



FAIRCHEM SPECIALITY LIMITED

Corporate Identity No. (CIN): L15140MH1985PLC286828

Registered Office: Plot A-71, Thane Belapur Road,
Near Kopar Khairane Railway Station, Navi Mumbai 400709

Tel. No.: + 91 90163 24095; **Fax No.:** N.A.

Email: cs@fairchem.in; **Website:** www.fairchem.in

MEETING OF THE EQUITY SHAREHOLDERS OF FAIRCHEM SPECIALITY LIMITED CONVENED AS PER THE DIRECTION OF THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH

NOTICE TO EQUITY SHAREHOLDERS

Day	: Tuesday
Date	: February 25, 2020
Time	: 04.30 p.m.
Venue	: Conference Hall, Ahmedabad Textile Mills Association, Ashram Road, AHMEDABAD – 380 009, GUJARAT, INDIA

REMOTE E-VOTING

Commencing on	: Friday, February 21, 2020 (2.00 p.m.)
Ending on	: Monday, February 24, 2020 (5.00 p.m.)

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FAIRCHEM SPECIALITY LIMITED

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
BENCH, AT MUMBAI
COMPANY SCHEME APPLICATION NO. C.A.(C.A.A.)/3748/MB OF 2019

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 – 232 and Section 66 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Composite Scheme of Arrangement and Amalgamation amongst Fairchem Speciality Limited (“**Applicant Company**” or “**Demerged Company**” or “**Transferee Company**”) and Fairchem Organics Limited (“**Resulting Company**”) and Privi Organics India Limited (“**Transferor Company**”) and their respective shareholders (“**Scheme**” or “**Composite Scheme of Arrangement and Amalgamation**”).

Fairchem Speciality Limited [CIN: L15140MH1985PLC286828], a company incorporated under the Companies Act, 1956 and having its registered office at Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India)

...Applicant Company

**NOTICE CONVENING MEETING OF THE EQUITY SHAREHOLDERS OF
FAIRCHEM SPECIALITY LIMITED, THE APPLICANT COMPANY**

To,

The Equity Shareholders of Fairchem Speciality Limited

NOTICE is hereby given that by an order made on January 22, 2020, in the above mentioned Company Scheme Application (“**Order**”), the Hon’ble National Company Law Tribunal, Mumbai Bench (“**Hon’ble Tribunal**” or “**NCLT**”) has directed that a meeting of the Equity Shareholders of the Company, be convened and held at Conference Hall, Ahmedabad Textile Mills Association, Ashram Road, AHMEDABAD – 380 009, GUJARAT on Tuesday, February 25, 2020 at 04.30 p.m. to consider, and, if thought fit, to approve with or without modification(s), the proposed Composite Scheme of Arrangement and Amalgamation amongst Fairchem Speciality Limited (“**Demerged Company**” or “**Transferee Company**” or “**Company**”) and Fairchem Organics Limited (“**Resulting Company**”) and Privi Organics India Limited (“**Transferor Company**”) and their respective shareholders (“**Scheme**” or “**Composite Scheme of Arrangement and Amalgamation**”).

TAKE FURTHER NOTICE that in pursuance of the Order and as directed therein, a meeting of the Equity Shareholders of the Company, will be held at Conference Hall, Ahmedabad Textile Mills Association, Ashram Road, AHMEDABAD – 380 009, GUJARAT on Tuesday, February 25, 2020 at 04.30 p.m. (“**Meeting**”), at which place, day, date and time you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the Meeting in person or by proxy, provided that a proxy

in the prescribed form, duly signed by you or your authorized representative, is deposited at the registered office of the Company at Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India not later than 48 hours before the scheduled time of the Meeting. The form of proxy can be obtained free of charge from the registered office of the Company.

TAKE FURTHER NOTICE that in compliance with the provisions of (i) Section 230(4) read with Sections 108 and 110 of the Companies Act, 2013; (ii) Rule 6(3)(xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016; (iii) Rule 22 read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014; (iv) Regulation 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (v) Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 issued by the Securities and Exchange Board of India, the Company has provided the facility of remote e-voting so as to enable the Equity Shareholders to consider and approve the Scheme by way of a resolution (as mentioned below). Accordingly, voting by Equity Shareholders of the Company to the Scheme will be carried out through (a) remote e-voting; and (b) polling/ ballot paper at the venue of the Meeting. The Equity Shareholders may refer to the 'Notes' to this Notice for further details on remote e-voting.

TAKE FURTHER NOTICE that copy of the Scheme, Explanatory Statement under Section 230(3) and Section 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, Form of Proxy, Attendance Slip and other annexures as stated in the Index are enclosed herewith. Copy of the Scheme and the Explanatory Statement can be obtained free of charge at the registered office of the Company.

The Hon'ble Tribunal has appointed Shri Utkarsh Shah, Chairman of the Board of Directors of the Company, failing him, Shri Nahoosh Jariwala, Managing Director of the Company to be the Chairperson of the Meeting.

The above Scheme, if approved by the Equity Shareholders, will be subject to the subsequent approval of the Hon'ble Tribunal.

The voting rights of the Equity Shareholders shall be in proportion to their equity shareholding in the Company as on the close of business of February 20, 2020 ("Cut-off Date").

To consider and if thought fit to pass, with or without modification(s), and with requisite majority, the following resolutions under Sections 230 to 232 and Section 66 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (including any statutory modification(s) or re-enactment thereof for the time being in force):

"RESOLVED THAT pursuant to the provisions of Sections 230 to 232, Section 66 and other applicable provisions of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (including any statutory modification(s) or re-enactment thereof for the time being in force), and the provisions of the Memorandum and Articles of Association of the Company and subject to the approval of the Mumbai Bench of the National Company Law Tribunal ("Hon'ble Tribunal"), and subject to such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the Hon'ble Tribunal or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board', which term shall be deemed to mean and include one or more Committee(s) constituted/to be constituted by the Board or any other person authorised by it to exercise its powers including the powers conferred by this Resolution), the arrangement embodied in the proposed Composite Scheme of Arrangement and Amalgamation amongst Fairchem Speciality Limited ("Demerged Company" or "Transferee Company" or "Company") and Fairchem Organics Limited ("Resulting Company") and Privi Organics India Limited ("Transferor Company") and their respective shareholders ("Scheme" or "Composite Scheme of Arrangement and Amalgamation"), placed before this meeting and initialled by the Chairperson of the Meeting for the purpose of identification, be and is hereby approved.



FAIRCHEM SPECIALITY LIMITED

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the Hon'ble Tribunal while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper and delegate all or any of its powers herein conferred to any Director(s) and/or officer(s) of the Company, to give effect to this resolution, if required, as it may be in its absolute discretion deem it necessary or desirable."

Sd/-

Utkarsh Shah

DIN: 00101663

Chairperson Appointed for the Meeting

Dated this 24th day of January, 2020

Place: Village Chekhala,

Ta. Sanand, Dist. Ahmedabad

Registered Office:

Fairchem Speciality Limited

CIN: L15140MH1985PLC286828

Plot A-71, Thane Belapur Road

Near Kopar Khairane Railway Station

Navi Mumbai – 400709

Maharashtra, India

Email: cs@fairchem.in

Website: www.fairchem.in

Notes:

1. All alterations made in the Form of Proxy should be initialled. The form of proxy can be obtained free of charge from either the registered office or office at the works of the Company.
2. Only registered Equity Shareholders of the Company may attend and vote either in person or by proxy (a proxy need not be an equity shareholder of the Company) or in the case of a body corporate or Registered Foreign Portfolio Investors ("RFPI") or Foreign Institutional Investors ("FII"), by a representative authorized under Section 113 of the Companies Act, 2013, at the Meeting. The authorized representative of a body corporate/ RFPI/ FII which is a registered equity shareholder of the Company may attend and vote at the Meeting, provided that a copy of the resolution of the board of directors or other governing body of the body corporate/ RFPI/ FII authorising such representative to attend and vote at the Meeting, duly certified to be a true copy by a director, manager, secretary or other authorised officer of such body corporate/ RFPI/ FII, is deposited at the registered office of the Company not later than 48 (forty eight) hours before the scheduled time of the commencement of the Meeting.
3. **AN EQUITY SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE MEETING.**
4. A form of proxy is enclosed to this Notice. No instrument of proxy shall be valid unless:

- (i) it is signed by the equity shareholder or by his/her attorney duly authorised in writing or, in the case of joint holders, it is signed by the equity shareholder first named in the Register of Members or his/ her attorney duly authorised in writing or, in the case of body corporate, it is executed under its common seal, if any, or signed by its attorney duly authorised in writing; provided that an instrument of proxy shall be sufficiently signed by any equity shareholder, who for any reason is unable to write his/ her name, if his/ her thumb impression is affixed thereto, and attested by a judge, magistrate, registrar or sub-registrar of assurances or other government gazetted officers or any officer of a nationalised bank, and
 - (ii) it is duly filled, stamped, signed and deposited at the registered office of the Company not less than 48 (forty eight) hours before the time fixed for the meeting, together with the power of attorney or other authority (if any), under which it is signed or a copy of that power of attorney certified by a notary public or a magistrate unless such a power of attorney or the other authority is previously deposited and registered with the Company/ Registrar & Transfer Agent.
5. As per Section 105 of the Companies Act, 2013 and the rules made thereunder, a person can act as a proxy on behalf of not more than 50 (fifty) equity shareholders holding in aggregate, not more than 10% (ten percent) of the total share capital of the Company carrying voting rights. Equity Shareholders holding more than 10% (ten percent) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or equity shareholder.
6. It is further clarified that the proxies can only vote through ballot paper at the venue of the Meeting and not through any other mode.
7. During the period beginning 24 (twenty four) hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting, an equity shareholder would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than 3 (three) days of notice in writing is given to the Company.
8. Equity Shareholders or his/ her Proxy are requested to bring the copy of this Notice to the Meeting and produce the attendance slip, duly completed and signed, at the entrance of the venue of the Meeting.
9. Equity Shareholders who hold shares in dematerialized form are requested to bring their Client ID and DP ID number for easy identification of attendance at the Meeting.
10. Equity Shareholders are informed that in case of joint holders attending the Meeting, only such joint holder whose name stands first in the register of members of the Company/ list of beneficial owners as received from Link Intime India Private Limited (“**LI IPL**”), Registrar and Transfer Agent in respect of such joint holding, will be entitled to vote.
11. The Notice, together with the documents accompanying the same, is being sent to all the Equity Shareholders, whose names appeared in the register of members/ list of beneficial owners as received from LI IPL as on January 17, 2020. The Notice will be displayed on the website of the Company at www.fairchem.in and on the website of LI IPL at <https://linkintime.co.in>
12. In compliance with the provisions of (i) Section 230(4) read with Sections 108 and 110 of the Companies Act, 2013; (ii) Rule 6(3)(xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016; (iii) Rule 22 read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014; (iv) Regulation 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (v) Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (“**SEBI Circular**”) issued by the Securities and Exchange Board of India, the Company has provided the facility of remote e-voting (through e-voting services provided by CDSL) so as to enable the Equity Shareholders to consider and approve the Scheme by way of the aforesaid resolution. Accordingly, voting by Equity Shareholders of the Company to the Scheme will be carried out through (a) remote e-voting; and (b) polling/ ballot paper at the venue of the Meeting.

13. The quorum of the Meeting shall be 30 (thirty) equity shareholders present in person.
14. It is clarified that the Equity Shareholders may cast their votes by remote e-voting and casting of votes by remote e-voting does not disentitle them from attending the Meeting. Equity Shareholders after exercising his right to vote through remote e-voting shall not be allowed to vote again at the Meeting.
15. Voting rights shall be reckoned on the paid-up value of the shares registered in the name(s) of the Equity Shareholders as on the Cut-off Date, i.e. February 20, 2020. Persons who are not equity shareholders of the Company as on the Cut-off Date should treat this Notice for information purposes only.
16. The voting period for postal ballot and remote e-voting shall commence on and from February 21, 2020 (2.00 p.m.) and end on February 24, 2020 (5.00 p.m.)
17. In accordance with the provisions of Sections 230 to 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority in number representing three-fourth in value of the equity shareholders of the Company, voting in person or by proxy or by postal ballot or by remote e-voting (all taken together in aggregate), agree to the Scheme.
18. The Company has engaged the services of Central Depository Services (India) Limited for facilitating e-voting for the Meeting. Equity Shareholders desiring to exercise their vote by using e-voting facility are requested to follow the instructions mentioned in Note 23 below.
19. As directed by the Hon'ble Tribunal, Shri Uday Dave (Membership No. 6545), of M/s. Parikh Dave & Associates, Practicing Company Secretaries, Ahmedabad shall act as scrutinizer to scrutinize votes cast either electronically through remote e-voting or by polling/ ballot paper at the venue of the Meeting and shall submit a report on votes cast to the Chairperson of the Meeting or to the person so authorised by him within 48 (forty eight) hours from the conclusion of the Meeting. The scrutinizer's decision on the validity of the vote (including e-votes) shall be final.
20. The result of the voting shall be announced on or before February 27, 2020, upon receipt of scrutinizer's report and same shall be displayed on the website of the Company at www.fairchem.in and on the website of LI IPL at <https://linkintime.co.in> besides being sent to BSE Limited and National Stock Exchange of India Limited on the said date.
21. The Notice convening the Meeting will be published through an advertisement in "Business Standard" in English and "Maharashtra Times" in Marathi, both having circulation in Mumbai.
22. All relevant documents referred to in the above Notice and other documents required to be open for inspection are open for inspection by the Equity Shareholders of the Company at the registered office of the Company at Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India between 10:00 a.m. to 12:00 noon on all working days (except Saturdays, Sundays and public holidays) up to the date of the Meeting.
23. The instructions for Equity Shareholders for remote e-voting are as under:

Members are requested to follow the instructions below to cast their vote through remote e-voting:

The instructions for shareholders voting electronically are as under:

- I. The voting period begins on February 21, 2020 (2.00 p.m.) and ends on February 24, 2020 (5.00 p.m.) During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of February 20, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- II. The shareholders should log on to the e-voting website www.evotingindia.com.

- III. Click on Shareholders.
- IV. Now Enter your User ID
 - a) For CDSL: 16 digits beneficiary ID,
 - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- V. Members holding shares in Physical Form should enter Folio Number registered with the Company Next enter the Image Verification as displayed and Click on Login.
- VI. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- VII. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- VIII. entering these details appropriately, click on "SUBMIT" tab.
- IX. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- X. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- XI. Click on the EVSN No. 200123003 for Fairchem Speciality Limited on which you choose to vote.
- XII. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution
- XIII. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- XIV. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- XV. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

- XVI. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- XVII. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- XVIII. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m- Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- XIX. Note for Non-Individual Shareholders and Custodians
- XX. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
- XXI. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- XXII. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- XXIII. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- XXIV. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- XXV. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- XXVI. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the NCLT Convened Meeting through ballot paper.
- XXVII. Mr. Uday G. Dave, Practicing Company Secretary (Membership No. FCS 6545), Partner of , M/s. Parikh Dave & Associates, Company Secretaries, Ahmedabad has been appointed as the Scrutinizer to scrutinize the remote e-voting and poll process at the NCLT Convened Meeting in a fair and transparent manner.
- XXVIII. The Scrutinizer shall after the conclusion of voting at the NCLT Convened Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the NCLT Convened Meeting, a consolidated scrutinizers' report of the total votes cast in favour or against, if any, to the Chairman / any Director of the Company authorised by the Chairman who shall countersign the same.
- XXIX. The Results shall be declared on or after the NCLT Convened Meeting of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.fairchem.in and on the website of CDSL and the same be also communicated to the BSE Limited and National Stock Exchange of India Limited.



FAIRCHEM SPECIALITY LIMITED

Registered office and Works:

FAIRCHEM SPECIALITY LIMITED

Registered Office: Plot No. A- 71 TTC, Thane Belapur Road, Near Kopar Khairane,
Navi Mumbai - 400 709.

Works and Office :

253/P and 312, Village Chekhala,
Sanand – Kadi Highway, Taluka SANAND,

Dist. AHMEDABAD – 382 115, INDIA

Phone (Board Nos.) : + 91 90163 24095 / 94099 58550

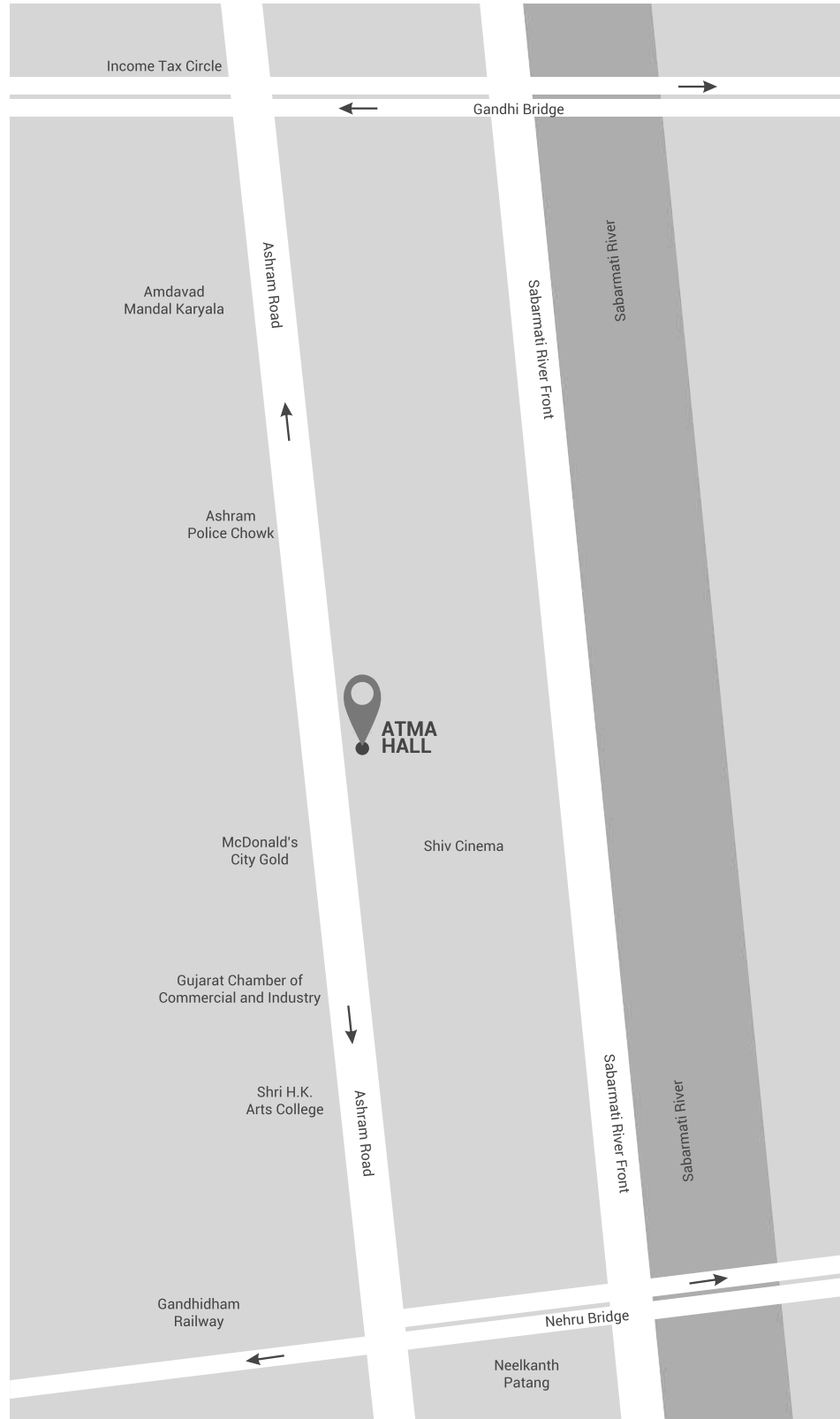
C.I.N. : L15140MH1985PLC286828

Website : www.fairchem.in

24. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

Route Map to the Venue of the Meeting

Venue : Conference Hall, Ahmedabad Textile Mills Association, Ashram Road, Ahmedabad-380 009, Gujarat.
Landmark : Opposite City Gold Theatre





BEFORE THE NATIONAL COMPANY LAW TRIBUNAL,
BENCH, AT MUMBAI
COMPANY SCHEME APPLICATION NO. C.A.(C.A.A.)/3748/ MB

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 - 232 and Section 66 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Composite Scheme of Arrangement and Amalgamation amongst Fairchem Speciality Limited (**"Applicant Company or Demerged Company"** or **"Transferee Company"**) and Fairchem Organics Limited (**"Resulting Company"**) and Privi Organics India Limited (**"Transferor Company"**) and their respective shareholders (**"Scheme"** or **"Composite Scheme of Arrangement and Amalgamation"**).

Fairchem Speciality Limited [CIN: L15140MH1985PLC286828], a company incorporated under the Companies Act, 1956 and having its registered office at Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India

...Applicant Company

EXPLANATORY STATEMENT UNDER SECTION 230(3) AND SECTION 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016, FOR THE MEETING OF THE EQUITY SHAREHOLDERS OF FAIRCHEM SPECIALITY LIMITED CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL, MUMBAI BENCH

1. This is a statement accompanying the Notice convening the meeting of the Equity Shareholders of the Company (**"Meeting"**), pursuant to the order dated January 22, 2020 (**"Order"**) passed by the Hon'ble National Company Law Tribunal, Mumbai Bench (**"Hon'ble Tribunal"** or **"NCLT"**) in the Company Scheme Application No. **C.A.(C.A.A.)/3748/MB** of 2019, referred to hereinabove, to be held at Conference Hall, Ahmedabad Textile Mills Association on Tuesday, February 25, 2020 at 04.30 p.m. (IST) for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the Composite Scheme of Arrangement and Amalgamation amongst Fairchem Speciality Limited (**"Demerged Company"** or **"Transferee Company"** or **"Company"**) and Fairchem Organics Limited (**"Resulting Company"**) and Privi Organics India Limited (**"Transferor Company"**) and their respective shareholders (**"Scheme"** or **"Composite Scheme of Arrangement and Amalgamation"**).
2. A copy of the Scheme is enclosed herewith as **Annexure A**. Part B of the Scheme which deals with the demerger of the Demerged Undertaking (as defined in the Scheme) from the Company to the Resulting Company shall become effective from Appointed Date 1 (i.e. closing of business hours of March 31, 2019) and Part C of the

Scheme which deals with the amalgamation of the Transferor Company with the Company shall become effective from Appointed date 2 (i.e. opening of business hours of April 1, 2019), but the Scheme shall be operative from the Effective Date (as defined in the Scheme).

3. Pursuant to the aforesaid Order, a Meeting of the Equity Shareholders of the Company is being convened and held for the purpose of considering and if thought fit, approving, with or without modification(s), the proposed Scheme. Voting by Equity Shareholders of the Company to the Scheme will be carried out through (a) remote e-voting; and (B) polling/ ballot paper at the venue of the Meeting. The quorum of the Meeting shall be 30 (thirty) equity shareholders present in person.
4. The Hon'ble Tribunal has appointed Shri Utkarsh Shah, Chairman of the Board of Directors of the Company, failing him, Shri Nahoosh Jariwala, Managing Director of the Company to be the Chairperson of the Meeting.
5. This statement is being furnished as required under Sections 230(3) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
6. In accordance with the provisions of Sections 230 - 232 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority in number representing three-fourths in value of the equity shareholders of the Company, voting in person or by proxy or by remote e-voting, agree to the Scheme.
7. The Hon'ble Tribunal, by its aforesaid Order, has held that the value and number of the shares of the equity shareholders shall be in accordance with the books/ register of the Company or depository records and where the entries in the books/ register/ depository records are disputed, the Chairperson of the Meeting shall determine the value for the purposes of the Meeting and his decision in that behalf would be final.
8. The aforesaid Order will be available for inspection at the registered office of the Company at Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India from 10:00 a.m. (1000 hours) to 12:00 noon (1200 hours), on all working days (except Saturdays, Sundays and public holidays) up to the date of the Meeting.
9. **Background of Companies**
 - 9.1. Fairchem Speciality Limited, a public limited company incorporated under the Companies Act, 1956, on May 25, 1985 as H. K. Agro Oil Limited, by the Registrar of Companies, Ahmedabad, Gujarat vide Certificate of Incorporation No. 7845 of 1985. The name of the Company was subsequently changed to H. K. Agrochem Limited w.e.f. July 15, 1994. The name of the Company was subsequently again changed to H. K. Finechem Limited w.e.f. December 15, 2000. Subsequently, the name of the Company was changed to Adi Finechem Limited w.e.f. October 19, 2010. Finally, the name of the Company was changed to its present name viz. Fairchem Speciality Limited w.e.f. October 6, 2016. The Company has also shifted its registered address from Gujarat to Maharashtra, by an order dated October 15, 2016, and accordingly the Company has been allotted new CIN L15140MH1985PLC286828. The registered office of Company is situated at Plot A-71, TTC Industrial Estate, Thane Belapur Road, Opp. Kopar Khairane Railway Station, Navi Mumbai 400 709. The registered office of the Applicant Company was shifted from 324, Dr. D. N. Road, Fort, Mumbai 400001 to above address w.e.f. August 8, 2019 vide special resolution passed by the shareholders at its 34th annual general meeting held on August 8, 2019. The PAN of the Company is AAACH5113Q. The email address of the Company is cs@fairchem.in. Apart from the above mentioned changes, there has been no change in the name and registered office of the Company during the last five years.

- 9.2. The authorised, issued, subscribed and paid-up share capital of the Company as on December 31, 2019 is as under:

Particulars	Amount in Rs.
Authorized Capital	
50,000,000 Equity Shares of Rs. 10 each	500,000,000
5,000,000 Preference Shares of Rs. 10 each	50,000,000
Total	550,000,000
Issued, Subscribed and Paid-Up Capital	
39,062,706 equity shares of Rs. 10 each, fully paid up	390,627,060
Total	390,627,060

As on date of this notice, there has been no change in the authorized, issued, subscribed and paid up share capital of the Company as compared to the share capital of the Company as on December 31, 2019.

- 9.3. The Company is a public limited company and its equity shares are listed on BSE Limited (“BSE”) and National Stock Exchange of India Ltd. (“NSE”).
- 9.4. The Company is engaged in the business of manufacturing, supplying and exporting of speciality oleo chemicals (natural source) and nutraceuticals (natural source) made from by-products generated from processing of crude vegetable oil refineries, including vegetable oil based fatty acid distillate and acid oils.
- 9.5. The details of Directors of the Company as on date along with their address are mentioned herein below:

Name of Directors	Category	Address
Shri Utkarsh B. Shah	Promoter – Non-Executive	10, Heritage Residency, Thaltej Shilaj Road, Thaltej, Ahmedabad - 380059.
Shri Nahoosh J. Jariwala	Promoter - Executive	'Jariwala' Bunglow, Rangoli - Rajpath Club Road, Off S.G. Road, Ahmedabad - 380059
Shri Mahesh Babani	Promoter – Executive	7/8, Satguru House, Sherly Rajan Road, Bandra (West), Mumbai - 400050
Shri Sumit Maheshwari	Nominee – Non- Executive	Plot No. 8, Road No. 6, Sector 19, New Panvel, Navi Mumbai 410206
Shri D. B. Rao	Promoter – Non- Executive	903, Daffodil Satguru Garden, Thane - 400602
Shri P.R. Barpande	Independent, Non- Executive	A-804, Royal Court, Swami Nityanand Marg, Next to Vijaynagar Society, Andheri East, Mumbai – 400 069
Shri Rajesh Budhrani	Independent, Non- Executive	12, Cuscaden walk, 21-02, Singapore-249694
Shri Hemang Gandhi	Independent, Non- Executive	Block No. 7, Flat No. 6, Colaba Land CHS Ltd Sorab Barucha Marg, Colaba, Mumbai - 400005
Ms. Radhika Pereira	Independent, Non- Executive	72, Buena Vista, J. Bhosale Marg, Nariman Point, Mumbai - 400021
Shri Darius Pandole	Independent, Non- Executive	JM Financial Investment Managers Limited 4th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025

Name of Directors	Category	Address
Shri Viren Joshi	Independent, Non- Executive	02, Odyssey 2, Flat No. 2201, 22nd Floor, Hiranandani Gardens, Powai, Mumbai - 400076

- 9.6. The details of Promoters (including Promoter group) of the Company along with their address are mentioned herein below:

Name of Promoters	Category	Address
Shri Utkarsh B. Shah	Promoter – Non-Executive	10, Heritage Residency, Thaltej Shilaj Road, Thaltej, Ahmedabad - 380059.
Shri Nahoosh J. Jariwala	Promoter - Executive	'Jariwala' Bunglow, Rangoli - Rajpath Club Road, Off S.G. Road, Ahmedabad - 380059
Shri Mahesh Babani	Promoter – Executive	7/8, Satguru House, Sherly Rajan Road, Bandra (West), Mumbai - 400050
Mahesh Purshottam Babani HUF		Promoter/ Promoter Group Flat No 7, 3rd Floor Satguru House Shirley Rajan Road Bandra West, Mumbai Maharashtra 400050
Seema Mahesh Babani	Promoter/ Promoter Group	Satguru House 3rd Floor Shirley Rajan Road Bandra West Mumbai Maharashtra 400050
Snehal Mahesh Babani	Promoter/ Promoter Group	3rd Floor Satguru House Shirly Rajan Road Mumbai Mumbai Maharashtra 400050
Jyoti Mahesh Babani	Promoter/ Promoter Group	3rd Floor Satguru House Shirly Rajan Road Mumbai Bandra West Mumbai Maharashtra 400050
Shri D. B. Rao	Promoter – Non- Executive	903, Daffodil Satguru Garden, Thane - 400602
Vinaykumar Doppalapudi Rao	Promoter/ Promoter Group	Flat No 903 Daffodil Satguru Garden Meethbundar Road Near Thane Railway Station Thane (East) 400603
Vijaykumar Doppalapudi	Promoter/ Promoter Group	Flat No B-602 Vasundhara Chs Ltd, Plot No 13- 14 Sector 8 Kharghar 410210
Grace Vinaykumar	Promoter/ Promoter Group	903/904 Daffodil Satguru Gardens Mumbai 400603
Sharon Doppalapudi	Promoter/ Promoter Group	Flat No B-602, Vasundhara Chs Ltd Khargar Sector 8 Near Little World Mall, Kharghar Raigarh 410210
Premaleela Doppalapudi	Promoter/ Promoter Group	903, Daffodil Satguru Garden Thane East Thane 400603
Rajkumar Doppalapudi	Promoter/ Promoter Group	903 Daffodils Satguru Gardens Thane East Thane 400603
Prasanna Raj	Promoter/ Promoter Group	903 Daffodils Satguru Gardens Thane E 400603
Rameshbabu Gokarneswararao Guduru	Promoter/ Promoter Group	Privi Housing Colony 106 Plot No R 27 Nangalwadi Nadgaon Tarf Birwadi Mide Mahad Raigarh Mahad 402309

Name of Directors	Category	Address
Nahoosh Tradelink LLP	Promoter/ Promoter Group	Jariwala Rangoli Road Bodekdev Ahmedabad India 380059
Jariwala Tradelink LLP	Promoter/ Promoter Group	Jariwala Rangoli Road Bodekdev Ahmedabad India 380059
Moneymart Securities Private Limited	Promoter/ Promoter Group	Makhija Chambers, 1st Floor 196, Turner Road Bandra (West) Mumbai India 400050
Vivira Investment and Trading Private Limited	Promoter/ Promoter Group	903 Daffodil Satguru Garden Thane East 400603
Vivira Chemicals Private Limited	Promoter/ Promoter Group	Privi House, A-71 Ttc Thane Belapur Road Near Koparkhairane Station Navi Mumbai 400709
FIH Mauritius Investments Limited	Promoter/ Promoter Group	Deutsche Bank AG, DB House Hazarimal Somani Marg, P.O. Box no. 1142, Fort Mumbai 400001
FIH Private Investments Limited	Promoter/ Promoter Group	Deutsche Bank AG, DB House Hazarimal Somani Marg, P.O. Box no. 1142, Fort Mumbai 400001

9.7. As on December 31, 2019, the Company has 234 unsecured creditors and the amount due to such unsecured creditors is Rs. 99,481,264

9.8. The objects for which the Company has been established are set out in its Memorandum of Association. The main objects are set out hereunder:

- To extract oil from rice bran, brans, Cotton seeds, Linseeds, Caster seeds, Rape Seeds, Mustard Seeds, Mahuda Seeds, Neem Seeds and ground nuts and other nuts, seeds and substances.*
- To manufacture, refine, process and deal in rice bran, rice bran-oil, deoiled rice bran, oil seeds, oils and oil products and by-products of extraction.*
- To carry on business as seed Crushers and manufacturers of oil cakes and as oil Extractors by crushing Chemical or other processes*

There has been no change in the objects of the Company during the last five years.

9.9. Fairchem Organics Limited, the Resulting Company was incorporated on 27th day of March, 2019 and in consequence thereof certificate of incorporation was issued by the Registrar of Companies, Mumbai. The registered office of the Resulting Company is situated at Plot A-71, TTC Industrial Estate, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India. The PAN and CIN of the Resulting Company are AADCF6900E and U24200MH2019PLC323176 respectively. The email address of the Resulting Company is cs@fairchem.in. There has been no change in the name and registered office of the Resulting Company since the date of its incorporation.

9.10. The authorised, issued, subscribed and paid-up share capital of the Resulting Company as on December 31, 2019 is as under:

Particulars	Amount in Rs.
Authorized Capital	
10,000 Equity Shares of Rs. 10 each	100,000
Total	100,000
Issued, Subscribed and Paid-Up Capital	
10,000 Equity Shares of Rs. 10 each, fully paid up	100,000
Total	100,000

As on date of this notice, there has been no change in the authorized, issued, subscribed and paid up share capital of the Resulting Company as compared to the share capital of the Resulting Company as on December 31, 2019.

9.11. The shares of the Resulting Company are not listed on any stock exchange.

9.12. The Resulting Company is authorized by its memorandum of association to inter alia carry on the business of processing by-products/ waste products generated during refining of any kind of edible or non-edible vegetable oils and manufacture various kinds of fatty acids, nutraceuticals intermediates and/ or their derivatives utilizing chemical, solvents, catalysts or physical process.

9.13. The details of Directors of the Resulting Company along with their address as on date of the notice are mentioned herein below:

Name of Directors	Category	Address
Shri Nahoosh Jayvadan Jariwala	Director	'Jariwala' Bungalow, Rangoli - Rajpath Club Road, Off S.G. Road, Ahmedabad - 380059
Shri Rajen Niranjanbhai Jhaveri	Director	A-32, Saiyam Apartments, B/h Nehrunagar, Ambawadi, Ahmedabad - 380015
Shri Kaushik Gajendraprasad Bhatt	Director	11-B, Chandrika Society, Gordhanwadi Tekra, Kankaria, Ahmedabad - 380028

9.14. The details of Promoters (including Promoter group) of the Resulting Company along with their address are mentioned herein below:

Name of Promoters	Category	Address
Shri Utkarsh B. Shah	Promoter – Non-Executive	10, Heritage Residency, Thaltej Shilaj Road, Thaltej, Ahmedabad - 380059.
Shri Nahoosh J. Jariwala	Promoter - Executive	'Jariwala' Bungalow, Rangoli - Rajpath Club Road, Off S.G. Road, Ahmedabad - 380059
Shri Mahesh Babani	Promoter – Executive	7/8, Satguru House, Sherly Rajan Road, Bandra (West), Mumbai - 400050
Mahesh Purshottam Babani HUF		Promoter/ Promoter Group Flat No 7, 3rd Floor Satguru House Shirley Rajan Road Bandra West, Mumbai Maharashtra 400050
Seema Mahesh Babani	Promoter/ Promoter Group	Satguru House 3rd Floor Shirley Rajan Road Bandra West Mumbai Maharashtra 400050
Snehal Mahesh Babani	Promoter/ Promoter Group	3rd Floor Satguru House Shirly Rajan Road Mumbai Mumbai Maharashtra 400050
Jyoti Mahesh Babani	Promoter/ Promoter Group	3rd Floor Satguru House Shirly Rajan Road Mumbai Bandra West Mumbai Maharashtra 400050
Shri D. B. Rao	Promoter – Non- Executive	903, Daffodil Satguru Garden, Thane - 400602
Vinaykumar Doppalapudi Rao	Promoter/ Promoter Group	Flat No 903 Daffodil Satguru Garden Meethbundar Road Near Thane Railway Station Thane (East) 400603
Vijaykumar Doppalapudi	Promoter/ Promoter Group	Flat No B-602 Vasundhara Chs Ltd, Plot No 13-14 Sector 8 Kharghar 410210

Name of Directors	Category	Address
Grace Vinaykumar	Promoter/ Promoter Group	903/904 Daffodil Satguru Gardens Mumbai 400603
Sharon Doppalapudi	Promoter/ Promoter Group	Flat No B-602, Vasundhara Chs Ltd Khargar Sector 8 Near Little World Mall, Khargar Raigarh 410210
Premaleela Doppalapudi	Promoter/ Promoter Group	903, Daffodil Satguru Garden Thane East Thane 400603
Rajkumar Doppalapudi	Promoter/ Promoter Group	903 Daffodils Satguru Gardens Thane East Thane 400603
Prasanna Raj	Promoter/ Promoter Group	903 Daffodils Satguru Gardens Thane E 400603
Rameshbabu Gokarneswararao Guduru	Promoter/ Promoter Group	Privi Housing Colony 106 Plot No R 27 Nangalwadi Nadgaon Tarf Birwadi Midc Mahad Raigarh Mahad 402309
Nahoosh Tradelink LLP	Promoter/ Promoter Group	Jariwala Rangoli Road Bodekdev Ahmedabad India 380059
Jariwala Tradelink LLP	Promoter/ Promoter Group	Jariwala Rangoli Road Bodekdev Ahmedabad India 380059
Moneymart Securities Private Limited	Promoter/ Promoter Group	Makhija Chambers, 1st Floor 196, Turner Road Bandra (West) Mumbai India 400050
Vivira Investment and Trading Private Limited	Promoter/ Promoter Group	903 Daffodil Satguru Garden Thane East 400603
Vivira Chemicals Private Limited	Promoter/ Promoter Group	Privi House, A-71 Ttc Thane Belapur Road Near Koparkhairane Station Navi Mumbai 400709
FIH Mauritius Investments Limited	Promoter/ Promoter Group	Deutsche Bank AG, DB House Hazarimal Somani Marg, P.O. Box no. 1142, Fort Mumbai 400001
FIH Private Investments Limited	Promoter/ Promoter Group	Deutsche Bank AG, DB House Hazarimal Somani Marg, P.O. Box no. 1142, Fort Mumbai 400001

9.15. As on December 31, 2019, the Resulting Company has no unsecured creditors.

9.16. The objects for which the Resulting Company has been established are set out in the Memorandum of Association. The main objects are set out hereunder:

- (1) *To carry on business of edible and non-edible seed Crushers, Extractors and manufacture Deoiled cakes and crude oils using chemical or physical process(es).*
- (2) *To process by products/waste products generated during refining of any kind of edible or nonedible vegetable oils.*
- (3) *To manufacture various kinds of fatty acids, their derivatives like amines, amides, esters of different alcohol falling broadly under 'Oleo Chemicals'.*
- (4) *To manufacture various kinds of nutraceuticals intermediate and/or their derivatives either in liquid or powder form(s) utilizing chemical, solvents, catalysts or physical process.*

There has been no change in the objects of the Resulting Company since the date of its incorporation.

9.17. Privi Organics India Limited, the Transferor Company was incorporated on July 8, 2016 at Mumbai, Maharashtra under Companies Act, 2013 in the name of 'Adi Aromatic Limited', bearing the CIN No. U24220MH2016PLC283393. The name of the Transferor Company was subsequently changed to 'Privi Organics India Limited' w.e.f. March 15, 2017. The Registered office of the Transferor Company is situated at Plot A-71, TTC Industrial Estate, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India. The PAN and CIN of the Transferor Company are AAOCA5466H and U24220MH2016PLC283393 respectively. The email address of the Transferor Company is rameshk@privi.co.in. Apart from the abovementioned changes, there has been no change in the name and registered office of the Transferor Company since the date of its incorporation.

9.18. The authorised, issued, subscribed and paid-up share capital of the Transferor Company as on December 31, 2019

Particulars	Amount in Rs.
Authorized Capital	
10,000 Equity Shares of Rs. 10 each	100,000
Total	100,000
Issued, Subscribed and Paid-Up Capital	
10,000 Equity Shares of Rs. 10 each, fully paid up	100,000
Total	100,000

As on date of this notice, there has been no change in the authorized, issued, subscribed and paid up share capital of the Transferor Company as compared to the share capital of the Transferor Company as on December 31, 2019.

9.19. The shares of the Transferor Company are not listed on any stock exchange.

9.20. The Transferor Company is in the business of development, manufacture and processing of aroma chemicals and to supply and export aroma chemicals which are used mainly in the flavor and fragrance industry

9.21. The details of Directors of the Transferor Company along with their address as on date of the notice are mentioned herein below:

Name of Directors	Category	Address
Mahesh Purushottam Babani	Chairman & Managing Director	3rd Floor, Satguru House, Sherly Rajan Road, Bandra West, Mumbai 400050
Bhaktvatsala Rao Doppalapudi	Executive Director	903, Daffodils, Satguru Gardens, Thane (E) – 400603
Nahoosh Jayvadan Jariwala	Non-Executive, Non Independent Director	Besides Shashwat Bungalows, Rajpath Club, Rangoli Road, Bodakdev, Thaltej, Thaltej Daskroi, Ahmedabad, Gujarat – 380059
Anurag Surana	Independent Director	S.S.Surana House No.222D, Block H, Sainik Farms, Deoli, South Delhi, Delhi – 110062
Padmanabh Ramchandra Barpande	Independent Director	A-804, Royal Court, Vijay Nagar, Swami Nityanand Marg, Opp HDIL Kaledonia Building, Andheri (East), Mumbai – 400099
Rajesh Harichandra Budhrani	Independent Director	12, Cuscaden Walk, 21-02, Singapore – 249694
Dwarko Topandas Khilnani	Independent Director	Basant Cinema 6/21, Boria Society, Dr. C G Road, Chembur, Mumbai - 400074
Anuradha Eknath Thakur	Independent Director	Bhageshree CHS, Shankar Ghanekar Marg, Prabhadevi, Mumbai – 400025
Sumit Maheshwari	Nominee Director	Plot No. 8 , Road No.6, Sector 19, New Panvel, Raigad – 410206

9.22. The details of Promoters (including Promoter group) of the Transferor Company along with their address are mentioned herein below:

Name of Directors	Category	Address
Mahesh Purushottam Babani	Promoter Executive Director	3rd Floor, Satguru House, Shirley Rajan Road, Bandra West, Mumbai 400050
Bhaktvatsala Rao Doppalapudi	Promoter Executive Director	903, Daffodila, Satguru Gardens, Thane (E) – 400603
Fairchem Speciality Limited	Promoter	Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai 400709

9.23. As on December 31, 2019, the Transferor Company has 750 unsecured creditors and the amount due to such unsecured creditors is Rs. 1,43,98,97,033.

9.24. The objects for which the Transferor Company has been established are set out in the Memorandum of Association. The relevant objects are set out hereunder:

- (1) *To manufacture, buy, sell and otherwise deal in Organic Chemicals, Silicas, Inorganic Chemicals and their intermediaries..*
- (2) *To produce, extract, store, buy, sell, import and export organic chemicals, inorganic chemicals, silicas, silicates, phosphates and their intermediaries or obtain from or through any organic or inorganic chemicals.*
- (3) *To carry on the business of the chemical manufacturers, analytical chemists, importers, exporters and manufacturers and dealers in heavy chemicals, drugs, essences, cordials, acids, alkali, dyes and dye intermediaries, auxiliaries, colors, dyes, paints, varnishes, biochemicals and Nutraceuticals, medicinal, bleaching, photographic and other preparations and such other related products. mineral and other waters, oil, paints, pigments and varnishes, drugs, paint and colours, grinders, makers of and dealers in proprietary articles.*
- (3a) *To carry out (whether as principal or agent) all or any of the businesses of manufacturing, blending, mixing, preparing, supplying, developing, refining, storing, distributing, marketing, importing, exporting, buying, selling, dealing in (whether by wholesale or retail) and research and development in the applications of biotechnological processes to all products (whether of animal, vegetable, mineral or micro-organism origin) including but not limited to materials, flavours, fragrances, essences, oils, preservatives, substances and ingredients for food, cosmetics, pharmaceutical, medicinal or chemical products and to establish, acquire, maintain laboratories, pilot plants, manufacturing facilities and carry on research, development, experiment, production, manufacture, transport, analytical testing and other works relating to the biotechnological and allied products.*

There has been no change in the objects of the Transferor Company since the date of its incorporation.

