



July 17, 2018

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 (East),
Mumbai – 400 051.

NSE CODE:AARTIIND

Dear Sir,

Sub: Application under Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 for the proposed composite scheme of arrangement between Aarti Industries Limited, Arti Surfactants Limited and Nascent Chemical Industries Limited and their Respective Shareholders.

Brief particulars of the all the entities as per captioned subject:

Particulars	AIL	NCIL	ASL
Name of the company	Aarti Industries Limited	Nascent Chemical Industries Limited	Arti Surfactants Limited
Date of Incorporation & details of name changes, if any	Date of Incorporation: September 28, 1984 Name at the time of Incorporation: Aarti Organics Private Limited December 4, 1990: Aarti Organics Limited October 11, 1994: Aarti Industries Limited	Date of Incorporation: May 4, 1966 Name at the time of Incorporation: Nascent Chemical Industries Private Limited June 14, 1995: Nascent Chemical Industries Limited	Date of Incorporation: June 18, 2018 There is no change in the name of ASL
Registered Office	Plot No. 801/23, GIDC Estate, Phase III, Vapi, District- Valsad, Gujarat - 396 195, India.	909, Raheja Centre, Nariman Point, Mumbai, Maharashtra – 400 021, India.	801, 801/23, GIDC Estate, Phase III, Vapi, District- Valsad, Gujarat - 396 195, India.
Brief particulars of the scheme	The composite scheme of arrangement provides for the demerger of the Home and Personal Care Undertaking of Aarti Industries Limited into Arti Surfactants Limited, a company newly incorporated by AIL for the purposes of demerger and the demerger of the Manufacturing Undertaking of Nascent Chemical Industries Limited into Aarti Industries Limited and their respective shareholders.		



www.aarti-industries.com | CIN: L24110GJ1984PLC007301

Admin. Office : 71, Udyog Kshetra, 2nd Floor, Mulund Goregaon Link Road, Mulund (W), Mumbai - 400080, INDIA.

T : 022-67976666, F : 022-2565 3234 | E : info@aarti-industries.com

Regd. Office : Plot No. 801, 801/23, Illrd Phase, GIDC Vapi-396195, Dist- Valsad. INDIA. T : 0260-2400366.

Rationale for the scheme	i. Rationale for demerger of the Home and Personal Care Undertaking The demerger of the Home and Personal Care Undertaking is being undertaken due to the following reasons: • AIL basically has 3 (three) business verticals (i.e. specialty chemicals, pharmaceuticals and home and personal care chemicals) with divergent business profile, growth potential, risk-rewards, regulatory and capital requirements and are largely independent on each other. The home and personal care chemicals business, which constitutes of the Home and Personal Care Undertaking, is currently not ROE (return on equity) accretive. Therefore, in order to create overall value for the shareholders, the management has decided to restructure the home and personal care chemicals business by transferring the Home and Personal Care Undertaking into Resultant Company A. The shareholders of AIL, pursuant to the demerger, will be provided with an option to subscribe either to the equity shares or Redeemable Preference Shares of Resultant Company A in the manner set out under this Scheme. • The demerger will also result in Demerged Company A and the Resultant Company A achieving operational efficiencies by streamlining of the relevant businesses. • The demerger of the Home and Personal Care Undertaking from the Demerged Company A would allow the management of the Resultant Company A to focus and adopt relevant strategies necessary for the turning around, and promoting growth and expansion of the Home and Personal Care Undertaking; and • By demerger of the Home and Personal Care Undertaking into the Resultant Company A, the financial resources will be conveniently raised in accordance with the requirement of the business, leading to optimum utilization of resources towards expansion and growth of the business of the Resultant Company A. ii. Rationale for demerger of manufacturing business of Nascent with Aarti Industries Limited: The demerger of the Manufacturing Undertaking is being undertaken due to the following reasons: • Consolidation of the chemical manufacturing business under Resultant Company B. • Post the demerger of the Manufacturing Undertaking, Demerged Company B will be able to focus only on the trading business. • The demerger will eliminate the duplication in administrative costs and multiple record-keeping, thus resulting in cost savings; and • The demerger will allow concentrated effort and focus by the senior management towards the growth of the trading business by eliminating duplicative communication and burdensome coordination efforts across multiple entities.		
Date of resolution passed by the Board of Director of the company approving the scheme	June 28, 2018	June 28, 2018	June 28, 2018

