

SCHEME OF ARRANGEMENT

BETWEEN

**NOVO MEDI SCIENCES PRIVATE LIMITED
("DEMERGED COMPANY")**

AND

**NOVO BIOLOGICALS PRIVATE LIMITED
("RESULTING COMPANY")**

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

**UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013**

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COMPANIES ACT, 2013

PREAMBLE

A. BACKGROUND AND DESCRIPTION OF COMPANIES

- i. Novo Medi Sciences Private Limited (hereinafter referred to as “**Novo Medi**” or “**Demerged Company**”) was incorporated on 29th June 2013 under the provisions of the Companies Act, 1956 under the Corporate Identification Number U33110MH2013PTC245027 and having its registered office situated at Shankar Smruti, Sir Bhalchandra Road, Dadar, Mumbai, Maharashtra 400014. The Demerged Company is engaged in the business of trading, distribution and import of pharmaceutical and surgical products.
- ii. Novo Biologicals Private Limited (hereinafter referred to as “**Novo Biologicals**” or “**Resulting Company**”) was incorporated on 23rd October 2023 under the provisions of the Companies Act, 2013 under the Corporate Identification Number U46497MH2023PTC412674 and having its registered office situated at Shankar Smruti, Sir Bhalchandra Road, Dadar, Mumbai, Maharashtra 400014. The Resulting Company is incorporated to carry out the business of trading, distribution and import of pharmaceutical products.

B. BACKGROUND AND OVERVIEW OF THE SCHEME

1. This Scheme (*as defined hereinafter*) is presented under Sections 230 to 232 and other applicable provisions of the Act (*as defined hereinafter*), read with Section 2(19AA) and other applicable provisions of the Income-tax Act, 1961.

2. The Scheme provides for the demerger, transfer and vesting of: (i) India vaccine distribution business comprising of distribution network and channels, covering customers and related logistics and field force; and (ii) including all pre-clinical testing record, clinical trials, whether copyright or not, registration and certifications, related to identified vaccines, and related rights, and the supplier agreements of such vaccines, from the Demerged Company into the Resulting Company, all on a going concern basis.
3. This Scheme also provides for various other matters consequent and incidental thereto.

C. RATIONALE

1. The Scheme will achieve the following objectives:
 - **Segregation of business:** Risk and rewards involved in the respective businesses carried on by the Demerged Company are inherently different and have different prospects of growth and earning potential. Segregation of business will lead to focused leadership and management attention.
 - **Focused growth strategy:** Pursuant to the Scheme the management of the Demerged Company and the Resulting Company will be in a position to de-risk the existing businesses and can formulate business specific growth strategy..
 - **Investment opportunity and value unlocking:** Segregation of business will enable the Demerged Company and the Resulting Company to unlock value of their respective businesses and attract sector/ business specific investors.
 - **Administrative and operational efficiencies:** The Scheme would result into administrative and operational efficiencies as the respective business have different sets of requirements for infrastructure and employees and segregation of the same would lead to better and effective utilization of infrastructure and employees.

Hence, the Scheme is therefore in the interests of the shareholders, creditors and all other stakeholders of each of the Demerged Company and the Resulting Company.

D. PARTS OF THE SCHEME

This Scheme is divided into following parts:

- Part A – deals with definitions and share capital;
- Part B – deals with demerger of the Demerged Undertaking; and
- Part C – deals with the general terms and conditions that would be applicable to the Scheme.

PART A
DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

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

- 1.1 **“Act” or “the Act”** means the Companies Act, 2013 and rules and regulations made thereunder, and includes any statutory re-enactment or amendments(s) thereto, from time to time.
- 1.2 **“Appointed Date”** means the Effective Date;
- 1.3 **“Board of Directors” or “Board”** means the respective Board of Directors of the Demerged Company and the Resulting Company or any person authorized by the Board of Directors of the Demerged Company and the Resulting Company, as the case maybe, for the purpose of this Scheme.
- 1.4 **“Demerged Business”** means (i) the India vaccine distribution business of the Demerged Company consisting of distribution network and channels, covering customers and related logistics and sales employees including field force and (ii) including all pre-clinical testing records, clinical trials, whether copyright or not, registration and certifications, related to identified vaccines as specified in **Schedule 1** and related rights, and the supplier agreements of such vaccines.
- 1.5 **“Demerged Undertaking”** means the entire undertaking of the Demerged Company pertaining to Demerged Business as of the Appointed Date and such other activities as identified by the Board and shall include (without limitation):
- a) all assets, as are moveable in nature, immovable in nature (if any), whether tangible and intangible, in possession, or in reversion, including all furniture, fixtures, plant and machinery, servers, computers, installations, electrical equipment, tools, advances, deposits, investments in shares and securities of entities, sundry debtors, trade receivables, cash and bank balances, bills of exchange, other investments and other movable articles, past track records, experiences, credentials and all other interests or rights in or arising out of or relating to such activity or as identified / allocated for such activity, together with all the respective rights, powers, interests, charges, privileges, benefits;
 - b) All existing contracts, agreements, licenses, leases, linkages, memorandum of understandings, memorandum of agreements, arrangements, undertakings,

whether written or otherwise, deeds, bonds, schemes, arrangements or other instruments of whatsoever nature;