10. Details of the Scheme

The Scheme provides for demerger of the Demerged Undertaking of the Company into the Resulting Company and amalgamation of the Transferor Company with the Company pursuant to Sections 230 to 232, Section 66 and other applicable provisions of the Companies Act, 2013.

11. Background and Rationale of the Scheme

- 11.1. The current corporate structure of the Company comprises an operating business of manufacturing, supplying and exporting of speciality oleo chemicals and nutraceuticals and a business of developing, manufacturing, supplying, exporting aroma chemicals. The business of aroma chemicals is carried out through the Transferor Company, a wholly owned subsidiary of the Company.
- 11.2. Both the businesses – that of oleo chemical and nutraceuticals; and aroma chemicals require different skill sets, business strategies, R&D support and capital assets. The nature of risk, competition, challenges, opportunities and business methods for both the businesses are distinctly different.
- 11.3. Each of the varied business being carried out by the Company and by the Transferor Company, the wholly owned subsidiary of the Company have significant potential for growth and profitability.
- 11.4. However, as each business requires significantly different operating and financial strategies, their individual potential will be best realized if the businesses are operated separately and independently.
- 11.5. It is proposed to consolidate the businesses carried on by the Company and through its wholly owned subsidiary into a single identified entity and segregate other businesses into another identified entity. This will create two niche, dedicated and focused business segments without any risk or overlap of one business over the other. Thus, the oleo chemical and nutraceutical business will be housed in a Demerged Undertaking and the business of aroma chemicals will be housed in the Company. To that effect, the Transferor Company will be merged with the Company.
- 11.6. The restructuring arrangement would enable greater/ enhanced focus of the management in each business of the Company and the Demerged Undertaking which would facilitate the management of both the Company and the Demerged Undertaking to not only efficiently exploit opportunities for each of the businesses but also enhance efficiency in overall combined business including economies of scale, efficiency of operations which can be deployed more efficiently for the purpose of development of businesses of the respective entities and their growth opportunities, eliminate inter corporate dependencies, minimize the administrative compliances and to maximize shareholders value.
- 11.7. The Scheme will create enhanced value for shareholders and allow a focused strategy and specialisation for sustained growth, which would be in the best interest of all the stakeholders and the persons connected with the aforesaid companies.
- 11.8. The Scheme will not in any manner be prejudicial to the interests of the concerned shareholders and creditors or general public at large.

12. Relationship subsisting amongst the Company, the Resulting Company and the Transferor Company

- 12.1. As on date the entire issued, subscribed and fully paid up capital of the Resulting Company and the Transferor Company is held by the Company and its nominees. The Resulting Company and the Transferor Company are wholly owned subsidiaries of the Company.

13. Material Provisions/ Salient Features of the Scheme

PART B

TRANSFER AND VESTING OF DEMERGED UNDERTAKING

4. TRANSFER AND VESTING OF DEMERGED UNDERTAKING FROM THE DEMERGED COMPANY TO THE RESULTING COMPANY

- 4.1 *With effect from the Appointed Date 1, and subject to the provisions of this Scheme and pursuant to and in*

accordance with Sections 230 to 232 of the Act, the Demerged Undertaking along with all its assets, liabilities, contracts, arrangements, employees, approvals, Permits, records, etc. shall, without any further act, instrument or deed, be demerged from Demerged Company and transferred to and be vested in or be deemed to have been vested in the Resulting Company as a going concern so as to become as and from the Appointed Date 1, the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Resulting Company by virtue of, and in the manner provided in this Scheme.

- 4.2 *In respect of such of the assets and properties forming part of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, or by endorsement and/ or delivery, the same shall stand transferred by the Demerged Company upon coming into effect of this Scheme and shall, ipso facto and without any other order to this effect, become the assets and properties of the Resulting Company.*
- 4.3 *Subject to Clause 4.4 below, with respect to the assets of the Demerged Undertaking, other than those referred to in Clause 4.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Demerged Company, shall, 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, with effect from the Appointed Date 1 by operation of law as transmission or as the case may be in favour of Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required.*
- 4.4 *All immovable properties (including land together with the building and structures standing thereon) of the Demerged Undertaking, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in the Resulting Company, subject to Applicable Law, without any act or deed required by either the Demerged Company or the Resulting Company. Upon this Scheme becoming effective and with effect from the Appointed Date 1, the Resulting Company shall be entitled to exercise any and all rights and privileges and shall be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties (if any), shall be made and duly recorded by the Appropriate Authorities pursuant to the sanction of this Scheme in accordance with the terms hereof without any requirement of a further act or deed on part of the Resulting Company. The Resulting Company shall subsequent to the Scheme becoming effective be entitled to the delivery and possession of all documents of title to such immovable property in this regard. Further, it is hereby provided that immovable properties of the Demerged Undertaking other than those situated in the state of Maharashtra may become property of the Resulting Company through a separate deed of conveyance or through any such manner as may be decided by the Board of Directors of the Resulting Company. However, the above manner of the transfer of immovable properties is for administrative exigency but for purpose of the Scheme it shall be treated as transferred pursuant to Scheme only.*
- 4.5 *The Demerged Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such persons, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Resulting Company and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.*
- 4.6 *Upon the coming into effect of this Scheme, all debts, liabilities, loans and obligations incurred, duties or obligations of any kind, nature or description (including contingent liabilities) pertaining to the Demerged Undertaking, as on the Appointed Date 1 shall, without any further act or deed, stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company on the same terms and conditions as applicable to the Demerged Company, and shall become the debts, liabilities, loans, duties and*

obligations of the Resulting Company which shall meet, discharge and satisfy the same and further that it shall not be necessary to separately obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of any of the liabilities which have arisen in order to give effect to the provisions of this Clause. The liabilities relating to the Demerged Undertaking shall include:

- 4.6.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking;*
- 4.6.2 the specific loans or borrowings (including debentures bonds, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and*
- 4.6.3 in cases other than those referred to in Clauses 4.6.1 or 4.6.2 above and not directly relatable to the Demerged Undertaking, being the amounts of any general or multipurpose borrowings of the Demerged Company as stand in the same proportion which the value of assets, transferred under this Clause, of the Demerged Undertaking bears to the total value of the assets of the Demerged Company immediately before the Appointed Date 1.*
- 4.7 Where any of the liabilities relating to the Demerged Undertaking have been discharged by the Demerged Company after the Appointed Date 1 and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.*
- 4.8 Upon the coming into effect of the Scheme, all debts, liabilities, loans and obligations incurred and duties and obligations undertaken pertaining to the Demerged Undertaking after the Appointed Date 1 and prior to the Effective Date, shall, subject to the terms of this Scheme, 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, stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company and shall become the debts, liabilities, loans, duties and obligations of the Resulting Company which shall meet, discharge and satisfy the same.*
- 4.9 Upon the coming into effect of this Scheme, the Resulting Company shall be liable to perform all obligations in respect of the liabilities relating to the Demerged Undertaking and debts, liabilities, loans and obligations incurred and duties and obligations undertaken pertaining to the Demerged Undertaking after the Appointed Date 1 and prior to the Effective Date, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such liabilities related to the Demerged Undertaking and debts, liabilities, loans and obligations incurred and duties and obligations undertaken pertaining to the Demerged Undertaking after the Appointed Date 1 and prior to the Effective Date.*
- 4.10 The transfer and vesting of the Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relatable to the Demerged Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Demerged Undertaking.*
- 4.11 The Demerged Company shall in respect of any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Demerged Undertaking, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper stating that pursuant to the NCLT having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same, stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.*
- 4.12 Upon the coming into effect of this Scheme, all the credit for taxes including but not limited to tax deduction at source, tax collected at source, advance tax, tax demand paid under protest with the Demerged Company in*

relation to or in connection with the Demerged Undertaking shall be available and vest in the Resulting Company.

- 4.13 *Upon the coming into effect of this Scheme, all unutilized input tax credit of central goods and service tax, integrated goods and service tax, state goods and service tax, union territory goods and service tax, goods and service tax compensation cess etc. lying unutilised with the Demerged Company in relation to or in connection with the Demerged Undertaking shall be available and vest in the Resulting Company.*
- 4.14 *On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank accounts of the Demerged Company, in the name of the Demerged Company for such time as may be mutually agreed between the Resulting Company and the Demerged Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Demerged Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.*
- 4.15 *Any third party or Appropriate Authority required to give effect to any provisions of this Scheme, shall take on record the NCLT Orders sanctioning the Scheme on its file and duly record the necessary substitution or endorsement in the name of the Resulting Company as successor in interest, pursuant to the sanction of this Scheme by the NCLT, and upon this Scheme becoming effective. For this purpose, the Resulting Company shall file certified copies of such NCLT Order and if required file appropriate applications or forms with relevant authorities concerned for statistical and information purposes only and there shall be no break in the validity and enforceability of Governmental approvals, Permits (including the licenses granted by any Appropriate Authority for the purpose of carrying on its business or in connection therewith), exemptions, registrations, no-objection certificates, quotas, rights, entitlements, and certificates of every kind and description of whatsoever nature.*
- 4.16 *Without prejudice to the provisions of the foregoing sub clauses of this Clause 4, and upon coming into effect of the Scheme, the Demerged Company and the Resulting Company shall be entitled to apply to the Appropriate Authorities as are necessary under any Applicable Law for such consents, approvals and sanctions which the Resulting Company may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned Registrar of Companies or filing of necessary applications, notices, intimations or letters with any authority or person to give effect to the Scheme.*
- 4.17 *Upon coming into effect of this Scheme, to the extent that there are inter- company transactions or balances including loans and advances, receivables, payables and other dues outstanding in relation to the Demerged Undertaking between the Demerged Company and the Resulting Company, as on or from the Appointed Date 1, the obligations in respect thereof shall come to an end.*
- 4.18 *All registrations, licenses, trademarks, copyrights, domain names, applications for copyrights, trade-names and trademarks, etc. pertaining to the Demerged Company in relation to the Demerged Undertaking, if any, shall stand vested in the Resulting Company without any further act, instrument or deed, upon the sanction of the Scheme and upon this Scheme becoming effective.*
- 4.19 *The Resulting Company shall, at any time after this Scheme coming into effect, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to which the Demerged Company in relation to the Demerged Undertaking have been a party, including any*

filings with Appropriate Authorities, in order to give formal effect to the above provisions. The Resulting Company shall for this purpose, under the provisions hereof, be deemed to have been authorized to execute any such writings on behalf of the Demerged Company solely in relation to the Demerged Undertaking and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company solely in relation to the Demerged Undertaking.

4.20 *For avoidance of doubt and without prejudice to the generality of any applicable provisions of this Scheme, it is clarified that in order to ensure (i) implementation of the provisions of the Scheme; (ii) uninterrupted transfer of the relevant Permits in relation to the Demerged Undertaking; and (iii) continued vesting of the benefits, exemptions available to the Demerged Company in relation to the Demerged Undertaking in favour of the Resulting Company, the Board of Directors of the Demerged Company and the Resulting Company or such persons as may be authorized by them shall be deemed to be authorized to execute or enter into necessary documentations with any regulatory authorities or third parties, if applicable and the same shall be considered as giving effect to the NCLT Order(s) and shall be considered as an integral part of this Scheme.*

4.21 *Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of the above sub-clauses shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue of any security document, all of which instruments, deeds or writings shall stand modified and / or superseded by the foregoing provisions.*

This part of the Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is / are inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, 1961, the provisions of Section 2(19AA) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(19AA) of the Income-tax Act, 1961; such modification to not affect or modify other parts of the Scheme including the accounting treatment specified in clause 12.

5. PERMITS

5.1 *With effect from the Appointed Date 1, Permits relating to the Demerged Undertaking shall be transferred to and vested in the Resulting Company and the concerned licensor and grantors of such Permits shall endorse where necessary, and record the Resulting Company on such Permits so as to empower and facilitate the approval and vesting of the Demerged Undertaking in the Resulting Company and continuation of operations pertaining to the Demerged Undertaking in the Resulting Company without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Resulting Company without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company.*

5.2 *The benefit of all Permits pertaining to the Demerged Undertaking shall without any other order to this effect, transfer and vest into and become available to the Resulting Company pursuant to the sanction of this Scheme.*

6. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

6.1 *Upon coming into effect of this Scheme and with effect from the Appointed Date 1 and subject to the provisions of this Scheme, all contracts, deeds, bonds, lease deeds, arrangements entered into with various persons, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking and to which the Demerged Company is a party or to the benefit of which the Demerged*

Company may be eligible, and which are subsisting or have effect as on the Effective Date, shall continue in full force and effect on or against or in favor of, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto or thereunder, in all cases subject to the terms and provisions of such contracts, deeds, bonds, lease deeds, agreements, arrangements or instruments.

- 6.2 *Without prejudice to the other provisions of this Scheme and notwithstanding that the demerger and subsequent vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company occurs by virtue of this Scheme itself, the Resulting Company, may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmation or other writings or arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company solely in relation to the Demerged Undertaking and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed solely in relation to the Demerged Undertaking.*
- 6.3 *On and from the Effective Date, and thereafter, the Resulting Company shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Demerged Company, in relation to or in connection with the Demerged Undertaking, in the name of the Resulting Company in so far as may be necessary until the transfer of rights and obligations of the Demerged Undertaking to the Resulting Company under this Scheme have been given effect to under such contracts and transactions.*
- 6.4 *Even after this Scheme becomes effective, the Resulting Company shall, in its own rights, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of the Demerged Undertaking, in so far as may be necessary.*
- 6.5 *Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason, whatsoever, the Demerged Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements, or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, in so far as it is permissible so to do, till such time as the transfer is effected.*

7. EMPLOYEES

- 7.1 *Upon coming into effect of this Scheme, with effect from the Effective Date, the Resulting Company undertakes to engage, without any interruption in service, all employees of the Demerged Company, engaged in or in relation to the Demerged Undertaking on the Effective Date, on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company. The Resulting Company agrees that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.*
- 7.2 *The existing funds or benefits, including provident fund and gratuity fund, created by the Demerged Company inter alia for the employees of the Demerged Undertaking (collectively referred to as the*

'Funds') in terms of this Scheme shall be continued for the benefit of such employees on the same terms and conditions in the Resulting Company. With effect from the Effective Date, the Resulting Company shall make the necessary contribution for such employees taken over. Upon the Scheme being effective, the Resulting Company shall, to the extent pertaining to the Demerged Undertaking, stand substituted for the Demerged Company for all purposes whatsoever related to the administration or operation of such Fund or in relation to the obligations to make a contribution to the said Funds in accordance with the provisions of the Fund or according to the terms provided in the respective Fund deeds or other documents or, in the alternative, create / establish / setup / provide the facility of one or more alternative trusts being not less favourable than the existing Fund in the Demerged Company of which such employees were members in the Demerged Company. The Resulting Company undertakes and assumes all the duties and obligations and takes over and assumes all the rights and powers of the Demerged Company upon the Scheme being effective, in relation to aforesaid Funds of the Demerged Company. The services of the employees of the Demerged Undertaking will be treated as having been continuous for the purposes of availing the benefits of the aforesaid funds or provisions of any Funds for such employees.

8. LEGAL PROCEEDINGS

- 8.1 *Upon the Scheme becoming effective, all legal proceedings, suits, claims, actions before any statutory or quasi-judicial authority or tribunal of whatsoever nature, pertaining to the Demerged Undertaking, by or against the Demerged Company arising after the Appointed Date 1, shall be continued and enforced by or against the Demerged Company only until the Effective Date. On and from the Effective Date, the Resulting Company shall and may, if required, initiate any legal proceedings in relation to the relevant matters pertaining to the Demerged Undertaking in the same manner and to the same extent as would or might have been initiated by the Demerged Company. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company. The Resulting Company shall be replaced / added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in co-operation with the Demerged Company.*
- 8.2 *The Resulting Company undertakes to have all legal proceedings initiated by or against the Demerged Company referred to in Sub-Clause 8.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both the Demerged Company and the Resulting Company shall make relevant applications in that behalf. It is clarified that the Demerged Company shall in no event be responsible or liable in relation to any proceedings relating to the Demerged Undertaking that stand transferred to the Resulting Company.*
- 8.3 *If any suit, appeal or other proceedings relating to the Demerged Undertaking, of whatever nature by or against the Demerged Company be pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the demerger of the Demerged Undertaking or by anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company as if this Scheme had not been made.*

PART C

AMALGAMATION OF TRANSFEROR COMPANY WITH TRANSFEREE COMPANY

14. TRANSFER OF ASSETS AND LIABILITIES

- 14.1 *Immediately on Part B of the Scheme being effective and with effect from the Appointed Date 2, and subject to the provisions of this Scheme and in accordance with and pursuant to Section 230 to 232 of the*

Act, the Transferor Company shall stand amalgamated with the Transferee Company as a going concern and all assets, investments (including shares held in subsidiaries i.e. Privi Biotechnologies Private Limited and Privi Organics USA Corp), liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Transferor Company shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date 2, the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Transferee Company by virtue of, and in the manner provided in this Scheme.

- 14.2 In respect of such of the assets and properties of the Transferor Company that are movable in nature or are otherwise capable of being transferred by delivery or possession, or by endorsement and/ or delivery, the same shall stand transferred by the Transferor Company upon coming into effect of this Scheme and shall, ipso facto and without any other order to this effect, become the assets and properties of the Transferee Company.*
- 14.3 Subject to Clause 14.4 below, with respect to the assets of the Transferor Company, other than those referred to in Clause 14.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties) sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Transferor Company, shall, 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 Transferee Company, with effect from the Appointed Date 2 by operation of law as transmission, as the case may be, in favour of Transferee Company. With regard to the licenses of the properties, the Transferee Company will enter into novation agreements, if it is so required.*
- 14.4 All immovable properties (including land together with the building and structures standing thereon) of the Transferor Company, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in the Transferee Company, subject to Applicable Law, without any act or deed. Upon this Scheme becoming effective and with effect from the Appointed Date 2, the Transferee Company shall be entitled to exercise any and all rights and privileges and shall be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties (if any), shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme in accordance with the terms hereof without any requirement of a further act or deed on part of the Transferee Company. The Transferee Company shall subsequent to the Scheme becoming effective be entitled to the delivery and possession of all documents of title to such immovable property in this regard.*
- 14.5 All debts, liabilities, duties and obligations of the Transferor Company shall, without any further act, instrument or deed be transferred to, and vested in, and/ or deemed to have been transferred to, and vested in, the Transferee Company, so as to become on and from the Appointed Date 2, the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and it shall not be necessary to obtain the consent of any person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 14.*
- 14.6 All the existing securities, mortgages, charges, encumbrances, if any, as on the Appointed Date 2 and those created by the Transferor Company after the Appointed Date 2, over the assets of the Transferor Company transferred to the Transferee Company shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date.*

Such securities, mortgages, charges, encumbrances or liens shall not relate or attach or extend to any of the other assets of the Transferee Company.

- 14.7 Any existing securities, mortgages, charges, encumbrances, if any, over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee Company prior to the Effective Date shall continue to relate only to such assets and properties of the Transferee Company and shall not extend or attach to any of the assets and properties of the Transferor Company (except those assets and properties which are encumbered on account of loans taken by the Transferee Company by creating charge over the assets of the Transferor Company, if any) transferred to and vested in the Transferee Company by virtue of this Scheme.*
- 14.8 Upon the coming into effect of this Scheme, all the credit for taxes including but not limited to tax deduction at source, tax collected at source, advance tax, minimum alternate tax, tax demand paid under protest with the Transferor Company shall be available and vest in the Transferee Company.*
- 14.9 Upon the coming into effect of this Scheme, all unutilized input tax credit of central goods and service tax, integrated goods and service tax, state goods and service tax, union territory goods and service tax, goods and service tax compensation cess etc. lying unutilised with the Transferor Company shall be available and vest in the Transferee Company.*
- 14.10 On and from the Effective Date and till such time that the name of the bank accounts of the Transferor Company has been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company in the name of the Transferor Company and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company.*
- 14.11 Upon coming into effect of this Scheme, to the extent that there are inter-company transactions or balances including loans and advances, receivables, payables and other dues outstanding between Transferor Company and Transferee Company as on or from the Appointed Date 2, the obligations in respect thereof shall stand cancelled.*
- 14.12 The Transferee Company shall, at any time after this Scheme coming into effect, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to which the Transferor Company have been a party, including any filings with Appropriate Authorities, in order to give formal effect to the above provisions. The Transferee Company shall for this purpose, under the provisions hereof, be deemed to have been authorized to execute any such writings on behalf of the Transferor Company in relation to the Transferee Company and to carry out or perform all such formalities or compliances referred to above on Transferor Company.*
- 14.13 For avoidance of doubt and without prejudice to the generality of any applicable provisions of this Scheme, it is clarified that in order to ensure (i) implementation of the provisions of the Scheme; (ii) uninterrupted transfer of the relevant Permits; and (iii) continued vesting of the benefits, exemptions available to the Transferor Company in favour of the Transferee Company, the Board of Directors of the Transferor Company and the Transferee Company or any persons authorized by them shall be deemed to be authorized to execute or enter into necessary documentations with any regulatory authorities or third parties, if applicable and the same shall be considered as giving effect to the NCLT Order(s) and shall be considered as an integral part of this Scheme.*

14.14 Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of the above sub-clauses shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue of any security document, all of which instruments, deeds or writings shall stand modified and / or superseded by the foregoing provisions.

The Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961; such modification to not affect or modify other terms or provisions of the Scheme including the accounting treatment specified in clause 21.

15. PERMITS

15.1 With effect from the Appointed Date 2, Permits relating the Transferor Company shall be transferred to and vested in the Transferee Company and the concerned licensor and grantors of such Permits shall endorse where necessary, and record the Transferee Company on such Permits so as to empower and facilitate the approval and vesting of the Transferor Company in the Transferee Company and continuation of operations of the Transferor Company in the Transferee Company without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Transferee Company without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Transferee Company as if the same were originally given by, issued to or executed in favor of the Transferee Company and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company.

15.2 The benefit of all Permits pertaining to the Transferor Company shall without any other order to this effect, transfer and vest into and become available to the Transferee Company pursuant to the sanction of this Scheme.

16. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

16.1 Upon coming into effect of this Scheme and with effect from the Appointed Date 2 and subject to the provisions of this Scheme, all contracts, deeds, bonds, lease deeds, arrangements entered into with various persons, arrangements and other instruments of whatsoever nature by the Transferor Company and to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect as on the Effective Date, shall continue in full force and effect on or against or in favor of, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder, in all cases subject to the terms and provisions of such contracts, deeds, bonds, lease deeds, agreements, arrangements or instruments.

16.2 Without prejudice to the other provisions of this Scheme and notwithstanding that the amalgamation and subsequent vesting of the Transferor Company to the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company, may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmation or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of

the Transferor Company to be carried out or performed.

- 16.3 *On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Company, in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company to the Transferee Company under this Scheme have been given effect to under such contracts and transactions.*
- 16.4 *Even after this Scheme becomes effective, the Transferee Company shall, in its own rights, be entitled to realise all monies and complete and enforce all pending contracts and transactions of the Transferor Company, in so far as may be necessary.*
- 16.5 *Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature which the Transferor Company owns or to which the Transferor Company is a party to, cannot be transferred to the Transferee Company for any reason, whatsoever, the Transferor Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements, or other instruments of whatsoever nature in trust for the benefit of the Transferee Company, in so far as it is permissible so to do, till such time as the transfer is effected.*

17. EMPLOYEES

- 17.1 *Upon coming into effect of this Scheme, with effect from the Effective Date, the Transferee Company undertakes to engage, without any interruption in service, all employees of the Transferor Company, on the Effective Date, on the terms and conditions not less favourable than those on which they are engaged by the Transferor Company. The Transferee Company agrees that the services of all such employees with the Transferor Company prior to the amalgamation shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.*
- 17.2 *The existing funds or benefits, including provident fund and gratuity fund, created by the Transferor Company (collectively referred to as the 'Transferor Company Funds') in terms of this Scheme shall be continued for the benefit of such employees on the same terms and conditions in the Transferee Company. With effect from the Effective Date, the Transferee Company shall make the necessary contribution for such employees taken over. Upon the Scheme being effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever related to the administration or operation of such Transferor Company Fund or in relation to the obligations to make a contribution to the said Transferor Company Funds in accordance with the provisions of the Fund or according to the terms provided in the respective Transferor Company Fund deeds or other documents or, in the alternative, create / establish / setup / provide the facility of one or more alternative trusts being not less favourable than the existing Transferor Company Fund in the Transferor Company of which such employees were members in the Transferor Company. The Transferee Company undertakes and assumes all the duties and obligations and takes over and assumes all the rights and powers of the Transferor Company upon the Scheme being effective, in relation to aforesaid Transferor Company Funds of the Transferor Company. The services of the employees of the Transferor Company will be treated as having been continuous for the purposes of availing the benefits of the aforesaid funds or provisions of any Transferor Company Funds for such employees.*

18. LEGAL PROCEEDINGS

- 19.1 *Upon the Scheme becoming effective, all legal proceedings, suits, claims, actions before any statutory or*

quasi-judicial authority or tribunal of whatsoever nature, by or against the Transferor Company arising after the Appointed Date 2, shall be continued and enforced by or against the Transferor Company only until the Effective Date. On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in the same manner and to the same extent as would or might have been initiated by the Transferor Company. Except as otherwise provided herein, the Transferor Company shall in no event be responsible or liable in relation to any such legal or other proceedings against the Transferee Company. The Transferee Company shall be replaced / added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in co-operation with the Transferor Company.

19.2 The Transferee Company undertakes to have all legal proceedings initiated by or against the Transferor Company referred to in Sub-Clause 18.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of the Transferor Company. Both the Transferor Company and the Transferee Company shall make relevant applications in that behalf. It is clarified that except, as otherwise provided herein, the Transferor Company shall in no event be responsible or liable in relation to any proceedings that stand transferred to the Transferee Company.

19.3 If any suit, appeal or other proceedings, of whatever nature by or against the Transferor Company be pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the amalgamation or by anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.

Note: The features set out above being only the extract of the Scheme, the shareholders are requested to read the entire text of the Scheme annexed hereto to get fully acquainted with the provisions thereof.

14. Effect of the Scheme on various parties

14.1 Under the Scheme, an arrangement is sought to be entered into amongst the Company, the Resulting Company and the Transferor Company (together as “Participating Companies”) and their respective equity shareholders (promoter shareholders and non-promoter shareholders).

Upon coming into effect of this Scheme, and in consideration of the transfer and vesting of the Demerged Undertaking into the Resulting Company pursuant to the provisions of this Scheme, the Resulting Company shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Company and whose name is recorded in the register of members and records of the depository as members of the Company, on the Record Date (as defined in the Scheme) fully paid up equity shares of Resulting Company in the following:

“1 (One) fully paid up equity share of Rs. 10 (Rupees Ten) each of the Resulting Company for every 3 (Three) equity shares of Rs. 10 (Rupees Ten) of the Company.”

The entire issued, subscribed and paid up capital of Transferor Company is held by the Company. Upon the Scheme becoming effective, the entire equity share capital of the Transferor Company held by the Company shall stand automatically cancelled and there will not be any issue and allotment of equity shares in the Company.

14.2 Under the Scheme, there is no arrangement with the creditors, either secured or unsecured of the respective Participating Companies (as applicable). No compromise is offered under the Scheme to any

of the creditors of the respective Participating Companies. The liability of the creditors of the respective Participating Companies, under the Scheme, is neither being reduced nor being extinguished.

- 14.3 As on date, the Participating Companies have not issued any debentures and therefore, the effect of the Scheme on the debenture holders or debenture trustee of the respective Participating Companies does not arise.
- 14.4 As on date, the Participating Companies have no outstanding public deposits and therefore, the effect of the Scheme on any such public deposit holders or deposit trustees does not arise.
- 14.5 Upon coming into effect of this Scheme, with effect from the Effective Date, the Resulting Company undertakes to engage, without any interruption in service, all employees of the Company, engaged in or in relation to the Demerged Undertaking on the Effective Date, on the terms and conditions not less favourable than those on which they are engaged by the Company. The Resulting Company agrees that the services of all such employees with the Company prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

Upon coming into effect of this Scheme, with effect from the Effective Date, the Company undertakes to engage, without any interruption in service, all employees of the Transferor Company, on the Effective Date, on the terms and conditions not less favourable than those on which they are engaged by the Transferor Company. The Company agrees that the services of all such employees with the Transferor Company prior to the amalgamation shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.

- 14.6 There is no effect of the Scheme on the director and the key managerial personnel of the respective Participating Companies.
- 14.7 The directors of the respective Participating Companies, holding shares in the respective Participating Companies, do not have any other interest in the Scheme otherwise than that as shareholders in general. Further, none of the key managerial personnel, debenture trustee and relatives of the directors of the respective Participating Companies is concerned or interested, financial or otherwise in the Scheme otherwise than that as shareholders in general. Save as aforesaid, none of the directors, key managerial personnel and debenture trustee of the respective Participating Companies has any material interest in the Scheme.
- 14.8 The shareholding of the present directors of the respective Participating Companies, either individually or jointly as a first holder or as a nominee, in the respective Participating Companies is as under:

Company

Name of Directors of the Company	No. of Equity Shares held in		
	Company	Resulting Company	Transferor Company
Shri Utkarsh B. Shah	25,000	Nil	Nil
Shri Mahesh P. Babani (*As nominee of the Company)	4,378,068	Nil	*1
Shri D. B. Rao (*As nominee of the Company)	723,060	Nil	*1
Shri Rajesh Budhrani	706,480	Nil	Nil

Resulting Company:

Name of Directors of the Resulting Company	No. of Equity Shares held in		
	Company	Resulting Company	Transferor Company
Shri Nahoosh Jariwala	Nil	Nil	Nil
Shri Rajen Jhaveri (*As nominee of the Company)	5,808	*1	Nil
Shri Kaushik Bhatt (*As nominee of the Company)	Nil	*1	Nil

Transferor Company:

Name of Directors of the Transferor Company	No. of Equity Shares held in		
	Company	Resulting Company	Transferor Company
Shri Mahesh P. Babani (*As nominee of the Company)	4,378,068	Nil	*1
Shri D. B. Rao (*As nominee of the Company)	723,060	Nil	*1
Shri Rajesh Budhrani	706,480	Nil	Nil

15. Fairness Opinion and Approvals:

- 15.1 A valuation report dated May 22, 2019 has been prepared by CA Harsh Chandrakant Ruparelia, Registered Valuer (“**Valuation Report**”) recommending the share exchange ratio/ share entitlement ratio for the demerger of the Demerged Undertaking of the Company into the Resulting Company and amalgamation of the Transferor Company into the Company, to the Board of Directors of the Company, the Resulting Company and the Transferor Company. A copy of the Valuation Report is enclosed herewith as **Annexure B** and is also available for inspection at the registered office of the Company.
- 15.2 Pantomath Capital Advisors Private Limited, SEBI Registered Category-I Merchant Banker, vide its letter dated May 22, 2019, has submitted to the Board of Directors of the Company, the Resulting Company and the Transferor Company a fairness opinion, certifying that the valuation provided in the Valuation Report is fair and reasonable (“**Fairness Opinion**”). A copy of the Fairness Opinion is enclosed herewith as **Annexure C**.
- 15.3 A certificate has been issued by the statutory auditors of the respective Participating Companies stating that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013.
- 15.4 The Audit Committee of the Company has at its meeting held on May 22, 2019 reviewed and recommended the Scheme for consideration by the Board of Directors of the Company. The Board of

Directors of the Company at its Board meeting held on May 22, 2019 have approved the Scheme, as detailed below:

Name of Directors	Voted in favor / against / did not participate or vote
Shri Utkarsh Shah	Voted in favour
Shri Mahesh Babani	Voted in favour
Shri Nahoosh Jariwala	Voted in favour
Shri Sumit Maheshwari	Voted in favour
Shri D.B. Rao	Voted in favour
Shri P.R. Barpande	Voted in favour
Ms. Radhika Pereira	Voted in favour
Shri Hemang Gandhi	Voted in favour

- 15.5 The Board of Directors of the Resulting Company at its Board meeting held on May 22, 2019 have approved the Scheme, as detailed below:

Name of Directors	Voted in favor / against / did not participate or vote
Shri Nahoosh Jariwala	Voted in favour
Shri Rajen Jhaveri	Voted in favour
Shri Kaushik Bhatt	Voted in favour

- 15.6 The Board of Directors of the Transferor Company at its Board meeting held on May 22, 2019 have approved the Scheme, as detailed below:

Name of Directors	Voted in favor / against / did not participate or vote
Mahesh Purushottam Babani	Voted in favour
Bhaktvatsala Rao Doppalapudi	Voted in favour
Nahoosh Jayvadan Jariwala	Voted in favour
Anurag Surana	Absent
Padmanabh Ramchandra Barpande	Voted in favour
Rajesh Harichandra Budhrani	Absent
Dwarko Topandas Khilnani	Voted in favour
Anuradha Eknath Thakur	Voted in favour
Sumit Maheshwari	Voted in favour

- 15.7 The Scheme is conditional and subject to necessary sanctions and approvals as set out in the Scheme.
- 15.8 Pursuant to the SEBI Circular read with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”), the Company had applied to BSE and NSE for their “no adverse observation” to file the Scheme for sanction of the Hon’ble Tribunal. Both BSE and NSE by their respective letters dated September 20, 2019, have given their “no adverse observation” letters to the Company, to file the Scheme. Copy of the letters dated September 20, 2019 received from both BSE and NSE are enclosed herewith as **Annexures D and E** respectively.

- 15.9 The Scheme along with related documents was hosted on the website of the Company, BSE and NSE and was open for complaints/ comments. A certified true copy of the complaint report dated July 18, 2019 as submitted to BSE and a certified true copy of the complaint report dated August 13, 2019 as submitted to NSE, as per the SEBI Circular, are enclosed herewith as **Annexures F and G** respectively. As on the date, the Company has not received any complaints.
- 15.10 Copy of the [unaudited] financial statements of the Demerged Company as on September 30, 2019, unaudited financial statements of the Resulting Company as on September 30, 2019 and audited financial statements of Transferor Company as on September 30, 2019 are enclosed herewith as **Annexures H, I and J** respectively.
- 15.11 In compliance with the provisions of Section 232(2)(c) of the Companies Act, 2013, the Board of Directors of the respective Participating Companies have adopted a report explaining the effect of the Scheme on each class of shareholders, key managerial personnel, promoter and non-promoter shareholders. Copies of the said reports are enclosed herewith as **Annexures K, L and M** respectively.
- 15.12 In terms of the SEBI Circular, the applicable information of the Resulting Company and the Transferor Company in the format specified for abridged prospectus as provided in Part D of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 are enclosed herewith as **Annexures N and O** respectively.
- 15.13 The respective Participating Companies will make a Petition under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 to the Hon'ble National Company Law Tribunal, Mumbai Bench, for sanctioning of the Scheme.
- 15.14 No investigation or proceedings have been instituted and/or are pending in relation to the respective Participating Companies under the provisions of the Companies Act, 2013.
- 15.15 A copy of the Scheme has been filed by the Company with the Registrar of Companies, Mumbai on January 24, 2020.
- 15.16 No winding up petition is pending against any of the Participating Companies.
- 15.17 The Scheme does not involve any debt restructuring and therefore the requirement to disclose details of debt restructuring is not applicable.
- 15.18 Pursuant to SEBI Circular and the LODR Regulations, the detailed pre scheme and post scheme (expected) capital structure and shareholding pattern of the respective Participating Companies are given herein below.

The pre Scheme capital structure of the respective Participating Companies are provided under Clauses 9.2, 9.10 and 9.18] above respectively. Upon the coming into effect of the Scheme, the Transferor Company shall stand dissolved without winding up.

A. Post Scheme Capital Structure of the Company as on December 31, 2019:

Particulars	Amount in Rs.
Authorized Capital	
50,000,000 Equity Shares of Rs. 10/- each	500,000,000
5,000,000 Preference Shares of Rs. 10/- each	50,000,000
Total	550,000,000
Issued, Subscribed and Paid-Up Capital	
39,062,706 equity shares of Rs. 10/- each fully paid up	390,627,060
Total	390,627,060

B. Post Scheme Capital Structure of the Resulting Company as on December 31, 2019:

Particulars	Amount in Rs.
Authorized Capital	
15,000,000 Equity Shares of Rs. 10/- each fully paid up	150,000,000
Total	150,000,000
Issued, Subscribed and Paid-Up Capital	
13,020,902 equity shares of Rs. 10/- each fully paid up	130,209,020
Total	130,209,020

C. Pre & Post Scheme Shareholding Pattern of the Company as on December 31, 2019:

Category Code	Category of Shareholder	Total No. of Shares	As a percentage of total capital
		Pre Scheme and Post Scheme	
(A)	Shareholding of Promoter and Promoter Group		
(1)	Indian		
(a)	Individuals/ Hindu Undivided Family	8,406,385	21.52%
(b)	Central Government/ State Government(s)	--	--
(c)	Bodies Corporate	1,476,388	3.78%
(d)	Financial Institutions/ Banks	--	--
(e)	Any Other (specify)	--	--
	Sub-Total (A)(1)	9,882,773	25.30%
(2)	Foreign		
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	--	--
(b)	Bodies Corporate	19,046,078	48.76%
	Name of Promoters:		
	FIH Mauritius Investments Limited	19,042,828	48.75%
	FIH Private Investments Limited	3,250	0.01%
(c)	Institutions	--	--
(e)	Any Other (specify)	--	--
	Sub-Total (A)(2)	19,046,078	48.76%
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	28,928,851	74.06%
(B)	Public Shareholding		
(1)	Institutions		
(a)	Mutual Funds/UTI	521,632	1.34%
(b)	Financial Institutions/Banks	1,978	0.01%
(c)	Central Government/State Government(s)	--	--

Category Code	Category of Shareholder	Total No. of Shares	As a percentage of total capital
		Pre Scheme and Post Scheme	
(d)	Venture Capital Funds	--	--
(e)	Insurance Companies	--	--
(f)	Foreign Portfolio Investors/ Foreign Institutional Investors	328,971	0.84%
(g)	Foreign Venture Capital Investors	--	--
(h)	Any Other		
	Alternate Investment Funds		
	Foreign Financial Institution		
	Unit Trust of India		
	Foreign Nationals		
	Foreign Corporate Bodies		
	Sub-Total (B)(1)	918,688	2.35%
(2)	Non-Institutions		
(a)	Bodies Corporate	718,290	1.84%
(b)	Individuals		
i.	Individual shareholders holding nominal share capital up to Rs. 1 lakh	2,418,888	6.19%
ii.	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2,265,145	5.80%
(d)	Any Other		
	Trusts	300	0.00
	Hindu Undivided Family	276,824	0.70
	Non Resident Indians (Non Repat)	134,500	0.34
	Non Resident Indians	879,674	2.25
	Clearing Member	14,199	0.03
	NBFCs Registered with RBI	2,642	0.01%
	Others	2,504,705	6.41
	Sub-Total (B)(2)	9,215,167	23.59%
(B)	Total Public Shareholding		
	(B) = (B)(1) + (B)(2)	10,133,855	25.94%
	TOTAL (A)+(B)	39,062,706	100%
(C)	Shares held by Custodian and against which DRs have been issued	--	--
	GRAND TOTAL (A)+(B)+(C)	39,062,706	100%

D. Pre Scheme Shareholding Pattern of the Resulting Company as on December 31, 2019:

Name of Shareholders	Number of Shares held	Percentage (%)
Fairchem Speciality Limited	9994	99.94%
Rajen N. Jhaveri	1	0.01%
Kaushik Gajendraprasad Bhatt	1	0.01%
Venkateshwaran Anantharaman	1	0.01%
Ajit Prabhashanker Vyas	1	0.01%
Deepak Damodar Parida	1	0.01%
Soham Harshadbhai Parmar	1	0.01%
Total	10,000	100%

E. Post Scheme Shareholding Pattern of the Resulting Company as on December 31, 2019:

Name of Shareholders	Number of Shares held	Percentage (%)
Utkarsh Bhikhoobhai Shah	8,333	0.06
Mahesh P Babani	862,116	6.62
Mahesh Purshottam Babani HUF	597,240	4.59
Seema Babani	130,000	1.09
Snehal M Babani	130,000	1.09
Jyoti Mahesh Babani	130,000	1.09
Doppalapudi Bhaktavatsala Rao	241,020	1.85
Vinaykumar Doppalapudi Rao	159,426	1.22
Vijaykumar Doppalapudi	151,668	1.16
Grace Vinaykumar	49,950	0.38
Sharon Doppalapudi	52,848	0.41
Premaleela Doppalapudi	59,058	0.45
Rajkumar Doppalapudi	148,608	1.14
Prasanna Raj	61,758	0.47
Rameshbabu Gokarneswararao Guduru	20,103	0.15
Money mart Securities Private Limited	68,904	0.53
Vivira Investment and Trading Private Limited	63,306	0.49
Vivira Chemicals Private Limited	26,586	0.20
Nahoosh Tradelink LLP	221,006	1.70
Jariwala Tradelink LLP	112,327	0.86
FIH Mauritius Investments Limited	6,347,609	48.75
FIH Private Investments Limited	1,083	0.01
Mutual Funds/ UTI	173,877	1.33
Financial Institutions / Banks	659	0.005
Foreign Institutional Investors	109,657	0.84
Bodies Corporate	1,022,786	7.85
Individuals - i. Individual shareholders holding nominal share capital up to Rs 2 lakhs	845,054	6.49
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs.	711,900	5.47
Any Other	514,018	3.95
Total	13,020,902	100.00

F. Pre Scheme Shareholding Pattern of the Transferor Company as on December 31, 2019:

Name of Shareholders	Number of Shares held	Percentage (%)
Fairchem Speciality Limited	9,994	99.94
Mr. Mahesh Babani*	1	0.01
Ms. Seema Babani*	1	0.01
Ms. Jyoti Babani*	1	0.01
Ms. Snehal Babani*	1	0.01
Mr. D. B. Rao*	1	0.01
Ms. D. Premaleela*	1	0.01
Total	10,000	100.00 %

* As nominee of Fairchem Speciality Limited

16. A copy of each of the following documents shall be available for obtaining extract from or for making or obtaining copies of or for inspection by the shareholders of the Company at the registered office of the Company at Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India, between 10:00 a.m. (IST) and 12:00 noon IST on all working days (except Saturdays, Sundays and public holidays) upto the date of the Meeting:
- 16.1 Order of the National Company Law Tribunal, Mumbai Bench dated January 22, 2020 passed in Company Scheme Application No. C.A.(C.A.A.)/3748/MB of 2019 directing the Company to, inter alia, convene the meeting of its Equity Shareholders.
 - 16.2 Memorandum of Association and Articles of Association of the respective Participating Companies.
 - 16.3 Audited financial statement of the Company and the Transferor Company for the financial year ended March 31, 2019.
 - 16.4 Valuation Report.
 - 16.5 Fairness Opinion.
 - 16.6 Scheme.
 - 16.7 Observation letters by BSE and NSE.
 - 16.8 Complaints report submitted to BSE and NSE.
 - 16.9 Financial results of the respective Participating Companies as on September 30, 2019.
 - 16.10 Resolution passed by the Board of Directors of the respective Participating Companies approving the Scheme.
 - 16.11 Reports adopted by the Board of Directors of the respective Participating Companies as required under Section 232(2)(c) of the Companies Act, 2013.
 - 16.12 Certificate issued by the statutory auditors of the respective Participating Companies stating that the accounting treatment proposed in the Scheme is in conformity with the accounting standards prescribed under section 133 of the Companies Act, 2013.
17. This statement may be treated as an Explanatory Statement under Sections 230(3) and 102 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

Sd/-

Utkarsh Shah

DIN: 00101663

Chairperson Appointed for the Meeting

Dated this 24th day of January, 2020

Place: Village Chekhala,

Ta. Sanand, Dist. Ahmedabad



FAIRCHEM SPECIALITY LIMITED

FAIRCHEM SPECIALITY LIMITED

Corporate Identity No. (CIN): L15140MH1985PLC286828

Registered Office: Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai 400709

Tel. No.: + 91 90163 24095 Email: cs@fairchem.in; Website: www.fairchem.in

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, BENCH, AT MUMBAI COMPANY SCHEME APPLICATION NO. C.A.(C.A.A.)/3748/MB OF 2019

In the matter of the Companies Act, 2013;

And

In the matter of Application under Sections 230 - 232 and Section 66 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

And

In the matter of Composite Scheme of Arrangement and Amalgamation amongst Fairchem Speciality Limited (“**Demerged Company**” or “**Transferee Company**”) and Fairchem Organics Limited (“**Resulting Company**”) and Privi Organics India Limited (“**Transferor Company**”) and their respective shareholders (“**Scheme**” or “**Composite Scheme of Arrangement and Amalgamation**”).

