



Laurel Organics Ltd.

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CIN No. : L24239HR1993PLC032120

Date: August 2, 2016

To,
The Department of Corporate Services,
BSE Limited
Phiroz Jejeebhoy Towers,
Dalal Street, Mumbai – 400 001
BSE Scrip Code: 530313

Dear Sir,

Sub: Outcome of the Board Meeting held on August 2, 2016 - Disclosure under Regulation 30(2) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with sub-para 1.2 and 1.5 of Para A 1 of Annexure I of Circular bearing number CIR/CFD/CMD/4/2015 dated 9th September, 2015 issued by Securities and Exchange Board of India

In continuation to the decisions taken by the board in their meeting held on 17th May, 2016, the board in its meeting held today, has considered and approved a composite scheme of arrangement, along with the share exchange ratio. The scheme provides for the following –

- a. Writing off certain portions of accumulated losses of the Company against 90 % (Ninety Percent) of its equity share capital; and
- b. Amalgamation of Kimia Biosciences Limited (hereinafter referred to as the 'Transferor Company') with the Company.

The above scheme of arrangement would take place in accordance with the provisions of Section 391 – 394 of the Companies Act, 1956 or corresponding provisions of the Companies Act, 2013, if notified.

The detailed disclosure as required under Regulation 30 of the Listing Regulations, 2015 read with Circular CIR/CFD/CMD/4/2015 dated 9 September, 2015 is enclosed as Annexure to this Outcome.

Request you to take the same on your records.

Your Faithfully,
For Laurel Organics Limited


Authorized Signatory



TODAY'S AGENDA-QUALITY

- a) **Name of the entity(ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc. :**

The composite scheme of arrangement provides for the following –

- c. Writing off certain portions of accumulated losses of the Company against 90 % (Ninety Percent) of its equity share capital; and
- d. Amalgamation of Kimia Biosciences Limited with the Company.

The brief details of the entities forming part of composite scheme of arrangement as on 31st March, 2016 are as follows –

Name of the Companies	Revenue (Rs. in Lacs)	Net Worth (Rs. in Lacs)
Laurel Organics Limited	37.88	(387.92)
Kimia Biosciences Limited	4,616.43	312.47

Note –

- The Transferor Company through Share Purchase Agreement (SPA) had acquired 3,629,500 (Thirty Six Lacs Twenty Nine Thousand and Five Hundred) from the then Promoters of the Company and given open offer in accordance with SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011, wherein it acquired 98,600 (Ninety Eight Thousand and Six Hundred) from its shareholders. The shares acquired through SPA has not been transferred in the names of the Transferor Company due to the General Order of SEBI dated 20th July, 2015. These shares would be transferred in the name of the Transferor Company on 1st September, 2016. Collectively, the holding of 50.48% equity shares and has become the holding company of the Transferee Company.
- On 17th May, 2016 Transferee Company has allotted 40,00,000 Non Convertible Redeemable Preference Shares to non-promoter entity to raise funds.

- b) **Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length".**

As referred above, post transfer of shares, the Transferor Company would become the Holding Company of the Transferee Company. The transaction is based on independent Fair Valuation of shares of each of the companies and will be subject to prior approval of shareholders and High Court.

Also, MCA vide its Circular No. 30/2014 dated 17th July 2014, has clarified that transactions arising out of compromises, arrangements and amalgamations dealt with under specific provisions of the Companies Act, 1956/Companies Act, 2013, would not attract the requirements of section 188 of the Companies Act, 2013.

- c) **Area of business of the entity(ies)**

Name of the Transferor Company	Area of Business
Laurel Organics Limited	The Company was earlier engaged in the business of



	from last several years is not carrying any such business activities and have been running into losses.
Kimia Biosciences Limited	The Company is engaged in the business of manufacturing and trading of pharmaceuticals products specifically bulk drugs.

d) Rationale for Amalgamation/ Merger:

The amalgamation of Kimia Biosciences Limited with the Company will strengthen the balance sheet of the Company and shall create a larger and stronger entity, which will have better resources for business growth and expansion. The scheme of arrangement shall provide a running and profitable business to the Transferee Company which has growth potential and shall also provide the shareholders of Transferor Company liquidity through listing and hence there is significant synergy for consolidation of the two entities.

The other benefits likely to arise through the proposed arrangement are as follows:

- I. Optimum and efficient utilization of capital, resources, assets and facilities;
- II. Enhancement of competitive strengths including financial resources;
- III. Consolidation of businesses and enhancement of economic value addition and shareholder value;
- IV. Obtaining synergy benefits;
- V. Better management and focus on growing the businesses.
- VI. The amalgamation would result in reduction of overheads, administrative, managerial and other expenditure and bring about operational rationalization, efficiency and optimum utilization of various resources.
- VII. A larger growing company will mean enhanced financial and growth prospects for the people and organization connected therewith, and will be in public interest. The amalgamation will conducive for better and more efficient and economical control over the business and financial conduct of the Companies

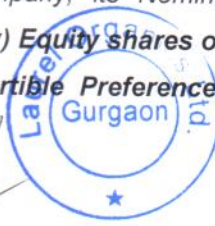
e) Reduction of Share Capital

The scheme provides for reduction of share capital of the Company by 90% against the certain portion of accumulated losses and pursuant to such reduction, the face value of shares shall be reduced from Rs. 10 (Rupees Ten) to Re. 1 (Rupee One);

f) Share Exchange Ratio:

Share exchange ratio as provided in the scheme of amalgamation (Post Reduction) is as follows –

*The Company, without further application, act or deed, shall issue and allot to each of the shareholders of Transferor Company (other than the shares already held therein immediately before the amalgamation by Transferee Company, its Nominee or Subsidiary Company), shares in proportion of **990 (Nine Hundred Ninety) Equity shares of face value of Re. 1 each and 590 (Five Hundred Ninety) Compulsory Convertible Preference Shares of Re. 1 each in Transferee***

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Company for every 100 (One Hundred) equity shares of face value of Re.1/- (Rupee One) each held by them in Transferor Company pursuant to this Scheme of Amalgamation.

It may be noted that all the shares held by the transferor company in the transferee company, if not transferred prior to the effective date, shall stand cancelled.

g) Pre and post shareholding pattern:

Particulars	Pre-Merger (% Holding)	Post-Merger (% Holding)
- Promoters	50.48	74.94
- Non- Promoters	49.52	25.06
Total	100.00	100.00

*Pursuant to the reduction of share capital there would be no change in the shareholding pattern of the Company.

