

To,
The Board of Directors
Sequent Scientific Limited
301/A, Dosti Pinnacle,
Plot No.E7, Road No.22,
Wagle Industrial Area,
Thane (W), Mumbai - 400 604

Independent Auditor's Certificate certifying the accounting treatment contained in the Draft Composite Scheme of Arrangement between Strides Shasun Limited (Formerly Strides Arcolab Limited) and Sequent Scientific Limited and Solara Active Pharma Sciences Limited (Formerly SSL Pharma Sciences Limited)

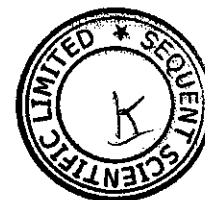
1. This certificate is issued in accordance with the terms of our engagement letter dated October 18, 2016.
2. We, Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of Sequent Scientific Limited ("the Company"), have examined the proposed accounting treatment specified in Clause 8 and Clause 19, as applicable with regard to demerger of the Commodity API Business of the Strides Shasun Limited and the Human API Business of the Company into Solara Active Pharma Sciences Limited, as specified in the draft Composite Scheme of Arrangement between the Company, Strides Shasun Limited and Solara Active Pharma Sciences Limited (hereinafter referred as 'the Scheme') in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 with reference to its compliance with the applicable Indian Accounting Standards (hereinafter referred as "Ind AS") notified under Section 133 of the Companies Act, 2013, read with the rules made there under and other generally accepted accounting principles.

Management's responsibility

3. The responsibility for the preparation of the Scheme and its compliance with the relevant laws and regulations, including the applicable Ind AS read with the rules made there under and other generally accepted accounting principles as aforesaid, is that of the Board of Directors of the Companies involved. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor's responsibility

4. Our responsibility is only to examine and report whether the accounting treatment referred to in Clause 8 and Clause 19 of the Scheme referred to above, as applicable comply with the applicable Ind AS, and Other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.



5. We carried out our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes, issued by the Institute of Chartered Accountants of India (ICAI) and Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by (ICAI).
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements. Further our examination did not extend to any other parts and aspects of a legal or proprietary nature in the aforesaid Scheme.

Opinion

7. Based on our examination and according to the information and explanations given to us, we are of the opinion that the accounting treatment contained in Clause 8 and Clause 19 of the Scheme, as applicable is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder, the applicable Ind AS notified under Section 133 of the Companies Act, 2013, read with the rules made there under, and Other Generally Accepted Accounting Principles, as applicable.
8. For ease of references, Clause 8 and Clause 19 of the Scheme, duly authenticated on behalf of the Company, is reproduced in Annexure 1 to this Certificate and is initialed by us only for the purposes of identification.

Restriction on use

9. This certificate is issued at the request of the Company pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for onward submission by the Company to the National Stock Exchange of India Limited and BSE Limited and pursuant to the requirements of Sections 230 to 232 of the Companies Act, 2013 for onward submission to the National Company Law Tribunal as constituted under the provisions of the Companies Act, 2013. This Certificate should not be used for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

Bengaluru, June 08, 2017
Ref: SPK/053

For DELOITTE HASKINS & SELLS
Chartered Accountants
(ICAI Reg. No. 008072S)

SATHYA P. KOUSHIK
Partner
Membership No. 206920



RELEVANT EXTRACT OF THE COMPOSITE SCHEME OF ARRANGEMENT BETWEEN STRIDES SHASUN LIMITED AND SEQUENT SCIENTIFIC LIMITED AND SOLARA ACTIVE PHARMA SCIENCES LIMITED IN TERMS OF THE PROVISIONS OF SECTIONS 230 TO 232 OF THE COMPANIES ACT, 2013

Clause 8: ACCOUNTING TREATMENT

IN THE BOOKS OF THE DEMERGED COMPANY 1

Upon the effectiveness of this Scheme, in accordance with the applicable accounting standards, Act and generally accepted accounting principles in India, the Demerged Company 1 shall provide the following accounting treatment in its books of accounts:

8.1 Upon the Scheme coming into effect, with effect from the Appointed Date, the Demerged Company 1 shall transfer the assets and liabilities forming part of the Demerged Undertaking 1 to the Resulting Company at their respective carrying amounts (i.e. the book value) at the Appointed Date;

8.2 Inter-company investment between the Demerged Company 1 and the Resulting Company will stand cancelled as per Clause 7.1 and there shall be no further obligation/ outstanding in that behalf.

8.3 Adjustments

8.3.1 Upon the Scheme coming into effect, Reserves of the Demerged Company 1 shall be adjusted for:

(i) solely to meet the requirements of Ind AS notified under Section 133 of the Act, the fair value as at the Appointed Date of the Demerged Undertaking 1; and

(ii) the reduction of shareholding of the Demerged Company 1 in the Resulting Company as per Clause 7.1 of the Scheme.

