



Merck Limited

Corporate Identity Number (CIN): L99999MH1967PLC013726

Registered Office:

Godrej One, 8th Floor, Pirojshanagar, Eastern Express Highway,
Vikhroli – East, Mumbai, Maharashtra – 400079, India

Phone: +91 22 6210 9000, FAX: +91 22 6210 9999

Email id: corpsec@merckgroup.com, Website: www.merck.co.in

POSTAL BALLOT NOTICE

(Pursuant to Section 110 of the Companies Act, 2013 and applicable Rules made thereunder)

Dear Member(s),

Notice is hereby given pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (the **Act**) read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (the **Rules**), as amended from time to time, Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Listing Regulations**) and other applicable laws and regulations, to transact the business mentioned in the resolutions appended below:

- (a) for the transfer of certain businesses of the Company comprising exclusively of the biopharma, performance materials and life science segments as reported in the ERP systems of the Company, whose operations solely comprise of (i) the manufacture and trading of prescription medicines for the treatment of cardiovascular disorders, diabetes and thyroid disorders (**Biopharma**); (ii) trading of effect pigments and functional materials for the automotive, cosmetic, plastic and security industries and the manufacture of materials for the cosmetic industry (**Performance Materials**); and (iii) trading of products for use by the pharmaceutical and bio-pharma industries, including active pharmaceutical ingredients, excipients and bio-pharmaceutical process chemicals (**Life Science**) (Biopharma, Performance Materials and Life Science together, the **BPL Business**) to Merck Life Science Private Limited (**MLSPL**), a company incorporated under the provisions of the Companies Act, 1956, having its registered office at Godrej One, 8th Floor, Pirojshanagar, Eastern Express Highway, Vikhroli – East, Mumbai, Maharashtra – 400079, India (or to an affiliate of MLSPL, as directed by MLSPL), by way of a slump sale on a going concern basis, by entering into a business transfer agreement (and all ancillary agreements in connection therewith) with MLSPL; and
- (b) for entering into certain ancillary agreements with one or more entities belonging to the Merck group which are related parties of the Company,

proposed to be passed by the Members through postal ballot / remote electronic voting (**e-voting**). Pursuant to Sections 102 and 110 of the Act, the Explanatory Statement pertaining to the said resolutions setting out the material facts and the reasons thereof is annexed to this postal ballot notice, along with a postal ballot form for your consideration.

The board of directors of the Company (the **Board**) has appointed Saraf and Associates (Proprietor – K G Saraf) as the scrutinizer (**Scrutinizer**) for conducting the postal ballot and e-voting process in a fair and transparent manner.

In compliance with Regulation 44 of the Listing Regulations, and the provisions of Sections 108 and 110 of the Act, read with the Rule 20 and 22 of the Rules, the Company is offering to its Members the facility to exercise their right to vote by electronic means as an alternate mechanism. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (**NSDL**) for facilitating e-voting in order to enable the Members to cast their votes electronically instead of dispatching a postal ballot form.

Members are requested to carefully read the instructions printed on the postal ballot form and return the same duly completed in the enclosed self-addressed Business Reply Envelope so as to reach Karvy Computer Share Private Limited (the **RTA**) at the address given below and also printed on the self-addressed envelope not later than the close of working hours i.e. 5 p.m. (IST) on **June 12, 2018**. The postal ballot form may also be deposited personally at the address given on the Business Reply Envelope. The postal ballot form, if sent by courier or by registered post / speed post at the expense of the Member(s) will also be accepted.

Postal ballot forms received after the close of working hours i.e. 5:00 p.m. (IST) on **June 12, 2018** will be treated as if no reply has been received from the Member. E-voting will be blocked by the NSDL at 5:00 p.m. (IST) on **June 12, 2018** and e-voting shall not be allowed beyond the said date and time.

Members desiring to opt for e-voting as per the facilities arranged by the Company are requested to read the notes to this postal ballot notice. References to postal ballot(s) in this postal ballot notice include votes received electronically.

RESOLUTIONS:

1. **Approval for transfer of the BPL Business of the Company to MLSPL and/or its affiliates under Regulations 26(2)(a) and (e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011**

To consider, and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) and Regulations 26(2)(a) and (e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subject to the approvals, consents and permissions as may be necessary from the concerned statutory authorities and subject to such terms and conditions as may be imposed by them, and which may be agreed to by the Board of Directors of the Company, (the **Board**, which expression shall also include a committee thereof), the consent of the Company be and is hereby accorded to the Board to enter into a business transfer agreement (and all ancillary agreements in connection therewith) with Merck Life Science Private Limited (**MLSPL**), a company incorporated under the provisions of the Companies Act, 1956, having its registered office at Godrej One, 8th Floor, Pirojshanagar, Eastern Express Highway, Vikhroli – East, Mumbai, Maharashtra – 400079, India, in order to sell, lease or otherwise transfer certain businesses of the Company comprising exclusively of the biopharma, performance materials and life science segments as reported in the ERP systems of the Company, whose operations solely comprise of (i) the manufacture and trading of prescription medicines for the treatment of cardiovascular disorders, diabetes and thyroid disorders (**Biopharma**); (ii) trading of effect pigment and functional materials for the automotive, cosmetic, plastic and security industries and the manufacture of materials for the cosmetic industry (**Performance Materials**); and (iii) trading of products for use by the pharmaceutical and bio-pharma industries, including active pharmaceutical ingredients, excipients and bio-pharmaceutical process chemicals (**Life Science**) (Biopharma, Performance Materials and Life Science together, the **BPL Business**) to MLSPL (or to an affiliate of MLSPL, as directed by MLSPL), along with such employees, assets and liabilities, licenses, regulatory approvals, permits, contracts, liabilities and interests thereof, for an overall consideration of INR 10,520,000,000 (Indian Rupees Ten Billion Five Hundred and Twenty Million), and on terms and conditions as more appropriately defined in the business transfer agreement proposed to be executed by the Company with MLSPL.

RESOLVED FURTHER THAT the Board be and is hereby authorized to undertake all such acts, deeds, matters and things and to finalize and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, including without limitation, effecting any modifications or changes to the foregoing, for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors or to any Director or Officer(s) or Authorized Representative(s) of the Company in order to give effect to this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect.”

2. **Approval for transfer of the BPL Business of the Company to MLSPL and/or its affiliates under Section 180(1)(a) of the Companies Act, 2013**

To consider, and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Companies (Management and Administration) Rules, 2014 and the provisions of the Memorandum and Articles of Association of the Company, and subject to the approvals, consents and permissions as may be necessary from the concerned statutory authorities and subject to such terms and conditions as may be imposed by them, and

which may be agreed to by the Board of Directors of the Company (the **Board**, which expression shall also include a committee thereof), the consent of the Company be and is hereby accorded to the Board to enter into a business transfer agreement (and all ancillary agreements in connection therewith) with Merck Life Science Private Limited (**MLSPL**), a company incorporated under the provisions of the Companies Act, 1956, having its registered office at Godrej One, 8th Floor, Pirojshanagar, Eastern Express Highway, Vikhroli – East, Mumbai, Maharashtra – 400079, India, in order to sell, lease or otherwise transfer certain businesses of the Company comprising exclusively of the biopharma, performance materials and life science segments as reported in the ERP systems of the Company, whose operations solely comprise of (i) the manufacture and trading of prescription medicines for the treatment of cardiovascular disorders, diabetes and thyroid disorders (**Biopharma**); (ii) trading of effect pigment and functional materials for the automotive, cosmetic, plastic and security industries and the manufacture of materials for the cosmetic industry (**Performance Materials**); and (iii) trading of products for use by the pharmaceutical and bio-pharma industries, including active pharmaceutical ingredients, excipients and bio-pharmaceutical process chemicals (**Life Science**) (Biopharma, Performance Materials and Life Science together, the **BPL Business**) to MLSPL (or to an affiliate of MLSPL, as directed by MLSPL), along with such employees, assets and liabilities, licenses, regulatory approvals, permits, contracts, liabilities and interests thereof, for an overall consideration of INR 10,520,000,000 (Indian Rupees Ten Billion Five Hundred and Twenty Million), and on terms and conditions as more appropriately defined in the business transfer agreement proposed to be executed by the Company with MLSPL.

