

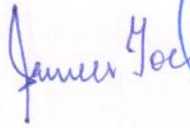

**SCHEME OF ARRANGEMENT
AMONG
KIMIA BIOSCIENCES LIMITED
AND
LAUREL ORGANICS LIMITED
AND
THEIR SHAREHOLDERS**

**FOR AMALGAMATION OF
KIMIA BIOSCIENCES LIMITED
WITH
LAUREL ORGANICS LIMITED**



Parts of the Scheme:

1. **Part I** - This part of Scheme contains general provisions applicable as used in this Scheme including definitions and capital structure of companies involved in amalgamation.
2. **Part II** - This part of Scheme contains the provisions relating to Re- organisation of Share Capital of Laurel Organics Limited, pursuant to the Scheme.
3. **Part III** - This part of scheme contains amalgamation i.e. transfer and vesting of undertakings of Kimia Biosciences Limited into Laurel Organics Limited;
4. **Part IV** - This part of scheme contains manner of issue of consideration against the present scheme of amalgamation including swap ratio and the accounting methodology adopted for the amalgamation.
5. **Part V** - This part of scheme contains miscellaneous provisions i.e. application/petition to Hon'ble High Court and conditionality of scheme.

SCHEME OF ARRANGEMENT
UNDER SECTIONS 391 & 394 OF THE COMPANIES ACT, 1956
(OR ANY CORRESPONDING PROVISION OF THE COMPANIES ACT, 2013)
AMONG
KIMIA BIOSCIENCES LIMITED
AND
LAUREL ORGANICS LIMITED
AND
THEIR SHAREHOLDERS

[For Re- organization of Share Capital of **LAUREL ORGANICS LIMITED** and amalgamation of **KIMIA BIOSCIENCES LIMITED** with **LAUREL ORGANICS LIMITED** under Section 391 read with Section 394 of the Companies Act, 1956 (or any corresponding provisions of the Companies Act, 2013)]

PREAMBLE

A. AN OVERVIEW OF COMPOSITE SCHEME OF ARRANGEMENT

The transferee company, i.e. Laurel Organics Limited, is a listed Company and was earlier engaged in the business of manufacturing of generic bulk drugs, however, the company from last several years is not carrying any such business activities and have been running into losses. The transferor company, i.e., Kimia Biosciences Limited, is engaged in the business of manufacturing and trading of pharmaceuticals products specifically bulk drugs. The Transferor Company through Share Purchase Agreement (SPA) had acquired 3,629,500 (Thirty Six Lacs Twenty Nine Thousand and Five Hundred) from the then Promoters of the Company and has given open offer in accordance with SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011, wherein it acquired 98,600 (Ninety Eight Thousand and Six Hundred) from its shareholders. The shares acquired through SPA have not been transferred in the names of the Transferor Company due to the General Order of SEBI dated 20th July, 2015. These shares would be transferred in the name of the Transferor Company on September 08, 2016. Pursuant to above, collectively, the holding of Transferor Company in the Transferee Company would become 50.48%. Also, pursuant to above open offer, the control of the transferee company had been duly changed.

This scheme of arrangement has been designed to internally reorganize the capital structure of the transferee company by cancelling its 90% of paid up equity share capital against



certain portion of losses and amalgamation of the transferor company with the transferee company to strengthen the consolidated financials of the transferee company and create a larger and stronger entity, which will have better resources for business growth and expansion.

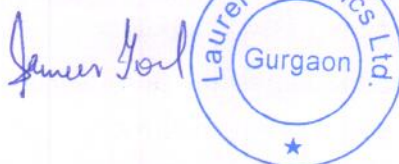
B. BACKGROUND AND DESCRIPTION OF COMPANIES

1. **LAUREL ORGANICS LIMITED** (herein after referred to as '**Transferee Company**' or '**LOL**'), bearing CIN L24239HR1993PLC032120 was originally incorporated under the name of "Dolphin Organics Limited" on 27th September, 1993 under the provisions of Companies Act, 1956 and had obtained certificate of commencement of business on 19th October 1993. The name of Company was changed to its present name Laurel Organics Limited and fresh certificate of incorporation dated 19th April 1995 was issued by the RoC, NCT of Delhi & Haryana. The registered office of the Company is situated Village Bhondsi, Tehsil Sohna, Gurgaon, Haryana – 122102. The Equity Shares of the Company are Listed at BSE Limited and Ahmedabad Stock Exchange Limited. The shares of the Company were also listed on Delhi Stock Exchange Limited, Madras Stock Exchange Limited and Jaipur Stock Exchange Limited, however, the SEBI through its orders has derecognized these stock exchange(s) and has withdrawn their recognitions.

2. **KIMIA BIOSCIENCES LIMITED** (herein after referred to '**Transferor Company**' or '**KBL**'), bearing CIN U24233DL2007PTC167770 was originally incorporated under the name of "R. S. Pharma Plus Private Limited on 5th September 2007 under the provisions of Companies Act, 1956 and certificate of Incorporation was obtained from RoC, NCT of Delhi & Haryana. Subsequently the name of the company was changed to Kimia Biosciences Private Limited and a fresh certificate of incorporation was issued on 17th February 2012 by the RoC, NCT of Delhi & Haryana. Thereafter, the company got converted in public company and the name was changed to its present name Kimia Biosciences Limited and fresh certificate of incorporation was issued on 6th June. 2016 by the RoC, NCT of Delhi & Haryana. The registered office of the transferor company is presently situated at C-52, Rohit Kunj, Pitampura, Delhi –110034, however, the company has already filed the application before Regional Director for shifting of its registered office to Village Bhondsi, Tehsil Sohna, Gurgaon, Haryana – 122102.

