

Signed by the said _____

Affix
Re.1/-
Revenue
Stamp

Notes: The Proxy to be effective should be deposited at the Registered Office/Corporate Office of the Company not less than 48 hours before the commencement of the Meeting.

BOOK - POST / UNDER CERTIFICATE OF POSTING

TO:

If undelivered please return to :
STRIDES ARCOLAB LIMITED
'Strides House', Bilekahalli,
Bannerghatta Road,
Bangalore - 560 076