Annexure 2

SCHEME OF ARRANGEMENT
BETWEEN

Aarti Industries Limited

.... Demerged Company

AND

Aarti Pharmalabs Limited
(Formerly Known as Aarti Organics Limited) .... Resulting Company

AND THEIR RESPECTIVE SHAREHOLDERS IN RESPECT OF DEMERGER OF PHARMA DIVISION OF AARTI INDUSTRIES LIMITED INTO AARTI PHARMALABS LIMITED (FORMERLY KNOWN AS AARTI ORGANICS LIMITED) UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 ('ACT')

OVERVIEW, OBJECTS AND BENEFITS OF THE SCHEME

A. Aarti Industries Limited (hereinafter referred to as the "**Demerged Company**", or "**AIL**") is a listed public limited company incorporated on 28th September, 1984 under the Companies Act, 1956 with CIN L24110GJ1984PLC007301 having its registered office at Plot Nos 801, 801/23, GIDC Estate, Phase III, Vapi - 396 195, Gujarat. The equity shares of Demerged Company are listed on BSE Limited and National Stock Exchange of India. The Demerged Company is a leading Indian manufacturer of specialty chemicals and pharmaceuticals with a global footprint. It manufactures chemicals used in downstream manufacturing of agrochemicals, polymers, additives, surfactants, pigments and dyes, etc. **("Speciality Chemical Business" or "Speciality Chemical Division").** The Pharma Business is divided into three verticals *i.e.* a) manufacture of active pharmaceuticals ingredients **("APIs")** b) manufacture of intermediates and c) manufacture of xanthine derivatives. The Pharma business of the Demerged Company has four APIs manufacturing plants, two of which are approved by the United States Food and Drug Administration **("USFDA")** and rest two are WHO/GMP certified. Additionally, it has two dedicated research and development facilities for pharmaceuticals API. **("Pharma Business" or "Pharma Division")**

B. Aarti Pharmalabs Limited (Formerly known as Aarti Organics Limited) (hereinafter referred to as the "**The Resulting Company**" or "**APL**") is an unlisted public limited company incorporated on 22nd November, 2019 under the Companies Act, 2013 with CIN U24100GJ2019PLC110964 and having its registered office at Plot No. 22/C/1 & 22/C/2, 1st Phase, G.I.D.C. Vapi, District Valsad Gujarat – 396 195. The Resulting Company is incorporated with an object to engage in the business including manufacturing and trading of Pharmaceuticals and allied products.

C. This Scheme of Arrangement (hereinafter referred to as the "**Scheme**") provides for a) the transfer by way of demerger of the Demerged Undertaking (as defined hereinafter) of the Demerged Company to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the shareholders of the Demerged Company pursuant to Sections 230 to 232 and other relevant provisions of the Act (as defined hereinafter) in the manner provided for in the Scheme and in compliance with Section 2(19AA) of IT Act and cancellation of existing equity shares of the Resulting Company held by Demerged Company and b) various other matters consequential or otherwise integrally connected therewith.

After the effectiveness of this Scheme, the Share Capital of APL consisting of the fully paid-up new Equity Shares of APL issued as consideration in terms of Section B of this Scheme to the shareholders

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Raj Sarraf
Company Secretary
ICSI M. No. A15526

of AIL shall be listed on the Stock Exchanges in accordance with the provisions of SEBI Circular No SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated 22nd December, 2020, as amended from time to time. Further, as an integral part of the Scheme, existing Equity Shares of APL (presently 100% held by Demerged Company) shall stand cancelled without any further act and deed, and hence this Scheme contemplates approval of the Tribunal(s) in terms of relevant provisions of the Act, in addition to Sections 230 to 232 of the Act.

D. **RATIONALE AND BENEFITS OF THIS SCHEME**

The demerger of the Business is being undertaken due to the following reasons:

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 of each other.

a) The Demerged Undertaking relates to Pharma manufacturing units, allied activities, investments and cash balance & 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 this Scheme.

b) The shareholders of AIL, pursuant to the demerger, will get Equity Shares of Resulting Company for the values of Business Transferred in the manner set out under this Scheme.

c) The demerger will also result in AIL and APL achieving operational efficiencies by streamlining of the relevant businesses.

d) By demerger of the Demerged Undertaking into Resulting Company, the financial resources will be conveniently raised in accordance with the requirement of the business.

e) The demerger will enable APL to expand its presence in the fast-moving Pharma Business in India and abroad.

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.

E. **COMPLIANCE WITH TAX LAW**

This Scheme has been drawn up to comply with the conditions relating to "Demerger" as specified under the tax laws, including section 2(19AA) of the Income Tax Act, 1961, which provides the following conditions:

a. all the property of the undertaking, being transferred by the Demerged Company, immediately before the demerger, becomes the property of the Resulting Company by virtue of the demerger;

b. all the liabilities relatable to the undertaking, being transferred by the Demerged Company, immediately before the demerger, become the liabilities of the Resulting Company by virtue of the demerger;

c. the property and liabilities of the undertaking being transferred by the Demerged Company are transferred at values appearing in its books of account immediately before the demerger;

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d. the Resulting Company issues, in consideration of the demerger, its shares to the shareholders of the Demerged Company on a proportionate basis;

e. the shareholders holding not less than three-fourths in value of the shares in the Demerged Company (other than shares already held therein immediately before the demerger, or by a nominee for the Resulting Company or its subsidiary) become shareholders of the Resulting Company by virtue of the demerger, otherwise than as a result of the acquisition of the property or assets of the Demerged Company or any undertaking thereof by the Resulting Company;

f. the transfer of the undertaking is on a going concern basis; and

g. the demerger is in accordance with the conditions, if any, notified under sub section (5) of section 72A of the Income Tax Act, 1961 by the Central Government in this behalf and other relevant sections of the Income Tax Act, 1961.

If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date, whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. Such modifications will however not affect other parts of the Scheme. The power to make such amendments as may become necessary shall vest with the Board of Directors of Demerged Company and the Resulting Company, which power shall be exercised reasonably in the best interests of the Companies and their shareholders, and which power can be exercised at any time, whether before or after the Effective Date.

In consideration of the above-mentioned business rationale and related benefits, this Scheme between AIL & APL is being proposed in accordance with the terms set out hereunder.

Accordingly, this Scheme is divided into three sections, as follows:

Section A: Demerger of Demerged Undertaking
Section B: Issue of shares / Reorganisation of share capital
Section C: Other provisions

1. DEFINITIONS AND INTERPRETATIONS:

1.1. **"2013 Act" or "the Act"** means the Companies Act, 2013, as notified, and ordinances and rules made thereunder and shall include any statutory modification(s), re-enactment(s) and/or amendment(s) thereof for the time being in force.

1.2. **"Applicable Law"** means (a) all the applicable statutes, notifications, enactments, acts of legislature, bye-laws, rules, regulations, guidelines, rule of common law, policy, code, directives, ordinances, orders, or other instruments having force in law enacted or issued by any Government or Governmental Authority(ies) including any statutory modifications, amendments or re-enactments thereof for the time being in force; and (b) administrative interpretations, writs, injunctions, directions, directives, judgments, arbitral awards, orders, decrees, as may be in force from time to time.

1.3. **"Appointed Date"** means the 1st day of July, 2021.

1.4. **"Board of Directors"** or **"Board"** means and includes the respective boards of directors of AIL and APL or any committee constituted by such board of directors.