Fairchem Speciality Limited [CIN: L15140MH1985PLC286828], a company incorporated under the Companies Act, 1956 and having its registered office at Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India

...Applicant Company

PROXY FORM

Name of the Member(s) : _____	
Registered Address: _____	
E-mail id: _____	Reg. Folio No. / Client ID: _____
DP ID: _____	Number of Shares _____

I/We being the members(s) of _____ shares of the above named Company hereby appoint:

- (1) Name: _____
Address: _____
E-mail ID: _____ or failing him;
- (2) Name: _____
Address: _____
E-mail ID: _____ or failing him;
- (3) Name: _____
Address: _____
E-mail ID: _____ or failing him;

as my/our Proxy to attend and vote for me/us and on my/our behalf at the meeting of the Equity Shareholders convened under the directions of the Hon'ble National Company Law Tribunal, Mumbai Bench to be held at Conference Hall, Ahmedabad Textile Mills Association, Ashram Road, AHMEDABAD – 380 009, GUJARAT on Tuesday, February 25, 2020 at 04.30 p.m. and at any adjournment or adjournments thereof in respect of such resolution as is indicated below:



FAIRCHEM SPECIALITY LIMITED

Resolutions No.	Resolutions
1.	Approval of the Composite Scheme of Arrangement and Amalgamation amongst Fairchem Speciality Limited and Fairchem Organics Limited and Privi Organics India Limited and their respective shareholders under Sections 230 to 232, Section 66 and other applicable provisions of the Companies Act, 2013

Signed this _____ day of _____ 2020

Signature of the Shareholder(s) _____

Signature of the Proxy Holder(s) _____

Affix
Re. 1
revenue
stamp

(Signature across the stamp)

Notes:

This proxy form in order to be effective should be duly completed and deposited at the registered office of the Company at Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India not later than 48 (forty eight) hours before the scheduled time of the commencement of the Meeting.

1. All alterations in the proxy form should be initialled.
2. Please affix appropriate revenue stamp before putting signature.
3. Proxy need not be a shareholder of the Company.
4. No person shall be appointed as a proxy who is a minor.
5. For the Resolution, Explanatory Statement and Notes, please refer to the Notice of the Meeting of the Equity Shareholders of the Company.



FAIRCHEM SPECIALITY LIMITED

FAIRCHEM SPECIALITY LIMITED

Corporate Identity No. (CIN): L15140MH1985PLC286828

Registered Office: Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai 400709

Tel. No.: + 91 90163 24095 **Email:** cs@fairchem.in; **Website:** www.fairchem.in

ATTENDANCE SLIP

**MEETING CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW
TRIBUNAL OF THE EQUITY SHAREHOLDERS ON FEBRUARY 25, 2020 AT 4.30 PM**

I/We hereby record my/our presence at the meeting of the Equity Shareholders of the Company, convened pursuant to an Order dated January 22, 2020 of Hon'ble National Company Law Tribunal, Mumbai Bench at Conference Hall, Ahmedabad Textile Mills Association, Ashram Road, AHMEDABAD – 380 009, GUJARAT on Tuesday, February 25, 2020 at 04.30 p.m..

Name and address of the : _____
equity shareholder _____

(IN BLOCK LETTERS)

Signature : _____

Reg. Folio No. / Client ID : _____

DP ID No. : _____

No. of Shares : _____

Name of the Proxy* : _____

(IN BLOCK LETTERS)

Signature : _____

*(To be filled in by the Proxy in case he/she attends instead of the shareholder)

Notes:

1. Only Member/ Proxy holder can attend the Meeting.
2. Please complete the Folio No./ DP ID No. Client ID No. and name of the Member/ Proxy holder sign this Attendance Slip and hand it over, duly signed, at the entrance of the Meeting Hall.
3. A Member/ Proxy holder attending the meeting should bring copy of the Notice for reference at the meeting.



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COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION
AMONGST
FAIRCHEM SPECIALITY LIMITED
(‘DEMERGED COMPANY’ / ‘TRANSFEREE COMPANY’)
AND
FAIRCHEM ORGANICS LIMITED
(‘RESULTING COMPANY’)
AND
PRIVI ORGANICS INDIA LIMITED
(‘TRANSFEROR COMPANY’)
AND
THEIR RESPECTIVE SHAREHOLDERS
UNDER SECTIONS 230 TO 232 READ WITH SECTION 66
AND
OTHER APPLICABLE PROVISIONS OF COMPANIES ACT 2013

A. PREAMBLE

This Composite Scheme of Arrangement and Amalgamation (‘Scheme’) is presented under sections 230 to 232, section 66 and other applicable provisions of the Companies Act, 2013 for demerger of Demerged Undertaking (as defined below) of Fairchem Speciality Limited (‘FSL’ or ‘Demerged Company’ or ‘Transferee Company’) into Fairchem Organics Limited (‘FOL’ or ‘Resulting Company’) and amalgamation of Privi Organics India Limited (‘Privi Organics’ or ‘Transferor Company’) with Fairchem Speciality Limited.

B. BACKGROUND OF THE COMPANIES

- i. FSL is engaged in the business of manufacturing, supplying and exporting of speciality oleo chemicals (natural source) and nutraceuticals (natural source) made from by-products generated from processing of crude vegetable oil refineries, including vegetable oil based fatty acid distillate and acid oils.
- ii. The equity shares of FSL are listed and traded on the BSE Limited and the National Stock Exchange of India Limited. The registered office of FSL is at Plot No. A-71, TTC, Thane-Belapur Road, Near Kopar Khairane, Navi Mumbai - 400709.
- iii. FOL is authorized by its memorandum of association to inter alia carry on the business of processing by-products / waste products generated during refining of any kind of edible or non-edible vegetable oils and manufacture various kinds of fatty acids, nutraceuticals intermediates and / or their derivatives utilizing chemical, solvents, catalysts or physical process. FOL is an unlisted public company and the entire share capital of FOL is held by FSL and its nominees. The registered office is at Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India.
- iv. Privi Organics is in the business of development, manufacture and processing of aroma chemicals and to supply and export aroma chemicals which are used mainly in the flavor and fragrance industry.
- v. Privi Organics is currently an unlisted public company and the entire equity share capital of Privi Organics is held by FSL and its nominees. The registered office of Privi Organics is at Privi House, A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India.

C. RATIONALE OF THE COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION

- i. The current corporate structure of FSL comprises an operating business of manufacturing, supplying and exporting of speciality oleo chemicals and nutraceuticals and a business of developing, manufacturing, supplying, exporting aroma chemicals. The business of aroma chemicals is carried out through Privi

Organics, a wholly owned subsidiary of FSL.

- ii. Both the businesses – that of oleo chemical and nutraceuticals; and aroma chemicals require different skill sets, business strategies, R&D support and capital assets. The nature of risk, competition, challenges, opportunities and business methods for both the businesses are distinctly different.
- iii. Each of the varied business being carried out by FSL and by Privi Organics, the wholly owned subsidiary of FSL have significant potential for growth and profitability.
- iv. However, as each business requires significantly different operating and financial strategies, their individual potential will be best realized if the businesses are operated separately and independently.
- v. It is proposed to consolidate the businesses carried on by FSL and through its wholly owned subsidiary into a single identified entity and segregate other businesses into another identified entity. This will create two niche, dedicated and focused business segments without any risk or overlap of one business over the other. Thus, the oleo chemical and nutraceutical business will be housed in a Demerged Undertaking and the business of aroma chemicals will be housed in FSL. To that effect, Privi Organics will be merged with FSL.
- vi. The restructuring arrangement would enable greater/ enhanced focus of the management in each business of FSL and Demerged Undertaking which would facilitate the management of both FSL and the Demerged Undertaking to not only efficiently exploit opportunities for each of the businesses but also enhance efficiency in overall combined business including economies of scale, efficiency of operations which can be deployed more efficiently for the purpose of development of businesses of the respective entities and their growth opportunities, eliminate inter corporate dependencies, minimize the administrative compliances and to maximize shareholders value.
- vii. The Scheme will create enhanced value for shareholders and allow a focused strategy and specialisation for sustained growth, which would be in the best interest of all the stakeholders and the persons connected with the aforesaid companies.
- viii. The Scheme will not in any manner be prejudicial to the interests of the concerned shareholders and creditors or general public at large.

I. PARTS OF THE SCHEME

This Scheme is divided into the following parts:

- i. **Part A** deals with the definitions and share capital;
- ii. **Part B** deals with transfer of Demerged Undertaking (as defined below) from Demerged Company into Resulting Company;
- iii. **Part C** deals with amalgamation of Transferor Company with Transferee Company; and
- iv. **Part D** deals with general terms and conditions applicable to this Scheme.

PART A

DEFINITIONS AND SHARE CAPITAL

1. DEFINITIONS

In this Scheme, in addition to the terms defined in the text of this Scheme, the following expressions, unless inconsistent with the subject or context, shall have the meanings respectively assigned against them:

- 1.1. **‘Act’** means the Companies Act, 2013 and the rules and/ or regulations framed under such a statute and includes any alterations, modifications and amendments made to such a statute or any re-enactment of such a statute, and/ or other guidelines or notifications under Applicable Laws, made thereunder from

time to time.

- 1.2. **‘Applicable Law’** means any applicable central, provincial, local or other law including all applicable provisions of all (a) constitutions, decrees, treaties, statutes, laws (including the common law), codes, notifications, rules, regulations, policies, guidelines, circulars, directions, directives, ordinances or orders of any Appropriate Authority, statutory authority, court, tribunal having jurisdiction over the Demerged Company and/or the Resulting Company and/or the Transferor Company; (b) Permits; and (c) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any Appropriate Authority having jurisdiction over the Demerged Company and/or the Resulting Company and/or the Transferor Company.
- 1.3. **‘Appointed date 1’** means the closing of business hours of 31 March 2019 or such other date as may be approved by the NCLT, or any other competent authority.
- 1.4. **‘Appointed date 2’** means the opening of business hours of 1 April 2019 or such other date as may be approved by the NCLT, or any other competent authority.
- 1.5. **‘Appropriate Authority’** means:
 - i. the government of any jurisdiction (including any central, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof;
 - ii. any public international organisation or supranational body and its institutions, departments, agencies and instrumentalities; and
 - iii. any governmental, quasi-governmental or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, tax, importing or other governmental or quasi-governmental authority.
- 1.6. **‘Board of Directors’ or ‘Board’** means and includes the respective Board of Directors of Demerged Company and / or Resulting Company and/or Transferor Company as the case may be, and shall include a duly constituted committee (if any) by such board of directors for the purposes of the Scheme.
- 1.7. **‘Demerged Undertaking’** means undertaking of the Demerged Company engaged in manufacturing, supplying and exporting of specialty oleo chemicals (natural source) and neutraceuticals (natural source) made from by-products generated from processing of crude vegetable oil refineries, including vegetable oil based fatty acid distillate and acid oils as a going concern, including the entire business of such undertaking (‘Demerged Company Business’) including in particular the following, but without in any manner whatsoever limiting the scope thereof:
 - i. The assets, wherever situated, whether moveable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including freehold land, leasehold land, buildings, residential or commercial properties, offices, plant and machinery embedded in the earth, manufacturing units, laboratories, warehouses, godowns, depots, vehicles, other fixed assets, brands, trademarks, patents, copyrights, or any other right of a similar nature and other intellectual property rights, domain names, uniform resource locators, leases, leasehold and other tenancy rights, premises, hire purchase and lease arrangements, joint venture agreements and arrangements, right of way agreements and arrangements, rights under business arrangements / agreements / contracts, membership of any club, institution, trade body etc., computers, office equipment, furniture, telephones, telexes, facsimile connections, communication facilities, electrical and other installations, current assets including sundry debtors, deposits, receivables, funds cash, bank balances, accounts, claims, sales tax, service tax, goods and services tax (GST) and other taxes, duties, cess, levies etc. paid regularly or in advance

wherever required by Applicable Law or otherwise and all other rights, benefits of all agreements, subsidies, grants, taxes, tax credits, various exemptions / incentives granted under different schemes of the central and state governments and other industrial and intellectual property, import quotas, import entitlements, right to use and avail of telephones, telex, facsimile and other communication facilities and all other interests, raw materials, wrapping, supply, advertisement promotional and packaging material, asset and stores and spares purchase agreements and arrangements, maintenance contracts and arrangements, rights and power of every kind, nature and description, whatsoever, privileges, liberties, advantages, benefits, consents, sanctions and approvals, bills of exchange, letters of intent and loans and advances whether or not appearing in the books of accounts pertaining to the Demerged Company Business;

- ii. All permits, rights, entitlements, bids, tenders, letters of intent, expressions of interest, municipal and other statutory permissions, approvals including but not limited to approvals under Pollution Control Regulations and Department of Industrial and Scientific Research, consents, licenses, registrations, filings, rights, contracts, agreements, engagements, insurance licenses, arrangements, authorities, allotments, notarization, declaration, subsidies, concessions, exemptions, incentives, grants, claims, tenancy rights, liberties, special status and other benefits or privileges, remissions, tenancies in relation to office, bank accounts, lease rights, licenses, industrial and other licenses, if any, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions, funds, benefits of any guarantees, reversions, powers, agreements, contracts and arrangements and all other approvals, sanctions and consents of every kind, nature and description whatsoever and all other interests in connection with or relating to the Demerged Company Business;
- iii. All books, records, files, papers, engineering and process information, computer programs, software, software licenses, manuals, test reports, catalogues, quotation, sales and advertising materials, product registration, data whether in physical or electronic form in connection with or pertaining to the Demerged Company Business;
- iv. All earnest moneys and/or security deposits, if any, paid or received by the Demerged Company in connection with or pertaining to the Demerged Company Business;
- v. All debts, borrowings, obligations, duties and liabilities both present and future (including deferred tax liabilities, contingent liabilities and the liabilities and obligations under any licenses or permits or schemes) of every kind, nature and description whatsoever and howsoever arising, raised or incurred or utilized, whether secured or unsecured, whether in rupees or foreign currency, relating to the Demerged Company Business;
- vi. For the purpose of this Scheme, it is clarified that liabilities pertaining to the Demerged Company Business will include:
 - a. The debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Company Business;
 - b. The specific loans or borrowings (including debentures bonds, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Demerged Company Business); and
 - c. In cases other than those referred to in Clause (a) or (b) above and not directly relatable to the Demerged Company Business, being the amounts of any general or multipurpose borrowings of the Demerged Company as stand in the same proportion which the value of

assets, transferred under this Clause, of the Demerged Company Business bears to the total value of the assets of the Demerged Company immediately before the Appointed Date 1;

- vii. Employees of the Demerged Company employed by the Demerged Company Business as identified by the Board of the Demerged Company, as on the Effective Date;
- viii. Without prejudice to the generality of the provisions of sub-clauses (i), (ii) above, the Demerged Company Business shall include all of the Demerged Company's rights and licenses, all assignments and grants thereof, benefits, of agreements, contracts and arrangements, powers, authorities, municipal permissions, registrations, engagements, quotas, permits, allotments, approvals, export licenses, sanctions, remissions, special reservations, holidays, incentives, concessions and other authorizations, benefits, entitlements and incentives of any nature whatsoever including but not limited to GST / sales tax remissions and custom duty exemption certificates, consents, privileges, liberties, advantages, easements pertaining to the Demerged Company Business and all the rights, title, interest, goodwill benefits, entitlement and advantages pertaining to the Demerged Company Business and all other rights and claims of whatsoever nature, howsoever described, and wheresoever situated which pertain to the Demerged Company Business;
- ix. All legal proceedings of whatsoever nature by or against the Demerged Company pending on the Appointed Date 1 and relating to the Demerged Company Business.

Explanation:

Any question that may arise as to whether a specified asset or liability pertains or does pertain to the Demerged Company Business or whether or not it arises out of the activities would be decided by the mutual agreement between the Board of the Demerged Company and the Resulting Company. It is clarified that the Demerged Company Business shall not include any employees, assets, liabilities, rights and obligations belonging to and forming part of the Remaining Business of the Demerged Company.

- 1.8. **'Effective Date'** means the date which is the later of (i) the last of the dates on which all the conditions and matters referred to in Clause 28.1 to 28.4 have been fulfilled, obtained or waived, as applicable or (ii) the last of the dates on which the certified or authenticated copies of the orders of the NCLT sanctioning this Scheme is filed with the relevant Registrar of Companies. Any reference of this Scheme to the 'date of coming into effect of this Scheme' or 'effectiveness of the Scheme' or 'Scheme taking effect' shall mean the Effective Date.
- 1.9. **'FOL' or 'Resulting Company'** means Fairchem Organics Limited, a company incorporated under the Companies Act, 2013 and having its registered office at Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India.
- 1.10. **'FSL' or 'Demerged Company'** means Fairchem Speciality Limited, a company incorporated under the Companies Act, 1956 and having its registered office at Plot No. A-71, TTC, Thane-Belapur Road, Near Kopar Khairane, Navi Mumbai - 400709.
- 1.11. **'NCLT'** means the National Company Law Tribunal having jurisdiction over the Demerged Company, the Resulting Company and the Transferor Company, as the case may be or such other forum or authority as may be vested with any of the powers for approving any scheme of arrangement, compromise or reconstruction of a company under Section 230 to 232 of the Act of the above mentioned tribunals under the Act.
- 1.12. **'NCLT Order'** means all order(s) passed by the NCLT sanctioning the Scheme and includes any orders passed by NCLT or any other Appropriate Authority's order(s) for extension of time or condonation of

delay in filing of the requisite forms with the Registrar of Companies in relation to this Scheme, if applicable.

- 1.13. **‘Permits’** means all consents, licences, permits, permissions, authorisations, rights, clarifications, approvals, clearances, confirmations, declarations, waivers, exemptions, registrations, filings, whether governmental, statutory, regulatory under Applicable Law.
- 1.14. **‘Privi Organics’** or **‘Transferor Company’** means Privi Organics India Limited, a company incorporated under the Companies Act, 2013 and having its registered office at Privi House, A-71 TTC, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai 400 709 Maharashtra.
- 1.15. **‘Record Date’** means the date to be fixed by the Board of the Resulting Company for the purpose of determining the equity shareholders of the Demerged Company to whom equity shares of the Resulting Company shall be allotted pursuant to demerger under this Scheme.
- 1.16. **‘Registrar of Companies’** means the relevant Registrar of Companies, having jurisdiction over the Demerged Company, Resulting Company and Transferor Company, as the case may be.
- 1.17. **‘Remaining Business’** means the business of the Demerged Company other than the Demerged Undertaking, along with the investment in Privi Organics India Limited.
- 1.18. **‘Scheme’** or **‘the Scheme’** or **‘this Scheme’** means this composite scheme of arrangement and amalgamation in its present form or with any modification(s) made under Clause 27 of this Scheme, as approved or directed by the NCLT.
- 1.19. **‘SEBI’** means Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992.
- 1.20. **‘SEBI Circular’** means together the circular no CFD/DIL3/CIR/2017/21 issued on March 10, 2017, the circular no. CFD/DIL/3/CIR/2017/26 dated March 23, 2017, the circular no. CFD/DIL3/CIR/2017/105 dated September 21, 2017, and the circular No. CFD/DIL3/CIR/2018/2 dated January 3, 2018 each issued by SEBI, subject to modification, if any, in accordance with any subsequent circulars and amendments that may be issued by SEBI from time to time.
- 1.21. **‘Stock Exchanges’** shall mean BSE Limited and the National Stock Exchange of India Limited collectively.

All terms and words used in this Scheme and not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act and other Applicable Laws, rules, regulations, bye-laws, as the case may be or any statutory modification or re-enactment thereof from time to time.

Reference to clauses, recitals and annexures, unless otherwise provided, are to clauses, recitals and annexures of and to this Scheme. The singular shall include the plural and vice versa.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

- 2.1 This Scheme as set out herein in its present form or with any modification(s) and amendment(s), as may be approved or imposed or directed by the NCLT or made under Clause 27 of this Scheme, shall become effective from Appointed Date 1 or Appointed 2, as the case may be, but shall be operative from the Effective Date.

3 SHARE CAPITAL

3.1 The share capital of the Demerged Company as on March 31 2019 was as under:

Particulars	Amount in Rs.
Authorized Capital	
50,000,000 Equity Shares of Rs. 10 each	5,00,000,000
5,000,000 Preference Shares of Rs. 10 each	5,00,00,000
Total	550,000,000
Issued, Subscribed and Paid-Up Capital	
39,062,706 equity shares of Rs. 10 each, fully paid up	39,06,27,060
Total	39,06,27,060

As on date of the Scheme being approved by the Board of Directors of the Demerged Company, there has been no change in the authorized, issued, subscribed and paid up share capital of the Demerged Company.

3.2 The share capital of the Resulting Company as on March 31, 2019 was as under:

Particulars	Amount in Rs.
Authorized Capital	
10,000 Equity Shares of Rs. 10 each	1,00,000
Total	1,00,000
Issued, Subscribed and Paid-Up Capital	
10,000 Equity Shares of Rs. 10 each, fully paid up	1,00,000
Total	1,00,000

The Resulting Company is a wholly owned subsidiary of the Demerged Company.

3.3 The share capital of the Transferor Company as on March 31, 2019 was as under:

Particulars	Amount in Rs.
Authorized Capital	
10,000 Equity Shares of Rs. 10 each	1,00,000
Total	1,00,000
Issued, Subscribed and Paid-Up Capital	
10,000 Equity Shares of Rs. 10 each, fully paid up	1,00,000
Total	1,00,000

As on date of the Scheme being approved by the Board of Directors of the Transferor Company, there has been no change in the authorized, issued, subscribed and paid up share capital of the Transferor Company. The entire share capital of the Transferor Company is held by the Transferee Company.

PART B

TRANSFER AND VESTING OF DEMERGED UNDERTAKING

4. TRANSFER AND VESTING OF DEMERGED UNDERTAKING FROM THE DEMERGED COMPANY TO THE RESULTING COMPANY

- 4.1 With effect from the Appointed Date 1, and subject to the provisions of this Scheme and pursuant to and in accordance with Sections 230 to 232 of the Act, the Demerged Undertaking along with all its assets, liabilities, contracts, arrangements, employees, approvals, Permits, records, etc. shall, without any further act, instrument or deed, be demerged from Demerged Company and transferred to and be vested in or be deemed to have been

vested in the Resulting Company as a going concern so as to become as and from the Appointed Date 1, the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Resulting Company by virtue of, and in the manner provided in this Scheme.

4.2 In respect of such of the assets and properties forming part of the Demerged Undertaking as are movable in nature or are otherwise capable of transfer by delivery or possession, or by endorsement and/ or delivery, the same shall stand transferred by the Demerged Company upon coming into effect of this Scheme and shall, ipso facto and without any other order to this effect, become the assets and properties of the Resulting Company.

4.3 Subject to Clause 4.4 below, with respect to the assets of the Demerged Undertaking, other than those referred to in Clause 4.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties), sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Demerged Company, shall, 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, with effect from the Appointed Date 1 by operation of law as transmission or as the case may be in favour of Resulting Company. With regard to the licenses of the properties, the Resulting Company will enter into novation agreements, if it is so required.

4.4 All immovable properties (including land together with the building and structures standing thereon) of the Demerged Undertaking, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in the Resulting Company, subject to Applicable Law, without any act or deed required by either the Demerged Company or the Resulting Company. Upon this Scheme becoming effective and with effect from the Appointed Date 1, the Resulting Company shall be entitled to exercise any and all rights and privileges and shall be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties (if any), shall be made and duly recorded by the Appropriate Authorities pursuant to the sanction of this Scheme in accordance with the terms hereof without any requirement of a further act or deed on part of the Resulting Company. The Resulting Company shall subsequent to the Scheme becoming effective be entitled to the delivery and possession of all documents of title to such immovable property in this regard. Further, it is hereby provided that immovable properties of the Demerged Undertaking other than those situated in the state of Maharashtra may become property of the Resulting Company through a separate deed of conveyance or through any such manner as may be decided by the Board of Directors of the Resulting Company. However, the above manner of the transfer of immovable properties is for administrative exigency but for purpose of the Scheme it shall be treated as transferred pursuant to Scheme only.

4.5 The Demerged Company shall, at its sole discretion but without being obliged, give notice in such form as it may deem fit and proper, to such persons, as the case may be, that the said debt, receivable, bill, credit, loan, advance or deposit stands transferred to and vested in the Resulting Company and that appropriate modification should be made in their respective books/ records to reflect the aforesaid changes.

4.6 Upon the coming into effect of this Scheme, all debts, liabilities, loans and obligations incurred, duties or obligations of any kind, nature or description (including contingent liabilities) pertaining to the Demerged Undertaking, as on the Appointed Date 1 shall, without any further act or deed, stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company on the same terms and conditions as applicable to the Demerged Company, and shall become the debts, liabilities, loans, duties and obligations of the Resulting Company which shall meet, discharge and satisfy the same and further that it shall not be necessary to separately obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of any of the liabilities which have arisen in order to give effect to the provisions of this Clause. The liabilities relating to the Demerged Undertaking shall include:

- 4.6.1 the debts, liabilities obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Demerged Undertaking;
- 4.6.2 the specific loans or borrowings (including debentures bonds, notes and other debt securities raised, incurred and utilized solely for the activities or operations of the Demerged Undertaking); and
- 4.6.3 in cases other than those referred to in Clauses 4.6.1 or 4.6.2 above and not directly relatable to the Demerged Undertaking, being the amounts of any general or multipurpose borrowings of the Demerged Company as stand in the same proportion which the value of assets, transferred under this Clause, of the Demerged Undertaking bears to the total value of the assets of the Demerged Company immediately before the Appointed Date 1.
- 4.7 Where any of the liabilities relating to the Demerged Undertaking have been discharged by the Demerged Company after the Appointed Date 1 and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.
- 4.8 Upon the coming into effect of the Scheme, all debts, liabilities, loans and obligations incurred and duties and obligations undertaken pertaining to the Demerged Undertaking after the Appointed Date 1 and prior to the Effective Date, shall, subject to the terms of this Scheme, 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, stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company and shall become the debts, liabilities, loans, duties and obligations of the Resulting Company which shall meet, discharge and satisfy the same.
- 4.9 Upon the coming into effect of this Scheme, the Resulting Company shall be liable to perform all obligations in respect of the liabilities relating to the Demerged Undertaking and debts, liabilities, loans and obligations incurred and duties and obligations undertaken pertaining to the Demerged Undertaking after the Appointed Date 1 and prior to the Effective Date, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such liabilities related to the Demerged Undertaking and debts, liabilities, loans and obligations incurred and duties and obligations undertaken pertaining to the Demerged Undertaking after the Appointed Date 1 and prior to the Effective Date.
- 4.10 The transfer and vesting of the Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relatable to the Demerged Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Demerged Undertaking.
- 4.11 The Demerged Company shall in respect of any refunds, benefits, incentives, grants, subsidies in relation to or in connection with the Demerged Undertaking, if so required by the Resulting Company, issue notices in such form as the Resulting Company may deem fit and proper stating that pursuant to the NCLT having sanctioned this Scheme, the relevant refund, benefit, incentive, grant, subsidies, be paid or made good or held on account of the Resulting Company, as the person entitled thereto, to the end and intent that the right of the Demerged Company to recover or realise the same, stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- 4.12 Upon the coming into effect of this Scheme, all the credit for taxes including but not limited to tax deduction at source, tax collected at source, advance tax, tax demand paid under protest with the Demerged Company in relation to or in connection with the Demerged Undertaking shall be available and vest in the Resulting Company.
- 4.13 Upon the coming into effect of this Scheme, all unutilized input tax credit of central goods and service tax, integrated goods and service tax, state goods and service tax, union territory goods and service tax, goods and service tax compensation cess etc. lying unutilised with the Demerged Company in relation to or in connection

with the Demerged Undertaking shall be available and vest in the Resulting Company.

- 4.14 On and from the Effective Date and till such time that the name of the bank accounts of the Demerged Company, in relation to or in connection with the Demerged Undertaking, have been replaced with that of the Resulting Company, the Resulting Company shall be entitled to maintain and operate the bank accounts of the Demerged Company, in the name of the Demerged Company for such time as may be mutually agreed between the Resulting Company and the Demerged Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Demerged Company, in relation to or in connection with the Demerged Undertaking, after the Effective Date shall be accepted by the bankers of the Resulting Company and credited to the account of the Resulting Company, if presented by the Resulting Company.
- 4.15 Any third party or Appropriate Authority required to give effect to any provisions of this Scheme, shall take on record the NCLT Orders sanctioning the Scheme on its file and duly record the necessary substitution or endorsement in the name of the Resulting Company as successor in interest, pursuant to the sanction of this Scheme by the NCLT, and upon this Scheme becoming effective. For this purpose, the Resulting Company shall file certified copies of such NCLT Order and if required file appropriate applications or forms with relevant authorities concerned for statistical and information purposes only and there shall be no break in the validity and enforceability of Governmental approvals, Permits (including the licenses granted by any Appropriate Authority for the purpose of carrying on its business or in connection therewith), exemptions, registrations, no-objection certificates, quotas, rights, entitlements, and certificates of every kind and description of whatsoever nature.
- 4.16 Without prejudice to the provisions of the foregoing sub clauses of this Clause 4, and upon coming into effect of the Scheme, the Demerged Company and the Resulting Company shall be entitled to apply to the Appropriate Authorities as are necessary under any Applicable Law for such consents, approvals and sanctions which the Resulting Company may require and execute any and all instruments or documents and do all the acts and deeds as may be required, including filing of necessary particulars and/ or modification(s) of charge, with the concerned Registrar of Companies or filing of necessary applications, notices, intimations or letters with any authority or person to give effect to the Scheme.
- 4.17 Upon coming into effect of this Scheme, to the extent that there are inter- company transactions or balances including loans and advances, receivables, payables and other dues outstanding in relation to the Demerged Undertaking between the Demerged Company and the Resulting Company, as on or from the Appointed Date 1, the obligations in respect thereof shall come to an end.
- 4.18 All registrations, licenses, trademarks, copyrights, domain names, applications for copyrights, trade-names and trademarks, etc. pertaining to the Demerged Company in relation to the Demerged Undertaking, if any, shall stand vested in the Resulting Company without any further act, instrument or deed, upon the sanction of the Scheme and upon this Scheme becoming effective.
- 4.19 The Resulting Company shall, at any time after this Scheme coming into effect, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to which the Demerged Company in relation to the Demerged Undertaking have been a party, including any filings with Appropriate Authorities, in order to give formal effect to the above provisions. The Resulting Company shall for this purpose, under the provisions hereof, be deemed to have been authorized to execute any such writings on behalf of the Demerged Company solely in relation to the Demerged Undertaking and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company solely in relation to the Demerged Undertaking.
- 4.20 For avoidance of doubt and without prejudice to the generality of any applicable provisions of this Scheme, it is

clarified that in order to ensure (i) implementation of the provisions of the Scheme; (ii) uninterrupted transfer of the relevant Permits in relation to the Demerged Undertaking; and (iii) continued vesting of the benefits, exemptions available to the Demerged Company in relation to the Demerged Undertaking in favour of the Resulting Company, the Board of Directors of the Demerged Company and the Resulting Company or such persons as may be authorized by them shall be deemed to be authorized to execute or enter into necessary documentations with any regulatory authorities or third parties, if applicable and the same shall be considered as giving effect to the NCLT Order(s) and shall be considered as an integral part of this Scheme.

- 4.21 Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of the above sub-clauses shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue of any security document, all of which instruments, deeds or writings shall stand modified and / or superseded by the foregoing provisions.

This part of the Scheme has been drawn up to comply with the conditions relating to “Demerger” as specified under Section 2(19AA) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is / are inconsistent with the provisions of Section 2(19AA) of the Income-tax Act, 1961, the provisions of Section 2(19AA) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(19AA) of the Income-tax Act, 1961; such modification to not affect or modify other parts of the Scheme including the accounting treatment specified in clause 12.

5. PERMITS

- 5.1. With effect from the Appointed Date 1, Permits relating to the Demerged Undertaking shall be transferred to and vested in the Resulting Company and the concerned licensor and grantors of such Permits shall endorse where necessary, and record the Resulting Company on such Permits so as to empower and facilitate the approval and vesting of the Demerged Undertaking in the Resulting Company and continuation of operations pertaining to the Demerged Undertaking in the Resulting Company without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Resulting Company without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Resulting Company.
- 5.2. The benefit of all Permits pertaining to the Demerged Undertaking shall without any other order to this effect, transfer and vest into and become available to the Resulting Company pursuant to the sanction of this Scheme.

6. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 6.1. Upon coming into effect of this Scheme and with effect from the Appointed Date 1 and subject to the provisions of this Scheme, all contracts, deeds, bonds, lease deeds, arrangements entered into with various persons, arrangements and other instruments of whatsoever nature in relation to the Demerged Undertaking and to which the Demerged Company is a party or to the benefit of which the Demerged Company may be eligible, and which are subsisting or have effect as on the Effective Date, shall continue in full force and effect on or against or in favor of, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto or thereunder, in all cases subject to the terms and provisions of such contracts, deeds, bonds, lease deeds, agreements, arrangements or instruments.
- 6.2. Without prejudice to the other provisions of this Scheme and notwithstanding that the demerger and subsequent vesting of the Demerged Undertaking from the Demerged Company to the Resulting Company occurs by virtue of this Scheme itself, the Resulting Company, may, at any time after the coming into effect of this Scheme in

accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmation or other writings or arrangements with any party to any contract or arrangement to which the Demerged Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Resulting Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Demerged Company solely in relation to the Demerged Undertaking and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed solely in relation to the Demerged Undertaking.

- 6.3. On and from the Effective Date, and thereafter, the Resulting Company shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Demerged Company, in relation to or in connection with the Demerged Undertaking, in the name of the Resulting Company in so far as may be necessary until the transfer of rights and obligations of the Demerged Undertaking to the Resulting Company under this Scheme have been given effect to under such contracts and transactions.
- 6.4. Even after this Scheme becomes effective, the Resulting Company shall, in its own rights, be entitled to realise all monies and complete and enforce all pending contracts and transactions in respect of the Demerged Undertaking, in so far as may be necessary.
- 6.5. Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Demerged Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason, whatsoever, the Demerged Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements, or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, in so far as it is permissible so to do, till such time as the transfer is effected.

7. EMPLOYEES

- 7.1. Upon coming into effect of this Scheme, with effect from the Effective Date, the Resulting Company undertakes to engage, without any interruption in service, all employees of the Demerged Company, engaged in or in relation to the Demerged Undertaking on the Effective Date, on the terms and conditions not less favourable than those on which they are engaged by the Demerged Company. The Resulting Company agrees that the services of all such employees with the Demerged Company prior to the demerger shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.
- 7.2. The existing funds or benefits, including provident fund and gratuity fund, created by the Demerged Company inter alia for the employees of the Demerged Undertaking (collectively referred to as the 'Funds') in terms of this Scheme shall be continued for the benefit of such employees on the same terms and conditions in the Resulting Company. With effect from the Effective Date, the Resulting Company shall make the necessary contribution for such employees taken over. Upon the Scheme being effective, the Resulting Company shall, to the extent pertaining to the Demerged Undertaking, stand substituted for the Demerged Company for all purposes whatsoever related to the administration or operation of such Fund or in relation to the obligations to make a contribution to the said Funds in accordance with the provisions of the Fund or according to the terms provided in the respective Fund deeds or other documents or, in the alternative, create / establish / setup / provide the facility of one or more alternative trusts being not less favourable than the existing Fund in the Demerged Company of which such employees were members in the Demerged Company. The Resulting Company undertakes and assumes all the duties and obligations and takes over and assumes all the rights and powers of the Demerged Company upon the Scheme being effective, in relation to aforesaid Funds of the Demerged Company. The services of the employees of the Demerged Undertaking will be treated as having

been continuous for the purposes of availing the benefits of the aforesaid funds or provisions of any Funds for such employees.

8. LEGAL PROCEEDINGS

- 8.1. Upon the Scheme becoming effective, all legal proceedings, suits, claims, actions before any statutory or quasi-judicial authority or tribunal of whatsoever nature, pertaining to the Demerged Undertaking, by or against the Demerged Company arising after the Appointed Date 1, shall be continued and enforced by or against the Demerged Company only until the Effective Date. On and from the Effective Date, the Resulting Company shall and may, if required, initiate any legal proceedings in relation to the relevant matters pertaining to the Demerged Undertaking in the same manner and to the same extent as would or might have been initiated by the Demerged Company. The Demerged Company shall in no event be responsible or liable in relation to any such legal or other proceedings against the Resulting Company. The Resulting Company shall be replaced / added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in co-operation with the Demerged Company.
- 8.2. The Resulting Company undertakes to have all legal proceedings initiated by or against the Demerged Company referred to in Sub-Clause 8.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Resulting Company to the exclusion of the Demerged Company. Both the Demerged Company and the Resulting Company shall make relevant applications in that behalf. It is clarified that the Demerged Company shall in no event be responsible or liable in relation to any proceedings relating to the Demerged Undertaking that stand transferred to the Resulting Company.
- 8.3. If any suit, appeal or other proceedings relating to the Demerged Undertaking, of whatever nature by or against the Demerged Company be pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the demerger of the Demerged Undertaking or by anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Resulting Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Demerged Company as if this Scheme had not been made.

9. SAVING OF CONCLUDED TRANSACTIONS

- 9.1. The transfer and vesting of the properties, liabilities and obligations pertaining to the Demerged Undertaking pursuant to this Scheme shall not affect any transactions or proceedings already completed by the Demerged Company on or before the Appointed Date 1 to the end and intent that, the Resulting Company accepts all acts, deeds and things done and executed by and / or on behalf of the Demerged Company and pertaining to the Demerged Undertaking which shall vest in the Resulting Company in terms of this Scheme as acts, deeds and things made, done and executed by and on behalf of the Resulting Company.

10. CONSIDERATION

- 10.1. Upon coming into effect of this Scheme, and in consideration of the transfer and vesting of the Demerged Undertaking into the Resulting Company pursuant to the provisions of this Scheme, the Resulting Company shall, without any further application, act, deed, consent, acts, instrument or deed, issue and allot, on a proportionate basis to each shareholder of the Demerged Company and whose name is recorded in the register of members and records of the depository as members of the Demerged Company, on the Record Date fully paid up equity shares of Resulting Company in the following manner ("**Share Entitlement Ratio**") :

"1 (One) fully paid up equity share of Rs. 10 (Rupees Ten) each of the Resulting Company for every 3 (Three) equity shares of Rs. 10 (Rupees Ten) of the Demerged Company."

- 10.2. The equity shares of the Resulting Company to be issued and allotted as per the Share Entitlement Ratio provided in Clause 10.1 above shall be subject to the provisions of the memorandum of association and articles

of association of Resulting Company and shall rank pari passu in all respects with any existing equity shares of Resulting Company after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits.

- 10.3. In case any shareholder's shareholding in the Demerged Company is such that such shareholder becomes entitled to a fraction of an equity share of the Resulting Company, the Resulting Company shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee nominated by the Board of Resulting Company in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee may in its sole discretion decide and on such sale, shall pay to the Resulting Company, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon the Resulting Company shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of Demerged Company in proportion to their respective fractional entitlements.
- 10.4. The equity shares to be issued by the Resulting Company pursuant to Clause 10.1 shall be in dematerialized form.
- 10.5. The equity shares to be issued by the Resulting Company pursuant to Clause 10.1 above in respect of such equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall, pending allotment or settlement of the dispute by order of a court or otherwise, also shall be kept in abeyance by the Resulting Company.
- 10.6. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholders of the Demerged Company, the Board of Directors of the Demerged Company shall be empowered prior to or even subsequent to the Record Date, to effectuate such transfers in the Demerged Company as if such changes in registered holders were operative as on the Record Date, in order to remove any difficulties arising to the transferors of the shares in relation to the shares issued by the Resulting Company. The Board of Directors or Stakeholders Relationship Committee, if any, of the Resulting Company shall be empowered to remove such difficulties that may arise in the course of implementation of the Scheme and registration of new shareholders in the Resulting Company on account of difficulties faced in the transition period.
- 10.7. The issue and allotment of the equity shares of the Resulting Company in terms of this Scheme shall be deemed to have been carried out as if the procedure laid down under Section 62 of the Act and any other applicable provisions of the Act have been complied with.
- 10.8. The equity shares of the Resulting Company issued pursuant to Clause 10.1 shall, in compliance with the applicable regulations, be listed and admitted to trading on the Stock Exchanges pursuant to this Scheme and the SEBI Circular. The Resulting Company shall make all requisite applications and shall otherwise comply with the provisions of the SEBI Circular and Applicable Laws and take all steps to procure the listing of the equity shares issued by it pursuant to Clause 10.1 above.
- 10.9. The equity shares allotted by the Resulting Company pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the Stock Exchanges. There shall be no change in the shareholding pattern of the Resulting Company between the Record Date and the date of listing of such equity shares, which may affect the status of the approval granted by the Stock Exchanges.
- 10.10. The Resulting Company shall and to the extent if required, increase its authorised share capital to facilitate issue of equity shares under this Scheme.
- 10.11. The approval of this Scheme by the shareholders of the Demerged Company and the Resulting Company respectively, under Sections 230 to 232 of the Act to have the approval under Sections 13, 14 and other applicable provisions of the Companies Act, 2013 and all Applicable Laws.

11. REDUCTION OF SHARE CAPITAL OF RESULTING COMPANY

- 11.1 Simultaneously, with the issue and allotment of the new equity shares by the Resulting Company to the shareholders of the Demerged Company in terms of Clause 10 of the Scheme, the equity shares issued by the Resulting Company to the Demerged Company ('Resulting Company Cancelled Shares') shall stand cancelled, without any further act, instrument or deed. Such cancellation of the share capital of the Resulting Company shall be effected as a part of the Scheme itself and not in accordance with Section 66 of the Act. The NCLT Order sanctioning the Scheme shall be deemed to be an order under Section 66 of the Act confirming the reduction and no separate sanction under Section 66 of the Act shall be necessary. The Resulting Company shall debit its share capital account in its books of account with the aggregate face value of Resulting Company Cancelled Shares and the capital reserve in the books of the Resulting Company shall be increased to the extent of the amount of Resulting Company Cancelled Shares.

12. ACCOUNTING TREATMENT**12.1. Accounting treatment in the books of the Demerged Company:**

Notwithstanding anything to the contrary contained in any other clause in the Scheme, the Demerged Company shall give effect to the demerger in its books of accounts as per the accounting principles prescribed under the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) notified under Section 133 of the Companies Act, 2013, and as may be amended from time to time and on the date determined in accordance with Ind AS as under:

- 12.1.1. The Demerged Company shall upon the Scheme becoming effective, reduce the assets and liabilities pertaining to the Demerged Undertaking transferred to and vested in the Resulting Company pursuant to the Scheme at their respective book values;
- 12.1.2. Inter-company balances and transaction between the Demerged Undertaking of the Demerged Company and the Resulting Company, if any, including inter-company investments, will stand cancelled; and
- 12.1.3. The difference being the excess of the book value of assets over the book value of the liabilities pertaining to the Demerged Undertaking and demerged from the Demerged Company pursuant to this Scheme after giving effect to Clause 12.1.2 above shall be adjusted to Other Equity of the Demerged Company.

