

April 27, 2018

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001

**The National Stock Exchange of India Limited**

Exchange Plaza, Bandra Kurla Complex,  
Bandra (E),  
Mumbai - 400 051

**Scrip code: 512529**

**Scrip code: SEQUENT**

Dear Sir / Madam,

**Sub: Apportionment of the Cost of Acquisition of equity shares**

**Ref: Composite Scheme of Arrangement between Strides Shasun Limited ("Strides"), SeQuent Scientific Limited ("SeQuent / the Company") and Solara Active Pharma Sciences Limited ("Solara") and their respective Shareholders and Creditors ("Composite Scheme") in terms of Sections 230-232 of the Companies Act, 2013**

Kindly find enclosed the guidance to the shareholders of the Company relating to post demerger cost of acquisition of the equity shares of the Company and Solara in terms of the provisions of the Income Tax Act, 1961.

This communication is merely for the general guidance of the shareholders and should not be considered as a substitute for any independent opinion that the shareholders may obtain. The concerned regulatory, statutory or judicial authority, including any assessing officer/ appropriate appellate authority, could take a different view. The Company takes no express or implied liability in relation to this guidance. Please note that if there is any change including change having a retrospective effect in the statutory laws and regulations, the comments expressed in this communication would be necessarily have to re-evaluated in light of the changes. Sequent/ Solara do not take the responsibility of updating this communication at any time in future.

The same is also being uploaded on the website of the Company i.e. [www.sequent.in](http://www.sequent.in).

You are requested to take the same on record.

**For Sequent Scientific Limited**



**Krupesh Mehta**

**Company Secretary**



**SeQuent Scientific Limited**

FOR THE ATTENTION OF THE SHAREHOLDERS OF  
SEQUENT SCIENTIFIC LIMITED ("THE COMPANY")

The National Company Law Tribunal, Mumbai Bench, vide its Order dated March 9, 2018 has approved the Composite Scheme of Arrangement between SeQuent Scientific Limited (the 'Company' or 'Sequent'), Strides Shasun Limited ('Strides') and Solara Active Pharma Sciences Limited ('Solara') and their respective shareholders and creditors ('Composite Scheme') in terms of Sections 230-232 of the Companies Act, 2013.

***The Composite Scheme, inter-alia, provides for the following:***

(i) transfer by way of demerger of the commodity active pharmaceutical ingredients business of Strides ("**Commodity API Business**" or "**Demerged Undertaking 1**") to Solara in consideration for issuance of equity shares by Solara to the shareholders of Strides;

(ii) transfer by way of demerger of human active pharmaceutical ingredients business of SeQuent ("**Human API Business**" or "**Demerged Undertaking 2**") to Solara in consideration for issuance of shares by Solara to the shareholders of SeQuent;

(iii) the reduction of capital held by Strides in Solara;

(iv) the reduction of the securities premium account of Strides and SeQuent respectively to the extent as required under Clause 8.3 and 19.3 of the Scheme respectively and various other matters consequential or otherwise integrally connected therewith, including the reduction of the securities premium account of Strides, pursuant to the provisions of Sections 230 to 232 of the Act, and any other applicable provisions of the Act or Companies Act, 1956, as applicable (including any statutory modification(s) or re-enactment thereof), for the time being in force.

The Company had fixed April 9, 2018 as the Record Date to determine the eligibility of its equity shareholders who would be entitled to receive the equity shares of Solara, pursuant to the Composite Scheme. In terms of the Composite Scheme, Solara is required to issue and allot, to each shareholder of the Company whose name appears in the Register of Members of the Company and/ or in the Depositories as Equity Shareholder of the Company on the Record Date, 1 (one) fully paid up equity share of INR 10/- each of Solara for every 25 (Twenty Five) fully paid up equity share and held by such equity shareholder in the Company.

This communication is being issued for general guidance of the shareholders of the Company in relation to the method of calculation and appointment of the pre-demerger cost of acquisition of equity shares of the Company between the equity shares of the Company and the equity shares of Solara to be received pursuant to the Composite Scheme, as per the provisions of the Income Tax Act, 1961 ('Income Tax Act'). Since the equity shares of Solara are being allotted pursuant to demerger, their Cost of Acquisition is to be determined as per the provision of Section 49(2C) and 49(2D) of the Income Tax Act.

**SeQuent Scientific Limited**

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## Applicable Statutory Provisions of the Income Tax Act:

As per the provision of Section 49(2C) of the Income Tax Act, cost of acquisition of shares in the Resulting Company (Solara) shall be the amount which bears to the cost of acquisition of shares held in the Demerged Company (Sequent) the same proportion as the net book value of the assets transferred in a demerger bears to the Net Worth of the Demerged Company (Sequent) immediately before such demerger.

As per the provision of Section 49(2D) of the Income Tax Act, the cost of acquisition of the original shares held by the shareholder in the Demerged Company (Sequent) shall be deemed to have been reduced by the cost of acquisition of shares in the Resulting Company (Solara) computed as per Section 49(2C) of the Income Tax Act.

For the purpose of determining the post demerger cost of acquisition of the equity shares of the Company and the cost of equity shares of Solara under the Income Tax Act, the eligible shareholders who hold equity shares of the Company as on the Record Date i.e., April 9, 2018, can apportion their pre-demerger cost of acquisition of the Company in the following manner:

Name of the Company	% of Cost of Acquisition of Equity Shares of the Company*
Sequent Scientific Limited	80.02 %
Solara Active Pharma Sciences Limited	19.98 %
Total	100.00 %

\* the net book value of assets which relate to the Human API Business as on the Appointed Date i.e., October 1, 2017 was INR 1,794.63 Million, whereas the networth of the Company (paid up share capital and general reserves) immediately before such demerger was INR 8,982.53 Million.

Thus, the proportion of net book value of assets of the Company was transferred vis-à-vis the net worth of the Company immediately before such demerger will be 19.98%.

Accordingly, the cost of acquisition of the equity shares in Solara will be 19.98 % of the total cost of acquisition of the original equity shares in the Company, prior to the demerger.

### **For Example:**

A shareholder holds 100 shares (having face value of INR 2/- each) in the Company before the Record Date i.e., April 9, 2018 at a price of INR 100/- per share. Total cost of acquisition of 100 shares is INR 10,000. Such shareholder will be allotted 4 fully paid up equity shares (having face value of Rs. 10/- each) of Solara for 100 shares held in the Company.

The proportionate cost of acquisition of 4 shares of Solara shall be INR 1,998 (Rs. 10,000\* 19.98%) and that of 100 shares of the Company shall be INR 8,002/- (Rs. 10,000\*80.02%)

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Further, according to the provisions of Section 47 (vid) of the Income Tax Act, the issue of shares of the Resulting Company i.e., Solara to the equity shareholders of the Sequent, pursuant to the Composite Scheme is not a transfer and hence not taxable in the hands of the equity shareholders of the Company.

Period of holding as per Explanation 1 to Section 2(42A) of the Income Tax Act, for reckoning period of holding of shares in a Resulting Indian company, the period for which the shares were held in the Demerged Company (Sequent) prior to demerger should also be included. For example, if a person acquired 100 shares of Sequent in April, 2017 and based on his holding on the record date i.e. April 9, 2018, he has been allotted 4 share in Solara. If the shares are sold in March, 2019, the period of holding, for determining whether it is a short-term capital asset or long-term capital asset should be considered from the date of original purchase i.e. April, 2017 and not from the date of allotment.

Any other provisions of the Income-Tax Act as may be applicable at relevant point in time in determining the taxable income / capital gains need to be taken into account at the time of determining the tax liability.

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## SeQuent Scientific Limited