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1.5. **"BSE"** means BSE Limited;

1.6. **"CIN"** means Corporate Identification Number;

1.7. **"Demerged Undertaking"** means the Pharma business or Pharma Division which is divided into three verticals *i.e.* a) manufacture of active pharmaceuticals ingredients **("APIs")** b) manufacture of intermediates and c) manufacture of xanthine derivatives. The Pharma business of the Demerged Company is having four APIs manufacturing plants, two of which are approved by the United States Food and Drug Administration **("USFDA")** and rest two are WHO/GMP certified. Additionally, it has two dedicated research and development facilities for pharmaceuticals API. Demerged undertaking shall include all the businesses, undertakings, activities, operations and properties of whatsoever nature and kind wherever situated, forming a part of the Pharma Division of the Demerged Company as a going concern including but not limited to the following:

(a) All assets and properties, whether movable or immovable, tangible or intangible, whether corporeal or incorporeal, leasehold or otherwise, plant and machinery, research and development units, capital work in progress, advances, deposits, sundry debtors, inventories, cash and bank balances, shares, investments, securities, bills of exchange, other fixed assets, trademarks, patents, loans, inventory and work in progress wherever situated pertaining to the Pharma Division;

(b) All liabilities (including liabilities allocable as per this Scheme, if any) present and future, corporate guarantees issued and the contingent liabilities pertaining to or relatable to the Pharma Division, including:

(i) The debts of the Demerged Company which arises out of the activities or operations of the Pharma Division; and

(ii) Specific loans and borrowings raised, incurred and utilized by the Demerged Company for the activities or operations of or pertaining to the Pharma Division.

c) This also includes Assets & Liabilities of Other Backward Integrated Units providing feeding Material to The Pharma Business, Investment indentified, cash & cash equivalent for future capital expenditure.

d) Without prejudice to the generality of the above, the Demerged Undertaking shall include in particular:

(i) Immovable property and rights thereto i.e. land together with buildings and structures standing thereon (whether freehold, leasehold, leave and licensed, right of way, tenancies or otherwise) buildings, warehouses, offices, etc. if any, which form a part of the Pharma Division and all documents (including panchnamas, declarations, receipts) of title, rights and easements in relation thereto and all rights, covenants, continuing rights, title and interest, benefits and interests of rental agreements for lease or license or other rights to use of premises, in connection with the said immovable properties, if any;

(ii) All assets, as are moveable in nature, whether present or future or contingent, tangible or intangible, in possession or not, corporeal or incorporeal, in each case, wherever situated

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(including plant and machinery, research and developments units, capital work in progress, furniture, fixtures, fixed assets, computers, air conditioners, appliances, accessories, office equipment, communication facilities, installations, vehicles, inventories, stock in trade, patents, stores and spares, packing material, raw material, formulation, tablets, capsules, active pharmaceutical ingredients, drug intermediaries, tools and plants), actionable claims, earnest monies and sundry debtors, prepaid expenses, bills of exchange, promissory notes, financial assets, investment and shares in entities / branches undertaking the Pharma Division, outstanding loans and advances, recoverable in cash or kind or for value to be received, receivables, funds, cash and bank balances and deposits including accrued interest thereto with Government, semi-Government, local and other Appropriate Authorities and bodies, banks, customers and other persons, the benefits of any bank guarantees, performance guarantees and tax related assets and credits, including but not limited to service tax input credits, CENVAT credits, value added / sales tax / entry tax credits or set-offs, advance tax, tax deducted at source, right to carry forward and set-off accumulated losses and unabsorbed depreciation, if any, goods and services tax (GST), and other indirect taxes and tax refunds;

(iii) All permits, licenses, permissions, approvals, clearances, consents, benefits, registrations, rights, entitlements, credits, certificates, awards, sanctions, allotments, quotas, no objection certificates, exemptions, concessions, subsidies, incentives, tax deferrals and exemptions and other benefits (in each case including the benefit of any applications made for the same), income tax benefits, deductions and exemptions, liberties and advantages, approval for commissioning of project and other licenses or clearances, granted / issued / given by any Appropriate Authorities, organizations or companies for the purpose of carrying on the Pharma Division business or in connection therewith including those relating to privileges, powers, facilities of every kind and description of whatsoever nature and the benefits thereto that form part of the Pharma Division;

(iv) All rights, contracts, agreements, guarantees, purchase orders / service orders, operation and maintenance contracts, memoranda of understandings, memoranda of agreements, memoranda of agreed points, bids, tenders, tariff policies, expressions of interest, letters of intent, hire and purchase arrangements, power purchase agreements, lease / license agreements, tenancy rights, agreements / panchnamas for right of way, equipment purchase agreements, agreement with customers, purchase and other agreements with the supplier / manufacturer of goods / service providers, other arrangements, undertakings, deeds, bonds, schemes, concession agreements, insurance covers and claims, clearances and other instruments of whatsoever nature and description, whether vested or potential and written, oral or otherwise and all rights, title, interests, claims and benefits thereunder forming part of the Pharma Division;

(v) All intellectual property rights, applications (including hardware, software, licenses, source codes, para meterisation and scripts), registrations, goodwill, trade names, service marks, copyrights, patents, project designs, marketing authorization, approvals, marketing intangibles, permits, permissions, incentives, privileges, special status, domain names, designs, trade secrets, research and studies, technical know-how, confidential information and other benefits (in each case including the benefit of any applications made for the same) that form part of the Pharma Division;

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(vi) All rights to use and avail telephones, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interests held in trusts, registrations, engagements, arrangements of all kind, privileges and all other rights, easements, liberties and advantages of whatsoever nature and wheresoever situated belonging to or in the ownership, power or possession and in control of or vested in or granted in favor of or enjoyed by the Demerged Company forming part of the Pharma Division and all other interests of whatsoever nature belonging to or in the ownership, power, possession or control of or vested in or granted in favor of or held for the benefit of or enjoyed by the Demerged Company and forming part of the Resulting Company;

(vii) All books, records, files, papers, engineering and process information, software licenses (whether proprietary or otherwise), test reports, computer programmes, drawings, manual, data, databases including databases for procurement, commercial and management, catalogues, quotations, sales and advertising materials, product registrations, dossiers, product master cards, list of present and former customers and suppliers including service providers, other customer information, customer credit information, customer / supplier pricing information, and all other books and records, whether in physical or electronic form that form part of the Pharma Division;

(viii) All liabilities including all debts (whether in Indian Rupees or foreign currency), loans raised and used, obligations incurred, whether specific or arises, duties of any kind, nature or description and undertakings of every kind or nature, contingent liabilities, bank/ corporate guarantees, duties, taxes, obligations under any licenses or permits or schemes and all other liabilities of any description whatsoever, whether present or future, and howsoever raised or incurred or utilized along with any charge, encumbrance, lien or security thereon related or incurred to or out of the Pharma Division;

(ix) Liabilities other than those referred to in sub-clauses (viii) above and not directly relatable to the remaining business of Demerged Company, being the amounts of general or multipurpose borrowings of Demerged Company shall be allocated to the Demerged Business in the same proportion in which the value of the assets transferred under this sub-clause bears to the total value of the assets of Demerged Company immediately before giving effect to this Scheme;

(x) Any and all earnest monies and / or security deposits, or other entitlements in connection with or relating to Pharma Division;