- c) all secured and unsecured debts, present liabilities, duties, guarantees (including bank guarantees), obligations and provisions pertaining or relating to Demerged Business;
- d) all employees of Demerged Company working for or relating to the Demerged Business and that are identified by the Board of Directors; and
- e) all records, files, papers, process information, computer programs, manuals, data, catalogues, quotations, sales and advertising materials, lists of present customers, customer credit information, customer pricing information, and other records, whether in physical form or electronic form in connection with or relating to the Demerged Business.

but excluding any liabilities, obligations, responsibilities (whether known or unknown) associated with, or relating to, the products distributed and sold (or agreed to be sold) by the Demerged Company

Any question that may arise as to whether a specified asset or liability pertains or does not pertain to the Demerged Undertaking or whether it arises out of the activities or operations of the Demerged Undertaking shall be decided mutually by the Boards of the Demerged Company and the Resulting Company.

- 1.6 **“Effective Date”** means date on which last of the conditions specified in Clause 21 of this Scheme are complied with or waived, as may be applicable.

Any references in this Scheme to “upon the Scheme becoming effective” or “date of coming into effect of this Scheme” or “effectiveness of this Scheme” or “Scheme taking effect” shall mean the Effective Date.

- 1.7 **“Novo Biologicals” or the “Resulting Company”** means Novo Biologicals Private Limited incorporated under the provisions of the Companies Act, 2013 with Corporate Identification Number U46497MH2023PTC412674 and having its registered office situated at Shankar Smruti, Sir Bhalchandra Road, Dadar, Mumbai, Maharashtra 400014.

- 1.8 **“Novo Medi” or the “Demerged Company”** means Novo Medi Sciences Private Limited incorporated under the provisions of the Companies Act, 1956 with Corporate Identification Number U33110MH2013PTC245027 and having its registered office situated at Shankar Smruti, Sir Bhalchandra Road, Dadar, Mumbai, Maharashtra 400014.

- 1.9 **“Record Date”** means the date as may be mutually decided by the Board of Directors of the Demerged Company and the Resulting Company to determine the shareholders

of the Demerged Company to whom shares of the Resulting Company will be allotted as per Clause 9 of this Scheme.

- 1.10 **“Registrar of Companies”** means Registrar of Companies, Maharashtra at Mumbai having jurisdiction over the Demerged Company and the Resulting Company.
- 1.11 **“Remaining Undertaking”** means all other businesses, other than Demerged Business as defined in Clause 1.4 hereof, including, without limitation, the import and procurement of all existing commercialised vaccines and related contracts and agreements, divisions, assets and liabilities, trademarks and brands, inventory of products, and debts, receivables, payables and advances relating to products sold (or agreed to be sold) by the Demerged Company.
- 1.12 **“Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Arrangement in its present form, submitted to the Tribunal for sanction of this Scheme with such modification(s), if any, made as per Clause 18 of this Scheme.
- 1.13 **“The Tribunal” or “NCLT”** means the National Company Law Tribunal, Mumbai Bench or such other forum or appropriate authorities as may be vested with any of the powers to sanction the present Scheme under the Act.

2. In this Scheme, unless the context otherwise requires:

- a) words denoting the singular shall include the plural and vice versa;
- b) headings and bold typefaces are only for convenience and shall be ignored for the purpose of interpretation;
- c) references to the word “include” or “including” shall be construed without limitation;
- d) a reference to a clause, section or part is, unless indicated to the contrary, a reference to a clause, section or part of this Scheme;
- e) unless otherwise defined, reference to the word “days” shall mean calendar days;
- f) reference to a document includes an amendment or supplement to, or replacement or novation of that document;
- g) word(s) and expression(s) elsewhere defined in the Scheme shall have the meaning(s) respectively ascribed to them; and
- h) all terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other applicable laws, rules, regulations, bye-laws, as the case may be, or any statutory modification or re-enactment thereof for the time being in force.

3. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out here in its present form or with any modification(s) made as per Clause 18 shall take effect from the Effective Date.

4. SHARE CAPITAL

4.1 The share capital structure of the Demerged Company as on the date of approval of the Scheme by the Board of the Demerged Company is as follows:

PARTICULARS	AMOUNT
Authorised Capital	
1,97,00,000 equity shares of Rs. 10/- each	19,70,00,000
TOTAL	19,70,00,000
Issued, Subscribed and Paid-up Capital	
1,97,00,000 equity shares of Rs. 10/- each	19,70,00,000
TOTAL	19,70,00,000

4.2 The share capital structure of the Resulting Company as on the date of approval of the Scheme by the Board of the Resulting Company is as follows:

PARTICULARS	AMOUNT
Authorised Capital	
1,50,000 equity shares of Rs. 10/- each	15,00,000
TOTAL	15,00,000
Issued, Subscribed and Paid-up Capital	
10,000 equity shares of Rs. 10/- each	1,00,000
TOTAL	1,00,000

PART B

DEMERGER OF THE DEMERGED UNDERTAKING

5. TRANSFER AND VESTING OF THE DEMERGED UNDERTAKING

5.1 Upon coming into effect of this Scheme and subject to the provisions of this Scheme, the Demerged Undertaking of the Demerged Company, shall, without any further act, instrument or deed, be transferred to and vested in or be deemed to be transferred to

and vested in the Resulting Company, as a going concern, so as to vest in the Resulting Company all the rights, title and interest of the Demerged Undertaking therein, pursuant to Sections 230 to 232 of the Act and any other relevant provisions of the Act and the order of the Tribunal sanctioning the Scheme, subject to subsisting charges and pledges, if any.