C. THE SCHEME AND ITS RATIONALE

The Scheme is broadly divided into two parts – (1) Internal Reorganization of Share Capital of the transferee company and (2) Amalgamation of the Transferor Company with transferee



company. The reorganization of share capital will allow the transferee company to restructure its equity share capital by writing-off certain portion off of accumulated past losses against 90% of its paid-up equity share capital. The reduction in share capital and proportionate writing off of accumulated loss shall portray the true financial position of the transferee company into the books. Further, the amalgamation of the transferor company will strengthen the balance sheet of the transferee company and shall create a larger and stronger entity, which will have better resources for business growth and expansion. The scheme of arrangement shall provide a running and profitable business to the transferee company which has growth potential and shall also provide the shareholders of transferor company liquidity through listing and hence there is significant synergy for consolidation of the two entities.

The other benefits likely to arise through the proposed arrangement are as follows:

- I. Optimum and efficient utilization of capital, resources, assets and facilities;
 - II. Enhancement of competitive strengths including financial resources;
 - III. Consolidation of businesses and enhancement of economic value addition and shareholder value;
 - IV. Obtaining synergy benefits;
 - V. Better management and focus on growing the businesses.
 - VI. The amalgamation would result in reduction of overheads, administrative, managerial and other expenditure and bring about operational rationalization, efficiency and optimum utilization of various resources.
 - VII. A larger growing company will mean enhanced financial and growth prospects for the people and organization connected therewith, and will be in public interest. The amalgamation will conducive for better and more efficient and economical control over the business and financial conduct of the Companies
- D. Due to the aforesaid rationale, it is considered desirable and expedient to enter into this scheme of arrangement for financial reorganization of the transferee company and to amalgamate the transferor company with the transferee company and in consideration thereof issue Equity Shares and Compulsorily Convertible Preference Shares (CCPS) of the transferee company to the shareholders of transferor company in accordance with this Scheme, pursuant to Section 394 and other relevant provisions of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013.

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Laurel Organics Ltd.
Gurgaon
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E. The amalgamation of the transferor company with the transferee company, pursuant to and in accordance with this Scheme, under Section 394 and other relevant provisions of the Companies Act, 1956, and applicable provisions of Companies Act, 2013 shall take place with effect from the Appointed Date and shall be in compliance with Section 2(1B) of the Income Tax Act, 1961.

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PART-I
GENERAL PROVISIONS

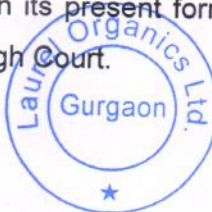
1. DEFINITIONS:

In this Scheme, unless repugnant to the subject or context or meaning thereof, the following expressions shall have the meanings as set out herein below:

- 1.1. **'Act'**: means the Companies Act, 1956, and applicable provisions of Companies Act, 2013 and will include any statutory modifications, re-enactments or amendments thereof and also mean and refer to corresponding sections of Companies Act, 2013 as and when such corresponding sections are notified in the official gazette by the Central Government.
- 1.2. **'Appointed Date'**: means 1st April 2016, being the date with effect from which the Scheme shall be applicable or such other date as may be approved by the Hon'ble High Court.
- 1.3. **'Board' or 'Board of Directors'**: shall have the same meaning as under the Act.
- 1.4. **'CCPS'**: means Compulsorily Convertible Preference Shares.
- 1.5. **'Effective Date'**: means the date on which certified copy of the order of the Hon'ble High Court(s) under Sections 391 and 394 of the Act sanctioning the Scheme is filed with the Registrar of Companies after obtaining the sanctions, orders or approvals referred to in Clause 2 of PART-V of this Scheme.

References in this Scheme to the date of "Upon the Scheme becoming effective" or "effectiveness of this Scheme" shall mean the Effective Date.
- 1.6. **'High Court'**: means the Hon'ble High Court of Punjab and Haryana at Chandigarh and shall include National Company Law Tribunal ("NCLT"), or any other appropriate forum or authority empowered to approve the Scheme as per the law for the time being in force.
- 1.7. **'Listing Regulations'**: means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 1.8. **'Scheme'**: means this Scheme of Arrangement for reorganization the Share Capital of transferee company and thereof amalgamation of transferor company with the transferee company and their respective shareholders as approved by the Board of Directors of both the Companies, in its present form and with any modifications as may be approved by the Hon'ble High Court.

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1.9. 'Transferee Company' or 'Laurel Organics Limited' or 'LOL' shall mean Laurel Organics Limited, a Company incorporated under the provisions of Companies Act, 1956 having its Registered Office at Village Bhondsi, Tehsil Sohna, Gurgaon, Haryana – 122102.

1.10. 'Transferor Company' or 'Kimia Biosciences Limited' or 'KBPL' shall mean Kimia Biosciences Limited, a Company incorporated under the provisions of Companies Act, 1956 having its Registered Office at C-52, Rohit Kunj, Pitampura, Delhi –110034.

1.11. 'Record Date': means such date following the Effective Date as may be fixed by the Board of Directors of the transferee company to whom shares of the Transferee Company will be allotted pursuant to this Scheme.

1.12. 'Registrar of Companies' or 'RoC': means the Registrar of Companies for NCT of Delhi & Haryana at New Delhi.

2. DATE OF EFFECT AND OPERATIVE DATE:

The scheme set out herein in its present form or with any modification (s), if any made as per Clause 3 of PART-V of this Scheme shall be effective from the Appointed Date but shall be operative from Effective Date.