(xi) All permanent and/or temporary employees of Demerged Company substantially engaged in the Demerged Undertaking and those permanent and/or temporary employees that are determined by the Board of Directors of the Demerged Company, to be substantially engaged in or relatable to the Pharma Division;

(xii) All legal or other proceedings of whatsoever nature that form part of the Pharma Division;

(xiii) All exemptions, benefits, allowances, rebates, etc. under IT Act (including right to admissibility of claim under the IT Act or such provisions becoming admissible in the period after the Appointed Date on discharging liabilities pertaining to Pharma Division;

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(xiv) Any question that may arise as to whether a specified asset or liability pertains to Pharma Division or whether it arises out of the activities or operations of the Pharma Division shall be decided by mutual agreement between the Board of Directors of the Demerged Company and the Resulting Company;

(xv) The designated list of investments and immovable properties pertaining to APL as agreed upon between AIL and APL is enclosed in "**Annexure A**";

(xvi) Any issue as to whether any asset or liability and / or employee pertains to or is relatable to the Demerged Undertaking or not shall be decided by the Board of Directors of the Demerged Company.

1.8. "**Demerger**" means the transfer by way of demerger of the Demerged Undertaking to the Resulting Company, and the consequent issue of equity shares by the Resulting Company to the Shareholders of the Demerged Company as set out in Section B hereof and shall have the same meaning as defined under section 2(19AA) of the Income-tax Act, 1961;

1.9. **"Demerged Company"** means Aarti Industries Limited or AIL, a company incorporated under the Companies Act, 1956 having its registered office at Plot Nos 801, 801/23, GIDC Estate, Phase III, Vapi - 396 195, Gujarat.

1.10. "**Demerger Share Entitlement Ratio"** shall have the meaning ascribed to it in Clause 13.1;

1.11. **"Effective Date**" means the date on which all the conditions and matters in relation to the Scheme referred to in clause 19 of this Scheme have been fulfilled.

1.12. **"National Company Law Tribunal" or "NCLT"** means the National Company Law Tribunal, Ahmedabad Bench.

1.13. **"NSE"** means National Stock Exchange of India Limited.

1.14. **" Remaining Business"** means all other businesses, divisions, assets and liabilities other than that of the Demerged Undertaking of AIL.

1.15. **"Resulting Company"** or **"APL "** means **"Aarti Pharmalabs Limited" (Formerly known as Aarti Organics Limited)**, an unlisted public Company incorporated under the Companies Act, 2013 and having its registered office at Plot No. 22/C/1 & 22/C/2, 1st Phase, G.I.D.C. Vapi, District Valsad Gujarat – 396 195.

1.16. **"Rupees" or "Rs." or "INR**" means the lawful currency of India.

1.17. **"Record Date"** shall mean in relation to demerger of Demerged Undertaking of AIL into APL, such date to be fixed by the Board of Directors of AIL or a Committee thereof, Compliance Officer of AIL/person duly authorized by the Board of Directors, after the Effective Date for the purpose of determining the members of AIL to whom shares of APL will be allotted pursuant to this Scheme in terms of Clause 13.1

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1.18. **"Scheme"** or**"the Scheme"** or**" this Scheme"** means this scheme of arrangement among AIL, APL and their respective shareholders pursuant to the provisions of Sections 230 to 232 and other applicable provisions of the Act, as the case may be, in its present form or with any modification(s) made under clause 17 of the Scheme by the Board of Directors of AIL and APL, and/ or as approved or directed by the Tribunal, as the case may be.

1.19. "**SEBI**" means the Securities and Exchange Board of India.

1.20. **"SEBI Circular"** means circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (as amended) on Schemes of Arrangement by Listed Entities and Relaxation under sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957, as amended by the circular no. SEBI/ HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 issued by SEBI or any other circulars issued by SEBI applicable to schemes of arrangement from time to time.

1.21. **"Shareholders"** means the persons registered (whether registered owner of the shares or beneficial owner of the shares) as holders of equity shares of Company concerned.

2. **INTERPRETATION**

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning prescribed to them under the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, Income-tax Act, 1961 and other Applicable Laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

In this Scheme, unless the context otherwise requires:

(i) the words "including", "include" or "includes" shall be interpreted in a manner as though the words "without limitation" immediately followed the same;

(ii) any document or agreement includes a reference to that document or agreement as varied, amended, supplemented, substituted, novated or assigned, from time to time, in accordance with the provisions of such a document or agreement;

(iii) the words "other", "or otherwise" and "whatsoever" shall not be construed ejusdem generis or be construed as any limitation upon the generality of any preceding words or matters specifically referred to;

(iv) the headings are inserted for ease of reference only and shall not affect the construction or interpretation of the relevant provisions of this Scheme;

(v) the term "Clause" or "Sub-Clause" refers to the specified clause of this Scheme, as the case may be;

(vi) reference to any legislation, statute, regulation, rule, notification or any other provision of law means and includes references to such legal provisions as amended, supplemented or re-enacted from time to time, and any reference to legislation or statute includes any subordinate legislation made from time to time under such a legislation or statute and regulations, rules, notifications or circulars issued under such a legislation or statute;

(vii) Words in the singular shall include the plural and vice versa.

3. **DATE OF COMING INTO EFFECT**

The Scheme shall come into legal operation from the Appointed Date, though it shall be effective from the Effective Date.

4. **SHARE CAPITAL**:

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4.1 The authorized, issued, subscribed and paid up capital of AIL as 30th June, 2021 is as follows:

PARTICULARS	AMOUNT (Rs.)
AUTHORIZED CAPITAL	
60,00,00,000 Equity Shares of Rs. 5 /- each	300,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
36,25,04,035 Equity Shares of Rs. 5/- each fully paid up	1,81,25,20,175

4.2 The authorized, issued, subscribed and paid up capital of APL as on 30th June , 2021 is as follows:

PARTICULARS	AMOUNT (Rs.)
AUTHORIZED CAPITAL	
5,00,000 Equity Shares of Rs. 10/- each	50,00,000
ISSUED, SUBSCRIBED AND PAID-UP CAPITAL	
2,50,000 Equity Shares of Rs. 10/- each fully paid up	25,00,000

The Entire Equity Share Capital of Resulting Company is held by the Demerged Company and its nominees. The Resulting Company is a wholly owned subsidiary of the Demerged Company.

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SECTION A: DEMERGER OF DEMERGED UNDERTAKING

5. TRANSFER OF DEMERGED UNDERTAKING

5.1 Upon the coming into effect of the Scheme and with effect from the Appointed Date, the Demerged Undertaking shall, pursuant to the provisions contained in Sections 230 to 232 of the Act and other provisions of law for the time being in force and without any further act or deed, be demerged from AIL and be transferred to and vested in or be deemed to have been transferred to and vested in APL on the Appointed Date, on a going concern basis, so as to become as and from the Appointed Date, the undertaking of APL and to vest in the Resulting Company all the rights, title, interest or obligations of AIL therein.

5.2 It is hereby clarified that notwithstanding anything stated herein, the Demerged Company shall not transfer the Remaining Business (in whole or part) to the Resulting Company.

5.3 The Demerged Company and the Resulting Company, if required, shall enter into transitional arrangements and shall be deemed to be authorized to execute any such arrangements and to carry out or perform all such formalities or compliances as may be deemed proper and necessary for effecting the transfer and vesting of the properties of the Demerged Undertaking with the Resulting Company.