12.2. Accounting treatment in the books of the Resulting Company

Notwithstanding anything to the contrary contained in any other clause in the Scheme, the Resulting Company shall give effect to the demerger in its books of accounts as per the accounting principles prescribed under the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) notified under Section 133 of the Companies Act, 2013, and as may be amended from time to time and on the date determined in accordance with Ind AS as under:

- 12.2.1. Upon the coming into effect of this Scheme, the Resulting Company shall record the assets and liabilities pertaining to the Demerged Undertaking, transferred to and vested in it pursuant to this Scheme at their respective carrying values, if any, as appearing in the books of the Demerged Company in accordance with INDAS;
- 12.2.2. The Resulting Company shall credit to its share capital in its books of account, the aggregate face value of the new equity shares issued by it to the members of the Demerged Company pursuant to this Scheme;
- 12.2.3. Inter-company balances and transaction between the Demerged Undertaking of the Demerged Company and the Resulting Company, if any, including inter-company investments, will stand

cancelled; and

- 12.2.4. The difference, if any, between the assets and liabilities of the Demerged Undertaking as recorded by the Resulting Company after considering the effect of clause 12.2.2 and 12.2.3 above shall be adjusted as capital reserve in the books of the Resulting Company.

13. CONDUCT OF BUSINESS

With effect from the Appointed Date 1 and up to and including the Effective Date:

- 13.1. The Demerged Company shall, in respect of the Demerged Undertaking, be deemed to have been carrying on and shall carry on its business and activities and shall hold and stand possessed of and hold all its properties and assets in relation to the Demerged Undertaking for and on account of and in trust for the Resulting Company. The Demerged Company hereby undertakes to hold its said assets with utmost prudence until the Effective Date.
- 13.2. All the profits or income accruing or arising to the Demerged Company in respect of the Demerged Undertaking, or expenditure or losses arising to or incurred by the Demerged Company in respect of the Demerged Undertaking, shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of the Resulting Company.
- 13.3. The Demerged Company shall carry on the business and activities with reasonable diligence and prudence and shall not without the prior written consent of the Board of Directors of the Resulting Company respectively, alienate, charge, mortgage, encumber or otherwise deal with or dispose-off, the Demerged Undertaking, except in the ordinary course of business. The Demerged Company shall not, without the prior written consent of the Resulting Company undertake any new businesses within the Demerged Undertaking except in the ordinary course of its business.
- 13.4. Where any of the liabilities and obligations attributed to the Demerged Undertaking, has been discharged by the Demerged Company, on or after the Appointed Date 1 but before the Effective Date, such discharge shall be deemed to have been for and on behalf of the Resulting Company.
- 13.5. All loans raised and liabilities incurred by the Demerged Company after the Appointed Date 1 but before the Effective Date for operations of the Demerged Undertaking shall be discharged by the Resulting Company respectively on or after the Effective Date.
- 13.6. The Demerged Company shall not vary the terms and conditions of service of the employees or conclude settlements with unions or employees, except in the ordinary course of business or consistent with past practice or pursuant to any pre-existing obligation, without the prior written consent of the Board of Directors of the Resulting Company.
- 13.7. The Resulting Company shall be entitled, pending the sanction of the Scheme by the jurisdictional NCLT(s), to apply to the central/state government and all other agencies, departments and authorities concerned as are necessary under any Applicable Law for such consents, approvals and sanctions which the Resulting Company may require to own and carry on the business of the Demerged Undertaking.

PART C

AMALGAMATION OF TRANSFEROR COMPANY WITH TRANSFEREE COMPANY

14. TRANSFER OF ASSETS AND LIABILITIES

- 14.1. Immediately on Part B of the Scheme being effective and with effect from the Appointed Date 2, and subject to the provisions of this Scheme and in accordance with and pursuant to Section 230 to 232 of the Act, the Transferor Company shall stand amalgamated with the Transferee Company as a going concern and all assets,

investments (including shares held in subsidiaries i.e. Privi Biotechnologies Private Limited and Privi Organics USA Corp), liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Transferor Company shall, without any further act, instrument or deed, stand transferred to and vested in or be deemed to have been transferred to and vested in the Transferee Company, so as to become as and from the Appointed Date 2, the assets, liabilities, contracts, arrangements, employees, Permits, licences, records, approvals, etc. of the Transferee Company by virtue of, and in the manner provided in this Scheme.

- 14.2. In respect of such of the assets and properties of the Transferor Company that are movable in nature or are otherwise capable of being transferred by delivery or possession, or by endorsement and/ or delivery, the same shall stand transferred by the Transferor Company upon coming into effect of this Scheme and shall, ipso facto and without any other order to this effect, become the assets and properties of the Transferee Company.
- 14.3. Subject to Clause 14.4 below, with respect to the assets of the Transferor Company, other than those referred to in Clause 14.2 above, including all rights, title and interests in the agreements (including agreements for lease or license of the properties) sundry debtors, claims from customers or otherwise, outstanding loans and advances, if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, semi-Government, local and other authorities and bodies, customers and other persons, whether or not the same is held in the name of the Transferor Company, shall, 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 Transferee Company, with effect from the Appointed Date 2 by operation of law as transmission, as the case may be, in favour of Transferee Company. With regard to the licenses of the properties, the Transferee Company will enter into novation agreements, if it is so required.
- 14.4. All immovable properties (including land together with the building and structures standing thereon) of the Transferor Company, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in the Transferee Company, subject to Applicable Law, without any act or deed. Upon this Scheme becoming effective and with effect from the Appointed Date 2, the Transferee Company shall be entitled to exercise any and all rights and privileges and shall be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties (if any), shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme in accordance with the terms hereof without any requirement of a further act or deed on part of the Transferee Company. The Transferee Company shall subsequent to the Scheme becoming effective be entitled to the delivery and possession of all documents of title to such immovable property in this regard.
- 14.5. All debts, liabilities, duties and obligations of the Transferor Company shall, without any further act, instrument or deed be transferred to, and vested in, and/ or deemed to have been transferred to, and vested in, the Transferee Company, so as to become on and from the Appointed Date 2, the debts, liabilities, duties and obligations of the Transferee Company on the same terms and conditions as were applicable to the Transferor Company, and it shall not be necessary to obtain the consent of any person who is a party to contract or arrangement by virtue of which such liabilities have arisen in order to give effect to the provisions of this Clause 14.
- 14.6. All the existing securities, mortgages, charges, encumbrances, if any, as on the Appointed Date 2 and those created by the Transferor Company after the Appointed Date 2, over the assets of the Transferor Company transferred to the Transferee Company shall, after the Effective Date, continue to relate and attach to such assets or any part thereof to which they are related or attached prior to the Effective Date. Such securities, mortgages, charges, encumbrances or liens shall not relate or attach or extend to any of the other assets of the Transferee Company.
- 14.7. Any existing securities, mortgages, charges, encumbrances, if any, over the assets and properties of the Transferee Company or any part thereof which relate to the liabilities and obligations of the Transferee

Company prior to the Effective Date shall continue to relate only to such assets and properties of the Transferee Company and shall not extend or attach to any of the assets and properties of the Transferor Company (except those assets and properties which are encumbered on account of loans taken by the Transferee Company by creating charge over the assets of the Transferor Company, if any) transferred to and vested in the Transferee Company by virtue of this Scheme.

- 14.8. Upon the coming into effect of this Scheme, all the credit for taxes including but not limited to tax deduction at source, tax collected at source, advance tax, minimum alternate tax, tax demand paid under protest with the Transferor Company shall be available and vest in the Transferee Company.
- 14.9. Upon the coming into effect of this Scheme, all unutilized input tax credit of central goods and service tax, integrated goods and service tax, state goods and service tax, union territory goods and service tax, goods and service tax compensation cess etc. lying unutilised with the Transferor Company shall be available and vest in the Transferee Company.
- 14.10. On and from the Effective Date and till such time that the name of the bank accounts of the Transferor Company has been replaced with that of the Transferee Company, the Transferee Company shall be entitled to maintain and operate the bank accounts of the Transferor Company in the name of the Transferor Company and for such time as may be determined to be necessary by the Transferee Company. All cheques and other negotiable instruments, payment orders received or presented for encashment which are in the name of the Transferor Company after the Effective Date shall be accepted by the bankers of the Transferee Company and credited to the account of the Transferee Company, if presented by the Transferee Company.
- 14.11. Upon coming into effect of this Scheme, to the extent that there are inter-company transactions or balances including loans and advances, receivables, payables and other dues outstanding between Transferor Company and Transferee Company as on or from the Appointed Date 2, the obligations in respect thereof shall stand cancelled.
- 14.12. The Transferee Company shall, at any time after this Scheme coming into effect, in accordance with the provisions hereof, if so required under any Applicable Law or otherwise, execute appropriate deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to which the Transferor Company have been a party, including any filings with Appropriate Authorities, in order to give formal effect to the above provisions. The Transferee Company shall for this purpose, under the provisions hereof, be deemed to have been authorized to execute any such writings on behalf of the Transferor Company in relation to the Transferee Company and to carry out or perform all such formalities or compliances referred to above on Transferor Company.
- 14.13. For avoidance of doubt and without prejudice to the generality of any applicable provisions of this Scheme, it is clarified that in order to ensure (i) implementation of the provisions of the Scheme; (ii) uninterrupted transfer of the relevant Permits; and (iii) continued vesting of the benefits, exemptions available to the Transferor Company in favour of the Transferee Company, the Board of Directors of the Transferor Company and the Transferee Company or any persons authorized by them shall be deemed to be authorized to execute or enter into necessary documentations with any regulatory authorities or third parties, if applicable and the same shall be considered as giving effect to the NCLT Order(s) and shall be considered as an integral part of this Scheme.
- 14.14. Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of the above sub-clauses shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue of any security document, all of which instruments, deeds or writings shall stand modified and / or superseded by the foregoing provisions.

The Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/are inconsistent with the

provisions of Section 2(1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961; such modification to not affect or modify other terms or provisions of the Scheme including the accounting treatment specified in clause 21.

15. PERMITS

- 15.1. With effect from the Appointed Date 2, Permits relating the Transferor Company shall be transferred to and vested in the Transferee Company and the concerned licensor and grantors of such Permits shall endorse where necessary, and record the Transferee Company on such Permits so as to empower and facilitate the approval and vesting of the Transferor Company in the Transferee Company and continuation of operations of the Transferor Company in the Transferee Company without any hindrance, and shall stand transferred to and vested in and shall be deemed to be transferred to and vested in the Transferee Company without any further act or deed and shall be appropriately mutated by the Appropriate Authorities concerned therewith in favour of the Transferee Company as if the same were originally given by, issued to or executed in favor of the Transferee Company and the Transferee Company shall be bound by the terms thereof, the obligations and duties thereunder and the rights and benefits under the same shall be available to the Transferee Company.
- 15.2. The benefit of all Permits pertaining to the Transferor Company shall without any other order to this effect, transfer and vest into and become available to the Transferee Company pursuant to the sanction of this Scheme.

16. CONTRACTS, DEEDS AND OTHER INSTRUMENTS

- 16.1. Upon coming into effect of this Scheme and with effect from the Appointed Date 2 and subject to the provisions of this Scheme, all contracts, deeds, bonds, lease deeds, arrangements entered into with various persons, arrangements and other instruments of whatsoever nature by the Transferor Company and to which the Transferor Company is a party or to the benefit of which the Transferor Company may be eligible, and which are subsisting or have effect as on the Effective Date, shall continue in full force and effect on or against or in favor of, as the case may be, of the Transferee Company and may be enforced as fully and effectually as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary or obligee thereto or thereunder, in all cases subject to the terms and provisions of such contracts, deeds, bonds, lease deeds, agreements, arrangements or instruments.
- 16.2. Without prejudice to the other provisions of this Scheme and notwithstanding that the amalgamation and subsequent vesting of the Transferor Company to the Transferee Company occurs by virtue of this Scheme itself, the Transferee Company, may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any Applicable Law or otherwise, execute deeds, confirmation or other writings or arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary to be executed merely in order to give formal effect to the above provisions. The Transferee Company shall, under the provisions of this Scheme, be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- 16.3. On and from the Effective Date, and thereafter, the Transferee Company shall be entitled to enforce all pending contracts and transactions and to accept stock returns and issue credit notes in respect of the Transferor Company, in the name of the Transferee Company in so far as may be necessary until the transfer of rights and obligations of the Transferor Company to the Transferee Company under this Scheme have been given effect to under such contracts and transactions.
- 16.4. Even after this Scheme becomes effective, the Transferee Company shall, in its own rights, be entitled to realise all monies and complete and enforce all pending contracts and transactions of the Transferor Company, in so far as may be necessary.

- 16.5. Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature which the Transferor Company owns or to which the Transferor Company is a party to, cannot be transferred to the Transferee Company for any reason, whatsoever, the Transferor Company shall hold such assets, contracts, deeds, bonds, agreements, schemes, arrangements, or other instruments of whatsoever nature in trust for the benefit of the Transferee Company, in so far as it is permissible so to do, till such time as the transfer is effected.

17. EMPLOYEES

- 17.1. Upon coming into effect of this Scheme, with effect from the Effective Date, the Transferee Company undertakes to engage, without any interruption in service, all employees of the Transferor Company, on the Effective Date, on the terms and conditions not less favourable than those on which they are engaged by the Transferor Company. The Transferee Company agrees that the services of all such employees with the Transferor Company prior to the amalgamation shall be taken into account for the purposes of all existing benefits to which the said employees may be eligible, including for the purpose of payment of any retrenchment compensation, gratuity and other terminal benefits.
- 17.2. The existing funds or benefits, including provident fund and gratuity fund, created by the Transferor Company (collectively referred to as the 'Transferor Company Funds') in terms of this Scheme shall be continued for the benefit of such employees on the same terms and conditions in the Transferee Company. With effect from the Effective Date, the Transferee Company shall make the necessary contribution for such employees taken over. Upon the Scheme being effective, the Transferee Company shall stand substituted for the Transferor Company for all purposes whatsoever related to the administration or operation of such Transferor Company Fund or in relation to the obligations to make a contribution to the said Transferor Company Funds in accordance with the provisions of the Fund or according to the terms provided in the respective Transferor Company Fund deeds or other documents or, in the alternative, create / establish / setup / provide the facility of one or more alternative trusts being not less favourable than the existing Transferor Company Fund in the Transferor Company of which such employees were members in the Transferor Company. The Transferee Company undertakes and assumes all the duties and obligations and takes over and assumes all the rights and powers of the Transferor Company upon the Scheme being effective, in relation to aforesaid Transferor Company Funds of the Transferor Company. The services of the employees of the Transferor Company will be treated as having been continuous for the purposes of availing the benefits of the aforesaid funds or provisions of any Transferor Company Funds for such employees.

18. LEGAL PROCEEDINGS

- 18.1. Upon the Scheme becoming effective, all legal proceedings, suits, claims, actions before any statutory or quasi-judicial authority or tribunal of whatsoever nature, by or against the Transferor Company arising after the Appointed Date 2, shall be continued and enforced by or against the Transferor Company only until the Effective Date. On and from the Effective Date, the Transferee Company shall and may, if required, initiate any legal proceedings in the same manner and to the same extent as would or might have been initiated by the Transferor Company. Except as otherwise provided herein, the Transferor Company shall in no event be responsible or liable in relation to any such legal or other proceedings against the Transferee Company. The Transferee Company shall be replaced / added as party to such proceedings and shall prosecute or defend such proceedings at its own cost, in co-operation with the Transferor Company.
- 18.2. The Transferee Company undertakes to have all legal proceedings initiated by or against the Transferor Company referred to in Sub-Clause 18.1 above transferred to its name as soon as is reasonably possible after the Effective Date and to have the same continued, prosecuted and enforced by or against the Transferee Company to the exclusion of the Transferor Company. Both the Transferor Company and the Transferee Company shall make relevant applications in that behalf. It is clarified that except, as otherwise provided herein, the Transferor

Company shall in no event be responsible or liable in relation to any proceedings that stand transferred to the Transferee Company.

- 18.3. If any suit, appeal or other proceedings, of whatever nature by or against the Transferor Company be pending, the same shall not abate or be discontinued or in any way be prejudicially affected by reason of the amalgamation or by anything contained in this Scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Transferor Company as if this Scheme had not been made.

19. SAVING OF CONCLUDED TRANSACTIONS

The transfer and vesting of the properties, liabilities and obligations of the Transferor Company pursuant to this Scheme shall not affect any transactions or proceedings already completed by the Transferor Company on or before the Appointed Date 2 to the end and intent that, the Transferee Company accepts all acts, deeds and things done and executed by and / or on behalf of the Transferor Company which shall vest in the Transferee Company in terms of this Scheme as acts, deeds and things made, done and executed by and on behalf of the Transferee Company.

20. CONSIDERATION

- 20.1. The entire issued, subscribed and paid up capital of Transferor Company is held by the Transferee Company. Upon the Scheme becoming effective, the entire equity share capital of the Transferor Company held by the Transferee Company shall stand automatically cancelled and there will not be any issue and allotment of equity shares in the Transferee Company.

21. ACCOUNTING TREATMENT

Notwithstanding anything to the contrary contained in any other clause in the Scheme, the Transferee Company shall give effect to the amalgamation in its books of accounts as per the accounting principles prescribed under the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) notified under Section 133 of the Companies Act, 2013, and as may be amended from time to time and on the date determined in accordance with Ind AS as under:

- 21.1. All the assets, liabilities and reserves including debit balances, if any in the books of the Transferor Company shall stand transferred to and vested in the Transferee Company pursuant to the Scheme and shall be recorded by the Transferee Company in its books of accounts at their carrying amount as prescribed in IND - AS 103;
- 21.2. The investment in the equity share capital of Transferor Company as appearing in the books of accounts of Transferee Company on Effective Date, if any shall stand cancelled;
- 21.3. Inter Company balances and transactions between the Transferor Company and Transferee Company, if any will stand cancelled;
- 21.4. The difference, if any, being excess/deficit arising pursuant to the Scheme, after giving effect to the above adjustments, shall be adjusted as Capital Reserve in the books of the Transferee Company; and
- 21.5. In case of any differences in accounting policy between Transferor Company and Transferee Company, the accounting policies followed by Transferor Company will prevail and the difference shall be adjusted in Capital Reserves of Transferee Company, to ensure that the financial statements of Transferee Company reflect the financial position on the basis of consistent accounting policy.

22. INCREASE IN AUTHORISED SHARE CAPITAL

- 22.1. As an integral part of the Scheme, and upon the effectiveness of Part C of this Scheme, the authorised share capital of the Transferor Company shall stand transferred to and be amalgamated with the authorised share capital of the Transferee Company, and that the authorised share capital of the Transferee Company shall

automatically stand increased, without any further act, instrument or deed on the part of the Transferee Company, without any liability for payment of any additional fees (including fees and charges to the Registrar of Companies) or stamp duty. Consequently, the authorised share capital of the Transferee Company shall be Rs. 55,01,00,000/- (Rupees Fifty Five Crores and One Lakh only) comprising of 5,00,10,000 (Five Crores and Ten Thousand) Equity shares of Rs. 10/- (Rupees Ten only) each, without any further act, instrument or deed and 50,00,000 (Fifty Lakhs) Preference Shares of Rs. 10/- (Rupees Ten only) each.

- 22.2. Clause V. of the Memorandum of Association of the Transferee Company shall, upon the effectiveness of Part C of this Scheme and without any further act or deed, be replaced by the following clause:

"V. The Authorised Share Capital of the Company is Rs. 55,01,00,000 (Rupees Fifty Five Crores One Lakh) divided into 5,00,10,000 (Five Crores Ten Thousand only) Equity Shares of Rs. 10/- (Rupees ten only) each and 50,00,000 (Fifty Lakhs only) Preference Shares of Rs. 10/- with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for time being be provided by the Articles of Association of the Company."

- 22.3. The consent of the shareholders of the Transferor Company and the Transferee Company to the Scheme shall be deemed to be sufficient for purposes of effecting the above and that no further action under section 13 or section 61 or any other applicable provisions of the Act, shall be separately required nor shall any additional fees (including fees and charges to the Registrar of Companies) or stamp duty be payable by the Transferee Company.

23. CONDUCT OF BUSINESS

With effect from the Appointed Date 2 and up to and including the Effective Date:

- 23.1. The Transferor Company shall be deemed to have been carrying on and shall carry on its business and activities and shall hold and stand possessed of and hold all its properties and assets for and on account of and in trust for the Transferee Company. The Transferor Company hereby undertakes to hold its said assets with utmost prudence until the Effective Date.
- 23.2. All the profits or income accruing or arising to the Transferor Company, or expenditure or losses arising to or incurred by the Transferor Company shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of the Transferee Company.
- 23.3. The Transferor Company shall carry on the business and activities with reasonable diligence and prudence and shall not without the prior written consent of the Board of Directors of the Transferee Company, alienate, charge, mortgage, encumber or otherwise deal with or dispose-off any assets and liabilities of the Transferor Company, except in the ordinary course of business. The Transferor Company shall not, without the prior written consent of the Transferee Company undertake any new businesses except in the ordinary course of its business.
- 23.4. Where any of the liabilities and obligations of the Transferor Company, has been discharged by the Transferor Company, on or after the Appointed Date 2 but before the Effective Date, such discharge shall be deemed to have been for and on behalf of the Transferee Company.
- 23.5. All loans raised and liabilities incurred by the Transferor Company after the Appointed Date 2 but before the Effective Date shall be discharged by the Transferee Company respectively on or after the Effective Date.
- 23.6. The Transferor Company shall not vary the terms and conditions of service of the employees or conclude settlements with unions or employees, except in the ordinary course of business or consistent with past practice or pursuant to any pre-existing obligation, without the prior written consent of the Board of Directors of the

Transferee Company.

- 23.7. The Transferee Company shall be entitled, pending the sanction of the Scheme by the jurisdictional NCLT(s), to apply to the central/state government and all other agencies, departments and authorities concerned as are necessary under any Applicable Law for such consents, approvals and sanctions which the Transferee Company may require to own and carry on the business of the Transferor Company.

24. DISSOLUTION OF TRANSFEROR COMPANY

Upon the Scheme becoming effective, the Transferor Company shall stand dissolved without being wound up without any further act or deed.

PART D

GENERAL TERMS & CONDITIONS

25. REMAINING BUSINESS OF THE DEMERGED COMPANY

- 25.1. The Remaining Business and all the assets, liabilities and obligations relating or pertaining thereto shall continue to belong solely to and continue to be vested solely in and be managed by the Demerged Company.
- 25.2. All legal, tax and other proceedings by or against the Demerged Company under any statute, whether pending on the Appointed Date 1 or which may be instituted at any time thereafter, whether or not in respect of any matter arising before the Effective Date and pertaining or relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duty, of the Demerged Company in respect of the Remaining Business) shall be continued and enforced solely by or against the Demerged Company only.
- 25.3. The Demerged Company shall carry on all business and activities pertaining or relating to the Remaining Business in its own name and on its own account and its own behalf in all respects.
- 25.4. All profit accruing to the Demerged Company or losses arising or incurred by it pertaining or relating to the Remaining Business shall, for all purposes, be treated as its profit, or losses, as the case may be.

26. APPLICATIONS TO NCLT

- 26.1. The Demerged Company, Resulting Company and the Transferor Company, shall, with all reasonable dispatch, simultaneously, make applications and/or petitions under Section 230 to 232 of the Act and other applicable provisions of the Act to the NCLT for approval of the Scheme and all matters ancillary or incidental thereto, as may be necessary to give effect to the terms of the Scheme.

27. MODIFICATION OR AMENDMENTS TO THE SCHEME

- 27.1. Subject to approval of the NCLT, the Board of Directors of the Demerged Company, Resulting Company and the Transferor Company, may consent, on behalf of all persons concerned, to any modifications or amendments of the Scheme or to any conditions or limitations that the NCLT or Appropriate Authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them (i.e. the Board of Directors) and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect. For the purpose of giving effect to this Scheme or to any modification thereof, the Board of Directors of the Demerged Company, Resulting Company and the Transferor Company be and are hereby authorised to give such directions and to take all such steps as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubt, difficulties whether by reason of any direction or orders of any other authorities or otherwise howsoever arising out of or under or by virtue of this Scheme and/or any matters concerning or connected therewith. No modification or amendment to the Scheme will be carried out or effected by the Board without approaching the NCLT.

28. CONDITIONALITY OF THE SCHEME

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

- 28.1. The Demerged Company / Transferee Company having received observation letter/no-objection letter from the Stock Exchanges in respect of the Scheme, pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 28.2. The Scheme being approved by the requisite majorities of the classes of shareholders and creditors (where applicable) of the Demerged Company, Resulting Company and the Transferor Company as may be directed by the jurisdictional NCLT(s).
- 28.3. The Scheme being sanctioned by the jurisdictional NCLT(s) under Sections 230 to 232 read with Section 66 of the Act and other applicable provisions of the Act.
- 28.4. Fulfilment/ waiver of any other conditions precedent agreed between the Demerged Company, Resulting Company and/or the Transferor Company and/or their respective shareholders, in writing.
- 28.5. Authenticated/ certified copies of the orders of the jurisdictional NCLT(s) sanctioning the Scheme being filed with the relevant Registrar of Companies by the Demerged Company, Resulting Company and the Transferor Company respectively.
- 28.6. The various parts of the Scheme shall be deemed to have taken effect in following sequence:
 - 28.6.1. Firstly, Part B of the Scheme (relating to demerger of the Demerged Undertaking of the Demerged Company into the Resulting Company) shall be deemed to have taken effect, prior to Part C of the Scheme; and
 - 28.6.2. Thereafter, Part C of the Scheme (relating to amalgamation of Transferor Company into the Transferee Company) shall be deemed to have taken effect, after Part B of the Scheme.

29. NAME OF THE TRANSFEE COMPANY

- 29.1. As an integral part of the Scheme, upon the effectiveness of the Scheme, the name of the Transferee Company shall stand amended to 'Privi Speciality Chemicals Limited' or such other name which is available and approved by the Registrar of Companies, by simply filing the requisite forms with Appropriate Authority, without any further act, instrument or deed on the part of the Transferee Company.
- 29.2. It is hereby clarified that for the purpose of change of name of the Transferee Company in accordance with clause 29.1 above, the consent of the shareholders of the Transferee Company to this Scheme shall be deemed to be sufficient for the purposes of effecting this amendment and that no further resolution under section 13, section 14 and any other applicable provisions of the Act, would be required to be separately passed nor shall any additional fees (including fees and charges to the Registrar of Companies) or stamp duty be payable by the Transferee Company.

30. EFFECT OF NON-RECEIPT OF APPROVALS

- 30.1. The Board of Directors of the Demerged Company, Resulting Company and the Transferor Company shall be entitled to withdraw this Scheme prior to the Effective Date. It is hereby clarified that notwithstanding anything to the contrary contained in this Scheme, neither the Demerged Company nor the Resulting Company nor the Transferor Company shall be entitled to withdraw the Scheme unilaterally without the prior written consent of the other companies.

31. COSTS, CHARGES AND EXPENSES

- 31.1. All costs, charges, levies and expenses (including, but not limited to stamp duty etc.) in relation to or in connection with the Scheme and incidental to the completion of the Scheme and of carrying out the terms of this Scheme shall be borne by the Resulting Company and the Transferor Company in the ratio of 1:2 or as mutually agreed by the Board of Directors of the Demerged Company, Resulting Company and the Transferor Company.

Harsh Chandrakant Ruparelia

Registered Valuer – Securities or Financial Assets

(IBBI Registration No. IBBI/RV/05/2019/11106 and

Membership No. ICAI RVO/S&FA/00054)

STRICTLY PRIVATE & CONFIDENTIAL

To,

The Board of Directors Fairchem Speciality Limited	The Board of Directors Fairchem Organics Limited	The Board of Directors Privi Organics India Limited
324, Dr. D.N. Road Fort, Mumbai - 400001 Maharashtra, India.	Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709 Maharashtra, India.	Privi House, A-71, TTC Thane Belapur Road, Near Kopar khairane Railway Station, Navi Mumbai - 400709 Maharashtra, India.

Re: Report on Recommendation of Share Entitlement Ratio / Share Exchange ratio for demerger of Demerged Undertaking (as defined in the Scheme) of Fairchem Speciality Limited ('FSL' or 'Demerged Company') into its wholly owned subsidiary company Fairchem Organics Limited ('FOL' or 'Resulting Company') and Amalgamation of Privi Organics India Limited ('Privi Organics' or 'Transferor Company') with FSL pursuant to the Composite Scheme of Arrangement and Amalgamation ('Scheme')

Dear Sirs,

I refer to the engagement letter dated 21 May 2019, whereby Harsh Chandrakant Ruparelia, Registered Valuer (hereinafter referred to as "the Valuer") has been requested by the management of Fairchem Speciality Limited [CIN: L15140MH1985PLC286828] (hereinafter referred to as "FSL"), Fairchem Organics Limited [CIN: U24200MH2019PLC323176] (hereinafter referred to as "FOL") and Privi Organics India Limited [CIN: U24220MH2016PLC283393] (hereinafter referred to as "Privi Organics") collectively referred to as "Companies" to issue a report containing

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Kandivali Jyoti Park CHS Ltd,
Opp. Anand Ashram,
S.V. Road, Kandivali (West),
Mumbai - 400 067

Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

recommendation of Fair Share Entitlement Ratio / Share Exchange Ratio for the proposed demerger of the demerged undertaking of FSL into its wholly owned subsidiary company FOL and amalgamation of Privi Organics with FSL pursuant to a composite scheme of Arrangement and Amalgamation ('Scheme').

The proposed Scheme would help to streamline the business, both from operating and management perspective. It is proposed to consolidate alike businesses carried on by FSL and through its subsidiary into a single identified entity and segregate other businesses into another identified entity creating a niche dedicated and focused business segment without any risk or overlap of one business over the other. The Rationale for the Scheme is as detailed in Part C of the Draft Scheme.

In the following paragraphs, I have summarized my understanding of the key facts; key information relied upon, basis of recommendation and limitations to the scope of work. The report is structured as under:

1. Purpose of this Report
2. Background
3. Sources of Information
4. Basis of Recommendation
5. Share Entitlement Ratio / Share Exchange Ratio
6. Exclusions and Scope Limitations

1. PURPOSE OF THIS REPORT

- 1.1 I understand that the Management of the Companies is contemplating a Composite Scheme of Arrangement and Amalgamation ('Scheme') under Sections 230 to 232, Section 66 and other applicable provisions of the Companies Act, 2013 and rules & regulations framed thereunder for demerger of Demerged Undertaking (as defined in the Scheme) of Fairchem Speciality Limited ('FSL' or 'Demerged Company' or 'Transferee Company') into Fairchem Organics Limited ('FOL' or 'Resulting Company') and amalgamation of Privi Organics India Limited ('Privi Organics' or 'Transferor Company') with Fairchem Speciality Limited in accordance with Section 2(19AA) and 2(1B) of the Income-tax Act, 1961 respectively. The demerger is to take effect from the closing of business hours of 31 March 2019 and the amalgamation is to take effect from the opening of business hours of 1 April 2019.
- 1.2 In this regard, Harsh Chandrakant Ruparelia, Registered Valuer has been appointed by the Companies for recommendation of Share Entitlement Ratio / Share Exchange ratio for the proposed demerger and amalgamation.



Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

2. BACKGROUND

2.1 FAIRCHEM SPECIALITY LIMITED ("FSL")

2.1.1 FSL was incorporated on 25 May 1985 under the provisions of Companies Act, 1956. The registered office of FSL is currently situated at 324, DR. D.N. Road Fort, Mumbai – 400001, Maharashtra, India.

2.1.2 The Authorised, Issued, Subscribed and Paid-up Share Capital of FSL as on 31 March 2019 is as under:

Particulars	Amount in Rs.
<u>Authorised Share Capital</u>	
5,00,00,000 Equity Shares of Rs. 10/- each	50,00,00,000
50,00,000 Preference Shares of Rs. 10/- each	5,00,00,000
Total	55,00,00,000
<u>Issued, Subscribed and Paid-up Share Capital</u>	
3,90,62,706 Equity Shares of Rs.10/- each, fully paid-up	39,06,27,060
Total	39,06,27,060

As on date, there has been no change in the authorized, issued, subscribed and paid up share capital of FSL.

2.1.3 FSL is engaged in the business of manufacturing, supplying and exporting of speciality Oleochemicals (natural source) and Nutraceuticals (natural source) made from by-products generated from processing of crude vegetable oil refineries, including vegetable oil based fatty acid distillate and acid oils.

2.1.4 The equity shares of FSL are listed and traded on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

2.2 FAIRCHEM ORGANICS LIMITED ("FOL")

2.2.1 FOL was incorporated on 27 March 2019 under the provisions of Companies Act, 2013. The registered office of FOL is currently situated at Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India.

2.2.2 The Authorised, Issued, Subscribed and Paid-up Share Capital of FOL as on 31 March 2019 is as under:

Particulars	Amount in Rs.
<u>Authorised Share Capital</u>	
10,000 Equity Shares of Rs. 10/- each	1,00,000
Total	1,00,000



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<u>Issued, Subscribed and Paid-up Share Capital</u>	
10,000 Equity Shares of Rs.10/- each, fully paid-up	1,00,000
Total	1,00,000

As on date, there has been no change in the authorized, issued, subscribed and paid up share capital of FOL.

- 2.2.3 FOL was incorporated with the object of carrying on the business of processing by-products / waste products generated during refining of any kind of edible or non-edible vegetable oils and manufacture various kinds of fatty acids, nutraceuticals intermediates and / or their derivatives utilizing chemical, solvents, catalysts or physical process.
- 2.2.4 FOL is an unlisted public company and the entire share capital of FOL is presently held by FSL and its nominees.

2.3 PRIVI ORGANICS INDIA LIMITED ("Privi Organics")

- 2.3.1 Privi Organics was incorporated on 8 July 2016 under the provisions of Companies Act, 2013. The registered office of Privi Organics is currently situated at Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India.
- 2.3.2 The Authorised, Issued, Subscribed and Paid-up Share Capital of Privi Organics as on 31 March 2019 is as under:

Particulars	Amount in Rs.
<u>Authorised Share Capital</u>	
10,000 Equity Shares of Rs. 10/- each	1,00,000
Total	1,00,000
<u>Issued, Subscribed and Paid-up Share Capital</u>	
10,000 Equity Shares of Rs.10/- each, fully paid-up	1,00,000
Total	1,00,000

As on date, there has been no change in the authorized, issued, subscribed and paid up share capital of Privi Organics.

- 2.3.3 Privi Organics is engaged in the business of manufacture, supply and export of aroma chemicals.
- 2.3.4 Privi Organics is currently an unlisted public company and the entire equity share capital of Privi Organics is presently held by FSL.

3. SOURCES OF INFORMATION

- 3.1. For the purpose of the recommendation of the fair Share Entitlement Ratio / Share Exchange Ratio, I have relied upon the following sources of information provided by the management of the Companies:

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- (a) Audited Financial Statements of FSL and Privi Organics for the year ended 31 March 2018;
- (b) Audited Financial Statements of FSL, FOL and Privi Organics for the year ended 31 March 2019;
- (c) Latest shareholding pattern of the Companies, as duly certified;
- (d) Draft Composite Scheme of the Arrangement and Amalgamation (as duly certified by the Management);
- (e) Memorandum and Articles of Association of the Companies;
- (f) Other relevant details of the Companies such as its history, past and present activities, future plans and prospects, and other relevant information; and
- (g) Such other information and explanations as I required and which have been provided by the Management of the Companies.

4. BASIS OF RECOMMENDATION

- 4.1. For the purpose of my opinion, I have relied upon the current shareholding of the Companies, the draft Composite Scheme of Arrangement and Amalgamation and other information as provided by the Management of the Companies and their respective advisors and authorized representatives.
- 4.2. Based on review of the information made available and my discussions with the Management of the Companies, authorized representatives and advisors of the Companies, some of the important factors considered for my recommendation are as under:
 - (a) FOL and Privi Organics are wholly owned subsidiaries of FSL;
 - (b) The shares held by FSL in FOL will be cancelled pursuant to the Scheme becoming effective;
 - (c) All the shareholders of FSL would also become shareholders of FOL, and their shareholding in FOL would mirror their shareholding in FSL and therefore upon the Scheme becoming effective, the business of FSL and FOL would continue to be owned by the shareholders of FSL in the same proportion as their shareholdings in FSL in the manner provided under the Scheme. Thereby the interest of the shareholders in FSL will effectively remain unchanged and shareholders interest would not be prejudicially affected;
 - (d) The Scheme does not envisage dilution of the holding of any one or more of the shareholders as a result of operation of the Scheme;
 - (e) As consideration for Demerger, where a shareholder's shareholding in



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the Demerged Company is such that such shareholder becomes entitled to a fraction of an equity share of FOL, FOL shall not issue fractional share certificate to such shareholder but shall consolidate such fractions and round up the aggregate of such fractions to the next whole number and issue and allot the consolidated shares directly to a trustee nominated by the Board of FOL in that behalf, who shall sell such shares in the market at such price or prices and on such time or times as the trustee may in its sole discretion decide and on such sale, shall pay to FOL, the net sale proceeds (after deduction of applicable taxes and other expenses incurred), whereupon FOL, shall, subject to withholding tax, if any, distribute such sale proceeds to the concerned shareholders of FSL in proportion to their respective fractional entitlements; and

(f) As represented by the Management of the Companies, terms of the draft Scheme are part of commercial and business arrangement.

4.3. With respect to the proposed amalgamation of Privi Organics with FSL, the entire equity share capital of Privi Organics is held by FSL and its nominees, which shall stand cancelled pursuant to the amalgamation and hence, in my opinion, relative valuation with respect to the said amalgamation is not required to be carried out.

4.4. It is universally recognized that the basis of recommendation is not an exact science and that estimating fair Share Entitlement Ratio / Share Exchange Ratio necessarily involves selecting a approach that is suitable for the purpose. The application of any particular approach depends upon various factors including nature of its business, overall objective of the Scheme and the purpose of recommendation.

5. SHARE ENTITLEMENT RATIO / SHARE EXCHANGE RATIO

5.1. In the ultimate analysis, recommendation will have to involve the exercise of judicious discretion and judgment taking into account all the relevant factors. There will always be several factors, e.g. present and prospective competition, yield on comparable securities and market sentiments, etc. which are not evident from the face of the balance sheets but which will strongly influence the worth of a share. This concept is also recognized in judicial decisions. For example, Viscount Simon Bd in Gold Coast Selection Trust Ltd. vs. Humphrey reported in 30 TC 209 (House of Lords) and quoted with approval by the Supreme Court of India in the case reported in 176 ITR 417 as under:



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'If the asset takes the form of fully paid shares, the valuation will take into account not only the terms of the agreement but a number of other factors, such as prospective yield, marketability, the general outlook for the type of business of the company which has allotted the shares, the result of a contemporary prospectus offering similar shares for subscription, the capital position of the company, so forth. There may also be an element of value in the fact that the holding of the shares gives control of the company. If the asset is difficult to value, but is nonetheless of a money value, the best valuation possible must be made. Valuation is an art, not an exact science. Mathematical certainty is not demanded, nor indeed is it possible.'

- 5.2. Due consideration is given to the above facts and circumstances and especially to the fact that post the Scheme becoming effective, the aforesaid Companies will beneficially be held by the shareholders of FSL and the shareholders will be given their due consideration for the fractional shares.
- 5.3. The fair basis of Share Entitlement Ratio / Share Exchange Ratio under the Composite Scheme of Arrangement and Amalgamation would have to be determined after taking into consideration all the factors and approach mentioned hereinabove. It is however important to note that in doing so, I am not attempting to arrive at the absolute value per share of the Companies and as all the shareholders of FSL would also become shareholders of FOL, and their shareholding in FOL would mirror their shareholding in FSL. Hence, no relative valuation of the two entities is required to be undertaken to facilitate the determination of the Share Entitlement Ratio / Share Exchange Ratio.
- 5.4. In the present facts and circumstances and based on the information and explanation provided to us, I believe that the following Share Entitlement Ratio / Share Exchange Ratio, after giving due consideration to the Management representations and the fact that upon Scheme becoming effective the business of FSL and FOL will continue to be owned by the shareholders of FSL as all the shareholders of FSL would also become shareholders of FOL, and their shareholding in FOL would mirror their shareholding in FSL and therefore upon the Scheme becoming effective, the business of FSL and FOL would continue to be owned by the shareholders of FSL in the same proportion as their shareholdings in FSL in the manner provided under the Scheme. Thereby the interest of the shareholders in FSL will effectively remain unchanged and shareholders interest would not be prejudicially affected. Further, the Scheme does not



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Registered Valuer – Securities or Financial Assets

envisage dilution of the holding of any one or more of the shareholders as a result of the Scheme becoming effective, the Share Entitlement Ratio / Share Exchange Ratio as suggested by the Management of the Companies, would be fair and reasonable –

For equity shareholders of FSL	1 (One) fully paid up equity shares of Rs. 10/- (Rupees Ten Only) each of FOL for every 3 (Three) equity shares of Rs. 10/- (Rupees Ten Only) of FSL.
For equity shareholders of Privi Organics	As the entire equity share capital of Privi Organics is held by FSL and its nominees, which shall stand cancelled pursuant to the amalgamation and no shares shall be issued as consideration for the amalgamation of Privi Organics with FSL. Therefore, there is no requirement to determine the Share Exchange Ratio for the proposed amalgamation of Privi Organics into FSL.

6. EXCLUSIONS AND SCOPE LIMITATIONS

- 6.1. The report is subject to the scope limitations detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.
- 6.2. No investigation of the title of assets of the Companies has been made for the purpose of recommendation and their claim to such rights has been assumed to be valid as represented by the management of the Companies. Therefore, no responsibility is assumed for matters of a legal nature.
- 6.3. The work does not constitute certification of the historical financial statements including the working results of the Companies referred to in this report. Accordingly, I am unable to and do not express an opinion on the fairness or accuracy of any financial information referred to in this report.
- 6.4. This report is issued on the understanding that the Companies have drawn my attention to all material information, which they are aware of concerning the financial position of the Companies and any other matter which may have an



Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

impact on my opinion, on the recommendation of the Share Entitlement Ratio / Share Exchange Ratio of the Companies, including any significant changes that have taken place or are likely to take place in the financial position, subsequent to the report date. I have no responsibility to update this report for events and circumstances occurring after the date of this report.

- 6.5. This Report does not look into the business / commercial reasons behind the proposed transaction or address any potential synergies to the Companies and other parties connected thereto.
- 6.6. In the course of issuing this report, I was provided with both written and verbal information. I have evaluated the information provided to us by the management of the Companies through broad inquiry, analysis and review. I assume no responsibility for any errors in the above information furnished by the management of the Companies and consequential impact on the recommendation of the Share Entitlement Ratio / Share Exchange Ratio. I do not express any opinion or offer any assurance regarding accuracy or completeness of any information made available to us.
- 6.7. The report is not, nor should it be construed as my opining or certifying any compliance with the provisions of any law, whether in India or any other country including companies, taxation and capital market related laws or as regards any legal implications or issues arising from any transaction proposed to be contemplated based on this Report.
- 6.8. Any person/party intending to provide finance/invest in the shares/businesses of the Companies, shall do so, after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. It is to be noted that any reproduction, copying or otherwise quoting of this report or any part thereof, can be done only with my prior permission in writing. However, this report may be disclosed to relevant authorities including stock exchanges, SEBI, National Company Law Tribunal in relation to and for the purpose of the Scheme or as may be required under applicable law.
- 6.9. This document has been prepared solely for the purpose of assisting the Companies, under consideration, for the purpose of recommending the fair Share Entitlement Ratio / Share Exchange Ratio under the Scheme in accordance to the engagement letter. Further, the fees for this engagement is not contingent upon the recommendation considering the facts and purpose of recommendation.
- 6.10. The decision to carry out the transaction (including consideration thereof) lies entirely with the Management / Board of Directors of the Companies and the



Harsh C. Ruparelia
Registered Valuer – Securities or Financial Assets

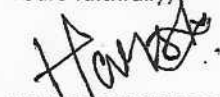
work and the finding shall not constitute recommendation as to whether or not the Management / the Board of Directors of the respective Companies should carry out the transaction.

