



## Fairchem Organics Limited

Fairchem Organics Limited was incorporated as a public limited company under the Companies Act, 2013 pursuant to a certificate of incorporation dated March 27, 2019 issued by the Registrar of Companies, Mumbai. For details, see “History and Certain Corporate Matters” on page 48.

**CIN:** U24200MH2019PLC323176

**Registered Office:** Plot A-71, TTC Industrial Estate, Near Thane Belapur Road, Kopar Khairane, Navi Mumbai - 400 709, Maharashtra, India

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

**Contact Person:** Mr. Rajen Jhaveri, Chief Financial Officer, Company Secretary and Compliance officer

### PROMOTERS OF OUR COMPANY:

UTKARSH BHIKHOOBHAI SHAH	MAHESH P BABANI
MAHESH PURSHOTTAM BABANI HUF	DOPPALAPUDI BHAKTAVATSALA RAO
NAHOOSH JAYVADAN JARIWALA	NAHOOSH TRADELINK LLP
JARIWALA TRADELINK LLP	FIH MAURITIUS INVESTMENTS LTD.

## INFORMATION MEMORANDUM FOR LISTING OF THE EQUITY SHARES OF FAIRCHEM ORGANICS LIMITED (“THE COMPANY” / “OUR COMPANY” / “FOL”) PURSUANT TO THE SCHEME OF ARRANGEMENT (THE “SCHEME”)

### NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT TO THIS INFORMATION

#### MEMORANDUM.

#### GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”), BSE Limited (“BSE”) or National Stock Exchange of India Limited (“NSE”) and collectively with BSE, “Stock Exchanges”, and neither does SEBI nor either of the Stock Exchanges guarantee the accuracy or adequacy of this Information Memorandum. Specific attention of the investors is invited to the section “Risk Factors” beginning on page 13 of this Information Memorandum.

#### COMPANY’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for, and confirms that, this Information Memorandum contains all information with regard to our Company, which is material in the context of listing and that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held; and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

#### LISTING

The Equity Shares of our Company are proposed to be listed on the NSE and BSE. For the purposes of listing of our Equity Shares pursuant to the Scheme, BSE is the Designated Stock Exchange. Our Company has submitted this Information Memorandum with NSE and BSE. The Information Memorandum will be made available on our Company’s website at [www.fairchem.in](http://www.fairchem.in) and on the websites of the Stock Exchanges at [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com).

#### REGISTRAR TO THE COMPANY

##### Link Intime India Private Limited

5th Floor, 506-508, Amarchand Business Centre -1 (ABC-1), Beside Gala Business Centre, Near St. Xavier’s College Corner, Off C G Road, Ellisbridge, Ahmedabad – 380006

**Tel:** 079-26465186/87

**Fax:** 079-06465179

**Website:** www.linkintime.co.in

**Email:** ahmedabad@linkintime.co.in

**Contact Person:** R. Chandra Sekher

**SEBI Registration Number:** INR000004058



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## SECTION I – GENERAL

### DEFINITION AND ABBREVIATIONS

*This Information Memorandum uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meanings ascribed to such terms herein, and references to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification will include any amendments or re-enactments thereto, from time to time.*

*Notwithstanding the foregoing, terms in “Main Provisions of the Articles of Association”, “Statement of Tax Benefits”, “Industry Overview”, “Our Business”, “Risk Factors”, “Financial Statements”, “Outstanding Litigation and Other Material Developments” and “Objects and Rationale of the Scheme”, shall have the meaning ascribed to such terms in those respective sections.*

#### COMPANY & SCHEME RELATED TERMS:

Term	Description
FOL or Resulting Company or our Company, the Company or we or us or our	Fairchem Organics Limited
FSL or Demerged Company or Transferor Company or Petitioner Company	Privi Speciality Chemicals Limited ( <i>formerly known as Fairchem Speciality Limited</i> )
Adi Group	Collectively, Nahoosh Jariwala, Nahoosh Tradelink LLP and Jariwala Tradelink LLP
AOA/ Articles/ Articles of Association	The articles of association of our Company, as amended from time to time.
Appointed date 1	Closing of business hours of March 31, 2019
Appointed date 2	Opening of business hours on April 1, 2019
Audit Committee	The committee of the Board of Directors constituted as the Company’s Audit Committee in accordance with the SEBI Listing Regulations and the Companies Act, 2013. For details, please refer to the section titled “ <i>Our Management</i> ” on page 51 of this Information Memorandum.
Auditor or Statutory Auditor	The statutory auditor of our Company, being Price Waterhouse & Co Chartered Accountants LLP.
Board of Directors/ the Board / our Board/ Director(s)	The Board of Directors of our Company, including all duly constituted Committee(s) thereof.
Chief Financial Officer	Chief financial officer of our Company, being Mr. Rajen Jhaveri.
Company Secretary and Compliance Officer	Company secretary and compliance officer of our Company appointed in terms of Regulation 6(1) of the SEBI Listing Regulations, being Mr. Rajen Jhaveri.
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Company, constituted in accordance with the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as described in “ <i>Our Management</i> ” on page 51.
Demerged Undertaking	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 as more particularly defined in the scheme.
Draft Information Memorandum	The draft information memorandum dated September 30, 2020 filed with the Stock Exchanges issued in accordance with the applicable laws as prescribed by SEBI.
Director(s)	Director(s) of our Company, unless otherwise specified.
Effective Date	August 12, 2020
Eligible Shareholders	Shall mean eligible holder(s) of the equity shares of Privi Speciality Chemicals Limited ( <i>formerly known as Fairchem Speciality Limited</i> ) as on the Record Date.

<b>Term</b>	<b>Description</b>
Equity Shares	Unless otherwise specified, fully paid up Equity shares of our Company of face value of ₹ 10/-.
Fairfax India	Collectively, FIH Mauritius Investments Ltd and FIH Private Investments Ltd.
Financial Statements	Audited special purpose financial statements for the three month period ended June 30, 2020 and for the financial year ended on March 31, 2020, which comprises the balance sheet as at March 31, 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period from March 27, 2019 (date of incorporation) to March 31, 2020 and a summary of significant accounting policies and other explanatory information.
Group Companies	The companies (other than our Promoters) with which our Company had related party transactions, during the period for which financial information is disclosed in this Information Memorandum, as covered under the applicable accounting standards, and such other companies as considered material by the Board of Directors. For further details on our Group Companies, see “ <i>Our Group Companies</i> ” on page 72.
Independent Director	A non-executive, independent director of our Company as per the Companies Act, 2013 and the SEBI Listing Regulations.
Information Memorandum	This information memorandum dated December 21, 2020 filed with the Stock Exchanges.
Key Managerial Personnel / KMP	Key managerial personnel of our Company in terms of Section 2(51) of the Companies Act, 2013 and as identified in chapter titled “ <i>Our Management</i> ” beginning on page 51 of this Information Memorandum.
MOA / Memorandum / Memorandum of Association	The memorandum of association of our Company, as amended from time to time.
NCLT	The National Company Law Tribunal, Mumbai Bench.
Net Worth	Net worth of our Company, in terms of Regulation 2 (1) (hh) of SEBI ICDR Regulations.
Nomination and Remuneration Committee	The committee of the Board of Directors constituted in accordance with the SEBI Listing Regulations and the Companies Act, 2013. For details, please refer to the chapter titled “ <i>Our Management</i> ” on page 51 of this Information Memorandum.
Non-Executive Director(s)	A non-executive director of our Company, unless otherwise specified.
Privi Group	Collectively, the following: Mr. Mahesh Babani, Mahesh Purshottam Babani HUF, Mrs. Seema Babani, Ms. Snehal Babani, Ms. Jyoti Babani, Moneymart Securities Private Limited, Vivira Chemicals Private Limited, Mr. Doppalapudi Bhaktavatsala Rao, Mr. D. Premaleela, Mr. D. Vinaykumar, Mr. D. Vijaykumar, Ms. Grace Vinaykumar, Ms. Sharon Vinaykumar, Mr. D. Rajkumar, Mr. Prasanna Rajkumar, Mr. Guduru Ramesh, Vivira Investment and Trading Private Limited.
Promoters / our Promoters	Promoters of our Company, being Utkarsh Bhikhoobhai Shah, Mahesh P Babani, Doppalapudi Bhaktavatsala Rao, Nahoosh Jayvadan Jariwala, Mahesh Purshottam Babani HUF, Nahoosh Tradelink LLP, Jariwala Tradelink LLP and FIH Mauritius Investments Ltd.
Promoter Group	Persons and entities constituting our promoter group in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations.
Record Date	August 24, 2020
Registered Office	The Registered office of our Company situated at Plot A-71, TTC Industrial Estate, Nr. Thane Belapur Road, Kopar Khairane, Navi Mumbai – 400 709, Maharashtra, India.
RoC / Registrar of Companies	The Registrar of Companies, Maharashtra at Mumbai.
Scheme/Composite Scheme of Arrangement	This composite scheme of arrangement and amalgamation under the provisions of sections 230 to 232, read with section 66 and other applicable provisions of, the Companies Act, 2013 involving Fairchem Organics Limited, Privi Organics India Limited, Fairchem Speciality Limited ( <i>now known as Privi Speciality</i> )

Term	Description
	<i>Chemicals Limited</i> ) and their respective shareholders and creditors, sanctioned by the NCLT on June 30, 2020
Stakeholders Relationship Committee	The committee of the Board of Directors constituted as the Company's stakeholders' relationship committee in accordance with the SEBI Listing Regulations and the Companies Act, 2013. For details, please refer to the section titled "Our Management" on page 51 of this Information Memorandum.

#### CONVENTIONAL AND GENERAL TERMS/ ABBREVIATIONS

Term	Description
AGM	Annual General Meeting
Air Act	The Air (Prevention and Control of Pollution) Act, 1981
AS/Accounting Standard	Accounting Standards as issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification / Identity Number
Companies Act, 1956	<i>Erstwhile</i> Companies Act, 1956
Companies Act, 2013	Companies Act, 2013, read with the rules, regulations, clarifications and modifications thereunder
CSR	Corporate Social Responsibility
Depositories	NSDL (National Securities Depository Limited) and CDSL (Central Depository Services Limited); Depositories registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Designated Stock Exchange	BSE
DIN	Director Identification Number
DP	Depository Participant
DP ID	Depository Participant's Identity Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
F.Y./FY	Financial Year
FCNR Account	Foreign Currency Non Resident Account
FDI	Foreign Direct Investment
FDI Policy	The consolidated FDI Policy, effective from August 28, 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
FEMA	Foreign Exchange Management Act 1999, as amended from time to time and the regulations framed there under.
FEMA Rules	Foreign Exchange Management (Non-Debt Instruments) Rules, 2019
FIs	Financial Institutions
FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended from time to time.
FPIs	Foreign Portfolio Investor registered with the SEBI under applicable laws in India
Fugitive economic offender	An individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GIR Number	General Index Registry number
GOI/ Government	Government of India

<b>Term</b>	<b>Description</b>
Gratuity Act	The Payment of Gratuity Act, 1972
GST Act	The Central Goods and Services Tax Act, 2017
HUF	Hindu Undivided Family
I. T. Act	The Income Tax Act, 1961, as amended.
ICAI	Institute of Chartered Accountants of India
ICDR Regulations/ SEBI ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time
IFRS	International Financial Reporting Standards
IND AS	Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as notified under Rule 3 of Companies (Indian Accounting Standard) Rules, 2015
Indian GAAP	Generally Accepted Accounting Principles in India
INR	Indian National Rupee
IT Authorities	Income Tax Authorities
IT Rules	The Income Tax Rules, 1962, as amended from time to time
ID Act	The Industrial Disputes Act, 1947
IFSC	Indian Financial System Code
IGST	Integrated GST
MCA	The Ministry of Corporate Affairs, GoI
N/A or N.A.	Not Applicable
NAV	Net Asset Value
NI Act	Negotiable Instruments Act, 1881
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident (External) Account
NRI	Non Resident Indian, is a person resident outside India, who is a citizen of India or a person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
NRO Account	Non Resident (Ordinary) Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
p.a.	per annum
p.m.	per month
P/E Ratio	Price Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
Pvt.	Private
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
RoNW	Return on Net Worth
ROE	Return on Equity
Rs. / INR / ₹	Indian Rupees
SCRA	Securities Contracts (Regulation) Act, 1956 as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957
SCSB	Self-Certified Syndicate Bank
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Circular	Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 and Circular No. CFD/DIL3/CIR/2018/2 dated January 3, 2018 issued by SEBI
SEBI (LODR) Regulations / SEBI	Securities and Exchange Board of India (Listing Obligations and Disclosure

<b>Term</b>	<b>Description</b>
Listing Regulations	Requirements) Regulations, 2015, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
SEBI Insider Trading Regulations	SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations /Takeover Regulations / Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SGST	State GST
Sec	Section
SICA	<i>Erstwhile</i> Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time
SME	Small Medium Enterprise
SSI Undertaking	Small Scale Industrial Undertaking
Stock Exchange (s)	BSE Limited and National Stock Exchange of India Limited
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
TIN	Taxpayers Identification Number
U.S. GAAP	Generally accepted accounting principles in the United States of America
u/s	Under Section
UIN	Unique Identification Number
US/ U.S. / USA/United States	United States of America
USD / US\$ / \$	United States Dollar, the official currency of the United States of America
w.e.f.	With effect from
WDV	Written Down Value
WTD	Whole-time Director
Wilful defaulter	A wilful defaulter, as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations, means a person who or which is categorized as a wilful defaulter by any bank or financial institution (as defined under Companies Act, 2013) or consortium thereof, in accordance with the guideline on wilful defaulter issued by the RBI.
YoY	Year over year

#### **INDUSTRY RELATED TERMS**

AI	Artificial Intelligence
B2T	Business To Business
D.G.	Diesel Generator
EU	European Region
FMCG	Fast Moving Consumer Goods
HSD	High Speed Diesel
GMP	Good Manufacturing Certificate
KM	Kilo Metre
LAB	Linear Alkylbenzene
MES	Methyl Ether Sulfonate
SSCC	Sulphide Stress Corrosion Cracking
USDA	U.S. Department of Agriculture



## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

All references to “India” are to the Republic of India and all references to the “Government” are to the Government of India.

### FINANCIAL DATA

Unless stated otherwise, the financial data in this Information Memorandum is derived from our Financial Statements. Our Company publishes its Financial Statements in Indian Rupees. Our Financial Statements, including the report issued by the Statutory Auditor, included in this Information Memorandum, have been prepared in accordance with Ind AS.

One fiscal year commences on April 1 and ends on March 31 of each year, so all references to a particular fiscal year are to the 12 month period ended March 31 of that year. In terms of Section 2(41) of the Companies Act, for companies which have been incorporated on or after January 1 of a year, the financial year will be the period ending on March 31 of the following year, in respect whereof the financial statement of the company or body corporate is prepared. Therefore, the first financial year of our Company shall be from March 27, 2019 to March 31, 2020.

Certain figures contained in this Information Memorandum, including financial information, have been subject to rounding off adjustments. All decimals have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

### CURRENCY OF PRESENTATION

All references to “Rupees” or “₹” or “Rs.” or “INR” or “Re” are to Indian Rupees, the official currency of the Republic of India. In this Information Memorandum, our Company has presented certain numerical information. All figures have been expressed in Indian Rs. Lakhs except where mentioned otherwise. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than lakhs, such figures appear in this Information Memorandum expressed in such denominations as provided in their respective sources.

### INDUSTRY AND MARKET DATA

Unless stated otherwise, industry and market data and various forecasts used throughout this Information Memorandum have been obtained from publicly available information, industry sources and government publications.

Industry sources as well as government publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified by our Company and our affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled “*Risk Factors*” beginning on page 13 of this Information Memorandum. Accordingly, investment decisions should not be based solely on such information.

The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Further, the extent to which the industry and market data presented in this Information Memorandum is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

### Time

All references to time in this Information Memorandum are to Indian Standard Time.

## FORWARD LOOKING STATEMENTS

This Information Memorandum contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar meaning. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward looking statements are based on our current plans, estimates, presumptions and expectations, and are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant forward looking statement.

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to the following:-

- Uncertainty in the integration of demerged undertaking into our newly incorporated Company;
- Uncertainty in relation to continuing effect of the COVID-19 pandemic on our business and operations;
- Shutdown of our manufacturing facilities;
- Our ability to successfully implement our strategy, our growth plans;
- Dependency on our management and our ability to attract and retain qualified personnel;
- Disruption in supply of raw materials in absence of no definitive agreements;
- Concentration of customers;
- Other factors beyond our control

For a further discussion of factors that could cause our actual results to differ, refer to section titled “*Risk Factors*” beginning on page 13 of this Information Memorandum. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. Further, actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties or assumptions associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in its industry and incidents of any natural calamities. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

These statements are based on the management’s belief and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Future looking statements speak only as of the date of this Information Memorandum. Neither we nor our Promoters, Directors, or any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

## SECTION II – INFORMATION MEMORANDUM SUMMARY

This section is a summary of specific disclosures included in this Information Memorandum and is not exhaustive nor does it purport to contain a summary of all disclosures or details relevant to prospective investors. For additional information and further details with respect to any of the information summarised below, please refer to the relevant sections of this Information Memorandum. Unless otherwise stated, the financial information in this section is derived from the Financial Statements.

### OVERVIEW OF INDUSTRY

The global oleo chemicals market size was valued at USD 30.03 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 5.8% from 2020 to 2027. The growth in the market can be attributed to increasing prices of petrochemicals and a shift in the trend toward sustainable chemicals. In terms of production and product penetration, increasing demand for biopolymers is also projected to positively influence market growth.

Indian Oleo Chemical players are well positioned with abundant raw material supply, lower manpower cost and improving infrastructure which should be the key market drivers for the industry at large. Fatty acids, Fatty Alcohol and Methyl Ester and Refined Glycerin are basic Oleo Chemicals which then go into end use application of Surfactant, Soap and Detergents, Cosmetics, Food Emulsifiers, Paints and Inks & Lubricants.

### OVERVIEW OF BUSINESS

Fairchem Organics Limited (“FOL”) was incorporated on March 27, 2019 as a wholly owned subsidiary of Privi Speciality Chemicals Limited (formerly known as Fairchem Speciality Limited). The Scheme of Arrangement was aimed at demerger of “Speciality Oleo Chemicals and Intermediate Neutraceuticals (Demerged Undertaking) of Fairchem Speciality Limited (now known as Privi Speciality Chemicals Limited) into Fairchem Organics Limited. The Scheme was sanctioned by NCLT vide order dated June 30, 2020 (certified copy received on August 03, 2020) and is effective with the appointed date 1 being closing of the business hours on March 31, 2019.

Pursuant to the Scheme, the Speciality Oleo Chemicals and Intermediate Neutraceuticals Business operated by Fairchem Speciality Limited (now known as Privi Speciality Chemicals Limited) stands demerged in our Company operative from August 12, 2020.

Main products : (A) Dimer Acid, (B) Linoleic Acid / Soya Fatty Acid and (C) Mixed Tocopherol Concentrate / Sterols;

Other Products: (A) Palmitic Acid, (B) Monobasic Acid, (C) Distilled Fatty Acid and (D) Residue.

### PROMOTERS OF THE COMPANY

The Promoters of our Company are:

- Utkarsh Bhikhoobhai Shah;
- Mahesh P Babani;
- Doppalapudi Bhaktavatsala Rao;
- Nahoosh Jayvadan Jariwala;
- Mahesh Purshottam Babani HUF;
- Nahoosh Tradelink LLP;
- Jariwala Tradelink LLP; and
- FIH Mauritius Investments Ltd.

### SHAREHOLDING OF PROMOTER AND PROMOTER GROUP

The shareholding of the Promoters and the members of our Promoter Group as on the date of this Information Memorandum, are detailed below:

Sr. No.	Name of the Shareholder	No. of Equity Shares	% of paid up capital
<b>Promoters</b>			
1	Utkarsh Bhikhoobhai Shah	8,333	0.06 %
2	Mahesh P Babani	8,62,116	6.62 %
3	Mahesh Purshottam Babani HUF	597,240	4.59 %

Sr. No.	Name of the Shareholder	No. of Equity Shares	% of paid up capital
4	Doppalapudi Bhaktavatsala Rao	2,41,020	1.85 %
5	Nahoosh Jayvadan Jariwala	Nil	NA
6	Nahoosh Tradelink LLP	221,006	1.70 %
7	Jariwala Tradelink LLP	1,12,327	0.86 %
8	FIH Mauritius Investments Ltd.	63,47,609	48.75 %
<b>Sub-Total (A)</b>		<b>83,89,651</b>	<b>64.43%</b>
<b>Promoter Group</b>			
1	Seema Mahesh Babani	1,30,000	1.00 %
2	Snehal Mahesh Babani	1,30,000	1.00 %
3	Jyoti Mahesh Babani	1,30,000	1.00 %
4	Vinaykumar Doppalapudi Rao	1,59,426	1.22 %
5	Vijaykumar Doppalapudi	1,51,668	1.16%
6	Grace Vinaykumar	49,950	0.38 %
7	Sharon Doppalapudi	52,848	0.48 %
8	Premaleela Doppalapudi	59,058	0.45 %
9	Rajkumar Doppalapudi	1,48,608	1.14 %
10	Prasanna Raj	61,758	0.47 %
11	Rameshbabu Gokarneswararao Guduru	20,103	0.15 %
12	Moneymart Securities Private Limited	68,904	0.53 %
13	Vivira Investment and Trading Private Limited	63,306	0.49 %
14	Vivira Chemicals Private Limited	26,586	0.20 %
15	FIH Private Investments Limited	1,083	0.01 %
<b>Sub-Total (B)</b>		<b>12,53,298</b>	<b>9.63%</b>
<b>Total (A+B)</b>		<b>96,42,949</b>	<b>74.06%</b>

## SUMMARY OF FINANCIAL INFORMATION

Following are details as per the Financial Statements for the financial year ended March 31, 2020 and the three month period ended June 30, 2020:

(₹ in lakh)

Particulars	Three month period ended June 30, 2020	Financial year ended March 31, 2020
Share Capital (including share capital suspense account)	1,302.09	1,302.09
Net Worth*	3,869.49	3,898.47
Revenue from operations	3,507.20	30,649.26
Profit/(Loss) after tax	(18.98)	3,654.86
Earnings/(Loss) per share (in ₹) as per denomination ₹ 10/- per share	(0.15)	28.07
Net asset value per share (in ₹) as per denomination ₹ 10/- per share	29.72	29.94
Total borrowings	5,143.21	6,070.53

\*Net Worth does not include Capital Reserve created on account of composite scheme of arrangement.