5.2 Without prejudice to the provisions of Clause 5.3, in respect of such of the assets and properties of the Demerged Undertaking, as are moveable in nature, capable of passing by manual delivery or by endorsement shall be so delivered or endorsed, as the case may be and shall, upon such delivery or endorsement, become the assets and properties of the Resulting Company, without requiring any deed or instrument or conveyance for the same.

5.3 In respect of movable assets pertaining to the Demerged Undertaking other than those specified in Clause 5.2 above, including sundry debtors, investments, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, the following methodology shall, to the extent possible, be followed:

The Resulting Company shall give notice in such form as it may deem fit and proper to each person, debtor or depositor that, pursuant to the Tribunal having sanctioned this Scheme, the said debt, loan, advance or deposit be paid to or made good to or held on account of the Resulting Company, as the person entitled thereto and that the right of the Demerged Company to recover or realize the same stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

5.4 All permits, no-objection certificates, contracts, permissions, approvals, consents, rights, entitlements, past track records, experiences, credentials, licenses, including those relating to tenancies, privileges, powers, facilities of every kind and description of whatsoever nature in relation to the Demerged Undertaking to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible and which are subsisting or having effect as on the Effective Date, shall stand transferred to and vested in the Resulting Company without any further act or deed done by the Demerged Company and the Resulting Company and shall be appropriately mutated by the appropriate authority concerned therewith in favour of the Resulting Company upon the vesting and transfer of the Demerged Undertaking pursuant to this Scheme, and shall remain in full force, operative and effectual for the benefit of the Resulting Company, and may be enforced by the Resulting Company as fully and

effectually as if, instead of the Demerged Company, the Resulting Company had been the original party or beneficiary or obligee thereto.

5.5 Upon coming into effect of this Scheme and subject to the provisions of this Scheme, all debts, liabilities duties and obligations of the Demerged Company, forming part of the Demerged Undertaking and not forming part of the Remaining Undertaking, as appearing on the Appointed Date, shall pursuant to the order of the Tribunal sanctioning the Scheme under Section 230 and other applicable provisions of the Act, without any further act or deed, be transferred to and vested in or deemed to be transferred to and vested in the Resulting Company, so as to become as from the Appointed Date, the debts, liabilities, duties and obligations of the Resulting Company on the same terms and conditions as were applicable to the Demerged Company. Any liabilities, duties or obligations (including, contingent liabilities in relation to direct tax, goods & service taxes, sales tax, VAT, excise duty, service tax, custom duty): (i) forming part of the Remaining Undertaking; or (ii) arising at any time after the Appointed Date, on account of the Demerged Undertaking but relating to the period prior to the Appointed Date; shall in each case be entirely borne by the Demerged Company. Further, it is clarified that it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities and obligations have arisen in order to give effect to the provisions of this sub-clause.

5.6 The transfer and vesting as aforesaid of the debts / liabilities shall be subject to the existing charges / hypothecation / mortgages, if any, as may be subsisting and created over or in respect of the said assets or any part thereof, provided however, any reference in any security documents or arrangements with respect to the Demerged Undertaking to which the Demerged Company is a party wherein the assets of the Demerged Company have been or are offered or agreed to be offered as security for any financial assistance or obligations shall be construed as reference only to those assets pertaining to the Demerged Undertaking and vested in the Resulting Company by virtue of this Scheme to the end and intent that the charges shall not extend or deemed to extend to any other assets, if any of the Resulting Company and shall not extend to remaining assets forming part of the Remaining Undertaking of the Demerged Company.

Provided that if any of the assets comprised in the Demerged Undertaking which are being transferred to the Resulting Company pursuant to this Scheme have not been encumbered in respect of the transferred liabilities, such assets shall remain unencumbered and the existing encumbrance referred to above shall not be extended to and shall not operate over such assets.

- 5.7 Without prejudice to the aforesaid, it is clarified that if any assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatever nature in trust for the benefit of the Resulting Company, insofar as it is permissible so to do, till such time as the said transfer is affected.
- 5.8 Upon this Scheme coming into effect, to such extent that any portion or component of the Demerged Undertaking is not effectively transferred in its entirety to the Resulting Company for any reason whatsoever, the Demerged Company shall, or shall cause to, effectively transfer any such portion or component of the Demerged Undertaking remaining with the Demerged Company after the Appointed Date, to the Resulting Company, it is further clarified that rights and liabilities pertaining to such portion or component of the Demerged Undertaking shall accrue to, or be borne by, the Resulting Company. To the extent that any portion or component of the business of the Demerged Company not constituting part of the Demerged Undertaking, is transferred to the Resulting Company, the Resulting Company shall re-transfer or shall procure the re-transfer of such portion or component not constituting part of the Demerged Undertaking to the Demerged Company, it is further clarified that rights and liabilities pertaining to such portion or component of such remaining business shall accrue to, or be borne by, the Demerged Company.
- 5.9 In relation to demerger of the Demerged Undertaking, the Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme are found to be inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, 1961, the provisions of Section 2(19AA) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(19AA) of the Income-tax Act, 1961 and such modification to not affect other parts of the Scheme.