- 6.11. By its very nature, valuation cannot be regarded as an exact science, the conclusions arrived at in many cases will of necessity be subjective and dependent on the exercise of individual judgement. Given the same set of facts and using the same assumptions / approach, opinions may differ due to application of the facts and assumptions / approach, formulae used and numerous other factors. There is, therefore, no indisputable single or standard methodology / approach for arriving at the recommendation. Although the conclusions are in my opinion reasonable, it is quite possible that others may not agree.
- 6.12. Harsh Chandrakant Ruparelia, nor employees or agents or any of them, makes any representation or warranty, express or implied, as to the accuracy, reasonableness or completeness of the information, based on which the report is issued. All such parties expressly disclaim any and all liability for, or based on or relating to any such information contained in the report. I am not liable to any third party in relation to issue of this report. In no event, I shall be liable for any loss, damage, cost or expense arising in any way from any acts carried out by the Companies referred herein or any person connected thereto.

If you require any clarifications on the above, I would be happy to clarify the same. I am thankful to your team for kind co-operation and support during this assignment.

Thanking you,

Yours faithfully,



CA HARSH CHANDRAKANT RUPARELIA

REGISTERED VALUER – Securities or Financial Assets

IBBI Registration No. IBBI/RV/05/2019/11106

Membership No. ICAI RVO/S&FA/00054

ICAI Membership No. 160171

Date: 22 May 2019

Place: Mumbai

UOIN: 19160171 AAAAAL4543





May 22, 2019

The Board of Directors
Fairchem Speciality Limited
324, Dr. D.N. Road Fort,
Mumbai-400001
Maharashtra, India

The Board of Directors
Fairchem Organics Limited
Plot A-71,
Thane Belapur Road,
Near Kopar Khairane Railway
Station,
Navi Mumbai – 400709
Maharashtra, India

The Board of Directors
Privi Organics India Limited
Privi House, A-71,
TTC Thane Belapur Road,
Near Kopar khairane Railway
Station,
Navi Mumbai-400709
Maharashtra, India

Dear Sirs,

Re: Fairness Opinion on the Share Entitlement Ratio/ Share Exchange Ratio Report issued by Harsh Ruparelia, Registered Valuer, in connection with the Composite Scheme of Arrangement and Amalgamation ('Scheme') for demerger of Demerged Undertaking (as defined in the Scheme) of Fairchem Speciality Limited ('FSL' or 'Demerged Company') into its wholly owned subsidiary company Fairchem Organics Limited ('FOL' or 'Resulting Company') and amalgamation of Privi Organics India Limited ('Privi Organics' or 'Transferor Company') with FSL.

1. BACKGROUND

1.1. Pantomath Capital Advisors Private Limited ("Pantomath" or "we" or "us") is a Category I Merchant Banker registered with the Securities Exchange Board of India ("SEBI"). Pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (earlier SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015) we have been requested to issue a fairness opinion on Share Entitlement Ratio / Share Exchange Ratio Report issued by Harsh Ruparelia, Registered Valuer, for the recommendation of Share Entitlement Ratio / Share Exchange Ratio for the proposed demerger of Demerged Undertaking of FSL into FOL and the proposed amalgamation of Privi Organics with FSL.

1.2. FSL is engaged in the business of manufacturing, supplying and exporting of speciality oleo chemicals (natural source) and nutraceuticals (natural source) made from by-products generated from processing of crude vegetable oil refineries, including vegetable oil based fatty acid distillate and acid oils

Page 1 of 5

Progress with Values...

Pantomath Capital Advisors Private Limited (SEBI Registered Category-I Merchant Bankers)

Regd. Office: 406-408, Keshava Premises, Behind Family Court, Bandra Kurla Complex, Bandra (East), Mumbai – 400051

Email: info@pantomathgroup.com

Website: www.pantomathgroup.com | CIN: U74120MH2013PTC248061 | Tel: 022-6194 6700/724 | Fax: 022-26598690



- 1.3. The equity shares of FSL are listed and traded on the BSE Limited and the National Stock Exchange of India Limited. The registered office of FSL is at 324, DR. D.N. Road Fort, Mumbai – 400001, Maharashtra, India.
- 1.4. FOL is authorized by its memorandum of association to inter alia carry on the business in the business of processing by-products / waste products generated during refining of any kind of edible or non-edible vegetable oils and manufacture various kinds of fatty acids, nutraceuticals intermediates and / or their derivatives utilizing chemical, solvents, catalysts or physical process.
- 1.5. FOL is an unlisted public company and the entire share capital of FOL is held by FSL and its nominees. The registered office is at Plot A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India.
- 1.6. Privi Organics is involved in the business of manufacture, supply and export of aroma chemicals.
- 1.7. Privi Organics is currently an unlisted public company and the entire equity share capital of Privi Organics is held by FSL. The registered office of Privi Organics is Privi House, A-71, Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai - 400709, Maharashtra, India.
- 1.8. In order to streamline the business, both from operating and management perspective, it is proposed to consolidate alike businesses carried on by FSL and through its subsidiary into a single identified entity and segregate other businesses into another identified entity creating a niche dedicated and focused business segment without any risk or overlap of one business over the other.
- 1.9. The above Composite Scheme of Arrangement and Amalgamation is proposed under section 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

2. SOURCE OF INFORMATION

For arriving at the fairness opinion set forth below, we have relied upon the following sources of information:

- 2.1. Share Entitlement Ratio / Share Exchange Ratio Report issued by Harsh Ruparelia, Registered Valuer dated May 22, 2019;
- 2.2. Draft Composite Scheme of Arrangement and Amalgamation under section 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013;
- 2.3. Audited financial statements of FSL and Privi Organics for the year ended March 31, 2018;
- 2.4. Audited financial statements of FSL and Privi Organics for the year ended March 31, 2019;
- 2.5. Latest shareholding patterns of FSL, FOL and Privi Organics;
- 2.6. Other relevant information and documents for the purpose of this engagement.

In addition to the above, we have also obtained such other information and explanations, which were

In addition to the above, we have also obtained such other information and explanations, which were considered relevant for the purpose of our analysis.

3. VALUER'S RECOMMENDATION

- 3.1. Based on the assumptions and limitations stated in the Share Entitlement Ratio/ Share Exchange Ratio Report, the fair basis of the Share Entitlement Ratio/ Share Exchange Ratio is determined after taking into consideration the Mirror Image of the FSL Shareholding pattern and the consideration would be discharged by:

"1 (One) fully paid up equity shares of Rs. 10 (Rupees Ten) each of the Resulting Company for every 3 (Three) equity shares of Rs. 10 (Rupees Ten) of the Demerged Company.

As Privi Organics is a wholly owned subsidiary of FSL, there is no requirement to determine the Share Exchange Ratio for the proposed amalgamation of Privi Organics into FSL"

4. RATIONALE AND CONCLUSION

In the circumstances, having regard to the relevant factors and on the basis of information and explanations given to us, in our view, the proposed Share Entitlement Ratio/ Share Exchange Ratio as recommended by Harsh Ruparelia, Registered Valuer, which forms the basis for the proposed arrangement and amalgamation, appears to be fair and reasonable.

Pantomath has issued the Fairness Opinion with the understanding that Draft Scheme shall not be materially altered and the parties hereto agree that the Fairness Opinion would not stand good in case the final Scheme alters the transaction.

5. EXCLUSIONS AND LIMITATIONS

- 5.1. We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by FSL, FOL and Privi Organics for the purpose of this opinion without carrying out any audit or certification or due diligence of the working results, financial statements, financial estimates or estimates of value to be realized for the assets of FSL, FOL and Privi Organics.
- 5.2. We have solely relied upon the information provided to us by FSL, FOL and Privi Organics. We have not reviewed any books or records of FSL, FOL and Privi Organics.
- 5.3. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of FSL, FOL and Privi Organics and neither express any opinion with respect thereto nor accept any responsibility therefor.
- 5.4. We have not made any independent valuation or appraisal of the assets or liabilities of FSL, FOL and

Privi Organics. In particular we do not express any opinion as to the value of assets of FSL, FOL and Privi Organics, whether at current market prices or in future.

- 5.5. We have not reviewed any internal management information statements or any non-public reports, and, instead, with your consent we have relied upon information which was publicly available or provided or otherwise made available to us by FSL, FOL and Privi Organics for the purpose of this opinion.
- 5.6. We are not experts in the evaluation of litigation or other actual or threatened claims and hence have not commented on the effect of such litigation or claims on the valuation. We are not legal, tax, regulatory or actuarial advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of FSL, FOL and Privi Organics with respect to these matters. In addition, we have assumed that the Draft Composite Scheme of Arrangement and Amalgamation will be approved by the regulatory authorities and that the proposed transaction will be consummated substantially in accordance with the terms set forth in the Draft Composite Scheme of Arrangement and Amalgamation.
- 5.7. We understand that the managements of FSL, FOL and Privi Organics, during our discussion with them would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion.
- 5.8. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have any obligation to update, revise or reaffirm this opinion. In arriving at our opinion, we are not authorized to solicit, and did not solicit, interests for any party with respect to the acquisition, business combination or other extra-ordinary transaction involving FSL, FOL and Privi Organics or any of its assets, nor did we negotiate with any other party in this regard.
- 5.9. It is understood that this opinion is solely for the benefit of confidential use by the Board of Directors of FSL, FOL and Privi Organics for the purpose of facilitating companies to comply with Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (earlier Circular CIR/CID/CMD/16/2015 dated November 30, 2015) issued by SEBI; disclosures to be made to relevant regulatory authorities including stock exchanges, SEBI, National Company Law Tribunal or as required under applicable law and it shall not be valid for any other purpose. This opinion is only intended for the aforementioned specific purpose and if it is used for any other purpose; we will not be liable for any consequences thereof.
- 5.10. The fee for our service is not contingent upon the results of the proposed arrangement and/ or amalgamation. This opinion is subject to the laws of India.



- 5.11. Valuation, as it is said, is an art as well as a science. It is very subjective and based on individual perception. Large number of valuation models and its countless variants are in vogue, each of which has its own strength and weakness. Such practices lead to varying values arrived at by experts which, at times, may differ by larger margin. We express no opinion whatever and make no recommendation at all as to FSL's, FOL's and Privi Organics' underlying decision to effect to the proposed Demerger and Amalgamation or as to how the holders of equity shares or secured or unsecured creditors of FSL, FOL and Privi Organics should vote at their respective meetings held in connection with the proposed Composite Scheme of Arrangement and Amalgamation. We do not express and should not be deemed to have expressed any views on any other terms of the proposed Composite Scheme of Arrangement and Amalgamation. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of FSL will trade following the announcement of the proposed Composite Scheme of Arrangement and Amalgamation or as to the financial performance of FSL, FOL and Privi Organics following the completion of the proposed Composite Scheme of Arrangement and Amalgamation.
- 5.12. In no circumstances however, will Pantomath or its associates, directors or employees accept any responsibility or liability to any third party.

Truly Yours,



Abhinav Agarwal
Senior Manager & Company Secretary
Pantomath Capital Advisors Private Limited
SEBI Registered Category - I Merchant Bankers
Registration No. MB/INM000012110

BSE - INTERNAL



DCS/AMAL/BA/R37/1582/2019-20

September 20, 2019

The Company Secretary,
Fairchem Speciality Limited
Plot No. A-71, TTC,
Thane-Belapur Road, Near Kopar Khairane,
Navi Mumbai, Maharashtra, 400709.

Dear Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement among Fairchem Speciality Limited, Fairchem Organics Limited and Privi Organics Limited and their respective shareholders and creditors.

We are in receipt of Draft Scheme of Arrangement by Fairchem Speciality Limited filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated September 19, 2019 has inter alia given the following comment(s) on the draft scheme of arrangement:

- "Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the stock exchange, from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."
- "Company shall duly comply with various provisions of the Circular."
- "Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."
- "It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT. Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

However, the listing of equity shares of Fairchem Organics Limited shall be subject to SEBI granting relaxation under Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957 and compliance with the requirements of SEBI circular. No. CFD/DIL3/CIR/2017/21 dated March 10, 2017. Further, Fairchem Organics Limited shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authority and Rules, Byelaws, and Regulations of the Exchange.

The Company shall fulfill the Exchange's criteria for listing the securities of such company and also comply with other applicable statutory requirements. However, the listing of shares of Fairchem Organics Limited is at the discretion of the Exchange. In addition to the above, the listing of Fairchem Organics Limited pursuant to the Scheme of Arrangement shall be subject to SEBI approval and the Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about Fairchem Organics Limited in line with the disclosure requirements applicable for public issues with BSE, for making the same available to the public through the website of the Exchange. Further, the company is also advised to make the same available to the public through its website.
2. To publish an advertisement in the newspapers containing all the information of Fairchem Organics Limited in line with the details required as per the aforesaid SEBI circular no. CFD/DIL3/CIR/2017/21 dated March 10, 2017. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as BSE.
3. To disclose all the material information about Fairchem Organics Limited on a continuous basis so as to make the same public, in addition to the requirements if any, specified in Listing Agreement for disclosures about the subsidiaries.
4. The following provisions shall be incorporated in the scheme:
 - v. The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange."
 - vi. "There shall be no change in the shareholding pattern of Fairchem Organics Limited between the record date and the listing which may affect the status of this approval."

Further you are also advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities as deemed fit, and also in your application for approval of the scheme of Arrangement.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the **validity of this Observation Letter shall be Six Months from the date of this Letter**, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Further, it may be noted that with reference to Section 230 (5) of the Companies Act, 2013 (Act), read with Rule 8 of Companies (Compromises, Arrangements and Amalgamations) Rules 2016 (Company Rules) and Section 66 of the Act read with Rule 3 of the Company Rules wherein pursuant to an Order passed by the Hon'ble National Company Law Tribunal, a Notice of the proposed scheme of compromise or arrangement filed under sections 230-232 or Section 66 of the Companies Act 2013 as the case may be **is required to be served upon the Exchange seeking representations or objections if any.**

In this regard, with a view to have a better transparency in processing the aforesaid notices served upon the Exchange, the Exchange has **already introduced an online system of serving such Notice along with the relevant documents of the proposed schemes through the BSE Listing Centre.**

BSE - INTERNAL



Any service of notice under Section 230 (5) or Section 66 of the Companies Act 2013 seeking Exchange's representations or objections if any, would be accepted and processed through the Listing Centre only and no physical filings would be accepted. You may please refer to circular dated February 26, 2019 issued to the company.

Yours faithfully,


Nitinkumar Pujari
Senior Manager



BSE Limited (Formerly Bombay Stock Exchange Ltd.)
Registered Office : Floor-25, P. J. Towers, Dalal Street, Mumbai 400 001 India
T: +91 22 2272 1234/33 | E: corp.comm@bseindia.com | www.bseindia.com
Corporate Identity Number : L67120MH2005PLC155188

**National Stock Exchange Of India Limited**

Ref: NSE/LIST/21133_I

September 20, 2019

The Company Secretary
Fairchem Speciality Limited
Plot No. A-71, TIC, Thane-Belapur Road,
Near Kopar Khairane,
Navi Mumbai -400709

Kind Attn.: Mr. Rajen Jhaveri

Dear Sir,

Sub: Observation Letter for Draft Scheme of Arrangement among Fairchem Speciality Limited and Fairchem Organics Limited and Privi Organics India Limited and their respective shareholders

We are in receipt of the Draft Composite Scheme of Arrangement and Amalgamation amongst Fairchem Speciality Limited ('Demerged Company / 'Transferee Company') and Fairchem Organics Limited ('Resulting Company') and Privi Organics India Limited (Transferor Company) and their respective shareholders vide application dated June 14, 2019.

Based on our letter reference no Ref: NSE/LIST/21133 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated September 19, 2019, has given following comments:

- a. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange and from the date of the receipt of this letter is displayed on the website of the listed company.*
- b. *The Company shall duly comply with various provisions of the Circular.*
- c. *The Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- d. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/ representations.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the Scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

This Document is Digitally Signed



Signer: Harshad P Dharod
Date: Fri, Sep 20, 2019 18:29:16 IST
Location: NSE

*Continuation Sheet*

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our “No-objection” in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this “Observation Letter” shall be six months from September 20, 2019, within which the scheme shall be submitted to NCLT.

Yours faithfully,
For National Stock Exchange of India Limited

Harshad Dharod
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL
http://www.nseindia.com/corporates/content/further_issues.htm



FAIRCHEM SPECIALITY LIMITED

Works & Office : 253/P & 312, Village -Chekhala, Sanand - Kadi Highway,
Taluka : Sanand, Dist.: Ahmedabad 382 115. INDIA.
Phone (Board Nos.) : +91 90163 24095 / +91 94099 58550
E-mail : info@fairchem.in, comm@fairchem.in
CIN : L15140MH1985PLC286828 Website : www.fairchem.in

Date : July 18, 2019

ANNEXURE VII

BSE Limited,
Phiroze Jeejeebhoy Towers, Dalal Street
Mumbai- 400 001

Ourselves. : BSE Code : 530117 / NSE Symbol - FAIRCHEM

Ref. : Our application under Regulation 37 of SEBI (LODR) Regulations, 2015

Dear Sir / Madam,

With reference to above, we give here below the status of 'Complaints' received by us :

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	NIL
2.	Number of complaints forwarded by Stock Exchange	NIL
3.	Total Number of complaints/comments received (1+2)	NIL
4.	Number of complaints resolved	NOT APPLICABLE
5.	Number of complaints pending	NIL

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	NOT APPLICABLE		

Thanking you,

For Fairchem Speciality Limited,

(Rajesh Jhaveri)

Chief Financial Officer and Company Secretary

Regd. Office : 324, Dr. D.N. Road, Fort, Mumbai – 400 001, INDIA



FAIRCHEM SPECIALITY LIMITED

Works : 253/P & 312, Village -Chekhala, Sanand - Kadi Highway,

Taluka : Sanand, Dist.: Ahmedabad 382 115. INDIA.

Phone (Board Nos.): +91 90163 24095 / +91 94099 58550

E-mail : info@fairchem.in, comm@fairchem.in

CIN : L15140MH1985PLC286828 Website : www.fairchem.in

ANNEXURE J

Date: August 13, 2019

To
National Stock Exchange of India Limited
5th Floor, Exchange Plaza, Plot No C-1,
Block "G" Bandra – Kurla Complex, Bandra (East),
Mumbai – 400 051.

Ourselves: NSE Symbol: FAIRCHEM

Ref.: Our Application under Regulation 37 of SEBI (LODR) Regulations, 2015

Dear Sir/Madam,

With reference to above, we give here below the status of 'Complaints' received by us:

Period of Complaints report: 18.07.2019 to 08.08.2019

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded by Stock Exchange	Nil
3.	Total Number of complaints/comments received (1+2)	Nil
4.	Number of complaints resolved	Not Applicable
5.	Number of complaints pending	Nil

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
	Not Applicable		

FOR FAIRCHEM SPECIALITY LIMITED

RAJEN JHAVERI

Chief Financial Officer & Company Secretary

Regd. Office : 324, Dr. D.N. Road, Fort, Mumbai – 400 001, INDIA

FAIRCHEM SPECIALITY LIMITED							
Regd. Office: Plot No. A-71, TTC, Thane-Belapur Road, Near Kopar Khairane, NAVI MUMBAI-400 709							
Works & Office : 253/P & 312, Village Chekhala, Sanand - Kadi Highway, Taluka Sanand, Dist. Ahmedabad - 382 115, Gujarat, INDIA							
Ph.: +91 90163 24095, +91 94099 58550, Email Id: cs@fairchem.in; info@fairchem.in; Website: www.fairchem.in							
CIN: L15140MH1985PLC286828							
STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30TH SEPTEMBER, 2019							
		Quarter ended			Six Months ended		(Rs. In Lakhs)
		30-Sep-2019 (Unaudited)	30-Jun-2019 (Unaudited)	30-Sep-2018 (Unaudited)	30-Sep-2019 (Unaudited)	30-Sep-2018 (Unaudited)	Year ended 31-Mar-2019 (Audited)
I	Income						
	Revenue from Operations	6,569.84	7,121.62	5,364.76	13,691.45	11,652.48	24,987.09
II	Other Income (Refer Note 3)	625.31	10.79	395.35	636.10	430.90	435.16
	Total Income (I + II)	7,195.15	7,132.41	5,760.11	14,327.56	12,083.38	25,422.25
IV	Expenses						
	Cost of materials consumed	4,353.60	4,385.40	3,124.54	8,739.00	7,973.75	17,381.47
	Purchase of Stock-in-Trade	-	-	-	-	-	15.08
	Changes in Inventories of Finished Goods and Work-in-Progress	63.84	508.77	388.68	572.61	(197.66)	(868.92)
	Employee benefits expense	382.06	396.55	383.53	778.71	767.09	1,517.38
	Finance costs	133.16	142.14	142.64	275.30	286.93	573.49
	Power and Fuel	453.66	391.76	362.74	845.42	801.98	1,744.07
	Depreciation and Amortisation expenses	155.95	151.72	130.55	307.67	259.09	544.59
	Other Expenses	415.49	411.14	375.58	826.63	696.69	1,593.08
	Total expenses	5,957.76	6,387.58	4,908.26	12,345.34	10,587.87	22,500.24
V	Profit Before Tax (III - IV)	1,237.39	744.83	851.85	1,982.22	1,495.51	2,922.01
VI	Tax expense (Refer Note 6)						
	Current Tax	145.17	215.83	89.96	361.00	261.43	586.93
	Deferred Tax	(112.58)	16.17	50.51	(96.41)	67.08	183.32
	Total Tax expense	32.59	232.00	140.47	264.59	328.51	770.25
VII	Profit for the period after tax (V - VI)	1,204.80	512.83	711.38	1,717.63	1,167.00	2,151.76
VIII	Other Comprehensive Income						
	Items that will not be reclassified to profit or loss:						
	- Remeasurement (losses) / gains on post employment defined benefit plans	(2.46)	(3.82)	4.73	(6.28)	(8.70)	(29.52)
	- Income tax effect	0.47	1.11	(1.38)	1.58	2.53	8.60
	Other comprehensive income for the year / period, net of tax	(1.99)	(2.71)	3.35	(4.70)	(6.17)	(20.92)
IX	Total Comprehensive Income (VII + VIII)	1,202.81	510.12	714.73	1,712.93	1,160.83	2,130.84
X	Paid-up Equity Share Capital (Face Value of Rs. 10/- each)	3,906.27	3,906.27	3,906.27	3,906.27	3,906.27	3,906.27
XI	Earning Per Share (EPS) of Rs. 10/- each (Not annualised) (In Rs.)						
	Basic	3.08	1.31	1.82	4.39	2.99	5.51
	Diluted	3.08	1.31	1.82	4.39	2.99	5.51
For and on behalf of the Board of Directors For Fairchem Speciality Limited							
Place : Mumbai Date : 14th November, 2019		Nahoosh Jariwala Managing Director (DIN: 00012412)			Mahesh Baban Managing Director (DIN: 00051162)		

For and on behalf of the Board of Directors,
For Fairchem Speciality Limited,

Place : Mumbai
Date : 14th November, 2019

Nahoosh Jariwala
Managing Director
(DIN: 00012412)

Mahesh Babani
Managing Director
(DIN: 00051162)

For Fairchem Speciality Limited

For Fairchem Speciality Limited



Nahoosh Jariwala
Managing Director

Mahesh Babani
Managing Director

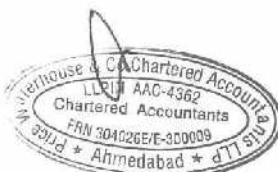

FAIRCHEM SPECIALITY LIMITED
Regd. Office: Plot No. A-71, TTC, Thane-Belapur Road, Near Kopar Khairane, NAVI MUMBAI-400 709
Works & Office : 253/P & 312, Village Chekhala, Sanand - Kadi Highway, Taluka Sanand, Dist. Ahmedabad - 382 115, Gujarat, INDIA
Ph.: +91 90163 24095, +91 94099 58550, Email Id: cs@fairchem.in; info@fairchem.in; Website: www.fairchem.in
CIN: L15140MH1985PLC286828
STATEMENT OF UNAUDITED STANDALONE ASSETS AND LIABILITIES AS AT 30TH SEPTEMBER, 2019

		(Rs. in Lakhs)	
		As At	
		30-Sep-2019	31-Mar-2019
		(Unaudited)	(Audited)
A	Assets		
1	Non-Current Assets		
(a)	Property, Plant and Equipment	11,729.82	11,524.25
(b)	Capital work-in-progress	312.32	87.91
(c)	Financial Assets		
(i)	Investments	2.00	2.00
(ii)	Loans	1.16	1.51
(iii)	Other Financial Assets	22.31	13.78
(d)	Non-Current Tax Assets (Net)	42.04	59.55
(e)	Other Non-Current Assets	755.75	125.67
		12,865.40	11,814.67
	Current Assets		
(a)	Inventories	2,490.39	3,400.62
(b)	Financial Assets		
(i)	Trade Receivables	3,170.92	3,213.13
(ii)	Cash and cash equivalents	0.87	1.64
(iii)	Bank balances other than (ii) above	19.02	16.53
(iv)	Loans	2.49	0.74
(v)	Other Financial Assets	45.44	92.32
(c)	Other Current Assets	105.43	233.41
		5,834.56	6,958.39
	Total Assets	18,699.96	18,773.06
B	Equity And Liabilities		
	Equity		
(a)	Equity Share Capital	3,906.27	3,906.27
(b)	Other Equity	7,019.42	6,355.32
		10,925.69	10,261.59
	Liabilities		
1	Non- Current Liabilities		
(a)	Financial Liabilities		
(i)	Borrowings	1,384.85	829.14
(b)	Provisions	126.84	89.54
(c)	Deferred Tax Liabilities (Net)	1,117.75	1,215.74
		2,629.44	2,134.42
2	Current Liabilities		
(a)	Financial Liabilities		
(i)	Borrowings	2,946.04	4,049.00
(ii)	Trade Payables		
(a)	Total outstanding dues of micro enterprises and small enterprises	48.47	57.74
(b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	695.34	942.23
(iii)	Other financial liabilities	1,107.93	1,123.80
(b)	Other current liabilities	68.48	83.19
(c)	Provisions	65.91	57.50
(d)	Current Tax Liabilities (Net)	212.66	63.59
		5,144.83	6,377.05
	Total Equity and Liabilities	18,699.96	18,773.06


Place : Mumbai
Date : 14th November, 2019
**For and on behalf of the Board of Directors,
For Fairchem Speciality Limited,**
Nahoosh Jariwala
Managing Director
(DIN: 00012412)
Mahesh Babani
Managing Director
(DIN: 00051162)

FAIRCHEM SPECIALITY LIMITED		
Regd. Office: Plot No. A-71, TTC, Thane-Belapur Road, Near Kopar Khairane, NAVI MUMBAI-400 709 Works & Office : 253/P & 312, Village Chekhala, Sanand - Kadi Highway, Taluka Sanand, Dist. Ahmedabad - 382 115, Gujarat, INDIA Ph.: +91 90163 24095, +91 94099 58550, Email Id: cs@fairchem.in; info@fairchem.in; Website: www.fairchem.in CIN: L15140MH1985PLC286828		
STATEMENT OF UNAUDITED STANDALONE CASH FLOWS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2019		
	(Rs. In Lakhs)	
	Period ended on September 30, 2019 (Unaudited)	Period ended on September 30, 2018 (Refer Note 7)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit Before Taxation	1,982.22	1,495.51
Adjustments for:		
Depreciation and Amortisation	307.67	259.09
Finance Cost	275.30	286.93
Interest Income	(10.15)	(8.11)
Dividend Income	(625.00)	(375.00)
Unrealised Foreign Exchange (Gain)	(4.64)	(9.07)
(Gain) / Loss on assets sold / discarded (Net)	0.72	(9.52)
Operating Profit Before Working Capital Changes	1,926.12	1,639.83
Adjustments For Changes In Working Capital:		
(Increase) / Decrease In Inventories	910.23	(301.76)
Decrease In Non Current Loans	0.35	-
(Increase) In Other Non Current Financial Assets	(8.53)	(0.34)
Decrease In Trade receivables	46.85	263.37
(Increase) In Current Loans	(1.75)	(0.76)
Decrease In Other Current Financial Assets	46.39	220.40
Decrease In Other current assets	127.98	31.01
Decrease In Other Non current assets	-	0.17
(Decrease) In Trade and Other Payables	(256.16)	(90.94)
Increase In Non Current Liabilities - Provisions	37.30	9.58
Increase In Current Liabilities - Provisions	8.41	22.58
Increase / (Decrease) In Other Current Financial Liabilities	(54.42)	72.72
Increase / (Decrease) In Other Current Liabilities	(14.71)	39.32
Cash Generated From Operations	2,768.06	1,905.18
Direct Taxes Paid (Net)	(194.42)	(152.28)
A. Net Cash Generated From Operating Activities	2,573.64	1,752.90
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(1,395.13)	(874.99)
Proceeds from Sale of Fixed Assets	2.16	12.82
Interest Income	10.64	7.85
Dividend Income	625.00	375.00
B. Net Cash Used In Investing Activities	(757.33)	(479.32)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowings (net)	1,033.66	-
Repayment of Long Term Borrowings (net)	(425.95)	(576.65)
Net Proceeds / (Repayment) of Short Term Borrowings (net)	(1,102.96)	198.41
Dividend Paid (including tax on dividend)	(1,048.83)	(603.03)
Interest Paid	(273.00)	(290.84)
C. Net Cash Used In Financing Activities	(1,817.08)	(1,272.12)
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)	(0.77)	1.46
Cash and Cash Equivalents as at the beginning of the period	1.64	2.01
Cash and Cash Equivalents as at the end of the period	0.87	3.47
Note :		
1 The above Statement of Cash flows has been prepared under the "Indirect Method" set out in Ind AS 7 - "Statement of Cash Flows"		

Place : Mumbai
Date : 14th November, 2019



For and on behalf of the Board of Directors,
For Fairchem Speciality Limited,

Nahoosh Jariwala
Managing Director
(DIN: 00012412)

Maresh Babani
Managing Director
(DIN: 00051162)

Notes:

1. The above standalone unaudited financial results as reviewed by Audit Committee are subsequently approved by the Board of Directors at their meetings held on 14th November, 2019. The Statutory Auditors have performed limited review of Company's standalone unaudited financial results for the quarter and six months ended 30th September, 2019.
2. The Company has adopted Ind AS 116 'Leases' w.e.f. 1st April, 2019. The adoption of this standard does not have any significant impact on the standalone financial results for the quarter and six months ended 30th September, 2019.
3. Other Income includes dividend on equity shares received from Privi Organics India Ltd., a wholly owned subsidiary of the Company, of Rs. 625.00 Lakhs in quarter and six months ended 30th September, 2019 and Rs. 375.00 Lakhs in quarter and six months ended 30th September, 2018.
4. The Company is engaged in the business of manufacturing of speciality chemicals viz. Oleo Chemicals and Intermediate Nutraceuticals. As such the company's business falls within a single business segment of Speciality Chemicals, in context of Ind AS 108 - Operating Segments.
5. The Board of Directors of the Company, in its meeting held on 22nd May, 2019, had approved a Composite Scheme of arrangement and amalgamation ('the Scheme') amongst Fairchem Speciality Limited (FSL), Fairchem Organics Limited (FOL) and Privi Organics India Limited (POIL), two wholly owned subsidiaries of the Company and their respective shareholders for Demerger of FSL's undertaking carrying on speciality oleo chemicals and nutraceuticals business and vesting the same into FOL and Amalgamation of POIL, manufacturers of aroma chemicals, into and with FSL, under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013. The Company has obtained approval of the said scheme from the stock exchanges. Further, the Company has also filed the said scheme with National Company Law Tribunal (NCLT).
6. The Company has elected to exercise the option under Section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. The impact of this change has been recognised proportionately in tax expenses of the quarter and half year ended 30th September 2019 at the estimated annual effective tax rate. This has resulted in reversal of current and deferred tax expenses of Rs. 29.29 Lakhs and Rs. 167.04 Lakhs respectively.
7. The comparative figures for cash flows for the corresponding six months ended 30th September, 2018 have been prepared by management, reviewed by the Audit Committee of the Company and approved by the Company's Board of Directors at their respective meetings held on 14th November, 2019, but have not been subjected to review by the statutory auditors as the mandatory requirement for limited review of cash flows has been made applicable for periods beginning 1st April, 2019, pursuant to Regulation 33(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
8. The figures for the previous periods have been regrouped/ recast, wherever necessary, to make them comparable with the figures for the current period.
9. Investors can view the unaudited standalone financial results of the company for the quarter and six months ended 30th September, 2019 on the company's website www.fairchem.in or on the website of the BSE www.bseindia.com or on the website of NSE www.nseindia.com.

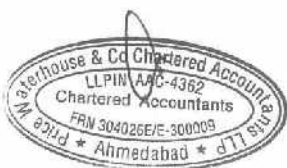
**For and on behalf of the Board of Directors,
For Fairchem Speciality Limited,**

Place: Mumbai
Date: 14th November, 2019

Nahoosh Jariwala
Managing Director
(DIN : 00012412)

Mahesh Babani
Managing Director
(DIN : 00051162)

For Fairchem Speciality Limited




Nahoosh Jariwala
Managing Director

For Fairchem Speciality Limited


Mahesh Babani
Managing Director

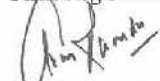
Price Waterhouse & Co Chartered Accountants LLP

Review Report

To
The Board of Directors
Fairchem Speciality Limited
Plot No. A- 71, TTC
Thane Belapur Road
Near Kopar Khairane
Navi Mumbai – 400709

1. We have reviewed the unaudited standalone financial results of Fairchem Speciality Limited (the "Company") for the quarter ended 30th September, 2019 and the year to date results for the period 1st April, 2019 to 30th September, 2019 which are included in the accompanying 'Statement of Unaudited Standalone Financial Results for the Quarter and Six Months ended 30th September, 2019' and the statement of assets and liabilities as on that date and the statement of cash flows for the half-year ended on that date (the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations, 2015"), which has been initialled by us for identification purposes. Attention is drawn to the fact that the statement of cash flows for the corresponding period from 1st April, 2018 to 30th September, 2018, as reported in the Statement have been approved by the Company's Board of Directors, but have not been subjected to review. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
2. We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Price Waterhouse and Co Chartered Accountant LLP
Firm Registration Number: 304026E/E-300009



Arunkumar Ramdas
Partner
Membership Number: 112433
UDIN: 19112433A A A C C 2309
Place: Mumbai
Date: 14th November, 2019

Price Waterhouse & Co Chartered Accountants LLP, 1701, 17th Floor, Shapath V, Opp. Karnavati Club
S G Highway, Ahmedabad - 380 051, Gujarat, India
T: +91 (79) 3091 7000, F: +91 (79) 3091 7082

Registered office and Head office: Plot No. Y-14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata 700 091

Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E).



FAIRCHEM SPECIALITY LIMITED



FAIRCHEM SPECIALITY LIMITED

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CIN: L15140MH1985PLC286828

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED 30TH SEPTEMBER, 2019

	(Rs. In Lakhs)					
	Quarter ended			Six Months ended		Year ended
	30-Sep-2019 (Unaudited)	30-Jun-2019 (Unaudited)	30-Sep-2018 (Unaudited)	30-Sep-2019 (Unaudited)	30-Sep-2018 (Unaudited)	31-Mar-2019 (Audited)
I Income						
Revenue from Operations	38,986.67	45,219.53	28,232.75	84,206.20	52,126.19	1,34,104.13
II Other Income	1,168.78	452.07	72.21	1,620.85	124.06	570.08
III Total Income (I + II)	40,155.45	45,671.60	28,304.96	85,827.05	52,250.25	1,34,674.21
IV Expenses						
Cost of materials consumed	29,078.33	28,543.23	23,206.00	57,621.56	38,945.18	92,468.34
Purchase of Stock-in-Trade	-	-	-	-	-	15.08
Changes in Inventories of Finished Goods and Work-in-Progress	(3,677.26)	(305.33)	(5,593.32)	(3,982.59)	(6,004.12)	(9,795.16)
Employee benefits expense	2,002.69	1,930.65	1,563.04	3,933.34	3,234.50	7,127.04
Finance costs	755.80	886.26	615.14	1,642.06	1,147.23	2,901.46
Power and Fuel	2,027.65	2,194.64	1,680.82	4,222.29	3,175.95	7,058.47
Depreciation and Amortisation expenses	1,416.73	1,439.19	1,152.07	2,855.92	2,295.16	4,685.40
Other Expenses	5,033.78	5,273.42	4,399.05	10,307.20	6,619.44	15,962.38
Total expenses	36,637.72	39,962.06	27,022.80	76,599.78	49,413.34	1,20,423.01
V Profit Before Exceptional Item and Tax (III - IV)	3,517.73	5,709.54	1,282.16	9,227.27	2,836.91	14,251.20
VI Exceptional Income/(expenses) [refer note 6]	2,500.00	-	(238.61)	2,500.00	(7,189.03)	904.78
VII Profit / (Loss) Before Tax (V + VI)	6,017.73	5,709.54	1,043.55	11,727.27	(4,352.12)	15,155.98
VIII Tax expense (Refer Note 8)						
Current Tax	1,331.21	1,747.02	160.05	3,078.23	379.53	5,029.49
Tax adjustment of earlier year	-	-	-	-	-	16.13
Deferred Tax	(688.82)	294.01	309.82	(394.81)	(1,846.53)	685.99
Total Tax expense	642.39	2,041.03	469.87	2,683.42	(1,467.00)	5,731.61
IX Profit / (Loss) for the period after tax (VII - VIII)	5,375.34	3,668.51	573.68	9,043.85	(2,885.12)	9,424.37
X Other Comprehensive Income						
Items that will not be reclassified to profit or loss:						
- Remeasurement (losses) / gains on post employment defined benefit plans	(16.97)	(24.69)	(9.74)	(41.66)	(28.08)	(90.21)
Income tax effect	2.09	8.40	3.22	10.49	8.85	29.81
Items that will be reclassified to profit or loss:						
- Exchange differences in translating financial statements of foreign operations	36.68	(5.16)	64.25	31.52	111.05	44.38
Other comprehensive Income for the year / period, net of tax	21.80	(21.45)	57.73	0.35	91.82	(16.02)
XI Total Comprehensive Income (IX + X)	5,397.14	3,647.06	631.41	9,044.20	(2,793.30)	9,408.35
XII Paid-up Equity Share Capital (Face Value of Rs. 10/- each)	3,906.27	3,906.27	3,906.27	3,906.27	3,906.27	3,906.27
XIII Earning Per Share (EPS) of Rs. 10/- each (Not annualised) (In Rs.)						
Basic	13.76	9.39	1.47	23.15	(7.39)	24.13
Diluted	13.76	9.39	1.47	23.15	(7.39)	24.13

For and on behalf of the Board of Directors
For Fairchem Speciality Limited

Place : Mumbai
Date : 14th November, 2019

Nahoosh Jariwala
Managing Director
(DIN: 00012412)

Mahesh Babar
Managing Director
(DIN: 00051162)

For Fairchem Speciality Limited

For Fairchem Speciality Limited



Nahoosh Jariwala
Managing Director

Mahesh Babar
Managing Director

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CIN: L15140MH1985PLC286828

STATEMENT OF UNAUDITED CONSOLIDATED ASSETS AND LIABILITIES AS AT 30TH SEPTEMBER, 2019

		(Rs. in Lakhs)	
		As At	
		30-Sep-2019	31-Mar-2019
		(Unaudited)	(Audited)
A	Assets		
1	Non-Current Assets		
(a)	Property, Plant and Equipment	57,711.93	48,897.83
(b)	Capital work-in-progress	7,595.93	9,465.72
(c)	Intangible assets	737.24	869.50
(d)	Right to use Assets	773.28	-
(e)	Financial Assets		
(i)	Loans	804.29	807.62
(ii)	Other Financial Assets	358.82	339.80
(f)	Non-Current Tax Assets (Net)	1,241.57	1,216.31
(g)	Other Non-Current Assets	1,661.52	867.28
		70,884.58	62,464.06
2	Current Assets		
(a)	Inventories	38,943.42	36,423.72
(b)	Financial Assets		
(i)	Trade Receivables	27,703.30	33,069.46
(ii)	Cash and cash equivalents	1,156.68	1,626.20
(iii)	Bank balances other than (ii) above	513.76	687.11
(iv)	Loans	42.83	58.26
(v)	Other Financial Assets	45.44	92.32
(c)	Other Current Assets	7,872.62	8,147.58
		76,278.05	80,104.65
	Total Assets	1,47,162.63	1,42,568.71
B	Equity And Liabilities		
	Equity		
(a)	Equity Share Capital	3,906.27	3,906.27
(b)	Other Equity	61,516.04	53,659.59
		65,422.31	57,565.86
	Liabilities		
1	Non-Current Liabilities		
(a)	Financial Liabilities		
(i)	Borrowings	17,435.58	18,083.20
(ii)	Lease Liability	723.40	-
(b)	Provisions	1,262.76	1,049.18
(c)	Deferred Tax Liabilities (Net)	2,455.00	2,867.25
		21,876.74	21,999.63
2	Current Liabilities		
(a)	Financial Liabilities		
(i)	Borrowings	30,998.47	28,047.84
(ii)	Trade Payables		
(a)	Total outstanding dues of micro enterprises and small enterprises	48.47	57.74
(b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	17,481.94	21,397.83
(iii)	Other financial liabilities	8,994.99	10,215.38
(b)	Other current liabilities	590.39	612.08
(c)	Provisions	168.65	151.79
(d)	Current Tax Liabilities (Net)	1,580.67	2,520.56
		59,863.58	63,003.22
	Total Equity and Liabilities	1,47,162.63	1,42,568.71



Place : Mumbai
Date : 14th November, 2019

For and on behalf of the Board of Directors,
For Fairchem Speciality Limited,

Nahoosh Jariwala
Managing Director
(DIN: 00012412)

Mahesh Babani
Managing Director
(DIN: 00051162)



FAIRCHEM SPECIALITY LIMITED

Regd. Office: Plot No. A-71, TTC, Thane-Belapur Road, Near Kopar Khairane, NAVI MUMBAI-400 709

Works & Office : 253/P & 312, Village Chekhala, Sanand - Kadi Highway, Taluka Sanand, Dist. Ahmedabad - 382 115, Gujarat, INDIA

Ph.: +91 90163 24095, +91 94099 58550, Email Id: cs@fairchem.in; Info@fairchem.in; Website: www.fairchem.in

CIN: L15140MH1985PLC286828

STATEMENT OF UNAUDITED CONSOLIDATED CASH FLOWS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2019

	Period ended on September 30, 2019 (Unaudited)	Period ended on September 30, 2018 (Refer Note 9)
(Rs. In Lakhs)		
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit / (Loss) Before Taxation	11,727.27	(4,352.12)
Adjustments for:		
Loss on Property, Plant & Equipment lost by fire	-	2,226.44
Depreciation and Amortisation	2,855.92	2,295.16
(Gain) on write-back of Financial liabilities	-	(29.94)
Sundry balances written off	9.95	15.47
Finance Cost	1,642.05	1,147.23
Interest Income	(52.95)	(36.35)
Dividend Income	-	(1.89)
Unrealised Foreign Exchange Loss / (Gain)	(633.01)	1,771.05
Fair value (gain) on Investments	-	(12.91)
Provision for doubtful advances	160.00	-
(Gain) / Loss on assets sold / discarded (Net)	0.72	(9.52)
Operating Profit Before Working Capital Changes	15,709.96	3,012.62
Adjustments For Changes In Working Capital:		
(Increase) In Inventories	(2,519.70)	(10,500.75)
Decrease In Trade receivables	5,852.04	1,488.51
(Increase) / Decrease in Other assets	753.87	(1,987.74)
Increase / (Decrease) in Trade payables	(3,087.28)	4,332.79
Increase / (Decrease) in Other current liabilities and Provisions	(578.71)	75.63
Cash Generated From / (Used in) Operations	15,230.18	(3,578.94)
Direct Taxes Paid (Net)	(4,043.38)	(835.96)
A. Net Cash Generated From / (Used In) Operating Activities	11,186.80	(4,414.90)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(10,919.31)	(6,962.87)
Proceeds from Sale of Fixed Assets	2.16	12.82
Proceeds from Sale of Investments	-	313.08
Realisation of fixed deposits	165.35	580.10
Interest Income	53.40	13.75
Dividend Income	-	1.89
B. Net Cash Used In Investing Activities	(10,698.40)	(6,041.23)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Long Term Borrowings (net)	1,033.66	4,000.00
Repayment of Long Term Borrowings (net)	(1,997.30)	(2,045.45)
Net Proceeds from Short Term Borrowings (net)	2,753.40	9,990.91
Dividend Paid (including tax on dividend)	(1,177.30)	(680.11)
Interest Paid	(1,570.38)	(1,135.75)
C. Net Cash Generated From / (Used In) Financing Activities	(957.92)	10,129.60
Net Decrease In cash and cash equivalents (A+B+C)	(469.52)	(326.53)
Cash and Cash Equivalents as at the beginning of the period	1,626.20	1,212.40
Cash and Cash Equivalents as at the end of the period	1,156.68	885.87
Note :		
1 The above Statement of Cash flows has been prepared under the "Indirect Method" set out in Ind AS 7 - "Statement of Cash Flows"		

For and on behalf of the Board of Directors,
For Fairchem Speciality Limited,

Nahoosh Jariwala
Managing Director
(DIN: 00012412)

Mahesh Babaji
Managing Director
(DIN: 00051162)

Place : Mumbai
Date : 14th November, 2019



Notes:

- The above Consolidated financial results comprise the results of Fairchem Speciality Limited (the Holding Company), Privi Organics India Limited (POIL) (Wholly owned Subsidiary Company), Privi Biotechnologies Private Limited (Wholly owned Subsidiary of POIL), Privi Organics USA Corporation (Wholly owned Subsidiary of POIL) and Fairchem Organics Limited (Wholly owned Subsidiary Company w.e.f. 27th March, 2019).
- The Company and its subsidiaries are engaged in the business of speciality chemicals viz. Oleo Chemicals and Intermediate Nutraceuticals and Aroma chemicals. As such the company and its subsidiaries' business falls within a single business segment of Speciality Chemicals, in context of Ind AS 108 - Operating Segments.
- The above consolidated unaudited financial results as reviewed by Audit Committee are subsequently approved by the Board of Directors at their meetings held on 14th November, 2019. The Statutory Auditors have performed limited review of Company's consolidated unaudited financial results for the quarter and six months ended 30th September, 2019.
- The Company and its subsidiaries have adopted Ind AS 116 'Leases' w.e.f. 1st April, 2019 using the modified retrospective approach. The Company and its subsidiaries have applied the standard to its leases with the cumulative impact recognised on the date of initial application i.e., 1st April, 2019. Accordingly previous period information has not been restated. This has resulted, in case of POIL, in recognizing a right-of-use assets of Rs. 893.41 Lakhs and a corresponding lease liability of Rs. 913.28 Lakhs. The difference of Rs. 12.92 Lakhs (net of deferred tax asset created for Rs. 6.95 Lakhs) has been adjusted to retained earnings as at 1st April, 2019. In the statement of profit and loss for the quarter ended 30th September, 2019, operating lease expenses which were recognized as other expenses in previous periods are now recognized as depreciation expense for the right-of-use asset and finance cost for interest on lease liability. The adoption of this standard does not have any significant impact on the consolidated Profit after tax for the quarter and six months ended 30th September, 2019.
- The figures for the previous period have been regrouped/ recast, wherever necessary, to make them comparable with the figures for the current period.
- On 26th April, 2018 a major fire broke out at Privi Organics India Limited's (POIL) Unit 2 Plant located at MIDC Mahad. There has been loss to assets comprising of Inventories, Buildings, Plant and Machinery and other Fixed Assets etc. which were adequately insured including coverage towards loss of profit and replacement cost of fixed assets. As per POIL Management's best estimate, the book value of the assets lost due to fire including incidental cost and other expenses was Rs. 7,282.27 Lakhs for the year ended 31st March, 2019, which was debited to the statement of profit and loss and disclosed as an exceptional Item and netted off with insurance claim of Rs. 8,187.05 lakhs received from the insurance company, which has been recognised as per the requirement of the accounting standards. The Company further received Rs. 2,500 lakhs during the quarter from the Insurance Company. The final settlement is still pending with the insurance company.
- The Board of Directors of the Company, in its meeting held on 22nd May, 2019, had approved a Composite Scheme of arrangement and amalgamation ('the Scheme') amongst Fairchem Speciality Limited (FSL), Fairchem Organics Limited (FOL) and Privi Organics India Limited (POIL), two wholly owned subsidiaries of the Company and their respective shareholders for Demerger of FSL's undertaking carrying on speciality oleo chemicals and nutraceuticals business and vesting the same into FOL and Amalgamation of POIL, manufacturers of aroma chemicals, into and with FSL, under sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013. The Company has obtained approval of the said scheme from the stock exchanges. Further, the Company has also filed the said scheme with National Company Law Tribunal (NCLT).
- The Company and its subsidiaries have elected to exercise the option under section 115BAA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. The impact of this change has been recognised in tax expenses of the quarter and six months ended 30th September 2019 at the estimated annual effective tax rate. This has resulted in reversal of current tax expenses and deferred tax expenses of Rs. 281.70 Lakhs and Rs. 563.60 Lakhs respectively.
- The comparative figures for cash flows for the corresponding six months ended 30th September, 2018 have been prepared by management, reviewed by the Audit Committee of the Company and approved by the Company's Board of Directors at their respective meetings held on 14th November, 2019, but have not been subjected to review by the statutory auditors as the mandatory requirement for limited review of cash flows has been made applicable for periods beginning 1st April, 2019, pursuant to Regulation 33(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- Summary of key **standalone** financial results are as follows.

