

AARTI INDUSTRIES LIMITED 
CIN: L24110GJ1984PLC007301
Registered Office: Plot Nos. 801, 801/23,
GIDC Estate, Phase III, Vapi, Gujarat - 396
195;
Tel. No.: +91 22 6797 6666;
Email: [investorrelations@aarti-
industries.com](mailto:investorrelations@aarti-industries.com);
Website: www.aarti-industries.com

AARTI SURFACTANTS LIMITED 
(Formerly known as: ARTI SURFACTANTS LIMITED)
CIN: U24100GJ2018PLC102891
Registered Office: Plot Nos. 801, 801/23,
GIDC Estate, Phase III, Vapi, Gujarat - 396
195;
Tel. No.: +91 22 67976619;
Email: csteam@aartigroup.com

OPTION NOTICE

July 20, 2019

Dear Eligible Shareholder,

This OPTION Notice is given to you pursuant to the Composite Scheme of Arrangement (“Scheme”) between Aarti Industries Limited (“AIL/Demerged Company/Company”) and Aarti Surfactants Limited (“ASL / Resultant Company”) and Nascent Chemical Industries Limited and their Respective Shareholders, being shareholder of Aarti Industries Limited as on the Record date i.e. July 4, 2019 (“Eligible Shareholder”).

A. DEMERGER OF HOME AND PERSONAL CARE UNDERTAKING

The Ahmedabad bench of Hon’ble National Company Law Tribunal (“NCLT”) vide its Order dated June 10, 2019 (“Order”) approved the Composite Scheme of Arrangement. The certified copy of the Order has been filed with the Registrar of Companies on Monday, June 24, 2019 (“Effective Date”).

In accordance with the terms of the Scheme, ‘Home and Personal Care Undertaking’ of AIL has been demerged into ASL (“Demerger”) from April 1, 2018 (“Appointed Date”). The abridged audited financial statements of ASL as at March 31, 2019, are made available at the website of Aarti Industries Limited at <https://www.aarti-industries.com/investors/shareholders/compositescheme>

B. ISSUE OF SHARES BY ‘AARTI SURFACTANTS LIMITED’ (‘RESULTANT COMPANY’ OR ‘ASL’):

Pursuant to the aforesaid Scheme, the Eligible Shareholders shall be entitled to the shares of ASL as under:

*“For every 10 (Ten) Equity shares held in AIL, the Eligible Shareholder shall **have the option to subscribe** either of the following:*

- 1 (One) equity share having face value of Rs. 10 each of ASL; or
- 1 (One) Redeemable Preference Share (“RPS”) having face value of Rs. 10 each of ASL”

C. DETAILS OF ‘EQUITY SHARES’ AND ‘RPS’ OF ASL:

- i. The Equity shares to be issued and allotted by the ASL pursuant to the Scheme shall be subject to the provisions of the Memorandum of Association and the Articles of Association of ASL and shall rank pari passu in all respects with the existing equity shares of ASL.
- ii. The Equity Shares of ASL shall be listed on the National Stock Exchange of India Limited ('NSE') and the BSE Limited ('BSE'), (collectively referred to as the "Stock Exchanges").
- iii. The RPS of ASL shall have the following terms:

Dividend Rate on RPS	Zero Percent / Nil
Face Value	Rs. 10/-
Listing	RPS will be listed on the Stock Exchanges, where the equity shares of Demerged Company (AIL) are listed i.e. the BSE and the NSE.
Tenure of RPS	7 Years i.e. 84 (Eighty-Four) Months
Redemption Terms of RPS	RPS can be redeemed at any time after the expiry of minimum period as required under SEBI circular[i.e. 1 (One) Year] from the date of allotment during the tenure at the option of Aarti Surfactants Limited at a price that would give 4% annualized return on face value of Rs. 10/- and premium of Rs. 157.70.

- iv. In case of any Fractional Share, please refer to section of Fractional Share as mentioned herein below under paragraph G of this notice.

D. BRIEF ABOUT THE OPTION AVAILABLE WITH ELIGIBLE SHAREHOLDERS;

As mentioned above, as a consideration for the demerger the Eligible Shareholders shall at their option receive either (i) Equity Shares of ASL; or (ii) RPS of ASL as per the Share Entitlement. The Eligible Shareholders shall exercise the option at their sole discretion (i.e. either to subscribe to the 'equity shares' or 'RPS' of ASL) before Thursday, August 8, 2019, at 5:00 pm by duly filling in and signing the FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT ("**FORM OF ACCEPTANCE**") sent to your registered address. **In case any Eligible Shareholder fails to exercise the option, then such Eligible Shareholder shall be issued Equity shares of ASL (hereinafter referred to as "Default Option").**

E. INSTRUCTIONS FOR FORM OF ACCEPTANCE:

- (i) The exercise of an option given under this Notice by the Eligible Shareholder must be absolute and unqualified, and be communicated through the Form of Acceptance. Any Form of acceptance stated in this Notice which is conditional or incomplete or incorrect in any respect, then such Form of Acceptance will be rejected without assigning any reason whatsoever and such Eligible Shareholder shall be issued equity shares as per the Default Option.
- (ii) The Eligible Shareholders are required to send 'Form of Acceptance' by superscribing the envelope as "Aarti Industries Limited - Scheme Option" to the Registrar either by registered post, speed post, courier or hand delivery at the below address, so that the same shall be received on or before Thursday , August 8, 2019, by 5:00 p.m. ('Response Time');

Link Intime India Private Limited

(Unit: Aarti Industries Limited)

Address: C-101, 1st Floor, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai (MH) - 400 083; India

(iii) The Eligible shareholders shall be issued equity shares under the following circumstances;

- a) If Eligible Shareholder, opts for equity share and submit 'form of acceptance' within the response time,
- b) If Eligible Shareholder, does not submit 'form of acceptance' within the response time,
- c) If Eligible Shareholder does submit 'form of acceptance' within the response time, however, the submitted detail is either incomplete or incorrect,
- d) If the Shares of Eligible Shareholder are held with the Investors Education and Protection Fund (IEPF) as on the record date, (the newly issued equity shares in ASL shall also be transferred to IEPF),
- e) If Eligible Shareholder holds shares in physical form, which are under any type of ownership dispute and thereby marked 'Stop Transfer' by the Company as on the record date.