6. STAFF, WORKMEN AND EMPLOYEES

- 6.1 Upon the Scheme becoming effective, all staff, workmen and employees of the Demerged Company relating to the Demerged Undertaking shall be deemed to have become staff, workmen and employees of the Resulting Company on such date without any break or interruption in their service and on the terms and conditions of their

employment not being less favourable than those subsisting with the Demerged Company.

- 6.2 Upon the Scheme coming into effect employment information, including personnel files (including hiring documents, existing employment contracts, and documents reflecting changes in an employee's position, compensation, or benefits), payroll records, medical documents (including documents relating to past or on-going leaves of absence, on the job injuries or illness, or fitness for work examinations), disciplinary records, supervisory files relating to the employees of the Demerged Undertaking and all forms, notifications, orders and contribution / identity cards issued by the concerned authorities relating to benefits shall be deemed to have been transferred to the Resulting Company.
- 6.3 The Scheme further provides that the accumulated balances, if any, standing to the credit of the employees of the Demerged Undertaking in the existing provident fund, employee state insurance fund, gratuity fund and superannuation fund, of which they are members, will be transferred to such provident fund, gratuity fund and superannuation fund nominated by the Resulting Company and/or such new funds to be established and caused to be recognized by the concerned authorities by the Resulting Company. Pending the transfer as aforesaid, the provident fund, gratuity fund and superannuation fund due to the said employees of the Demerged Undertaking would be continued to be deposited in the existing provident fund, gratuity fund and superannuation funds respectively. This shall be binding on the managers of such funds, if any.
- 6.4 It is clarified that the services of the staff, workmen and employees of the Demerged Undertaking of the Demerged Company will be treated as having been continuous for the purpose of the said fund or funds or for any other benefits which an employee is entitled / eligible for presently or in future.

7. LEGAL PROCEEDINGS

- 7.1 If any suit, appeal or other proceeding of whatever nature (except proceedings under the Income-tax Act, 1961) by or against the Demerged Company and relating to the Demerged Undertaking is pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the arrangement or by anything contained in this Scheme, but the said suit, appeal or other legal proceedings may be continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as it would or might have been continued, prosecuted

and enforced by or against the Demerged Company if this Scheme had not been effected.

- 7.2 On and from the Effective Date, the Resulting Company may, if required, initiate any legal proceedings against any party in relation to the Demerged Undertaking.
- 7.3 In the event of any difference or difficulty in determining whether any specific legal or other proceeding relates to the Demerged Undertaking or not, a certificate jointly issued by the Board of the Demerged Company and the Resulting Company as to whether such proceeding relates to the Demerged Undertaking or not, shall be conclusive evidence of the matter.
- 7.4 Notwithstanding anything contained above, in the event any time after the Scheme becoming effective, if the Demerged Company in relation to the Demerged Undertaking (and not relating to the Remaining Undertaking), is in receipt of any demand, claim, notice and/ or impleaded as a party in any of the proceedings before appropriate authority, the Demerged Company, in view of the transfer and vesting of the Demerged Undertaking pursuant to this Scheme, shall take all such steps in the proceedings before the appropriate authority to replace the Demerged Company with the Resulting Company. However, if the Demerged Company is unable to get the Resulting Company replaced in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the advice of the Resulting Company and at the cost of the Resulting Company and the latter shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by or against the Demerged Company in respect thereof.

8. CONTRACTS, DEEDS, ETC.

Subject to other provisions of the Scheme, all contracts, including contracts for tenancies and licenses, deeds, bonds, insurance policies, agreements, customers and other instruments of whatsoever nature pertaining to the Demerged Undertaking (and not forming a part of the Remaining Undertaking) to which the Demerged Company is a party, or the benefit to which the Demerged Company may be eligible, subsisting or operative immediately on or before the Effective Date (including past track records, experiences, credentials), shall be in full force and effect against or in favour of the Resulting Company and may be enforced as fully and effectively as if instead of the Demerged Company, the Resulting Company had been a party or beneficiary thereto. The Resulting Company shall enter into and / or issue and / or execute deeds, writings or confirmation or enter into any tripartite agreement, confirmations or novation to which the Demerged Company will, if necessary, also be a party in order to give formal

effect to the provisions of this Scheme, if so required or becomes necessary. Further, the Resulting Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Demerged Company and to implement or carry out all formalities required on the part of the Demerged Company to give effect to the provisions of this Scheme.