Date of meeting of the Audit Committee in which the draft scheme has been approved	June 28, 2018	Not Applicable	Not Applicable
Appointed Date	a. For the demerger of the Home and Personal Care Undertaking – April 1, 2018 b. For the demerger of the Manufacturing Undertaking – April 2, 2018		
Name of Exchanges where securities of the company are listed	National Stock Exchange of India Limited and BSE Limited	Unlisted Company	Unlisted Company (Wholly Owned Subsidiary of AIL)
Nature of Business	AIL is engaged in the business of manufacture and sale of Specialty Chemicals and Intermediates for Chemical and Allied Industries.	NCIL is engaged in the business of manufacturing and trading of specialty chemicals.	ASL has been newly incorporated by AIL for the proposed demerger and absorption of the Home and Personal Care undertaking in the manner set out in the scheme.
Capital before the scheme	<u>Authorized Share Capital</u> Rs. 115,07,51,600/- consisting of 23,01,50,320 Equity shares of Rs. 5/- each	<u>Authorized Share Capital</u> Rs. 5,00,00,000/- consisting of 50,00,000 Equity shares of Rs. 10/- each	<u>Authorized Share Capital</u> Rs. 5,00,000/- consisting of 50,000 Equity shares of Rs. 10/- each
	<u>Issued, Subscribed and Paid-up Capital</u> Rs. 40,65,00,000/- consisting of 8,13,00,000 Equity shares of Rs. 5/- each fully paid up	<u>Issued, Subscribed and Paid-up Capital</u> Rs. 60,00,000/- consisting of 6,00,000 Equity shares of Rs. 10/- each fully paid up	<u>Issued, Subscribed and Paid-up Capital</u> Rs. 5,00,000/- consisting of 50,000 Equity shares of Rs. 10/- each fully paid up
No. of shares to be issued	• For the demerger of the Home and Personal Care Undertaking – For every 10 equity shares of Rs. 5/- each, fully paid-up held in AIL, the holders of such equity shares shall have the option to subscribe to the following (“Share Entitlement Ratio A”), in the following Share Entitlement Ratio: (a) 1 (One) equity share of Rs. 10/- each, fully paid up of the ASL; or (b) 1 (One) Redeemable Preference Share of Rs. 10/- each, fully paid up of the ASL. Note: Default option being the equity shares • For the demerger of the Manufacturing Undertaking – 151 (One Hundred and Fifty One) equity Shares of Rs. 5/- each, fully paid-up of AIL for every 100 (Hundred) equity shares of Rs. 10/- each, fully paid up, held in the Nascent (“Share Entitlement Ratio B”).		
Cancellation of shares on account of cross holding, if any	Post Demerger 50,000 equity shares held by Aarti Industries Limited in Arti Surfactants Limited shall be cancelled.		



