

Overview

Transaction Highlights



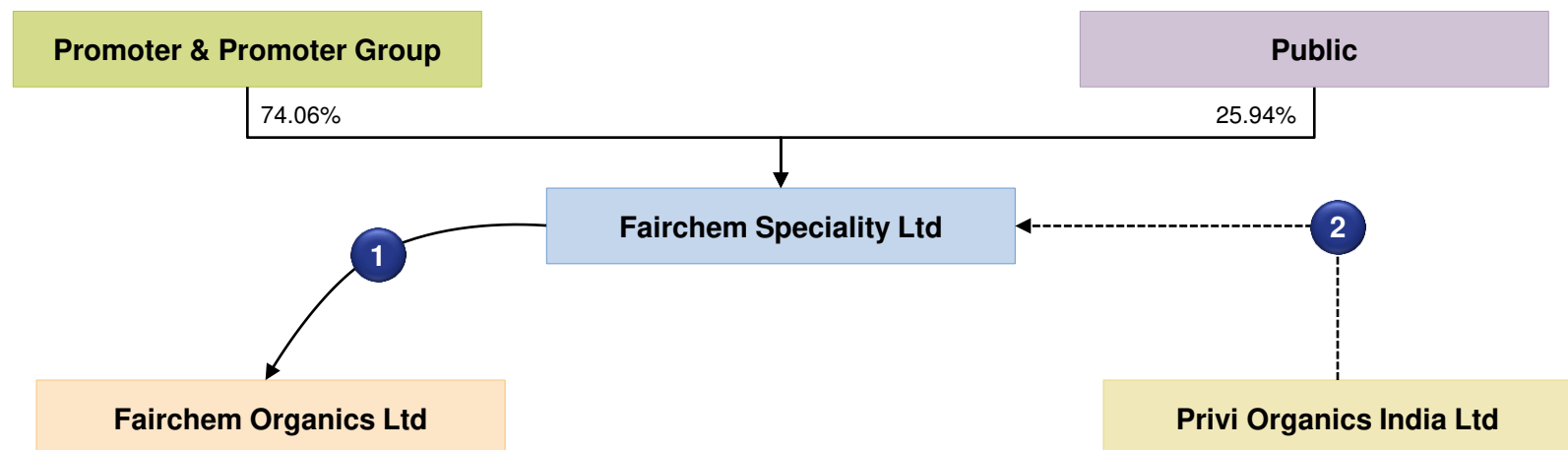
The Board of Directors of Fairchem Speciality Limited (FSL) and Privi Organics India Limited (POIL) at their respective meetings held on May 22, 2019, have, *inter alia*, subject to various approvals, considered and approved a composite scheme of arrangement and amalgamation (Transaction), for:

- 1 Demerger** of the speciality oleo chemicals and nutraceuticals business of FSL into Fairchem Organics Limited (FOL, a wholly owned subsidiary of FSL)
- 2 Amalgamation** of POIL, manufacturers of aroma chemicals, a wholly owned subsidiary of FSL, into and with FSL.



In consideration of the demerger, FOL will issue 1 fully paid up equity share of Rs.10 each for every 3 equity shares of Rs.10 of FSL. Thus, each FSL shareholder, while continuing to hold its shares in FSL, will get additional shares of FOL.

Transaction Structure



Business Overview

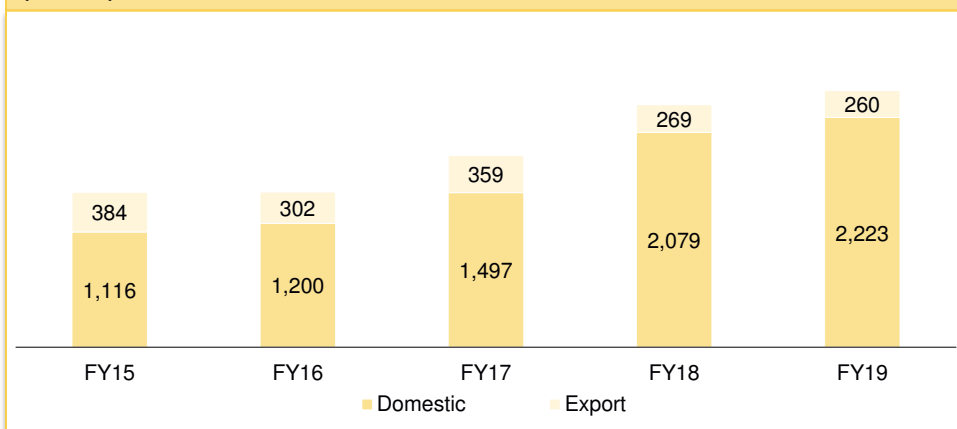
Oleo Chemicals & Nutraceuticals Business

- Manufactures a range of oleo chemicals (high grade fatty acids) from the waste products generated during refining of soft vegetable oils
- One of the largest Indian processing capacity for manufacture of fatty acids from waste products generated during processing of soft vegetable oils.
- Amongst the few players in the world with distinct capability set
- Key products include dimer, monomer, linoleic acid and tocopherols
- Longstanding customer base includes Multi-national giants and large Indian Corporates in Nutraceuticals, paints and ink industry