9. CONSIDERATION

- 9.1 Upon the Scheme becoming effective, the Resulting Company shall, in consideration of the demerger, transfer and vesting of the Demerged Undertaking of the Demerged Company into the Resulting Company, issue and allot to shareholders of the Demerged Company, whose name appears in the Register of Members of the Demerged Company as on the Record Date, in the following manner:

“1 equity share(s) of INR 10/- each fully paid up of the Resulting Company for every 1 equity share(s) of INR 10 each of the Demerged Company;

1 Series A Optionally Convertible Redeemable Preference Shares of INR 10 each fully paid up of the Resulting Company for every 10 equity shares of INR 10 each of the Demerged Company;

1 Series B Optionally Convertible Redeemable Preference Shares of INR 10 each fully paid up of the Resulting Company for every 10 equity shares of INR 10 each of the Demerged Company; and

1 Series C Optionally Convertible Redeemable Preference Shares of INR 10 each fully paid up of the Resulting Company for every 10 equity shares of INR 10 each of the Demerged Company.”

The said issue of Series A Optionally Convertible Redeemable Preference Shares, Series B Optionally Convertible Redeemable Preference Shares and Series C Optionally Convertible Redeemable Preference Shares would be on such terms and conditions as set out in **Schedule 2** to **Schedule 4** respectively.

- 9.2 Equity shares of the Resulting Company to be issued to the shareholders of the Demerged Company pursuant to Clause 9.1 above shall be subject to the Memorandum and Articles of Association of the Resulting Company and shall rank *pari passu* in all respects, including dividend, with the existing shares of the Resulting Company.
- 9.3 The Series A, Series B and Series C Optionally Convertible Redeemable Preference Shares of the Resulting Company to be issued to the shareholders of the Demerged Company pursuant to Clause 9.1 above shall be subject to the provisions of the memorandum of association and articles of association of the Resulting Company.

- 9.4 In case any shareholder's holding in the Demerged Company is such that the shareholder becomes entitled to a fraction of the equity share or Series A Optionally Convertible Redeemable Preference Shares or Series B Optionally Convertible Redeemable Preference Shares or Series C Optionally Convertible Redeemable Preference Shares of the Resulting Company, the Resulting Company shall round of such fraction to the nearest integer and accordingly issue such shares/share certificate.
- 9.5 The Resulting Company shall, if and to the extent required, apply for and obtain any approvals from the relevant regulatory authorities for the issue and allotment of shares as specified Clause 9.1 above.
- 9.6 In the event, the Demerged Company or the Resulting Company restructure their equity share capital by way of share split / consolidation / issue of bonus shares during the pendency of the Scheme, the share entitlement ratio, per Clause 9.1 above shall be adjusted accordingly, to consider the effect of any such corporate actions.
- 9.7 The issue and allotment of the shares by the Resulting Company as provided in this Scheme is an integral part hereof and shall be deemed to have been carried out without any further act or deed by the Resulting Company as if the procedure laid down under the relevant applicable provisions of the Act were duly complied with.
- 9.8 The Resulting Company shall, to the extent required, increase its authorized share capital in order to issue shares as specified in Clause 9.1 above and will comply with the relevant provisions of the Act to increase its authorized share capital.

10. ACCOUNTING TREATMENT IN THE BOOKS OF THE DEMERGED COMPANY

With effect from the Appointed Date and upon the Scheme coming into effect, the Demerged Company shall account for the demerger in its books of account in the following manner:

- 10.1 Upon this Scheme coming into effect, the book value of assets and liabilities pertaining to the Demerged Undertaking as appearing in the books of account of the Demerged Company, which are transferred to the Resulting Company shall be reduced from the book value of assets and liabilities of the Demerged Company.
- 10.2 The excess of value of assets transferred over the value of liabilities as per Clause 10.1 above, shall be adjusted against the surplus in the statement of profit & loss of the Demerged Company.
- 10.3 The accounting treatment provided hereinabove is in accordance with the applicable accounting standards as on the date of approval of the Scheme by the Board of Directors

of the Demerged Company and shall be followed as such or in such other manner as the regulatory authorities may approve.

11. ACCOUNTING TREATMENT IN THE BOOKS OF THE RESULTING COMPANY

With effect from the Appointed Date and upon the Scheme coming into effect, the Resulting Company shall account for the demerger in its books of account in the following manner:

- 11.1 Upon the Scheme becoming effective, all the assets and liabilities of the Demerged Undertaking which are transferred to the Resulting Company shall be recorded at their respective book values in the same form as appearing in the books of the Demerged Company.
- 11.2 The Resulting Company shall credit to its share capital account, the aggregate face value of the shares issued by it pursuant to Clause 9 of this Scheme.
- 11.3 The excess of value of assets over the liabilities after adjusting for the consideration recorded as per Clause 11.2 above, shall be credited, to the extent it has been debited in the books of the Demerged Company and relating to the Demerged Undertaking, to surplus in statement of profit & loss of the Resulting Company.
- 11.4 The accounting treatment provided hereinabove is in accordance with the applicable accounting standards as on the date of approval of the Scheme by the Board of Directors of the Resulting Company and shall be followed as such or in such other manner as the regulatory authorities may approve.