3. CAPITAL STRUCTURE:

The Capital Structure of transferee company and transferor company as on appointed date i.e. 1st April, 2016 and immediately before implementation of the scheme are as under:

1.1. LAUREL ORGANICS LIMITED

Particulars	Amount (Rs.)
Authorized Share Capital	
73,85,000 Equity Shares of Rs. 10 each	7,38,50,000.00
40,00,000 0.1% Redeemable Non – Convertible Cumulative Preference Shares of Rs. 10 each	4,00,00,000.00
Issued, Subscribed and Paid up Share Capital	
73,85,000 Equity Shares of Rs. 10/-each	7,38,50,000.00

The Company on 17th May, 2016 has allotted 4,000,000 (Forty Lacs) 0.1% Redeemable Non – Convertible Cumulative Preference Shares of face value of Rs. 10 each fully paid up amounting to Rs. 40,000,000 (Rupees Four Crore).



PART II
REORGANISATION & REDUCTION OF CAPITAL

1. Laurel Organics Limited (Transferee Company) was incorporated on 27th September, 1993 under the provisions of Companies Act, 1956. The Capital Structure of the Company as on the date of approval of the Board is as follows:

Particulars	Amount (Rs.)
Authorized Share Capital	
73,85,000 Equity Shares of Rs. 10 each	7,38,50,000.00
40,00,000 0.1% Redeemable Non – Convertible Cumulative Preference Shares of Rs. 10 each	4,00,00,000.00
Issued, Subscribed and Paid up Share Capital	
73,85,000 Equity Shares of Rs. 10/-each	7,38,50,000.00
40,00,000 0.1% Non- Convertible Cumulative Preference Shares of Rs. 10 each	4,00,00,000.00

2. Article 4A of the Articles of Association of the Transferee Company provides that subject to the provisions of Section 100 to 104 of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 (to the extend notified) , the Company may, reduce its capital on such terms and conditions as shall be agreed.
3. The Transferee Company was not performing well in past and has incurred losses which are accumulated and standing in the balance sheet of the Company and hence the equity capital of the Company is not giving the true position of Company's Net Worth. While entering in this scheme of arrangement, the management of company has found it appropriate to cancel certain part of the aforesaid accumulated losses by reducing the equity share capital of the Company. Thus, in the benefit of the Transferee Company and the other Company being the part of this Scheme and their shareholders and to give correct position of the Net Worth the Board of Directors of the Transferee Company have decided to write-off certain portion of accumulated past losses against 90% of its paid-up equity capital by altering the face value of paid up equity share capital and authorized equity share capital from Rs. 10 (Rupees Ten) to Re. 1 (Rupee One) and thereafter amalgamation of the transferor company with the transferee company. Upon such cancellation of the paid up



equity share capital, the management has also found it appropriate to alter the face value of authorized equity share capital to Re. 1 (Rupee One).

4. In accordance with above and pursuant to the reorganization and cancellation of aforesaid paid up equity share capital, the authorized equity share capital would be revised to Rs. 7,38,50,000 (Rupees Seven Crores Thirty Eight Lacs and Fifty Thousand) divided into 7,38,50,000 (Seven Crore Thirty Eight Lacs and Fifty Thousand) equity shares of Re. 1/- (Rupee One) each and the issued, subscribed and paid-up equity share capital shall stand reduced to Rs. 73,85,000 (Rupees Seventy Three Lacs Eighty Five Thousand) divided into 73,85,000 (Rupees Seventy Three Lacs Eighty Five Thousand) equity shares of Re. 1/- (Rupee One) each and
5. Approval of the Scheme pursuant to section 391 – 394 of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 (to the extend notified) shall also be deemed to be the approval under section 100 to 105 of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 (to the extend notified) for reduction and cancellation of shares of the Transferee Company.



PART-III
AMALGAMATION, TRANSFER & VESTING OF UNDERTAKING

1. With effect from the Appointed Date and upon the Scheme becoming effective, the entire business and the whole of the undertaking(s), properties and liabilities of Transferor Company shall, in terms of Section 391 and 394 and applicable provisions, if any, of the Companies Act 1956 or any corresponding provision of Companies Act ,2013 (to the extend notified), and pursuant to the orders of the High Court or other appropriate authority or forum, if any, sanctioning the Scheme, without any further act, instrument, deed, matter or thing, stand transferred and vested in and/ or deemed to be transferred to and vested in Transferee Company as a going concern so as to become the undertaking(s), properties and liabilities of Transferee Company.
2. With effect from the Appointed Date and upon the Scheme becoming effective, the entire business and undertaking of Transferor Company shall stand transferred to and be vested in Transferee Company without any further deed or act, together with all their properties, assets, rights, benefits and interest therein, subject to existing charges thereon in favour of banks and financial institutions, as the case may be, in the following manner:

3. TRANSFER OF ASSETS

- 3.1. With effect from the Appointed Date and upon the Scheme becoming effective all memberships, licenses, franchises, rights, privileges, permits, quotas, rights, entitlements, allotments, approvals, consents, concessions, trade mark licenses including application for registration of trade mark, patents, copyrights and their right to use available to Transferor Company as on appointed date or any which may be taken after the appointed date but till the effective date, shall get transferred to Transferee Company without any further instrument, deed or act or payment of any further fee, charge or securities.
- 3.2. With effect from the Appointed Date and upon the Scheme becoming effective all Certificate of Registrations as available with Transferor Company as on Appointed Date or any which may be taken by Transferor Company after the Appointed Date but till the Effective Date shall get transferred to Transferee Company without any further instrument, deed or act or payment of any further fee, charge or securities.