## AUDITOR QUALIFICATIONS

There are no qualifications which have not been given effect to in the Financial Statements.

## SUMMARY OF OUTSTANDING LITIGATIONS

The summary of outstanding or pending litigations involving our Company, Directors, Promoters and Group Companies, as applicable, on the date of this Information Memorandum is set out below:

Types of proceedings	Number of cases	Amount (₹ in lakh)
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<b>Cases against our Company</b>		
Criminal proceedings	Nil	NA
Statutory or regulatory proceedings	Nil	NA
Other pending proceedings	Nil	NA
Tax proceedings	6	40.89
<b>Total</b>	<b>6</b>	<b>40.89</b>
<b>Cases by our Company</b>		
Criminal proceedings	Nil	NA
Other pending proceedings	Nil	NA
<b>Total</b>	<b>Nil</b>	<b>NA</b>
<b>Cases against our Directors</b>		
Criminal proceedings	1	NA
Statutory or regulatory proceedings	Nil	NA
Other pending proceedings	2	8,218.60
Tax proceedings	Nil	NA
<b>Total</b>	<b>3</b>	<b>8,218.60</b>
<b>Cases by our Directors</b>		
Criminal proceedings	Nil	NA
Other pending proceedings	Nil	NA
<b>Total</b>	<b>Nil</b>	<b>NA</b>
<b>Cases against our Promoters</b>		
Criminal proceedings	Nil	NA
Statutory or regulatory proceedings	Nil	NA
Other pending proceedings	Nil	NA
Tax proceedings	Nil	NA
<b>Total</b>	<b>Nil</b>	<b>NA</b>
<b>Cases by our Promoters</b>		
Criminal proceedings	Nil	NA
Other pending proceedings	Nil	NA
<b>Total</b>	<b>Nil</b>	<b>NA</b>
<b>Cases involving the Group Companies which have a material impact on our Company</b>		
Pending material litigation	Nil	NA

For further details, please see section titled “*Outstanding Litigations and Material Developments*” given on page 78 of this Information Memorandum.

## **RISK FACTORS**

Please see the chapter “*Risk factors*” beginning on page 13.

## **SUMMARY OF CONTINGENT LIABILITIES**

A summary of our contingent liabilities as on March 31, 2020 and as on June 30, 2020 are as set out below:

(₹ in lakh)

<b>Particulars</b>	<b>At at June 30, 2020</b>	<b>As at March 31, 2020</b>
Claims against the Company not acknowledged as debt	15.00	15.00
Disputed excise and service tax liability	25.97	25.97
Disputed Value added tax and Central Sales Tax liability	14.92	12.93
<b>Total</b>	<b>55.89</b>	<b>53.90</b>

For further details, see Note 42 and Note 44 of the Financial Statements on page F-61 and F-31 respectively.

## **SUMMARY OF RELATED PARTY TRANSACTIONS**

Please refer to the chapter titled “*Financial Statements*” beginning on page 77.

## **FINANCING ARRANGEMENTS**

There have been no financing arrangements whereby our Promoters, members of our Promoter Group, directors / partners of our corporate Promoters or our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of business of the financing entity, during a period of six months immediately preceding the date of this Information Memorandum.

**WEIGHTED AVERAGE PRICE AT WHICH THE EQUITY SHARES WERE ACQUIRED BY THE PROMOTERS IN THE ONE YEAR PRECEDING THE DATE OF THIS INFORMATION MEMORANDUM**

The weighted average price at which Equity Shares were acquired by the Promoters in the one year preceding the date of this Information Memorandum is:

Name	No. of Equity Shares Acquired*	Weighted Average price per Equity Shares (in INR)
Utkarsh Bhikhoobhai Shah	8,333	Not applicable
Mahesh P Babani	8,62,116	Not applicable
Doppalapudi Bhaktavatsala Rao	2,41,020	Not applicable
Nahoosh Jayvadan Jariwala	Nil	Not applicable
Mahesh Purshottam Babani HUF	5,97,240	Not applicable
Nahoosh Tradelink LLP	2,21,006	Not applicable
Jariwala Tradelink LLP	1,12,327	Not applicable
FIH Mauritius Investments Ltd.	63,47,609	Not applicable

\*Issued pursuant to the scheme of arrangement.

**AVERAGE COST OF ACQUISITION OF SHARES:**

The average cost of acquisition per Equity Share for the Promoters is not applicable as the Equity Shares were allotted pursuant to the Scheme.

**ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH IN THE LAST ONE YEAR**

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Information Memorandum, except as set forth below:

Date of allotment	No. of Equity Shares allotted	Face value per Equity Share (INR)	Premium per Equity Share (INR)	Nature of allotment	Nature of consideration
August 26, 2020	1,30,20,902	10	Nil	Allotment pursuant to the Scheme	Pursuant to the Scheme

**SPLIT / CONSOLIDATION OF EQUITY SHARES IN THE LAST ONE YEAR:**

Our Company has not undertaken any split or consolidation of Equity Shares during the last one year from the date of this Information Memorandum.

### SECTION III – RISK FACTORS

*An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Information Memorandum, including the risks and uncertainties described below, before making an investment in the Equity Shares of our Company.*

*If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our Company's business, results of operations and financial condition could suffer, the price of the Equity Shares could decline, and all or part of your investment may be lost. Unless otherwise stated our Company is not in a position to specify or quantify the financial or other risks mentioned herein.*

*Wherever used in this section the terms "we", "us" "our" shall mean Fairchem Organics Limited, including the Demerged Undertaking which is transferred pursuant to the Scheme, unless otherwise stated.*

#### INTERNAL RISKS FACTORS

**1. *The Company was incorporated on March 27, 2019 and there may be certain uncertainties in the integration of the Demerged undertaking into a newly incorporated entity, such as our Company.***

The Company was incorporated on March 27, 2019 and commenced business from the Effective Date of the Scheme which provided for the transfer of the Demerged Undertaking to us as a going concern. Accordingly, there may also be certain uncertainties in the integration of the Demerged Undertaking into a newly incorporated entity such as our Company. While post the Effective Date, all the employees including experienced personnel in the Demerged Undertaking have been transferred to the Company, the Company may be unable to effectively integrate the Demerged Undertaking, and efficiently operate the consequent business of the Company, thereby adversely impacting the results of the Company's operations and profitability of the business. Additionally, consequent upon completion of the Scheme, Privi Speciality Chemicals Limited (*formerly known as Fairchem Speciality Limited*) is required to effect transfer of, *inter alia*, properties, approvals, employees, existing contracts and intellectual property of the Demerged Undertaking to our Company. Inability to effect all such transfers in a timely manner may materially impact the ability of the Company to carry on and undertake business operations, in compliance with applicable laws.

**2. *The coronavirus disease (COVID-19) has had an adverse effect on our business and operations and the extent to which it may continue to do so in the future, is uncertain and cannot be predicted.***

In the first half of calendar year 2020, COVID -19 spread to a majority of countries across the world, including India. The COVID-19 pandemic has had, and may continue to have, significant repercussions across local, national and global economies and financial markets. In particular, a number of governments and organizations have revised GDP growth forecasts for calendar year 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the COVID-19 pandemic will cause a prolonged global economic crisis or recession.

The global impact of the COVID-19 pandemic has been rapidly evolving and public health officials and governmental authorities have responded by taking measures, including in India where our operations are primarily based, such as prohibiting people from assembling in large numbers, instituting quarantines, restricting travel, issuing "stay-at-home" orders and restricting the types of businesses that may continue to operate, among many others. On March 14, 2020, India declared COVID-19 as a "notified disaster" and imposed a nationwide lockdown beginning March 25, 2020. The lockdown remains in force in many regions, with limited and progressive relaxations being granted for movement of goods and people in other places and cautious re-opening of businesses and offices. However, in case the lockdown is reintroduced, it could result in subdued growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect our business, prospects, results of operations and financial conditions.

Our plant operations were impacted since March 25, 2020. However, we restarted our operations with effect from May 21, 2020 in compliance with the regulatory norms. Our Company is into B2B segment and our prime products are used in industry engaged in paint, printing ink, epoxy hardener, soap etc. While COVID-19 has directly affected our business and operations, there is significant uncertainty regarding the duration and impact of the COVID-19 pandemic, as well as possible future responses, which makes it impossible for us to predict with certainty the impact that COVID-19 will have on us and our customers at this time.

Further, as COVID-19 may adversely affect our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this "Risk Factors" section.

3. ***Our Company's business is dependent on its manufacturing facility. The loss of or shutdown of operations at our manufacturing facility may have a material adverse effect on its business, financial condition and results of operations.***

Our manufacturing facility is situated at 253/P and 312, Village Chekhala, Sanand – Kadi Highway, Taluka Sanand, District Ahmedabad – 382 115, Gujarat. This manufacturing facility is subject to operating risks, such as the breakdown or failure of equipment, power supply, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, continued availability of services of the external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities.

In the event of shutdown of operations at any of our manufacturing facility due to the factors mentioned above may adversely affect our business, financial condition and results of operations.

4. ***Our Company's inability to manage growth may lead to loss of opportunities and may hamper our Company's future growth plans.***

Our Company may not pursue its business strategy in future. Our Company may be subject to growth related risks including capacity constraints and pressure on internal systems and controls. Its inability to deal with this growth could have material adverse impact on its business, operations and prospects. In order to manage its current operations and any future growth effectively, our Company has to continue to implement and improve its operational, financial and management information systems and to retain its employees. There can be no assurance that it will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support our Company's operations so that it will be able to achieve the increased levels of revenue commensurate with the increased levels of operating expenses associated with this growth. Any failure on Company's part to scale up its infrastructure and management to meet the challenges of rapid growth could cause disruptions to its business and could be detrimental to its long-term business prospects. The products manufactured by the Company find application in various industries. The growth rate in these industries is crucial for our Company's growth. The major demand for its products arises primarily due to the growth of these user industries. Any downward trend in any of these industries can affect our Company's turnover and profitability.

5. ***Our success depends in large part upon our management team and key personnel and our ability to attract, train and retain such persons.***

Our ability to sustain our rate of growth depends significantly upon our ability to manage key issues such as selecting and retaining key operations personnel, developing managerial experience to address emerging challenges and ensuring a high standard of client service. In order to be successful, we must attract, train, motivate and retain highly skilled employees. If we are unable to hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We may face issues integrating employees from the Demerged Undertaking into our Company. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, divert management resources and subject us to incurring additional human resource related expenditure. Our inability to attract and retain talented professionals, or the resignation or loss of key operations personnel, may have an adverse impact on our business and future financial performance.

6. ***The insurance coverage taken by the Company may not be adequate to protect against certain business risks and this may have an adverse effect on the business operations.***

The Company's insurance coverage is likely to cover all normal risks associated with the operation of the business but there can be no assurance that any claim under the insurance policies maintained by it will be honored fully or in part or on a timely basis. To the extent that the Company suffers loss or damage that is not covered by insurance or exceeds its insurance coverage, the Company's financial performance and cash flow may be adversely affected.

7. ***If we are not able to procure, renew or maintain, as the case may be, the statutory or regulatory permits or third-party approvals required to operate our business or effectively transfer and integrate the Demerged Undertaking, it may have a material adverse effect on our business.***

We require certain statutory and regulatory permits and approvals to operate our business. We are also required to renew certain permits and approvals from time to time. Similarly, the effective transfer and integration of the Demerged Undertaking may be subject to the receipt of various statutory and regulatory approvals and other third party consents. While we believe that we will be able to procure or renew such permits and approvals as and when

required, there can be no assurance that the relevant authorities will issue any or all requisite permits or approvals in the time-frame anticipated by us. Failure to procure, renew or maintain the required permits or approvals may result in the interruption of our operations or delay or prevent our vertical integration, and may have a material adverse effect on our business, financial condition and results of operations. Further, change in law or any change in the interpretation of an existing law since the date of filing of the Scheme with the NCLT, if any, may also impact our ability to procure any necessary consents or approval for transfer of the Demerged Undertaking.

**8. *We have not entered into any long-term agreements with our suppliers for raw materials and accordingly may face disruptions in supply from our current suppliers.***

We procure raw materials required for the manufacturing process from different locations. We choose to deal with suppliers on the basis of quality assurance, cost effectiveness and relationships that we share. Though we prefer to deal with suppliers with whom we have cordial relationships, there are no fixed suppliers for our raw material purchases and independently we have also not entered into any fixed supply agreement or MoU or any other arrangement with any of our suppliers.

Our suppliers have accorded their trust and service based on our operating history in the industry, our credit worthiness, and our goodwill. However, in the absence of any written agreements or contracts, our suppliers are not bound to supply goods to us and can withdraw their commitments from us at any time. There can be no assurance that there will not be a significant disruption in the supply of raw materials from current sources, or, in the event of a disruption, that we would be able to locate alternative suppliers of the raw materials of comparable quality on terms acceptable to us, or at all.

**9. *We derive a significant portion of our revenue from a few customers and the loss of one or more such customers, the deterioration of their financial condition or prospects, or a reduction in their demand for our products may adversely affect our business, results of operations, financial condition and cash flows.***

While we typically have long term relationships with our customers, we do not have long term agreements with them. The success of our business is accordingly significantly dependent on us maintaining our relationships with our customers and suppliers.

While our Company has a number of customers, we are dependent on a limited number of customers for a significant portion of our revenue. In Fiscal 2020, 49.75% of our revenue from operations was derived from our top 5 customers.

The actual sales by our Company may differ from the estimates of our management due to the absence of long term agreements. The loss of one or more of these significant customers or a reduction in the amount of business we obtain from them could have an adverse effect on our business, results of operations, financial condition and cash flows. We cannot assure you that we will be able to maintain historic levels of business and/or negotiate and execute long term contracts on terms that are commercially viable with our significant customers or that we will be able to significantly reduce customer concentration in the future.

**10. *The Promoters will continue to retain majority control of the Company after the listing, which will enable them to influence the outcome of matters submitted to shareholders for approval.***

Our Promoters currently hold 64.43% of the paid up equity share capital of the Company. As a result, our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple majority voting, and our other shareholders will be unable to affect the outcome of such voting. Our Promoters may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders, such as actions which delay, defer or cause a change of our control or a change in our capital structure, merger, consolidation, takeover or other business combination involving us, or which discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

**11. *There are outstanding legal proceedings against our Directors which, if adversely determined, could have an adverse impact on our business, results of operations and financial conditions***

There are certain outstanding legal proceedings against our Directors pending at various levels of adjudication before courts, tribunals, authorities and appellate bodies. There can be no assurance that these legal proceedings will be decided in favour of our Directors. Decisions in any such proceedings adverse to our interests may have an adverse effect on our business, future financial performance and results of operations. A classification of these legal proceedings is given in the following table:

Types of proceedings	Number of cases	Amount (₹ in lakh)
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<b>Cases against our Company</b>		
Criminal proceedings	Nil	NA
Statutory or regulatory proceedings	Nil	NA
Other pending proceedings	Nil	NA
Tax proceedings	6	40.89
<b>Total</b>	<b>6</b>	<b>40.89</b>
<b>Cases by our Company</b>		
Criminal proceedings	Nil	NA
Other pending proceedings	Nil	NA
<b>Total</b>	<b>Nil</b>	<b>NA</b>
<b>Cases against our Directors</b>		
Criminal proceedings	1	NA
Statutory or regulatory proceedings	Nil	NA
Other pending proceedings	2	8,218.60
Tax proceedings	Nil	NA
<b>Total</b>	<b>3</b>	<b>8,218.60</b>
<b>Cases by our Directors</b>		
Criminal proceedings	Nil	NA
Other pending proceedings	Nil	NA
<b>Total</b>	<b>Nil</b>	<b>NA</b>
<b>Cases against our Promoters</b>		
Criminal proceedings	Nil	NA
Statutory or regulatory proceedings	Nil	NA
Other pending proceedings	Nil	NA
Tax proceedings	Nil	NA
<b>Total</b>	<b>Nil</b>	<b>NA</b>
<b>Cases by our Promoters</b>		
Criminal proceedings	Nil	NA
Other pending proceedings	Nil	NA
<b>Total</b>	<b>Nil</b>	<b>NA</b>
<b>Cases involving the Group Companies which have a material impact on our Company</b>		
Pending material litigation	Nil	NA

For details of litigation outstanding as on the date of this Information Memorandum, see “*Outstanding Litigation and Other Material Developments*” on page 78.

**12. We have entered into, and will continue to enter into, related party transactions.**

We have entered into certain transactions with related parties and may continue to do so in future. These transactions or any future transactions with our related parties could potentially involve conflicts of interest. Although such transactions are undertaken at arms-length basis in the ordinary course of business, we cannot assure that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, financial condition and results of operations, including because of potential conflicts of interest or otherwise.

For details of Related Party Transactions, please refer to chapter “Financial Statements” on page 77 of this Information Memorandum.

**13. There are certain reserved matters incorporated in our Articles of Association of our Company and shareholder’s agreement dated May 22, 2019 entered into among Fairfax India, Adi Group and the Company.**

Our Company has entered into a shareholder’s agreement dated May 22, 2019 with Fairfax India and Adi Group pursuant to which there are certain reserved matters, including other conditions providing certain rights which are not generally available to public shareholders. These reserved matters are also included in the Articles of Association of our Company. For details of such rights and reserved matters, please refer to the chapter titled “*Our History and Certain Corporate Matters*” and “*Main Provisions of Articles of Association*” on page 48 and 86.

**14. Our registered office is not owned by our Company.**

Our registered office is situated at Plot A-71, TTC Industrial Estate, Nr. Thane Belapur Road, Kopar Khairane, Navi Mumbai - 400 709. The premises are owned by Privi Speciality Chemicals Limited (*formerly known as Fairchem Speciality Limited*). Pursuant to the letter, Privi Speciality Chemicals Limited (*formerly known as Fairchem Speciality Limited*) has conveyed its no-objection towards our Company using the said premises as its registered office. However, there can be no assurance that we will continue to have the right to use such premises.

**15. *Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with Ind AS contained in this Information Memorandum.***

The Financial Statements included in this Information Memorandum are prepared and presented in conformity with Ind AS (as applicable) and no attempt has been made to reconcile any of the information given in this Information Memorandum to any other principles or to base it on any other standards. Ind AS differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS.

Significant differences exist between Ind AS and Indian GAAP and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Ind AS contained in this Information Memorandum. Accordingly, the degree to which the financial information included in this Information Memorandum will provide meaningful information is dependent on familiarity with Ind AS. Any reliance by persons not familiar with Ind AS on the financial disclosures presented in this Information Memorandum should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

**16. *The preparation requirement and presentation format of financial statements of our Company subsequent to the listing of its Equity Shares will not be in the same manner and same format as being prepared and presented for this Information Memorandum, and, therefore, the Financial Statements included in this Information Memorandum may not be comparable with any financial information of our Company post listing.***

Financial Statements which are included in this Information Memorandum are not the statutory financial statements of the Company, and are not intended to, and do not, comply with the disclosure provisions applicable to statutory financial statements prepared under the Companies Act, 2013. In order to comply with the requirements applicable to public companies in India, if and when our Equity Shares get successfully listed on the Stock Exchanges, we will be required to prepare our annual and interim financial statements in terms of the Companies Act, 2013 and Ind AS, as applicable. The preparation requirement and the presentation format prescribed under the Companies Act, 2013 for the financial statements differ from the statutory financial statements in certain aspects, and, therefore, the Financial Statements included in this Information Memorandum may not be comparable with any financial information of our Company post listing. Accordingly, limited reliance should be placed on the Financial Information included in this Information Memorandum.