Particulars	(Rs. In Lakhs)					
	Quarter ended			Six Months ended		Year ended
	30-Sep-2019	30-Jun-2019	30-Sep-2018	30-Sep-2019	30-Sep-2018	31-Mar-2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenue from Operations	6,569.84	7,121.62	5,364.76	13,691.46	11,652.48	24,987.09
Profit before Tax	1,237.39	744.83	851.85	1,982.22	1,495.51	2,922.01
Profit after tax	1,204.80	512.83	711.38	1,717.63	1,167.00	2,151.76

- Investors can view the unaudited standalone financial results of the company for the quarter and six months ended 30th September, 2019 on the company's website www.fairchem.in or on the website of the BSE www.bseindia.com or on the website of NSE www.nseindia.com.

For and on behalf of the Board of Directors,
For Fairchem Speciality Limited,

Place: Mumbai
Date: 14th November, 2019

Nahoosh Jariwala
Managing Director
(DIN : 00012412)

Mahesh Babani
Managing Director
(DIN : 00051162)

For Fairchem Speciality Limited

For Fairchem Speciality Limited




Nahoosh Jariwala
Managing Director


Mahesh Babani
Managing Director

Price Waterhouse & Co Chartered Accountants LLP

Review Report

To
The Board of Directors
Fairchem Speciality Limited
Plot No. A- 71, TTC
Thane Belapur Road
Near Kopar Khairane
Navi Mumbai – 400709

1. We have reviewed the unaudited consolidated financial results of Fairchem Speciality Limited (the "Parent") and its subsidiaries (the parent and its subsidiaries hereinafter referred to as the "Group"), (refer Note 1 on the Statement) for the quarter ended 30th September, 2019 and the year to date results for the period 1st April, 2019 to 30th September, 2019 which are included in the accompanying 'Statement of Unaudited Consolidated Financial Results for the Quarter and Six Months ended 30th September, 2019' and the unaudited consolidated statement of assets and liabilities as on that date and the consolidated statement of cash flows for the half-year ended on that date (the "Statement"). The Statement is being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"), which has been initialled by us for identification purposes. Attention is drawn to the fact that the consolidated figures for the Statement of Cash flows for the period from 1st April 2018 to 30th September, 2018, as reported in these consolidated financial results have been approved by the Parent's Board of Directors, but have not been subjected to review.
2. This Statement, which is the responsibility of the Parent's Management and has been approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.



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Registered office and Head office: Plot No. Y-14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata 700 091

Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)

Price Waterhouse & Co Chartered Accountants LLP

4. The Statement includes the results of the following entities:
- Fairchem Speciality Limited (Parent Company)
 - Fairchem Organics Limited (Subsidiary Company)
 - Privi Organics India Limited (Subsidiary Company)
 - Privi Biotechnologies Private Ltd (Step Down Subsidiary Company)
 - Privi Organics USA Corporation (Step Down Subsidiary Company)
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in all material respects in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. We did not review the interim financial results of one subsidiary and two step down subsidiaries included in the consolidated unaudited financial results, whose interim financial results reflect total assets of Rs. 128,463.68 lakhs and net assets of Rs. 54,497.63 lakhs as at 30th September, 2019 and total revenues of Rs. 32,416.83 lakhs and Rs. 70,514.74 lakhs total net profit after tax of Rs. 4,795.55 lakhs and Rs. 7,951.23 lakhs and total comprehensive income of Rs. 4,819.34 lakhs and Rs. 7,956.28 lakhs, for the quarter ended and for the period from 1st April, 2019 to 30th September, 2019, respectively, and cash flows (net) of Rs. (468.74) lakhs for the period from 1st April, 2019 to 30th September, 2019, as considered in the consolidated unaudited financial results. These interim financial results have been reviewed by other auditor, and their report dated 14th November, 2019, vide which they have issued an unmodified conclusion, have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of the above matter.

For Price Waterhouse and Co Chartered Accountant LLP
Firm Registration Number: 304026E/E-300009



Arunkumar Ramdas
Partner
Membership Number: 112433
UDIN: 19112433AAAAED1179

Place: Mumbai
Date: 14th November, 2019

FAIRCHEM ORGANICS LIMITED
UNAUDITED BALANCE SHEET AS AT SEPTEMBER 30, 2019
(All amounts in Rs. Lakhs, unless otherwise stated)

	As At 30-Sep-2019
Assets	
Non-Current Assets	
Property, Plant and Equipment	-
Capital work-in-progress	-
Intangible assets	-
Right to use Assets	-
Financial Assets	-
(i) Investments	-
(ii) Loans	-
(iii) Other Financial Assets	-
Non-Current Tax Assets (Net)	-
Other Non-Current Assets	-
	-
Current Assets	
Inventories	-
Financial Assets	-
(i) Trade Receivables	-
(ii) Cash and cash equivalents	0.99
(iii) Bank balances other than (ii) above	-
(iv) Loans	-
(v) Other Financial Assets	-
Other Current Assets	-
	0.99
TOTAL	0.99
Equity And Liabilities	
Equity	
Equity Share Capital	1.00
Other Equity	(0.01)
	0.99
Liabilities	
Non- Current Liabilities	
Financial Liabilities	-
(i) Borrowings	-
(ii) Lease Liability	-
Provisions	-
Deferred Tax Liabilities (Net)	-
	-
Current Liabilities	
Financial Liabilities	-
(i) Borrowings	-
(ii) Trade Payables	-
(a) Total outstanding dues of micro enterprises and small enterprises	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	-
(iii) Other financial liabilities	-
Other current liabilities	-
Provisions	-
Current Tax Liabilities (Net)	-
	-
TOTAL	0.99



For and on behalf of the Board of Directors,

Rajen Jhaveri
Director
(DIN: 07546302)

Nahoosh Jariwala
Director
(DIN: 00012412)

Place: Chekhala, Taluka Sanand
Date: January 22, 2020

FAIRCHEM ORGANICS LIMITED
UNAUDITED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED ON SEPTEMBER 30, 2019

(All amounts in Rs. Lakhs, unless otherwise stated)

	Period ended on September 30, 2019
Income	
Revenue from Operations	-
Other Income	-
	-
Expenses	
Other Expenses	0.01
	0.01
Profit / (Loss) Before Tax	(0.01)
Tax expense	
Current Tax	-
Deferred Tax	-
	-
Profit / (Loss) for the period after tax	(0.01)
Other comprehensive income for the period, net of tax	-
Total comprehensive income for the period	(0.01)
Earnings Per Share	
Basic earnings per share (in Rupees)	-0.09
Diluted earnings per share (in Rupees)	-0.09
Nominal value per equity share (in Rupees)	10.00


 Place: Chekhala, Taluka Sanand
 Date: January 22, 2020

For and on behalf of the Board of Directors,


Rajen Jhaveri
 Director
 (DIN: 07546302)


Nahoosh Jariwala
 Director
 (DIN: 00012412)

Privi Organics India Limited
Condensed Balance Sheet
as at September 30, 2019
(Currency: Indian Rupees in lakhs)

	Vote	As at September 30, 2019
ASSETS		
Non-current assets		
Property, plant and equipment	3	42,945.95
Capital work-in-progress	3	7,283.61
Intangible assets	3.1	671.19
Right of use assets	4.0	988.05
Financial assets		
Investments	5	3,502.11
Loans and advances	6	818.30
Other financial assets	7	336.54
Non-current tax assets (net)		1,157.03
Other non-current assets	8	894.66
Total Non-current assets		58,597.51
Current assets		
Inventories	9	33,389.68
Financial assets		
Loans and advances	6	107.95
Trade receivables	10	24,332.89
Cash and cash equivalents	11	716.26
Bank balances other than cash and cash equivalents	12	463.23
Other financial assets	7	-
Other current assets	13	8,365.10
Total current assets		67,374.21
TOTAL ASSETS		125,971.72
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	13.01	1.00
Other equity	13.01	54,006.91
Total equity		54,007.91
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	14	16,038.73
Lease liabilities		942.87
Provisions	15	1,135.92
Deferred tax liabilities (Net)	16	1,462.10
Total non-current liabilities		19,579.62
Current liabilities		
Financial liabilities		
Borrowings	14	25,931.88
Trade payables		-
Micro and small enterprises		-
Others	17	15,490.44
Other financial liabilities	18	9,008.24
Other current liabilities	19	487.88
Provisions	15	102.74
Current tax liabilities (net)		1,368.01
Total current liabilities		52,386.19
TOTAL EQUITY AND LIABILITIES		125,971.72
Notes to the condensed financial statements	3 to 28	
Significant accounting policies	2	
The notes referred to above form an integral part of the condensed standalone financial statements		
As per our report of even date attached		
For RS N & Associates LLP		
Chartered Accountants		
Firm's Registration No: 516231 W/W-100921		
A.S. Moushkar		
Adwait Moushkar		
Partner		
Membership No: 416223		
Mumbai		
Date: January 22, 2020		
For and on behalf of the Board of Directors of Privi Organics India Limited		
Atishah Suboni		
Managing Director		
DIN: 00054192		
D. S. Rao		
Executive Director		
DIN: 00356218		
Ramesh Kalbhura		
Company Secretary		

Privi Organics India Limited
Condensed Statement of Profit and Loss
for the period ended September 30, 2019
(Currency Indian Rupees in lakhs)

	Note	For Six month ended September 30, 2019
REVENUE		
Sale of products (net)	20	68,906.88
Other operating income	21	984.18
Revenue from operations		69,891.06
Other income	22	1,608.37
TOTAL INCOME (I)		71,499.43
EXPENSES		
Cost of materials consumed	23	47,206.30
Changes in inventories of finished goods and work-in-	24	(3,279.82)
Employee benefits expense	25	1,929.25
Finance costs	26	1,329.62
Depreciation and amortisation expenses	27	2,464.89
Other expenses	28	12,750.86
TOTAL EXPENSES (II)		63,451.10
Profit before exceptional items and tax expense (I) - (II)		8,048.33
Exceptional items		
Insurance recoveries towards loss by fire (refer note: 36)		2,500.00
Profit before tax expense		10,548.33
Tax expenses:		
Current tax		2,716.96
Deferred tax charge / (credit)		(252.24)
Total tax expense		2,464.72
Profit for the period (III)		8,083.56
Other comprehensive income		
Items that will not be reclassified to profit or loss, re-measurements of the net defined benefit plans		(35.38)
Income tax related to above		8.91
Other comprehensive income for the period net of		(26.47)
Total comprehensive income for the period (III + IV)		8,057.09
Earnings per equity share: nominal value of share Rs 10 - each		
Basic and diluted (Rs.)	34	80.835.60
Notes to the condensed financial statements	3 to 38	
Significant accounting policies	2	

The notes referred to above form an integral part of the condensed standalone financial statements.

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No: 110231/W-100024

A. S. Muralidharan

Adwait Muralidharan
Partner
Membership No: 110223

Mumbai
Date: January 22, 2020

For and on behalf of the Board of Directors of
Privi Organics India Limited

Manish Babani D. H. Rao
Managing Director Executive Director
DIN: 00051162 DIN: 00335218

Vijay Kumar Singh
Chief Financial Officer Company Secretary


Privi Organics India Limited
Condensed Statement of Cash Flows
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

	Period ended September 30, 2019
A Cash flow from operating activities	
Profit before tax after exceptional items	10,548.28
Adjustment for:	
Depreciation and amortisation	2,464.09
Sundry balances w/off	9.96
Unrealised foreign exchange (gain)/loss	(628.43)
Interest income	(41.38)
Finance cost	1,329.62
Provision for doubtful advances	160.00
Operating cash flow before working capital changes	13,842.94
Movements in Working Capital	
Decrease in trade receivables and loans	-4,715.27
(Increase) in inventories	(2,104.53)
(Increase) in other assets	(488.22)
(Decrease) in trade payable	(2,283.72)
(Decrease) in other current liabilities and provisions	(1,460.50)
	(1,621.72)
Cash generated from / (used in) operations	12,221.22
Income taxes paid	(3,703.54)
Net Cash generated from / (used in) operating activities [A]	8,517.68
B Cash flow from investing activities	
Purchase of Property, Plant & Equipment	(9,269.79)
Purchase of investments	(64.95)
Maturity of fixed deposits	96.15
Interest received	41.33
Net Cash generated from / (used in) investing activities [B]	(9,197.26)
C Cash flow from financing activities	
Proceeds from long-term borrowings	
Repayment of long-term borrowings	(1,451.29)
Repayment of short-term borrowings (net)	3,810.95
Dividend paid including DDT	(753.47)
Interest paid	(1,262.19)
Net cash (used in) financing activities [C]	344.00
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	(335.58)
Cash and cash equivalents at the beginning end of the year	1,051.84
Cash and cash equivalents at end of the year (refer Note 11)	716.26
	716.26



Privi Organics India Limited

Condensed Statement of Cash Flows
for the period ended September 30, 2019

(Currency Indian Rupees in lakhs)

Note A : The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'

Significant accounting policies

The accompanying notes form an integral part of the condensed standalone financial statements

As per our report of even date attached

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231/W-100024

A.S. Morwekar

Adwait Morwekar
Partner

Membership No: 110223



For and on behalf of the Board of Directors of
Privi Organics India Limited

Mahesh Babani *D. B. Rao*

Managing Director Executive Director
DIN 00051162 DIN 00356218

Narayan S Iyer *Ramesh Mathuria*

Chief Financial Officer Company Secretary

Mumbai

Date: January 22, 2020

Privi Organics India Limited
Condensed Statement of Changes in Equity
for the year ended September 30, 2019
(Currency Indian Rupees in lakhs)
A. Equity share capital

	September 30, 2019
Balance at the beginning of the period	1.00
Changes to equity share capital during the period	-
Balance at the end of the period	1.00

B. Other equity

	General reserve	Reserves and surplus Retained earnings	Other comprehensive income	Total
Opening Balance	35,573.76	4,083.92	(23.83)	39,633.85
Profit for the year	-	7,572.92	-	7,572.92
Other comprehensive income (net of tax)	-	-	(39.48)	(39.48)
Total Comprehensive Income for the year	35,573.76	11,658.84	(63.31)	47,169.29
Contribution and distribution to the owners				
Dividend of Rs 2,500 per share for the period ended March 31, 2019	-	375.00	-	375.00
Dividend distribution tax on dividend	-	77.08	-	77.08
Balance as at March 31, 2019	35,573.76	11,296.76	(63.31)	46,717.21
Total comprehensive income for the period ended September 30, 2019				
Profit for the period	-	8,083.56	-	8,083.56
Other comprehensive income (net of tax)	-	-	(26.47)	(26.47)
Impact of Ind AS 116	-	(12.92)	-	(12.92)
Total comprehensive income for the period	-	8,070.64	(26.47)	8,044.17
Contribution and distribution to the owners				
Dividend of Rs 6250 per share for the period ended March 31, 2019	-	625.00	-	625.00
Dividend distribution tax on dividend	-	128.47	-	128.47
Balance as at September 30, 2019	35,573.76	18,523.93	(89.78)	54,007.91

Notes to the condensed financial statements
3 to 38
Significant accounting policies
2

The notes referred to above form an integral part of the condensed standalone financial statements

As per our report of even date attached

For B S R. & Associates LLP

Chartered Accountants

Firm's Registration No. 116231/WV-100024

A.S. Morwekar
A.S. Morwekar
 Partner
 Membership No. 110223

Mumbai
Date: January 22, 2020

For and on behalf of the Board of Directors of
Privi Organics India Limited

Mahesh Babani
Mahesh Babani
 Managing Director
 DIN 00031162

Nehru S. Iyer
Nehru S. Iyer
 Chief Financial Officer

D. R. Rao
D. R. Rao
 Executive Director
 DIN 00356218

Rajesh K. Kulkarni
Rajesh K. Kulkarni
 Company Secretary

Privi Organics India Limited

Notes to the Condensed Standalone Financial Statements (Continued) as at September 30, 2019

(Currency: Indian Rupees in lakhs)

3 Property, plant and equipment

Description	Gross block		Depreciation		Net block	
	As at Addition during the period	Deletion during the period	As at For the period	Deletion during the period	As at	As at
	April 01, 2019	September 30, 2019	April 01, 2019	September 30, 2019	September 30, 2019	September 30, 2019
At cost:						
Leasehold land	1,179.85	19.00	-	-	-	1,131.93
Building	8,007.84	1,868.48	134.27	-	1,053.50	8,822.82
Staff quarters	51.09	-	0.42	-	16.63	34.46
Leasehold building /assets	547.20	-	19.91	-	442.11	105.09
Plant and equipment	42,358.90	8,326.88	1,860.62	-	20,693.23	29,992.55
Electrical installation	2,538.22	415.35	121.58	-	1,170.74	1,782.83
Furniture and fittings	92.17	2.33	2.83	-	45.70	48.80
Office equipments	145.98	11.05	3.73	-	107.76	49.27
Computers	442.77	167.01	27.22	-	272.91	336.87
Lab equipments	786.13	18.15	28.41	-	484.87	319.41
Lease plant and machinery	67.00	-	3.47	-	49.63	17.37
Vehicles	387.97	6.06	17.59	12.26	77.22	304.55
Capital work-in-progress	56,605.12	10,834.31	2,228.02	12.26	24,481.22	42,945.95
	9,377.81	8,696.20	-	-	-	7,283.61

The net block of tangible assets, amounting to Rs 42945.95 are pledged as first charge security to term lending banks and second charges to working capital banks.

Plant and machinery includes an amount of Rs.404.35 lakhs that represent borrowing cost capitalized @ 8.6% during the period.



Privi Organics India Limited
Notes to the Condensed Standalone Financial Statements (Continued)
as at September 30, 2019

(Currency: Indian Rupees in lakhs)

4 a Intangible assets

Description	Gross block			Amortisation		Net Block	
	As at April 01, 2019	Addition during the period	Deletion during the period	As at September 30, 2019	For the period April 01, 2019 to September 30, 2019	As at September 30, 2019	As at September 30, 2019
Computers and software	476.42	-	-	476.42	5.61	433.56	42.86
Rights of sale of products	1,021.70	-	43.91	977.79	79.13	422.54	555.25
Development rights*	265.65	-	-	265.65	8.14	192.57	73.08
Total intangible assets	1,763.77	-	43.91	1,719.86	92.88	1,048.67	671.19

4 b Right of use assets

Description	Gross block			Amortisation		Net block	
	As at April 01, 2019	Addition during the period *	Deletion during the period	As at September 30, 2019	For the period April 01, 2019 to September 30, 2019	As at September 30, 2019	As at September 30, 2019
Land	-	713.03	-	713.03	82.81	82.81	630.22
Building	-	419.01	-	419.01	61.18	61.18	357.83
Total intangible assets	-	1,132.04	-	1,132.04	143.99	143.99	988.05

* Addition is due to transition adjustment on account of implementation of Ind AS 116 from 01 April 2019



Privi Organics India Limited
Notes to the Condensed Standalone Financial Statements (Continued)
as at September 30, 2019

(Currency: Indian Rupees in lakhs)

5 Investments
Unquoted
Investments measured at Cost:
Equity Instruments:
Subsidiaries:
Face value of Rs. 10 each fully paid:

Privi Biotechnologies Private Limited

September 30, 2019
Number of shares Amount

28,274,728 3,471.70

USD 1 each fully paid:

Privi Organics USA Corp

50,100 30.61

Total
3,502.31

Aggregate amount of unquoted investments

3,502.31

Aggregate amount of impairment in value of investments

6 Loans and advances

(Unsecured, considered good unless otherwise stated)

September 30, 2019 September 30, 2019
Non-Current Portion Current Portion

Security deposits

818.20 -

Loans and advances to employees

- 17.05

Loans and advances to related party

- 90.00

818.20 107.05
7 Other financial assets

(Unsecured, considered good unless otherwise stated)

September 30, 2019 September 30, 2019
Non-Current Portion Current Portion

Investments in term deposits (with remaining maturity of more than twelve months)

336.51 -

336.51 -
8 Other assets

(Unsecured, considered good)

September 30, 2019 September 30, 2019
Non-Current Portion Current Portion

Capital advances

Considered good

711.90 -

Considered doubtful

36.15 -

Less: Allowance for bad and doubtful advances

(36.15) -

711.90 -

Deposits with custom authorities

6.00 -

Prepaid expenses

16.70 495.06

Receivable from government authorities

122.04 3,432.66

Vat/sales tax receivable

38.02 -

Advance for supply of goods and services

- 4,597.38

Less: Allowance for bad and doubtful advances

- (160.00)

894.66 8,365.10



Privi Organics India Limited

Notes to the Condensed Standalone Financial Statements *(Continued)*

as at September 30, 2019

(Currency: Indian Rupees in lakhs)

	September 30, 2019
9 Inventories	
(valued at lower of cost and net realisable value)	
Raw materials (including goods in transit Sept 30, 2019 Rs. 6,738.66	12,764.72
Finished goods (including goods in transit Sept 30, 2019 Rs. 4203.93	12,401.82
Work-in-progress	7,503.86
Stores and spares	384.21
Packing material	58.62
Fuel	276.45
	<u>33,389.68</u>
10 Trade receivables	September 30, 2019
(Unsecured unless otherwise stated)	
Considered good	24,332.89
Considered doubtful	10.86
Less: Allowance for bad and doubtful debts	(10.86)
	<u>24,332.89</u>
11 Cash and cash equivalents	September 30, 2019
Balances with banks:-	
In current accounts	324.17
Earning exchange foreign currency account	254.86
Term deposits (with original maturity of less than three months) Refer note no.12	131.22
Cash on hand	6.01
	<u>716.26</u>
12 Bank balances other than cash and cash equivalents	
Margin money deposits (with original maturity of more than three months but less than twelve months)	463.23
	<u>463.23</u>




Privi Organics India Limited
Notes to the Condensed Standalone Financial Statements (Continued)
as at September 30, 2019

(Currency: Indian Rupees in lakhs)

13 a) Equity share capital

September 30, 2019

Authorised:

10,000 equity shares of Rs. 10 each

1.00

Issued, subscribed and fully paid up:

10,000 equity shares of Rs. 10 each

1.00

1.00

A Reconciliation of the number of shares

Description	September 30, 2019	
	Number	Amount
Shares outstanding at the beginning of the year	10,000	1.00
Add: Shares issued during the year	-	-
Shares outstanding at the end of the year	10,000	1.00

B Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regards to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

C Shares held by holding company

	September 30, 2019	
	Number	Amount
Fairchem Speciality Limited	10,000	1.00

D Details of shareholders holding more than 5% of shares

	September 30, 2019	
	Number	%
Fairchem Speciality Limited	10,000	100%

13 b) Other equity

September 30, 2019

General reserve	35,573.76
Retained earnings	18,434.15
Total other equity	54,007.91

The description of the nature and purpose of each reserve within equity is as follows:

A General reserve

As per the approved scheme of arrangement (Demerger) between the Company, Fairchem Speciality Limited and Privi Organics Limited during the period ended 31 March 2017, the excess of book value of assets over liabilities is treated as

B Retained earnings:-

Retained earnings represent the amount of accumulated earnings/ (losses) at each Balance Sheet date of the Group, prepared in accordance with the basis of preparation section.




Privi Organics India Limited
Notes to the Condensed Standalone Financial Statements (Continued)
as at September 30, 2019

(Currency: Indian Rupees in lakhs)

14 Borrowings
A. Non-current borrowings

	September 30, 2019 Non-current portion	September 30, 2019 Current portion (*)
Secured:		
Term loans from banks		
Term loan in Indian currency (Refer Note (b) below)	12,738.36	924.50
Term loans in foreign currency	3,189.80	845.36
Term loans from financial institutions		
Vehicle loan (hypothecated with the lender)	107.57	69.29
	16,035.73	1,839.15

(*) Amount disclosed under the head ' Other Financials Liabilities' refer Note 18

a) Term loan are secured by a first mortgage on the company's immovable properties both present and future ranking paripassu interest and a first charge by way of hypothecation of all the company's assets (save and except book debts and inventories) including movable machinery (save and except spares tools and accessories) both present and future subject to charges created in favour of the Company's bankers for inventories, book debts and other specified movable assets for securing the borrowings of working capital .

b) Currency swap is taken on IDFC Rupee Currency loan of Rs.4000 lakhs @64.42 per USD . Currency swap is taken on ICICI bank Rupee Currency loan of Rs.4000 lakhs @ 68.13 per USD. The Currency swap represents derivative instruments which has been mark to market at the year end.




Privi Organics India Limited
Notes to the Condensed Standalone Financial Statements (Continued)
as at September 30, 2019

(Currency: Indian Rupees in lakhs)

14 Borrowings
B. Current borrowings (secured)

September 30, 2019

From Banks:

Cash credit	3,158.68
Working capital demand loan	12,018.42
Packing credit from bank	5,483.01
Buyers credit	5,271.77

Total	25,931.88
--------------	------------------

All the above loans are secured by first pari passu charge on all current assets of the Company both present and future.

Working capital loans from banks are secured by way of hypothecation of inventories both on hand and in transit and book debts and other receivables both present and future and also secured by way of second charge on fixed assets. Working capital loans carry interest rate @ 8.5% to 9.5% and are payable on demand.

Post shipment and packing credit from bank carry interest rate @ 1.50% to 4.08% and are due for payment within 180 days.

Buyers credit carry interest rate @ Libor+0.60% to Libor+ 4% and due for payment within 180 days.

15 Provisions

	September 30, 2019 Non-Current	September 30, 2019 Current
Provisions for employee benefits		
Compensated absences	304.26	33.62
Gratuity	831.66	64.89
Other provision		
Provision for wealth tax	-	0.20
Provision for fringe benefit tax (net of advance fringe benefit tax)	-	4.03
	1,135.92	102.74




Privi Organics India Limited
Notes to the Condensed Standalone Financial Statements (Continued)
as at September 30, 2019

(Currency: Indian Rupees in lakhs)

September 30, 2019

16 Income tax
Amounts recognised in profit or loss

The major components of income tax expense for the years ended September 30, 2019 and March 31, 2019 are:

Current income tax:

Current income tax expenses

2,716.96

Deferred tax:

Relating to origination and reversal of temporary differences

(252.24)

Income tax expense reported in the statement of profit or loss

2,464.72

Income tax recognised in other comprehensive income

Tax expense related to items recognised in OCI during the year:

Actuarial loss on defined benefit plan

(8.91)

Income tax charged to OCI

(8.91)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for September 30, 2019 and March 31, 2019:
Accounting profit before income tax

10,548.28

At India's statutory income tax rate of 25.17%

2,655.00

Impact of Ind AS 116

(36.03)

Impact of change in tax rate

(419.90)

Reversal of DTA

101.38

Non-deductible expenses for tax purposes

108.00

Others

47.36

2,455.81

Income tax expense reported in the statement of profit and loss

2,455.81

The Company has chosen to exercise the option of lower tax rate of 25.17% (inclusive of surcharge and cess) under section 115BAA of the Income tax act, 1961 as introduced by the Taxation laws (Amendment) Ordinance 2019. The impact of this change has been recognised in tax expenses for the period ended September 30, 2019 at the estimated annual effective tax rate.

	As at 1 April 2019	Credit/(charge) in the statement of profit and Loss	Credit/(charge) in other comprehensive	On account of IndAs 116	As at 30 September 2019
Deferred tax (assets)/liabilities					
Deferred asset on ROU impact	-	-	-	(214.05)	(214.05)
Provision for doubtful debts and advances	(20.16)	3.84	-	-	(16.32)
Expenses allowable for tax purposes when paid	(392.84)	42.79	(8.91)	-	(358.96)
Tax depreciation	2,325.26	(215.67)	-	-	2,109.59
Fair value (gains)/losses	(182.06)	123.90	-	-	(58.16)
	<u>1,730.20</u>	<u>(45.14)</u>	<u>(8.91)</u>	<u>(214.05)</u>	<u>1,462.10</u>

In Respect of Deferred taxes, all items are attributable to origination and reversal of temporary differences.

Deferred tax benefits are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which, those deductible temporary differences can be realized.




Privi Organics India Limited
Notes to the Condensed Standalone Financial Statements (Continued)
as at September 30, 2019

(Currency: Indian Rupees in lakhs)

17 Trade payables

September 30, 2019

Trade payables(other than micro and small enterprises)	15,480.62
Related parties	9.82
	<u>15,490.44</u>

18 Other financial liabilities

Interest accrued but not due on borrowings	128.15
Payable for capital expenditure	2,974.29
Deposits	0.25
Payable for expenses	1,188.47
Salaries, wages and bonus payable	975.51
Derivative Instruments (Refer note 16A (b))	991.68
Current maturities of long term debt (Refer Note 16A)	1,839.15
Bank overdraft	61.44
Right to use liability	85.29
Others	761.01
	<u>9,005.24</u>

19 Other current liabilities

Statutory dues (including provident fund, tax deducted at source and others)	167.92
Advance from customers	290.06
Provision for Stamp Duty on account of demerger	29.90
	<u>487.88</u>




Privi Organics India Limited
Notes to the Condensed Standalone Financial Statements (Continued)
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

For six months ended
September 30, 2019

20 Revenue from operations
Sale of products

Domestic sales

17,310.44

Export sales

51,596.44

68,906.88
21 Other operating income

Export incentives

984.18

984.18
22 Other income

Interest income from fixed deposits

41.38

Foreign currency fluctuations gain, net

1,034.36

Miscellaneous income

532.58

1,608.32
23 Cost of materials consumed
Raw material consumed

Opening Stock

14,154.48

Add: Purchases

45,112.80

Less: Closing stock

12,764.72

Consumption

46,502.56
Packing material consumed

Opening Stock

82.16

Add: Purchases

680.20

Less: Closing Stock

58.62

Consumption

703.74
47,206.30



Privi Organics India Limited
Notes to the Condensed Standalone Financial Statements (Continued)
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

**For six months ended
September 30, 2019**
24 Changes in inventories of finished goods and work in progress

Closing stock:	
Finished goods	12,401.82
Working in process	7,503.86
	<u>19,905.68</u>
Opening stock:	
Finished goods	10,489.31
Working in process	6,186.55
	<u>16,675.86</u>
	<u>(3,229.82)</u>

(Increase)/ decrease in inventories

25 Employee benefits expense

Salaries, wages and bonus	2,499.20
Contribution to provident and other funds	221.34
Staff welfare expenses	208.71
	<u>2,929.25</u>

26 Finance cost

Interest expenses:	
On term loans	622.17
Less: Interest capitalized	(404.35)
Net interest on term loans	217.82
On working capital loans	1,019.61
On other loans	10.10
Other finance cost	30.35
Interest cost on right of use assets	51.74
	<u>1,329.62</u>

27 Depreciation and amortisation

Depreciation on tangible assets	2,228.02
Amortisation of intangible assets	92.88
Amortisation right of use assets	143.99
	<u>2,464.89</u>





Privi Organics India Limited

Notes to the Condensed Standalone Financial Statements (Continued)

for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

28 Other expenses

For six months ended
September 30, 2019

Consumption of stores and spares	409.45
Power and fuel	3,316.82
Job work charges	1,900.66
Repairs and maintenance of:	
Buildings	209.67
Plant and machinery	382.86
Others	85.07
Contract labour charges	446.48
Lease expense	17.89
Research and development expense	355.09
Pollution control expenses	87.90
Other factory expenses	232.54
Insurance	996.28
Postage and telephone expense	27.52
Rates and taxes	24.48
Training expenses	11.03
Auditors remuneration:	
Statutory audit	27.50
Other services	-
Out of pocket expenses	1.47
Brokerage and commission	57.72
Printing and stationery	37.27
Freight outward	1,471.70
Selling and distribution	596.26
Legal and professional fees	641.22
Travelling and conveyance	329.33
Bank charges	195.81
CSR expenses	62.65
Sundry balances w/off	9.96
Provision for doubtful advances	160.00
Miscellaneous expenses (net)	656.23

12,750.86





Privi Organics India Limited

Notes to the Condensed Standalone Financial Statements (Continued)

for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

29 Segment information

A. Factors used to identify the entity's reportable segments, including the basis of organisation

For management purpose, the Company has determined its reportable segment as "Aromatic chemicals" since the chief operating decision maker (CODM) evaluates the Company's performance as a single segment.

B. Information about reportable segments

	For six months ended September 30, 2019
Revenue	68,906.88
	<u>68,906.88</u>

C. Geographic Information

The geographic information analyses the Company's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the respective non-current assets.

The product offerings which are part of the speciality chemicals portfolio of the Company are managed on a worldwide basis from India.

The amount of the group's revenue is shown in the table below.

	For six months ended September 30, 2019
India	17,310.44
Outside India	51,596.44
Total	<u>68,906.88</u>

All the non-current assets of Company are located within India.




Privi Organics India Limited

Notes to the Condensed Standalone Financial Statements (Continued)

for the Period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

30 Related party disclosures

a) List of Related Parties

Related parties where control exist:

Holding Company

Fairchem Speciality Limited

Subsidiary Company (Where control exists)

Privi Biotechnologies Private Limited

Privi Organics USA Corp

Enterprises owned or significantly influenced by key management personnel or their relatives

Vivira Chemical Industries

Minar Organics Private Limited

Vivira Chemicals Private Limited

Privi Life Science Private Limited

Money Mart Securites Pvt. Ltd.

Babani Investment and Trading Private Limited

Satellite Technologies Private Limited

Vivira Investment and Trading Private Limited

Babani Bros. LLP

Key Management Personnel (KMP)

Mr. Mahesh P. Babani (Managing Director)

Mr. D. B. Rao (Executive Director)

Relatives of Key Management Personnel

Mr. D. Vinay Kumar



Privi Organics India Limited
Notes to the Condensed Standalone Financial Statements (Continued)

for the Period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

b) During the year, following transactions were carried out with the related parties :

	Holding Company	Subsidiaries and Associates	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel and their relatives
Transactions	September 30, 2019	September 30, 2019	September 30, 2019	September 30, 2019
Purchase of raw materials				
Privi Life Science Pvt Ltd	-	-	19.82	-
Privi Organics USA Corp	-	6,107.85	-	-
Sale of finished goods				
Privi Organics USA Corp	-	9,488.35	-	-
Privi Life Science Pvt Ltd	-	-	11.20	-
Privi Biotechnologies Pvt Ltd	-	0.32	-	-
Sale of Assets Machinery				
Privi Life Science Pvt Ltd	-	-	0.96	-
Rent, lease and hire (expense)				
Minar Organics Pvt Ltd	-	7.50	-	-
Vivira Chemicals Pvt Ltd	-	-	6.00	-
Money Mart Securities Pvt Ltd	-	-	90.00	-
Privi Biotechnologies Pvt Ltd	-	30.00	-	-
Technical Fees				
Privi Biotechnologies Pvt Ltd	-	210.00	-	-
Rent, lease and hire (income)				
Minar Organics Pvt Ltd	-	0.15	-	-
Privi Life Science Pvt Ltd	-	-	6.00	-
Vivira Chemicals Pvt Ltd	-	-	0.15	-
Security Deposit				
Privi Biotechnologies Pvt Ltd	-	25.00	-	-
Managerial remuneration				
D.B.Rao (*)	-	-	-	105.00
Mahesh P Babani (*)	-	-	-	180.00
Loan and Advances				
Privi Biotechnologies Pvt Ltd	-	154.94	-	-
Privi Organics USA Corp	-	973.34	-	-
Investment in shares				
Privi Biotechnologies Pvt Ltd	-	64.94	-	-
Salary paid				
D.Vinaykumar	-	-	-	10.89
Outstanding as at March 31				
Receivable / (Payables)	-	(16.33)	-	0.15

*Remuneration does not include charge for gratuity and leave encashment as employee-wise break up is not available




Privi Organics India Limited
Notes to the Condensed Standalone Financial Statements (Continued)
for the Period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

30 Related party disclosures (Continued)
c) Outstanding balances

Particulars	Holding Company	Subsidiaries and Associates	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
	September 30, 2019	September 30, 2019	September 30, 2019	September 30, 2019
Receivables /Other assets				
Privi Organics USA Corp	-	3,780.57	-	-
Vivira Chemicals Pvt Ltd	-	-	0.18	-
Vivira Chemicals Industries	-	-	0.51	-
Privi Life Science Private Limited	-	-	72.36	-
Minar Organics Pvt Ltd	-	-	0.18	-
Money Mart Securities Pvt Ltd	-	-	300.00	-
Privi Biotechnologies Pvt Ltd	-	90.38	-	-
Investments				
Privi Organics USA Corp	-	30.61	-	-
Privi Biotechnologies Pvt Ltd	-	3,471.70	-	-
Trade Payables				
Privi Organics USA Corp	-	1,601.62	-	-




Privi Organics India Limited
Notes to the Condensed Standalone Financial Statements (Continued)
for the Period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

31 Financial instruments
a. Accounting classification and fair values

The Group is exposed to the risks of changes in fair value of its financial assets and liabilities. The following table summarises the fair values and carrying amounts of financial instruments.

	September 30, 2019	
	Carrying value	Fair value
Financial assets measured at fair value		
Investments	-	-
Financial assets measured at amortised cost		
Loans and advances to employees	17.05	17.05
Investments in term deposits	594.45	594.45
Security deposits	818.20	818.20
	<u>1,429.70</u>	<u>1,429.70</u>
Financial liabilities measured at fair value		
Derivatives - forward contracts and Interest Rate Swap	991.68	991.68
	<u>991.68</u>	<u>991.68</u>
Financial liability measured at amortised cost		
Borrowings	41,967.61	41,967.61

Note

Cash and cash equivalents, trade and other current receivables, trade payables and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

- b. The fair value of financial instruments as referred to in note (a) above have been classified into a three categories depending on the inputs used in the valuation technique.

The categories used are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level I	Level II	Level III
	September 30, 2019	September 30,	September 30, 2019
Financial assets at fair value through profit or loss:			
Investments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Financial Liabilities at fair value through profit or loss:			
Derivatives		991.68	-
		<u>991.68</u>	<u>-</u>

There were no significant changes in classification of fair value of financial assets and financial liabilities. There were also no significant movements between the fair value hierarchy classifications.




Privi Organics India Limited

Notes to the Condensed Standalone Financial Statements (Continued) for the Period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

31 Financial Instruments (Continued)

c. Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March, 31 2019

- (i) The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.
- (ii) Loans and borrowings have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- (iii) Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to



Privi Organics India Limited
Notes to the Condensed Standalone Financial Statements (Continued)
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

32 Contingent liabilities:

Claims against the Company not acknowledged as debts (including taken over under Business Transfer Agreement)

	September 30, 2019
Income tax authorities	1,518.55
Excise duty	31.89
Demand of Rs. 15.52 (out of which Rs. 6.00 paid) raised by Customs, Excise and Service Tax Appellate Tribunal West Zonal Bench, Mumbai for clearance of imported goods under DEPB scheme. (Contravention of the provisions of Section 111 (a) of the Customs Act, 1962)	15.52

The claims against the Company comprise of pending litigations / proceedings pertaining to demands raised by Excise, Custom, Sales / VAT tax and other authorities / bodies. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various

The Company does not expect any reimbursements in respect of the above contingent liabilities.