12. TAX ASPECTS

- 12.1 Upon the Scheme becoming effective, the Demerged Company and the Resulting Company shall have the right to revise their respective financial statements and returns along with prescribed forms, filings and annexures under the direct and indirect tax laws in India and to claim refunds and/or credit for taxes paid (including tax deducted at source, advance taxes, etc.) and for matters incidental thereto, if required to give effect to the provisions of the Scheme.
- 12.2 Any refunds or credits, under the direct or indirect tax laws or other applicable laws/regulations dealing with taxes/ duties/ levies due to the Demerged Company relating to the Demerged Undertaking consequent to the assessment made on the Demerged Company (including any refund for which no credit is taken in the accounts of the Demerged Company) as on the date immediately preceding the Appointed Date shall

also belong to and be received by the Resulting Company upon the Scheme becoming effective.

- 12.3 If the Demerged Company is entitled to any unutilized tax credits and losses (including unabsorbed depreciation), any other deductions and benefits or concessions relating to the Demerged Undertaking under any tax law or applicable law, the Resulting Company shall be entitled, as an integral part of the Scheme, to claim such benefits or incentives or unutilized credits or deductions and set off and carry forward the unabsorbed losses and depreciation as the case may be without any specific approval and permission.
- 12.4 The tax payments (including but not limited to income tax, goods & service tax, etc.) whether by way of tax deducted at source, advance tax or otherwise howsoever, by the Demerged Company relating to the Demerged Undertaking after the Appointed Date, shall be deemed to be paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 12.5 Further, any tax deducted at source by the Demerged Company with respect to the Demerged Undertaking on transactions with the Resulting Company, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax paid by the Resulting Company and shall, in all proceedings, be dealt with accordingly.
- 12.6 Upon the Scheme coming into effect, any obligation of tax at source on any payment made by or to be made by the Demerged Company relating to the Demerged Undertaking shall be made or deemed to have been made and duly complied with by the Resulting Company.
- 12.7 Any taxes paid by the Demerged Company or taxes deducted by third parties, in relation to the activities forming part of the Demerged Undertaking and as identified by the Board of Directors of the Demerged Company and the Resulting Company, the Resulting Company shall be entitled to claim credit of such taxes paid and the Demerged Company will not make any claim for credit of these taxes.
- 12.8 In accordance with relevant central or state legislation dealing with indirect taxes, as are prevalent on the Effective Date, the unutilized credit relating to indirect taxes paid on inputs / capital goods lying to the account of the Demerged Undertaking, shall be permitted to be transferred to the credit of the Resulting Company, as if such unutilized credits were lying to the account of the Resulting Company. The Resulting Company shall accordingly be entitled to set off all such credits.

13. CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

- 13.1 From the date of approval of the Scheme by the Board of Directors of the Demerged Company and the Resulting Company and up to and including the Effective Date,
- i) The Demerged Company shall carry on the business and activities of the Demerged Undertaking with reasonable diligence and business prudence and shall not venture into/expand any new businesses, alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof except in the ordinary course of business without the prior consent of the Resulting Company. The phrase “ordinary course of business” shall mean the ordinary course of business consistent with past customs and practices, provided that a series of related transactions which taken together which is not in the ordinary course of business shall not be considered as ordinary course of business;
 - ii) The Resulting Company shall be entitled, pending sanction of the Scheme, to apply to various government or regulatory agencies, departments or authorities concerned as necessary under law for such consents, approvals, licenses and sanctions, or renewal thereof, which is required to carry on the business of the Demerged Undertaking;
- 13.2 For the avoidance of doubt and without prejudice to the generality of the applicable provisions of the Scheme, it is clarified that with effect from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to operate the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, in the name of the Demerged Company in so far as may be necessary. All cheques and negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Demerged Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company. The Resulting Company shall be allowed to maintain bank accounts in the name of the Demerged Company for such time as may be determined to be necessary by the Resulting Company for presentation and deposition of cheques and pay orders that have been issued in the name of the Demerged Company, in connection with the Demerged Undertaking.

14. TRANSITION PERIOD

- 14.1 Upon coming into effect of this Scheme, the Demerged Company and the Resulting Company shall, with reasonable dispatch immediately apply for transition/ transfer of

all licenses, permits, quotas so as to ensure business continuity. The period between the Effective Date and the date on which the transitions of all the licenses, permits, quotas or such other approvals as may deem fit by the Board of Directors of the Resulting Company is effective is hereinafter referred to as “Transition Period”. With a view to avoid any disruption of business and to ensure continuity of operations and to maintain same quality of products, during the Transition Period, and if required by the Resulting Company, the business of the Demerged Undertaking shall be carried on or deemed to have been carrying on by the Resulting Company under the name and style of Novo Medi Sciences Private Limited.

- 14.2 During the Transition Period, the Resulting Company may procure or use all material and product including the packing material, artwork, label goods, cartons, stickers, wrappers, labels, containers, point of sale material, sign board, samples, closures, publicity materials in the name and form/format of the Demerged Company.

15. SAVING OF CONCLUDED TRANSACTIONS

The transfer of and vesting of property and liabilities and the continuance of proceedings by or against the Resulting Company shall not affect any transaction or proceedings already concluded by the Demerged Company on or after the Appointed Date to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by the Demerged Company in regard thereto as done and executed by the Resulting Company on behalf of itself.