**17. *Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures and the terms of our financing arrangements.***

There can be no assurance that we will pay dividends in the future. The declaration of dividends would be recommended by our Board of Directors, at its sole discretion, and would depend upon a number of factors, including Indian legal requirements, our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. Our business is working capital intensive. Additionally, we may be restricted by the terms of our debt financing, if any, from making dividend payments in certain circumstances.

**18. *The logo used by our Company is not registered. Failure to protect our intellectual property may adversely affect our reputation, goodwill and business operations.***

Currently, the logo utilised by our Company is not yet registered in the name of our Company. Our ability to market and sell our products depends upon the recognition of our brand name and associated consumer goodwill. Currently, our corporate name and logo are not registered as trademarks nor have we made any application for such registration under the Trade Marks Act, 1999. Consequently, we do not enjoy the statutory protections accorded to registered trademarks in India for the corporate name and logo of our Company. In the absence of such registrations, competitors and other companies may challenge the validity or scope of our intellectual property right over these brands or our corporate name or logo. As a result, we may be required to invest significant resources in protecting our intellectual property rights and developing new brands or names, which could materially and adversely affect our business, financial condition, results of operations and prospects.

**19. *Our Promoters, Nahoosh Tradelink LLP, Jariwala Tradelink LLP and FIH Mauritius Investments Ltd may not have adequate experience in the business activities undertaken by our Company***

Our Promoters, FIH Mauritius Investments Ltd, Nahoosh Tradelink LLP and Jariwala Tradelink LLP may not have adequate experience in the business activities undertaken by our Company. For details of their respective main business activities, please see “*Our Promoter and Promoter Group*” beginning on page 63. Our Company cannot assure you that the inadequate prior experience of the aforementioned Promoters in our business would not have any adverse impact on the management and/ or operations of our Company.

**20. *Our Promoters or Directors may enter into ventures that may lead to real or potential conflicts of interest with our business.***

One of our Directors, Mr. Sumit Maheshwari, is a director in Privi Speciality Chemicals Limited, which is in the same line of business as that of our Company. Our Promoters or Directors may enter into ventures that may lead to real or potential conflict with the interests of our other Promoters, Directors and / or shareholders, and any of our Promoters or Directors may, for business considerations or otherwise, cause our Company to take actions which may impact our business, financial condition and results of operations.

**21. *Industry information included in this Information Memorandum has been derived from industry reports available on public domain. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.***

We have relied on the reports of certain independent third party for purposes of inclusion of such information in this Information Memorandum. These reports are subject to various limitations and based upon certain assumptions that are subjective in nature. We have not independently verified data from such industry reports and other sources. Although we believe that the data may be considered to be reliable, their accuracy, completeness and underlying assumptions are not guaranteed and their dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us, or any of our respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Information Memorandum.

**22. *If we are unable to raise additional capital, our business, results of operations, financial condition and cash flows could be adversely affected***

We will continue to incur significant expenditure in maintaining and growing our existing infrastructure. We cannot assure you that we will have sufficient capital for our current operations or any future expansion plans that we may have. While we expect our cash on hand and cash flow from operations to be adequate to fund our existing commitments, our ability to incur any future borrowings is dependent upon the success of our operations. Additionally, the inability to obtain sufficient financing could adversely affect our ability to complete expansion plans. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. Any unfavorable change to terms of borrowings may adversely affect our cash flows, results of operations and financial conditions. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations, financial condition and cash flows could be adversely affected.

**EXTERNAL RISK FACTORS:**

**INDUSTRY RISKS**

**23. *Changes in government regulations or their implementation could disrupt our operations and adversely affect our business and results of operations.***

Our business and industry is regulated by different laws, rules and regulations framed by the Central and State Government. These regulations can be amended/ changed on a short notice at the discretion of the Government. If we

fail to comply with all applicable regulations or if the regulations governing our business or their implementation change adversely, we may incur increased costs or be subject to penalties, which could disrupt our operations and adversely affect our business and results of operations.

#### **OTHER RISKS**

**24. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business and financial performance.***

The regulatory and policy environment in India is evolving and subject to change. Such changes in applicable law and policy in India, including the instances described below, may adversely affect our business, financial condition, results of operations, performance and prospects in India, to the extent that we are not able to suitably respond to and comply with such changes.

For instance, in November 2016, the Government of India demonetized certain high-value denominations of currency. Trading and retail businesses in India were impacted for a limited period of time on account of such demonetization. Such businesses have subsequently needed to introduce additional point of sale instruments to improve their collection process.

The Government of India implemented a comprehensive national goods and services tax (“GST”) regime that combines taxes and levies by the central and state governments into a unified rate structure from July 1, 2017, which we believe will result in fundamental changes. However, given its recent introduction, there is no established practice regarding the implementation of, and compliance with, GST. The implementation of the new GST regime has increased the operational and compliance burden for Indian companies and has also led to various uncertainties. Any future increases and amendments to the GST regime may further affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented. Further, as GST is implemented, there can be no assurance that we will not be required to comply with additional procedures and/or obtain additional approvals and licenses from the government and other regulatory bodies or that they will not impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of GST may have a material adverse effect on our business, financial condition and results of operations.

Further, the General Anti Avoidance Rules came into effect on April 1, 2017. The effect of the application of these provisions to our business in India is at present uncertain. Furthermore, the Finance Act, 2018 instituted a number of amendments to the existing direct and indirect tax regime which includes the withdrawal of long-term capital gains exemptions on equity shares, long term capital gains applicability in the hands of Foreign Institutional Investors and applicability of dividend distribution tax for certain transactions with shareholders, among others.

**25. *Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.***

The GoI has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. The rate of economic liberalization could change, and specific laws and policies affecting the information technology sector, foreign investment and other matters affecting investment in our securities could change as well. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India, generally, and our business, prospects, financial condition and results of operations, in particular.

**26. *Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.***

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, fluctuations in commodities markets, consumer debt levels, unemployment trends and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude, which may negatively affect our stock prices.

**27. *Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

**28. *The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition.***

India's physical infrastructure is in developing phase compared to that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our Company's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our Company's business operations, which could have an adverse effect on its results of operations and financial condition.

**29. *You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.***

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realised on the sale of our Equity Shares on a stock exchange held for more than 12 months will be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction of transfer and acquisition of such shares. The securities transaction tax will be levied on and collected by an Indian stock exchange on which our Equity Shares are sold. Any gain realised on the sale of our Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no securities transaction tax has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of our Equity Shares held for a period of 12 months or less will be subject to capital gains tax in India.

Capital gains arising from the sale of equity shares will not be taxable in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of equity shares.

**30. *There is no prior trading history for the Equity Shares.***

Since the Equity Shares have not been previously traded, their market value is uncertain. Following admission, the market price of the Equity Shares may be volatile. Our Company's operating results and prospects from time to time may be below the expectations of market analysts and investors. At the same time, market conditions may affect the price of our Company's Equity Shares regardless of the operating performance of our Company. Stock market conditions are affected by many factors, such as general economic and political conditions, terrorist activity, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards the retail market and the supply and demand of capital.

**31. *Significant trading volumes of the Equity Shares on the Stock Exchanges on listing could impact the price of our Company's Equity Shares.***

Following admission of our Equity Shares for trading on the Stock Exchanges, there may be a period of relatively high volume trading in the Equity Shares. A high volume of sales of our Equity Shares on the Stock Exchanges after admission, or the perception that these sales might occur, could result in volatility in the market price of our Equity Shares.

**32. *There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

Pursuant to listing, we will be subject to a daily "circuit breaker" imposed by the Stock Exchanges, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical

volatility in the price and trading volume of the Equity Shares. The Stock Exchanges may not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding shareholders ability to sell Equity Shares at any particular time

**33. *Any downgrading of India's sovereign rating by an independent agency may harm our ability to raise financing.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

**34. *Natural calamities could have a negative impact on the Indian economy and cause our Company's business to suffer.***

India has experienced natural calamities such as earthquakes, tsunami, floods etc. in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operations as well as the price of the Equity Shares.

**35. *Terrorist attacks, civil unrests and other acts of violence or war involving India or other countries could adversely affect the financial markets, our business, financial condition and the price of our Equity Shares.***

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the terrorist attacks, other incidents such as those in US, Indonesia, Madrid and London, and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

**SECTION IV – INTRODUCTION**  
**SUMMARY OF FINANCIAL STATEMENTS**

<b>Particulars</b>	<b>Page No.</b>
Summary of Financial Statements	A-1 to A-6

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**BALANCE SHEET AS AT MARCH 31, 2020**  
(All amounts in Rs. Lakhs, unless otherwise stated)

	<b>As at</b>
	<b>March 31, 2020</b>
<b>ASSETS</b>	
<b>Non-Current Assets</b>	
Property, Plant and Equipment	12,626.66
Capital work-in-progress	942.85
Intangible Assets	7.46
Financial Assets	
(i) Loans	0.53
(ii) Other Financial Assets	27.69
Non-current Tax Assets (Net)	79.63
Other Non-current Assets	653.88
	<u>14,338.70</u>
<b>Current Assets</b>	
Inventories	3,771.10
Financial Assets	
(i) Trade receivables	3,787.90
(ii) Cash and cash equivalents	3.08
(iii) Bank balances other than (ii) above	17.87
(iv) Loans	1.22
(v) Other Financial Assets	1.24
Other current assets	149.47
	<u>7,731.88</u>
<b>TOTAL ASSETS</b>	<b><u>22,070.58</u></b>
<b>EQUITY AND LIABILITIES</b>	
<b>EQUITY</b>	
Equity Share Capital	-
Share Capital Suspense Account	1,302.09
Other Equity	11,554.43
	<u>12,856.52</u>
<b>LIABILITIES</b>	
<b>Non-Current Liabilities</b>	
Financial Liabilities	
Borrowings	1,633.16
Provisions	114.33
Deferred Tax Liabilities (Net)	1,162.90
	<u>2,910.39</u>
<b>Current Liabilities</b>	
Financial Liabilities	
(i) Borrowings	4,437.37
(ii) Trade Payables	
(a) Total outstanding dues of micro enterprises and small enterprises	41.29
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	599.86
(iii) Other financial liabilities	1,005.84
Other current liabilities	87.77
Provisions	33.76
Current Tax Liabilities (Net)	97.78
	<u>6,303.67</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>22,070.58</u></b>

**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD MARCH 27, 2019 (DATE OF INCORPORATION) TO MARCH 31, 2020**  
 (All amounts in Rs. Lakhs, unless otherwise stated)

	<b>For the period March 27, 2019 to March 31, 2020</b>
<b>Income</b>	
Revenue from Operations	30,649.26
Other Income	658.86
<b>Total Revenue</b>	<b><u>31,308.12</u></b>
<b>Expenses</b>	
Cost of materials consumed	19,832.24
Changes in Inventories of finished goods and work-in-progress	634.00
Employee benefits expense	1,550.16
Finance Costs	657.90
Depreciation and amortisation expense	595.95
Other expenses	3,549.60
<b>Total Expenses</b>	<b><u>26,819.85</u></b>
<b>Profit Before Tax</b>	<b>4,488.27</b>
Tax Expense	
Current tax	883.00
Deferred tax	(49.59)
	<b><u>833.41</u></b>
<b>Profit After Tax</b>	<b><u>3,654.86</u></b>
<b>Other Comprehensive Income</b>	
<b>Items that will not be reclassified to profit or loss:</b>	
- Remeasurement (losses) / gains on post employment defined benefit plans	(12.90)
- Income tax effect	3.25
	<b><u>(9.65)</u></b>
<b>Other comprehensive income for the period, net of tax</b>	<b><u>(9.65)</u></b>
<b>Total comprehensive income for the period</b>	<b>3,645.21</b>
<b>Earnings Per Share</b>	
Basic and Diluted earnings per share (in Rupees)	28.07
Nominal value per equity share (in Rupees)	10.00

**STATEMENT OF CASH FLOWS FOR PERIOD MARCH 27, 2019 (DATE OF INCORPORATION) TO MARCH 31, 2020**  
(All amounts in Rs. Lakhs, unless otherwise stated)

	<b>For the period March 27, 2019 to March 31, 2020</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>	
<b>Profit Before Taxation</b>	<b>4,488.27</b>
<u>Adjustments for:</u>	
Depreciation and Amortisation	595.95
Finance Cost	657.90
Interest Income	(12.54)
Dividend Income	(625.00)
Unrealised Foreign Exchange (Gain)	(4.02)
Credit Impairment Loss Reversal on Receivables	(7.06)
Loss on assets sold / discarded (Net)	31.28
<b>Operating Profit Before Working Capital Changes</b>	<b>5,124.78</b>
<u>Adjustments For Changes In Working Capital:</u>	
(Increase) In Inventories	(370.48)
Decrease In Non Current Loans	0.98
(Increase) In Other Non Current Financial Assets	(13.91)
(Increase) In Trade receivables	(563.69)
(Increase) In Current Loans	(0.48)
Decrease In Other current assets	175.02
(Decrease) In Trade and Other Payables	(359.27)
Increase In Non Current Liabilities - Provisions	24.79
(Decrease) In Current Liabilities - Provisions	(36.64)
Increase In Other Current Financial Liabilities	0.81
Increase In Other Current Liabilities	4.58
<b>Cash Generated From Operations</b>	<b>3,986.49</b>
Direct Taxes Refund / (Paid) (Net)	(868.89)
<b>A. Net Cash Generated From Operating Activities</b>	<b>3,117.60</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>	
Purchase of Property, Plant and Equipments	(3,032.93)
Proceeds from Sale of Property, Plant and Equipments	5.07
Purchase of Investments	-
Interest Income	12.54
Dividend Income	625.00
<b>B. Net Cash Used In Investing Activities</b>	<b>(2,390.32)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>	
Proceeds from Long Term Borrowings (net)	1,499.57
Repayment of Long Term Borrowings (net)	(909.97)
Net Proceeds from Short Term Borrowings (net)	388.37
Proceeds from Issue of Share Capital	1.00
Dividend Paid (including tax on dividend)	(1,048.83)
Interest Paid	(655.98)
<b>C. Net Cash Used In Financing Activities</b>	<b>(725.84)</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>	<b>1.44</b>
Cash and Cash Equivalents as at March 27, 2019	-
Cash and Cash Equivalents pursuant to a Scheme of Arrangement (Refer Note 51)	1.64
<b>Cash and Cash Equivalents as at the end of the period</b>	<b>3.08</b>

**FAIRCHEM ORGANICS LIMITED**  
**BALANCE SHEET AS AT JUNE 30, 2020**  
(All amounts in Rs. Lakhs, unless otherwise stated)

	<u>As at</u> <u>June 30, 2020</u>
<b>ASSETS</b>	
<b>Non-Current Assets</b>	
Property, Plant and Equipment	12,538.95
Capital work-in-progress	947.69
Intangible Assets	6.79
Financial Assets	
(i) Loans	0.53
(ii) Other Financial Assets	30.04
Non-current Tax Assets (Net)	99.44
Other Non-current Assets	692.53
	<u>14,315.97</u>
<b>Current Assets</b>	
Inventories	3,048.16
Financial Assets	
(i) Trade receivables	3,992.12
(ii) Cash and cash equivalents	2.89
(iii) Bank balances other than (ii) above	17.87
(iv) Loans	1.56
(v) Other Financial Assets	0.99
Other current assets	180.42
	<u>7,244.01</u>
<b>TOTAL ASSETS</b>	<b><u>21,559.98</u></b>
<b>EQUITY AND LIABILITIES</b>	
<b>EQUITY</b>	
Equity Share Capital	-
Share Capital Suspense Account	1,302.09
Other Equity	11,525.45
	<u>12,827.54</u>
<b>LIABILITIES</b>	
<b>Non-Current Liabilities</b>	
Financial Liabilities	
(i) Borrowings	1,840.54
Provisions	122.26
Deferred Tax Liabilities (Net)	1,161.49
	<u>3,124.29</u>
<b>Current Liabilities</b>	
Financial Liabilities	
(i) Borrowings	3,302.67
(ii) Trade Payables	
(a) Total outstanding dues of micro enterprises and small enterprises	38.64
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	515.78
(iii) Other financial liabilities	1,272.48
Other current liabilities	323.35
Provisions	54.05
Current Tax Liabilities (Net)	101.18
	<u>5,608.15</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>21,559.98</u></b>

**FAIRCHEM ORGANICS LIMITED****STATEMENT OF PROFIT AND LOSS FOR THE PERIOD APRIL 1, 2020 TO JUNE 30, 2020**

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

	<b>For the period April 01, 2020 to June 30, 2020</b>
<b>Income</b>	
Revenue from Operations	3,507.20
Other Income	2.15
<b>Total Revenue</b>	<b>3,509.35</b>
<b>Expenses</b>	
Cost of material consumed	2,669.16
Changes in Inventories of finished goods and work-in-progress	(273.45)
Employee benefits expense	370.44
Finance Costs	150.72
Depreciation and amortisation expense	162.59
Other expenses	466.72
<b>Total Expenses</b>	<b>3,546.18</b>
<b>Loss Before Tax</b>	<b>(36.83)</b>
Tax Expense	
Current tax	-
(Excess) provision of income tax of earlier years (net)	(19.80)
Deferred tax	1.95
	<b>(17.85)</b>
<b>Loss After Tax</b>	<b>(18.98)</b>
<b>Other Comprehensive Income</b>	
<b>Items that will not be reclassified to profit or loss:</b>	
- Remeasurement (losses) / gains on post employment defined benefit plans	(13.36)
- Income tax effect	3.36
	<b>(10.00)</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>(10.00)</b>
<b>Total comprehensive income for the period</b>	<b>(28.98)</b>
<b>Loss Per Share</b>	
Basic and Diluted loss per share (in Rupees)	(0.15)
Nominal value per equity share (in Rupees)	10.00

**FAIRCHEM ORGANICS LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED ON JUNE 30, 2020**  
(All amounts in Rs. Lakhs, unless otherwise stated)

	<b>For the period</b> <b>April 01, 2020 to June 30,</b> <b>2020</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>	
<b>(Loss) Before Taxation</b>	<b>(36.83)</b>
Adjustments for:	
Depreciation and Amortisation	162.59
Finance Cost	150.72
Interest Income	(0.32)
Unrealised Foreign Exchange (Gain)	(1.14)
<b>Operating Profit Before Working Capital Changes</b>	<b>275.02</b>
Adjustments For Changes In Working Capital:	
Decrease In Inventories	722.94
(Increase) In Other Non Current Financial Assets	(2.35)
(Increase) In Trade receivables	(203.08)
(Increase) In Current Loans	(0.34)
(Increase) In Other current assets	(30.95)
(Decrease) In Trade and Other Payables	(86.73)
Increase In Non Current Liabilities - Provisions	7.93
Increase In Current Liabilities - Provisions	6.93
Increase In Other Current Financial Liabilities	22.22
Increase In Other Current Liabilities	235.58
<b>Cash Generated From Operations</b>	<b>947.17</b>
Direct Taxes Refund (Net)	3.39
<b>Net Cash Generated From Operating Activities</b>	<b>950.56</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>	
Purchase of Property, Plant and Equipments	(218.26)
Interest Income	0.57
<b>Net Cash (Used In) Investing Activities</b>	<b>(217.69)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>	
Proceeds from Long Term Borrowings (net)	792.42
Repayment of Long Term Borrowings (net)	(239.43)
Net Repayment of Short Term Borrowings (net)	(1,134.70)
Interest Paid	(151.35)
<b>Net Cash Used In Financing Activities</b>	<b>(733.06)</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(0.19)</b>
Cash and Cash Equivalents as at the beginning of the period	3.08
Cash and Cash Equivalents as at the end of the period	2.89
<b>Reconciliation of cash and cash equivalent as per the statement of cash flows</b>	<b>As at</b> <b>June 30, 2020</b>
Cash and Cash Equivalents :	
Cash on hand	1.58
Bank Balances :	
- In Current Accounts	1.31
	<b>2.89</b>

## GENERAL INFORMATION

Our Company was incorporated as a public limited company under the Companies Act, 2013 pursuant to a certificate of incorporation dated March 27, 2019 issued by the Registrar of Companies, Mumbai.

### REGISTERED OFFICE OF OUR COMPANY:

#### Fairchem Organics Limited

Plot A-71, TTC Industrial Estate,  
Nr. Thane Belapur Road,  
Kopar Khairane, Navi Mumbai - 400 709,  
Maharashtra, India

**Tel:** +91 90163 24095

**Email:** [cs@fairchem.in](mailto:cs@fairchem.in)

**Website:** [www.fairchem.in](http://www.fairchem.in)

**Corporate Identification Number:** U24200MH2019PLC323176

### REGISTRAR OF COMPANIES

#### Registrar of Companies, Maharashtra at Mumbai

100, Everest,  
Marine Drive,  
Mumbai – 400 002, India  
Website: [www.mca.gov.in](http://www.mca.gov.in)

### BOARD OF DIRECTORS OF OUR COMPANY

The following table sets out details regarding our Board as on the date of this Information Memorandum:

Sr. No.	Name	DIN	Address	Designation
1.	Utkarsh Bhikhoobhai Shah	00101663	Anantam Bunglow, Rajpath Rangoli 100 Ft Road, Nr. Shashwat Bunglows, Ahmedabad - 380054	Chairman and Non-Executive Director (Additional)
2	Nahoosh Jayvaden Jariwala	00012412	Jariwala Beside Shashwat Bunglows Rajpath Club Rangoli Road Bodakdev Ahmedabad 380059 Gujarat, India	Managing Director
3.	Sumit Maheshwari	06920646	Plot No. 8, Road No. 6, Sector No. 19, New Panvel, Navi Mumbai 410 206	Nominee Director
4.	Venkatraman Srinivasan	00246012	73, Kesav Smruti, 8B Veer Savarkar Marg, Dadar, Mumbai 400028	Independent Director (Additional)
5.	Darius Dinshaw Pandole	00727320	6, Rajab Mahal, 144 Maharshi Karve Road, Churchgate, Mumbai – 400 020, India	Independent Director (Additional)
6.	Sonal Vimal Ambani	02404841	Vimal Tower, 7, Gadhvi Society, Navrangpura, Ahmedabad - 380014	Independent Director (Additional)

For further details of our Board of Directors, please refer to the chapter titled “*Our Management*” beginning on page 51 of this Information Memorandum.