5.4 All assets (including fixed assets, intangible assets, current assets, cash and bank balances etc.) acquired by AIL after the Appointed Date and prior to the Effective Date for operation of the Demerged Undertaking or pertaining to the Demerged Undertaking shall be deemed to have been acquired for and on behalf of the Resulting Company.

5.5 In respect of such of the assets of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by manual delivery, by paying over or by endorsement and delivery, the same may be so delivered, paid over, or endorsed and delivered, by AIL and shall become the property of the Resulting Company as an integral part of the Demerged Undertaking transferred to it. Such delivery shall be made on a date mutually agreed upon between the Board of Directors of AIL and the Board of Directors (or a duly authorized committee) of the Resulting Company within thirty days from the Effective Date.

5.6 In respect of movables of the Demerged Undertaking other than those specified in Clause 5.5 above, which are to be transferred to APL, including sundry debtors, future receivables, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances, deposits and balances, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons, it shall not be necessary to obtain the consent of any third party or other person in order to give effect to the provisions of this sub-clause, and such transfer shall be effected by notice to the concerned persons, or in any manner as may be mutually agreed by AIL and APL.

5.7 In respect of such of the assets of the Demerged Undertaking other than those referred to in Clause 5.5 and 5.6 above, the same shall, as more particularly provided in Clause 5.1 above, without any further act, instrument or deed, be transferred to and vested in and/ or be deemed to be transferred to and vested in the Resulting Company on the Appointed Date pursuant to the provisions of Section 230 to 232 of the Act or other provisions of law as applicable.

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5.8 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, in accordance with the provisions of relevant laws, consents, permissions, licenses, registrations, certificates, authorities (including for the operation of bank accounts), powers of attorneys given by, issued to or executed in favour of AIL and the rights and benefits under the same shall, in so far as they relate to the Demerged Undertaking and all certifications and approvals, trademarks, patents and domain names, copyrights, industrial designs, trade secrets, product registrations and other Intellectual Property Rights and all other interests relating to the Demerged Undertaking, be transferred to and vested in the Resulting Company.

5.9 In so far as the various incentives, subsidies (including applications for subsidies), grants, special status and other benefits or privileges granted by any Government body (including Government Production Linked Incentive Scheme for Pharmaceuticals), local authority or by any other person, enjoyed or availed of by AIL are concerned, the same shall, without any further act or deed, in so far as they relate to the Demerged Undertaking, vest with and be available to the Resulting Company on the same terms and conditions.

5.10 It is clarified that, upon the coming into effect of the Scheme, the following liabilities and obligations of AIL as on the Appointed Date and being a part of the Demerged Undertaking shall, without any further act or deed be and shall stand transferred to the Resulting Company, and all rights, powers, duties and obligations in relation thereto shall stand transferred to and vested in and shall be exercised by or against the Resulting Company as if it had entered into such loans or incurred such borrowings and the Resulting Company undertakes to meet, discharge and satisfy the same:

(i) the liabilities which directly and specifically arose out of the activities or operations of the Demerged Undertaking,

(ii) specific loans or borrowings raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking.

(iii) In cases other than those referred to in sub-clauses (i) and (ii) above, proportionate part of the general or multipurpose borrowings and liabilities of AIL allocable to the Demerged Undertaking in the same proportion in which the value of the assets of AIL transferred under this Scheme bears to the total value of the assets of AIL immediately before the demerger.

5.11 All loans raised and used and all liabilities and obligations incurred by AIL for the operations of the Demerged Undertaking after the Appointed Date and prior to the Effective Date shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to the Resulting Company and shall become its liabilities and obligations.

5.12 Upon the coming into effect of this Scheme, the balances as on the Appointed Date, of general or multipurpose borrowings shall be transferred to and assumed by APL in the proportion provided in Clause 5.10 above. Thus, the primary obligation to redeem or repay such transferred liabilities shall be that of APL. However, without prejudice to such transfer of proportionate liability amount, where considered necessary for the sake of convenience and towards facilitating single point creditor discharge, APL may discharge such liability (including accretions thereto) by making payments on the respective due dates to AIL, which in turn shall make payments to the respective creditors.

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5.13 Upon the coming into effect of this Scheme, in so far as the security in respect of the liabilities of AIL as on the Appointed Date is concerned, it is hereby clarified that AIL and the Resulting Company shall, subject to confirmation by the concerned creditor(s), mutually agree upon and arrange for such security as may be considered necessary to secure such liabilities.

Provided however, any reference in any security documents or arrangements (to which AIL is a party) to the assets of AIL offered or agreed to be offered as security for any financial assistance or obligations pertaining to the Demerged Undertaking, shall be construed as reference only to the assets pertaining to the Demerged Undertaking of AIL as are vested in the Resulting Company by virtue of the aforesaid Clauses, to the end and intent that such security, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of AIL or any of the assets of the Resulting Company, save and except as may be otherwise agreed between AIL, the Resulting Company and the respective lender(s). It is further clarified that upon the coming into effect of this Scheme, in the event any security, charge and/ or mortgage is extended over the assets of AIL in respect of any financial assistance or obligations pertaining to the Demerged Undertaking vested in the Resulting Company, such security, charge and/ or mortgage shall be deemed to be carried out as an integral part of the scheme and all applicable compliances/ clearances/ permissions of regulatory authorities and no separate approvals shall be required.

Provided further that the securities, charges and mortgages (if any subsisting) over and in respect of the assets or any part thereof of the Resulting Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charges and mortgages shall not extend or be deemed to extend, to any of the assets of AIL vested in the Resulting Company.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by AIL which shall vest in the Resulting Company by virtue of the demerger of the Demerged Undertaking into the Resulting Company and the Resulting Company shall not be obliged to create any further or additional security thereof after the Scheme has become operative.

5.14 Upon the coming into effect of this Scheme, the borrowing limits of the Resulting Company in terms of section 180(1)(c) of the Act shall be deemed without any further act or deed to have been enhanced by the aggregate liabilities of AIL which are being transferred to the Resulting Company pursuant to the Scheme, such limits being incremental to the existing limits of the Resulting Company, with effect from the Appointed Date.

5.15 The provisions of this Clause insofar as they relate to the transfer of liabilities to the Resulting Company shall operate notwithstanding anything to the contrary contained in any deed or writing or the terms of sanction or issue or any security document, all of which instruments shall stand modified and/ or superseded by the foregoing provisions.

5.16 It shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities, contingent liabilities, duties and obligations have arisen, in order to give effect to the provisions of this Clause.

5.17 It is hereby clarified that all assets and liabilities of the Demerged Undertaking shall be transferred at values appearing in the books of account of AIL as on the Appointed Date which

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are set forth in the closing balance sheet of AIL as of the close of business hours on the date immediately preceding the Appointed Date.

5.18 All cheques and other negotiable instruments, payment order, electronic fund transfers (like NEFT, RTGS, etc.) received or presented for encashment which are in the name of AIL (in relation to Demerged Undertaking) after the Effective Date shall be accepted by the bankers of APL and credited to the account of APL, if presented by APL or received through electronic transfers. Similarly, the banker of APL shall honor all cheques / electronic fund transfer instructions issued by APL (in relation to Demerged Undertaking) for payment after the Effective Date. If required, the bankers of AIL and APL shall allow maintaining and operating of the bank accounts (including banking transactions carried out electronically) in the name of AIL by APL in relation to the Demerged Undertaking for such time as may be determined to be necessary by APL for presentation and deposition of cheques, pay order and electronic transfers that have been issued/made in the name of APL.