Capital after the scheme	Post demerger of the Home and Personal Care Undertaking <u>Authorized Share Capital</u> Rs. 115,07,51,600/- consisting of 23,01,50,320 Equity shares of Rs. 5/- each <u>Issued, Subscribed and Paid-up Capital:</u> Rs. 40,65,00,000/- consisting of 8,13,00,000 Equity shares of Rs. 5/- each fully paid up	<u>Authorized Share Capital :</u> Rs. 5,00,00,000/- consisting of 50,00,000 Equity shares of Rs. 10/- each <u>Issued, Subscribed and Paid-up Capital:</u> Rs. 60,00,000/- consisting of 6,00,000 Equity shares of Rs. 10/- each fully paid up	<u>Authorized Share Capital</u> Rs. 16,26,00,000/- consisting of 81,30,000 Equity shares of Rs. 10/- each and 81,30,000 redeemable preference shares of Rs. 10/- each <u>Issued, Subscribed and Paid-up Capital:</u> Rs. 8,13,00,000 consisting of 81,30,000 Equity shares of Rs. 10/- each fully paid up (assuming all the shareholders of AIL opt for equity shares and NIL redeemable preference shares)
	Post demerger of the Manufacturing Undertaking <u>Authorized Share Capital</u> Rs. 115,07,51,600/- consisting of 23,01,50,320 Equity shares of Rs. 5/- each <u>Issued, Subscribed and Paid-up Capital:</u> Rs. 40,87,42,955/- consisting of 8,17,48,591 Equity shares of Rs. 5/- each fully paid up	No Change will occur pursuant to demerger of the Home and Personal Care Undertaking	No Change will occur pursuant to demerger of Manufacturing Undertaking
Net Worth	(Rs. in million)	(Rs. in million)	(Rs. in million)
Pre	13,559.7	118.0	ASL is incorporated on June 18, 2018 and yet to start business
Post	Post demerger of Home and Personal Care Undertaking – 12,916.2 Post demerger of Manufacturing Undertaking – 12,302.2	11.9	1,363.6



Valuation by independent Chartered Accountant - Name of the valuer/valuer firm and Regn no.	Vinay D Balse M/s. N.M.Raiji & Co. Chartered Accountants M. No. 39434 FRN. 108296W						
Methods of valuation and value per share arrived under each method with weight given to each method, if any.	Valuation Approach		AIL		MFT Business of NCIL		
			Value per Share (INR)	Weights	Value per Share (INR)	Weights	
	Asset Approach		169.6	0	185.3	0	
	Income Approach		1,236.8	0	1,872.9	1	
	Market Approach		1,238.4	1	Not Applicable	0	
	Relative Value per Share		1,238.4		1,872.9		
	Share Entitlement Ratio		1.51				
	Valuation Approach		HPC Business of AIL				
			Value per Share (INR)	Weights			
	Asset Approach		167.7	1			
	Income Approach		Not Applicable	0			
	Market Approach		Not Applicable	0			
	Relative Value per Share		167.7				
Fair value per shares	Rs. 1,238.4/-		Rs. 1,872.9/-		Rs. 167.7/-		
Exchange ratio	Not Applicable		151:100		10:1		
Name of Merchant Banker giving fairness opinion	Master Capital Services Limited						
Shareholding pattern (as on 22/06/2018)	Pre	Post demerger of the Home and Personal Care Undertaking	Post demerger of the Manufacturing Undertaking	Pre	Post demerger of the Manufacturing Undertaking	Pre	Post demerger of the Home and Personal Care Undertaking
	No. of Shares & %	No. of Shares & %	No. of Shares & %	No. of Shares & %	No. of Shares & %	No. of Shares & %	No. of Shares & %
Promoter	43145064 (53.07%)	43145064 (53.07%)	43145064 (52.78%)	302920 (50.49%)	302920 (50.49%)	50000	4314506 (53.07%)
Public	38154936 (46.93%)	38154936 (46.93%)	38603527 (47.22%)	297080 (49.51%)	297080 (49.51%)	0	3815494 (46.93%)
Custodian	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	81300000 (100.00%)	81300000 (100.00%)	81748591 (100.00%)	600000 (100.00%)	600000 (100.00%)	50000 (100.00%)	8130000 (100.00%)
No. of shareholders	24,629	24,629	24,635	7	7	1	24629



Names of the Promoters (with PAN nos.)	As per Annexure A		
Names of the Board of Directors (with DIN and PAN nos.)	As per Annexure A		
Details regarding change in management control if any	No Change	No Change	No Change

For **AARTI INDUSTRIES LIMITED**


RAJ SARRAF
COMPANY SECRETARY
 ICSI M. NO. A15526



July 17, 2018
Mumbai