### CHIEF FINANCIAL OFFICER, COMPANY SECRETARY & COMPLIANCE OFFICER

#### Rajen Jhaveri

253/P And 312, Village Chekhala,  
Sanand – Kadi Highway,  
Taluka Sanand,  
District Ahmedabad – 382 115, Gujarat

**Tel:** + 91 90163 24095

**Email:** [cs@fairchem.in](mailto:cs@fairchem.in)

**Website:** [www.fairchem.in](http://www.fairchem.in)

### STATUTORY AUDITOR

## **Price Waterhouse & Co Chartered Accountants LLP**

1701, 17th Floor, Shapath V,  
Opp: Karnavati Club,  
S G Highway, Ahmedabad – 380 051  
**Tel:** + 91 79 3091 7000  
**Email:** arun.ramdas@pwc.com  
**Contact Person:** Arunkumar Ramdas  
**Firm Registration No:** 304026E/E300009  
**Membership No:** 112433  
**Peer Review Number:** 011323\*

\*Peer review certificate dated September 25, 2018 of Price Waterhouse & Co Chartered Accountants LLP, Chartered Accountants (the "Firm") was valid till September 30, 2019 and stands extended to September 30, 2020 pursuant to ICAI announcement dated March 31, 2020. The Firm has initiated the next cycle of peer review and reviewer has submitted a final report to the Peer review board.

## **REGISTRAR AND SHARE TRANSFER AGENT**

**Link Intime India Private Limited**  
5th Floor, 506-508, Amarchand Business Centre -1 (ABC-1),  
Beside Gala Business Centre, Near St.Xavier's College Corner,  
Off C G Road, Ellisbridge, Ahmedabad – 380006  
**Tel:** 079-26465186/87  
**Fax:** 079-06465179  
**Website:** www.linkintime.co.in  
**Email:** ahmedabad@linkintime.co.in  
**Contact Person:** R. Chandra Sekher  
**SEBI Registration Number:** INR000004058

## **BANKER TO THE COMPANY**

**HDFC Bank Limited**  
101-102, Shaival Complex, Near Suvidha Shopping Centre, Paldi, Ahmedabad – 380 007  
**Tel:** 079 4009 2642  
**E-mail:** hitesh.thacker@hdfcbank.com  
**Contact Person:** Hitesh Thacker  
**Website:** www.hdfcbank.com

## **AUTHORITY FOR LISTING**

The Hon'ble National Company Law Tribunal, Mumbai Bench through an order dated June 30, 2020 has approved the Composite Scheme of Arrangement for transfer of Speciality Oleo Chemicals and Intermediate Neutraceuticals (Demerged Undertaking) of Fairchem Speciality Limited (*now known as Privi Speciality Chemicals Limited*) into our Company. For more details relating to the Composite Scheme of Arrangement, please refer to "Objects and Rationale of the Scheme" on page 32. In accordance with the Composite Scheme of Arrangement, Demerged Undertaking of Fairchem Speciality Limited (*now known as Privi Speciality Chemicals Limited*) was transferred to and vested with Company with effect from the Appointed Date 1 viz. closing of business hours on March 31, 2019 pursuant to Section 230 to 232 read with Section 66 and the applicable provisions of the Companies Act, 2013, as may be applicable amongst Fairchem Speciality Limited (*now known as Privi Speciality Chemicals Limited*) and Privi Organics India Limited and Fairchem Organics Limited and their respective shareholders and creditors. In accordance with the said Scheme, the Equity Shares of our Company shall be listed and admitted to trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to fulfilment of listing criteria by our Company as permitted by BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application for listing by our Company. Observations letters from BSE and NSE in relation to the Composite Scheme of Arrangement were granted vide their letters dated September 20, 2019.

## **ELIGIBILITY CRITERIA**

There being no initial public offering or rights issue, the eligibility criteria in terms of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 is not applicable. SEBI has vide its circular SEBI/CFD/DIL3/CIR/2017/21 dated March 10, 2017; CFD/DIL3/CIR/2017/26 dated March 23, 2017 and

CFD/DIL3/CIR/2018/2 dated January 3, 2018 (the “**SEBI Circular**”) has subject to certain conditions permitted unlisted issuer companies to make an application for relaxation from the strict enforcement of Rule 19(2)(b) of SCRR.

Our Company has submitted this Information Memorandum, containing information about our Company, making disclosures in line with the disclosure requirement for public issues, as applicable to BSE and NSE. It shall be made available to the public through the respective websites of the Stock Exchanges i.e., www.bseindia.com and www.nseindia.com and through our website on www.fairchem.in. Our Company will publish an advertisement in the newspapers containing its details as per the SEBI Circular with the details required in terms of Annexure A Part III (A) para 2 sub – clause 5 of the SEBI Circular.

#### **PROHIBITION BY SEBI**

The Company, its Promoters, its Directors, Promoter Group entities and persons in control of the corporate Promoters, have not been prohibited from accessing the capital market under any order or directions passed by SEBI.

#### **GENERAL DISCLAIMER FROM COMPANY**

The Company accepts no responsibility for any statement made otherwise than in this Information Memorandum or in the advertisement to be published in terms of SEBI Circular, or any other material issued by or at the instance of Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

#### **LISTING**

The Company has nominated BSE Limited as Designated Stock Exchange for the aforesaid listing of the Equity Shares. The Company has received in-principle approvals from BSE on December 03, 2020 and NSE on December 04, 2020 and has received approval from SEBI under 19(2)(b) of the Securities Contracts (Regulations) Rules, 1957 December 18, 2020. The Company will now apply for commencement of trading at BSE and NSE.

#### **CHANGES IN AUDITORS DURING LAST THREE FINANCIAL YEARS**

Since the Company was incorporated in the year 2019, there have been no changes in the Auditors since incorporation.

## CAPITAL STRUCTURE

The share capital of our Company as on the date of this Information Memorandum is set forth below:

Particulars	Aggregate Value in Lakhs (in ₹)
<b>Authorised Share Capital</b>	
2,00,00,000 Equity Shares of ₹ 10 each	2,000.00
<b>Total</b>	<b>2,000.00</b>
<b>Issued, Subscribed and Paid up Capital</b>	
1,30,20,902 Equity Shares of ₹ 10 each	1,302.09
<b>Total</b>	<b>1,302.09</b>

### NOTES TO THE CAPITAL STRUCTURE

#### 1. Details of changes in Authorized Share Capital:

Since the incorporation of our Company, the authorised share capital of our Company has been altered in the manner set forth below:

Particulars of change		Date of shareholders' Meeting	AGM / EGM
From	To		
₹ 1,00,000 consisting of 10,000 Equity Shares of ₹ 10/- each.	₹ 20,00,00,000 consisting of 2,00,00,000 Equity Shares of ₹ 10/- each.	August 10, 2020	EGM

#### 2. History of Equity Share Capital of our Company:-

Date of allotment /fully paid up	No. of Equity Shares allotted	Face value (₹)	Issue price (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up share capital (₹)
March 16, 2019	10,000	10	10	Cash	Subscription to the MOA <sup>(1)</sup>	10,000	1,00,000
August 12, 2020	(10,000)	10	-	-	Cancellation of Equity Shares <sup>(2)</sup>	-	-
August 26, 2020	1,30,20,902	10	-	Consideration other than cash	Allotment pursuant to the Scheme <sup>(3)</sup>	1,30,20,902	13,02,09,020

<sup>(1)</sup> Allotment of 9,994 equity shares to Privi Speciality Chemicals Limited (formerly known as Fairchem Speciality Limited), 1 equity share to Venkateswaran Anatharaman, 1 equity share to Ajit Prabhashnker, 1 equity share to Deepak Parida, 1 equity share to Nahoosh Jariwala, 1 equity share to Rajen Jhaveri, 1 equity share to Kaushik Bhatt as nominees of Privi Speciality Chemicals Limited (formerly known as Fairchem Speciality Limited).

<sup>(2)</sup> Cancellation of 10,000 Equity Shares pursuant to the Composite Scheme of Arrangement.

<sup>(3)</sup> Allotment of 13,020,902 Equity Shares to the eligible shareholders of Privi Speciality Chemicals Limited (formerly known as Fairchem Speciality Limited) as on the record date fixed for the purpose i.e. August 24, 2020, pursuant to the Composite Scheme of Arrangement.

3. Other than the allotment of Equity Shares pursuant to the Scheme, our Company has not allotted any Equity Shares for consideration other than cash.

4. As on the date of this Information Memorandum, our Company does not have any preference share capital.

#### 5. Shareholding of our Promoter and Promoter Group and directors/partners of our corporate Promoters

Sr. No.	Name of the Shareholder	As on date of Information Memorandum	
		No. of Equity Shares	%
<b>Promoter</b>			
1	Utkarsh Bhikhoobhai Shah	8,333	0.06 %

Sr. No.	Name of the Shareholder	As on date of Information Memorandum	
		No. of Equity Shares	%
2	Mahesh P Babani	8,62,116	6.62 %
3	Mahesh Purshottam Babani HUF	597,240	4.59 %
4	Doppalapudi Bhaktavatsala Rao	2,41,020	1.85 %
5	Nahoosh Jayvadan Jariwala	Nil	NA
6	Nahoosh Tradelink LLP	221,006	1.70 %
7	Jariwala Tradelink LLP	1,12,327	0.86 %
8	FIH Mauritius Investments Ltd.	63,47,609	48.75 %
<b>Sub-Total (A)</b>		<b>83,89,651</b>	<b>64.43%</b>
<b>Promoter Group</b>			
1	Seema Mahesh Babani	130,000	1.00 %
2	Snehal Mahesh Babani	130,000	1.00 %
3	Jyoti Mahesh Babani	130,000	1.00 %
4	Vinaykumar Doppalapudi Rao	159,426	1.22 %
5	Vijaykumar Doppalapudi	1,51,668	1.16%
6	Grace Vinaykumar	49,950	0.38 %
7	Sharon Doppalapudi	52,848	0.48 %
8	Premaleela Doppalapudi	59,058	0.45 %
9	Rajkumar Doppalapudi	148,608	1.14 %
10	Prasanna Raj	61,758	0.47 %
11	Rameshbabu Gokarneswararao Guduru	20,103	0.15 %
12	Moneymart Securities Private Limited	68,904	0.53 %
13	Vivira Investment and Trading Private Limited	63,306	0.49 %
14	Vivira Chemicals Private Limited	26,586	0.20 %
15	FIH Private Investments Limited	1,083	0.01 %
<b>Sub-Total (B)</b>		<b>12,53,298</b>	<b>9.63%</b>
<b>Total Promoter and Promoter Group (A+B)</b>		<b>96,42,949</b>	<b>74.06%</b>

Neither any directors of FIH Mauritius Investments Ltd nor any designated partners of Nahoosh Tradelink LLP and Jariwala Tradelink LLP hold any Equity Shares in our Company.

#### 6. Build-up of the Promoter's Shareholding in our Company

The build-up of the Equity shareholding of our Promoters since incorporation of our Company is set forth in the table below:

Name of the Promoter	Nature of transaction	Date of allotment	No. of equity shares	Face Value per equity share (in ₹)	Issue Price/Transfer Price (in ₹)
Utkarsh Bhikhoobhai Shah	Pursuant to Scheme	August 26, 2020	8,333	10	-
Mahesh P Babani			8,62,116		
Mahesh Purshottam Babani HUF			597,240		
Doppalapudi Bhaktavatsala Rao			2,41,020		
Nahoosh Jayvadan Jariwala			Nil		
Nahoosh Tradelink LLP			221,006		
Jariwala Tradelink LLP			1,12,327		
FIH Mauritius Investments Ltd.			63,47,609		
<b>Total</b>					

## **7. Details of Lock-in**

In accordance with paragraph (III)(A)(3) of Annexure 1 of the SEBI circular bearing no. CFD/DIL3/CIR/2017/21 as amended by SEBI circular bearing no. CFD/DIL3/CIR/2018/2 dated January 3,2018, the shareholding of our Promoter and the shareholders of our Company is exempt from lock-in, since the shareholding of our Company post effectiveness of the Scheme is exactly similar to the shareholding pattern of Privi Speciality Chemicals Limited (*formerly known as Fairchem Speciality Limited*).

## 8. Shareholding Pattern

The table below represents the equity shareholding pattern of Company as on date of this Information Memorandum:

C a t e g o r y	Category of Shareholder	No. of shareholders	No. of fully paid up equity shares held	N o. of P a r t l y p a i d - u p e q u i t y s h a r e s h e l d	N o. of s h a r e s u n d e r l y i n g D e p o s i t o r y R e c e i p t s	Total no. of shares held	Share holding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
								No of Voting Rights	Total as a % of (A+B+C)			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
I	II	III	IV	V	VI	VII = IV + V+ VI	VIII	IX		X	XI = VII + X	XII		XIII		XIV
A	Promoter and Promoter Group	22	96,42,949	-	-	96,42,949	74.06	96,42,949	74.06	-	74.06	-	-	-	-	96,42,949
B	Public	9,374	33,77,953	-	-	33,77,953	25.94	33,77,953	25.94	-	25.94	-	-	-	-	33,76,725
C	Non Promoter- Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>9,396</b>	<b>1,30,20,902</b>	-	-	<b>1,30,20,902</b>	<b>100.00</b>	<b>1,30,20,902</b>	<b>100.00</b>	-	<b>100.00</b>	-	-	-	-	<b>1,30,19,674</b>

9. **The list of the shareholders of the Company aggregating to 80% or more of the paid up share capital of the Company:**

- a. As on the date of the filing of this Information Memorandum, our Company has 9,396 shareholders.
- b. As on the date of this Information Memorandum and ten days prior to the date of this Information Memorandum:

Sr. No.	Name of Shareholders	Number of Equity Shares	% of the total Paid-up Share Capital
1.	FIH Mauritius Investments Ltd	63,47,609	48.75
2.	Mahesh P Babani	8,62,116	6.62
3.	Banbridge Limited	8,20,638	6.30
4.	Mahesh Purshottam Babani HUF	5,97,240	4.59
5.	Doppalapudi Bhaktavatsala Rao	2,41,020	1.85
6.	Rajesh Harichandra Budhrani	2,37,493	1.82
7.	Nahoosh Tradelink LLP	2,21,006	1.70
8.	Vinaykumar Doppalapudi Rao	1,59,426	1.22
9.	Rajkumar Doppalapudi	1,34,136	1.03
10.	Seema Mahesh Babani	1,30,000	1.00
11.	Jyoti Mahesh Babani	1,30,000	1.00
12.	Snehal Mahesh Babani	1,30,000	1.00
13.	SBI Small Cap Fund	1,29,576	1.00
14.	Jariwala Tradelink LLP	1,12,327	0.86
15.	Vijaykumar Doppalapudi	1,07,406	0.82
16.	Moneymart Securities Pvt Ltd	68,904	0.53
17.	Vivira Investment and Trading Pvt Ltd	63,306	0.49
18.	Prasanna Raj	61,758	0.47
19.	Premaleela Doppalapudi	59,058	0.45
20.	Sharon Doppalapudi	52,848	0.41
21.	Grace Vinaykumar	49,950	0.38
22.	Vijay Kumar Doppalapudi	44,262	0.34
23.	Vivira Chemicals Private Limited	26,586	0.20
24.	Rameshbabu Gokarneswararao Guduru	20,103	0.15
25.	Utkarsh Bhikhoobhai Shah	8,333	0.06
26.	FIH Private Investments Ltd	1,083	0.01
	<b>Total</b>	<b>1,08,16,184</b>	<b>83.07</b>

- c. *One year prior to the date of this Information Memorandum:*

Sr. No.	Name of Shareholders	Number of Equity Shares	% of the then existing Paid-up Share Capital
1.	Privi Speciality Chemicals Limited (formerly known as Fairchem Speciality Limited)*	10,000	100.00
	<b>Total</b>	<b>10,000</b>	<b>100.00</b>

\*It includes the six nominee shareholders.

- d. *Two years prior to the date of this Information Memorandum:*

Our Company was incorporated on March 27, 2019. Accordingly, there were no shareholders two years prior to the date of this Information Memorandum.

10. Our Company reserves the right, subject to applicable law and requisite approvals, to alter its capital structure at any time, including after the date of this Information Memorandum. Such alteration may be in any permissible manner, including by way of split or consolidation of the denomination of Equity Shares, or by way of any mode of further issue of securities (including issue of securities convertible into or exchangeable directly or indirectly for Equity Shares).
11. As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.

12. Except for the allotment of the Equity Shares pursuant to the Scheme, no Equity Shares have been issued pursuant to a scheme approved under Sections 230 to 232 of the Companies Act, 2013.
13. Except for the allotment of Equity Shares pursuant to the Scheme, our Company has not issued any Equity Shares or preference shares during a period of one year preceding the date of filing this Information Memorandum.
14. Our Company does not have any employee stock option scheme as on the date of this Information Memorandum.
15. Our Company has not issued any Equity Shares out of revaluation reserves.
16. As on the date of this Information Memorandum, none of the Equity Shares of our Company are pledged.
17. Our Company and our Directors have not entered into any buy-back, standby or similar arrangements to purchase equity shares of our Company from any person
18. There shall be only one denomination of equity shares of our Company, subject to applicable the regulations.
19. Other than pursuant to the Scheme, the members of the Promoter Group, the Promoters, our Directors and their relatives and the directors/partners of corporate Promoters have not purchased or sold, directly or indirectly, any securities of our Company during the period of six months immediately preceding the date of this Information Memorandum.
20. There have been no financing arrangements whereby our Promoters, any member of our Promoter Group, our Directors and their relatives and the directors/partners of our corporate Promoters have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of this Information Memorandum.
21. None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, except as stated in the chapter titled *Our Management* beginning on page 51 of this Information Memorandum.
22. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Information Memorandum.
23. Our Company and the Directors have not entered into any buyback arrangements and or any other similar arrangements for the purchase of Equity Shares of our Company.

## **OBJECTS AND RATIONALE OF THE SCHEME**

### **The text of the Rationale as provided in the Composite Scheme of Arrangement and Amalgamation:**

#### **Quote**

- 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.

#### **APPROVALS WITH RESPECT TO COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION**

The NCLT vide its order dated June 30, 2020 has sanctioned the Composite Scheme of Arrangement and Amalgamation. In accordance with the said Scheme, the equity shares of our Company issued subject to applicable regulations shall be listed and admitted to trading on the BSE and NSE. Such listing and admission for trading is not automatic and will be subject to such other terms and conditions as may be prescribed by the Stock Exchanges at the time of application by our Company seeking listing.

#### **AGREEMENTS EXECUTED FOR REALIGNMENT OF SHAREHOLDING**

With the intent of separating the management of the Demerged Undertaking from the other businesses carried out by the Transferor Company (including the business of Transferor Company), and to realign their inter se shareholding in the Transferor Company and the Resulting Company post the Scheme coming into effect, the promoter shareholders of the Company had entered into 2 (two) share purchase agreements on May 22, 2019 vis-à-vis their shareholding in the Resulting Company. The transactions under both such agreements are subject to satisfaction of customary contractual conditions precedent and requirements under applicable law. With the same objective, the promoters of the Company have also entered into a

shareholders agreement on May 22, 2019 which became effective upon the Scheme coming into effect (i.e. on August 12, 2020). Please refer to the section '*Our History and certain other Corporate Matters*' in relation to further details in relation to the shareholders' agreement (under the heading 'Shareholder's Agreement') and share purchase agreements (under the heading 'Other Material Agreements').

## STATEMENT OF POSSIBLE TAX BENEFITS

### STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

To,

**The Board of Directors**

**Fairchem Organics Limited**

Plot A-71, TTC Industrial Estate,  
Nr. Thane Belapur Road,  
Kopar Khairane, Navi Mumbai - 400 709,  
Maharashtra, India

Dear Sir/Ma'am,

Sub: Statement of possible tax benefits available to Fairchem Organics Limited ('FOL' or 'Company') and its shareholders under the applicable Indian tax laws.

We hereby confirm that the enclosed annexure of statement of tax benefits, prepared by FOL states the possible tax benefits available to the Company and the shareholders of the Company under the Income-tax Act, 1961 ('Act') as amended by Finance Act 2019. Several of these benefits are dependent on the Company and/or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

The benefits discussed in the enclosed statement of tax benefits are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and based on our understanding of the business activities and operations of the Company.

