

**August 19, 2021**

To,  
Listing/Compliance Department  
**BSE LTD.**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001.

**BSE CODE –524208**

To,  
Listing/Compliance Department  
**National Stock Exchange of  
India Limited**  
“Exchange Plaza”, Plot No. C/1,  
G Block Bandra-Kurla Complex,  
Bandra (E), Mumbai – 400 051.  
**NSE CODE:AARTIIND**

**Sub.: Outcome of the meeting of the Board of Directors of Aarti Industries Limited (“Demerged Company”) held on August 19, 2021 and disclosure under Regulation 30 of the SEBI (LODR) Regulations 2015, as amended (“SEBI LODR Regulations”).**

Dear Sirs,

Pursuant to Regulation 30 of the SEBI LODR Regulations we hereby inform that based on the recommendation of the Audit Committee and the Committee of Independent Directors, the Board of Directors of the Company at its meeting held today, i.e. August 19, 2021 has *inter-alia*, considered and approved to restructure the business of the Demerged Company by way of a Scheme of Arrangement (“**Scheme**”) whereby the Pharma Business and allied activities of Aarti Industries Limited (“**Demerged Company**”) will be demerged into Aarti Pharmalabs Limited (*Formerly known as Aarti Organics Limited*), a wholly owned subsidiary Company of Aarti Industries Limited (“**the Resulting Company**”), as a going concern basis with effect from the Appointed Date i.e. July 1, 2021. The transaction is proposed through a Scheme of Arrangement under Section 230 - 232 read with applicable provisions of the Companies Act, 2013.

The said Scheme would be subject to requisite approvals of the National Company Law Tribunal, BSE Limited, National Stock Exchange of India Limited, Securities and Exchange Board of India and other statutory / regulatory authorities, including those from the shareholders of the Demerged Company.

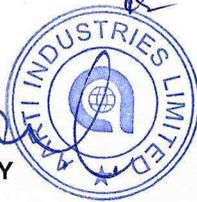
The information pursuant to Regulation 30 of the Listing Regulations read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015 is also enclosed herewith as **Annexure I**.

The meeting of Board of Directors commenced at 12:00 p.m. and concluded at 2:00 p.m.

Thanking you,

**FOR AARTI INDUSTRIES LIMITED**

  
RAJ SARRAF  
COMPANY SECRETARY  
ICSI M. NO. A15526  
Encl.: As above



Annexure - I

Disclosure of information pursuant to Regulation 30 of SEBI LODR Regulations with SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9<sup>th</sup> September, 2015.

Sr. No.	Particulars	Details									
a.	Brief details of the division(s) to be demerged;	<p>The Demerged Company has two business segments ;</p> <ul style="list-style-type: none"> <li>• Specialty Chemicals Business and</li> <li>• Pharma Business.</li> </ul> <p>The Demerged Company would demerge its Pharma business and allied activities (hereinafter referred to as the <b>“Demerged Undertaking”</b>) including assets, investments, liabilities, rights, benefits, interests and obligations (as specifically set out in the Scheme), into the Resulting Company. Demerged Undertaking also includes a part of Specialty Chemical Business, which is a backward integrated facility providing feeding material to the Pharma Business. This part of Specialty Chemical Business accounts for less than 3% of the revenues of the Speciality Chemical Business. The Demerged Company would continue to run and operate the remaining of Specialty Chemical Business (hereinafter referred to as the <b>“Remaining Undertaking”</b>).</p>									
b.	Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year/ based on financials of the last financial year.	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Total Standalone Revenue from Demerged Undertaking (INR in Crs.)</th> <th>% to Standalone turnover of Aarti Industries Limited</th> </tr> </thead> <tbody> <tr> <td>Demerged Undertaking (for Quarter ended June 30, 2021)</td> <td>275.65</td> <td>18.4</td> </tr> <tr> <td>Demerged Undertaking (for Year ended March 31, 2021)</td> <td>952.31</td> <td>19.8</td> </tr> </tbody> </table>	Particulars	Total Standalone Revenue from Demerged Undertaking (INR in Crs.)	% to Standalone turnover of Aarti Industries Limited	Demerged Undertaking (for Quarter ended June 30, 2021)	275.65	18.4	Demerged Undertaking (for Year ended March 31, 2021)	952.31	19.8
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c.	Rationale for demerger	<p>AIL basically has 2 (Two) business verticals i.e. specialty chemicals and pharmaceuticals with divergent business profile, growth potential, risk-rewards, regulatory and capital requirements and are largely independent on each other.</p> <p>a) The Demerged Undertaking relates to pharma manufacturing units, allied activities, investments and cash balance &amp; cash equivalents for future Capital Expenditures of Demerged Undertaking. In order to create overall value for the shareholders, and also to enable management of the company to focus and adopt the relevant strategies necessary for promoting growth and expansion, it is proposed that the Demerged Undertaking (as specifically set out in the Scheme), be demerged and transferred to the Resulting Company under the terms and conditions of the Scheme.</p> <p>b) The shareholders of Aarti Industries Limited, pursuant to the demerger, will get Equity Shares of Resultant Company for the value of Business Transferred in the manner set out under this Scheme.</p>									