RESOLVED FURTHER THAT the Board be and is hereby authorized to undertake all such acts, deeds, matters and things and to finalize and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion including without limitation, effecting any modifications or changes to the foregoing, for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors or to any Director or Officer(s) or Authorized Representative(s) of the Company in order to give effect to this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect.”

3. **Approval for transfer of the BPL Business of the Company to MLSPL and/or its affiliates under Section 188 of the Companies Act, 2013 and Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To consider, and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23(4) and other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment, modification, variation or re-enactment to any of the forgoing), and the provisions of the Memorandum and Articles of Association of the Company, and subject to the approvals, consents and permissions as may be necessary from the concerned statutory authorities and subject to such terms and conditions as may be imposed by them, and which may be agreed to by the Board of Directors of the Company (the **Board**, which expression shall also include a committee thereof), the consent of the Company be and is hereby accorded to the Board to enter into a business transfer agreement (and all ancillary agreements in connection therewith) with Merck Life Science Private Limited (**MLSPL**), a company incorporated under the provisions of the Companies Act, 1956, having its registered office at Godrej One, 8th Floor, Pirojshanagar, Eastern Express Highway, Vikhroli – East, Mumbai, Maharashtra – 400079, India, in order to sell, lease or otherwise transfer certain businesses of the Company comprising exclusively of the biopharma, performance materials and life science segments as reported in the ERP systems of the Company, whose operations solely comprise of (i) the manufacture and trading of prescription medicines for the treatment of cardiovascular disorders, diabetes and thyroid disorders (**Biopharma**); (ii) trading of effect pigment and functional materials for the automotive, cosmetic, plastic and security industries and the manufacture of materials for the cosmetic industry (**Performance Materials**); and (iii) trading of products for use by the pharmaceutical and bio-pharma industries, including active pharmaceutical ingredients, excipients and bio-pharmaceutical process chemicals (**Life Science**) (Biopharma, Performance Materials and Life

Science together, the **BPL Business**) to MLSPL (or to an affiliate of MLSPL, as directed by MLSPL), along with such employees, assets and liabilities, licenses, regulatory approvals, permits, contracts, liabilities and interests thereof, for an overall consideration of INR 10,520,000,000 (Indian Rupees Ten Billion Five Hundred and Twenty Million), and on terms and conditions as more appropriately defined in the business transfer agreement proposed to be executed by the Company with MLSPL.

RESOLVED FURTHER THAT the Board be and is hereby authorized to undertake all such acts, deeds, matters and things and to finalize and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, including without limitation, effecting any modifications or changes to the foregoing, for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors or to any Director or Officer(s) or Authorized Representative(s) of the Company in order to give effect to this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect.”

4. **Approval for entering into manufacturing and supply agreements with one or more entities belonging to the Merck group under Regulation 26(2)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011**

To consider, and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) and Regulation 26(2)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subject to the approvals, consents and permissions as may be necessary from the concerned statutory authorities and subject to such terms and conditions as may be imposed by them, and which may be agreed to by the Board of Directors of the Company (the **Board**, which expression shall also include a committee thereof), the consent of the Company be and is hereby accorded to the Board to enter into manufacturing and supply agreements (and all ancillary agreements in connection therewith) with one or more entities belonging to the Merck group, for the manufacture and supply of materials and products to such entities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to undertake all such acts, deeds, matters and things and to finalize and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, including without limitation, effecting any modifications or changes to the foregoing, for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors or to any Director or Officer(s) or Authorized Representative(s) of the Company in order to give effect to this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect.”

5. **Approval for entering into manufacturing and supply agreements with one or more entities belonging to the Merck group under Section 188 of the Companies Act, 2013 and Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To consider, and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23(4) and other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment, modification, variation or re-enactment to any of the foregoing), and the provisions of the Memorandum and Articles of Association of the Company, and subject to the approvals, consents and permissions as may be necessary from the concerned

statutory authorities and subject to such terms and conditions as may be imposed by them, and which may be agreed to by the Board of Directors of the Company (the **Board**, which expression shall also include a committee thereof), the consent of the Company be and is hereby accorded to the Board to enter into manufacturing and supply agreements (and all ancillary agreements in connection therewith) with one or more entities belonging to the Merck group, for the manufacture and supply of materials and products to such entities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to undertake all such acts, deeds, matters and things and to finalize and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, including without limitation, effecting any modifications or changes to the foregoing, for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors or to any Director or Officer(s) or Authorized Representative(s) of the Company in order to give effect to this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect.”

6. **Approval for entering into transitional services agreement(s) with one or more entities belonging to the Merck group under Regulation 26(2)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011**

To consider, and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) and Regulation 26(2)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subject to the approvals, consents and permissions as may be necessary from the concerned statutory authorities and subject to such terms and conditions as may be imposed by them, and which may be agreed to by the Board of Directors of the Company (the **Board**, which expression shall also include a committee thereof), the consent of the Company be and is hereby accorded to the Board to enter into transitional services agreement(s) (and all ancillary agreements in connection therewith) with one or more entities belonging to the Merck group, for the provision of certain transitional services to such entities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to undertake all such acts, deeds, matters and things and to finalize and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, including without limitation, effecting any modifications or changes to the foregoing, for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors or to any Director or Officer(s) or Authorized Representative(s) of the Company in order to give effect to this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect.”

7. **Approval for entering into transitional services agreement(s) with one or more entities belonging to the Merck group under Section 188 of the Companies Act, 2013 and Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To consider, and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23(4) and other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment, modification, variation or re-enactment to any of the foregoing), and the provisions of the Memorandum and Articles of Association of the Company, and subject to the approvals, consents and permissions as may be necessary from the concerned statutory authorities and subject to such terms and conditions as may be imposed by them, and which may be agreed

to by the Board of Directors of the Company (the **Board**, which expression shall also include a committee thereof), the consent of the Company be and is hereby accorded to the Board to enter into transitional services agreement(s) (and all ancillary agreements in connection therewith) with one or more entities belonging to the Merck group, for the provision of certain transitional services to such entities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to undertake all such acts, deeds, matters and things and to finalize and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, including without limitation, effecting any modifications or changes to the foregoing, for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors or to any Director or Officer(s) or Authorized Representative(s) of the Company in order to give effect to this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect.”

8. **Approval to enter into certain reverse transitional services agreements with one or more entities belonging to the Merck group under Regulation 26(2)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011**

To consider, and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) and Regulation 26(2)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subject to the approvals, consents and permissions as may be necessary from the concerned statutory authorities and subject to such terms and conditions as may be imposed by them, and which may be agreed to by the Board of Directors of the Company (the Board, which expression shall also include a committee thereof), the consent of the Company be and is hereby accorded to the Board to enter into certain reverse transitional services agreements (and all ancillary agreements in connection therewith) with one or more entities belonging to the Merck group, for receiving certain transitional services from such entities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to undertake all such acts, deeds, matters and things and to finalize and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, including without limitation, effecting any modifications or changes to the foregoing, for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors or to any Director or Officer(s) or Authorized Representative(s) of the Company in order to give effect to this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect.”