8.3.2 The adjustment to Reserves mentioned in Clause 8.3.1 shall be as follows:

(i) the excess of the book value of assets over the book value of liabilities transferred as per Clause 8.1 as at the Appointed Date shall be reduced from the balance in the Securities Premium account.

(ii) the difference between (a) the fair value of the Demerged Undertaking 1 as determined under Clause 8.3.1(i), and (b) the adjustment under Clause 8.3.2(i), shall be charged to the surplus/ deficit accumulated in Retained earnings.

The adjustment to Reserves mentioned in Clause 8.3.1 (ii) shall be by way of reduction of the balance in Retained earnings.



SeQuent Scientific Limited

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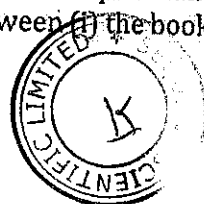


- 8.4 Upon the Scheme coming into effect, with effect from Appointed Date, solely to meet the requirements of Ind AS notified under section 133 of the Act, the difference between (a) the fair value of the Demerged Undertaking 1 as determined under Clause 8.3.1(i), and (b) the excess of the book value of assets over the book value of liabilities transferred as per Clause 8.1 as at the Appointed Date, shall be credited to the Statement of Profit and Loss.
- 8.5 As mentioned in Clause 9.1, with effect from Appointed Date until Effective Date, the Demerged Company 1 shall be deemed to have been carrying on and shall carry on its business and activities relating to the Demerged Undertaking 1 and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its estates, properties, rights, title, interest, authorities, contracts and investments and assets forming part of the Demerged Undertaking 1 for and on account of and in trust for the Resulting Company. Accordingly, the following shall apply:
- (i) Pending approval of the Scheme by the NCLT and other appropriate authorities, in the period between Appointed Date and the Effective Date, the Demerged Company 1 shall continue to record the transactions and balances relating to the Demerged Undertaking 1 in its books of account.
- (ii) Upon the Scheme coming into effect, the Demerged Company 1 shall derecognize all transactions and balances relating to the Demerged Undertaking 1 that was recorded between the Appointed Date and the Effective Date pursuant to Clause 8.5(i) above and shall redraw its books of account to the extent required to give effect to the Scheme.
- 8.6 It is reiterated that the demerger of the Demerged Undertaking 1 of the Demerged Company 1 into the Resulting Company pursuant to this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.

IN THE BOOKS OF THE RESULTING COMPANY

Upon the effectiveness of this Scheme, in accordance with the applicable accounting standards, Act and generally accepted accounting principles in India, the Resulting Company shall provide the following accounting treatment in its books of accounts:

- 8.7 Upon the Scheme coming into effect, with effect from the Appointed Date, the Resulting Company shall record the assets and liabilities of the Commodity API Business of the Demerged Company 1 vested in it pursuant to this Scheme at their respective book values appearing in the books of the Demerged Company 1, as per Clause 8.1 above in accordance with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Act;
- 8.8 The Resulting Company shall record the equity shares issued and allotted by it pursuant to Clause 6.1 of the Scheme at a premium. The face value of the equity shares issued shall be recorded to the credit of share capital account. The premium on issue of equity shares shall be determined as the difference between (i) the book



value of the net assets (i.e book value of assets and the liabilities) recorded pursuant to Clause 8.7, and (ii) the face value of the equity shares allotted. The premium shall be credited to the Securities Premium account.

- 8.9 Shares held by the Demerged Company 1 in the Resulting Company shall stand cancelled as per Clause 7.1 and the same shall be transferred to Capital reserve. There shall be no further obligation in respect of the cancelled shares.
- 8.10 Notwithstanding the above, the Board of Directors of the Resulting Company, in consultation with its statutory auditors, is authorized to account any of the balances in any other manner in accordance with the applicable accounting standards, if such accounting treatment is considered more appropriate.
- 8.11 It is reiterated that the demerger of the Commodity API Business of the Demerged Company 1 into the Resulting Company pursuant to this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961. Upon the Scheme coming into effect, the Resulting Company shall account for the transactions relating to the Commodity API Business from the Appointed Date and shall redraw its books of account to the extent required to give effect to the Scheme.

Clause 19: ACCOUNTING TREATMENT

IN THE BOOKS OF THE DEMERGED COMPANY 2

Upon the effectiveness of this Scheme, in accordance with the applicable accounting standards, Act and generally accepted accounting principles in India, the Demerged Company 2 shall provide the following accounting treatment in its books of accounts:

- 19.1 Upon the Scheme coming into effect, with effect from the Appointed Date, the Demerged Company 2 shall transfer the assets and liabilities forming part of the Demerged Undertaking 2 to the Resulting Company at their respective carrying amounts (i.e. the book value) at the Appointed Date;
- 19.2 Upon the Scheme coming into effect, solely to meet the requirements of Ind AS notified under section 133 of the Act, Reserves of the Demerged Company 2 shall be adjusted for the fair value as at the Appointed Date of the Demerged Undertaking 2.