		<p>c) The demerger will also result in Aarti Industries Limited and Aarti Pharmalabs Limited achieving operational efficiencies by streamlining of the relevant businesses.</p> <p>d) By demerger of the Demerged Undertaking into the Resulting Company (i.e. Aarti Pharmalabs Limited), the financial resources will be conveniently raised in accordance with the requirement of the business.</p> <p>e) The Demerger will enable the Aarti Pharmalabs Limited to expand its presence in the fast moving Pharma Business in India and abroad.</p> <p>f) The demerger will result into two dedicated and focused business segments i.e Speciality Chemical and Pharma without any risk or overlap of one business over the other.</p>																								
<p>d. Brief details of change in shareholding pattern (if any) of all entities;</p>		<p>The shares will be issued by the Resulting Company in the same proportion (on the basis of Share Entitlement Ratio) in which the shareholders hold the shares in the Demerged Company, subject to receipt of regulatory approvals, the overall economic interest of the equity shareholders of the Demerged Company shall remain the same in both the Companies.</p> <p>Shareholding as on Appointed Date (i.e. July 1, 2021); Demerged Company (Pre &amp; Post Demerger);</p> <table border="1" data-bbox="630 1025 1310 1249"> <thead> <tr> <th>Category</th> <th>No. of Equity shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Promoter &amp; Promoter Group</td> <td>16,27,74,644</td> <td>44.90</td> </tr> <tr> <td>Public</td> <td>19,97,29,391</td> <td>55.10</td> </tr> <tr> <td><b>Total</b></td> <td><b>36,25,04,035</b></td> <td><b>100.00</b></td> </tr> </tbody> </table> <p>Resulting Company (Post Demerger);</p> <table border="1" data-bbox="630 1305 1310 1529"> <thead> <tr> <th>Category</th> <th>No. of Equity shares*</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Promoter &amp; Promoter Group</td> <td>4,06,93,661</td> <td>44.90</td> </tr> <tr> <td>Public</td> <td>4,99,32,348</td> <td>55.10</td> </tr> <tr> <td><b>Total</b></td> <td><b>9,06,26,009</b></td> <td><b>100.00</b></td> </tr> </tbody> </table> <p>* subject to rounding off</p> <p>Note: In terms of the scheme, post Demerger 2,50,000 equity shares held by Demerged Company in the Resulting Company shall stand cancelled.</p>	Category	No. of Equity shares	%	Promoter & Promoter Group	16,27,74,644	44.90	Public	19,97,29,391	55.10	<b>Total</b>	<b>36,25,04,035</b>	<b>100.00</b>	Category	No. of Equity shares*	%	Promoter & Promoter Group	4,06,93,661	44.90	Public	4,99,32,348	55.10	<b>Total</b>	<b>9,06,26,009</b>	<b>100.00</b>
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**AARTI  
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e.	In case of cash consideration - Amount or otherwise share exchange ratio;	No cash consideration is payable under the Scheme. The Resulting Company will issue equity shares to the shareholders of the Demerged Company as under: "Issue equity shares on a proportionate basis to the member of Demerged Company whose name is registered on the register of member as on the Record Date, in the ratio of 1(one) fully paid up equity share of Rs. 5 each in 'Aarti Pharmalabs Limited' (formerly known as 'Aarti Organics Limited') (" Resulting Company") for every 4 (Four) fully paid up equity shares of Rs.5 each held in 'Aarti Industries Limited' ("Demerged Company")
f.	Whether listing would be sought for the resulting entity.	Yes, The Resulting Company will make an application with the BSE Limited and the National Stock Exchange of India Limited for listing of its equity shares in compliance with SEBI Circular No SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 and relevant regulations thereof.

**FOR AARTI INDUSTRIES LIMITED**

  
RAJ SARRAF  
COMPANY SECRETARY  
ICSI M. NO. A15526