- 3.3. With effect from the Appointed Date and upon the Scheme becoming effective all the assets of Transferor Company as are movable in nature including, but not limited to, stock of goods, raw materials available in the market/ depots/ Godown/factories, sundry debtors, plants and equipments, outstanding loans and advances, insurance claims, advance tax, Minimum Alternate Tax (MAT) set-off rights, pre-paid taxes, levies/liabilities, CENVAT/VAT credits 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 or any other assets otherwise capable of transfer by physical delivery would get transferred by physical delivery only and all others assets would get transferred by endorsement and delivery by vesting and recordable pursuant to this Scheme, shall stand vested in Transferee Company, and shall become the property and an integral part of Transferee Company without any further instrument, deed or act or payment of any further fee, charge or securities.
- 3.4. With effect from the Appointed Date and upon the Scheme becoming effective all incorporeal properties of Transferor Company as on Appointed Date or any which may be taken after the Appointed Date but till the Effective Date, shall get transferred to Transferee Company without any further instrument, deed or act or payment of any further fee, charge or securities.
- 3.5. With effect from the Appointed Date and upon the Scheme becoming effective, all immovable properties including but not limited to land and buildings or any other immovable properties of Transferor Company, whether freehold or leasehold, and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in Transferee Company, without any further instrument, deed or act or payment of any further fee, charge or securities either by the Transferor Company or Transferee Company.
- 3.6. With effect from the Appointed Date, Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, taxes and fulfill obligations, in relation to or applicable to such immovable properties. The mutation/substitution of the title to the immovable properties shall be made and duly recorded in the name of Transferee Company by the appropriate authorities pursuant to the sanction of the Scheme by the Hon'ble High Court and the Scheme becoming effective in accordance with the terms hereof.



- 3.7. With effect from the Appointed Date and upon the Scheme becoming effective, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to Transferor Company to which the Transferor Company are the party or to the benefit of which Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect against or in favor of Transferee Company and may be enforced as fully and effectually as if, instead of Transferor Company, Transferee Company had been a party or beneficiary or obligee thereto.
- 3.8. With effect from the appointed date and upon the Scheme becoming effective, all permits, quotas, rights, entitlements, licenses including those relating to trademarks, tenancies, patents, copyrights, privileges, software, powers, facilities of every kind and description of whatsoever nature in relation to Transferor Company to which Transferor Company is the party or to the benefit of which Transferor Company may be eligible and which are subsisting or having effect immediately before the effective date, shall be enforceable as fully and effectually as if, instead of Transferor Company, Transferee Company had been a party or beneficiary or obligee thereto.
- 3.9. With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, no-objection certificates, permissions or approvals or consents required to carry on operations of Transferor Company or granted to Transferor Company shall stand vested in or transferred to Transferee Company without further act or deed, and shall be appropriately transferred or assigned by the statutory authorities concerned therewith in favor of Transferee Company upon the vesting of Transferor Company Businesses and Undertakings pursuant to this Scheme. The benefit of all statutory and regulatory permissions, licenses, approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of Transferor Company shall vest in and become available to Transferee Company pursuant to this scheme.
- 3.10. With effect from the Appointed Date and upon the Scheme becoming effective, all motor vehicles of any description whatsoever of Transferor Companies shall stand transferred to and be vested in the Transferee Company, and the appropriate Governmental and Registration Authorities shall substitute the name of Transferee



Company in place of Transferor Companies, without any further instrument, deed or act or any further payment of fee, charge or securities.

4. TRANSFER OF LIABILITIES

4.1. With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether provided for or not in the books of accounts or disclosed in the balance sheets of Transferor Company, shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of Transferee Company.

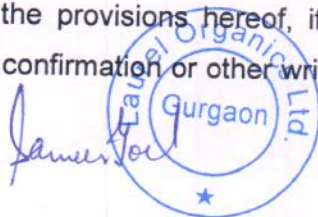
4.2. Without prejudice to the generality of the provisions contained herein, all loans raised after the Appointed Date but till the Effective Date and liabilities incurred by Transferor Companies after the Appointed Date but till the Effective Date for their operations shall be deemed to be of Transferee Company.

4.3. The transfer and vesting of the entire business and undertaking of Transferor Companies as aforesaid, shall be subject to the existing securities, charges and mortgages, if any, subsisting, over or in respect of the property and assets or any part thereof of Transferor Companies, as the case may be.

Provided that the securities, charges and mortgages (if any subsisting) over and in respect of the part thereof, of Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of Transferor Companies vested in Transferee Company pursuant to the Scheme.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by Transferor Companies which shall vest in Transferee Company by virtue of the amalgamation of Transferor Companies with Transferee Company and Transferee Company shall not be obliged to create any further or additional security there for after the amalgamation has become operative.

4.4. Transferee Company will, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, execute deeds of confirmation or other writings or arrangements with any party to any



contract or arrangements in relation to Transferor Companies to which Transferor Company are parties, in order to give formal effect to the above provisions. Transferee Company shall, under the provisions of this Scheme, be deemed to be authorized to execute any such writings on behalf of Transferor Companies and to carry out or perform all such formalities or compliances referred to above on part of Transferor Companies.

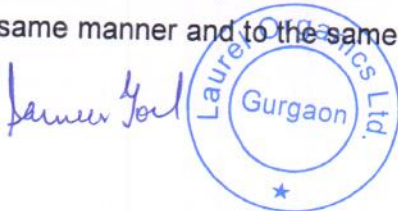
4.5. Loans or other obligations, if any, due either between Transferee Company and Transferor Companies or amongst transferor companies shall stand discharged and there shall be no liability in that behalf. In so far as any securities, debentures or notes issued by the Transferor Company and held by the Transferee Company and vice versa are concerned, the same shall, unless sold or transferred by holder of such securities, at any time prior to the Effective Date, stand cancelled and shall have no further effect.