5.19 Benefits of any and all corporate approvals as may have already been taken by AIL in connection with the Demerged Undertaking, including approvals under Sections 42, 62(1A), 180, 185, 186 and 188 of the Act shall stand transferred to APL and the said corporate approvals and compliances shall be deemed to have been taken / complied with by APL.

6. LEGAL PROCEEDINGS

All legal or other proceedings of whatsoever nature by or against the Demerged Undertaking pending and/ or arising on or after the Appointed Date and relating to the Demerged Undertaking or its properties, assets, debts, liabilities, duties and obligations, shall be continued and/ or enforced until the Effective Date as desired by APL and as and from the Effective Date shall be continued and enforced by or against APL in the same manner and to the same extent as would or might have been continued and enforced by or against AIL. On and from the Effective Date, APL shall and may, if required, initiate any legal proceedings in its name in relation to the Demerged Undertaking in the same manner and to the same extent as would or might have been initiated by AIL.

7. CONTRACTS AND DEEDS

Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, insurance policies and other instruments, if any, of whatsoever nature to which AIL (to the extent related to the Demerged Undertaking) is a party and subsisting or having effect on the Effective Date shall be in full force and effect against or in favor of APL, as the case may be, and may be enforced by or against APL as fully and effectually as if, instead of AIL, APL had been a party thereto. APL may enter into and/ or issue and / or execute deeds, writings or confirmations or enter into any tripartite arrangements, confirmations or novations, to which AIL will, if necessary, also be party in order to give formal effect to the provisions of this Scheme, if so required or if so, considered necessary. APL shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of AIL and to implement or carry out all formalities required on the part of AIL to give effect to the provisions of this Scheme.

8. BUSINESS AND PROPERTY IN TRUST

As and from the Appointed Date, up to and including the Effective Date:

(i) AIL (to the extent of the Demerged Undertaking), shall carry on and be deemed to have carried on its business and activities and shall stand possessed of all the assets and properties, in trust for Resulting Company and shall account for the same to Resulting Company.

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(ii) Income or profit accruing or arising to the Demerged Undertaking and all costs, charges, expenses and losses or taxes incurred by the Demerged Undertaking shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of Resulting Company and shall be available to the Resulting Company for being disposed of in any manner as it thinks fit.

(iii) Post Effective Date, any business with customer or supplier of Demerged Undertaking till it is transferred, any such business carried with that customer/supplier will be done on behalf of Resulting Company till the requisite procedures to start business in name of the Resulting Company is completed.

9. CONDUCT OF BUSINESS

1. With effect from the date of approval of the Scheme by the Board of Directors of AIL, and up to the Effective Date:

(i) AIL (to the extent related to the Demerged Undertaking) shall carry on its business with reasonable diligence and in the same manner as it had been doing hitherto fore, and AIL shall not alter or substantially expand the business of the Demerged Undertaking, except with the written concurrence of Resulting Company.

(ii) AIL shall not, without the written concurrence of Resulting Company, transfer, alienate, charge or encumber any business activity of the Demerged Undertaking, or properties (including Intellectual Property), rights or assets of the Demerged Undertaking, except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of AIL.

It is further clarified that upon receipt of the written concurrence of the Resulting Company, AIL may transfer, alienate, charge or encumber any business activity of the Demerged Undertaking, or properties (including Intellectual Property), rights or assets of the Demerged Undertaking, for cash or any other consideration. Further, any such consideration received by AIL shall constitute a part of the Demerged Undertaking.

(iii) AIL (to the extent of the Demerged Undertaking) shall not without the written concurrence of Resulting Company, vary or alter, except in the ordinary course of its business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of AIL, the terms and conditions of employment of any of its employees, nor shall it conclude settlement with employees.

10. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the assets, liabilities and obligations of the Demerged Undertaking and the continuance of proceedings by or against APL shall not affect any transaction or proceedings already concluded by the Demerged Undertaking on or before the date when AIL adopts the Scheme in its Board meeting, and after the date of such adoption till the Effective Date, to the end and intent that APL accepts and adopts all acts, deeds and things done and executed by the Demerged Undertaking in respect thereto as done and executed on behalf of itself.

11. STAFF AND EMPLOYEES

11.1. Upon the Scheme coming into effect, all staff and employees of the Demerged Undertaking shall be deemed to have become staff and employees of APL without any break in their service and on the basis of continuity of service and the terms and conditions of their employment with APL shall not be less favorable than those applicable to them with reference to AIL on the Effective Date.

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11.2. Upon the Scheme coming into effect, the accounts of the employees of the Demerged Undertaking relating to Provident Fund, Gratuity and any other trusts/ funds shall be identified, determined and transferred to the respective funds/ trusts of APL and the employees shall be deemed to have become members of such funds/ trusts of APL. AIL shall take all steps necessary for the transfer of the Provident Fund, Gratuity trust and any other fund of employees, pursuant to the Scheme, to APL. The obligation to make contributions to the said fund or funds shall be transferred to the Resulting Company from the Effective Date in accordance with the terms provided in the respective trust deeds, if any, to the end and intent that all rights, duties, powers and obligations of AIL (to the extent related to the Demerged Undertaking) in relation to such fund or funds shall become those of APL and all the rights, duties and benefits of the employees employed in AIL (to the extent related to the Demerged Undertaking) under such funds and trusts shall be protected, subject to the provisions of law for the time being in force.

Upon the Scheme coming into effect, until such time that the Resulting Company creates its own funds, the Resulting Company may continue to make contributions pertaining to the employees of the Demerged Undertaking to the relevant funds of the Demerged Company and such contributions pertaining to the employees of the Demerged Undertaking shall be transferred by AIL to the funds of the Resulting Company as and when created. AIL shall take all steps necessary for the transfer of the Provident Fund, Gratuity trust and any other fund of employees, pursuant to the Scheme, to the Resulting Company.

12. TREATMENT OF TAX

12.1. APL will be the successor of AIL vis-à-vis the Demerged Undertaking. Hence, it will be deemed that the benefits of any tax credits whether central, state, or local, availed vis-a-vis the Demerged Undertaking and the obligations, if any, for payment of taxes on any assets of the Demerged Undertaking or their erection and/or installation, etc. shall be deemed to have been availed by APL, or be deemed to be the obligation of APL, as the case may be.

12.2. With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess, receivables/payables by AIL relating to the Demerged Undertaking including all or any refunds/credits/claims/tax losses/unabsorbed depreciation relating thereto shall be treated as the asset/liability or refund/credit/claims/tax losses/unabsorbed depreciation, as the case may be, of APL.

12.3. AIL and APL are expressly permitted to revise their tax returns including tax deducted at source (**'TDS'**) certificates/ returns and to claim refund, advance tax, credits, Goods and Service Tax (**"GST"**), excise and GST credits, set off etc. on the basis of the accounts of the Demerged Undertaking as vested with APL upon coming into effect of this Scheme. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

12.4. Any refund, under the income tax, GST, service tax laws, excise duty laws, central sales tax, applicable State Value Added Tax laws or other Applicable Law, dealing with taxes/ duties/ levies due to Demerged Undertaking of AIL consequent to the assessment made on AIL and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by APL upon this Scheme becoming effective.