19.3 Adjustments

The adjustment to Reserves mentioned in Clause 19.2 shall be as follows:

- (i) the excess of the book value of assets over the book value of liabilities transferred as per Clause 19.1 as at the Appointed Date shall be reduced from the balance in the Securities Premium account.
- (ii) the difference between (a) the fair value of the Demerged Undertaking 2 as determined under Clause 19.2, and (b) the adjustment under Clause 19.3(i), shall be charged to the surplus/ deficit accumulated in Retained earnings.



- 19.4 Upon the Scheme coming into effect, with effect from Appointed Date, solely to meet the requirements of Ind AS notified under Section 133 of the Act, the difference between (a) the fair value of the Demerged Undertaking 2 as determined under Clause 19.2, and (b) the excess of the book value of assets over the book value of liabilities transferred as per Clause 19.1 as at the Appointed Date, shall be credited to the Statement of Profit and Loss.
- 19.5 As mentioned in Clause 20.1, with effect from Appointed Date until Effective Date, the Demerged Company 2 shall be deemed to have been carrying on and shall carry on its business and activities relating to the Demerged Undertaking 2 and shall be deemed to have held and stood possessed of and shall hold and stand possessed of all its estates, properties, rights, title, interest, authorities, contracts and investments and assets forming part of the Demerged Undertaking 2 for and on account of and in trust for the Resulting Company. Accordingly, the following shall apply:
- (i) Pending approval of the Scheme by the NCLT and other appropriate authorities, in the period between Appointed Date and the Effective Date, the Demerged Company 2 shall continue to record the transactions and balances relating to the Demerged Undertaking 2 in its books of account.
 - (ii) Upon the Scheme coming into effect, the Demerged Company 2 shall derecognize all transactions and balances relating to the Demerged Undertaking 2 that was recorded between the Appointed Date and the Effective Date pursuant to Clause 19.5(i) above and shall redraw its books of account to the extent required to give effect to the Scheme.
- 19.6 It is reiterated that the demerger of the Demerged Undertaking 2 of the Demerged Company 2 into the Resulting Company pursuant to this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.

IN THE BOOKS OF THE RESULTING COMPANY

Upon the effectiveness of this Scheme, in accordance with the applicable accounting standards, Act and generally accepted accounting principles in India, the Demerged Undertaking 2 is considered acquired by the Resulting Company under Ind AS 103. Accordingly, the Resulting Company shall provide the following accounting treatment in its books of accounts.

- 19.7 The Resulting Company shall record the equity shares issued and allotted by it pursuant to Clause 17.1 of the Scheme at fair value as on the Appointed Date. The face value of the equity shares on such issue shall be credited to the share capital account and the balance shall be credited to the Securities premium account.
- 19.8 With effect from the Appointed Date, the Resulting Company shall record the assets and liabilities of the Demerged Undertaking 2 of the Demerged Company 2 vested in it pursuant to this Scheme.



- 19.9 Solely to meet the requirements of Ind AS notified under Section 133 of the Act, the Resulting Company shall reflect the values of the assets and liabilities transferred pursuant to Clause 19.8 at their respective fair values as at the Appointed Date.
- 19.10 The difference, being the excess of the fair value of shares allotted pursuant to Clause 19.7 over the value of net assets recorded under Clause 19.9 (including related deferred tax adjustments), shall be recorded as Goodwill. Shortfall, if any, shall be recorded as Other Comprehensive Income and included in Capital reserve.
- 19.11 Notwithstanding the above, the Board of Directors of the Resulting Company, in consultation with its statutory auditors, is authorized to account any of the balances in any other manner, if such accounting treatment is considered more appropriate.
- 19.12 It is reiterated that the demerger of the Human API Business of the Demerged Company 2 into the Resulting Company pursuant to this Scheme shall take place with effect from the Appointed Date and shall be in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961. Notwithstanding anything contained hereinabove, for purposes of preparing the Income tax returns of the Resulting Company, the assets and liabilities of the Demerged Undertaking 2 of the Demerged Company 2 vested with the Resulting Company under the Scheme will be considered at their respective book values as appearing in the books of the Demerged Company 2 at the Appointed Date, in compliance with Section 2(19AA) of the Income Tax Act, 1961.
- 19.13 Upon the Scheme coming into effect, the Resulting Company shall account for the transactions relating to the Demerged Undertaking 2 from the Appointed Date and shall redraw its books of account to the extent required to give effect to the Scheme.

**Certified True Copy
For Sequent Scientific Limited**



Krupesh
Krupesh Mehta

Company Secretary