5. LEGAL PROCEEDINGS

5.1. With effect from the Appointed Date, Transferee Company shall bear the burden and the benefits of any legal or other proceedings initiated by or against Transferor Companies.

Provided however, all legal, administrative and other proceedings of whatsoever nature by or against Transferor Companies pending in any court or before any authority, judicial, quasi judicial or administrative, any adjudicating authority and/or arising after the Appointed Date and relating to Transferor Companies or its respective properties, assets, liabilities, duties and obligations shall be continued and/or enforced until the Effective Date by or against Transferor Companies; and from the Effective Date, shall be continued and enforced by or against Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against Transferor Companies.

5.2. If any suit, appeal or other proceedings of whatever nature by or against Transferor Companies be pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of the transfer of the Transferor Companies businesses and undertakings or of anything contained in this scheme but the proceedings may be continued, prosecuted and enforced by or against 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 Transferor Companies as if this Scheme had not been made.

6. EMPLOYEE MATTERS

On occurrence of the Effective Date, all persons that were employed by Transferor Companies immediately before such date shall become employees of Transferee Company with the benefit of continuity of service on same terms and conditions as were applicable to such employees of Transferor Companies immediately prior to such transfer and without any break or interruption of service. Transferee Company undertakes to continue to abide by agreement/settlement, if any, entered into by Transferor Companies with any union/employee thereof. With regard to Provident Fund, Gratuity Fund, Superannuation fund or any other special fund or obligation created or existing for the benefit of such employees of Transferor Companies upon occurrence of the Effective Date, Transferee Company shall stand substituted for Transferor Company, for all purposes whatsoever relating to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The existing Provident Fund, Gratuity Fund and Superannuation Fund or obligations, if any, created by Transferor Companies for their employees shall be continued for the benefit of such employees on the same terms and conditions. With effect from the Effective Date, Transferee Company will make the necessary contributions for such transferred employees of Transferor Companies and deposit the same in Provident Fund, Gratuity Fund or Superannuation Fund or obligations, where applicable. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of Transferor Companies in relation to such schemes or funds shall become those of Transferee Company.

7. TAXATION AND OTHER MATTERS

7.1. With effect from the Appointed Date, all the profits or income accruing or arising to Transferor Companies, and all expenditure or losses arising or incurred by Transferor Companies shall, for all purposes, be treated (including all taxes, if any, paid or accruing in respect of any profits and income) and be deemed to be and accrue as the profits or income or as the case may be, expenditure or losses (including taxes) of Transferee Company. Moreover, Transferee Company shall be entitled to revise its statutory returns relating to indirect taxes like sales tax/ service tax/excise, etc. and to claim refund/credits and/or set off all amounts under the relevant laws towards the transactions entered into by Transferee Company and Transferor Companies which

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may occur between the Appointed Date and the Effective Date. The rights to make such revisions in the sales tax returns and to claim refunds/credits are expressly reserved in favour of Transferee Company.

7.2. Transferee Company shall be entitled to revise its all Statutory returns relating to Direct taxes like Income Tax and Wealth Tax and to claim refunds/advance tax credits and/or set off the tax liabilities of Transferor Companies under the relevant laws and its rights to make such revisions in the statutory returns and to claim refunds, advance tax credits and/or set off the tax liabilities is expressly granted.

7.3. It is expressly clarified that with effect from the Appointed Date, all taxes payable by Transferor Companies including all or any refunds of the claims/TDS Certificates shall be treated as the tax liability or refunds/claims/TDS Certificates as the case may be of Transferee Company.

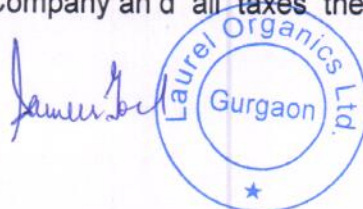
7.4. From the Effective Date and till such time as the name of the Transferee Company would get entered as the account holder in respect of all the bank accounts and demat accounts of Transferor Companies in the relevant bank's/DP's books and records, the Transferee Company shall be entitled to operate the bank/demat accounts of Transferor Companies in their existing names.

7.5. Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, incentives, concessions and other authorizations of Transferor Companies shall stand transferred by the order of the High Court to Transferee Company, Transferee Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the sanctioning court.

8. Conduct of Business

8.1. With effect from the Appointed Date and till the Scheme come into effect:

8.1.1. Transferor Company shall be deemed to carry on all their businesses and activities and stand possessed of their properties and assets for and on account of and in trust for Transferee Company; and all the profits accruing to Transferor Company and all taxes thereon or gains or losses arising or



incurred by them shall, for all purposes, be treated as and deemed to be the profits or losses, as the case may be, of Transferee Company.

- 8.1.2. Transferor Company shall carry on their businesses with reasonable diligence and in the same manner as they had been doing hitherto, and Transferor Company shall not alter or substantially expand their businesses except with the concurrence of Transferee Company.
- 8.1.3. Transferor Company shall not, without the written concurrence of Transferee Company, alienate charge or encumber any of their properties except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of Transferee Company, as the case may be.
- 8.1.4. Transferor Company shall not vary or alter, except in the ordinary course of their business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of Transferee Company the terms and conditions of employment of any of its employees, nor shall it conclude settlement with any union or its employees except with the written concurrence of Transferee Company.
- 8.1.5. With effect from the Appointed Date, all debts, liabilities, duties and obligations of Transferor Company as on the close of business on the date preceding the Appointed Date, whether or not provided in their books and all liabilities which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of Transferee Company.
- 8.2. Upon the Scheme coming into effect, Transferee Company shall commence and carry on and shall be authorized to carry on the businesses carried on by Transferor Company.
- 8.3. For the purpose of giving effect to the vesting order passed under Sections 391 and 394 of the Companies Act, 1956 or any corresponding provisions of Companies Act, 2013 (to the extent notified) in respect of this Scheme by the Hon'ble High Court, Transferee Company shall, at any time pursuant to the orders on this Scheme, be entitled to get the recordal of the change in the legal right(s) upon the vesting of the



Transferor Company businesses and undertakings in accordance with the provisions of Sections 391 and 394 of the Companies Act, 1956 or any corresponding provisions of Companies Act, 2013 (to the extend notified). Transferee Company shall be authorized to execute any pleadings; applications, forms, etc. as are required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme.