We do not express an opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain the benefits as per the Statement in future
- The conditions prescribed for availing the benefits, wherever applicable have been/ would be met with and
- The revenue authorities/courts will concur with the views expressed herein

Notwithstanding anything to the contrary, this advice was prepared exclusively for the Company in relation to the Information Memorandum and is based on the facts as presented to us as at the date the advice was given. The advice is dependent on specific facts and circumstances and may not be appropriate to another party.

Neither we, nor our Partners/ Directors, employees and I or agents, owe or accept any duty of care or any responsibility to any other party, whether in contract or in tort (including without limitation, negligence or breach of statutory duty) however arising, and shall not be liable in respect of any loss, damage or expense of whatever nature which is caused to any other party.

For Jhaveri Shah & Co  
Chartered Accountants  
ICAI Firm Reg. No. 127390W

Ronak Shah  
Partner  
Membership No. 102249  
UDIN: 20102249AAAAEC1518

Place: Ahmedabad  
Date: August 27, 2020

Encl:- Statement of Tax Benefits

## ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS

*The information provided below sets out the possible tax benefits available to Fairchem Organics Limited ('FOL' or 'the Company') and its equity shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares, under the tax laws currently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.*

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION AS WELL AS IN RESPECT OF THE POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY.

### **A. Special tax benefits available to the company**

There are no special tax benefits available to the company.

### **B. Special tax benefit available to the shareholder**

The shareholders of the Company are not entitled to any special tax benefits under the Act.

Note:

- The above statement of Tax Benefits set out the possible tax benefits available to the Company and its shareholders under the current tax laws presently in force in India.
- This Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
- We have not commented on the taxation aspect under any law for the time being in force, as applicable, of any country other than India.
- Our views expressed in this statement are based on the facts and assumptions as indicated in the statement. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

## SECTION V – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*You should read the following summary together with the section "Risk Factors" on page 13 and the more detailed information about us and our financial results included elsewhere in this Information Memorandum. The information presented in this section has been obtained from various publicly available sources, including industry websites and publicly available industry reports. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness, and underlying assumptions are not guaranteed, and their reliability cannot be assured.*

*Accordingly, none of our Company or any person or advisor associated with our Company, has independently verified this information or takes any responsibility for the data, projections, forecasts, conclusions, or any other information contained in this section. Industry sources and publications are also prepared on information as on specific dates and may no longer be current or reflect market trends. Accordingly, you should not place undue reliance on, or base any investment decisions on, this information.*

#### SPECIALTY CHEMICALS GLOBAL SCENARIO

The global specialty chemicals market size is expected to reach USD 844.2 billion by 2027, according to a new report by Grand View Research, Inc., expanding at a CAGR of 3.7% over the forecast period. Higher performance achieved by the application of specialty chemicals when compared to their conventional counterparts is expected to be one of the prime market growth factors.

According to the European Chemical Industry Council (Cefic), specialty chemicals accounted for more than 25.0% of the total production in the EU region in FY 2018. Increasing disposable income, growing awareness, healthcare spending, construction spending, infrastructural development, and population growth are factors likely to increase the product sales across end-use industries such as construction, personal care, and cosmetics, pharmaceutical and nutraceuticals, food, automotive, and electronics. It is further expected to be accelerated by the growing consumer demand for energy that has driven the product consumption in oil and gas end-use.

Participation in R&D along with new and innovative product launches is one of the factors driving intense competition among the players. Compliance with the national and international norms for sustainable manufacturing and distribution along with acquiring certifications such as USDA and GMP is one of the major concerns among the manufacturers involved in domestic as well as offshore businesses. However, trade halts, supply chain disruptions, and industrial shutdowns caused by the impact of COVID-19 in some of the major economies such as the U.S., Iran, and China are likely to add on to the industry challenge in 2020.

#### Speciality Chemicals Market Highlights

- Production capacity expansion among the manufacturers along with their focus towards the adoption of high-performance ingredients are expected to be the key market growth factors
- Asia Pacific is anticipated to remain one of the prominent markets, holding a value share of 46.8% for electrical and electronics products owing to the dominance of China in terms of production capacity
- Significant growth opportunities are expected to be witnessed in nutraceuticals, flavors and fragrances product segments
- Rising awareness regarding healthy lifestyle and the benefits of natural and plant-based ingredients are the factors expected to foster the demand for pharmaceutical and nutraceutical additives
- The customized product offering for target customer is expected to expand the product portfolio of the manufacturers
- Business strategies including R&D investment, innovation, and strategic alliance with other players in order to increase product penetration and profit margins are likely to be witnessed more during the forecast period.

**Source:** Grand View Research ([www.grandviewresearch.com](http://www.grandviewresearch.com))

#### SPECIALTY CHEMICALS INDIAN SCENARIO

- The Chemical industry in India provides several building blocks and raw materials for many industries, including textiles, paper, paints, soap and detergents, pharmaceuticals and agrochemicals.
- The Chemical industry (including fertilizers and pharmaceuticals) in India stands at USD 178 Bn as of 2019 which is expected to reach USD 304 Bn by 2024-25 at an annual growth rate of 9.3%.
- India's Chemical Industry ranks at the 6th position in the world and 4th position in Asia in terms of size

### Investment Outlook

The Specialty Chemicals industry has played a pivotal role in the growth story of the chemical industry in India. India continues to be one of the fastest growing markets in the Global Specialty Chemicals industry.

Indian Specialty Chemicals industry is estimated to grow at 12%+ CAGR over the next 5 years to reach USD 64 billion by 2025.

Globally, the Specialty chemicals market is transforming significantly and the sector is becoming more cost-conscious. India has the right manpower, skills and low costs to make the best of this global opportunity.

To become self-reliant (Atmanirbhar) and a net exporter of high-value chemicals, it is important to highlight the true potential of the Indian Specialty chemical industry. Presently, Covid-19 is one of the biggest disaster mankind has ever faced in recent times, bringing disruption to human life worldwide. With no vaccine or treatment currently in place, containment & social distancing have become the only solutions to prevent the spread of the highly contagious virus. During this time, it makes sense to prepare for the upcoming challenges using all the technology available at our disposal to ensure business continuity and build the capability to mitigate those challenges.

Source: FICCI

### Speciality Chemicals End-User Market Demand and Market Size

The end-user future demand for speciality chemicals along with market size (FY 23) is mentioned below:

Products	Estimated Growth Rate	Expected Market Size (US\$ mn)
Surfactants	11.36%	2,742.86
Flavours	9.70%	714.29
Fragrance	13.80%	800.00
Polymer additives	7.95%	1,419.57
Textile chemicals	11.00%	2,857.14
Paints and coatings	11.00%	7,878.00
Colourants- Dyes and pigments	9.00%	11,857.14
Water chemicals	14.00%	1,426.00
Construction chemicals	14.80%	1,980.00
Personal care ingredients	12.90%	2,049.00

Source: Petroleum, chemical and petrochemical investment region rejuvenation study Report, 2019 (<http://ficci.in/study-page.asp?spid=23135&sectorid=7>)

### OLEO CHEMICALS INDUSTRY - OVERVIEW

The global oleo chemicals market size was valued at USD 30.03 billion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 5.8% from 2020 to 2027. The growth in the market can be attributed to increasing prices of petrochemicals and a shift in the trend toward sustainable chemicals. In terms of production and product penetration, increasing demand for biopolymers is also projected to positively influence market growth.

Increasing demand for bio-based products from various end-use industries such as soaps & detergents, pharmaceuticals and personal care is expected to remain a key driving factor for the global oleo chemicals market. Industry has shifted its focus towards developing bio-based products on account of volatility in

petrochemicals prices due to supply demand imbalances which is also expected to have a positive influence on oleo chemicals demand over the forecast period. Initiatives from different environmental associations regarding toxic emissions from petrochemicals are expected to further help oleo chemicals penetrate the market on account of its biodegradable and renewable raw materials.

Oleo chemical products are used in various end-use industries including personal care, food additives, surfactants, and pharmaceuticals. Polyamide and polyols are manufactured using oleo chemical advanced routes which are used in producing polyurethane, a major raw material for fabric industry. Growth of these end-use industries particularly in emerging economies of India, China and Brazil is also expected to drive the demand for oleo chemicals. Availability of key feedstock on account of overlapping with other applications is expected to remain a key challenge for market participants over the next six years.

Asia Pacific, along with being the most significant consumer, is also the largest producer of oleo chemicals and accounts for over half of the global production. Easy availability of feedstock and rapid expansion of major end-use industries are expected to drive the regional market over the forecast period. Indonesia and Malaysia are the primary producers of base products for oleo chemicals.

China is a prominent consumer of oleo chemicals in the Asia Pacific region. The total import quantity for these products includes more than 2 million tons per year. Palm stearin is one of the significant products in the category of industrial oil, which is imported in a large quantity for the production of oleo chemicals. Availability of unsaturated oil in the country can create a potential for oleo chemical derivatives, such as polyols and bio-lubricants.

### Domestic Market

Indian Oleo Chemical players are well positioned with abundant raw material supply, lower manpower cost and improving infrastructure which should be the key market drivers for the industry at large. Fatty acids, Fatty Alcohol and Methyl Ester and Refined Glycerin are basic Oleo Chemicals which then go into end use application of Surfactant, Soap and Detergents, Cosmetics, Food Emulsifiers, Paints and Inks & Lubricants. In India while processing crude soft vegetable oils like SSCC, Groundnut and Rapeseeds 3 key products are generated by these oil refineries

- Prime Oil (~98.5%)
- Acid Oil (AO) (~1.25%)
- Deodorizer Distillate (DOD) (~0.25%)

The Prime Oil is converted into oils for edible purpose and AO and DOD which are composed of Free Fatty Acids, Mix Glycerides and other important nutraceutical products are sold to chemical companies to derive fatty Acids. AO from different sources of Vegetable Oil can generate varied Fatty Acids that have different application

Oils	By-product	Fatty Acids	Application
SSCC, Groundnuts, Rice Bran & Rapeseeds	Acid Oils	Palmitic, Linoleic, Dimer, Monomer	Inks & Paints, Epoxy hardeners
SSCC, Groundnuts, Rice Bran & Rapeseeds	Deodorizer Distillate	Mixed Tocopherol, Distilled Fatty Acids	Natural Vitamin E Low grade resins and Soap'
Palm, Palm Kernel & Coconut	Deodorizer Distillate	Stearic, Lauric, Distilled Fatty Acids	Soap Noodles, Rubber Tyre, Cosmetic

### Applications

Oleochemicals are used in various applications, including personal care, surfactants, soaps, food additives, and detergents. Major chemical manufacturers, such as BASF SE, DuPont, Solvay, DSM, Lanxess, and Arkema, are incorporating bio-based chemicals for polymer manufacturing, which is expected to have a positive impact on the global market. Moreover, the introduction of newer, better quality products that can replace petrochemical-based products is expected to create growth opportunities for oleochemicals manufacturers.

Oleo-Chemicals	Application
Fatty Acids	<ul style="list-style-type: none"> <li>o Soaps &amp; Detergents</li> <li>o Intermediates</li> <li>o Plastics</li> <li>o Rubber</li> </ul>

- o Paper
  - o Lubricants & Greases
  - o Personal Care
  - o Others
- Fatty Alcohols
- o Soaps & Detergents
  - o Personal Care
  - o Lubricants
  - o Amines
  - o Others
- Glycerol
- o Personal Care & Pharmaceuticals
  - o Alkyd Resins
  - o Foods & Beverages
  - o Polyether Polyols
  - o Tobacco Humectants
  - o Other

Oleochemicals are widely used in the manufacturing of surfactants, which are further used in several end-use industries, including cosmetics, laundry detergents, personal care, and lubricants.

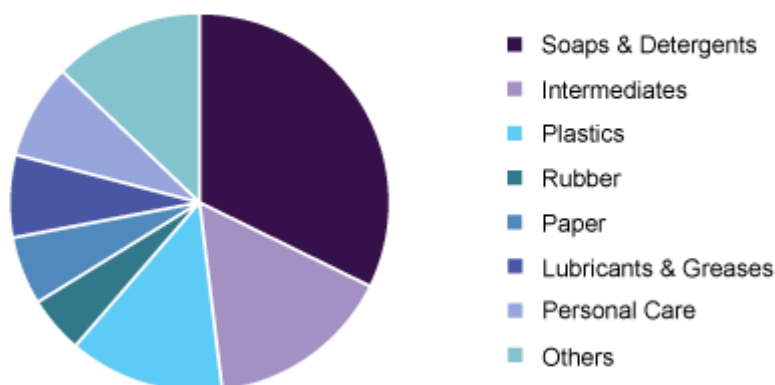
Personal care & cosmetics is a prominent application segment of the surfactants market, as surfactants are broadly used in the formulation of hair care, skin care, creams, gels, ointments, and other products. In addition, the retail sector in developing countries, such as Brazil, India, and China, are becoming well-organized, which is anticipated to trigger the growth of the personal care & cosmetics industry, in turn, boosting the demand for oleochemicals for surfactant production.

Oleochemicals, such as glycerin and particularly Methyl Ether Sulfonate (MES), are gaining importance as substitutes for Linear Alkylbenzene (LAB) in the production of surfactants. In addition, consumer preference for bio-based chemicals over conventional petrochemicals is anticipated to drive the product demand further.

Compliance with the national and international regulatory norms for sustainable cultivation, manufacturing and distribution along with acquiring certifications, such as USDA, has turned out as a significant driving factor for manufacturers involved in domestic as well as offshore businesses.

Fatty acid emerged as the largest product segment in 2019, both in terms of volume and revenue, owing to the high demand for fatty acids from various end-use industries including soaps & detergents, intermediates, plastics, rubber, paper, lubricants & greases, personal care, textile, food processing, paints & inks, healthcare & pharmaceuticals, and agrochemicals.

## Global fatty acid market share, by application, 2019 (%)



Source: [www.grandviewresearch.com](http://www.grandviewresearch.com)

### Key Market Trends & Drivers

- The continued push to replace petrochemical-based solutions; new uses, and applications based on green chemicals are driving the growth of oleo chemicals market revenue.
- Oleo chemicals investment opportunities within and beyond Asia-Pacific region and stronger vertical integration offered by raw material based companies are fuelling the rationalization opportunities.
- Rapid growth in the production of palm oil and kernel oil is one of major factors in oleo chemicals market growth. Reliable, efficient, and cost effective oleo chemical plants are poised to cater to incrementing demands.
- There is an increase in the adoption of bio-based lubricants which are replacing synthetic and traditional lubricants in order to improve the efficiency of vehicles. This has bolstered the oleo chemicals market size by many folds.
- Recent advancements in these chemicals lead to new applications in polymers and bio-surfactants in addition to soaps and detergents.
- There are growing number of investments from global companies such as Emery Oleo, Wilmar, and BASF in the oleo chemicals market.
- Adoption of oleo chemicals is increasing from diverse range of industries as they want to avoid environment pollution.

### Competitive Analysis

- Emery Natural Oleochemical, Oleon, Wilmar International, Kuala Lumpur Kepong Berhad, and IOI Oleo GmbH are the key players holding major oleo chemicals market shares. On the other hand, Clariant AG, BASF SE, Croda International, P&G Chemicals, Dow Chemicals, and Vanatge Specialty Chemicals Inc. are major derivative manufacturing companies.
- In 2017, BASF SE experienced a 7% increase in sales of care chemicals. Increased prices of oleo chemical surfactants and fatty alcohols reflected a positive effect on sales growth for the same year.
- Oleon opened a new isostearic acid unit in 2018, which is a significant piece of oleo chemical technology and it enables an innovative solution for high-end applications namely cosmetics.
- In 2018, Wilmar implemented Inventure Supercritical Technology in China. This technology is aimed to produce fatty acid methyl esters for oleo chemicals and also to manufacture bio-based oleo chemicals.
- P&G Chemicals provide oleo chemicals, which are used as inerts and adjuvants in agrochemical applications. These oleo chemicals products are widely used in lubricants, metal works, and textile applications

- Emery Natural Oleo chemical's new product innovation named as EMEROX Polyols. It provides increased efficiencies and sustainability with improved performance properties to the end users. It also acts as an effective raw material in the manufacturing process of polyurethane products which is a significant material used in the automobile and construction industry to make foams.

Oleo chemicals are the chemicals which are extracted from plants and animal fats or oils. Growing demand for biodegradable products is making a positive impact on the adoption rate of these chemicals. They have wide range of applications in soaps and detergents, food and beverage, household and personal care products, agriculture, automotive, and construction industries. These factors altogether are propelling the market growth in the near future.

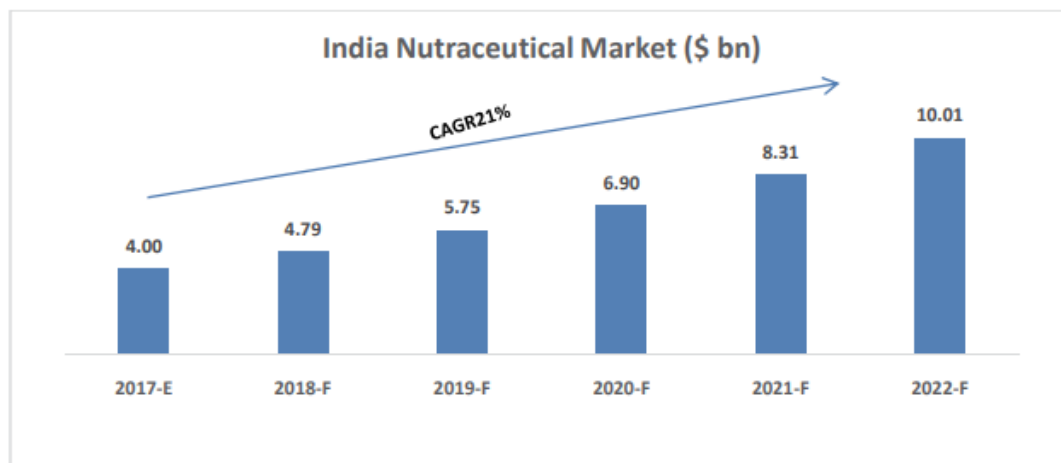
Source: Grand View Research ([www.grandviewresearch.com](http://www.grandviewresearch.com))

## INDIAN NUTRACEUTICAL INDUSTRY – AN OVERVIEW

### Indian Nutraceutical Market

The Indian Nutraceuticals market is expected to grow from \$ 4 Bn in 2015 to \$ 10 Bn in 2022. This represents a huge growth of 21% growth annually

#### CHART



Source: <http://www.mrssiindia.in/uploads/reports/pdf/assocham-knowledge-report-on-nutraceuticals-released-at-3rd-national-symposium-6.pdf>

### Growth Drivers in Indian Nutraceuticals Market

- Better GDP growth rate among the trillion-dollar economies;
- A large coastline spanning over 7,500 kms, with over 12 major and 200 minor ports make it an ideal manufacturing hub for the global value chain;
- India is home to largest number of US FDA approved plants located outside the US, a strong testament to its ability to line itself against global competitors;
- India has the lowest labour costs among South Asia and South East Asian Nations ;
- India has ample availability of ingredients – India is the world's second largest producer of fruits and vegetables, largest producer of milk and as of 2016, was the third largest market for active pharmaceutical ingredients;
- A significant increase in internet penetration has helped increase the availability and visibility of nutraceuticals in the market, due to which, by 2020, nearly 40 percent of the total spend on FMCG in India will be influenced by digital media, a market opportunity of over US \$45 billion.

Source: <https://www.investindia.gov.in/team-india-blogs/growing-nutraceuticals-market-india>

## OUR BUSINESS

*In this section, unless the context otherwise requires, a reference to “our Company” or to “we”, “us” and “our” refers to Fairchem Organics Limited including Demerged undertaking transferred pursuant to composite scheme of arrangement.*

### OVERVIEW OF THE BUSINESS

Fairchem Organics Limited (“FOL”) was incorporated on March 27, 2019 as a wholly owned subsidiary of Privi Speciality Chemicals Limited (*formerly known as Fairchem Speciality Limited*). The Composite Scheme of Arrangement was aimed at demerger of “Speciality Oleo Chemicals and Intermediate Nutraceuticals (Demerged Undertaking)” of Fairchem Speciality Limited into Fairchem Organics Limited. The Scheme was sanctioned by NCLT vide order dated June 30, 2020 (certified copy received on August 03, 2020) and is effective with the Appointed Date 1 being closing of the business hours on March 31, 2019.

Pursuant to the Scheme, the Speciality Oleo Chemicals and Intermediate Nutraceuticals Business operated by Fairchem Speciality Limited (*now known as Privi Speciality Chemicals Limited*) stands demerged in our Company operative from August 12, 2020.

### OUR PRODUCTS

Main products : (A) Dimer Acid, (B) Linoleic Acid / Soya Fatty Acid and (C) Mixed Tocopherol Concentrate / Sterols;

Other Products: (A) Palmitic Acid, (B) Monobasic Acid, (C) Distilled Fatty Acid and (D) Residue.