(iv) The Eligible Shareholders holding equity shares in the Company in dematerialised form or physical form, as on the Record Date, shall be issued Equity Shares/RPS in the ASL in dematerialised form or physical form respectively.

(v) All certificates for Equity Shares/RPS held in physical form shall be sent by the ASL to the Eligible Shareholder at their respective registered addresses as appearing in the register of members of the Company (or in the case of joint holders to the address of such joint holder whose name stands first in such register of members in respect of such joint holding) and the Company shall not be responsible for any loss in transit.

(vi) Where an Eligible Shareholder does not receive the Form of Acceptance, the Eligible Shareholder may download the same from the website of Aarti Industries Limited at <https://www.aarti-industries.com/investors/shareholders/compositescheme> and can send physical copy (downloaded print out) duly filled up to the Registrar at the address given hereinabove.

F. EXERCISE OF RPS OPTION BY NON RESIDENT SHAREHOLDERS

In case, Non-Resident Eligible Shareholders opt for RPS, ASL shall make an application to the Reserve Bank of India for its approval for issuance of such RPS under the provisions of the Foreign Exchange Management Act, 1999, the Regulations made there under and the guidelines issued by the Reserve Bank of India in this connection. Hence, issuance of RPS to Non-Resident Shareholders will be subject to the RBI approval and till the time of receipt of approval, such issue of RPS shall be kept in abeyance.

G. FRACTIONAL SHARES

In case any Eligible Shareholder's holding in Demerged Company (AIL) is such that the Eligible Shareholder becomes entitled to a fraction of share of ASL, then ASL shall not issue any fractional share to such Eligible Shareholder but shall consolidate such

fractions and issue consolidated Equity Share / RPS of ASL, as the case may be, to the Trust to be established for this purpose. The Trust shall sell such Equity shares/ RPS and distribute the net sale proceeds (after deduction of applicable taxes and other expenses incurred) to the Eligible Shareholders entitled to the same in proportion to their fractional entitlements.

H. TAX IMPLICATIONS

The detail given under this head isto inform the shareholders of AIL the method of calculation of the cost of acquisition and date of acquisition of the Resulting Company's shares (ASL) as also of the Demerged Company's shares (AIL) as per the provisions of the Income Tax Act, 1961 ("IT Act") and is based on expert's opinion obtained by the Company.

The Company has been advised and also on its own interpretation of the Income Tax Act, is of the view that:

As per provisions of the sub-section (2C) of section 49 of the IT Act, the cost of shares of Resulting Company (ASL) has to be taken in the same proportion as the net book value of the assets transferred in demerger bears to the net worth of the demerged company (AIL) immediately before such demerger. As per provisions of sub-section (2D), the cost of acquisition of original shareholding in the demerged company is deemed to have been reduced by the amount calculated as per the provisions of sub-section (2C).

The net book value of the assets transferred in demerger from Demerged Company (AIL) to Resulting Company (ASL) was Rs. 1363.6 Million. The net worth of the Demerged Company for the purpose of this provision was Rs. 13559.8 Million as on March 31, 2018 immediately before the demerger.

Hence, for determination of the cost of acquisition of the equity shares of the Resulting Company and the Company, shareholders are advised to apportion their pre-demerger cost of acquisition of the Company's shares in the following manner:

Name of Company	Proportionate cost (%)
Resulting Company (ASL)	10.06%
Demerged Company (AIL)	89.94%

Further, the Company has been advised that as per the provisions of section 47(vid) of the Income Tax Act 1961, the issue of shares by Resulting Company to the shareholders of the Company, when the transfer is made pursuant to the scheme of demerger, is not regarded as transfer.

As per provisions of the section 2(42A)(g) of IT Act, the date of acquisition of shares of the Resulting Company (ASL) would be deemed to be the date on which the shares of the Demerged Company (AIL) were acquired.

Illustration: *If the Share of Demerged Company (AIL) were acquired on April 1, 2015 for Rs. 300/- per share, the cost of acquisition of the shares of Resulting Company (ASL) based on the proportion of net assets / net worth shall be Rs. 30.18 ps. per share. (i.e. Rs. 300 X 10.06%) and cost of acquisition of shares in Demerged Company (AIL) will be Rs. 269.82 ps. per share (i.e. Rs. 300 Less Rs. 30.18). Also for computing period of holding for ASL and AIL Shares, date of acquisition will be April 1, 2015.*

This information about taxation is solely for the benefit of the shareholders and due care has been taken by the Company to check the accuracy of the information. However, the Company does not take any expressed or implied liability in providing this guidance.

The shareholders are advised to seek legal opinion, should they feel it necessary.

Yours sincerely,

For Aarti Industries Limited

Sd/-

Raj Sarraf

Company Secretary

Note: Eligible shareholders are informed that replies via email shall not be taken into consideration and eligible shareholders are instructed to send the duly signed 'Form of Acceptance' at the address mentioned above before Thursday, August 8, 2019 by 05.00 p.m.