James Lal



PART- IV
ISSUE OF SHARES & ACCOUNTING TREATMENT

1. REORGANISATION OF CAPITAL IN THE TRANSFeree COMPANY

1.1. Issue of Shares in the Share Capital of Transferee Company;

Upon this Scheme coming into effect and upon transfer and vesting of the business and undertaking of transferor company in transferee company, the consideration in respect of such transfer shall, subject to the provisions of the Scheme, be paid and satisfied by transferee company as follows:

- 1.1.1. Transferee Company, without further application, act or deed, shall issue and allot to each of the shareholders of Transferor Company (other than the shares already held therein immediately before the amalgamation by Transferee Company, its Nominee or Subsidiary Company), shares in proportion of **990 (Nine Hundred Ninety) Equity shares of face value of Re. 1 (Rupee One) each and 590 (Five Hundred Ninety) Compulsory Convertible Preference Shares of Re. 1 (Rupee One) each in Transferee Company for every 100 (One Hundred) Equity shares of face value of Rs.10/- (Rupee Ten) each** held by them in Transferor Company pursuant to this Scheme of Amalgamation.
- 1.1.2. The CCPS issued and allotted under this Scheme, would have seniority with respect to dividends and proceeds from sale or dissolution from the Transferee Company and would be also eligible for proportionate declaration and distribution of dividend together with equity shares and shall be compulsorily convertible in the ratio of 1:1 at any time within a maximum period of five years, into the equity shares of face value of Re. 1 each. CCPS allotted under the Scheme, shall be converted into equity shares, in one or more tranches, within a maximum period of five years subject to condition that the conversion of CCPS does not breach the requirement of maintaining minimum public shareholding as per Regulation 38 of Listing Regulations. Any CCPS, remain outstanding for conversion upon completion of five years of allotment, shall be cancelled subject to the compliance of all the applicable laws at that time.

James Ford



- 1.1.3. For arriving at the share exchange ratio as outlined above, the Companies have considered the Valuation Report submitted by an independent professional firm, **M/s AARA & Company, Chartered Accountants.**
- 1.1.4. Cross holding at the time of record date (if any), between Transferor Company and the Transferee Company, if not transferred prior to the Effective Date, shall get cancelled at the time of allotment of shares to the shareholders of Company by Transferee Company and the approval of Scheme by the Court under section 391 and 394 of the Companies Act, 1956 or any corresponding provisions of Companies Act, 2013 (to the extent notified) shall also be treated as approval under section 100 of the Act for reduction of capital pursuant to such cancellations.
- 1.1.5. Any fraction arising out of allotment of equity shares and CCPS as per clause 1.1.1 above shall be rounded off to the nearest round number.
- 1.1.6. The said Equity Shares in the capital of Transferee Company be issued to the shareholders of Transferor Company shall rank *pari-passu* in all respects, with the existing Equity shares in Transferee Company from the Appointed Date. Such shares in Transferee Company, to be issued to the shareholders of Transferor Company will, for all purposes, save as expressly provided otherwise, be deemed to have been held by each such member from the Appointed Date.
- 1.1.7. Upon the Scheme becoming effective and subject to the above provisions, the shareholders of Transferor Company (other than the shares already held therein immediately before the amalgamation by Transferee Company) as on the record date shall receive new share certificates. Upon the issue and allotment of new shares in the capital of Transferee Company to the shareholders of Transferor Company, the share certificates in relation to the shares held by them in Transferor Company shall be deemed to have been cancelled. All certificates for the new shares in the capital of Transferee Company shall be sent by Transferee Company to the said shareholders of Transferor Company at their respective registered addresses as appearing in the said registers

James Goh



(or in the case of joint holders to the address of that one of the joint holders whose name stands first in such Registers in respect of such joint holding) and Transferee Company shall not be responsible for any loss in transmission. Transferee Company shall provide an option to all the shareholders of transferor company to get the new equity shares in transferee company in dematerialized form and the shareholders of transferor company shall have right to opt for new shares in dematerialized form by giving written confirmation with required particulars of their demat accounts on or before the Record Date.

1.2. INCREASE IN AUTHORIZED SHARE CAPITAL

1.2.1. With effect from appointed date and upon the scheme becoming effective, without any further acts or deeds on the part of the transferor company or transferee company and notwithstanding anything contained in Section 61 of Companies Act, 2013, the Authorized Share capital of transferor Company as appearing in its Memorandum of Association on the Effective Date shall get clubbed with the Authorized Share Capital of the transferee company as appearing in its Memorandum of Association on the Effective Date and pursuant to this clubbing the Clause V of the Memorandum of Association of the transferee company shall stand altered to give effect to the same with effect from the Effective Date. The Face Value of Equity share shall remain same as of the transferee company after clubbing of Authorized Capital. Further, notwithstanding anything contained under section 61 of the Companies Act, 2013, the Clubbed Authorized Capital of Transferee Company shall be re-classified into Equity Share Capital, 0.1% Redeemable Non – Convertible Cumulative Preference Shares and Compulsory Convertible Preference Shares Capital on the effective date, and the Authorized Capital shall be as under:

- Equity Share Capital of Rs. 11,73,50,000 (Rupees Eleven Crore and Seventy Three Lacs and Fifty Thousand) divided into 11,73,50,000 (Eleven Crore and Seventy Three Lacs and Fifty Thousand) equity share of face value of Re. 1 (Rupee One) each.