Sr. No.	Product Segment	Image	End User	Raw material required	Application
1	Dimer Acid	Liquid	Manufacturing Companies	Linoleic / Oleic Acid	Epoxy hardener, printing ink, paints
2	Linoleic Acid	Liquid		Acid Oil	Paints and Inks
3	Mixed Tocopherol Concentrate	Viscous		Fatty Acid	Tocopherols / Natural Vitamin E, Pharmaceutical, Pet Food, Cosmetics
4	Palmitic Acid	Liquid		Acid Oil	For use in superior / branded soaps
5	Monobasic Acid	Liquid		Linoleic / Oleic Acid	Paints and Resins
6	Distilled Fatty Acid	Liquid		Acid Oil / Fatty Acid	Soaps, Paints, Textiles

Our manufacturing facility is situated at 253/P and 312, Village Chekhala, Sanand – Kadi Highway, Taluka Sanand, District Ahmedabad – 382 115, Gujarat. Our Company is engaged in processing of waste or by-products of certain kinds of vegetable oil refineries. The raw materials are purchased on ‘as is where is basis’ as no technical specifications are available or given by suppliers due to inherent nature of the materials. Our Company derives multiple product streams from processing of such raw materials. In view of this, the installed capacity for the Company is measured in terms of throughput of different raw materials. The average capacity utilization during F.Y. 2019-20 was more than 90%. Installed capacity of our Company is 72,000 metric tones per annum in terms of throughput of raw materials. The installed capacity in case of our Company is measured in terms of throughput of raw materials and not by aggregating output of different finished products due to the following reason:

Our raw materials are by-products (which are as good as waste products) purchased by us on ‘As is where is basis’ without any technical specifications. This, in other words, means that we cannot subsequently raise quality issue or reject the material. The quality of raw materials differ from one supplier to another supplier and in some cases, from the same supplier depending on season in the country. We are thus collecting raw materials from across India and abroad having different ingredients. Accordingly, while processing the same, the yield of different finished products vary and so it is not possible to fix a particular ratio or norm regarding yield of prime products from processing of such raw materials. This, therefore, is the reason for measuring installed capacity in terms of throughput of raw materials.

### OUR COMPETITIVE STRENGTHS

**Long standing relationship with our customers**

We have established relationships with our key customers. For instance, we conduct business with Asianpaints Limited on the basis of purchase orders and they have been our customer for more than 17 years. We believe that as a result of our diversified customer base and our long standing relationships with our customers, we are well equipped to retain our presence in the market and build upon these relationships to increase our product base and reach out to new customers.

### **Experienced senior management**

We have a strong and experienced management team which we believe has positioned our business well for continued growth and development. Our management team has significant experience in the areas of finance, manufacturing, quality control, strategy, raw material sourcing, process re-engineering and business development.

We believe that the knowledge and experience of our management team provides us with a significant competitive advantage as we seek to grow in our existing markets and enter new segments and geographies. We believe our management team has demonstrated its ability to execute our business plan and has the skills and experience needed to implement our strategic objectives related to our business and expansion in the future.

## **OUR BUSINESS STRATEGIES**

### **Leveraging our market skills and relationship**

We aim to enhance the growth by leveraging our customer relationship and further enhancing customer satisfaction. We plan to increase our customers by meeting orders in hand on time, maintaining our customer relationship and renewing our relationship with existing buyers

### **Continuing innovation, technology upgrade and cost improvements**

Continuous innovation in our manufacturing process, technology upgrade and cost improvement is a norm at our Company. Our qualified and technical teams try and ensure minimal wastage and extract out maximum from the resources which we have at our disposal, be it the raw materials, be it the premises we operate in, optimum utilisation is what we believe will help us in innovating process improvements, thereby reducing costs. Additionally, we believe we use the latest technology and machinery to ensure quality and competitive product output and regularly upgrade our technology and machineries used in the manufacturing process in order to keep up market standards.

### **Attracting and retaining the quality manpower**

In our industry, people are the most valuable asset of the company and the reputation of the company will be built up by the management team. We believe the dedication of the employees and skill, integrity and technical analytical mind results in success and growth of business. The well informed, technically and professionally qualified employee will help the clients to take correct decision and thereby we can retain the clients and increase our clientele through mouth publicity of our company. We intend to continue to seek out talent to further enhance and grow our business.

## **LIST OF EQUIPMENTS AND MACHINERIES**

Our major equipment and machineries are as follows:

<b>Sr. No.</b>	<b>Equipment &amp; Machinery</b>	<b>Quantity</b>
1	Fat Splitting Plants	4
2	Distillation Plants	3
3	Wiped Film Evaporator	3
4	Fractional plants	5
5	Autoclaves (Dimerizers)	8
6	Thermic Fluid Heaters	4
7	Steam Boilers	3
8	Cooling Towers	4
9	Power generating sets using HSD	3
10	Multiple Effect Evaporators	1
11	Reverse Osmosis	3
12	Nitrogen	1
13	Air Compressor	2
	<b>Total</b>	<b>44</b>

## **COLLABORATIONS/TIE UPS/JOINT VENTURES**

As on the date of this Information Memorandum, our Company has not entered into any technical or other collaboration/ tie ups/ joint ventures with any third parties.

## HUMAN RESOURCES

We believe that our employees are key contributors to our business success.

As of August 12, 2020, post effectiveness of the Scheme, we have 190 permanent employees as per details given below:

Department	Number of Employees
Operations including materials, stores purchase, maintenance, utility, environment and safety etc.	135
Commercial comprising of sales / marketing and raw material purchase	12
H.R. and Administration	10
Finance, accounts, direct and indirect taxation, legal and company secretarial	09
Quality Control and R & D	21
Others	3
<b>Total</b>	<b>190</b>

## COMPETITION

We face competition of varying degree from organized, unorganized and institutional providers in the each of the market that we operate in. Consequently, our competitors may have wider offerings, larger geographical reach etc. We intend to continue competing vigorously to capture more market share and manage our growth in an optimal way.

## SALES AND MARKETING

We are mainly operating in B2B segment. Our products are mostly bought by large corporates having efficient and competitive purchase processes. Further, most of our Indian customers by and large remain fixed unless someone exits from its business or someone puts up a new plant to make products which can use our product. So over a period of time, we have been able to fix the prices of our products by relating them to appropriate benchmarks which are in public domain. This ensures fair price deal.

## UTILITIES & INFRASTRUCTURE FACILITIES

Our key raw materials are Acid Oil and Fatty Acid. We purchase major portion of our raw materials directly from the vegetable oil refineries. As they are waste / by products of these refineries, the payment terms are, in most cases, immediately on receipt of materials and in some cases, by way of advance payment. Since we are in this business now for a long time and suppliers of raw materials are vegetable oil refineries which are known and are in double digits only, we have a set mechanism for lifting materials once truck load quantity is ready at the end of refinery.

We mainly use steam coal and furnace oil for our boilers etc. For electric power, we have dedicated power supply through express feeder from State Govt. owned 'Uttar Gujarat Vij Company Limited'. Ever since, we switched over from normal power supply to this supply from express feeder, we are not facing any issue. Still for meeting any contingency, we have D.G. sets as back up. HSD required for running D G set is locally and readily available.


## INSURANCE

We have obtained comprehensive general liability insurance policy as well as industrial all risk insurance with respect to our Manufacturing Facility, covering *inter alia* buildings, plant and machinery, furniture and stock located therein and a marine cargo open policy with respect to our key products and raw materials.

## INTELLECTUAL PROPERTY RIGHTS

Our Company does not own any intellectual property rights etc. as on the date of this Information Memorandum.



However, our Company is using  logo which is not yet registered in the name of our Company. For details, see "Risk Factor – "The logo used by our Company is not registered. Failure to protect our intellectual property may adversely affect our reputation, goodwill and business operations." on page 17.

## **PROPERTIES**

Our Registered Office is located at Plot A-71, TTC Industrial Estate, near Thane Belapur Road, Kopar Khairane, Navi Mumbai - 400 709. The premises are owned by Privi Speciality Chemicals Limited (*formerly known as Fairchem Speciality Limited*). Pursuant to the letter, Privi Speciality Chemicals Limited (*formerly known as Fairchem Speciality Limited*) has conveyed its no-objection towards our Company using the said premises as its registered office.. For details, see “*Risk Factors - Our Registered Office is not owned by our Company*” on page 17.

Our factory is located at 253/P and 312, Village Chekhala, Sanand – Kadi Highway, Taluka Sanand, District Ahmedabad – 382 115, Gujarat which is owned by our Company.

Our Company has also purchased a leasehold rights to land bearing Plot No. 2201 and 2202 in the Gujarat Industrial Development Corporation, Chhatral Industrial Estate developed on the land bearing block no. 135 paiki situate, lying and being at Moje Chhatral, Taluka Kalol, in the registration district and sub district of Gandhinagar from Jay Bharat Fabrics Mills Limited *vide* sale deed of leasehold rights in land and freehold construction dated December 30, 2015.

## KEY INDUSTRY REGULATIONS AND POLICIES

*The following description is a summary of certain sector specific laws and regulations in India that are applicable to our business. The information detailed below has been obtained from various legislations, including rules, regulations and bylaws that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

### ***The Factories Act, 1948 (“Factories Act”)***

The term ‘factory’, as defined under the Factories Act, means any premises which employs or has employed on any day in the previous 12 months, 10 or more workers and in which any manufacturing process is carried on with the aid of power, or any premises wherein 20 or more workmen are employed at any day during the preceding 12 months and in which any manufacturing process is carried on without the aid of power. State Governments have issued rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act requires the ‘occupier’ of a factory to ensure the health, safety and welfare of all workers in the factory premises. Further, the “occupier” of a factory is also required to ensure (i) the safety and proper maintenance of the factory such that it does not pose health risks to persons in the factory premises; (ii) the safe use, handling, storage and transport of factory articles and substances; (iii) provision of adequate instruction, training and supervision to ensure workers’ health and safety; and (iv) cleanliness and safe working conditions in the factory premises. If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment or with a fine or with both.

### ***The Indian Boilers Act, 1923 (“Boilers Act”)***

The Boilers Act seeks to regulate *inter alia*, the manufacture, possession and use of boilers. Under the provisions of the Boilers Act, an owner of a boiler is required to get the boiler registered and certified for its use, by the Inspector so appointed by the relevant State Government. In the event of the use of boilers in non-compliance with the Boilers Act, a fine may be imposed on the owner of such boiler.

### ***The Explosives Act, 1884 (“Explosives Act”)***

The Explosives Act is a comprehensive law which regulates by licensing for the manufacturing possession, sale, transportation, export and import of explosives. As per the definition of ‘explosives’ under the Explosives Act, any substance, whether a single chemical compound or a mixture of substances, whether solid or liquid or gaseous, used or manufactured with a view to produce a practical effect by explosion or pyrotechnic effect shall fall under the Explosives Act. The Central Government may, for any part of India, make rules consistent with this act to regulate or prohibit, except under and in accordance with the conditions of a license granted as provided by those rules, the manufacture, possession, use sale, transport, import and export of explosives, or any specified class of explosives. Extensive penalty provisions have been provided for manufacture, import or export, possession, usage, selling or transportation of explosives in contravention of the Explosives Act.

### ***Labour related legislations***

Depending upon the nature of the activity undertaken by us, the applicable labour enactments includes the following:

- The Apprentices Act, 1961;
- The Employee’s Compensation Act, 1923;
- The Contract Labour (Regulation and Abolishment) Act, 1970;
- Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;
- The Payment of Gratuity Act, 1972;
- The Payment of Bonus Act, 1965;
- The Maternity Benefit Act, 1961;
- The Minimum Wages Act, 1948;
- The Employee’s State Insurance Act, 1948;
- The Employees’ Provident Funds and Miscellaneous Provisions Act, 1952;

- The Payment of Wages Act, 1936;
- The Industrial Disputes Act, 1947;
- The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- The Equal Remuneration Act, 1976; and
- The Child Labour (Prohibition and Regulation) Act, 1986

In order to rationalize and reform labour laws in India, the Central Government intended to frame four labour codes, namely: (i) the Code on Wages, which has already been enacted; (ii) Code on Industrial Relations; (iii) the Labour Code on Social Security and Welfare; and (iv) the Code on Occupational Safety, Health and Working Conditions.

### **State Tax on Professions, Trade, Callings and Employment**

Profession tax is levied on every person engaged in any profession, trade, calling or employment and falling under the category described in the Schedule to such Acts, and is payable to the State Government at the rate prescribed from time to time. Profession tax is payable by a company. It is also payable by an employee; however, such a payment is deducted by the employer from the salary of the employee and is paid to the Government.

### ***Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("the EPF Act") and the Employees Provident Fund Scheme, 1952***

The EPF Act is applicable to an establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the EPF Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the EPF Act, the employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. The Central Government under section 5 of the EPF Act (as mentioned above) frames Employees Provident Scheme, 1952.

### ***Employees' State Insurance Act, 1948 (the "ESI Act")***

It is an act to provide for certain benefits to employees in case of sickness, maternity and employment injury' and to make provision for certain other matters in relation thereto. It shall apply to all factories (including factories belonging to the Government other than seasonal factories. This Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided there under. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

### ***Other Laws***

In addition to the above, our Company is also required to comply with the provisions of the Companies Act and rules framed thereunder, other applicable statutes imposed by the Centre or the State Government and authorities for our day-to-day business and operations. Our Company is also amenable to various central and state tax laws.

## OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS

### BRIEF HISTORY OF OUR COMPANY

Our Company was incorporated as a public limited company under the Companies Act, 2013 pursuant to a certificate of incorporation dated March 27, 2019 issued by the Registrar of Companies, Mumbai.

### REGISTERED OFFICE OF OUR COMPANY

The Registered Office of our Company is situated at Plot A-71, TTC Industrial Estate, near Thane Belapur Road, Kopar Khairane, Navi Mumbai - 400 709, Maharashtra, India. There has been no change of Registered Office since inception.

### CHANGES IN THE NAME OF THE COMPANY

There has been no change in the name of our Company since inception.

### CHANGES IN MEMORANDUM OF ASSOCIATION

Date of Change/Shareholder's Resolution	Nature of amendment
August 10, 2020	Pursuant to Composite Scheme of Arrangement as sanctioned by the Hon'ble National Company Law Tribunal, Bench at Mumbai vide its order dated June 30, 2020, the authorised share capital was increased from ₹ 1,00,000 divided into 10,000 Equity Shares of face value of ₹ 10/- each to ₹ 20,00,00,000 divided into 2,00,00,000 Equity Shares of face value of ₹ 10/- each

### KEY EVENTS AND MILESTONES IN THE HISTORY OF OUR COMPANY

The following table sets forth the key events and milestones in the history of our Company, since incorporation:

Year	Events
2020	Transfer and vesting of Speciality Oleo Chemicals and Intermediate Nutraceuticals (Demerged Undertaking) from Fairchem Speciality Limited ( <i>now known as Privi Speciality Chemicals Limited</i> ) to Company pursuant to the Composite Scheme of Arrangement

### MAIN OBJECTS OF OUR COMPANY

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

- 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).*
- To process by products/waste products generated during refining of any kind of edible or nonedible vegetable oils.*
- To manufacture various kinds of fatty acids, their derivatives like amines, amides, esters of different alcohol falling broadly under 'Oleo Chemicals'.*
- 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.*

### HOLDING COMPANY OF OUR COMPANY

Our Company does not have a Holding Company as on the date of the Information Memorandum.

### SUBSIDIARY COMPANY OF OUR COMPANY

Our Company does not have a Subsidiary Company as on the date of the Information Memorandum.

### JOINT VENTURES OF OUR COMPANY

Our Company has not entered into any Joint Venture as on the date of the Information Memorandum.

### DIVESTMENT OF BUSINESS / UNDERTAKING BY COMPANY

Our company has not divested any of its business / undertaking in last 10 years from the date of the Information

Memorandum.

## **SHAREHOLDERS' AGREEMENTS**

*“Shareholders’ agreement dated May 22, 2019, entered into by and among Fairfax India, Adi Group and the Company (“FOL SHA”)*

The key provisions of the FOL SHA which came into effect on August 12, 2020, are:

- (i) Board composition: The Adi Group has the right to nominate one director on the Company board as long as they hold at least 5% of the equity share capital of the Company.
- (ii) Reserved Matters: No action or decision relating to certain matters (identified as ‘Reserved Matters’ under the FOL SHA) shall be taken by the board or shareholders, without the prior written approval of Fairfax India.
- (iii) Transfer restrictions (including right of first refusal): Any shares in the Company held by the Adi Group may only be transferred by such persons or their immediate relatives, to the ‘Permitted Transferees’ of the Adi Group (as identified in the FOL SHA), subject to certain conditions, including inter alia such transferee executing a deed of adherence to the FOL SHA. Transfers to persons other than such Permitted Transferees would be subject to the right of first refusal in favour of Fairfax India. Fairfax India has the right to transfer any or all of the shares held by it to any person without any restrictions.
- (iv) Pre-emptive right: In the event the board of directors of the Company proposes to issue equity securities to any person, it is required to also offer such additional equity securities to each of Fairfax India and Adi Group (in proportion of their shareholding) at the same price on a per equity security basis, on which the equity securities are being offered to such person.
- (v) Ongoing reporting requirements: The Company is required to provide certain information and reports to Fairfax India Holdings Corporation on a quarterly and annual basis, including inter alia its quarterly/ annual financial statements, cash flow statements and auditor’s reports.

## **OTHER MATERIAL AGREEMENTS**

The following agreements have been entered into by the Company in relation to its equity shares:

- (i) *Share Purchase Agreement between the Company, FIH Mauritius Investments Ltd and members of the Privi Group dated May 22, 2019 read with amendment agreement dated September 30, 2020*: Under this agreement, upon the receipt of listing and trading approval of the Stock Exchanges for the equity shares, FIH Mauritius Investments Ltd has agreed to purchase from the Privi Group, 23,30,757 equity shares representing approximately 17.9% of the share capital, at a price of INR 575.53 per share, in accordance with the terms and subject to fulfillment of conditions under this agreement.
- (ii) *Share Purchase Agreement between the Company, members of the Privi Group, Mr. Utkarsh Shah and certain members of the Adi Group dated May 22, 2019 read with amendment agreement dated September 30, 2020*: Under this agreement, upon the receipt of listing and trading approval of the Stock Exchanges for the equity shares, Mr. Utkarsh Shah and certain members of the Adi group have agreed to purchase from the Privi group, 6,21,834 equity shares representing approximately 4.78% of the share capital, at a price of INR 575.53 per share, in accordance with the terms and subject to fulfillment of conditions under this agreement.”
- (iii) *Implementation Agreement among the Adi Group, Utkarsh Bhikhoobhai Shah, the Privi Group, Fairfax India, Fairchem Speciality Limited, Privi Organics India Limited and the Company dated May 22, 2019*: This agreement was executed to, inter alia, set out the manner of implementation of the Scheme and the rights and obligations of the respective parties thereto (including in relation to aforesaid agreements).

Upon receipt of the final listing and trading approvals, FIH Mauritius Investments Ltd, along with persons acting in concert, shall make an open offer for the minimum number of equity shares permitted under Applicable Law, in accordance with the Takeover Code. Further, as soon as reasonably practicable, after completion of the acquisition under the above SPAs, the parties have agreed to take necessary steps for the re-classification of the Privi Group to the ‘public’ category in the Company. Any non-compliance with the minimum public shareholding threshold in our Company and the re-classification of the Privi Group to the ‘public’ category will be complied with in accordance with applicable law and in such manner as may be permitted by SEBI.

The Adi Group, Utkarsh Bhikhoobhai Shah, the Privi Group and Fairfax India have also entered into a letter agreement on December 9, 2020 pursuant to which the Privi Group, the Adi Group and Utkarsh Bhikhoobhai Shah have agreed that they and their respective affiliates and persons acting in concert will not acquire any equity shares of the Company from the date of execution of the letter agreement till the expiry of 26 (twenty six) weeks after the completion of the tendering period of the proposed open offer of the Company discussed above, other than the acquisition of equity shares of the Company pursuant to the provisions of the share purchase agreements discussed at (i) and (ii) above.

#### **TIME AND COST OVERRUNS IN SETTING UP PROJECTS**

Our Company has not experienced any time and cost overrun in the past.

#### **STRIKES AND LOCK-OUT**

Our Company has not experienced any strike, lock-outs or labour unrest in the past.

#### **OTHER CONFIRMATIONS**

- There has been no rescheduling of our borrowings from financial institutions other than moratorium availed by our Company.
- Our Company does not have any strategic/financial partners.
- As on date of filing the Information Memorandum, other than pursuant to the Scheme, there has been no acquisition of business, undertakings, mergers, amalgamations or revaluation of assets.

## OUR MANAGEMENT

### BOARD OF DIRECTORS

As on the date of this Information Memorandum, our Board comprises of 6 Directors, out of which 3 are Independent Directors, including a woman Director. The composition of the Board of Directors is in compliance with the Companies Act, 2013 and the SEBI Listing Regulations.