9. **Approval to enter into certain reverse transitional services agreements with one or more entities belonging to the Merck group under Section 188 of the Companies Act, 2013 and Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To consider, and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23(4) and other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment, modification, variation or re-enactment to any of the foregoing), and the provisions of the Memorandum and Articles of Association of the Company, and subject to the approvals, consents and permissions as may be necessary from the concerned statutory authorities and subject to such terms and conditions as may be imposed by them, and which may be agreed to by the Board of Directors of the Company, (the **Board**, which expression shall also include a committee thereof),

the consent of the Company be and is hereby accorded to the Board to enter into certain reverse transitional services agreements (and all ancillary agreements in connection therewith) with one or more entities belonging to the Merck group, for receiving certain transitional services from such entities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to undertake all such acts, deeds, matters and things and to finalize and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, including without limitation, effecting any modifications or changes to the foregoing, for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors or to any Director or Officer(s) or Authorized Representative(s) of the Company in order to give effect to this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect.”

10. **Approval for entering into transitional distribution services agreement(s) with one or more entities belonging to the Merck group under Regulation 26(2)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011**

To consider, and if thought fit, to pass with or without modifications, the following resolution as a **SPECIAL RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 110 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) and Regulation 26(2)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subject to the approvals, consents and permissions as may be necessary from the concerned statutory authorities and subject to such terms and conditions as may be imposed by them, and which may be agreed to by the Board of Directors of the Company (the **Board**, which expression shall also include a committee thereof), the consent of the Company be and is hereby accorded to the Board to enter into transitional distribution services agreement(s) (and all ancillary agreements in connection therewith) with one or more entities belonging to the Merck group, for the provision of certain transitional distribution services to such entities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to undertake all such acts, deeds, matters and things and to finalize and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, including without limitation, effecting any modifications or changes to the foregoing, for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors or to any Director or Officer(s) or Authorized Representative(s) of the Company in order to give effect to this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect.”

11. **Approval to enter into transitional distribution services agreement(s) with one or more entities belonging to the Merck group under Section 188 of the Companies Act, 2013 and Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To consider, and if thought fit, to pass with or without modifications, the following resolution as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Companies (Meetings of Board and its Powers) Rules, 2014, Regulation 23(4) and other applicable provisions, if any, of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment, modification, variation or re-enactment to any of the foregoing), and the provisions of the Memorandum and Articles of Association of the Company, and subject to the approvals, consents and permissions as may be necessary from the concerned statutory authorities and subject to such terms and conditions as may be imposed by them, and which may be agreed

to by the Board of Directors of the Company (the **Board**, which expression shall also include a committee thereof), the consent of the Company be and is hereby accorded to the Board to enter into transitional services distribution agreement(s) (and all ancillary agreements in connection therewith) with one or more entities belonging to the Merck group, for the provision of certain transitional distribution services to such entities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to undertake all such acts, deeds, matters and things and to finalize and execute all such deeds, documents and writings as may be deemed necessary, proper, desirable and expedient in its absolute discretion, including without limitation, effecting any modifications or changes to the foregoing, for the purpose of giving effect to this resolution and to settle any question, difficulty or doubt that may arise in this regard.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this resolution to any Committee of Directors or to any Director or Officer(s) or Authorized Representative(s) of the Company in order to give effect to this resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respect.”

Notes:

1. An Explanatory Statement pursuant to Section 102(1) read with Section 110 of the Act, setting out the material facts and reasons for the proposed resolutions above, is appended herein below along with the postal ballot form for your consideration.
2. The postal ballot notice is being sent to the Members whose names appear in the Register of Members / List of Beneficial Owners as received from NSDL and CDSL as on April 27, 2018. The voting rights shall also be reckoned on the paid-up value of shares registered in the name of the member(s) as on the said date. A person who is not a member as on the relevant date should treat this postal ballot notice for information purposes only.
3. Members who have registered their email IDs for receipt of documents in electronic form are being sent the postal ballot notice by e-mail to their email IDs registered with their depository participants / the Company's registrar and share transfer agent. Members who receive the postal ballot notice by e-mail and who wish to vote through physical postal ballot form can download the same from the website of the Company (www.merck.co.in). For members whose email IDs are not registered, physical copies of this postal ballot notice are being sent by registered post, speed post or courier along with postal ballot form and a postage-prepaid self-addressed business reply envelope. Alternatively, a Member may write to the Company's share registrar and transfer agent, Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500032 (the **RTA**) for obtaining a duplicate postal ballot form.
4. Resolution passed by the Members through postal ballot is deemed to have been passed as if they are passed at a General Meeting of the Members.
5. Members can opt for only one mode of voting i.e. either by postal ballot or through e-voting. In cases where members cast their votes through both modes, votes cast electronically (e-voting) shall be treated as valid and votes cast through postal ballot forms will be treated as invalid.
6. Members who have not registered their e-mail ID are requested to register the same with the Company's registrar and share transfer agent / depositories in order to receive the Company's Annual Report and other communications electronically in future.
7. The Scrutinizer will submit his report to the Chairman of the Board or any person authorized by him after the completion of scrutiny, and the result of the voting by postal ballot will be announced by the Chairman or any person authorized by him, on or before June 14, 2018. The results along with the report of the Scrutinizer shall be displayed on the Company's website (www.merck.co.in), the website of NSDL and shall also be communicated to BSE Limited and the National Stock Exchange of India Limited, where the shares of the Company are listed. The resolutions, if passed by the requisite majority, shall be deemed to have been passed on June 12, 2018, i.e. the last date specified by the Company for receipt of duly completed postal ballot forms or e-voting.
8. This postal ballot notice is also placed on the website of the Company: (www.merck.co.in) and on the website of NSDL.

9. In compliance with the provisions of Sections 108, 110 and other applicable provisions of the Act, read with (i) Rule 20 and Rule 22 of the Companies (Management and Administration) Rules, 2014 as amended; and (ii) Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is offering e-voting facility to all the Members of the Company and the business may be transacted through electronic voting system. The Company has engaged the services of NSDL for facilitating e-voting to enable the Members to cast their votes electronically. A Member may avail of this facility at his / her discretion as per the instructions provided herein.
10. The e-voting period shall commence on **May 14, 2018** at 9:00 a.m. (IST) and end on **June 12, 2018** at 5:00 p.m. (IST). The e-voting will be blocked by NSDL thereafter. During this period, Members of the Company holding shares either in physical or dematerialised form, as on the cut-off date, i.e. **April 27, 2018**, may cast their vote electronically.
11. Once the vote on the resolutions is cast by the Members, the Members shall not be allowed to change it subsequently.
12. The instructions for Members for e-voting are as under:

E-VOTING INSTRUCTIONS

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
 - a) Click on "**Forgot User Details/Password?**" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) "**Physical User Reset Password?**" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to <mailto:merckpb2018@sarafandassociates.com> with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

**By order of the Board of Directors
For Merck Limited**

Sd/-

Vikas Gupta

General Counsel & Company Secretary

Mumbai, April 27, 2018

Registered Office:

Godrej One, 8th Floor, Pirojshanagar, Eastern Express Highway,
Vikhroli – East, Mumbai,
Maharashtra – 400079, India
Website: www.merck.co.in

Registrar and Share Transfer Agent

Karvy Computershare Private Limited,
Karvy Selenium Tower B,
Plot 31-32,
Gachibowli Financial District,
Nanakramguda, Hyderabad – 500032
Phone No. +91 40 6716 2222, Fax No. +91 40 2342 0814
Toll Free No. 1800-3454-001
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

