



September 30, 2020

The Manager (CRD) The BSE Limited The Secretary, Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai- 400001	The Manager – Listing Department National Stock Exchange of India Ltd. Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (East) Mumbai - 400 051
Scrip Code: 530117	Symbol: FAIRCHEM

Dear Sir / Madam,

Sub: Apportionment of the Cost Acquisition of Equity Shares

Ref: Composite Scheme of Arrangement and Amalgamation amongst Fairchem Speciality Limited (Demerged Company / FSL) and Fairchem Organics Limited (Resulting Company / FOL) and Privi Organics India Limited and their respective Shareholders

Please find enclosed guidance to the shareholders of the Company relating to post demerger cost of acquisition of the equity shares of the Company and FOL in terms of the provisions of the Income Tax Act, 1961.

Kindly note that this communication is merely for general guidance of the shareholders and should not be considered as substitute for any independent opinion that the shareholders may obtain. The concerned regulatory, statutory or judicial authority, including any assessing officer/appropriate appellate authority, could take a different view. The Company takes no express or implied liability in relation to this guidance. Please note that if there is any change including change having retrospective effect in the statutory laws and regulations, the comment expressed in this communication would be necessarily have to re-evaluated in light of the changes. The Company do not take the responsibility of updating this communication at any time in future.

The same is also being uploaded on the website of the Company i.e., www.Privi.com.

Request you to kindly take the same on record and oblige.

Yours Sincerely,

For PRIVI SPECIALITY CHEMICALS LIMITED
(Formerly Known as Fairchem Speciality Limited)


Ramesh Kathuria
Company Secretary



Encl: As above



PRIVI SPECIALITY CHEMICALS LIMITED

(Formerly known as Fairchem Speciality Limited)

Knowledge Centre & Regd. Office : Privi House, A-71, TTC, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400 709, India | Tel. : +91 22 68713200 / 33043500 / 33043600 | Fax : +91 22 27783049
Email : enquiry@privi.co.in | Web : www.privi.com | CIN : L15140MH1985PLC286828



**FOR THE ATTENTION OF THE SHAREHOLDERS OF PRIVI SPECIALITY CHEMICALS LIMITED (NOW
KNOWN AS FAIRCHEM SPECIALITY LIMITED)**

The Hon'ble National Company Law Tribunal (NCLT), Mumbai Bench has, vide its order dated 30th June, 2020, sanctioned the Composite Scheme of Arrangement and Amalgamation amongst Fairchem Speciality Limited (Demerged Company / FSL) and Fairchem Organics Limited (Resulting Company / FOL) and Privi Organics India Limited **and** their respective Shareholders under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013.

The scheme envisages the following:

- a. Demerger and vesting of undertaking engaged in manufacturing and sale of oleo chemicals and intermediate nutraceuticals ("Demerged undertaking") from FSL to FOL;
- b. Amalgamation of Privi Organics India Limited with FSL

Pursuant to part (a) of the scheme (as mentioned above), following shares had been allotted to the shareholders of FSL on 26th August, 2020:

"1 fully paid up equity shares of Rs. 10/- each of FOL for every 3 equity shares of Rs. 10/- each held in FSL as on the record dated fixed for the purpose i.e. 24th August, 2020"

Pursuant to part (b) of the scheme (as mentioned above), the entire equity share capital of Privi Organics India Limited, being held by FSL, shall stand automatically cancelled and there will not be any issue and allotment of equity shares in the FSL.

As per the provisions of Section 49(2C) of the IT Act, the cost of acquisition of shares in the resulting company (FOL) shall be the amount which bears to the cost of acquisition of shares held in the demerged company (FSL) the same proportion as the net book value of assets transferred in a demerger bears to the net-worth of the demerged company (FSL) immediately before such demerger.

As per the provisions of Section 49(2D) of the IT Act, the cost of acquisition of original shares held by the shareholder in the demerged company (FSL) shall be deemed to have been reduced by the cost of acquisition of the shares in the resulting company (FOL) computed as per Section 49 (2C) of the IT Act.

The net book value of the assets of the Demerged undertaking as on the appointed date (viz. closing of business hours of 31st March, 2019) was INR 10,260 lacs and the net worth of FSL as on the appointed date was INR 10,262 Lacs. Thus, the proportion of net book value of the assets of Demerged undertaking vis-à-vis the net worth of FSL immediately before such demerger is 99.98%.

Hence, for determining the post demerger cost of acquisition of the equity shares of FSL and the cost of acquisition of the equity shares of FOL under the Income Tax Act, 1961 ("IT Act") the shareholders are advised to apportion their pre-demerger cost of acquisition of FSL's equity shares in the following manner:



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Name of the Company		% of Cost of acquisition of FSL's Share
Fairchem Organics Limited	Resulting Company	99.98%
Fairchem Speciality Limited (Now known as Privi Speciality Chemicals Limited)	Demerged Company	0.02%
Total		100.00%

For example, if 3 FSL shares were acquired for INR 500/- per share before demerger, aggregating to the total cost of acquisition of INR 1500/-, then the cost of acquisition of 1 FOL share based on the above proportion shall be INR 1499.70/- and the cost of acquisition of 3 FSL shares will be INR 0.60/-. Accordingly, the cost of acquisition of equity shares allotted in FOL will be 99.98% of the total cost of acquisition of the equity shares in FSL prior to the demerger. Hence, the actual cost of 1 equity share of FOL will be 99.98% of the cost of acquisition of 3 FSL equity shares.

Further, according to the provisions of Section 47 (vid) of the IT Act, the issue of shares by FOL pursuant to the scheme, to the equity shareholders of FSL in consideration of demerger of the Demerged undertaking will not be regarded as transfer. Accordingly, the date of acquisition of shares of FSL shall be deemed to be the date of acquisition of shares of FOL.

For shareholders holding shares of the Demerged Company, prior to 1st February, 2018, the provisions of Section 112A and Section 55(2ac) of the IT Act may be available, subject to conditions as prescribed under the relevant sections.

This intimation for working out the capital gains under the IT Act for the computation of cost of acquisition of shares of FOL and FSL should be treated as indicative for guidance purpose only. FSL disclaims any responsibility for the accuracy or otherwise of the contents of the note and there can be no liability on FSL, if any action is taken by any shareholder solely based on this note. FSL is not liable for any consequences that arise out of any governmental authority disagreeing with the calculations set out in this note. No officer of FSL is authorized to provide any clarifications or suggestions to any shareholder in this regard.

The shareholders are advised to seek individual legal and / or tax opinion for calculating the tax liability and tax to be paid. Tax calculations and compliance are individual investor responsibility and neither FSL nor FOL take any responsibility for any errors or omissions pertaining to individual investor tax calculations and / or compliances.



PRIVI SPECIALITY CHEMICALS LIMITED
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Narayan S. Iyer
Narayan S. Iyer
Chief Financial Officer

ISO 9001
ISO 14001
OHSAS 18001
BUREAU VERITAS
Certification



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