The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Further there are interpretative challenges and considerable uncertainty, including the amount retrospectively.

Pending directions from the EPFO, the impact for past period, if any, is not ascertainable and consequently no effect has been given in the accounts.

33 Commitments

	September 30, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of Rs. 321.98 lakhs.)	1,055.41
LC's issued in favour of suppliers, but the material not dispatched	881.93

September 30, 2019

34 Earnings per share

Profit after tax attributable to equity shareholders	8,083.56
Number of equity shares at the beginning of the year [B]	10,000
Number of equity shares outstanding at the end of the year [C]	10,000
Weighted average number of equity shares	10,000
Basic and diluted earnings per share of face value Rs. 10 [A]/[D]	# 80,835.60




Privi Organics India Limited
For the Period ended September 30, 2019
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

35 Composite Scheme of Arrangement and Amalgamation amongst Fairchem Speciality Limited (Demerger / Transferee Company) and Fairchem Organics Limited (Resulting Company) and Privi

The Board of Directors of the Company, in its meeting held on 22nd May, 2019, had approved a Composite Scheme of arrangement and amalgamation ('the Scheme') amongst Privi Organics India Limited (POIL), Fairchem Speciality Limited (FSL)- the parent company, Fairchem Organics Limited (FOL) - fellow subsidiary company, and their respective shareholders for Demerger of FSL's undertaking carrying on Speciality oleo chemicals and nutraceuticals business and vesting the same into FOL and Amalgamation of POIL, manufacturers of aroma chemicals, into and with FSL, under sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013. FSL, the parent company got approval of the said scheme from stock exchanges under regulation 37 of SEBI (LODR Regulations) 2015 and has filed the said scheme with National Company Law Tribunal (NCLT) for its approval.

36 Insurance recoveries towards loss by fire

On April 26, 2018 a major fire broke out at the Company's Unit 2 Plant located at MIDC Mahad. There has been loss in assets comprising of Inventories, Buildings, Plant and Machinery and other Fixed Assets etc. which were adequately insured including coverage towards loss of profit and replacement cost of fixed assets. The Company received Rs. 2,500 lakhs during the period from the Insurance Company which has been disclosed as an exceptional item.

37 Physical Verification of Inventory

The engagement of auditor to conduct the audit of special purpose condensed financial statements as on 30 September 2019 was made post the reporting date and hence the physical verification of inventory was not observed by the auditor. However, physical verification of all the inventories have been performed by the management as at 30 September 2019 and inventories have been valued considering the quantities physically verified by the Management.

38 Subsequent event

On January 08, 2020 the company has received sum of Rs 1500 lakhs towards insurance claim from ICICI Lombard

For HSR & Associates LLP
Chartered Accountants
Firm's Registration No. 116231W/W-100024

A.S. Murwicker
A.S. Murwicker

Partner
Membership No. 110223

Mumbai
Date: January 22, 2020



For and on behalf of the Board of Directors of
Privi Organics India Limited

Manish Bhatnagar
Manish Bhatnagar
Managing Director
DIN 00051162

D. B. Rao
D. B. Rao
Executive Director
DIN 00356218

Manish Bhatnagar
Manish Bhatnagar
Chief Financial Officer

Ramesh Kumar
Ramesh Kumar
Company Secretary

B S R & Associates LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
IndiaTelephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399**Independent Auditors' Report
To the Board of Directors of
Privi Organics India Limited****Report on the audit of Special Purpose Condensed Standalone Interim financial statements****Qualified Opinion**

We have audited the accompanying special purpose condensed standalone interim financial statements of Privi Organics India Limited ('the Company'), which comprise the condensed balance sheet as at 30 September 2019, the condensed statement of profit and loss (including other comprehensive income), the condensed statement of changes in equity and the condensed statement of cash flows for the six month period ended 30 September 2019, and a summary of the significant accounting policies and other explanatory information (together herein after referred to as "special purpose condensed standalone interim financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid special purpose condensed standalone interim financial statements give a true and fair view, of the state of affairs of the Company as at 30 September 2019 and its profit, changes in equity and its cash flows for the six month period ended on that date, in accordance with the basis of preparation as set out in Note 2(i) to the special purpose condensed standalone interim financial statements.

Basis for Qualified Opinion

We were not able to attend the physical verification of inventory as required under the Standard on Auditing (SA) 501 'Audit evidence – specific considerations for selected items' as at 30 September 2019 since we were not engaged to audit the interim financial statements of the Company until after 30 September 2019. We were unable to satisfy ourselves as to the existence of inventory quantities excluding goods in transit by other audit procedures and consequently unable to determine whether adjustments, if any, might have been found necessary in respect of inventories aggregating Rs 22,447.09 lakhs as at 30 September 2019.

We conducted our audit in accordance with the Standards on Auditing (SA) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose Condensed Standalone Interim Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India and have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note 2(i) of the special purpose condensed standalone interim financial statements which describes the basis of preparation of the financial statements. The Company has not presented the corresponding figures for the previous period in these standalone interim financial statements as these have been prepared in connection with the application made to National Company

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N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011

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Independent Auditors' Report (Continued)

Privi Organics India Limited

Emphasis of Matter (Continued)

Law Tribunal for approval of the Composite Scheme of Arrangement and Amalgamation as mentioned in Note 35 of the special purpose condensed standalone interim financial statements. Our opinion is not qualified in respect of this matter.

Management Responsibility for the Special Purpose Condensed Standalone Interim financial statements

The Company's management and Board of Directors are responsible for the preparation and presentation of these special purpose condensed standalone interim financial statements that give a true and fair view of the state of affairs, results of operation, changes in equity and cash flows of the Company in accordance with the basis described in Note 2(i) to the special purpose condensed standalone interim financial statements.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose condensed standalone interim financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the special purpose condensed standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibility for the Audit of the Special Purpose Condensed Standalone Interim financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose condensed standalone interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose condensed standalone interim financial statements.

As part of an audit in accordance with the SAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also;

- Identify and assess the risks of material misstatement of the special purpose condensed standalone interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate internal financial controls system with reference to financial statements and the operating effectiveness of such controls.

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Independent Auditors' Report (Continued)

Privi Organics India Limited

Auditors' Responsibility for the Audit of the Special Purpose Condensed Standalone Interim financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the special purpose condensed standalone interim financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose condensed standalone interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose condensed standalone interim financial statements, including the disclosures, and whether the special purpose condensed standalone interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

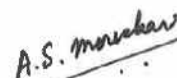
Restriction on distribution or use

This report is addressed to the Board of Directors of the Company in connection with the application made to National Company Law Tribunal for approval of the Composite Scheme of Arrangement and Amalgamation and should not be otherwise used or shown to or otherwise be distributed to any other party or used for any other purpose except with our prior consent in writing. B S R & Associates LLP neither accepts nor assumes any duty, responsibility or liability to any other party or for any other purpose.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No.116231W/ W100024



Adwait Morwekar

Partner

Membership Number: 110223

UDIN 20110223AAAAAA2556

Place: Mumbai

Date: 22 January 2020

B S R & Associates LLP

Chartered Accountants

5th Floor, Lodha Excelus,
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Independent Auditors' Report

To the Board of Directors of

Privi Organics India Limited

Report on audit of Special Purpose Condensed Consolidated Interim financial statements

Qualified Opinion

We have audited the accompanying special purpose condensed consolidated interim financial statements of Privi Organics India Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the condensed balance sheet as at 30 September 2019, the condensed statement of profit and loss (including other comprehensive income), condensed statement of changes in equity and condensed statement of cash flows for the six month period ended 30 September 2019, and a summary of the significant accounting policies and other explanatory information (together herein after referred to as "special purpose condensed consolidated interim financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid special purpose condensed consolidated interim financial statements give a true and fair view of the state of affairs of the Company as at 30 September 2019 and its profit, changes in equity and its cash flows for the six month period ended on that date, in accordance with the basis of preparation as set out in Note 2.1 to the special purpose condensed consolidated interim financial statements.

Basis for Qualified Opinion

We along with the other auditors were not able to attend the physical verification of inventory as required under the Standard on Auditing (SA) 501 'Audit evidence – specific consideration for selected items' as at 30 September 2019 since we were not engaged to audit the interim financial statements of the Company until after 30 September 2019. We were unable to satisfy ourselves as to the existence of inventory quantities excluding goods in transit by other audit procedures and consequently unable to determine whether adjustments, if any, might have been found necessary in respect of inventories aggregating Rs 25,510.44 lakhs as at 30 September, 2019.

We conducted our audit in accordance with the Standards on Auditing (SA) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose Condensed Consolidated Interim Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India and have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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B S R & Associates LLP

Independent Auditors' Report (Continued)
Privi Organics India Limited**Emphasis of Matter**

We draw attention to Note 2.1 of the special purpose condensed consolidated interim financial statements which describes the basis of preparation of the financial statements. The Company has not presented the corresponding figures for the previous period in these special purpose condensed consolidated interim financial statements as these have been prepared in connection with the application made to National Company Law Tribunal for approval of the Composite Scheme of Arrangement and Amalgamation as mentioned in Note 34 of the special purpose condensed consolidated interim financial statements. Our opinion is not qualified in respect of this matter.

Other matter

We did not audit the special purpose condensed consolidated interim financial information of two subsidiaries, whose interim financial information reflect total assets of Rs.11,507.55 lakhs as at 30 September 2019, total revenues of Rs.7334.14 lakhs for the period ended 30 September 2019 and net cash flow amounting to Rs.(133.16 lakhs) for the period ended 30 September 2019, as considered in these special purpose condensed consolidated interim financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on these special purpose condensed consolidated interim financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report, in so far as it relates to the aforesaid subsidiaries is based solely on the audit report of the other auditors.

Our opinion on the special purpose consolidated interim financial statements is not modified in respect of the above matter.

Management Responsibility for the Special Purpose Condensed Consolidated Interim financial statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these special purpose condensed consolidated interim financial statements that give a true and fair view of the state of affairs, results of operation, changes in equity and cash flows of the Company in accordance with the basis described in Note 2.1 to the special purpose condensed consolidated interim financial statements.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose condensed consolidated interim financial statements that is free from material misstatement, whether due to fraud or error.



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Independent Auditors' Report (Continued)**Privi Organics India Limited****Management Responsibility for the Special Purpose Condensed Consolidated Interim financial statements (Continued)**

In preparing the special purpose condensed consolidated financial statements, the respective management and Board of Directors of the companies included in the Group, are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is also responsible for overseeing the Company's financial reporting process of each company.

Auditors' Responsibility for the Audit of the Special Purpose Condensed Consolidated Interim financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose condensed consolidated interim financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose condensed consolidated interim financial statements.

As part of an audit in accordance with the SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose condensed consolidated interim financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Holding Company has in place an adequate internal financial controls system with reference to financial statements and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the special purpose condensed consolidated interim financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose condensed consolidated interim financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit



Independent Auditors' Report (Continued)**Privi Organics India Limited****Auditors' Responsibility for the Audit of the Special Purpose Condensed Consolidated Interim financial statements (Continued)**

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (Holding company and subsidiaries) to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the special purpose condensed consolidated interim financial statements, including the disclosures, and whether the special purpose condensed consolidated interim financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors as noted in 'Other Matters' paragraph above, is sufficient and appropriate to provide a basis for our audit opinion on the special purpose condensed consolidated financial statements.


We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Restriction on distribution or use

This report is addressed to the Board of Directors of the Company in connection with the application made to the National Company Law Tribunal for approval of the Composite Scheme of Arrangement and Amalgamation and should not be otherwise used or shown to or otherwise be distributed to any other party or used for any other purpose except with our prior consent in writing. B S R & Associates. LLP neither accepts nor assumes any duty, responsibility or liability to any other party or for any other purpose.

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No.116231W/
W100024


Adwait Morwekar
Partner

Place: Mumbai
Date: 22 January 2020

Membership Number: 110223
UDIN 20110223AAAAAB4357

Privi Organics India Limited
Condensed Consolidated Balance Sheet
as at September 30, 2019
(Currency: Indian Rupees in lakhs)

	Note	September 30, 2019
ASSETS		
Non-current assets		
Property, plant and equipment	3	45,982.11
Capital work-in-progress	3	7,283.61
Intangible assets	4 a)	737.24
Right to use assets	4 b)	773.18
Financial assets		
Loans and advances	5	883.13
Other financial assets	6	336.51
Non-current tax assets (net)		1,199.63
Other non-current assets		996.76
Total non-current assets		58,112.17
Current assets		
Inventories	8	36,453.83
Financial assets		
Trade receivables	9	24,532.38
Cash and cash equivalents	10	1,154.82
Bank balances other than cash and cash equivalents	11	494.74
Loans and advances	5	40.34
Other current assets	7	7,676.20
Total Current Assets		70,351.51
TOTAL ASSETS		128,463.68
EQUITY AND LIABILITIES		
EQUITY		
Equity share capital	12 a)	1.00
Other equity	12 b)	54,496.63
Total equity		54,497.63
LIABILITIES		
Non-current liabilities		
Financial liabilities		
Borrowings	13	16,050.73
Lease liability		723.40
Provisions	14	1,136.92
Deferred tax liabilities (net)	15	1,337.15
Total non-current liabilities		19,248.20
Current liabilities		
Financial liabilities		
Borrowings	13	28,652.43
Trade payables		-
Micro and small enterprises		-
Others	16	15,359.35
Other financial liabilities	17	9,114.31
Other current liabilities	18	521.91
Provisions	14	102.74
Current tax liabilities (net)		1,368.01
Total current liabilities		54,718.75
TOTAL EQUITY AND LIABILITIES		128,463.68

Notes to the condensed consolidated financial statements
Significant accounting policies

3 to 37
2

The notes referred to above form an integral part of the condensed consolidated financial statements.

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No. 116231W/W-100024

A.S. Murwekar
A.S. Murwekar
Partner
Membership No. 110223

Mumbai
Date: January 22, 2020



For and on behalf of the Board of Directors of
Privi Organics India Limited

Mahesh Badani
Managing Director
DIN 00051162

Narayan S. Tyer
Chief Financial Officer

D. B. Rao
Executive Director
DIN 00356218

Ramesh Mathuria
Company Secretary

Privi Organics India Limited
Condensed Consolidated Statement of Profit and Loss
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

	Note	For six months ended September 30, 2019
REVENUE		
Sale of products (Net)	19	69,530.56
Other operating income	20	984.18
Revenue from operations		70,514.74
Other income	21	1,609.75
TOTAL INCOME (I)		72,124.49
EXPENSES		
Cost of materials consumed	22	48,882.56
Changes in inventories of finished goods and work-in-progress	23	(4,955.20)
Employee benefits expense	24	3,154.63
Finance costs	25	1,366.76
Depreciation and amortisation expenses	26	2,548.25
Other expenses	27	12,857.43
TOTAL EXPENSES (II)		64,254.43
Profit before exceptional items and tax expense (I) - (II)		7,870.06
Exceptional Items		
Insurance recoveries towards loss by fire (Refer note 36)		2,500.00
Profit before tax expense		10,370.06
Tax expenses		
Current tax		2,717.23
Deferred tax charge (credit)		(298.40)
Total tax expense		2,418.83
Profit after tax for the period		7,951.23
Profit for the period (III)		7,951.23
Other comprehensive income		
Items that will not be reclassified to profit or loss-remeasurements of the net defined benefit plans		(35.38)
Income tax related to above		8.91
Exchange differences in translating financial statements of foreign operations		31.52
Other comprehensive income for the period net of taxes (IV)		5.05
Total comprehensive income for the period (III + IV)		7,956.28
Earnings per equity share: nominal value of share Rs 10/- each		
Basic and diluted (Rs)	33	79,512.30

 Notes to the condensed consolidated financial statements
 Significant accounting policies

 3 to 37
 2

The notes referred to above form an integral part of the condensed consolidated financial statements

As per our report of even date attached

 For B S R & Associates LLP
 Chartered Accountants
 Firm's Registration No: 116231W/W-106374



 A. S. Muralidhar
 Partner
 Membership No: 110223

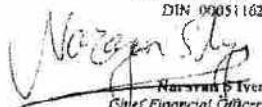
 Mumbai
 Date: January 22, 2020

 For and on behalf of the Board of Directors of
 Privi Organics India Limited

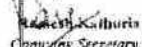


 Mahesh Babbar
 Managing Director
 DIN: 00051162

 D. B. Rao
 Executive Director
 DIN: 00336218



 Narayan S. Iyer
 Chief Financial Officer



 Rajesh Kulkarni
 Company Secretary

Privi Organics India Limited
Condensed Consolidated Statement of Cash Flows
for the period ended September 30, 2019
(Currency: Indian Rupees in lakhs)

Particular	For six months ended September 30, 2019
A Cash flow from operating activities	
Profit before tax after exceptional items	10,370.06
Adjustment for:	
Depreciation and amortisation	2,548.35
Sundry balances write off	9.96
Unrealised foreign exchange (gain)/loss	(628.37)
Interest income	(43.81)
Finance costs	1,366.76
Provision for doubtful advances	160.00
Operating cash flow before working capital changes	13,783.85
Movements in Working Capital	
Decrease in trade receivables and loans	5,805.19
(Increase) in inventories	(3,429.93)
Decrease in other assets	589.43
(Decrease) in trade payables	(1,888.03)
(Decrease) current liabilities and provisions	(1,398.38)
	1,321.72
Cash generated from operations	12,462.13
Income taxes paid	(3,848.96)
Net Cash generated from operating activities (A)	8,613.17
B Cash flow from Investing activities	
Purchase of property, plant & equipment	(9,574.18)
Realisation of fixed deposits	165.35
Interest received	42.76
Net Cash generated from / (used in) Investing activities (B)	(9,316.07)
C Cash flow from financing activities	
Repayment of Non-Current Borrowings	(1,271.35)
Proceeds / (Repayment) of Current Borrowings (net)	2,856.34
Dividend paid including Dividend Distribution Tax	(753.47)
Interest paid	(1,297.38)
Net cash / (used in) financing activities (C)	234.16
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(468.74)
Cash and cash equivalents at the beginning of the year	1,623.56
Cash and cash equivalents at end of the year (refer Note 10)	1,154.82

Note A: The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'

Notes to the condensed consolidated financial statements
 Significant accounting policies

3 to 37
 2

The notes referred to above form an integral part of the condensed consolidated financial statements.

As per our report of even date attached

For B S R & Associates LLP
 Chartered Accountants
 Firm's Registration No: 116223/WA-100024

A.S. Mawekar
 A.S. Mawekar
 Partner
 Membership No: 116223



For and on behalf of the Board of Directors of
 Privi Organics India Limited

Munish Rajul
 Managing Director
 DIN: 0091162

D. S. Rao
 Executive Director
 DIN: 00356218

Mumbai
 Date: January 22, 2020

Varayam S Iyer
 Chief Financial Officer

Ramesh K. Jafar
 Company Secretary

Privi Organics India Limited
Condensed Consolidated Statement of Changes in Equity
for the Consolidated Balance Sheet

(Currency: Indian Rupees in Lakhs)

A. Equity share capital

	September 30, 2019
Balance at the beginning of the period	1.00
Changes in equity share capital for the period	-
Balance at the end of the period	1.00

B. Other equity

	Reserves and surplus		Items of other comprehensive income		Total
	General reserve	Retained earnings	Foreign currency	Other Comprehensive	
Total comprehensive income for the year ended March 31, 2019					
Opening Balance	35,373.36	1,548.75	7.16	(23.83)	40,105.44
Profit for the year	-	7,847.61	-	-	7,847.61
Other comprehensive income (net of tax)	-	-	44.38	(39.41)	4.97
Total	35,373.36	12,194.36	51.54	(63.24)	47,566.02
Contribution and distribution to the owners					
Dividend of Rs 2.500 per share for the period ended March 31, 2018	-	27.100	-	-	27.100
Dividend distribution tax on dividend	-	77.18	-	-	77.18
Balance as at March 31, 2019	35,373.36	12,241.28	51.54	(63.24)	47,602.94
Total comprehensive income for the year					
Profit for the year	-	7,891.21	-	-	7,891.21
Other comprehensive income (net of tax)	-	-	18.32	(26.47)	1.85
Impact of Ind AS 116	-	(10.43)	-	-	(10.43)
Total comprehensive income for the year	-	7,880.78	18.32	(26.47)	7,883.63
Contribution and distribution to the owners					
Dividend of Rs 6.250 per share for the period ended March 31, 2019	-	62.500	-	-	62.500
Dividend distribution tax on dividend	-	128.47	-	-	128.47
Balance as at September 30, 2019	35,373.36	18,229.59	69.86	(89.71)	54,583.10

 Notes to the condensed consolidated financial statements
 Significant accounting policies

 3 to 37
 2

 The notes referred to above form an integral part of the condensed consolidated financial statements
 As per our report of even date attached

 PwC S R & Associates LLP
 Chartered Accountants
 Firm's Registration No. 215221/WAN-100024

A.S. Marwaha
 Adwait Marwaha
 Partner
 Membership No. 110211

 Mumbai
 Date: January 22, 2020

 For and on behalf of the Board of Directors of
 Privi Organics India Limited

Manish Bahani
 Managing Director
 DIN: 00051165

D. B. Rao
 Executive Director
 DIN: 003362

Manish Kumar
 Chief Financial Officer

Dr. Dilip Sankar
 Company Secretary

Privi Organics India Limited

Notes to the Condensed Consolidated Financial Statements (Continued) as at September 30, 2019

(Currency: Indian Rupees in lakhs)

3 Property, plant and equipment

Description	Gross block		Depreciation		Net block	
	As at April 01, 2019	Addition during the period	Deletion during the period	For the period the period	As at September 30, 2019	As at September 30, 2019
At cost:						
Leasehold land	1,934.48	19.00	-	15.33	94.65	109.98
Building	8,822.15	1,930.88	-	148.31	977.70	1,126.01
Staff quarters	51.09	-	-	0.42	16.21	16.63
Leasehold building /assets	547.20	-	-	19.91	422.20	442.11
Plant and equipment	43,685.23	8,367.96	-	1,930.00	18,866.24	20,796.24
Electrical installation	2,726.30	416.67	-	131.37	1,053.95	1,185.32
Furniture and fittings	168.13	2.72	-	5.24	44.19	49.43
Office equipments	157.11	11.88	-	4.16	111.99	116.15
Computers	448.78	167.14	-	27.72	246.35	274.07
Lab equipments	786.13	18.15	-	28.41	456.46	484.87
Lease plant and machinery	67.00	-	-	3.47	46.16	49.63
Vehicles	387.97	6.06	12.26	17.59	71.89	77.22
	59,781.57	10,940.46	12.26	2,331.93	70,709.77	24,727.66
Capital Work -in- Progress	9,377.81	8,713.16	10,807.36	-	7,283.61	-
						45,982.11
						7,283.61

The net block of tangible assets, amounting to Rs 45,981.11 are pledged as first charge security to term lending banks and second charge to working capital banks.

Plant and machinery includes an amount of Rs 404.35 lakhs that represent borrowing cost capitalized @ 8.6% during the period.



Privi Organics India Limited
Notes to the Condensed Consolidated Financial Statements (Continued)
as at September 30, 2019

(Currency: Indian Rupees in lakhs)

4 a) Intangible assets

Description	As at April 01, 2019	Gross block Addition during the period	Deletion during the period	As at September 30, 2019	As at April 01, 2019	Amortisation For the period	Deletion during the period	As at September 30, 2019	Net block As at September 30, 2019
Computers and software	476.42	-	-	476.42	427.95	5.61	-	433.56	42.86
Rights of sale of products	1,021.70	-	43.91	977.79	343.41	79.13	-	422.54	555.25
Development rights	331.44	-	-	331.44	201.47	11.44	-	212.91	118.53
Total intangible assets	1,829.56	-	43.91	1,785.65	972.83	96.18	-	1,069.01	716.64
Intangible assets under development	12.77	7.83	-	20.60	-	-	-	-	20.60

4 b) Right of use assets

Description	As at April 01, 2019	Gross block Addition during the period*	Deletion during the period	As at September 30, 2019	As at April 01, 2019	Amortisation For the period	Deletion during the period	As at September 30, 2019	Net block As at September 30, 2019
Land	-	713.03	-	713.03	-	82.80	-	82.80	630.23
Building	-	180.39	-	180.39	-	37.34	-	37.34	143.05
Total right of use assets	-	893.42	-	893.42	-	120.14	-	120.14	773.28

* Addition is due to transition adjustment on account of implementation of Ind AS 116 from 01 April 2019.



Privi Organics India Limited
Notes to the Condensed Consolidated Financial Statements (Continued)
as at September 30, 2019

(Currency: Indian Rupees in lakhs)

5	Loans and advances (Unsecured, considered good unless otherwise stated)	September 30, 2019	
		Non-Current portion	Current portion
	Security deposits	803.13	-
	Loans and advances to employees	-	40.34
		<u>803.13</u>	<u>40.34</u>
6	Other financial assets (Unsecured, considered good unless otherwise stated)	September 30, 2019	
		Non-Current portion	Current portion
	Investments in term deposits (with remaining maturity of more than twelve months)	336.51	-
		<u>336.51</u>	<u>-</u>
7	Other assets (Unsecured, considered good)	September 30, 2019	
		Non-Current portion	Current portion
	Capital advances		
	Considered good	803.63	-
	Considered doubtful	36.15	-
	Less: Allowance for bad and doubtful advances	<u>(36.15)</u>	<u>-</u>
		803.63	-
	Deposits with custom authorities	16.37	-
	Prepaid expenses	16.70	507.03
	Receivable from government authorities	122.04	3,642.19
	Vat/Sales Tax receivable	38.02	-
	Advance for supply of goods and services	-	3,686.98
	Less: Allowance for bad and doubtful advances	-	<u>(160.00)</u>
		<u>996.76</u>	<u>7,676.20</u>




Privi Organics India Limited
Notes to the Condensed Consolidated Financial Statements (Continued)
as at September 30, 2019

(Currency: Indian Rupees in lakhs)

8 Inventories	September 30, 2019
(valued at lower of cost and net realisable value)	
Raw materials (including goods in transit Sept 30, 2019 Rs. 6,738.66 lakhs)	12,764.72
Finished goods (including goods in transit Sept 30, 2019 Rs. 4203.93 lakhs)	15,465.17
Work-in-progress	7,503.86
Stores and spares	384.21
Packing material	58.62
Fuel	276.45
	<u>36,453.03</u>
9 Trade receivables	
(Unsecured unless otherwise stated)	
Considered good	24,532.38
Considered doubtful	26.39
Less: Allowance for bad and doubtful debts	(26.39)
	<u>24,532.38</u>
10 Cash and cash equivalents	
Balances with banks:-	
In current accounts	762.56
In Earning exchange foreign currency account	254.86
Term deposits (with original maturity of less than three months)	131.22
Cash on hand	6.18
	<u>1,154.82</u>
11 Bank balances other than cash and cash equivalents	
Margin money deposits (with original maturity of more than three months but less than twelve months)	494.74
	<u>494.74</u>




Privi Organics India Limited
Notes to the Condensed Consolidated Financial Statements (Continued)
as at September 30, 2019

(Currency: Indian Rupees in lakhs)

September 30, 2019

12 a) Equity share capital

Authorised:	
10,000 equity shares of Rs. 10 each	1.00
Issued, subscribed and fully paid up:	
10,000 equity shares of Rs. 10 each	1.00
	1.00

A Reconciliation of the number of shares

Description	September 30, 2019	
	Number	Amount
Shares outstanding at the beginning of the year	10,000	1.00
Add: Shares issued during the period		
Shares outstanding at the end of period	10,000	1.00

B Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regards to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. Failure to pay any amount called up on shares may lead to forfeiture of the shares. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

C Shares held by holding company

	Number	Amount
Fairchem Speciality Limited	10,000	1.00

D Details of shareholders holding more than 5% of shares

	Number	%
Fairchem Speciality Limited	10,000	100%

12 b) Other equity

General reserve	35,573.76
Retained earnings	18,922.87
Total Other Equity	54,496.63


The description of the nature and purpose of each reserve within equity is as follows:

A General reserve

As per the approved scheme of arrangement (Demerger) between the Company, Fairchem Speciality Limited and Privi Organics Limited during the period ended 31 March 2017, the excess of book value of assets over liabilities is treated as general reserve.

B Retained earnings:-

Retained earnings represent the amount of accumulated earnings/ (losses) at each Balance Sheet date of the Group, prepared in accordance with the basis of preparation action.




Privi Organics India Limited
Notes to the Condensed Consolidated Financial Statements (Continued)
as at September 30, 2019

(Currency: Indian Rupees in lakhs)

13 Borrowings
A. Non-current borrowings

	September 30, 2019 Non-current portion	September 30, 2019 Current portion (*)
Secured:		
Term Loans from banks		
Term loan in Indian currency (Refer Note (b) below)	12,738.36	924.50
Term loans in foreign currency	3,189.80	845.36
Term Loans from financial institutions		
Vehicle loan (hypothecated with the lender)	107.57	69.29
Unsecured:		
Loan from Department of biotechnology	15.00	3.00
	16,050.73	1,842.15

(*) Amount disclosed under the head ' Other Financials Liabilities' refer Note 17

a) Term loan are secured by a first mortgage on the Company's immovable properties both present and future ranking pari passu interest and a first charge by way of hypothecation of all the Company's assets (save and except book debts and inventories) including movable machinery (save and except spares tools and accessories) both present and future subject to charges created in favour of the Company's bankers for inventories, book debts and other specified movable assets for securing the borrowings of Working Capital .

b) Currency swap is taken on IDFC Rupee Currency loan of Rs.4000 lakhs @64.42 per USD . Currency swap is taken on ICICI bank Rupee Currency loan of Rs.4000 lakhs @ 68.13 per USD. The Currency swap represents derivative instruments which has been mark to market at the period end.

B. Current borrowings (secured)

September 30, 2019

From Banks:	
Cash credit	3,158.68
Working capital demand loan	14,138.97
Packing credit from bank	5,483.01
Buyers credit	5,271.77
Total	28,052.43

All the above loans are secured by first pari passu charge on all current assets of the Company both present and future.

Working capital loans from banks are secured by way of hypothecation of inventories both on hand and in transit and book debts and other receivables both present and future and also secured by way of second charge on fixed assets .Working capital loans carry interest rate @ 8.5% to 9.5% and are payable on demand.
Post shipment and packing credit from bank carry interest rate @ 1.50% to 4.08% and are due for payment within 180 days.
Buyers credit carry interest rate @ Libor+0.60% to Libor+ 4% and due for payment within 180 days.

14 Provisions

	September 30, 2019 Non-current portion	September 30, 2019 Current Portion
Provisions for employee benefits		
Compensated absences	304.26	33.62
Gratuity	831.66	64.89
Other provision		
Provision for wealth tax	-	0.20
Provision for fringe benefit tax (net of advance fringe benefit tax)	-	4.03
	1,135.92	102.74




Privi Organics India Limited
Notes to the Condensed Consolidated Financial Statements (Continued)
as at September 30, 2019
(Currency: Indian Rupees in lakhs)
15 Income tax

September 30, 2019

Amounts recognised in profit or loss

The major components of income tax expense for the period are:

Current income tax:

Current income tax expenses

2,717.23

Deferred tax:

Relating to origination and reversal of temporary differences

Income tax expense reported in the statement of profit or loss for the period

(298.40)

2,418.83

Income tax recognised in other comprehensive income for the period

Tax expense related to items recognised in OCI during the year:

Actuarial loss on defined benefit plan

(8.91)

Income tax charged to OCI for the period

(8.91)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for September 30, 2019 and March 31, 2019:

Accounting profit before income tax

10,370.06

At India's statutory income tax rate of 25.17%

2,610.14

Impact of Ind AS 116

(36.03)

Impact of change in tax rate

(419.90)

Reversal of DTA

101.38

Non-deductible expenses for tax purposes

108.00

Foreign tax impact

(1.03)

Others

47.36

2,409.92

Income tax expense reported in the statement of profit and loss

2,409.92

The Company has chosen to exercise the option of lower tax rate of 25.17% (inclusive of surcharge and cess) under section 115BAA of the Income tax act, 1961 as introduced by the Taxation laws (Amendment) Ordinance 2019. The impact of this change has been recognised in tax expenses for the period ended September 30, 2019 at the estimated annual effective tax rate.

	As at 1 April 2019	(Credit)/charge in the statement of profit and loss	(Credit)/charge in other comprehensive income	On account of IndAs 116	As at 30 September 2019
Deferred tax (assets)/liabilities					
Deferred asset on R&D impact				(214.05)	(214.05)
Provision for doubtful debts and advances	(7.46)	3.84	-	-	(3.62)
Expenses allowable for tax purposes when paid	(392.84)	42.79	(8.91)	-	(358.96)
Tax depreciation	2,325.26	(215.67)	-	-	2,109.59
Fair value (gains)/losses	(182.06)	123.90	-	-	(58.16)
Unrealised profit on stock	(81.62)	(46.16)	-	-	(127.78)
Revaluation reversal	(9.77)				(9.77)
	1,651.51	(91.30)	(8.91)	(214.05)	1,337.25

September 30, 2019

16 Trade payables

Trade payables (Other than micro and Small enterprises)

15,549.53

Related parties

9.82

15,559.35
17 Other financial liabilities

Interest accrued but not due on borrowings

139.48

Payable for capital expenditure

3,023.85

Deposits

1.33

Payable for expenses

1,227.25

Salaries, wages and bonus payable

980.83

Derivative instruments

991.68

Current maturities of long term debt (Refer Note 13A)

1,842.15

Bank overdraft

61.44

Lease liability

85.29

Others

761.01

9,114.31
18 Other current liabilities

Statutory dues (including provident fund, tax deducted at source and others)

201.41

Advance from customers

290.69

Provision for stamp duty on account of demerger

29.90

521.91


Privi Organics India Limited
Notes to the Condensed Consolidated Financial Statements (Continued)
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

**For six months ended
September 30, 2019**

19 Revenue from operations
Sale of products

Domestic sales

17,310.44

Export sales

52,220.12

69,530.56

20 Other operating income

Export incentives

984.18

984.18

21 Other income

Interest income from fixed deposits

42.81

Foreign currency fluctuations gain, net

1,034.36

Miscellaneous income

532.58

1,609.75

22 Cost of materials consumed
Raw material consumed

Opening Stock

14,154.48

Add: Purchases

46,789.06

Less: Closing Stock

12,764.72

Consumption

48,178.82

Packing material consumed

Opening Stock

82.16

Add: Purchases

680.20

Less: Closing Stock

58.62

Consumption

703.74

48,882.56




Privi Organics India Limited
Notes to the Condensed Consolidated Financial Statements (Continued)
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

**For six months ended
September 30, 2019**

23 Changes in inventories of finished goods and work in progress

Closing stock:	
Finished goods	15,465.17
Working in process	7,503.86
	<u>22,969.03</u>
Opening stock:	
Finished goods	12,227.28
Working in process	6,186.55
	<u>18,413.83</u>
	<u>(4,555.20)</u>

(Increase) in inventories

24 Employee benefits expense

Salaries, wages and bonus	2,706.45
Contribution to provident and other funds	234.53
Staff welfare expenses	213.65
	<u>3,154.63</u>

25 Finance cost

Interest expenses:	
On term loans	622.17
Less: Interest capitalized	(404.35)
Net interest on term loans	217.82
On working capital loans	1,069.65
On other loans	10.29
Other finance cost	30.35
Interest cost right of use asset	38.65
	<u>1,366.76</u>

26 Depreciation and amortisation

Depreciation on tangible assets	2,331.93
Amortisation of intangible assets	96.18
Amortisation right of use assets	120.14
	<u>2,548.25</u>




Privi Organics India Limited
Notes to the Condensed Consolidated Financial Statements (Continued)
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

**For six months ended
September 30, 2019**

27 Other expenses

Consumption of stores and spares	418.93
Power and fuel	3,376.87
Job work charges	1,900.66
Repairs and maintenance of:	
Buildings	214.64
Plant and machinery	393.53
Others	102.53
Contract labour charges	459.90
Lease expense	17.89
Research and development expense	355.09
Pollution control expenses	87.90
Other factory expenses	232.54
Insurance	996.44
Postage and telephone expense	35.98
Rates and taxes	46.65
Training expenses	11.03
Auditors remuneration:	
Statutory audit	27.75
Out of pocket expenses	1.47
Brokerage and Commission	57.72
Printing and stationery	40.44
Freight outward	1,471.70
Selling and distribution	596.26
Legal and professional fees	485.97
Travelling and conveyance	370.36
Bank charges	232.53
CSR expenses	62.65
Provision for doubtful advances	160.00
Sundry balances w/off	9.96
Provision for doubtful debts	15.37
Miscellaneous expenses (net)	674.67

12,857.43





Privi Organics India Limited
Notes to the Condensed Consolidated Financial Statements (Continued)
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

28 Segment Information
A. Factors used to identify the entity's reportable segments, including the basis of organisation

For management purpose, the Company has determined its reportable segment as "Aromatic chemicals" since the chief operating decision maker (CODM) evaluates the Company's performance as a single segment.

B. Information about reportable segments

	For six months ended September 30, 2019
Revenue	69,530.56
	69,530.56

C. Geographic information

The geographic information analyses the Company's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the respective non-current assets.

The product offerings which are part of the speciality chemicals portfolio of the Company are managed on a worldwide basis from India.

The amount of the group's revenue is shown in the table below.

	For six months ended September 30, 2019
India	
Outside India	17,310.44
Total	52,220.12
	69,530.56

All the non-current assets of Company are located within India.




Privi Organics India Limited

Notes to the Condensed Consolidated Financial Statements (Continued)
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

29 Related party disclosures

a) List of Related Parties

Related parties where control exists:

Holding Company
Fairchem Speciality Limited

Enterprises owned or significantly influenced by key management personnel or their relatives

Vivira Chemical Industries
Minar Organics Private Limited
Vivira Chemicals Private Limited
Privi Life Science Private Limited
Money Mart Securites Pvt. Ltd.
Babani Investment and Trading Private Limited
Satellite Technologies Private Limited
Vivira Investment and Trading Private Limited
Babani Bros. LLP

Key Management Personnel (KMP)
Mr. Mahesh P. Babani (Managing Director)
Mr. D. B. Rao (Executive Director)

Relatives of Key Management Personnel
Mr. D. Vinay Kumar



Privi Organics India Limited
Notes to the Condensed Consolidated Financial Statements (Continued)
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

b) During the year, following transactions were carried out with the related parties :

	Holding Company	Subsidiaries and Associates	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel and their relatives
	September 30, 2019	September 30, 2019	September 30, 2019	September 30, 2019
Purchase of raw materials				
Privi Life Science Pvt Ltd	-	-	19.82	-
Sale of finished goods				
Privi Life Science Pvt Ltd	-	-	11.20	-
Purchase of Assets Machinery				
Privi Life Science Pvt Ltd	-	-	0.96	-
Rent, lease and hire (expense)				
Minar Organics Pvt Ltd	-	-	7.50	-
Vivira Chemicals Pvt Ltd	-	-	6.00	-
Money Mart Securities Pvt Ltd	-	-	90.00	-
Rent, lease and hire (income)				
Minar Organics Pvt Ltd	-	-	0.15	-
Privi Life Science Pvt Ltd	-	-	6.00	-
Vivira Chemicals Pvt Ltd	-	-	0.15	-
Managerial remuneration				
D.B.Rao (*)	-	-	-	105.00
Maresh P Babani (*)	-	-	-	180.00
Salary paid				
D.Vinaykumar	-	-	-	10.89

*Remuneration does not include charge for gratuity and leave encashment as employee-wise break up is not available

c) Outstanding balances

Particulars	Holding Company	Subsidiaries and Associates	Enterprises owned or significantly influenced by key management personnel or their relatives	Key Management Personnel
	September 30, 2019	September 30, 2019	September 30, 2019	September 30, 2019
Receivables /Other assets				
Vivira Chemicals Pvt Ltd	-	-	0.18	-
Vivira Chemicals Industries	-	-	0.51	-
Privi Life Science Private Limited	-	-	72.36	-
Minar Organics Pvt Ltd	-	-	0.18	-
Money Mart Securities Pvt Ltd	-	-	300.00	-




Privi Organics India Limited
Notes to the Condensed Consolidated Financial Statements (Continued)
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

30 Financial instruments
a. Accounting classification and fair values

The Group is exposed to the risks of changes in fair value of its financial assets and liabilities. The following table summarises the fair values and carrying amounts of financial instruments.

	September 30, 2019 Carrying value	September 30, 2019 Fair value
Financial assets measured at fair value		
Investments	-	-
Financial assets measured at amortised cost		
Loans and advances to employees	40.34	40.34
Investments in term deposits	625.96	625.96
Security deposits	803.13	803.13
	<u>1,469.43</u>	<u>1,469.43</u>
Financial liabilities measured at fair value		
Derivatives -forward contracts and Interest Rate Swap	991.68	991.68
	<u>991.68</u>	<u>991.68</u>
Financial liability measured at amortised cost		
Borrowings	<u>44,103.16</u>	<u>44,103.16</u>

Note

Cash and cash equivalents, trade and other current receivables, trade payables and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

- b) The fair value of financial instruments as referred to in note (a) above have been classified into a three categories depending on the inputs used in the valuation technique.

The categories used are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level I September 30, 2019	Level II September 30, 2019	Level III September 30, 2019
Financial assets at fair value through profit or loss:	-	-	-
Investments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Financial Liabilities at fair value through profit or loss:			
Derivatives	-	991.68	-
	<u>-</u>	<u>991.68</u>	<u>-</u>

There were no significant changes in classification of fair value of financial assets and financial liabilities. There were also no significant movements between the fair value hierarchy classifications.

Privi Organics India Limited**Notes to the Condensed Consolidated Financial Statements (Continued)**
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

c. Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2019

- (i) The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.
- (ii) Loans and borrowings have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- (iii) Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term nature.



Privi Organics India Limited
Notes to the Condensed Consolidated Financial Statements (Continued)
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

31 Contingent Liabilities:

Claims against the Company not acknowledged as debts (including taken over under Business Transfer Agreement)

	September 30, 2019
Income Tax authorities	1,518.55
Excise duty	31.89
Demand of Rs. 15.52 (out of which Rs. 6.00 paid) raised by Customs, Excise and Service Tax	15.52
Appellate Tribunal West Zonal Bench, Mumbai for clearance of imported goods under DEPB scheme. (Contravention of the provisions of Section 111 (o) of the Customs Act, 1962)	

The claims against the Company comprise of pending litigations / proceedings pertaining to demands raised by Excise, Custom, Sales / VAT tax and other authorities / bodies. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

The Company does not expect any reimbursements in respect of the above contingent liabilities.

The Hon'ble Supreme Court of India ("SC") by their order dated February 28, 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Further there are interpretative challenges and considerable uncertainty, including the amount retrospectively. Pending directions from the EPFO, the impact for past period, if any, is not ascertainable and consequently no effect has been given in the accounts.

32 Commitments

	September 30, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of Rs. 321.98 lakhs,)	1,055.41
LC's issued in favour of suppliers, but the material not dispatched	881.93

33 Earnings per share

Profit after tax attributable to equity shareholders	7,951.23
Number of equity shares at the beginning of the year [B]	10,000.00
Number of equity shares outstanding at the end of the year [C]	10,000.00
Weighted average number of equity shares	10,000.00
Basic and diluted earnings per share of face value	79,512.30




Privi Organics India Limited
Notes to the Condensed Consolidated Financial Statements (Continued)
for the period ended September 30, 2019

(Currency: Indian Rupees in lakhs)

34 Scheme of Arrangement (Demerger) between the Company, Fairchem Speciality Limited and Privi Organics Limited

The Board of Directors of the Company, in its meeting held on 22nd May, 2019, had approved a Composite Scheme of arrangement and amalgamation ('the Scheme') amongst Privi Organics India Limited (POIL), Fairchem Speciality Limited (FSL) - the parent company, Fairchem Organics Limited (FOL) - fellow subsidiary company, and their respective shareholders for Demerger of FSL's undertaking carrying on Specialty oleo chemicals and nutraceuticals business and vesting the same into FOL and Amalgamation of POIL, manufacturers of aroma chemicals, into and with FSL, and sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act, 2013. FSL, the parent company got approval of the scheme from stock exchanges under regulation 37 of SEBI (LODR Regulations) 2015 and has filed the said scheme with National Company Law Tribunal (NCLT) for its approval.