12.5. The tax payments (including, without limitation income tax, GST, service tax, excise duty, central sales tax, applicable state value added tax, etc.) whether by way of TDS, advance tax, all earnest monies,

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security deposits, provisional payments, payment under protest, or otherwise howsoever, by AIL with respect to the Demerged Undertaking after the Appointed Date, shall be deemed to be paid by APL and shall, in all proceedings, be dealt with accordingly.

12.6. Further, any TDS by AIL / APL with respect to Demerged Undertaking on transactions with AIL / APL, if any (from Appointed Date to Effective Date) shall be deemed to be advance tax paid by APL and shall, in all proceedings, be dealt with accordingly.

12.7. Obligation for deduction of tax at source on any payment made by or to be made by AIL shall be made or deemed to have been made and duly complied with by APL.

12.8. Any actions taken by AIL to comply with Tax Laws (including payment of Taxes, maintenance of records, payments, returns, Tax filings, etc.) in respect of the Demerged Undertaking on and from the Appointed Date up to the Effective Date shall be considered as adequate compliance by the AIL with such requirements under Tax Laws and such actions shall be deemed to constitute adequate compliance by APL with the relevant obligations under such Tax Laws.

12.9. Upon the Scheme becoming effective, all unavailed credits and exemptions, benefit of carried forward losses, unabsorbed depreciation and other statutory benefits, including in respect of income tax, goods and service tax, cenvat, customs, applicable state value added tax, sales tax, service tax etc. relating to the Demerged Undertaking to which AIL is entitled to shall be available to and vest in APL, without any further act or deed.

12.10. The Board of Directors of AIL shall be empowered to determine if any specific tax liability or any tax proceeding relates to the Demerged Undertaking and whether the same would be transferred to APL.

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SECTION B: ISSUE OF SHARES / REORGANISATION OF SHARE CAPITAL

13. ISSUE OF SHARES

13.1. Upon the coming into effect of this Scheme and in consideration of the demerger of the Demerged Undertaking in the Resulting Company pursuant to this Scheme, the Resulting Company shall, without any further act or deed and without any further payment, issue and allot on a proportionate basis to each member of AIL, whose name is recorded in the register of members of AIL as holding shares on the Record Date, in the ratio of 1 (One) Equity Share of Rs 5 each fully paid up of APL for every 4 (Four) Equity shares of Rs. 5 each fully paid up held in AIL.

13.2. Cancellation of shares of the Resulting Company:

Simultaneous with the issuance and allotment of the equity shares by the Resulting Company in accordance with the Clause 13.1 above, the initial issued and paid up equity share capital of the Resulting Company, comprising of 2,50,000 shares of Rs. 10/- each, aggregating to Rs. 25,00,000/- shall be cancelled.

13.3. The Share Entitlement ratio have been determined by the Boards of Directors of the Demerged Company and the Resulting Company based on the Share Entitlement Ratio report provided by independent registered valuer as per the terms of the present proposed Scheme.

13.4. The issue and allotment of New Equity Shares by Resulting Company to the members of Demerged Company pursuant to Clause 13.1 above is an integral part of this Scheme.

13.5. The approval of this Scheme by the shareholders of APL shall be deemed to be due compliance of the provisions of Section 62 of the Act and applicable provisions of the Act, for the issue and allotment of new equity shares by APL to the shareholders of AIL, as provided in this Scheme as well as all applicable SEBI regulations have been complied with.

13.6. The new Equity Shares to be issued and allotted in terms hereof will be subject to the Memorandum and Articles of Association of the Resulting Company.

13.7. The approval of this Scheme by the shareholders under Sections 230 to 232 of the Act shall be deemed to have the approval under Sections 13 and 14 of Companies Act, 2013 and other applicable provisions of the Act and any other consents and approvals required in this regard.

13.8. Subject to regulatory approval and NCLT approval, in the event that AIL, as the case may be, change their capital structures prior to the Effective Date, either by way of any increase (by issue of Equity Shares, bonus shares, convertible securities or otherwise), decrease, reduction, reclassification, sub-division, consolidation, or re-organisation in any other manner except as specifically provided in this Scheme itself, which would have the effect of bringing some change to the capital structures of such Company, subject to the approval of AIL , the Share Entitlement Ratio and / or number consideration shares to be issued (as applicable) shall stand modified / adjusted accordingly to take into account the effect of such corporate actions. Further APL, will not issue or re-issue any shares other than mentioned in clause 13.1.

13.9. Subject to Applicable Laws, the fully paid-up new Equity Shares of APL that are to be issued in terms of Clause 13.1 shall be issued in dematerialised form, unless a shareholder of AIL gives a notice to AIL and APL on or before the Record Date, requesting for issuance of such Equity Shares in physical form.

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The shareholders of AIL shall provide such confirmation, information and details as may be required by APL to enable it to issue the aforementioned Equity Shares. However, if as of the date of allotment by APL, AIL is unable to provide the details of the demat account of any particular shareholder, subject to applicable law, APL shall allot the appropriate number of new Shares to such shareholder in physical form. Notwithstanding the above, if as per Applicable Laws, APL is not permitted to issue and allot the new Equity Shares in physical form, and it has still not received the demat account details of certain shareholders of AIL, it shall issue and allot such shares in lieu of the new Equity Shares entitlement of such shareholders, into a demat suspense account, which shall be operated by one of the directors of APL, duly authorised in this regard, who shall upon receipt of appropriate evidence from such shareholders regarding their entitlement, will transfer from such demat suspense account into the individual demat accounts of such claimant shareholders, such number of shares as may be required in terms of this Scheme.

13.10. New Equity Shares to be issued by APL pursuant to Clause 13.1 in respect of Equity Shares of the shareholders of AIL which are held in abeyance shall also be kept in abeyance.

13.11. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of AIL, the Board of Directors of AIL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in AIL as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor / transferee of the shares in AIL and in relation to the new Equity Shares issued by APL upon the effectiveness of this Scheme. The Board of Directors of AIL and APL shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in APL on account of difficulties faced in the transition period.

13.12. If the allotment of-shares pursuant to this Clause 13.1 will result in any shareholders being issued fractional shares, the Board of APL shall, at its absolute discretion, decide to take any or a combination of the following actions:

(a) consolidate all such fractional entitlements and thereupon allot equity shares -in lieu thereof to a person/ trustee authorized by the Board of APL in this behalf who shall hold the shares in trust on behalf of the shareholders of APL entitled to fractional entitlements with the express understanding that such person shall sell the shares of APL so allotted on the Stock Exchanges at such time or times and at such price or prices and to such person, as such person/trustee deems fit, and shall distribute the net sale proceeds, subject to tax deductions and other expenses been carrying as applicable, to the shareholders of AIL in proportion to their respective fractional entitlements. In case the number of such new shares to be allotted to a person authorized by the Board of APL by virtue of consolidation of fractional entitlement is a fraction, it shall stand cancelled.

(b) deal with such fractional entitlements in such other manner as they may deem to be in the best interests of the shareholders of the AIL.