Sanjay Goyal



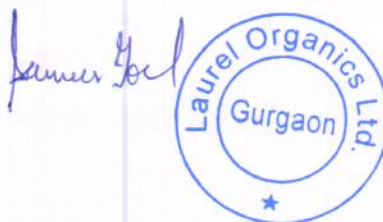
- 0.1% Redeemable Non – Convertible Cumulative Preference Share Capital of Rs. 4,00,00,000 (Rupees Four Crore) divided into 40,00,000 (Forty Lacs) 0.1% Redeemable Non – Convertible Cumulative Preference Shares of Rs. 10 (Rupees Ten) each;
- Compulsory Convertible Preference Share Capital of Rs. 6,500,000 (Rupees Sixty Five Lacs) divided into 65,00,000 Compulsory Convertible Preference Shares of Re. 1 (Rupee One) each;

1.2.2. The filing fee and stamp duty already paid by the transferor company on its authorized share capital, which is being combined with the authorized share capital of the transferee company, shall be deemed to have been paid by the transferee company and accordingly, the transferee company shall not be required to pay any fee, additional fee, charges and/or stamp duty on the authorized share capital so increased.

1.2.3. If required, the Transferee Company shall take necessary steps to increase its authorized share capital on or before the Effective Date so as to make it sufficient for allotment of shares and CCPS, to the shareholders of transferor company, in consideration of amalgamation after considering the combined authorized share capital of transferee company.

1.3. On approval of the Scheme by the shareholders of transferee company pursuant to Section 391 – 394 of the Companies Act, 1956 or any corresponding provisions of Companies Act, 2013, to the extent notified, it shall be deemed that the said shareholders have also accorded their consent under relevant Articles of the Articles of Association of the Company and Section 61 of Companies Act, 2013 or any other section as may be applicable for giving effect to the provisions contained in this Scheme.

1.4. The issue and allotment of Shares to Shareholders of Transferor Company, as provided in this Scheme, shall be deemed to be made in compliance with the procedure laid down under Section 62 of the Companies Act, 2013.



1.5. CHANGE IN NAME OF TRANSFeree COMPANY

- 1.5.1. As per the arrangement the transferee company shall carry the business of transferor company and hence it is found expedient to replace the name of transferor company with the name of the transferee company. Hence, with effect from Effective Date, without any further acts or deeds on the part of the Transferee Company, name of transferee company shall be changed from "Laurel Organics Limited" with the name of the Transferor Company "Kimia Biosciences Limited".
- 1.5.2. On approval of the Scheme Section 391 - 394 of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013, it shall be deemed that necessary compliances under section 13 of the Companies Act, 2013 for change of name and alteration in Memorandum of Association of Transferee Company.

2. ACCOUNTING TREATMENT FOR AMALGAMATION

Upon the coming into effect of this Scheme, the amalgamation of the Transferor Companies with the Transferee Company shall be accounted for as per the "Accounting Standard 14: Accounting for Amalgamations" as prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Ministry of Corporate Affairs or the "Indian Accounting Standard (Ind AS) 103 for Business Combination" prescribed under section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015, (if applicable), as may be amended from time to time such that:

- 2.1. Transferee Company shall, record all the assets and liabilities, including Reserves of the Transferor Company vested in it pursuant to this Scheme, at their respective book values as appearing in the books of Transferor Company on the Appointed Date.
- 2.2. If at the time of amalgamation, Transferor Company and Transferee Company have conflicting accounting policies, a uniform accounting policy shall be adopted by Transferee Company following the amalgamation. The effect on the financial statements of any change in accounting policies shall be reported in accordance with Accounting Standard 5, 'Prior Period and Extraordinary Items and changes in accounting policies'.

James Gail



- 2.3. Investment, if any, in the equity share capital of the Transferor Company by the Transferee Company as appearing in the books of accounts of Transferee Company or vice versa, if not transferred prior to the effective date, shall stand cancelled and there shall be no further obligation / outstanding in that behalf.
- 2.4. The loans and advance or payables or receivables of any kind, held inter-se, if any between Transferor Company and Transferee Company, as appearing in their respective books of accounts shall stand discharged prior to Effective Date.
- 2.5. The difference between the share capital issued by the Transferee Company and the net assets of the Transferor Company acquired would be adjusted in the consolidated reserves of the Transferee Company. Also, the difference, if any arising from the cancellation of cross-holdings (if any) shall also be adjusted in the consolidated reserves of the Transferee Company.
- 2.6. The accounting entries proposed in this Scheme shall be effected as a part of this Scheme and not under a separate process in terms of Section 78, 100 to 104 of the Companies Act, 1956 or Section 52 or any corresponding provisions under Companies Act, 2013, to the extent notified, as the same neither involves diminution of liability in respect of unpaid share capital of Transferee company nor any payment to any shareholder of the Transferee Company of any paid-up capital and the order of High Court sanctioning the Scheme shall be deemed to be a due compliance of the provisions of Sections 100 to 102 of the Companies Act, 1956 or any corresponding provisions of Companies Act, 2013, consequently. Consequently, the Transferee Company shall not be required to use the words "and reduced" as part of its corporate name.

