



**AARTI  
INDUSTRIES  
LIMITED**

October 31, 2022

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**

Dear Sir/Madam(s),

**Sub:** Cost of acquisition of shares of Aarti Industries Limited ('Demerged Company') and Aarti Pharmalabs Limited ('Resulting Company') as per the provisions of Sections 49(2C) and 49(2D) of the Income Tax Act, 1961

**Ref:** In the matter of the Scheme of Arrangement and Demerger between Aarti Industries Limited and Aarti Pharmalabs Limited and their respective Shareholders ("Scheme")

This is in continuation to our earlier communications regarding the Scheme of Arrangement and Demerger between Aarti Industries Limited ('Demerged Company'), Aarti Pharmalabs Limited ('Resulting Company') and their respective shareholders.

We attach herewith a general guidance document for the shareholders on the proportionate cost of acquisition of the Demerged Company and the Resulting Company as per the provisions of Sections 49(2C) and 49(2D) of the Income Tax Act, 1961.

This is for your information and records.

Thanking you,

Yours faithfully,  
For **AARTI INDUSTRIES LIMITED**

RAJ SARRAF  
COMPANY SECRETARY  
ICSI M. NO. A15526

Encl.: a/a

**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, IIIrd Phase, GIDC Vapi-396195, Dist- Valsad. INDIA. T : 0260-2400366.

**ON ACCOUNT OF DEMERGER OF PHARMA UNDERTAKING FROM 'AARTI INDUSTRIES LIMITED' INTO 'AARTI PHARMALABS LIMITED'**

**NOTE ON THE PROPORTIONATE COST OF ACQUISITION OF SHARES HELD IN:  
AARTI INDUSTRIES LIMITED AND,  
AARTI PHARMALABS LIMITED  
AS PER THE PROVISIONS OF SECTIONS 49(2C) AND 49(2D) OF THE INCOME TAX ACT, 1961.**

The Hon'ble National Company Law Tribunal ('NCLT'), Ahmedabad Bench vide its order dated September 21, 2022 approved the Scheme of Arrangement between Aarti Industries Limited ('Demerged Company') and Aarti Pharmalabs Limited ('Resulting Company') and their respective shareholders under the provisions of Section 230-232 of Companies Act, 2013. Upon coming into effect on October 17, 2022, the Pharma undertaking of the Demerged Company transferred to the Resulting Company on a going concern basis with effect from July 1, 2021, being the Appointed Date defined in the said Scheme.

Further, the Board of Directors of the Demerged Company had fixed Thursday, October 20, 2022 as the Record Date for the purpose of determining the shareholders of the Demerged Company, who shall be entitled to receive 1 (one) equity share of Rs. 5/- each fully paid up of the Resulting Company for every 4 (four) equity shares of Rs. 5/- each fully paid up held in the Demerged Company, as per clause 13.1 of the Scheme.

Pursuant to the Scheme, on October 21, 2022, the Allotment Committee of the Board of Directors of the Resulting Company had approved allotment of 9,06,26,008 equity shares (Nine crores Six lakhs Twenty Six thousand and Eight only) of Rs. 5/- each (Rupees Five only) amounting to Rs. 45,31,30,040 (Rupees Forty Five crores Thirty One lakhs Thirty thousand and Forty only) to the shareholders of the Demerged Company.

In this regard, you are requested to note the calculation, as below, of the proportionate cost of acquisition of the Demerged Company and the Resulting Company as per the provisions of Section 49(2C) and 49(2D) of the Income Tax Act, 1961:

Sr. No.	Particulars	Basis
1	Cost of Acquisition of <b>Resulting Company's shares (Aarti Pharmalabs Limited)</b> [Section 49(2C) of the Income Tax Act, 1961]	[Cost of acquisition of the Demerged Company shares (multiplied by) Net Book Value of the assets of the Resulting Company] ----- (divided by) ----- [Net-worth of the Demerged Company before Demerger]
2	Cost of Acquisition of shares of <b>Demerged Company (Aarti Industries Limited)</b> [Section 49(2D) of the Income Tax Act, 1961]	Original cost of acquisition of the Demerged Company ( <b>less</b> ) Cost of acquisition of the Resulting Company's shares (as computed above)

Accordingly, the ratio of proportionate cost of acquisition is given below:

Sr. No.	Name of the Company	Percentage of cost of acquisition of equity shares
1	Aarti Pharmalabs Limited (Resulting Company)	24.42%
2	Aarti Industries Limited (Demerged Company)	75.58%
	<b>Total</b>	<b>100.00%</b>

Thus, the cost of acquisition of equity shares allotted by Aarti Pharmalabs Limited is calculated as 24.42% of the total cost of acquisition of the equity shares held in Aarti Industries Limited prior to the demerger.

Kindly note the above computation of cost of acquisition is meant only for the purposes of providing general guidance to the shareholders of Aarti Industries Limited based on Company's understanding. Hence, this should not be considered as a substitute for any independent opinion that you may obtain. Accordingly, you are advised to consult your own consultants to understand specific tax implications, in your case. We take no express or implied liability in relation to this guidance.

Please note that this note is also made available at Company's website under the link: [https://www.aarti-industries.com/Upload/PDF/2021\\_Pharma\\_Cost-of-Acquisition.pdf](https://www.aarti-industries.com/Upload/PDF/2021_Pharma_Cost-of-Acquisition.pdf)

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