EXPLANATORY STATEMENT PURSUANT TO SECTIONS 102(1) AND 110 OF THE COMPANIES ACT, 2013

The Company is engaged in various businesses including: (a) manufacturing and marketing of products related to consumer health products; (b) the manufacture and trading of prescription medicines for the treatment of cardiovascular disorders, diabetes and thyroid disorders (**Biopharma**); (c) trading of effect pigment and functional materials for the automotive, cosmetic, plastic and security industries and the manufacture of materials for the cosmetic industry (**Performance Materials**); and (d) trading of products for use by the pharmaceutical and bio-pharma industries, including active pharmaceutical ingredients, excipients and bio-pharmaceutical process chemicals (**Life Science**) (Biopharma, Performance Materials and Life Science together, and as reported in the ERP systems of the Company, the **BPL Business**). The BPL Business draws significant synergy and scale benefits from the business operations of other Merck group companies operating in India and the global operations of Merck KGaA. Without essential support from the Merck group companies the BPL Business will be unable to operate and grow successfully in India. As a result, the Company intends to enter into a business transfer agreement with Merck Life Science Private Limited (**MLSPL**), a subsidiary of its ultimate parent company Merck KGaA, Darmstadt, Germany to sell the BPL Business to MLSPL, a company incorporated under the provisions of the Companies Act, 1956, having its registered office at Godrej One, 8th Floor, Pirojshanagar, Eastern Express Highway, Vikhroli – East, Mumbai, Maharashtra – 400079, India (or to an affiliate of MLSPL, as directed by MLSPL) on a slump sale basis. Resolutions 1 to 3 of this postal ballot notice seek your approval for sale of BPL Business to MLSPL and/or its affiliates and Resolutions 4 to 11 of this postal ballot seek your approval to enter into certain commercial arrangements with one or more entities belonging to Merck group. Given below is the additional explanatory statement in respect of each of the resolutions included in this postal ballot.

Item No. 1

Approval for transfer of the BPL Business of the Company to MLSPL and/or its affiliates under Regulations 26(2)(a) and (e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

As per a public announcement dated April 19, 2018 (**Public Announcement**), Procter & Gamble Overseas India B.V. (**Acquirer**), together with The Procter & Gamble Company (**PAC**) in its capacity as a person acting in concert with the Acquirer, has made an open offer for acquisition of up to 4,315,840 (Four Million Three Hundred Fifteen Thousand Eight Hundred Forty) fully paid up equity shares of face value of INR 10 (Indian Rupees Ten) each of the Company (constituting 26% (Twenty Six Percent) of the fully diluted voting equity share capital of the Company) (**Open Offer**), pursuant to and in compliance with Regulations 3(1), 4 and other applicable regulations of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto (**Takeover Regulations**). The Open Offer is made at a price of INR 1500.36 (Indian Rupees One Thousand Five Hundred and Thirty Six Paise only) per Offer Share (the **Offer Price**).

We understand from the Public Announcement that the Open Offer has been triggered further to the Acquirer having entered into a sale and purchase agreement (the **India SAPA**) dated April 19, 2018 wherein it is proposed that the Acquirer shall purchase from Emedia Export Company MBH, Merck Internationale Beteiligungen GmbH, Chemittra GmbH (the **Sellers**) 8,599,224 (Eight Million Five Hundred Ninety Nine Thousand Two Hundred Twenty Four) equity shares of face value INR 10 (Indian Rupees Ten only) each of the Company, which constitutes 51.80% of the fully diluted voting equity share capital of the Company. We further understand from the Public Announcement that the said sale of the equity shares of the Company held by the Sellers is proposed to be executed at a price of up to INR 1,500 (Indian Rupees One Thousand Five Hundred only) per fully paid up Equity Share aggregating to up to INR 12,898,836,000 (Indian Rupees Twelve Thousand Eight Hundred and Ninety Eight Million Eight Hundred Thirty Six Thousand only) total for all equity shares of the Company held by the Sellers payable in cash. Further, as per the Public Announcement, the Open Offer has been made by the Acquirer pursuant to the execution of the India SAPA by the Acquirer. As disclosed by the Acquirer in the said Public Announcement, the completion of the Open Offer and the underlying transaction as envisaged under the India SAPA is subject to satisfaction of certain conditions precedent (including receipt of certain statutory and regulatory approvals) which are set out in the India SAPA.

In view of the Public Announcement made by the Acquirer, the offer period as defined in Regulation 2(p) of the Takeover Regulations has begun with effect from April 19, 2018. Pursuant to Regulation 26(2)(a) of the Takeover Regulations, during the offer period, unless the approval of shareholders of the Company by way of special resolution by postal ballot is obtained, the Board of Directors of the Company shall not, inter alia, alienate any material assets whether by way of sale, lease, encumbrance or otherwise or enter into any agreement therefor outside the ordinary course of business. Further, pursuant to Regulation 26(2)(e) of the Takeover Regulations, during the offer period, unless the approval of shareholders of the Company by way of special resolution by postal ballot is obtained, the Board of Directors of the Company shall not, enter into, amend or terminate any material contracts to which the target company or any of its subsidiaries is a party, outside the ordinary course of business, whether such contract is with a related party, within the meaning of the term under applicable accounting principles, or with any other person.

Therefore, the Company is required to seek consent of the shareholders by way of special resolution through postal ballot for the purpose of transferring the BPL Business to MLSPL and/or its affiliates.

The Board recommends adoption of the resolution set out in Item no. 1 of the accompanying Notice as special resolution. None of the Directors, Key Managerial Personnel of the Company and their respective relatives are interested or concerned in the said resolution except to the extent of their respective shareholding, if any, in the Company.

Item No. 2

Approval for transfer of the BPL Business of the Company to MLSPL and/or its affiliates under Section 180(1)(a) of the Companies Act, 2013

In accordance with the provisions of Section 180(1)(a) of the Companies Act, 2013 (**Act**) any sale, lease or otherwise disposal of whole or substantially the whole of the undertaking of the Company requires the approval of members of the company accorded by way of a special resolution and as per the provisions of Section 110 of the Act read with Rule 22 of the Companies (Management and Administration) Rules 2014, such a permission by way of special resolution needs to be accorded by way of postal ballot. An undertaking for the purpose of Section 180(1)(a) of the Act means an undertaking in which the investment of the Company exceeds 20% of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates 20% of the total income of the Company during the previous financial year. Given that the undertaking proposed to be transferred generated more than 20% of the total income of the Company during the previous financial year ended December 31, 2017, the transfer of the BPL Business will require approval of the members by a special resolution under Section 180(1)(a) of the Act. The approval of the members of the Company is accordingly being sought for the proposed transaction under the provisions of Section 110 of the Act read with applicable Rules, through postal ballot as set out in the accompanying postal ballot notice.

The Board at its meeting held on April 27, 2018 has approved the sale of the BPL Business, on a going concern basis, by way of a slump sale to MLSPL and/or its affiliates in accordance with the terms of the draft business transfer agreement tabled before it (**BTA**), which is proposed to be entered into between the Company and MLSPL and approved by the Board at the same meeting, all subject to the approval of the shareholders of the Company by way of postal ballot.

As per the terms of the BTA, the BPL Business, which comprises of, amongst other things and as more specifically provided in the BTA:

- certain business properties;
- certain loose plant, spare and replacement parts, machinery, equipment, tooling, furniture, vehicles, smartphones, tablets and other tangible property, but not including (i) business fixtures and fittings; (ii) chairs, desks and tables, other than those located at certain business properties; (iii) desktop computers and laptops; (iv) servers and related equipment; (v) telephones; and (vi) any equipment used in manufacturing) exclusively related to the BPL Business;
- certain semi-finished and finished products exclusively related to the BPL Business;
- certain marketing authorisations;
- amounts receivable in respect of trade debtors by the Company to the extent exclusively related to the BPL Business;
- certain prepaid expenses;
- certain books and records;
- certain intellectual property rights and information technology systems;
- certain business contracts;
- transferable business permits;
- business goodwill; and
- any other assets, properties or rights exclusively related to the BPL Business

shall be transferred by the Company to MLSPL and/or its affiliates, for an overall consideration of INR 10,520,000,000 (Indian Rupees Ten Billion Five Hundred and Twenty Million). The overall consideration amount has been determined based on the value of the BPL Business as a whole and is proposed to be paid as a lump sum consideration for transfer of the BPL Business by the Company to MLSPL and/or its affiliates on a going concern basis. In order to arrive at this overall consideration amount, the Board has obtained and relied upon valuation report issued by Bansi S. Mehta & Co and fairness opinion issued by JM

Financial Limited. No values have been assigned to any of the individual assets or assumed liabilities comprised in the BPL Business.