16. REMAINING UNDERTAKING

- 16.1 The Remaining Undertaking and all its assets, liabilities and obligations thereto shall continue to belong to and be vested in and be continued to be owned and managed by the Demerged Company, subject to the provisions of the Scheme.

- 16.2 All legal, direct tax or other proceedings (other than covered in Clause 7 above) by or against the Demerged Company relating to, associated with, or pertaining to the Remaining Undertaking under any statute, whether on the Appointed Date or which may be instituted in the future, whether or not in respect of any matter arising before the Effective Date shall be continued and enforced by or against the Demerged Company. The Resulting Company shall in no event be responsible or liable in relation to any such proceedings, and the Demerged Company shall defend the same or deal with such demand at its own cost and the Demerged Company shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by or against the Resulting Company in respect thereof.

PART C
GENERAL TERMS AND CONDITIONS

17. APPLICATIONS TO THE TRIBUNAL

The Demerged Company and the Resulting Company shall make and file necessary applications / petitions before the Tribunal for the sanction of this Scheme under Sections 230 to 232 and other applicable provisions of the Act.

18. MODIFICATIONS / AMENDMENTS TO THE SCHEME

The Board of the Demerged Company and the Resulting Company may make and/or consent to any modifications/amendments to this Scheme or to any conditions or limitations that the Tribunal or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate. Further, Board of the Demerged Company and the Resulting Company shall also be authorized to take all such steps as may be necessary, desirable or proper to resolve any doubts, difficulties or questions whether by reason of any directive or 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. VALIDITY OF EXISTING RESOLUTIONS ETC.

Upon the coming into effect of this Scheme, the resolutions/ power of attorney executed by the Demerged Company as considered necessary by the Board of the Demerged Company in relation to the Demerged Undertaking and that are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions and power of attorney passed/ executed by the Resulting Company and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, then said limits as are considered necessary by the Board of the Demerged Company, shall be added to the limits, if any, under like resolutions passed by the Resulting Company and shall constitute the aggregate of the said limits in the Resulting Company.

20. PROPERTY IN TRUST

Notwithstanding anything contained in this Scheme, on or after Effective Date, until any property, asset, license, approval, permission, contract, agreement and rights and benefits arising therefrom pertaining to the Demerged Undertaking are transferred, vested, recorded, effected and/or perfected, in the records of any appropriate authority, regulatory bodies or otherwise, in favour of the Resulting Company such company is deemed to be authorized to enjoy the property, asset or the rights and benefits arising from the license, approval, permission, contract or agreement as if it were the owner of the property or asset or as if it were the original party to the license, approval, permission, contract or agreement. It is clarified that till entry is made in the records of the appropriate authorities and till such time as may be mutually agreed by the Demerged Company and the Resulting Company and the Demerged Company will continue to hold the property and/or the asset, license, permission, approval, contract or agreement and rights and benefits arising therefrom, as the case may be, in trust for and on behalf of the Resulting Company.

21. SCHEME CONDITIONAL ON APPROVALS/ SANCTIONS

Unless otherwise decided (or waived) by the Demerged Company and the Resulting Company, the effectiveness of this Scheme is and shall be conditional upon and subject to the fulfilment or waiver (to the extent permitted under the applicable law) of the following conditions precedent:

- a) Approval of the Scheme by the requisite majority of the shareholders and creditors of the Demerged Company or the Resulting Company as may be directed by the Tribunal;
- b) Sanctions and orders of the Tribunal under the provisions of Section 230 of the Act being obtained by the Demerged Company and the Resulting Company;
- c) Certified copies of the orders of the Tribunal, sanctioning the Scheme being filed with the Registrar of Companies;
- d) Approvals, if any, from any governmental or regulatory authority, or contracting party or from such other authorities, as the Board of the Demerged Company and the Resulting Company may consider relevant, to ensure that business of the Demerged Undertaking subsequent to the transfer to the Resulting Company, could be carried on in an effective manner; and
- e) All other sanctions and approvals as may be required by law in respect of this Scheme being obtained.

22. EFFECT OF NON-RECEIPT OF APPROVALS

- 22.1 In the event of any of the said sanctions and approvals referred to in Clause 21 above not being obtained and / or the Scheme not being sanctioned by the Tribunal or such other competent authority as aforesaid, this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and / or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.
- 22.2 If any provisions of this Scheme is held invalid or ruled illegal or unenforceable under law by any court of competent jurisdiction, then it is the intention of the Demerged Company and the Resulting Company that such provision shall be severable from the remainder of the Scheme, and the Scheme shall not be affected thereby, unless the deletion of such provision shall cause this Scheme to become materially adverse to any company, in which case the Demerged Company and the Resulting Company shall attempt to bring about a modification in the Scheme subject to the approval of the Tribunal, as will best preserve the benefits and obligations contemplated under the Scheme.
- 22.3 At any time prior to the Effective Date, the Board of Directors shall be entitled to revoke, cancel and / or withdraw the Scheme from the Tribunal if the Board of Directors are of the view that the coming into effect of the Scheme could have adverse implications for the Demerged Company and/ or the Resulting Company.