The following table sets forth details regarding our Board of Directors as on the date of Information Memorandum:

Name, Designation, Address, Occupation, Nationality, Date of birth, Term, Period of directorship and DIN	Age (in years)	Other directorship
<p><b>Name:</b> Utkarsh Bhikhoobhai Shah</p> <p><b>Designation:</b> Chairman and Non-Executive Director (Additional)</p> <p><b>Address:</b> Anantam Bunglow, Rajpath Rangoli 100 Ft Road, Nr. Shashwat Bunglows, Ahmedabad - 380054</p> <p><b>Occupation:</b> Business</p> <p><b>Nationality:</b> Indian</p> <p><b>Date of Birth:</b> December 30, 1960</p> <p><b>Current term:</b> Liable to retire by rotation</p> <p><b>Period of directorship:</b> Since August 26, 2020</p> <p><b>DIN:</b> 00101663</p>	59	<p><i>Indian companies</i></p> <p><b>Public companies:</b></p> <ul style="list-style-type: none"> <li>- Shree Rama Newsprint Limited</li> </ul> <p><b>Private companies:</b></p> <ul style="list-style-type: none"> <li>- Adicorp Enterprises Private Limited</li> <li>- Adicoal Enterprises Private Limited (<i>under process of strike off</i>)</li> </ul> <p><i>Foreign companies</i></p> <p>Nil</p>
<p><b>Name:</b> Nahoosh Jayvadan Jariwala</p> <p><b>Designation:</b> Managing Director</p> <p><b>Address:</b> Jariwala Beside Shashwat Bunglows Rajpath Club Rangoli Road Bodakdev Ahmedabad 380059 Gujarat, India</p> <p><b>Occupation:</b> Business</p> <p><b>Nationality:</b> Indian</p> <p><b>Date of Birth:</b> August 21, 1961</p> <p><b>Current term:</b> 3 years and liable to retire by rotation</p> <p><b>Period of directorship:</b> Since March 27, 2019, re-appointed as Managing Director w.e.f. August 13, 2020</p> <p><b>DIN:</b> 00012412</p>	59	<p><i>Indian companies</i></p> <p><b>Public companies:</b></p> <ul style="list-style-type: none"> <li>- Nil</li> </ul> <p><b>Private companies:</b></p> <ul style="list-style-type: none"> <li>- Dashbina Investment Private Limited</li> </ul> <p><i>Foreign companies</i></p> <ul style="list-style-type: none"> <li>- Nil</li> </ul>

Name, Designation, Address, Occupation, Nationality, Date of birth, Term, Period of directorship and DIN	Age (in years)	Other directorship
<p><b>Name:</b> Sumit Maheshwari</p> <p><b>Designation:</b> Nominee Director</p> <p><b>Address:</b> Flat No. 263-B, 26<sup>th</sup> Floor, Kalpataru Horizon, S.K. Ahire Marg, Worli, Mumbai 400018</p> <p><b>Occupation:</b> Investment and Financial Advisory</p> <p><b>Nationality:</b> Indian</p> <p><b>Date of Birth:</b> November 27, 1982</p> <p><b>Current term:</b> Liable to retire by rotation</p> <p><b>Period of directorship:</b> Since August 26, 2020</p> <p><b>DIN:</b> 06920646</p>	38	<p><b>Indian companies</b></p> <p><b>Public companies:</b></p> <ul style="list-style-type: none"> <li>- Privi Speciality Chemicals Limited (<i>formerly known as Fairchem Speciality Limited</i>)</li> <li>- Thomas Cook (India) Limited</li> <li>- CSB Bank Limited</li> <li>- Bangalore International Airport Limited</li> <li>- Seven Islands Shipping Limited</li> <li>- Sterling Holiday Resorts Limited</li> <li>- Anchorage Infrastructure Investments Holdings Limited</li> <li>- National Collateral Management Services Limited</li> </ul> <p><b>Private companies:</b></p> <ul style="list-style-type: none"> <li>- Saurashtra Freight Private Limited</li> <li>- Fairfreight Lines Private Limited</li> <li>- Fairbridge Capital Private Limited</li> <li>- Akalya Services Private Limited (<i>Under process of Striking Off</i>)</li> </ul> <p><b>Foreign companies</b></p> <ul style="list-style-type: none"> <li>- Fairfax India Holdings Corporation</li> <li>- Nations Trust Bank</li> </ul>
<p><b>Name:</b> Venkatraman Srinivasan</p> <p><b>Designation:</b> Independent Director (Additional)</p> <p><b>Address:</b> 73, Kesav Smruti, 8B Veer Savarkar Marg, Dadar, Mumbai 400028</p> <p><b>Occupation:</b> Professional</p> <p><b>Nationality:</b> Indian</p> <p><b>Date of Birth:</b> March 09, 1959</p> <p><b>Current term:</b> 5 years, subject to regularization by shareholders in the ensuing AGM</p> <p><b>Period of directorship:</b> Since August 26, 2020</p> <p><b>DIN:</b> 00246012</p>	61	<p><b>Indian companies</b></p> <p><b>Public companies:</b></p> <ul style="list-style-type: none"> <li>- HDB Financial Services Limited</li> <li>- National Payments Corporation of India</li> </ul> <p><b>Private companies:</b></p> <p>Nil</p> <p><b>Foreign companies</b></p> <p>Nil</p>

Name, Designation, Address, Occupation, Nationality, Date of birth, Term, Period of directorship and DIN	Age (in years)	Other directorship
<p><b>Name:</b> Darius Dinshaw Pandole</p> <p><b>Designation:</b> Independent Director (Additional)</p> <p><b>Address:</b> 6, Rajab Mahal, 144 Maharshi Karve Road, Churchgate, Mumbai – 400 020, India</p> <p><b>Occupation:</b> Business – Financial Services</p> <p><b>Nationality:</b> India</p> <p><b>Date of Birth:</b> April 27, 1966</p> <p><b>Current term:</b> 5 years subject to regularization by shareholders in the ensuing AGM</p> <p><b>Period of directorship:</b> Since August 26, 2020</p> <p><b>DIN:</b> 00727320</p>	54	<p><i>Indian companies</i></p> <p><b>Public companies:</b></p> <ul style="list-style-type: none"> <li>- Mahindra Logistics Limited</li> <li>- JM Financial Asset Management Limited</li> </ul> <p><b>Private companies:</b></p> <ul style="list-style-type: none"> <li>- Credibility Financial Services Private Limited</li> </ul> <p><i>Foreign companies</i> Nil</p>
<p><b>Name:</b> Sonal Vimal Ambani</p> <p><b>Designation:</b> Independent Director (Additional)</p> <p><b>Address:</b> Vimal Tower, 7, Gadhvi Society, Navrangpura, Ahmedabad - 380014</p> <p><b>Occupation:</b> Business</p> <p><b>Nationality:</b> Indian</p> <p><b>Date of Birth:</b> April 19, 1959</p> <p><b>Current term:</b> 5 years subject to regularization by shareholders in the ensuing AGM</p> <p><b>Period of directorship:</b> Since August 26, 2020</p> <p><b>DIN:</b> 02404841</p>	61	<p><i>Indian companies</i></p> <p><b>Public companies:</b></p> <ul style="list-style-type: none"> <li>- Acrysil Limited</li> <li>- Elecon Engineering Company Limited</li> <li>- Acrysil Steel Limited</li> <li>- Acrysil Appliances Limited</li> </ul> <p><b>Private companies:</b></p> <ul style="list-style-type: none"> <li>- Anjali Fiscal Pvt Ltd</li> <li>- Sternhagen Bath Private Limited</li> </ul> <p><i>Foreign companies</i> Nil</p>

#### BRIEF PROFILE OF OUR DIRECTORS

**Utkarsh Bhikhoobhai Shah** aged 59 years is a science graduate with Chemistry as a principal subject. Over a period of last more than 38 years and apart from spreading the existing coal business, he diversified into textile dyes, speciality chemicals, auxiliaries, intermediates, polyester fibre & Real Estate Development. He acquired partial equity stake of Fairchem Organics Limited in the year 2010. He is heading various charitable initiatives in rural development, senior citizen, education & health. He is past president of Gujarat Chamber of Commerce & Industry. In the past, he also held the position of president of Jain International Trade Organisation, an international organization of businessmen, industrialist, professionals and knowledge stake holders.

**Nahoosh Jayvadan Jariwala** holds a bachelor's degree in commerce from Gujarat University. He has work experience of more than 25 years in the chemical industry. He was director of Privi Speciality Chemicals Limited

(formerly known as Fairchem Speciality Limited) since November 03, 1992 and designated as Managing Director since April 01, 2010. Presently, he is the Managing Director of our Company.

**Sumit Maheshwari** is a Nominee Director of our Company nominated by our Promoter i.e. FIH Mauritius Investments Ltd. He holds a bachelor's and a master's degree in commerce from the University of Mumbai. He is a certified associate member of the Institute of Chartered Accountants of India. He has completed the post graduate programme in management from the Indian School of Business. He has over 10 years of experience in finance sector. Previously, he has worked with KPMG and is currently the managing director and chief executive officer of Fairbridge Capital Private Limited.

**Venkatraman Srinivasan** is an Independent Director of our Company. He holds a bachelor's degree in commerce from University of Bombay and is a fellow member of Institute of Chartered Accountants of India since 1981. He is a partner in M/s. V. Sankar Aiyar & Co., Chartered Accountants, since 1984. He is engaged in audit and assurance practice and direct tax and corporate advisory services since 1984, specialising in statutory audits of banks, mutual funds and financial companies, public sector companies, and in advisory in the areas of direct tax, company law, competition law, the Foreign Exchange Management Act (FEMA) and Securities and Exchange Board of India (SEBI) matters. He has a work experience of 35 years. He is a special invitee on the Accounting Standards Board of the Institute of Chartered Accountants of India (ICAI) for the F. Y. 2020-21 and was a special invitee on the Ind AS Transition Facilitation Group Committee of the ICAI for the F. Y. 2019-20. He participated in the case study based governance program on "Audit Committees in this New Era of Governance" at the Harvard Business School.

**Darius Dinshaw Pandole** is an Independent Director of our Company. He holds a bachelor's degree in economics from Harvard University and a master's degree in business management from the University of Chicago. He is presently the managing director and chief executive officer – private equity and equity AIF, JM Financial Limited. He has over 27 years of experience in private equity. Prior to this, he was a partner at New Silk Route Advisors, a private equity advisory firm primarily focused on India. He was also an executive director with IDFC Asset Management Company Limited that managed the India Development Fund, an infrastructure focused private equity fund.

**Sonal Vimal Ambani** is an Independent Director of our Company. She holds a bachelor's degree in chemistry, a master's degree in business administration in marketing and finance and a doctorate in business management. She has worked as an Assistant Vice President in Morgan Stanley Dean Witter. She is involved in charity and non-profit initiatives. She also holds two patents granted in the US, namely, 'Systems and Method for Providing Financial Services to Children and Teenagers' and 'Purchase Management System and Electronic Receipts'.

#### **OTHER CONFIRMATIONS**

1. None of our Directors are related to each other.
2. Except for Mr. Sumit Maheshwari, who is a Nominee Director nominated by FIHM Mauritius Investments Ltd., our Promoter, and FIH Private Investments Ltd, one of our Promoter Group, none of our Directors have been appointed or selected pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.
3. None of our Directors of our Company have entered into any service contracts with our Company which provides for benefits upon termination of employment.
4. None of our Directors are fugitive economic offender or are on the RBI's list of wilful defaulters.
5. Further, none of our Directors are or were directors of any company whose shares have been / were:
  - a) Suspended from trading by any of the stock exchange(s) during his /her tenure in that company in the last five years; or
  - b) Delisted from the stock exchange(s) during the term of their directorship in such companies.

#### **BORROWING POWERS OF THE BOARD**

Pursuant to a special resolution passed at an extra-ordinary general meeting of our Company held on August 10, 2020 and pursuant to Section 180(1)(c) and any other applicable provisions, of the Companies Act, 2013 and the rules made thereunder, our Board has been authorised to borrow from time to time, any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid up capital of the

company and free reserve, that is to say, reserves not set apart for any specific purposes, provided that the total outstanding amount so borrowed, shall not at any time exceed the limit of ₹ 20,000.00 lakhs.

#### **REMUNERATION/COMPENSATION/COMMISSION PAID TO DIRECTORS**

Our Company has not paid any compensation/remuneration to the Directors during the last financial year ended on March 31, 2020.

#### **Bonus or profit-sharing plan for the Directors**

Our Company does not have a bonus or profit sharing plan with any of our Directors.

#### **Compensation to our Managing Director**

The terms and conditions relating to the remuneration and appointment of Nahoosh Jayvaden Jariwala, Managing Director of the Company are set out in the agreement dated December 16, 2020 and shall be subject to the provisions of Sections 196, 197 and 203 and any other applicable provisions of the Companies Act, 2013, the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and Article of Association of the Company.

#### **Terms and condition of employment of our Managing Director**

The terms and conditions of employment of our Managing Director are as follows:

<b>Remuneration</b>	17.00 lakh p. m.
<b>Term</b>	3 years and liable to retire by rotation
<b>Perquisites</b>	<ul style="list-style-type: none"> <li>• Personal accident insurance : The Company shall pay / reimburse personal accident insurance premium up to Rs. 0.25 lakh*;</li> <li>• Club fees : The Company shall pay / reimburse annual fees for one club*;</li> <li>• Medical expenses : Medical expenses incurred for self and family shall be reimbursed by the Company upto a limit of Rs. 5.00 lakhs p.a.*; and</li> <li>• Other general benefits including car with driver, telephone, internet and other communication facilities.</li> </ul>

*\* The aggregate value of perquisites for each year shall be computed as per the provisions of the Income Tax Act, 1961. In case of benefits for which no specific valuation is provided under the Income Tax Act, the perquisites value of such benefit shall be taken at actual cost.*

#### **Sitting fees for Non-Executive Directors and Independent Directors**

Non-Executive and Independent Directors of our Company may be paid sitting fees, commission and any other amounts as may be decided by our Board in accordance with the provisions of the Articles of Association, the Companies Act, 2013 and other applicable laws and regulations. Our Company has not paid any sitting fees to Independent Directors and Non-Executive Directors in Fiscal 2020

#### **Remuneration paid or payable from subsidiaries and associate companies**

Our Company does not have any subsidiaries or associate companies.

#### **SHAREHOLDING OF OUR DIRECTORS IN THE COMPANY**

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares. Except as stated below, none of our Directors holds any shares in our Company. The following table details the shareholding of our Directors as on the date of this Information Memorandum:

<b>Name of the Director</b>	<b>No. of Equity Shares</b>	<b>Percentage of the equity share capital *</b>
Utkarsh Bhikhoobhai Shah	8,333	0.06%

*\* Post implementation of the Scheme*

#### **INTERESTS OF DIRECTORS**

#### **Interest in promotion or formation of our Company**

Except for our Director, Utkarsh Bhikhoobhai Shah, who may be deemed to be interested in the promotion of the Company to the extent of the Equity Shares held by him and also to the extent of any dividend payable to him on his holding of such Equity Shares and other distributions in respect of the aforesaid Equity Shares, none of our Directors are interested in the promotion or formation of our Company. For further details, refer to chapter titled “Related Party Transactions” and “Promoter and Promoter Group” beginning on page 75 and 63 of this Memorandum.

**Interest in the property of our Company**

Except as stated under the chapter “Related Party Transactions” on page 75 of this Information Memorandum, our Directors have not entered into any contract, agreement or arrangements in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them. Further, our Directors do not have any interest in any immovable property acquired or proposed to be acquired of the Company or by the Company. Further, our Directors do not have any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery since incorporation.

**Interest by way of remuneration from the Company and shareholding in the Company**

Our Directors may be deemed to be interested to the extent of remuneration payable to them for services rendered as a Director of our Company and reimbursement of expenses payable to them. For details, see “*Remuneration/Compensation/Commission Paid to Directors*” above. Further, our Independent Directors are entitled to receive sitting fees for attending meetings of our Board within the limits laid down in the Companies Act, 2013 and as decided by our Board subject to Articles of Association of our Company. Further, except as disclosed above, none of our Directors hold any Equity Shares in our Company. Our Directors may also be interested to the extent of Equity Shares, if any, held by them or held by the entities in which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to the Offer. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said equity shares, if any.

No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce any of our Directors to become or to help any of them qualify as a director, or otherwise for services rendered by them or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Company.

**Interest as member of our Company**

As on date of this Information Memorandum, none of our Directors, except Utkarsh Bhikhoobhai Shah, hold Equity Shares in our Company. Therefore, he is interested to the extent of his shareholding and the dividend declared, if any, on such holding of Equity Shares by our Company.

**Other Indirect Interest**

Except as stated in chapter titled “Financial Statements” beginning on page 77 of this Information Memorandum, none of our sundry debtors or beneficiaries of loans and advances are related to our Directors.

**Interest in the business of our Company**

Save and except as stated otherwise in *related party transactions* in the chapter titled “*Financial Statements*” beginning on page 77 of this Information Memorandum, our Directors do not have any other interests in our Company as on the date of this Information Memorandum.

**SHAREHOLDING OF DIRECTORS IN SUBSIDIARIES AND ASSOCIATE COMPANIES**

Our Company does not have any subsidiary or associate company as on the date of this Information Memorandum.

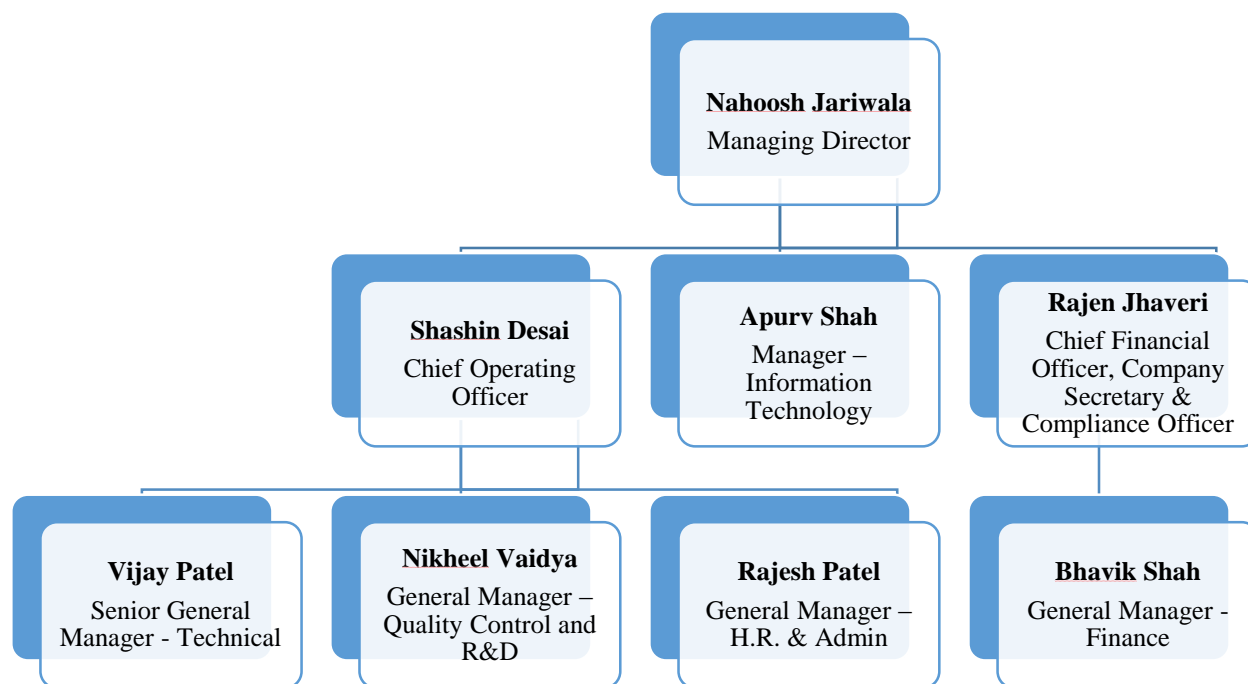
**CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS**

Following are the changes in Directors of our Company since incorporation:

Name	Date of event	Reason
Utkarsh	August 26, 2020	Appointment as Chairman and Non Executive Director

Name	Date of event	Reason
Bhikhoobhai Shah		(Additional)
Nahoosh Jariwala	August 13, 2020	Re-appointment as Managing Director
Sumit Maheshwari	August 26, 2020	Appointment as Nominee Director
Venkatraman Srinivasan	August 26, 2020	Appointment as Independent Director (Additional)
Darius Dinshaw Pandole	August 26, 2020	Appointment as Independent Director (Additional)
Sonal Vimal Ambani	August 26, 2020	Appointment as Independent Director (Additional)
Kaushik Bhatt	August 26, 2020	Resignation
Rajen Jhaveri	August 26, 2020	Resignation

## ORGANISATIONAL STRUCTURE



## CORPORATE GOVERNANCE

The provisions relating to corporate governance prescribed under the SEBI Listing Regulations will be applicable to our Company immediately upon listing of the Equity Shares on the Stock Exchanges. Our Company are in compliance with the requirements of applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and the rules framed thereunder, in respect of corporate governance including constitution of the Board and committees thereof.