As per the terms of the BTA, the following assets, amongst others and as more specifically provided in the BTA, are excluded from the transfer of the BPL Business to MLSPL and/or its affiliates:

- business of the Company other than the BPL Business;
- intellectual property other than those identified as transferring as a part of the BPL Business;
- information and communications technologies (including hardware, software, networks and associated documentation) other than those identified as transferring as a part of the BPL Business;
- any product and any permits, licences, certificates, registrations, marketing or other authorisations or consents issued by any governmental entity in respect of any products, other those identified as transferring as a part of the BPL Business;
- cash, marketable securities and negotiable instruments, and all other cash equivalents;
- real property and any leases therefor and interests therein other than the properties identified as transferring as a part of the BPL Business;
- the production site located at 11/1, Marvasodo, Usgaon, Ponda Taluka, Goa 403407, India and all assets therein;
- books and records pertaining to business of the Company other than the BPL Business;
- tax assets;
- tax returns of the Company and, in each case, all related books and records;
- bank account of the Company; and
- equity interest in any person.

The Board of Directors is of the opinion that the aforesaid proposal is in the best interest of the Company and hence, the Board recommends passing of the special resolution for approval of the members through postal ballot.

Copies of the documents set out in the Schedule to the Explanatory Statement will be available for inspection of the Members at the Registered Office of the Company from the date of dispatch of the postal ballot notice till June 12, 2018 between 10 a.m. to 12 noon on all working days (except Saturdays, Sundays and public holidays).

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are interested or concerned in the said resolution except to the extent of their respective shareholding, if any, in the Company.

Item No. 3

Approval for transfer of the BPL Business of the Company to MLSPL and/or its affiliates under Section 188(1)(b) of the Companies Act, 2013 and Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

As per the provisions of Section 188(1)(b) of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, a company shall not enter into any contract or arrangement with a related party with respect to selling or otherwise disposing of, or buying, property of any kind amounting to 10% or more of the net worth of the Company or INR 100 crore, whichever is lower, except with the prior approval of the shareholders by way of an ordinary resolution in accordance with the provisions of the Act.

Since the Company, MLSPL and its affiliates are related parties in terms of Section 2(76) of the Act, and the value of the overall consideration under the BTA is in excess of INR 100 crore, the proposed transaction with MLSPL and/or its affiliates is a related party transaction under Section 188 of the Act requiring the prior approval of the shareholders by way of an ordinary resolution.

Further, pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Listing Regulations**), approval of the members through ordinary resolution is required for all material related party transactions. Under the Listing Regulations, the definition of "related party" is inter alia as per the Act, and a transaction with a related party is considered "material" if the transaction or transactions to be entered into individually or taken together with previous transactions during a financial year exceed 10% of the annual consolidated turnover of the Company, as per its last audited financial statements. Since MLSPL and its affiliates are related parties and the proposed transaction with such entities meets the abovementioned requirement, prior approval of the shareholders by way of an ordinary resolution is required under Regulation 23(4) of the Listing Regulations.

The Board at its meeting held on April 27, 2018 has approved the sale of the BPL Business, on a going concern basis, by way of a slump sale to MLSPL and/or its affiliates in accordance with the terms of the draft business transfer agreement tabled before it (**BTA**), which is proposed to be entered into between the Company and MLSPL and approved by the Board at the same meeting, all subject to the approval of the shareholders of the Company by way of postal ballot.

Additional information required to be disclosed pursuant to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014:

- a) *Name of the related party:* Merck Life Science Private Limited and/or its affiliates
- b) *Name of the director or key managerial personnel who is related, if any:* None
- c) *Nature of relationship:* The Company (on the one hand) and MLSPL and its affiliates (on the other hand) are related parties under Section 2(76) of the Companies Act, 2013.
- d) *Nature, material terms, monetary value and particulars of the contract or arrangement:*
 - (i) The BTA involves transfer of the BPL Business of the Company to MLSPL and/or its affiliates.
 - (ii) As per the terms of the BTA, the BPL Business, which comprises of, amongst other things and as more specifically provided in the BTA:
 - certain business properties;
 - certain loose plant, spare and replacement parts, machinery, equipment, tooling, furniture, vehicles, smartphones, tablets and other tangible property (but not including (i) business fixtures and fittings; (ii) chairs, desks and tables, other than those located at certain business properties; (iii) desktop computers and laptops; (iv) servers and related equipment; (v) telephones; and (vi) any equipment used in manufacturing) exclusively related to the BPL Business;
 - certain semi-finished and finished products exclusively related to the BPL Business;
 - certain marketing authorisations;
 - amounts receivable in respect of trade debtors by the Company to the extent exclusively related to the BPL Business;
 - certain prepaid expenses;
 - certain books and records;
 - certain intellectual property rights and information technology systems;
 - certain business contracts;
 - business permits;
 - business goodwill;
 - any other assets, properties or rights exclusively related to the BPL Business, shall be transferred by the Company to MLSPL and/or its affiliates.
 - (iii) The overall consideration under the BTA is INR 10,520,000,000 (Indian Rupees Ten Billion Five Hundred and Twenty Million). The overall consideration amount has been determined based on the value of the BPL Business as a whole and is proposed to be paid as a lump sum consideration for transfer of the BPL Business by the Company to MLSPL and/or its affiliates on a going concern basis. In order to arrive at this overall consideration amount, the Board has obtained and relied upon valuation report issued by Bansil S. Mehta & Co and fairness opinion issued by JM Financial Limited. No values have been assigned to any of the individual assets or assumed liabilities comprised in the BPL Business.
 - (iv) As per the terms of the BTA, the following assets, amongst others and as more specifically provided in the BTA, are excluded from the transfer of the BPL Business to MLSPL and/or its affiliates:
 - business of the Company other than the BPL Business;
 - intellectual property other than those identified as transferring as a part of the BPL Business;

- information and communications technologies (including hardware, software, networks and associated documentation) other than those identified as transferring as a part of the BPL Business;
- any product and any permits, licences, certificates, registrations, marketing or other authorisations or consents issued by any governmental entity in respect of any products, other those identified as transferring as a part of the BPL Business;
- cash, marketable securities and negotiable instruments, and all other cash equivalents;
- real property and any leases therefor and interests therein other than the properties identified as transferring as part of the BPL Business;
- the production site located at 11/1, Marvasodo, Usgaon, Ponda Taluka, Goa 403407, India and all assets therein;
- books and records pertaining to business of the Company other than the BPL Business;
- tax assets;
- tax returns of the Company and, in each case, all related books and records;
- bank account of the Company; and
- equity interest in any person.

(v) The completion of the transactions proposed under the BTA is subject to various conditions, including:

- closing of the transactions contemplated under the India SAPA;
- to the extent the Competition Commission of India considers the sale of the BPL Business as contemplated by the BTA on a consolidated basis with any approvals required pursuant to the India SAPA, the Competition Commission of India (or any appellate authority) having, in respect of any approvals required pursuant to the India SAPA, either (A) declined jurisdiction; (B) granted approval; or (C) been deemed to have granted approval through the expiration of time periods available for their investigation;
- the Department of Pharmaceuticals, Ministry of Chemicals and Fertilizers, Government of India having provided its approval for the purchase of the BPL Business under the BTA, as per the extant Foreign Direct Investment Policy Circular of 2017 (as amended from time to time).

(vi) If the above conditions as set out in the BTA are not fulfilled within 9 months of the closing of the transactions under the India SAPA, or within such date as agreed between the Company and MLSPL, the BTA will be terminated in accordance with the provisions of the BTA.