23. COSTS

All costs, charges, taxes including duties, levies (including stamp duty) and all other expenses, if any, arising out of or incurred in carrying out and implementing this Scheme and matters incidental thereto, shall be borne by the Demerged Company.

SCHEDULE 1**Details of the specified vaccines**

Description of the vaccine	Details of the development stage
New formulation Live Attenuated Varicella Vaccine IP under registration with Indian Health Ministry	Phase III Clinical Trial
13-valent Pneumococcal Polysaccharide Conjugate Vaccine	Phase III Clinical Trial
Group ACYW135 Meningococcal Conjugate Vaccine	Phase III Clinical Trial
Herpes Zoster Vaccine, Live	Phase III Clinical Trial

SCHEDULE 2

Terms of Series A Optionally Convertible Redeemable Preference Shares (“SERIES A OCRPS”)

Face Value	SERIES A OCRPS shall have a face value of INR 10 each
Dividend Rate	SERIES A OCRPS shall be subject to the provisions of the Articles of Association of the Resulting Company and the Act, confer the holders thereof a right to fixed preferential dividend of 8% in priority to the equity shares
Terms of Dividend	Dividend would be non-cumulative and non-participating in the surplus profits of the Resulting Company
Payment of dividend	SERIES A OCRPS will qualify for preferential payment of dividend at the rate set out above from the date of allotment up to the date of redemption / conversion
Voting Rights	The holder of Series A OCRPS shall have the right to vote in general meeting of the Resulting Company in accordance with the Articles of Association of the Resulting Company
Convertibility	The SERIES A OCRPS can be converted into equity in the ratio of 1:1 at any time at the option of the holder
Redemption period	SERIES A OCRPS will be redeemed, at the discretion of the holder, at any time on or before the expiry of 20 years from the date of allotment
Listing	The SERIES A OCRPS shall not be listed on any stock exchanges in India
Redemption Terms	SERIES A OCRPS shall be redeemed for INR 10 crs
Other Terms	The terms of SERIES A OCRPS can be changed, modified, varied or amended with (i) the prior written approval of the holders of the SERIES A OCRPS; and (ii) the approval of the Board of the Resulting Company

SCHEDULE 3

Terms of Series B Optionally Convertible Redeemable Preference Shares (“SERIES B OCRPS”)

Face Value	SERIES B OCRPS shall have a face value of INR 10 each
Dividend Rate	SERIES B OCRPS shall be subject to the provisions of the Articles of Association of the Resulting Company and the Act, confer the holders thereof a right to fixed preferential dividend of 8% in priority to the equity shares
Terms of Dividend	Dividend would be non-cumulative and non-participating in the surplus profits of the Resulting Company
Payment of dividend	SERIES A OCRPS will qualify for preferential payment of dividend at the rate set out above from the date of allotment up to the date of redemption / conversion and shall be payable annually
Voting Rights	The holder of Series B OCRPS shall have the right to vote in general meeting of the Resulting Company in accordance with the Articles of Association of the Resulting Company
Convertibility	The SERIES B OCRPS can be converted into equity in the ratio of 1:1 at any time at the option of the holder
Redemption period	SERIES B OCRPS will be redeemed, at the discretion of the holder, at any time on or before the expiry of 20 years from the date of allotment
Listing	The SERIES B OCRPS shall not be listed on any stock exchanges in India
Redemption Terms	SERIES B OCRPS shall be redeemed for INR 10 crs
Other Terms	The terms of SERIES B OCRPS can be changed, modified, varied or amended with (i) the prior written approval of the holders of the SERIES B OCRPS; and (ii) the approval of the Board of the Resulting Company

SCHEDULE 4

Terms of Series C Optionally Convertible Redeemable Preference Shares (“SERIES C OCRPS”)

Face Value	SERIES C OCRPS shall have a face value of INR 10 each
Dividend Rate	SERIES C OCRPS shall be subject to the provisions of the Articles of Association of the Resulting Company and the Act, confer the holders thereof a right to fixed preferential dividend of 8% in priority to the equity shares
Terms of Dividend	Dividend would be non-cumulative and non-participating in the surplus profits of the Resulting Company
Payment of dividend	SERIES C OCRPS will qualify for preferential payment of dividend at the rate set out above from the date of allotment up to the date of redemption / conversion and shall be payable annually
Voting Rights	The holder of Series C OCRPS shall have the right to vote in general meeting of the Resulting Company in accordance with the Articles of Association of the Resulting Company
Convertibility	The SERIES C OCRPS can be converted into equity in the ratio of 1:1 at any time at the option of the holder
Redemption period	SERIES C OCRPS will be redeemed, at the discretion of the holder, at any time on or before the expiry of 20 years from the date of allotment
Listing	The SERIES C OCRPS shall not be listed on any stock exchanges in India
Redemption Terms	SERIES C OCRPS shall be redeemed for INR 59 crs
Other Terms	The terms of SERIES C OCRPS can be changed, modified, varied or amended with (i) the prior written approval of the holders of the SERIES C OCRPS; and (ii) the approval of the Board of the Resulting Company