35 Physical verification of Inventory

The engagement of auditor to conduct the audit of special purpose condensed financial statements as on 30 September 2019 was made post the reporting date and hence the physical verification of inventory was not observed by the auditor. However, physical verification of all the inventories have been performed by the management as at 30 September 2019 and inventories have been valued considering the quantities physically verified by the Management.

36 Insurance recoveries towards loss by fire

On April 26, 2018 a major fire broke out at the Company's Unit 2 Plant located at MIDC Mahad. There has been loss to assets comprising Inventories, Buildings, Plant and Machinery and other Fixed Assets etc. which were adequately insured including coverage towards loss of profit or replacement cost of fixed assets.

The Company received Rs. 2,500 lakhs during the period from the Insurance Company which has been disclosed as an exceptional item.

37 Subsequent event

On January 08, 2020 the Company has received further sum of Rs.1500 lakhs towards insurance claim from its insurance company.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/W-100024



A.S. Morwekar
Partner
Membership No: 110223


Member

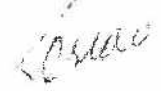
Date: January 21, 2020





For and on behalf of the Board of Directors

Privi Organics India Limited


 Mahesh Bhabani
Managing Director
DIN: 00051362


 D. D. R.
Executive Director
DIN: 00156221


 Narayan S. Jeyaraj
Chief Financial Officer


 Ramesh Kothari
Company Secretary

REPORT TO BE ADOPTED BY THE BOARD OF DIRECTORS OF FAIRCHEM SPECIALITY LIMITED AT ITS MEETING HELD ON MAY 22, 2019 EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION ON SHAREHOLDERS, PROMOTER AND NON-PROMOTER SHAREHOLDERS AND KEY MANAGERIAL PERSONNEL

1. Background

- 1.1 The proposed composite scheme of arrangement and amalgamation amongst Fairchem Speciality Limited (“**Company**” or “**Demerged Company**” or “**Transferee Company**”), Fairchem Organics Limited (**FOL**), a wholly owned subsidiary of the Company (“**Resulting Company**”) and Privi Organics India Limited, a wholly owned subsidiary of the Company (“**Transferor Company**” or “**POIL**”) and their respective shareholders (“**Scheme**”) was approved by the Board of Directors of the Company (the “**Board**”) vide resolution dated May 22, 2019.
- 1.2 The provisions of Section 232(2)(c) of the Companies Act, 2013 (“**Act**”) requires the Board to adopt a report explaining (i) the effect of the arrangement under the Scheme on each class of shareholders, promoter and non-promoter shareholders and key managerial personnel; and (ii) laying out in particular the share entitlement ratio, specifying any special valuation difficulties and the same is required to be circulated to the equity shareholders at the time of seeking their approval to the Scheme as may be directed by the Hon’ble National Company Law of Tribunal (“**NCLT**”).
- 1.3 This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.
- 1.4 The following documents were placed before the Board:
 - 1.4.1 Draft Scheme as recommended by the Audit Committee of the Company duly initialled by the Company Secretary for the purpose of identification;
 - 1.4.2 Valuation Report dated May 22, 2019 issued by the Independent Valuer, namely M/s. Harsh Ruparelia & Co., Chartered Accountants, Mumbai (“**Valuation Report**”).
 - 1.4.3 Fairness Opinion dated May 22, 2019 issued by M/s. Pantomath Capital Advisors Private Limited, Mumbai, an independent Category-I Merchant Banker (“**Fairness Opinion**”).
 - 1.4.4 Report of the Audit Committee of the Board dated May 22, 2019.

2. Effect of the Scheme on equity shareholders (promoter and non-promoter shareholders), employees and key managerial personnel of the Company:

- 2.1 Equity Shareholders (promoter and non-promoter shareholders): Pursuant to the Scheme, (i) the Demerged Undertaking (as defined in the Scheme) will be transferred to and demerged from the Company into the FOL with effect from the Appointed Date i.e. [March 31, 2019], in lieu of which equity shares will be issued by FOL to the shareholders of the Company as per the share entitlement ratio set out below; and (ii) Privi Organics India Limited will stand amalgamated with the Company, with effect from Appointed Date 2 i.e. [April 1, 2019]. POIL, a wholly owned subsidiary of the Company, shall be dissolved without winding up.
- 2.2 Upon effectiveness of the Scheme, i.e. transfer and vesting of the Demerged Undertaking into the FOL, FOL shall issue and allot 1 (one) fully paid up equity share of Rs. 10 (Rupees Ten) each of FOL for every 3 (three) equity shares of Rs. 10 (Rupees Ten) of the Company to those members (whether promoter shareholders or non-promoter shareholders) whose names appear in the register of members and record of the depository as members of the Company as on the Record Date (as defined in the Scheme).
- 2.3 The Share Entitlement Ratio is based on the Valuation Report and the Fairness Opinion. The aforesaid Valuation Report and Fairness Opinion have been duly considered by the Board of Directors of the Company and have come to the conclusion that Share Entitlement Ratio is fair and reasonable.

The equity shares so issued and allotted as provided above shall be subject to the provisions of the Memorandum and Articles of Association of FOL and shall rank pari-passu in all respects with any equity shares of FOL after the Effective Date including with respect to dividend, bonus, right shares, voting rights and other corporate benefits.

- 2.4 Employees and key managerial personnel: Under Clause 7 of the Scheme, upon the Scheme becoming effective, all the employees (including [key managerial personnel]) of the Company engaged in or in relation to the Demerged Undertaking (as defined in the Scheme) shall become the employees of FOL without any break or interruption in their services, on same (but in any case no less favourable) terms and conditions on which they are engaged as on the Effective Date. In the circumstances, the rights of the employees of the Company would in no way be affected by the Scheme.

Under Clause 17 of the Scheme, upon the Scheme becoming effective, all the employees (including [key managerial personnel]) of POIL shall become the employees of the Company without any break or interruption in their services, on same (but in any case no less favourable) terms and conditions on which they are engaged as on the Effective Date.

- 2.5 No special valuation difficulties were reported.

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.

For **Fairchem Speciality Limited**,

Sd/-

Nahoosh Jariwala

Managing Director

DIN - 00012412

Date : May 22, 2019

Place : Mumbai

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF FAIRCHEM ORGANICS LIMITED AT ITS MEETING HELD ON MAY 22, 2019 EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION ON SHAREHOLDERS, PROMOTER AND NON-PROMOTER SHAREHOLDERS AND KEY MANAGERIAL PERSONNEL

1. Background

The proposed composite scheme of arrangement and amalgamation amongst Fairchem Speciality Limited (“FSL” or “**Demerged Company**” or “**Transferee Company**”), Fairchem Organics Limited, a wholly owned subsidiary of FSL (“FOL” or “**Resulting Company**” or “**Company**”) and Privi Organics India Limited, a wholly owned subsidiary of FSL (“POIL” or “**Transferor Company**”) and their respective shareholders (“**Scheme**”) was approved by the Board of Directors of the Company (the “**Board**”) vide resolution dated May 22, 2019.

- 1.1 The provisions of Section 232(2)(c) of the Companies Act, 2013 (“**Act**”) requires the Board to adopt a report explaining (i) the effect of the arrangement under the Scheme on each class of shareholders, promoter and non-promoter shareholders and key managerial personnel; and (ii) laying out in particular the share entitlement ratio, specifying any special valuation difficulties and the same is required to be circulated to the equity shareholders at the time of seeking their approval to the Scheme as may be directed by the Hon’ble National Company Law of Tribunal (“**NCLT**”).
- 1.2 This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.
- 1.3 The following documents were placed before the Board:
 - 1.3.1 Draft Scheme as recommended by the Audit Committee of the Company duly initialled by the Director for the purpose of identification;
 - 1.3.2 Report of the Audit Committee of the Board dated May 22, 2019.

2. Effect of the Scheme on equity shareholders (promoter and non-promoter shareholders), employees and key managerial personnel of the Company:

- 2.1 Equity Shareholders (promoter and non-promoter shareholders): Pursuant to the Scheme, (i) the Demerged Undertaking (as defined in the Scheme) will be transferred to and demerged from FSL into FOL with effect from the Appointed Date 1 i.e. closing of business hours of March 31, 2019, in lieu of which equity shares will be issued by FOL to the shareholders of FSL as per the share entitlement ratio set out in the Scheme; and (ii) POIL will stand amalgamated with FSL, with effect from Appointed Date 2 i.e. opening of business hours of April 1, 2019. POIL, a wholly owned subsidiary of FSL, shall be dissolved without winding up. Upon the Scheme becoming effective i.e. transfer and vesting of the Demerged Undertaking into the Company, the Company shall issue and allot 1 (one) fully paid up equity share of Rs. 10 (Rupees Ten) each of the Company for every 3 (three) equity shares of Rs. 10 (Rupees ten) of FSL to those members (whether promoter shareholders or non-promoter shareholders) whose names appear in the register of members and record of the depositories as members of FSL as on Record Date (as defined in the Scheme).
- 2.2 The share entitlement ratio is based on valuation report and the Fairness opinion. The equity shares so issued and allotted as provided above shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects including with respect to dividend, bonus right shares, voting rights and other corporate benefits.



FAIRCHEM SPECIALITY LIMITED

2.3 No special valuation difficulties were reported.

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.

For **Fairchem Speciality Limited**,

Sd/-

Nahoosh Jariwala

Managing Director

DIN - 00012412

Date : May 22, 2019

Place : Mumbai

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF PRIVI ORGANICS INDIA LIMITED AT ITS MEETING HELD ON MAY 22, 2019 EXPLAINING THE EFFECT OF THE COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION ON SHAREHOLDERS, PROMOTER AND NON-PROMOTER SHAREHOLDERS AND KEY MANAGERIAL PERSONNEL

1. Background

The proposed composite scheme of arrangement and amalgamation amongst Fairchem Speciality Limited (“FSL” or “**Demerged Company**” or “**Transferee Company**”), Fairchem Organics Limited, a wholly owned subsidiary of FSL (“FOL” or “**Resulting Company**”) and Privi Organics India Limited, a wholly owned subsidiary of FSL (“POIL” or “**Transferor Company**” or “**Company**”) and their respective shareholders (“**Scheme**”) was approved by the Board of Directors of the Company (the “**Board**”) vide resolution dated May 22, 2019.

- 1.1 The provisions of Section 232(2)(c) of the Companies Act, 2013 (“**Act**”) requires the Board to adopt a report explaining (i) the effect of the arrangement under the Scheme on each class of shareholders, promoter and non-promoter shareholders and key managerial personnel; and (ii) laying out in particular the share entitlement ratio, specifying any special valuation difficulties and the same is required to be circulated to the equity shareholders at the time of seeking their approval to the Scheme as may be directed by the Hon’ble National Company Law of Tribunal (“**NCLT**”).
- 1.2 This report of the Board is accordingly being made in pursuance to the requirements of Section 232(2)(c) of the Act.
- 1.3 The following documents were placed before the Board:
 - 1.3.1 Draft Scheme as recommended by the Audit Committee of the Company duly initialled by the Company Secretary for the purpose of identification;
 - 1.3.2 Report of the Audit Committee of the Board dated May 22, 2019.

2. Effect of the Scheme on equity shareholders (promoter and non-promoter shareholders), employees and key managerial personnel of the Company:

- 2.1 Equity Shareholders (promoter and non-promoter shareholders): Pursuant to the Scheme, (i) the Demerged Undertaking (as defined in the Scheme) will be transferred to and demerged from FSL into FOL with effect from the Appointed Date 1 i.e. March 31, 2019, in lieu of which equity shares will be issued by FOL to the shareholders of FSL as per the share entitlement ratio set out in the Scheme; and (ii) the Company will stand amalgamated with FSL, with effect from Appointed Date 2 i.e. April 1, 2019. The Company, a wholly owned subsidiary of FSL, shall be dissolved without winding up. Upon the Scheme becoming effective, the entire equity share capital of the Company held by FSL shall stand automatically cancelled and there will not be any issue and allotment of equity shares in FSL.
- 2.2 Employees and key managerial personnel: Under Clause 17 of the Scheme, upon the Scheme becoming effective, all the employees of the Company (including key managerial personnel shall become the employees of FSL without any break or interruption in their services, on same (but in any case no less favourable) terms and conditions on which they are engaged as on the Effective Date (defined in the Scheme).
- 2.3 No special valuation difficulties were reported.

In the opinion of the Board, the Scheme will be of advantage and beneficial to the Company, its shareholders and other stakeholders and the terms thereof are fair and reasonable.



FAIRCHEM SPECIALITY LIMITED

By Order of the Board

For **Privi Organics India Limited**

Sd/-

Mahesh P Babani

Chairman & Managing Director

DIN - 00051162

Date : May 22, 2019

Place : Navi Mumbai

This is a disclosure document prepared in connection with the proposed composite scheme of arrangement involving Fairchem Organics Limited ("Company" or "Resulting Company"), Privi Organics India Limited ("Transferor Company" or "Privi") Fairchem Speciality Limited ("Demerged Company" or "Transferee Company" or "FSL") and their respective shareholders under sections 230 to 232 of the Companies Act, 2013 read with other applicable provisions and rules thereunder ("Act") ("Scheme").

This document is prepared pursuant to paragraph I.A.3 (a) of Annexure I of the Securities and Exchange Board of India ("SEBI") circular bearing number CFD/DIL3/CIRI2017/21 dated March 10, 2017 (as amended) ("SEBI Circular") and Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the said SEBI Circular and contains the applicable information in the format for abridged prospectus as provided in Part E of Schedule VI of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. You are also encouraged to read the Scheme and other documents available on the website of the FSL (www.fairchem.in).

THIS DISCLOSURE DOCUMENT CONTAINS 5 PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES. NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS DISCLOSURE DOCUMENT.

You may download the Scheme & other relevant documents from the websites of FSL, BSE Limited & National Stock Exchange of India Limited where the equity shares of FSL are listed ("Stock Exchanges"); viz: www.fairchem.in; www.bseindia.com; and www.nseindia.com respectively.

This Document dated January 22, 2020 should be read together with the Scheme and the Notice to the shareholders of FSL in connection with the Scheme.

Capitalized words not defined herein shall mean the words as defined in the scheme.

FAIRCHEM ORGANICS LIMITED

Registered Office:	Plot A-71, TTC Industrial Estate, Nr. Thane Belapur Road, Kopar Khairane, Navi Mumbai - 400 709, Maharashtra, India		
Administrative Office:	253/P And 312, Village Chekhala, Sanand – Kadi Highway, Taluka Sanand, District Ahmedabad – 382 115.		
Contact Person:	Mr. Rajen Jhaveri	Telephone:	+91 90163 24095
E-mail:	rajen.jhaveri@fairchem.in	Website:	www.fairchem.in
		CIN:	U24200MH2019PLC323176

NAME OF PROMOTERS OF THE COMPANY

Fairchem Speciality Limited

SCHEME DETAILS, LISTING AND PROCEDURE

The Scheme provides for:

- (i) Demerger of the Speciality oleo chemicals (natural source) and nutraceuticals (natural source) business of the FSL (more particularly set out as 'Demerged Undertaking' in the Scheme) into the Company (a wholly owned subsidiary of the FSL), in consideration thereof, the Company will issue 1 fully paid up equity share of Rs. 10 each of the FOL for every 3 equity shares of Rs. 10 of the FSL;
- (ii) Amalgamation of Privi, a wholly owned subsidiary of the FSL, into and with the FSL.

Subject to approvals under applicable laws, the equity shares to be issued by the Company in consideration of the aforementioned demerger shall be listed on the Stock Exchanges.

For the purposes of obtaining approval under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the designated stock exchange is BSE Limited.

PROCEDURE

The procedure with respect to public issue/ offer would not be applicable as the Scheme does not involve issue of any equity shares to public at large. The issue of equity shares of the Company is only to the shareholders of the FSL, in accordance with the Scheme. Hence, the procedure with respect to General Information Document (GID) is **not applicable**.

ELIGIBILITY FOR THE ISSUE

Whether the Company is compulsorily required to allot 75% of the net offer to public, to qualified institutional buyers – **Not Applicable**

INDICATIVE TIMELINES

The Abridged Prospectus is issued pursuant to the scheme and is not an offer to public at large. The time frame cannot be established with absolute certainty, as the scheme is subject to approvals from regulatory authorities, including the NCLT.

GENERAL RISKS

Shareholders are advised to read the internal risk factors carefully before taking an investment decision in relation to the Scheme. For taking an investment decision, shareholders must rely on their own examination of the Resulting Company and the Scheme including the risks involved. The equity shares being issued under the Scheme have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Abridged Prospectus. Specific attention of the readers is invited to “**Details of the Scheme**” above and “**Internal Risk Factors**” on pages 1 and 3 respectively, of this document.

PRICE INFORMATION OF LEAD MANAGER

Not Applicable since this is not an issue and equity shares shall not be allotted to public shareholders. Pursuant to the scheme, equity shares shall be allotted to the shareholders of FSL.

Name of the Statutory Auditor

Price Waterhouse and Co. Chartered Accountants LLP

PROMOTERS OF THE COMPANY

The Promoter of the Company is Fairchem Speciality Limited (“FSL”). FSL is a holding company of our Company.

1) Fairchem Speciality Limited (“FSL”)

FSL is a public listed company incorporated on May 25, 1985 under the provisions of the Companies Act, 1956 and is engaged in the business of manufacturing, supplying and exporting of Speciality oleo chemicals (natural source) and nutraceuticals (natural source) made from by-products generated from processing of crude vegetable oil refineries, including vegetable oil based fatty acid distillate and acid oils.

The registered office of our promoter is situated at Plot No. A- 71 TTC, Thane Belapur Road, Near Kopar Khairne Navi Mumbai 400709. The equity shares of FSL are listed on BSE Limited and National Stock Exchange of India Limited. The issued, subscribed and paid up capital of FSL is Rs. 39,06,27,060 divided into 3,90,62,706 equity shares of Rs. 10 each.

BUSINESS MODEL/BUSINESS OVERVIEW AND STRATEGY

Overview

The Company is authorized by its memorandum of association to inter alia carry on the business of processing by-products/ waste products generated during refining of any kind of edible or non-edible vegetable oils and manufacture various kinds of fatty acids, nutraceuticals intermediates and/or their derivatives utilizing chemicals, solvents, catalysts or physical process.

Strategy

The Company proposes to run the speciality oleo chemicals (natural source) and nutraceuticals (natural source) business together with all the undertakings, assets, properties, investments (direct and indirect), branches (direct and indirect) and liabilities of whatsoever nature and kind, and wheresoever situated, of FSL, as a going concern from the Appointed Date by virtue of, and in the manner provided in the Scheme.

BOARD OF DIRECTORS

Sr. No.	Name	Designation	Experience including current/past position held in other firms
1.	Nahoosh Jariwala	Director	He is a director of our company since incorporation. He holds a Bachelor's degree in commerce from Gujarat University. He has work experience of more than 25 years in the chemical industry. He is director of Fairchem Speciality Limited (our Holding Company) since November 03, 1992 and designated as Managing director since April 01, 2010.
2.	Rajen Jhaveri	Director	He is a director of our company since incorporation. He has passed the final examination of Chartered Accountants course from the Institute of Chartered Accountants of India and Company Secretary course from the Institute of Company Secretaries of India having work experience of more than 30 years. In past, he has served Zydus BSV Pharma Private Limited, Gujarat Rural Housing Finance Corporation Limited, Atul Products Limited, The Ahmedabad Electricity Company Limited and Core Parenterals Limited. He was associated with Fairchem Speciality Limited (Our Holding company) as Head of Finance and Company Secretary from April, 1994 to October, 2006 and re-joined FSL in December, 2012 as Vice President & Company Secretary. Subsequently, he was re-designated as C.F.O. and Company Secretary to comply with Company law provisions
3.	Kaushik Bhatt	Director	Kaushik Bhatt is director of our company since incorporation. He holds Bachelor's degree in commerce from Gujarat University. He has worked with Fairchem Speciality Limited for 26 years and retired w.e.f. October 31, 2019. He retired working as a 'General Manager – Purchase & Stores' of FSL.

COMPOSITE SCHEME OF ARRANGEMENT

The Scheme provides for:

- (I) Demerger of the Speciality oleo chemicals (natural source) and Nutraceuticals (natural source) business of the FSL (more particularly set out as 'Demerged Undertaking' in the Scheme) into the Company (a wholly owned subsidiary of the FSL), in consideration thereof, the Company will issue 1 fully paid up equity share of Rs. 10 each of the FOL for every 3 equity shares of Rs. 10 of the FSL;
- (II) Amalgamation of Privi, a wholly owned subsidiary of the FSL, into and with the FSL.

Subject to approvals under applicable laws, the equity shares to be issued by the Company in consideration of the aforementioned demerger shall be listed on the Stock Exchanges.

PRE-SCHEME SHAREHODING PATTERN

Sr. No.	Particulars	Number of shares	% holding of Pre-Scheme
1	Promoter and Promoter Group*	1,00,000	100
2	Public	-	-
	Total	1,00,000	100

*includes equity shares held by its nominees

STANDALONE AUDITED FINANCIALS

The first financial year of the Company has commenced from March 27, 2019 and is scheduled to end on March 31, 2020. Hence, Company is yet to prepare its 'audited' financial statements as the Company was incorporated on March 27, 2019.

INTERNAL RISK FACTORS

The Company has been recently incorporated with the objective to carry on inter alia the business of processing by-products/ waste products generated during refining of any kind of edible or non-edible vegetable oils and manufacture various kinds of fatty acids, nutraceuticals intermediates and/or their derivatives utilizing chemicals, solvents, catalysts or physical process. Thus FOL may be exposed to the following risks pursuant to said demerger of Speciality oleo chemicals (natural source) and nutraceuticals (natural source) business of the FSL:

1) Availability of raw material

By - products generated during the refining of soft vegetable oils i.e. Soya, Sunflower, Cotton seed etc. is major raw material for our business. If the refining of such oils reduced significantly in future due to availability of seeds or vegetables due to less harvest, weather or any other reasons, then availability of raw material will be hugely affected. However, the same can be compensated from the refining of hard oils or import of the raw material, we cannot assure you about the cost effectiveness of the above mentioned alternatives.

2) Change in Government Policies of import

Currently, import policies of Government of India is favourable with respect to import of crude vegetable oils which make refining process cost effective thus ensures availability of raw material economically. If the Government reviewed the current policy and amend the duty structure to reduce the differential import duties for such imports, it may increase the cost of raw material resulting into less profit margins thus may affect our business endeavours financially.

3) Global Threat

Our Company will be in direct competition with suppliers from China for one of the prime products of Fatty Acid segment. If the suppliers dump their products at artificially lower price due to accumulation at their end or support from Government, viability of our products may threatened hugely.

4) Dependence on major customers

Paint industry will be major customer of the Company for prime products in Fatty Acid segment. Any technical change in manufacturing process and formulations technique of paints or any other industry wherein paint is majorly used, may affect the business of our Company.

5) Non availability of succession planning

Our Company is currently not having any succession planning policy and affairs of the Company are driven by one of the original promoters and Managing Director – Mr. Nahoosh Jariwala who is in his late fifties.

6) Recent incorporation of Company

FOL is newly incorporated company and it does not have any experience in operating the Speciality oleo chemicals and Nutraceutical Business. While post-effectiveness of the Scheme, experienced personnel in the Business will be transferred to the Company, the Company may be unable to effectively integrate the Business and efficiently operate the business of the Company, thereby adversely impacting the results of the Company's operations and profitability of the business.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

- A. Total number of outstanding litigations against the company and amount involved – **NIL**
- B. Brief details of top 5 material outstanding litigations against the company and amount involved:

B. Brief details of top 5 material outstanding litigations against the company and amount involved:

Nature of litigation	No. of cases	Amount involved (in INR)
Civil proceedings	NIL	NIL
Criminal proceedings	NIL	NIL
Tax matters	NIL	NIL
Labour	NIL	NIL

C. Regulatory Action, if any – disciplinary action taken by SEBI or stock exchanges against the Promoters in last 5 financial years including outstanding action, if any – NIL

D. Brief details of outstanding criminal proceedings against Promoters – Our promoters are involved in the taxation litigations arising out of ordinary course of business, However, there are no criminal proceedings against the promoters.

ANY OTHER IMPORTANT INFORMATION OF THE COMPANY – NIL

DECLARATION BY THE COMPANY

We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this document is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in the disclosure document are true and correct.

For and on behalf of Board of Directors of Fairchem Organics Limited

Rajen Jhaveri

Director

Date: January 22, 2020

Place: Village Chekhala Taluka Sanand, Dist Ahmedabad



This is a disclosure document prepared in connection with the proposed composite scheme of arrangement involving Fairchem Organics Limited (“FOL” or “Resulting Company”), Privi Organics India Limited (“Company” or “Transferor Company” or “Privi”) Fairchem Speciality Limited (“Demerged Company” or “Transferee Company” or “FSL”) and their respective shareholders under sections 230 to 232 of the Companies Act, 2013 read with other applicable provisions and rules thereunder (“Act”) (“Scheme”).

This document is prepared pursuant to paragraph I.A.3 (a) of Annexure I of the Securities and Exchange Board of India (“SEBI”) circular bearing number CFD/DIL3/CIRI2017/21 dated March 10, 2017 (as amended) (“SEBI Circular”) and Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the said SEBI Circular and contains the applicable information in the format for abridged prospectus as provided in Part E of Schedule VI of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. You are also encouraged to read the Scheme and other documents available on the website of the FSL (www.fairchem.in).

THIS DISCLOSURE DOCUMENT CONTAINS 8 PAGES. PLEASE ENSURE THAT YOU HAVE RECEIVED ALL THE PAGES. NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS DISCLOSURE DOCUMENT.

You may download the Scheme & other relevant documents from the websites of FSL, BSE Limited and National Stock Exchange of India Limited where the equity shares of FSL are listed (“Stock Exchanges”); viz: www.fairchem.in; www.bseindia.com; and www.nseindia.com respectively.

This Document dated January 22, 2020 should be read together with the Scheme and the Notice to the shareholders of FSL in connection with the Scheme.

Capitalized words not defined herein shall mean the words as defined in the scheme.



PRIVI ORGANICS INDIA LIMITED

PRIVI ORGANICS INDIA LIMITED

Registered and Corporate Office:	Privi House, Plot A-71, TTC Thane Belapur Road, Near Kopar Khairane Railway Station, Navi Mumbai, Thane 400 709, India.		
Contact Person:	Mr. Ramesh Kathuria	Telephone:	022-33043500
E-mail:	rameshk@privi.co.in	Website:	www.privico.com
		CIN:	U24220MH2016PLC2833393

NAME OF PROMOTERS OF THE COMPANY

Fairchem Speciality Limited, Mr. Mahesh P Babani, and Mr. Bhaktavatsala Rao Doppalapudi

SCHEME DETAILS, LISTING AND PROCEDURE

The Scheme provides for:

- Demerger of the Speciality oleo chemicals (natural source) and nutraceuticals (natural source) business of the FSL (more particularly set out as ‘Demerged Undertaking’ in the Scheme) into FOL (a wholly owned subsidiary of the FSL), in consideration thereof, FOL will issue 1 fully paid up equity share of Rs. 10 each of the FOL for every 3 equity shares of Rs. 10 of the FSL;
- Amalgamation of Privi, a wholly owned subsidiary of the FSL, into and with the FSL.

Subject to approvals under applicable laws, the equity shares to be issued by the Resulting Company in consideration of the aforementioned demerger shall be listed on the Stock Exchanges.

For the purposes of obtaining approval under Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the designated stock exchange is BSE Limited.

**PROCEDURE**

The procedure with respect to public issue / offer would not be applicable as the Scheme does not involve issue of any equity shares to public at large. Hence, the procedure with respect to General Information Document (GID) is **not applicable**.

ELIGIBILITY FOR THE ISSUE

Whether the Company is compulsorily required to allot 75% of the net offer to public, to qualified institutional buyers – **Not Applicable**

INDICATIVE TIMELINES

The Abridged Prospectus is issued pursuant to the scheme and is not an offer to public at large. The time frame cannot be established with absolute certainty, as the scheme is subject to approvals from regulatory authorities, including the NCLT.

GENERAL RISKS

Shareholders are advised to read the internal risk factors carefully before taking an investment decision in relation to the Scheme. For taking an investment decision, shareholders must rely on their own examination of the Transferee Company and the Scheme including the risks involved. Specific attention of the readers is invited to “**Details of the Scheme**” above and “**Internal Risk Factors**” on pages 1 and 5 respectively, of this document..

PRICE INFORMATION OF LEAD MANAGER

Not Applicable since this is not an issue and equity shares of the Company shall not be allotted to shareholders.

Name of the Statutory Auditor

BSR & Associates, LLP

PROMOTERS OF THE COMPANY

The Promoters of Privi are Fairchem Speciality Limited (“FSL”), Mahesh P. Babani and Bhaktavatsala Rao Doppalapudi.

1) Fairchem Speciality Limited (“FSL”)

FSL is a public listed company incorporated on May 25, 1985 under the provisions of the Companies Act, 1956 and is engaged in the business of manufacturing, supplying and exporting of Speciality oleo chemicals (natural source) and nutraceuticals (natural source) made from by-products generated from processing of crude vegetable oil refineries, including vegetable oil based fatty acid distillate and acid oils. FSL is a holding company of our Company.

The registered office of FSL is situated at Plot No. A- 71 TTC, Thane Belapur Road, Near Kopar Khairne Navi Mumbai 400709. The equity shares of FSL are listed on BSE Limited and National Stock Exchange of India Limited. The issued, subscribed and paid up capital of FSL is Rs. 39,06,27,060 divided into 3,90,62,706 equity shares of Rs. 10 each.

2) Mahesh P. Babani

For details, please refer the heading titled ‘**Board of Directors**’ on page 3 of this disclosure document.

3) Bhaktavatsala Rao Doppalapudi

For details, please refer the heading titled ‘**Board of Directors**’ on page 3 of this disclosure document.

BUSINESS MODEL/BUSINESS OVERVIEW AND STRATEGY**Overview**

Privi is in the business of development, manufacture and sale of Aroma Chemicals which are mainly exported and are used by the flavour and fragrance industry.



Aroma chemicals are the ingredients which are blended to produce fragrances which are used to impart a fragrant odour to soaps, detergents, shampoos and fine perfumes. The company has considerable expertise in developing and scaling up of the chemical processes involved in aroma chemical manufacturing. Over the years, the Company has harnessed a team of scientists, chemical engineers, and other engineers to scale up and set up manufacturing facilities for aroma chemicals. The production processes for all the products manufactured by Privi have been developed and scaled up in-house. Company focuses on exporting its products to Europe, USA, Asia (excluding India), Singapore, China, Middle East and United Kingdom. Privi has generated 67.94% of its revenue for the Financial year ended March 31, 2019 and 74.87% for the period ended September 30, 2019 from exports to the above countries.

Strategy

Privi has the following strategies:

- Global scale of manufacturing
- Being globally cost competitive
- Adherence to strict Quality Standards
- Practice Holistic Sustainability

BOARD OF DIRECTORS

Sr. No.	Name	Designation	Experience including current/past position held in other firms
1.	Mahesh P. Babani	Chairman & Managing Director	He has been associated with Privi Organics Limited and was the Managing Director for the period from 2001 to 2016. He is involved in formulation of long - term strategy, business development and financial management of the Company. He is also a Managing Director in Fairchem Speciality Limited, the Holding Company.
2.	Bhaktavatsala Rao Doppalapudi	Whole Time Director	He was the subscriber to the Memorandum of Association of Privi Organics Limited which was incorporated in the year 1982. He is post graduate in Engineering and has more than 35 years of experience. He oversees Operations, Project Planning and Execution, Research & Development and Human Resources. He is involved in the operations of the company and standardising various processes in the management of the company.
3.	Nahoosh Jariwala	Director	He is a director of the company since incorporation. He holds a bachelor's degree in commerce from Gujarat University. He has work experience of more than 25 years in the chemical industry. He is director of Fairchem Speciality Limited (our Holding Company) since November 03, 1992 and designated as Managing Director since April 01, 2010.
4.	Padmanabh R. Barpande	Independent Director	He is an independent director of our Company since 2017. He holds a bachelor's degree in commerce and law. He is a qualified Chartered Accountant having more than 3 decades of experience in audit. He was the former audit partner of Deloitte Haskins & Sells, Chartered Accountants.



Sr. No.	Name	Designation	Experience including current/past position held in other firms
5.	Anurag Surana	Independent Director	He was appointed on the Board of Directors of Privi Organics Limited since 2014 and is on the board of directors of the Company as Independent Director since 2017. He holds bachelor's degree in commerce (Hons.). In the past, he was also on the board of PI Industries Limited for 18 years. Currently, he is the Managing Director of Kagashin Global Networks Private Limited.
6.	Rajesh Budhrani	Independent Director	He is an independent director of the Company since 2017. He holds a degree in Bachelor of Science, Major in Finance & Accounting from Boston College School of Management. Mr. Budhrani has been associated with various companies where he has portfolio investments or direct equity investments. He oversees his family office in India – Budhrani Finance Limited with investments in Real Estate, Listed Equities and Private Equity.
7.	Dwarko T. Khilnani	Independent Director	He is an independent director of our Company since 2017. He is B.A Economics and a Law graduate and is a member of Governing Council of Umrao Hospitals and Medical Research Institute. He served Reserve Bank of India for 33 years and has authored various books on FEMA. He is a visiting faculty member of NISM, Bombay Stock Exchange Training Institute, Institute of Company Secretaries of India.
8.	Anuradha Thakur	Independent Director	She is an independent director of our Company since 2017. She holds degree of bachelor's in Arts in English Literature from the Pune University and a certified Associate from the Indian Institute of Bankers. She started her career as probationary officer with State Bank of India (SBI) in 1973 and retired in 2007 as Chief General Manager, Corporate Accounts group. Besides this, she is also a director of Tata Asset Management Limited, Patnaik Steel and Alloys Limited, Tata Capital Housing Finance Limited, Tata Asset Management Limited and Tata Capital Financial Services Limited.
9.	Sumit Maheshwari	Nominee Director	He is a nominee director of the Company since 2018. He is a qualified chartered accountant and has completed the Post Graduate Programme in Management from the Indian School of Business, Hyderabad. In the past, he has worked with KPMG in India for 5 years in the field of audit and taxation. Currently, he is the Managing Director of the Fairbridge Capital Private Limited.

COMPOSITE SCHEME OF ARRANGEMENT

The Scheme provides for:

- (I) Demerger of the Speciality oleo chemicals (natural source) and Nutraceuticals (natural source) business of the FSL (more particularly set out as 'Demerged Undertaking' in the Scheme) into the FOL (a wholly owned subsidiary of the FSL), in consideration thereof, the FOL will issue 1 fully paid up equity share of Rs. 10 each of the FOL for every 3 equity shares of Rs. 10 of the FSL;
- (II) Amalgamation of Privi, a wholly owned subsidiary of the FSL, into and with the FSL.

Subject to approvals under applicable laws, the equity shares to be issued by the FOL in consideration of the aforementioned demerger shall be listed on the Stock Exchanges.



PRE-SCHEME SHAREHODING PATTERN

Sr. No.	Particulars	Number of shares	% holding of Pre-Scheme
1	Promoter and Promoter Group*	1,00,000	100
2	Public	-	-
	Total	1,00,000	100

*includes equity shares held by its nominees.

AUDITED FINANCIALS

• Standalone financial information of Privi:

(all amounts in Rs. in lakhs unless otherwise stated)

Sr. No.	Particulars	September 30, 2019	March 31, 2019	March 31, 2018	March 31, 2017
1	Total Income from Operations	69,891.06	1,07,406.98	78,024.89	42,805.81
2	Net Profit/(Loss) before tax and extraordinary items	8,048.28	11,403.03	4,413.31	1,584.96
3	Net Profit/(Loss) after tax and extraordinary items	8,083.56	7,572.92	2,892.22	1,494.61
4	Equity Share Capital	1.00	1.00	1.00	1.00
5	Reserves and Surplus	54,007.91	46,717.21	39,635.85	37,047.80
6	Net Worth	54,008.91	46,718.21	39,636.85	37,048.80
7	Basic Earnings Per Share (Rs.)	80,835.60	75,729.20	28,922.20	14,946.10
8	Diluted Earnings Per Share (Rs.)	80,835.60	75,729.20	28,922.20	14,946.10
9	Return on Net Worth (%)	14.97%	16.21%	7.30%	4.03%
10	Net Asset Value per share (Rs.)	5,40,089.10	4,67,182.10	3,96,368.50	3,70,488.00

• Consolidated financial information of Privi:

(all amounts in Rs. in lakhs unless otherwise stated)

Sr. No.	Particulars	September 30, 2019	March 31, 2019	March 31, 2018	March 31, 2017
1	Total Income from Operations	70,514.74	1,09,117.04	79,667.01	43,229.25
2	Net Profit/(Loss) before tax and extraordinary items	7,870.06	11,704.19	5,563.61	2,071.44
3	Net Profit/(Loss) after tax and extraordinary items	7,951.23	7,647.61	3,644.06	1,806.59
4	Equity Share Capital	1.00	1.00	1.00	1.00
5	Reserves and Surplus	54,496.63	47,304.27	40,562.11	37,214.62
6	Net Worth	54,497.63	47,305.27	40,563.11	37,215.62
7	Basic Earnings Per Share (Rs.)	79,512.30	76,476.10	36,440.60	18,065.90
8	Diluted Earnings Per Share (Rs.)	79,512.30	76,476.10	36,440.60	18,065.90
9	Return on Net Worth (%)	14.59%	16.17%	8.98%	4.85%
10	Net Asset Value per share (Rs.)	5,44,976.30	4,73,052.7	4,05,631.1	3,72,156.2

Notes:

• Financial Information for 2016-17 has been adjusted on transition to Ind-AS.

INTERNAL RISK FACTORS

1) Inability to successfully expand our business in international markets may affect our growth which may have an adverse effect on our business, results of operations and financial condition.



Expansion into new international markets is important to our long-term growth. Competing successfully in international markets requires additional management attention and resources to tailor our products to the unique aspects of each new country. In increasing our revenue generated in foreign countries, we face various risks, including:

- legal and regulatory restrictions and differences in various legal and regulatory jurisdictions in which we operate;
- competition from existing players in such markets;
- foreign exchange controls that might prevent us from repatriating cash earned in foreign countries;
- political and economic instability;
- challenges caused by distance, language and cultural differences;
- currency exchange rate fluctuations;
- potentially adverse tax consequences; and
- higher costs associated with doing business internationally

2) Health, safety and environmental matters, including compliance with stringent environmental laws could result in substantially increased capital requirements and operating costs

Our Company manufactures synthetic aroma chemicals based on hydrogenation as well as utilises various hazardous and inflammable industrial chemicals such as inorganic acids, flammable organic solvents, strong oxidising agents and other corrosive raw materials. While our Company believes that it has necessary controls and processes in place, any failure of such systems, mishandling of hazardous chemicals or any adverse incident related to the use of these chemicals or otherwise during the manufacturing process may cause industrial accidents, fire, loss of human life, damage to our and third-party property and, or, environmental damage. If any industrial accident, loss of human life or environmental damage were to occur we could be subject to significant penalties, other actionable claims and, in some instances, criminal prosecution. Any such event would in addition to adversely affecting our reputation also temporarily reduce our manufacturing capacity which could adversely affect our business, results of operations and reputation.

Further, any environmental damages could increase the regulatory scrutiny and result in enhanced compliance requirements including on use of materials and effluent treatment which would, amongst others, increase the cost of our operations.

3) We operate into one segment i.e. Aroma chemical business segment and our major revenue is derived from few customers. Any loss of business from one or more of them may adversely affect our revenues and profitability.

We are engaged in Aroma Chemical Segment only and derive major portion of revenue from limited customers.

Our revenues from these products may decline as a result of increased competition, regulatory actions, pricing pressures or fluctuations in the demand for or supply of our products. Since our business is concentrated among relatively few significant Aroma chemical Products, we could experience a reduction in our results of operations, cash flows and liquidity if we lose the amount of business, we obtain from them. Our failure to effectively react to these situations or to successfully introduce new products, could adversely affect our business, prospects, results of operations and financial condition.

However, our top customers may vary from period to period depending on the demand and thus the composition and revenue generated from these clients might change as we continue to add new customers in normal course of business.

4) We operate in a competitive business environment, both globally and domestically. Competition from existing players and new entrants and consequent pricing pressures may adversely affect our business, financial condition and results of operations.

The Aroma Chemical segment is highly competitive. Increasing competition may subject us to pricing pressures



and require us to reduce the prices of our products and services in order to retain or attract customers, which may have a material adverse effect on our revenues and margins. Any failure to keep abreast with technological advancements might place our competitors at an advantageous position in terms of cost, efficiency and timely delivery of final products. While we are focused on developing cost and time efficiencies and to broaden our product range, in particular in certain niche segments, in the event our competitors develop better process technology or improved process yield or are able to source raw materials at competitive prices, and are therefore able to create new products or substitutes for our products at competitive prices, we may not be able to maintain our growth rate and revenues and our profitability may decline. Any of these factors may have a material adverse effect on our business and prospects.

5) Any shortfall in the supply of our raw materials or an increase in our raw material costs, or other input costs, may adversely affect the pricing and supply of our products and have an adverse effect on our business, results of operations and financial condition.

The success of our operations depends on, among other things, our ability to source raw materials at competitive prices. Raw materials are subject to supply disruptions and price volatility caused by various factors such as commodity market fluctuations, the quality and availability of raw materials, currency fluctuations, consumer demand, changes in domestic as well as international government policies and regulatory sanctions. Further some of our key raw materials are from natural origin and impact of weather, natural calamities and changes in government regulations may adversely affect their availability causing negative impact on the operations.

We seek to source our raw materials from reputed suppliers and typically seek quotations from multiple suppliers. We have long-term contracts with some of our suppliers. Consequently, we may be required to regularly negotiate prices with our suppliers in case of significant fluctuations in raw material prices or foreign currency fluctuations. The absence of long term supplier contracts for all raw materials, subjects us to risks such as price volatility, unavailability of certain raw materials in the short term and failure to source critical raw materials in time, which would result in a delay in manufacturing of the final product.

6) We could be adversely affected if we fail to keep pace with technical and technological development.

Changes in consumer preferences, regulatory or industry requirements or in competitive technologies may render certain of our products less competitive or less attractive. Our ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely basis is a significant factor in our ability to remain competitive. However, there can be no assurance that we will be able to secure the necessary technological knowledge, through technical assistance agreements or otherwise, that will allow us to develop our product portfolio in this manner. If we are unable to obtain such knowledge in a timely manner, or at all, we may be unable to effectively implement our strategies, and our business and results of operations may be adversely affected. Moreover, we cannot assure you that we will be able to achieve the technological advances that may be necessary for us to remain competitive or that certain of our products will not become obsolete.

SUMMARY OF OUTSTANDING LITIGATIONS, CLAIMS AND REGULATORY ACTION

A. **Total number of outstanding litigations against the company and amount involved** – Our Company is involved in four indirect taxation related proceedings and two labour law related proceedings as on date of this abridged prospectus. Total amount involved in all the proceedings, wherever quantifiable, is Rs. 101.52 Lakhs.

Nature of litigation	No. of cases	Amount involved (in INR)
Civil proceedings	NIL	NIL
Criminal proceedings	NIL	NIL
Tax matters	4	101.52
Labour	2	NA



B. Brief details of top 5 material outstanding litigations against the company and amount involved:

None of the above mentioned cases are material in nature for the Company.

C. Regulatory Action, if any – disciplinary action taken by SEBI or stock exchanges against the Promoters in last 5 financial years including outstanding action, if any – **NIL**

D. Brief details of outstanding criminal proceedings against Promoters – **NIL**

ANY OTHER IMPORTANT INFORMATION OF THE COMPANY – NIL

DECLARATION BY THE COMPANY

We hereby declare that all relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this document is contrary to the provisions of the Companies Act, 2013, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in the disclosure document are true and correct.

For and on behalf of Board of Directors of Privi Organics India Limited

Bhaktavatsala Rao Doppalapudi

Executive Director

DIN: 00356218

Date: January 22, 2020

Place: Navi Mumbai