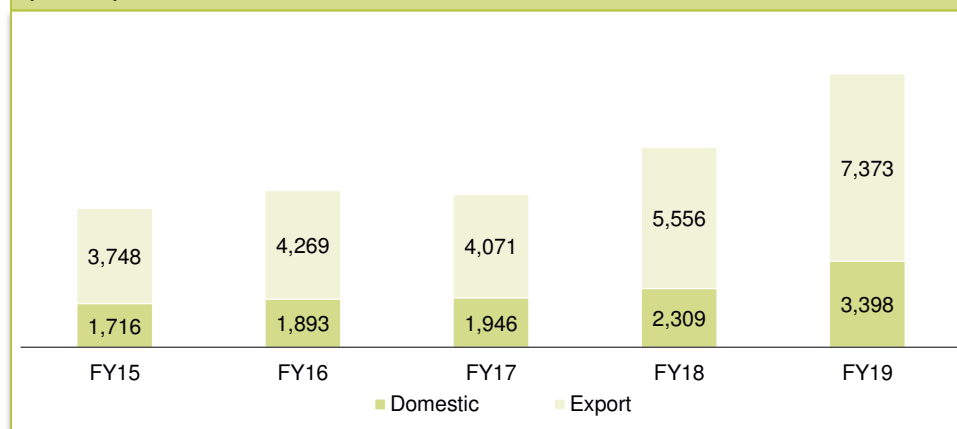
Aroma Chemicals Business

- India's number 1 manufacturer of aroma chemicals such as Amber Fleur, Dihydromyrcenol (citrus character), Citral derivatives etc
- Expanded product range from two products in 1992 to 50+ high performance chemicals in 2016 based on in-house Research & Development ("R&D")
- Only Asian company to set-up a refinery for processing waste from pulp & paper industry to produce key building blocks for aroma chemicals
- Global sourcing capability – procures waste from over 30 mills in Europe, US & Canada
- Trusted supplier (for over 10 years) to all of the Top 10 fragrance companies, which control about 80% of the global fragrance market
- Direct relationships with global FMCG giants to further strengthen the business model and drive growth

Revenue (Rs. Mn)



Revenue (Rs. Mn)



Transaction Rationale

About the Restructuring



The Board has proposed to separate the businesses to create two niche, dedicated and focused business segments without any risk or overlap of one business over the other



The oleo chemical and nutraceutical business will be demerged and housed in FOL and the aroma chemicals business will be housed in FSL

Rationale of Restructuring

Capital Efficiency

- It will be prudent to raise capital separately for the 2 businesses, as the growth profiles and the capital needs of these businesses are very different

Dedicated Management Focus

- Facilitate the management of both FSL and FOL to
 - ✓ explore opportunities for each individual business
 - ✓ enhance efficiency of operations of the respective entities
 - ✓ eliminate inter corporate dependencies

Enhanced strategic Flexibility

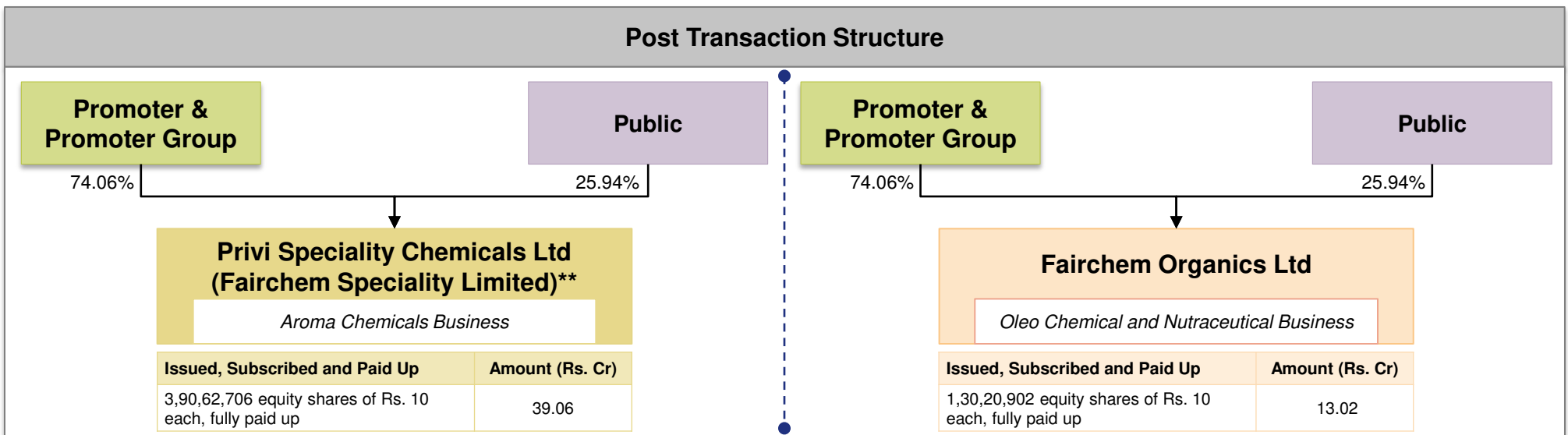
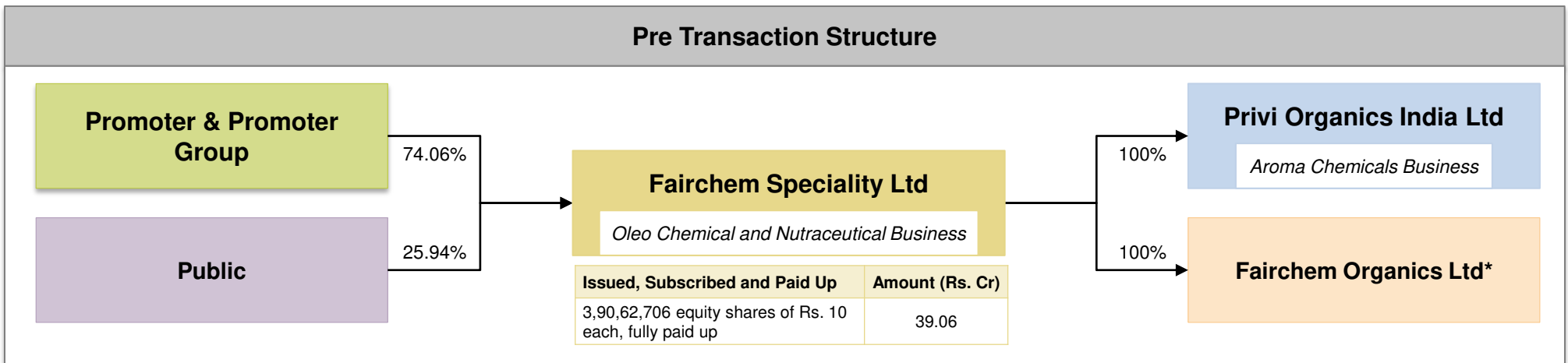
- Both the businesses require different skill sets, business strategies, R&D support and capital assets
- The individual potential of operating & financial strategies will be best realized if the businesses are operated separately & independently