(vii) From the date of execution of the BTA till the completion of the transactions under the BTA, the Company is required to conduct the BPL Business in the ordinary and usual course of business, consistent with past practice.

e) *Any other information relevant or important for the members to take a decision on the proposed resolution:* All important or relevant information have been provided in the foregoing paragraphs of this explanatory statement.

All the persons falling under the definition of related party as prescribed under the applicable laws, shall abstain from voting, irrespective of whether the person is party to the particular transaction or not. The promoter shareholders of the Company are related parties, and hence will abstain from voting in respect of the said resolution.

The Board of Directors is of the opinion that the aforesaid proposal is in the best interest of the Company and hence, the Board recommends passing of the ordinary resolution for approval of the members through postal ballot.

Copies of the documents set out in the Schedule to the Explanatory Statement will be available for inspection of the Members at the Registered Office of the Company from the date of dispatch of the postal ballot notice till June 12, 2018 between 10:00 a.m. to 12 noon on all working days (except Saturdays, Sundays and public holidays).

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are interested or concerned in the said resolution except to the extent of their respective shareholding, if any, in the Company.

Item No. 4

Approval for entering into manufacturing and supply agreements with one or more entities belonging to the Merck group under Regulation 26(2)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

In view of the Public Announcement made by the Acquirer, the offer period as defined in Regulation 2(p) of the Takeover Regulations has begun with effect from April 19, 2018. Pursuant to Regulation 26(2)(e) of the Takeover Regulations, during the offer period, unless the approval of shareholders of the Company by way of special resolution by postal ballot is obtained, the Board of Directors of the Company shall not, enter into, amend or terminate any material contracts to which the target company or any of its subsidiaries is a party, outside the ordinary course of business, whether such contract is with a related party, within the meaning of the term under applicable accounting principles, or with any other person.

Therefore, the Company is required to seek consent of the shareholders by way of a special resolution through postal ballot to enter into manufacturing and supply agreements with one or more entities belonging to the Merck group under Regulation 26(2)(e) of the Takeover Regulations.

The Board of Directors is of the opinion that the aforesaid proposal is in the best interest of the Company and hence, the Board recommends passing of the special resolution for approval of the members through postal ballot.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are interested or concerned in the said resolution except to the extent of their respective shareholding, if any, in the Company.

Item No. 5

Approval for entering into manufacturing and supply agreements with one or more entities belonging to the Merck group under Section 188 of the Companies Act, 2013 and Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

As per the provisions of Section 188(1)(a) of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, a company shall not enter into any contract or arrangement with a related party with respect to the sale, purchase or supply of any goods or materials, amounting to 10% or more of the turnover of the Company or INR 100 crore, whichever is lower, except with the prior approval of the shareholders by way of an ordinary resolution in accordance with the provisions of the Act. The limits apply for transactions individually or taken together with the previous transactions during a financial year.

Since the Company and the entities belonging to the Merck group with which the Company proposes to enter into the manufacturing and supply agreements are related parties in terms of Section 2(76) of the Act, and the value of the overall consideration under such agreements (together with other transactions with related parties during this financial year) may be in excess of INR 100 crore, the proposed transaction with such entities is a related party transaction under Section 188 of the Act requiring the prior approval of the shareholders by way of an ordinary resolution.

Further, pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Listing Regulations**), approval of the members by way of an ordinary resolution is required for all material related party transactions. Under the Listing Regulations, the definition of "related party" is inter alia as per the Act, and a transaction with a related party is considered "material" if the transaction or transactions to be entered into individually or taken together with previous transactions during a financial year exceed 10% of the annual consolidated turnover of the Company, as per its last audited financial statements. Since the entities belonging to the Merck group with which the Company proposes to enter into the manufacturing and supply agreements are related parties of the Company and the proposed transaction with such entities may exceed the above mentioned threshold, prior approval of the shareholders by way of an ordinary resolution is required under Regulation 23(4) of the Listing Regulations.

The Board at its meeting held on April 27, 2018 has approved the execution of the manufacturing and supply agreements proposed to be entered into between the Company and one or more entities belonging to the Merck group, subject to the approval of the shareholders of the Company by way of postal ballot.

Additional information required to be disclosed pursuant to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014:

- a) *Name of the related party:* Merck Life Science Private Limited and/or its affiliates
- b) *Name of the director or key managerial personnel who is related, if any:* None
- c) *Nature of relationship:* The Company (on the one hand) and MLSPL and/or its affiliates (on the other hand) are related parties under Section 2(76) of the Companies Act, 2013.

- d) *Nature, material terms, monetary value and particulars of the contract or arrangement:*
- (i) Manufacturing and supply of materials and products for the BPL Business of Merck group.
 - (ii) Under the proposed agreements, the Company will manufacture and supply various materials and products (bulk products and finished products) as required by the entities belonging to the Merck group for its BPL Business that have also been manufactured by the Company for such business prior to the closing of the India SAPA. The agreements provide for a term of three years, which may be extended for additional two years (for finished or bulk products only). All products will be supplied at cost plus 10% (except for materials other than finished or bulk products delivered during the first two years which will be supplied at cost plus 5%).
 - (iii) The consideration payable under the proposed agreements will be up to approximately €2.9 million per annum.
 - (iv) The exact particulars of the agreements will be discussed and negotiated between the Company and the counterparty.
- e) *Any other information relevant or important for the members to take a decision on the proposed resolution:* All important or relevant information have been provided in the foregoing paragraphs of this explanatory statement.

All the persons falling under the definition of related party as prescribed under the applicable laws, shall abstain from voting, irrespective of whether the person is party to the particular transaction or not. The promoter shareholders of the Company are related parties, and hence will abstain from voting in respect of the said resolution.

The Board of Directors is of the opinion that the aforesaid proposal is in the best interest of the Company and hence, the Board recommends passing of the ordinary resolution for approval of the members through postal ballot.

Copies of the documents set out in the Schedule to the Explanatory Statement will be available for inspection of the Members at the Registered Office of the Company from the date of dispatch of the postal ballot notice till June 12, 2018 between 10 a.m. to 12 noon on all working days (except Saturdays, Sundays and public holidays).

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are interested or concerned in the said resolution except to the extent of their respective shareholding, if any, in the Company.

Item No. 6

Approval for entering into transitional services agreement(s) with one or more entities belonging to the Merck group under Regulation 26(2)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

In view of the Public Announcement made by the Acquirer, the offer period as defined in Regulation 2(p) of the Takeover Regulations has begun with effect from April 19, 2018. Pursuant to Regulation 26(2)(e) of the Takeover Regulations, during the offer period, unless the approval of shareholders of the Company by way of special resolution by postal ballot is obtained, the Board of Directors of the Company shall not, enter into, amend or terminate any material contracts to which the target company or any of its subsidiaries is a party, outside the ordinary course of business, whether such contract is with a related party, within the meaning of the term under applicable accounting principles, or with any other person.

Therefore, the Company is required to seek consent of the shareholders by way of special resolution through postal ballot to enter into a transitional services agreement with one or more entities belonging to the Merck group, in order to provide such transitional services to such entities, under Regulation 26(2)(e) of the Takeover Regulations.

The Board of Directors is of the opinion that the aforesaid proposal is in the best interest of the Company and hence, the Board recommends passing of the special resolution for approval of the members through postal ballot.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are interested or concerned in the said resolution except to the extent of their respective shareholding, if any, in the Company.

Item No. 7

Approval for entering into transitional services agreement(s) with one or more entities belonging to the Merck group under Section 188 of the Companies Act, 2013 and Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

As per the provisions of Section 188(1)(d) of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, a company shall not enter into any contract or arrangement with a related party with respect to availing or rendering of any services amounting to 10% or more of the turnover of the Company or INR 50 crore, whichever is lower, except with the prior

approval of the shareholders by way of an ordinary resolution in accordance with the provisions of the Act. The limits apply for transactions individually or taken together with the previous transactions during a financial year.