3. LISTING AGREEMENT AND SEBI COMPLIANCES

- 3.1. Since the Transferee Company being a listed company, this Scheme is subject to the Compliances by the Transferee Company of all the requirements under the listing regulations and all statutory directives of the Securities Exchange Board of India ('SEBI') insofar as they relate to sanction and implementation of the Scheme.
- 3.2. The Transferee Company in compliance with the listing Regulations shall apply for the 'Observation Letter' of BSE Limited, where its shares are listed in terms of the Regulation 37 of the listing regulations.



3.3. The Transferee Company shall also comply with the directives of SEBI contained in the Circular No. CIR/CFD/CMD/16/2015 dated 30th November 2015;

3.4. As Para 9 of SEBI Circular No CIR/CFD/CMD/16/2015 dated 30th November 2015 is applicable to this Scheme, therefore it is provided in the Scheme that the Transferee Company will provide voting by the public shareholders through postal ballot and e-voting and will disclose all material facts in the explanatory statement, to be sent to the shareholders in relation to the said Resolution.

4. Saving of Concluded Transactions

The transfer of properties and liabilities and the continuance of proceedings by or against Transferor Company as envisaged in above shall not affect any transaction or proceedings already concluded by Transferee Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that Transferor Company accept and adopts all acts, deeds and things done and executed by Transferee Company in respect thereto as done and executed by Transferee Company in respect thereto as done and executed on behalf of itself.

5. Dissolution of Transferor Company

On occurrence of the Effective Date, Transferor Company shall, without any further act or deed, shall stand dissolved without winding up.



PART - V
OTHER PROVISIONS

1. Application/Petition to High Court:

- 1.1. Transferor Company and Transferee Company shall, with all reasonable dispatch, make application/petition to the Hon'ble High Court, under Section 391 and other applicable provisions of the Act, or any corresponding provisions of the Companies Act, 2013 (to the extent notified), seeking orders for dispensing with or convening, holding and conducting of the meetings of the classes of their respective members and/or creditors and for sanctioning the Scheme with such modifications as may be approved by the Hon'ble High Court.
- 1.2. On the Scheme being agreed to by the requisite majorities of all the classes of the members and/or creditors of Transferor Company and Transferee Company shall, with all reasonable dispatch, apply to the Hon'ble High Court, for sanctioning the Scheme under Sections 391, 394 and other applicable provisions of the Companies Act 1956, or the corresponding provisions of the Companies Act, 2013 (to the extent notified), and for such other orders, as the said High Court may deem fit for carrying this Scheme into effect and for dissolution of Transferor Company without winding-up.

2. Conditionality of Scheme:

The Scheme is conditional upon and subject to:

- 2.1. The Scheme being approved by the requisite majorities in number and value of such classes of persons including the Members and / or Creditors of the Transferor Companies and Transferee Company as may be directed by the Court or any other competent authority, as may be applicable.
- 2.2. As Para 9 of SEBI Circular No CIR/CFD/CMD/16/2015 dated 30th November 2015 is applicable to this Scheme, therefore it is provided in the Scheme that the Transferee Company will provide voting by the public shareholders through postal ballot and e-voting and will disclose all material facts in the explanatory statement, to be sent to the shareholders in relation to the said Resolution
- 2.3. As Para 9 of SEBI Circular No CIR/CFD/CMD/16/2015 dated 30th November 2015 is applicable to this Scheme, the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by the public shareholders against it.

James Gird



- 2.4. The Scheme being sanctioned by the Court or any other authority under Sections 391 to 394 of the Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 (to the extent notified) and to the necessary Order under Section 394 of the said Companies Act, 1956 or any corresponding provisions of the Companies Act, 2013 (to the extent notified) being obtained.
- 2.5. Certified copies of the Orders of the Court sanctioning the Scheme being filed with the respective Registrar of Companies by the Transferor Company and Transferee Company;
- 2.6. The requisite, consent, approval or permission of the Central Government or any other statutory or regulatory authority, if any, which by law may be necessary for the implementation of this Scheme.

3. Modification or Amendment

- 3.1. Transferee Company (acting through its Board of Directors) and Transferor Company (acting through its respective Board of Directors) may assent to any modifications or amendments to this Scheme which the High Court(s) and/or other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for any question or doubt or difficulty that may arise for implementing and/or carrying out the scheme or which is generally in the benefit or interest of the shareholders and/or creditors. Transferee Company (acting through its Board of Directors) and Transferor Company (each acting through its respective Board of Directors) and after the dissolution of Transferor Company; Transferee Company (by its Board of directors) be and is hereby authorized to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubt, difficulties or questions whether by reason of any order(s) of the High Court(s) or of any directive or order(s) of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.
- 3.2. Transferor Company and Transferee Company shall be at liberty to withdraw from this Scheme in case any condition or alteration imposed by the Hon'ble High Court or any other authority is not on terms acceptable to them.
- 3.3. In the event of this Scheme failing to take effect finally this Scheme shall become null and void and in that event no rights and liabilities whatsoever shall accrue to or be incurred inter se by the parties or their shareholders or creditors or employees



or any other person. In such case each Company shall bear its own costs or as may be mutually agreed.

4. General Terms and Conditions

All costs, charges, fees, taxes including duties (including the stamp duty, if any, applicable in relation to this Scheme), levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing the terms and conditions or provisions of this Scheme and matters incidental thereto shall be borne and paid by Transferee Company. All such costs, charges, fees, taxes, stamp duty including duties (excluding the stamp duty, if any, paid on this scheme which shall be pro rata added to the value of the immovable properties), levies and all other expenses, shall be debited to the Profit and Loss Account of Transferee Company.

James Noel