13.13. APL shall apply to all the Stock Exchanges (where the shares of AIL are listed) and SEBI for listing and admission of all the Equity Shares of APL to trading in terms of SEBI Master Circular No. SEBI/HO/CFD/DIL1/CIR/P/2020/249 dated December 22, 2020 read with other Applicable Laws (as amended from time to time). APL shall enter into such arrangements, complete such formalities and give such confirmations and/or undertakings to the Stock Exchanges as may be necessary in accordance with the Applicable Laws for the listing of Equity Shares of APL.

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13.14. The new Equity Shares of APL issued and allotted pursuant to the Scheme shall remain frozen in the depository system until listing/trading permission is given by the Stock Exchanges to APL.

14. ACCOUNTING TREATMENT

Upon the Scheme becoming effective and with effect from the Appointed Date, AIL shall account for demerger in its books of accounts in accordance with the Indian Accounting Standards (Ind AS), as notified under Section 133 of the Companies Act 2013, in the following manner:

14.1 AIL shall reduce the book value of assets (net of diminution/depreciation, if any) and liabilities relating to the Demerged Undertaking, transferred to APL in accordance with the provisions of Section 2(19AA) of the Income Tax Act, 1961.

14.2 The excess of book value of the assets transferred (net of diminution/depreciation, if any) over the book value of the liabilities of the Demerged Undertaking to APL shall be adjusted first to Securities Premium Account & General Reserve Account in the ratio of Values of Business transfer and thereafter balance, if any, to Retained earnings/profit and loss account balance of AIL.

14.3 AIL shall reduce & transfer Contingent Liability, if any, pertaining to the Demerged Undertaking to APL.

14.4 AIL shall reduce & transfer Other Comprehensive Income created as per IND AS related to Assets & Liability transferred of Demerged Undertaking under the Scheme of Demerger.

14.5 The approval granted by the shareholders of AIL to this Scheme shall be deemed to be approval required under the provisions of the Act.

14.6 Pursuant to Scheme becoming effective, AIL's Investment in Resulting Company will stand cancelled & Resulting Company will seize to be 100% subsidiary of AIL.

14.7 Notwithstanding the above, the Board of Directors of AIL, in consultation with its statutory auditors, is authorised to account any of the balances in any other manner, if such accounting treatment is considered more appropriate and is authorised by the Accounting Standards applicable to the Company and/or Generally Accepted Accounting Principles.

Accounting treatment in the books of APL

On the Scheme becoming effective and with effect from the Appointed Date, APL shall account for demerger in its books of accounts in accordance with the accounting standards prescribed under Section 133 of the Act in the following manner:

14.8 APL shall record the assets and liabilities (the difference between the assets and liabilities hereinafter being referred to as the "Net Assets") vested in it pursuant to this Scheme, at the respective book values thereof, as appearing in the books of accounts of AIL, relating to Demerged Undertaking at the close of business of the day immediately preceding the Appointed Date in accordance with the provisions of Section 2(19AA) of the Income Tax Act,

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14.9 APL shall credit to its Equity share capital in its books of account, the aggregate of face value of the new Equity Shares issued by it to the members of AIL pursuant to clause 13.1 and reduce its Share Capital Account which are reduced and cancelled in terms of Clause 13.2.

14.10 The excess of the Net Assets as per Clause 14.8 over the face value of the new Securities allotted in accordance with the Scheme under Clause 14.9, shall be credited to same reserves as debited in the books of AIL with adjustment for balance, if any, to Profit and Loss Account/Retained Earnings.

14.11 APL shall disclose Contingent Liability, if any, transferred under the scheme of arrangement, in its first Financial Statement prepared on the Scheme becoming effective and with effect from the Appointed Date.

14.12 APL shall record Other Comprehensive Income transfer, if any, transferred under the Scheme of Arrangement, in its first financial statement prepared on the Scheme becoming effective and with effect from the Appointed Date.

14.13 In case APL is required to follow accounting policies that are different from that of AIL for any regulatory reasons, the effect of the difference in the accounting policies between AIL and APL will be quantified and adjusted in the opening reserve (other than the securities premium account), to ensure that the financial statements of APL reflect the financial position on the basis of consistent accounting policy.

14.14 Notwithstanding the above, the Board of Directors of APL is authorised to account for any of these balances in any manner whatsoever, as may be deemed fit, in accordance with the accounting standards specified under Section 133 of the Act read with the rules made thereunder including but not limited to Indian Accounting Standards (Ind-AS) 103 'Business Combination' and Generally Accepted Accounting Principles.

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SECTION-C OTHER PROVISIONS

GENERAL TERMS & CONDITIONS

15. APPOINTED DATE

The Appointed Date shall be 1st July 2021 for all purposes, including for the purposes of accounts of AIL and APL.

16. APPLICATION TO TRIBUNAL

The Companies shall, with all reasonable dispatch, make necessary applications/petitions under Sections 230 to 232 of the Act and other applicable provisions of the Act to the Jurisdictional Tribunal for seeking sanction of this Scheme.

17. ALTERATION OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF APL

Increase in authorized Share Capital of APL

17.1 As an integral part of Scheme, and, upon coming into effect of the Scheme, the existing authorized share capital of the APL will be reorganized as 10,00,000 Equity Shares of Rs. 5/- each and further for the purpose of issue of shares as per Clause 13.1, as on the Effective Date such that upon the effectiveness of the Scheme, the authorised share capital of APL shall be Rs. 50,00,00,000 (Rupees Fifty Crores) divided into 10,00,00,000 equity shares of Rs. 5/- (Rupees Five only) each. Clause V of the Memorandum of Association of APL shall be altered as set out below, upon coming into effect of the Scheme and without any further act or deed:

17.2 "Clause V. The Share Capital of the Company is Rs. 50,00,00,000 divided into 10,00,00,000 Equity Shares of Rs. 5 (five) each "

17.3 As an integral part of the Scheme, and upon coming into effect of the Scheme, the Articles of Association of APL shall stand amended and reinstated to replicate the Articles of a listed Company and in such form as the Board of APL may determine.

17.4 Approval of the Scheme by shareholders shall be in due compliance of provisions of Sections 13, 14, 61, 64 of the Companies Act, 2013 or other applicable provisions of the Companies Act, 2013 would not be required to be separately passed. The Resulting Company shall only file the requisite forms to that effect.

17.5 The Resulting Company shall pay requisite stamp duty and ROC fees on such increase in Capital.

18. MODIFICATION OR AMENDMENTS TO THE SCHEME

18.1. Subject to approval of NCLT, the shareholders of AIL and APL, empowers their respective Boards of Directors or by a person authorized by the Board of Directors of the Companies, may assent to/make and/or consent to any modifications/amendments of any kind to the Scheme or to any conditions or limitations that the Tribunal, as the case may be, as applicable and/or any other authority under law may deem fit to direct or impose, or which may otherwise be considered necessary, desirable or appropriate as a result of subsequent events, and the Companies by their Board of Directors are hereby authorized to take such steps and do all such acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme and resolve any doubts, difficulties or questions whether by reason of any orders of the NCLT or of any directive or orders of any other authorities or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith including change in capital structure. For sake of clarity, there shall be no change in the shareholding pattern or control in APL between the record date and the listing date.

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18.2. If any provision of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the respective Boards of Directors of AIL and APL, affect the adoption or validity or interpretation of the other parts and/or provisions of this Scheme.