Since the Company and the entities belonging to the Merck group with which the Company proposes to enter into the transitional services agreement(s) are related parties in terms of Section 2(76) of the Act, and the value of the overall consideration under such agreement(s) (together with other transactions with related parties during this financial year) may be in excess of INR 50 crore, the proposed transaction with such entities is a related party transaction under Section 188 of the Act requiring the prior approval of the shareholders by way of an ordinary resolution.

Further, pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Listing Regulations**), approval of the members through ordinary resolution is required for all material related party transactions. Under the Listing Regulations, the definition of "related party" is inter alia as per the Act, and a transaction with a related party is considered "material" if the transaction or transactions to be entered into individually or taken together with previous transactions during a financial year exceed 10% of the annual consolidated turnover of the Company, as per its last audited financial statements. Since the entities belonging to the Merck group with which the Company proposes to enter into the transitional services agreement(s) are related parties of the Company and the proposed transaction with such entities may exceed the abovementioned threshold, prior approval of the shareholders by way of an ordinary resolution is required under Regulation 23(4) of the Listing Regulations.

The Board at its meeting held on April 27, 2018 has approved the execution of the transitional services agreement(s) proposed to be entered into between the Company and one or more entities belonging to the Merck group and/or their affiliates, subject to the approval of the shareholders of the Company by way of postal ballot.

Additional information required to be disclosed pursuant to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014:

- a) *Name of the related party:* Merck Life Science Private Limited and/or its affiliates
- b) *Name of the director or key managerial personnel who is related, if any:* None
- c) *Nature of relationship:* The Company (on the one hand) and MLSPL and/or its affiliates (on the other hand) are related parties under Section 2(76) of the Companies Act, 2013.
- d) *Nature, material terms, monetary value and particulars of the contract or arrangement:*
 - (i) Provision of transitional services by the Company to other entities of Merck group in India.
 - (ii) Under the proposed agreement, the Company may provide transitional services to one or more entities belonging to the Merck group in India to allow such entities to migrate away from support previously provided by the Company and build up own resources or alternative suppliers (e.g. warehousing services). The contract(s) provide for a term of up to 24 months, depending on how quickly the entities belonging to the Merck group can build up alternative sources. All services will be supplied at cost plus 5%.
 - (iii) The consideration payable under the proposed agreement(s) may be up to ₹2.5 million per annum.
 - (iv) The exact particulars of the agreement(s) will be discussed and negotiated between the Company and the counterparty.
- e) *Any other information relevant or important for the members to take a decision on the proposed resolution:* All important or relevant information have been provided in the foregoing paragraphs of this explanatory statement.

All the persons falling under the definition of related party as prescribed under the applicable laws, shall abstain from voting, irrespective of whether the person is party to the particular transaction or not. The promoter shareholders of the Company are related parties, and hence will abstain from voting in respect of the said resolution.

The Board of Directors is of the opinion that the aforesaid proposal is in the best interest of the Company and hence, the Board recommends passing of the ordinary resolution for approval of the members through postal ballot.

Copies of the documents set out in the Schedule to the Explanatory Statement will be available for inspection of the Members at the Registered Office of the Company from the date of dispatch of the postal ballot notice till June 12, 2018 between 10 a.m. to 12 noon on all working days (except Saturdays, Sundays and public holidays).

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are interested or concerned in the said resolution except to the extent of their respective shareholding, if any, in the Company.

Item No. 8

Approval for entering into certain reverse transitional services agreements with one or more entities belonging to the Merck group under Regulation 26(2)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

In view of the Public Announcement made by the Acquirer, the offer period as defined in Regulation 2(p) of the Takeover Regulations has begun with effect from April 19, 2018. Pursuant to Regulation 26(2)(e) of the Takeover Regulations, during the offer period, unless the approval of shareholders of the Company by way of special resolution by postal ballot is obtained, the Board of Directors of the Company shall not, enter into, amend or terminate any material contracts to which the target company or any of its subsidiaries is a party, outside the ordinary course of business, whether such contract is with a related party, within the meaning of the term under applicable accounting principles, or with any other person.

Therefore, the Company is required to seek consent of the shareholders by way of special resolution through postal ballot to enter into certain reverse transitional services agreements with one or more entities belonging to the Merck group, in order to receive such transitional services from such entities, under Regulation 26(2)(e) of the Takeover Regulations.

The Board of Directors is of the opinion that the aforesaid proposal is in the best interest of the Company and hence, the Board recommends passing of the special resolution for approval of the members through postal ballot.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are interested or concerned in the said resolution except to the extent of their respective shareholding, if any, in the Company.

Item No. 9

Approval for entering into certain reverse transitional services agreements with one or more entities belonging to the Merck group under Section 188 of the Companies Act, 2013 and Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

As per the provisions of Section 188(1)(d) of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, a company shall not enter into any contract or arrangement with a related party with respect to availing or rendering of any services amounting to 10% or more of the turnover of the Company or INR 50 crore, whichever is lower, except with the prior approval of the shareholders by way of an ordinary resolution in accordance with the provisions of the Act. The limits apply for transactions individually or taken together with the previous transactions during a financial year.

Since the Company and the entities belonging to the Merck group with which the Company proposes to enter into the reverse transitional services agreements are related parties in terms of Section 2(76) of the Act, and the value of the overall consideration under such agreements (together with other transactions with related parties during this financial year) may be in excess of INR 50 crore, the proposed transaction with such entities is a related party transaction under Section 188 of the Act requiring the prior approval of the shareholders by way of an ordinary resolution.

Further, pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Listing Regulations**), approval of the members through ordinary resolution is required for all material related party transactions. Under the Listing Regulations, the definition of "related party" is inter alia as per the Act, and a transaction with a related party is considered "material" if the transaction or transactions to be entered into individually or taken together with previous transactions during a financial year exceed 10% of the annual consolidated turnover of the Company, as per its last audited financial statements. Since the entities belonging to the Merck group with which the Company proposes to enter into the reverse transitional services agreements are related parties of the Company and the proposed transaction with such entities may exceed the abovementioned threshold, prior approval of the shareholders by way of an ordinary resolution is required under Regulation 23(4) of the Listing Regulations.

The Board at its meeting held on April 27, 2018 has approved the execution of the reverse transitional services agreements proposed to be entered into between the Company and one or more entities belonging to the Merck group, subject to the approval of the shareholders of the Company by way of postal ballot.

Additional information required to be disclosed pursuant to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014:

- a) *Name of the related party:* Merck Life Science Private Limited and/or its affiliates
- b) *Name of the director or key managerial personnel who is related, if any:* None
- c) *Nature of relationship:* The Company (on the one hand) and MLSPL and/or its affiliates (on the other hand) are related parties under Section 2(76) of the Companies Act, 2013.

- d) *Nature, material terms, monetary value and particulars of the contract or arrangement:*
- (i) Receipt of transitional services by the Company from other entities of Merck group.
 - (ii) Under the proposed agreements, the entities belonging to the Merck group and/or their affiliates will provide transitional services to the Company to allow the Company to migrate away from support previously provided by such entities of the Merck group and build up own resources or alternative suppliers. The services may include (i) certain group functions that have previously been provided by entities belonging to the Merck group and/or their affiliates to the Company (e.g. trademark or patent prosecution services, IT services, accounting services, procurements services, quality services) and (ii) services that have previously been performed by employees who may be transferred to one or more entities belonging to the Merck group pursuant to the provision of the business transfer agreement referred to above (e.g. HR services, finance services, procurement services, supply chain services). The contracts provide for a term of up to 24 months, depending on how quickly the Company can build up alternative sources. All services will be supplied at cost plus 5%.
 - (iii) The consideration payable under the proposed agreements may be up to €2.5 million per annum.
 - (iv) The exact particulars of the agreement will be discussed and negotiated between the Company and the counterparty.
- e) *Any other information relevant or important for the members to take a decision on the proposed resolution:* All important or relevant information have been provided in the foregoing paragraphs of this explanatory statement.