Enhanced Stakeholder Value

- Focused strategy and specialization for sustained growth to enhance value for all the stakeholders
- Proposed restructuring will not in any manner be prejudicial to the interests of any stakeholder

Proposed Restructuring will give investors a choice to invest in either FOL or FSL

Transaction Structure (Pre & Post)



The beneficial interest of the shareholders in FSL remains unchanged

* a wholly owned subsidiary of FSL incorporated on March 27, 2019

** Fairchem Speciality Ltd to be renamed to Privi Speciality Chemicals Limited subject to availability and necessary approvals

Transaction Agreements

The Board approved the execution of the following agreements by the company

Implementation agreement

- Amongst FSL, FOL, POIL and the promoters of FSL, to set out the manner of implementation of the Scheme and the rights and obligations of the respective parties in relation thereto

Option Agreements

- FIH Mauritius* proposes to grant a call option to the Privi Promoter Block** in relation to 38,41,908 equity shares of FSL (equivalent to 9.84% of the share capital) held by FIH Mauritius, post the Scheme coming into effect, and subject to the conditions precedent contained therein;
- Privi Promoter Block proposes to grant a put option to the Adi Promoter Block*** and the Adi Promoter Block proposes to grant a call option to the Privi Promoter Block in relation to 10,25,000 equity shares of the FSL (equivalent to 2.62% of the share capital) held by the Adi Promoter Block, post the Scheme coming into effect, and subject to the conditions precedent contained therein;

Shareholders agreement

- Shareholders agreement amongst the Company, FIH Mauritius, FIH Private Investments Ltd and the Privi Promoter Block, to record their *inter se* rights, liabilities and agreements in relation to FSL, post the Scheme coming into effect

The Board took note of the following agreements being executed simultaneously, in connection with the proposed restructuring

Share purchase agreements

- FIH Mauritius proposes to acquire 23,30,758 equity shares of the FOL (equivalent to 17.9% of the share capital) held by the Privi Promoter Block, post the Scheme coming into effect, subject to the conditions precedent contained therein (including an approval of the Reserve Bank of India in relation to the concluding of the proposed acquisition at the price agreed in the agreement) and compliance with applicable law
- Adi Promoter Block proposes to acquire 6,21,833 equity shares of FOL (equivalent to 4.78% of the share capital) held by the Privi Promoter Block, post the Scheme coming into effect, subject to the conditions precedent contained therein and compliance with applicable law

Shareholders agreement

- Shareholders agreement amongst the FOL, FIH Mauritius, FIH Private Investments Ltd, Nahoosh Jariwala, Nahoosh Tradelink LLP and Jariwala Tradelink LLP, to record their *inter se* rights, liabilities and agreements in relation to FOL, post the Scheme coming into effect.

*FIH Mauritius Investments Ltd

**Mr. Mahesh Babani, Mr. D. B. Rao, and their respective family members and group companies

***Mr. Utkarshbhai Bhikhoobhai Shah, Nahoosh Tradelink LLP and Jariwala Tradelink LLP



Investor Relation Contact

@ Email: info@fairchem.in