19. CONDITIONALITY OF THE SCHEME

This Scheme is and shall be conditional upon and subject to:

19.1. The requisite consents, no-objections and approvals of the Stock Exchanges and SEBI to the Scheme in terms of the SEBI Circular, on terms acceptable to AIL and APL.

19.2. The approval of the Scheme by the respective requisite majorities in number and value of the shareholders / Creditors as the case may be of the Companies in accordance with Sections 230 to 232 of the Act;

19.3. The Scheme being sanctioned by the Tribunal in terms of Sections 230 to 232 and other relevant provisions of the Act and the requisite orders of the Tribunal; and

19.4. Certified copies of the Orders of the Tribunal sanctioning this Scheme being filed with the relevant Registrar of Companies by AIL and APL as per the provisions of the Act.

20. EFFECT OF NON-RECEIPT OF APPROVALS/SANCTIONS

20.1. In the event any of the said sanctions and approvals referred to in clause 19 are not obtained, and/ or complied with, and/or satisfied, and/ or for any other reasons, this Scheme cannot be implemented, then the Board of Directors of Demerged Company and the Resulting Company shall mutually waive off such conditions as they may consider appropriate to give effect as far as possible to this Scheme and failing such mutual agreement this Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any rights and/ or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

20.2. In the event of revocation under clause 20.1, no rights and liabilities whatsoever shall accrue to or be incurred inter se to AIL and APL or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or in accordance with Applicable Law and in such case, each company shall bear its own costs unless otherwise mutually agreed.

20.3. If any part of the Scheme is found to be infeasible or unworkable for any reason whatsoever, such infeasible or unworkable portion of the Scheme shall not affect the validity or implementation of the other parts and /or provisions of the Scheme.

20.4. The Board of Directors of AIL and APL shall be entitled to withdraw this Scheme prior to the Effective Date for any reason(s) including, but not limited to, in case any condition or alteration imposed by Tribunal or any other authority is not on terms acceptable to them.

21. WHEN THE SCHEME COMES INTO OPERATION

21.1. It is clarified that the Scheme shall come into operation from the Appointed Date and shall become

effective on and from the Effective Date in terms of the Scheme.

21.2. AIL and APL shall carry on and shall be authorized to carry on, with effect from the Effective Date, the business pertaining to AIL and APL respectively. AIL and APL is and shall always be deemed to have been authorized to execute any pleadings, applications, forms as may be required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of the Scheme.

21.3. AIL and APL shall be entitled to, amongst others, file / or revise its income tax returns, TDS/TCS returns, excise duty returns, GST returns, entry tax, cess, professional tax or any other statutory returns, if required, credit for advance tax paid, tax deducted at source, claim for sum prescribed under section 43B of the Income Tax Act on payment basis, claim for deduction of provisions written back by AIL and APL previously disallowed in the hands of AIL and APL (relating to the Demerged Undertaking) respectively under the Income Tax Act, credit of foreign taxes paid / withheld, if any, pertaining to AIL and APL (relating to the Demerged Undertaking) as may be required consequent to implementation of this Scheme and where necessary to give effect to this Scheme, even if the prescribed time limits for filing or revising such returns have lapsed without incurring any liability on account of interest, penalty or any other sum.

22. DIVIDENDS

22.1. AIL and APL shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the accounting period after the Appointed Date and prior to the Effective Date.

22.2. The holders of the shares of AIL and APL shall, save as expressly provided otherwise in this Scheme, continue to enjoy their existing rights under their respective Articles of Association including the right to receive dividends.

22.3. It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any member of AIL and/or APL to demand or claim any dividends which, subject to the provisions of the said Act, shall be entirely at the discretion of the respective Boards of Directors of AIL and APL and subject to the approval of the shareholders of AIL and APL respectively.

23. COSTS, CHARGES AND EXPENSES

All past, present and future costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of AIL and APL, arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto, shall be borne by AIL and such expenses shall be entitled to be a mortised in terms of Applicable Laws.

24. BINDING EFFECT

Upon this Scheme becoming effective it shall be binding on AIL and APL and, their respective shareholders and all other stakeholders.

CERTIFIED TRUE COPY

AARTI PHARMALABS LIMITED MUMBAI

CERTIFIED TRUE COPY
For AARTI INDUSTRIES LIMITED

AARTI INDUSTRIES LIMITED

Raj Sarraf
Company Secretary
ICSI M. No. A15526

ANNEXURE A

Part I LIST OF INVESTMENTS

Name of the Company	Number of Units/Shares (all fully paid up) as on Jun. 30, 2021	% of Shareholdings or profit sharing of AIL	Investment at FMV as at Jun. 30, 2021
Investments - (Unquoted) in Equity Shares of Subsidiary Companies			
Aarti USA Inc.	1,00,00,000	100%	65,76,000
Aarti Pharmachem Limited	50,000	100%	25,00,000
Investments - (Unquoted) in Equity Shares of Joint Control/Associates Companies			
Ganesh Polychem Limited	30,98,257	50%	12,60,85,944
Investments - (Unquoted) in Equity Shares of Other Companies			
Dilesh Roadlines Private Limited	4,64,550	5.81%	3,25,18,500
Aarti Ventures Limited	9,17,000	40.3%	7,39,52,285
Tarapur Environment Protection Society	21,751	N.A.	61,97,200
Derma Touch Inc.	1,25,000	Applied	4,25,51,938
Investments - (Unquoted) in Limited Liability Partnership			
Aarti Udyog Limited Liability Partnership	NA	N.A	3,67,32,754
TOTAL			32,71,14,621

AARTI PHARMALABS LIMITED MUMBAI

AARTI INDUSTRIES LIMITED

Part II - LIST OF IMMOVABLE PROPERTIES

	Location	Address
1	Pharma - Dombivali API Unit	D53, D55, D56 (Part), D57, D59 & D60, Dombivali MIDC, Dombivali East, Thane, Maharashtra.
2	Pharma - RND, Dombivali, Maharashtra	D-54, 56(Part), Dombivali MIDC, Dombivali East, Thane, Maharashtra.
3	Pharma - Tarapur Unit 3	K 17/18/19, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
4	Pharma - Tarapur Unit 3 Godown	K 65, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
5	Pharma - Tarapur Unit 3 - Utility Plot	K 14, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
6	Pharma - Tarapur Unit 4	E 50, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
7	Pharma - Tarapur Unit 4 - New Plot	E 59/1, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
8	Tarapur MIDC, K67 Plot	K 67, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
9	Pharma - Steam Generating Unit	L10, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
10	Tarapur Spack Division	D18, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra
11	Pharma - Custom Synthesis Division	Plot No. 22/C/1 & 22/C/2, GIDC Estate, Vapi - 396 195, District Valsad, Gujarat
12	Pharma - RND, Gujarat	Plot No. 22c/1, GIDC Estate, Vapi - 396 195, Gujarat
13	Pharma - New Atali Site	R.S.No. 39 To 49 PCPIR Notified Industrial Area, Village – Atali, Tal-Vagra, Dist – Bharuch, Gujarat - 392130
14	Mumbai Office - Maharashtra	Unit - 6, 126, 127 & 201, Udyog Kshetra, Mulund Goregaon Link Road, Mulund west, Mumbai - 400080, Maharashtra
15	Tarapur 5 – Lease Hold Plot	L-28/29, MIDC, Tarapur, Boisar, District - Palghar, Maharashtra

AARTI PHARMALABS LIMITED MUMBAI

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