All the persons falling under the definition of related party as prescribed under the applicable laws, shall abstain from voting, irrespective of whether the person is party to the particular transaction or not. The promoter shareholders of the Company are related parties, and hence will abstain from voting in respect of the said resolution.

The Board of Directors is of the opinion that the aforesaid proposal is in the best interest of the Company and hence, the Board recommends passing of the ordinary resolution for approval of the members through postal ballot.

Copies of the documents set out in the Schedule to the Explanatory Statement will be available for inspection of the Members at the Registered Office of the Company from the date of dispatch of the postal ballot notice till June 12, 2018 between 10 a.m. to 12 noon on all working days (except Saturdays, Sundays and public holidays).

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are interested or concerned in the said resolution except to the extent of their respective shareholding, if any, in the Company.

Item No. 10

Approval to enter into transitional distribution services agreement(s) with one or more entities belonging to the Merck group under Regulation 26(2)(e) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

In view of the Public Announcement made by the Acquirer, the offer period as defined in Regulation 2(p) of the Takeover Regulations has begun with effect from April 19, 2018. Pursuant to Regulation 26(2)(e) of the Takeover Regulations, during the offer period, unless the approval of shareholders of the Company by way of special resolution by postal ballot is obtained, the Board of Directors of the Company shall not, enter into, amend or terminate any material contracts to which the target company or any of its subsidiaries is a party, outside the ordinary course of business, whether such contract is with a related party, within the meaning of the term under applicable accounting principles, or with any other person.

Therefore, the Company is required to seek consent of the shareholders by way of special resolution through postal ballot to enter into transitional distribution services agreement(s) with one or more entities belonging to the Merck group, in order to provide such transitional distributional services to such entities, under Regulation 26(2)(e) of the Takeovers Regulations.

The Board of Directors is of the opinion that the aforesaid proposal is in the best interest of the Company and hence, the Board recommends passing of the special resolution for approval of the members through postal ballot.

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are interested or concerned in the said resolution except to the extent of their respective shareholding, if any, in the Company.

Item No. 11

Approval to enter into transitional distribution services agreement(s) with one or more entities belonging to the Merck group under Section 188 of the Companies Act, 2013 and Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

As per the provisions of Section 188(1)(d) of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, a company shall not enter into any contract or arrangement with a related party with respect to availing or rendering of any services amounting to 10% or more of the turnover of the Company or INR 50 crore, whichever is lower, except with the prior approval of the shareholders by way of an ordinary resolution in accordance with the provisions of the Act. The limits apply for transactions individually or taken together with the previous transactions during a financial year.

Since the Company and the entities belonging to the Merck group with which the Company proposes to enter into the transitional distribution services agreement(s) are related parties in terms of Section 2(76) of the Act, and the value of the overall consideration under such agreement(s) (together with other transactions with related parties during this financial year) may be in excess of INR 50 crore, the proposed transaction with such entities is a related party transaction under Section 188 of the Act requiring the prior approval of the shareholders by way of an ordinary resolution.

Further, pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Listing Regulations**), approval of the members through ordinary resolution is required for all material related party transactions. Under the Listing Regulations, the definition of "related party" is inter alia as per the Act, and a transaction with a related party is considered "material" if the transaction or transactions to be entered into individually or taken together with previous transactions during a financial year exceed 10% of the annual consolidated turnover of the Company, as per its last audited financial statements. Since the entities belonging to the Merck group with which the Company proposes to enter into the transitional distribution services agreement(s) are related parties of the Company and the proposed transaction with such entities may exceed the abovementioned threshold, prior approval of the shareholders by way of an ordinary resolution is required under Regulation 23(4) of the Listing Regulations.

The Board at its meeting held on April 27, 2018 has approved the execution of the transitional distribution services agreement(s) proposed to be entered into between the Company and one or more entities belonging to the Merck group, subject to the approval of the shareholders of the Company by way of postal ballot.

Additional information required to be disclosed pursuant to Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014:

- a) *Name of the related party:* Merck Life Science Private Limited and/or its affiliates
- b) *Name of the director or key managerial personnel who is related, if any:* None
- c) *Nature of relationship:* The Company (on the one hand) and MLSPL and/or its affiliates (on the other hand) are related parties under Section 2(76) of the Companies Act, 2013.
- d) *Nature, material terms, monetary value and particulars of the contract or arrangement:*
 - (i) The Company providing certain transitional distribution services to certain other entities of the Merck group and/or their affiliates in India.
 - (ii) Under the proposed agreement, the Company will continue to distribute products sold to one or more entities belonging to the Merck group pursuant to the business transfer agreement referred to above, for a transitional period of time until all relevant product registrations have been transferred to the entities belonging to the Merck group and/or their affiliates and the Merck group are able to take over the distribution of such products. The contract(s) provide for a term of up to 24 months, depending on how quickly the group can take over such distribution. All distribution services will be supplied at cost plus 5%.
 - (iii) The consideration payable under the proposed agreements may be up to ₹1.5 million.
 - (iv) The exact particulars of the agreement(s) will be discussed and negotiated between the Company and the counterparty.
- e) *Any other information relevant or important for the members to take a decision on the proposed resolution:* All important or relevant information have been provided in the foregoing paragraphs of this explanatory statement.

All the persons falling under the definition of related party as prescribed under the applicable laws, shall abstain from voting, irrespective of whether the person is party to the particular transaction or not. The promoter shareholders of the Company are related parties, and hence will abstain from voting in respect of the said resolution.

The Board of Directors is of the opinion that the aforesaid proposal is in the best interest of the Company and hence, the Board recommends passing of the ordinary resolution for approval of the members through postal ballot.

Copies of the documents set out in the Schedule to the Explanatory Statement will be available for inspection of the Members at the Registered Office of the Company from the date of dispatch of the postal ballot notice till June 12, 2018 between 10 a.m. to 12 noon on all working days (except Saturdays, Sundays and public holidays).

None of the Directors, Key Managerial Personnel of the Company and their respective relatives are interested or concerned in the said resolution except to the extent of their respective shareholding, if any, in the Company.

SCHEDULE TO THE EXPLANATORY STATEMENT

Following are the documents which will be available for inspection of the Members in physical form at the Registered Office of the Company from the date of dispatch of the postal ballot notice till June 12, 2018 between 10 a.m. to 12 noon on all working days (except Saturdays, Sundays and public holidays):

1. Draft of the business transfer agreement proposed to be entered into by the Company with Merck Life Science Private Limited (**MLSPL**) for transfer of the Company's biopharma, performance materials and life sciences business (**BPL Business**) to MLSPL and/or its affiliates.
2. Draft template of the manufacturing and supply agreements proposed to be entered into by the Company with one or more entities belonging to the Merck group, for the manufacture and supply of materials and products to such entities.
3. Draft template of the transitional / reverse transitional services agreement(s) proposed to be entered into by the Company with one or more entities belonging to the Merck group, for the provision / receipt of certain transitional services to / from such entities.
4. Draft template of the transitional distribution services agreement proposed to be entered into by the Company with one or more entities belonging to the Merck group, for the provision of certain transitional distribution services to such entities.

By order of the Board of Directors

For Merck Limited

Sd/-

Vikas Gupta

General Counsel & Company Secretary

Mumbai, April 27, 2018

Registered Office:

Godrej One, 8th Floor, Pirojshanagar, Eastern Express Highway,
Vikhroli – East, Mumbai,
Maharashtra – 400079, India
Website: www.merck.co.in

Encl.:

1. Postal ballot form
2. Self-addressed postage pre-paid envelope