**The following committees have been formed in compliance with the corporate governance norms:**

**A) Audit Committee;**

Our Audit Committee was constituted *vide* a resolution of our Board dated August 26, 2020. The Audit Committee of our Company comprises of the following: -

- (i) Venkatraman Srinivasan – Chairman;
- (ii) Darius Dinshaw Pandole – Member;
- (iii) Sonal Vimal Ambani – Member;

(iv) Sumit Maheshwari – Member; and

(v) Nahoosh Jariwala - Member

The Audit Committee shall meet at least four times a year with maximum interval of four months between two meetings of the Audit Committee.

The role of the Audit Committee shall be in accordance with Section 177 of the Companies Act, 2013 and as per Regulation 18 and Part C of Schedule II of SEBI Listing Regulations. The role of the Audit Committee shall include the following:

1. Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the listed entity with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
21. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.
6. Statement of deviations: (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1). (b) Annual Statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

#### **B) Stakeholders Relationship Committee**

Our Stakeholders Relationship Committee was constituted *vide* a resolution of our Board dated August 26, 2020. The members of the Stakeholders Relationship Committee are:

- (i) Utkarsh Bhikhoobhai Shah – Chairman;
- (ii) Nahoosh Jariwala – Member; and
- (iii) Darius Dinshaw Pandole – Member.

The frequency of meetings of Stakeholders Relationship Committee is at least twice in a year. The quorum of the meetings of the Stakeholders Relationship Committee is either two members or one third of the members whichever is greater, but with a minimum of two independent members present. The role of the Stakeholders Relationship Committee shall be in accordance with Section 178 of the Companies Act, 2013 and as per Regulation 20 and Part D of Schedule II of the SEBI Listing Regulations and is as follows: -

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.

3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.

**C) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee was constituted *vide* a resolution of the Board dated August 26, 2020. The members of the Nomination and Remuneration Committee are: -

- (i) Sumit Maheshwari - Chairman;
- (ii) Venkatraman Srinivasan – Member; and
- (iii) Darius Dinshaw Pandole – Member.

The role of the Nomination and Remuneration shall be in accordance with Section 178 of the Companies Act 2013 and as per Regulation 19 and Part D of Schedule II of SEBI Listing Regulations as follows:

- 1) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- 2) Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- 3) Devising a policy on diversity of board of directors;
- 4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- 5) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- 6) Recommend to the board, all remuneration, in whatever form, payable to senior management.

**D) Corporate and Social Responsibility Committee**

Our Board of Directors at their meeting held on August 26, 2020 had constituted the Corporate Social Responsibility Committee and it is in compliance with the SEBI Listing Regulations. The members of the Corporate Social Responsibility Committee are:

- (i) Nahoosh Jariwala - Chairman
- (ii) Sumit Maheshwari - Member
- (iii) Sonal Vimal Ambani – Member

The terms of reference of the Corporate Social Responsibility Committee include the following:

1. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
2. recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
3. monitor the Corporate Social Responsibility Policy of the company from time to time.

**Key Managerial Personnel**

In addition to our Managing Director, Nahoosh Jariwala, Rajen Jhaveri, Chief Financial Officer, Company Secretary and Compliance Officer is a Key Managerial Personnel of our Company.

**Rajen Jhaveri** is appointed as the Chief Financial Officer and Company Secretary & Compliance Officer of our Company on August 12, 2020, effective from August 13, 2020. 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. He has work experience of more than 30 years. In the past, he has been

associated with 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 also associated with Privi Speciality Chemicals Limited (*formerly known as Fairchem Speciality Limited*) as head of finance and company secretary from April, 1994 to October, 2006 and re-joined as the chief financial officer and company secretary and compliance officer from August, 2014 onwards till August 12, 2020. Pursuant to the Scheme, he stepped down as the chief financial officer and company secretary and compliance officer of Privi Speciality Chemicals Limited (*formerly known as Fairchem Speciality Limited*) and was appointed as the CFO and Company Secretary & Compliance Officer of our Company.

Remuneration details of the Key Managerial Personnel for Fiscal 2020: Nil

All our Key Managerial Personnel are permanent employees of our Company.

#### **Relationship of Key Managerial Personnel**

None of our Key Managerial Personnel are related to each other or to the Directors.

#### **Arrangement or understanding with major shareholders, customers, suppliers or others**

None of our Key Managerial Personnel have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.

#### **Shareholding of Key Managerial Personnel**

As of the date of this Information Memorandum, except as disclosed below, none of the Key Managerial Personnel hold any Equity Shares in our Company:

<b>Name of the Director</b>	<b>No. of Equity Shares</b>	<b>Percentage of the equity share capital *</b>
Rajen Jhaveri	1,936	Negligible

*\* Post implementation of the Scheme*

Further, our Managing Director, Mr. Nahoosh Jayvadan Jariwala is also one of the promoters of the Company.

#### **Changes in our Key Managerial Personnel in the last three years**

<b>Name</b>	<b>Date of event</b>	<b>Nature of event</b>
Nahoosh Jariwala	August 12, 2020	Re-appointment as Managing Director
Rajen Jhaveri	August 12, 2020	Appointment as Chief Financial Officer, Company Secretary and Compliance Officer

#### **Service contracts with Key Managerial Personnel**

There are no service contracts entered into between any of our Key Management Personnel and our Company for provision of any benefits upon termination of employment.

#### **Bonus or profit sharing plan for our Key Managerial Personnel**

None of our Key Management Personnel are party to any bonus or profit sharing plan of our Company.

#### **Payment or benefit to Key Managerial Personnel of our Company**

No amount or benefit has been paid or given since incorporation or is intended to be paid or given to any of our Key Management Personnel, which are not part of their remuneration for services rendered in the capacity of being an employee.

#### **Contingent and deferred compensation payable to Key Managerial Personnel**

There is no contingent or deferred compensation payable to Key Managerial Personnel.

#### **Attrition Rate**

The attrition rate of the Key Managerial Personnel of our Company is not high compared to the industry.

#### **Employee Stock Options**

Our Company does not have any employee stock option scheme as on the date of this Information Memorandum.

## OUR PROMOTER AND PROMOTER GROUP


The Promoters of our Company are:

1. Utkarsh Bhikhoobhai Shah
2. Mahesh P Babani
3. Doppalapudi Bhaktavatsala Rao
4. Nahoosh Jayvadan Jariwala
5. Mahesh Purshottam Babani HUF
6. Nahoosh Tradelink LLP
7. Jariwala Tradelink LLP
8. FIH Mauritius Investments Ltd

As on the date of this Information Memorandum, Utkarsh Bhikhoobhai Shah holds 8,333 Equity Shares, Mahesh P Babani holds 8,62,116 Equity Shares, Doppalapudi Bhaktavatsala Rao holds 2,41,020 Equity Shares, Nahoosh Jayvadan Jariwala holds Nil Equity Shares, Mahesh Purshottam Babani HUF holds 5,97,240 Equity Shares, Nahoosh Tradelink LLP holds 2,21,006 Equity Shares, Jariwala Tradelink LLP holds 1,12,327 Equity Shares and FIH Mauritius Investments Ltd. holds 63,47,609 Equity Shares, representing 0.06%, 6.62%, 1.85%, 0.00%, 4.59%, 1.70%, 0.86 and 48.75% respectively of the issued, subscribed and paid up Equity Share capital of our Company. Utkarsh Bhikhoobhai Shah, Mahesh P. Babani, Doppalapudi Bhaktavatsala Rao, Mahesh Purshottam Babani HUF, Nahoosh Tradelink LLP, Jariwala Tradelink LLP and FIH Mauritius Investments Ltd. have acquired shareholding in our Company pursuant to the Scheme. Fairchem Speciality Limited (*now known as Privi Speciality Chemicals Limited*) and Nahoosh Jayvadan Jariwala were the original promoters of our Company. For details, see section “Changes in our Promoters” at page 67 below.


### DETAILS OF OUR PROMOTERS

#### 1. Utkarsh Bhikhoobhai Shah

	<p>Utkarsh Bhikhoobhai Shah, aged 59 years, is one of the Promoters.</p> <p>Date of Birth: December 30, 1960</p> <p>Address: Anantam Bunglow, Rajpath Rangoli 100 Ft Road, Nr. Shashwat Bungalows, Ahmedabad - 380054</p> <p>PAN: ACTPS7546Q</p> <p>Aadhar Card: 797827236707</p> <p>Driving License No.: GJ01 20010602174</p>	<p>Other Directorships:</p> <ul style="list-style-type: none"><li>• Shree Rama Newsprint Limited</li><li>• Adicorp Enterprises Private Limited</li></ul>
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For the complete profile of Utkarsh Bhikhoobhai Shah, see the section “Our Management” on page 51.

#### 2. Mahesh P Babani


	<p>Mahesh P Babani, aged 62 years, is one of the Promoters.</p> <p>Date of Birth: April 01, 1958</p> <p>Address: Satguru House, Flat No.7, Shirley Rajan Road, Bandra (West), Mumbai – 400050</p> <p>PAN: AFLPB1549R</p> <p>Aadhar Card: 269988095570</p> <p>Driving License No.: NA</p>	<p>Other Directorships:</p> <ul style="list-style-type: none"> <li>• Privi Speciality Chemicals Limited (formerly known as Fairchem Speciality Limited)</li> <li>• Minar Organics P Limited</li> <li>• Privi Organics Limited</li> <li>• Babani Investment and Trading Private Limited</li> <li>• Privi Biotechnologies Private Limited</li> <li>• Satellite Technologies Private Limited</li> </ul>
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**Mahesh P Babani** is a commerce graduate from University of Mumbai and 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 Privi Organics India Limited as Managing Director, which has amalgamated into Privi Speciality Chemicals Limited (formerly known as Fairchem Speciality Limited).

**Other Ventures:**

- Babani Brothers LLP
- Babani Buildcon LLP
- Privi Associates LLP
- Snejyo Agro LLP

**3. Doppalapudi Bhaktavatsala Rao**


	<p>Doppalapudi Bhaktavatsala Rao, aged 74 years, is one of the Promoters.</p> <p>Date of Birth: May 10, 1946</p> <p>Address: 903, Daffodil, Satguru Gardens, Thane (E) – 400603</p> <p>PAN: AFLPB1549R</p> <p>Aadhar Card: 442965937608</p> <p>Driving License No.: MH04 20010047112</p>	<p>Other Directorships:</p> <ul style="list-style-type: none"> <li>• Privi Speciality Chemicals Limited (formerly known as Fairchem Speciality Limited)</li> <li>• Minar Organics P Limited</li> <li>• Vivira Investment and Trading Private Limited</li> <li>• Privi Biotechnologies Private Limited</li> <li>• Satellite Technologies Private Limited</li> </ul>
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**Doppalapudi Bhaktavatsala Rao** holds degree of Bachelors of Engineering from Sri Venkateswara University and also holds degree of Master of Engineering from Indian Institute of Science, Bangalore. He has more than 35 years of experience in operations, project planning and execution, research and development and human resources of Privi Organics India Limited and has been a director in Privi Organics Limited since 1982, and a while time director, designated as executive director, since April 1, 2004. He is involved in the operations and standardising various processes in the management of the Privi Organics India Limited which has amalgamated into Privi Speciality Chemicals Limited (formerly known as Fairchem Speciality Limited).

**Other Ventures:**

- Vivira Investment and Trading Private Limited
- Vivira Chemicals Private Limited
- Satellite Technologies Private Limited

#### 4. Nahoosh Jayvadan Jariwala

	<p>Nahoosh Jayvadan Jariwala, aged 59 years, is one of the Promoters.</p> <p>Date of Birth: August 21, 1961</p> <p>Address: `Jariwala`, Beside Shashwat Bunglows, Rajpath Club Rangoli Road, Ahmedabad - 380059</p> <p>PAN: ACZPJ5445M</p> <p>Aadhar Card: 243002480088</p> <p>Driving License No.: GJ01 20010318574</p>	<p>Other Directorships:</p> <ul style="list-style-type: none"><li>• Dashbina Investment Private Limited</li></ul>
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For the complete profile of Nahoosh Jayvadan Jariwala, see the section “*Our Management*” on page 51.

#### Other Ventures:

- Jariwala Tradelink LLP
- Nahoosh Tradelink LLP
- Harihar Mfg. and Trading LLP

#### 5. Mahesh Purshottam Babani HUF

Mahesh Purshottam Babani HUF was formed on April 01, 1958. It is represented by Mahesh P Babani who is also the promoter of our Company in his individual capacity.

#### Members:

Mr. Mahesh Babani;  
Mrs. Seema Babani;  
Ms. Snehal Babani;  
Ms. Jyoti Babani

#### Change in Control

There has been no change in control of Mahesh Babani HUF during last three years preceding the date of this Information Memorandum

#### Main Business Activities:

There are no business activities being carried out by Mahesh Purshottam Babani HUF and accordingly there has been no change in main business activities of Mahesh Purshottam Babani HUF.

#### 6. Nahoosh Tradelink LLP

Nahoosh Tradelink LLP was incorporated on April 01, 2016.

**Registered Office:** Jariwala beside Shaswat Bunglow, Rajpath Club, Rangoli Road, Bodakdev, Ahmedbad, Gujarat 380 059, India

**Registrar of Firms:** ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013

#### Designated Partners:

- Sandhya Nahoosh Jariwala;
- Nahoosh Jayvadan Jariwala; and

- Priyanshi Nahoosh Jariwala

#### **Change in Control**

There has been no change in control of Nahoosh Tradelink LLP during last three years preceding the date of this Information Memorandum.

#### **Main Business Activities:**

The main business activities of Nahoosh Tradelink LLP are to carry on the business of marketing, importing, exporting, dealing, trading of commodities, allied products, retail products, consumer goods, domestic and other products, merchandise articles, materials of all kinds, sizes, types and description and to act as agents , dealers, suppliers, distributors, wholesalers, retailers, representative, consignor, consignee and merchants.

There have been no changes in the main business activities of Nahoosh Tradelink LLP.

#### **7. Jariwala Tradelink LLP**

Jariwala Tradelink LLP was incorporated on December 07, 2015.

**Registered Office:** Jariwala beside Shaswat Bunglow, Rajpath Club, Rangoli Road, Bodakdev, Ahmedbad, Gujarat 380 059, India

**Registrar of Firms:** ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013

#### **Designated Partners:**

- Sandhya Nahoosh Jariwala;
- Nahoosh Jayvadan Jariwala; and
- Vaishnavi Nahoosbhai Jariwala

#### **Change in Control**

There has been no change in control of Jariwala Tradelink LLP during last three years preceding the date of this Information Memorandum.

#### **Main Business Activities:**

The main business activities of Jariwala Tradelink LLP are to carry on the business of marketing, importing, exporting, dealing, trading of commodities, allied products, retail products, consumer goods, domestic and other products, merchandise articles, materials of all kinds, sizes, types and description and to act as agents , dealers, suppliers, distributors, wholesalers, retailers, representative, consignor, consignee and merchants.

There have been no changes in the main business activities of Jariwala Tradelink LLP.

#### **8. FIH Mauritius Investments Ltd.**

FIH Mauritius Investments Ltd, is a private company, incorporated on November 12, 2014 under the laws of Republic of Mauritius, pursuant to the Mauritius Companies Act, 2001 and the subsequent amendments and re-enactment thereto.

FIH Mauritius Investments Ltd's principal activity is to achieve long-term capital appreciation, by investing in public and private equity securities and debt instruments.

The registered office of the FIH Mauritius Investments Ltd is located at Level 1, Maeva Tower, Silicon Avenue, Cybercity, Ebene, 72201, Republic of Mauritius.

There have been no changes to the activities undertaken by FIH Mauritius Investments Ltd.

#### **Change in Control**

There has been no change in control of FIH Mauritius Investments Ltd. during last three years preceding the date of this Information Memorandum.

## Capital Structure

As on the date of this Information Memorandum, the share capital of FIH Mauritius Investments Ltd is comprised of 2,20,05,965 ordinary shares, each having a par value of US\$ 1.00 and capital contribution from Fairfax India Holding Corporation of US\$ 203,24,13,925.

## Shareholding Pattern

Sr. No.	Name of the Shareholder	Number of Equity Shares	Percentage of Shareholding
1	Fairfax India Holdings Corporation	2,20,05,965	100.00%
2	Public	N.A.	N.A.
	<b>Total</b>	<b>2,20,05,965</b>	<b>100.00%</b>

## Parent entity of FIH Mauritius Investments Ltd

Fairfax India Holdings Corporation is the parent entity of FIH Mauritius Investments Ltd.

## Board of Directors of FIH Mauritius Investments Ltd

The Board of Directors of FIH Mauritius Investments Ltd as on the date of this Information Memorandum is as follows:

- Mr. Chandran Ratnaswami
- Ms. Amy Tan Sze Ping
- Mr. Gopalakrishnan Soundarajan
- Mr. Mohammad Akshar Maherally
- Ms. Sangeeta Bissessur

## Board of Directors of Fairfax India Holdings Corporation

The Board of Directors of Fairfax India Holdings Corporation as on the date of this Information Memorandum is as follows:

- Mr. Prem V. Watsa
- Mr. Antony F. Griffiths
- Mr. Christopher Hodgson
- Mr. Alan Horn
- Mr. Sumit Maheshwari
- Mr. Deepak Parekh
- Mr. Chandran Ratnaswami
- Mr. Gopalakrishnan Soundarajan
- Ms. Lauren Templeton

## CHANGES IN CONTROL OF OUR COMPANY

Except as stated below, there has been no change in control of our Company:

On incorporation, Privi Speciality Chemicals Limited (*formerly known as Fairchem Speciality Limited*) (along with 6 nominees) held 100% of the shareholding of our Company. Pursuant to the Scheme of Arrangement, shareholding of Privi Speciality Chemicals Limited (*formerly known as Fairchem Speciality Limited*) was cancelled on August

12, 2020 and Equity Shares were allotted to Utakarsh Bhikhoobhai Shah, Mahesh P Babani, Doppalapudi Bhaktavatsala Rao, Mahesh Purshottam Babani HUF, Nahoosh Tradelink LLP, Jariwala Tradelink LLP and FIH Mauritius Investments Ltd. on August 26, 2020. For further details, please see “*Capital Structure – Build-up of Promoter’s shareholding in our Company*” on page 27.

## **INTEREST OF OUR PROMOTERS**

### *Interest of our Promoters in the promotion of our Company*

Our Promoters are interested in our Company to the extent of their respective direct or indirect shareholding in our Company and the dividend declared, if any and any other distributions in respect of their direct or indirect shareholding in our Company. For further details, see “*Capital Structure*” on page 26.

### *Interest of our Promoter in the property of our Company*

Our Promoters do not have any interest whether direct or indirect in any property acquired by our Company, within three years preceding the date of this Information Memorandum or proposed to be acquired by our Company as on the date of this Information Memorandum or in any transaction for acquisition of land, construction of buildings and supply of machinery, etc.

### *Interest of our Promoters in our Company other than as Promoter*

Further, except as stated in this section and “*Financial Statements - Related Party Transactions*” on page F-30 and F-61 our Promoters do not have any interest in our Company other than as promoters.

### *Interest of our Promoters in our Company arising out of being a member of firm or company*

Our Promoters are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person either to induce the such person to become, or qualify him as a director, or otherwise for services rendered by him or by such firm or company in connection with the promotion or formation of our Company.

### *Disassociation by our Promoters in the last three years*

Except as disclosed below, our Promoters have not disassociated themselves from any companies or firms during the three years preceding the date of filing of this Information Memorandum:

<b>Name of entity</b>	<b>Promoter</b>	<b>Reasons for and Circumstances Leading to Disassociation</b>	<b>Date of Disassociation</b>
Privi Organics Limited	Doppalapudi Bhaktavatsala Rao	Transfer of shares and resignation from directorship	January 3, 2020

## **PAYMENT OR BENEFIT TO PROMOTERS OF OUR COMPANY**

There is no amount paid or benefits granted by our Company to our Promoters or any member of the Promoter Group, within the two preceding years from the date of this Information Memorandum, and nor is there any intention to pay any amount or provide any benefit to any of our Promoters or members of the Promoter Group as on the date of this Information Memorandum, other than in the ordinary course of business.

## **CONFIRMATIONS**

No material guarantees have been given to third parties by our Promoters with respect to Equity Shares of our Company.

## **EXPERIENCE OF PROMOTERS**

FIH Mauritius Investments Ltd, Nahoosh Tradelink LLP and Jariwala Tradelink LLP may not have adequate experience in the business activities undertaken by our Company. For details, see “*Risk Factors – Our Promoters, Nahoosh Tradelink LLP, Jariwala Tradelink LLP and FIH Mauritius Investments Ltd may not have adequate experience in the business activities undertaken by our Company*” on page 18.

## **PROMOTER GROUP**

Unless the context requires otherwise, the individuals / entities forming part of our promoter group in accordance with SEBI ICDR Regulations are as follows:

*Natural person forming part of promoter group:*

<b>Sr. No.</b>	<b>Name of the individuals</b>
<b>Utkarsh Bhikhoobhai Shah</b>	
1.	Ms. Radhika Utkarsh Shah
2.	Mr. Aadarsh Utkarsh Shah
3.	Mrs. Jaina Kulin Lalbhai
4.	Mr. Raj Bhikhoobhai Shah
5.	Mrs. Jainee Amit Jhaveri
<b>Mahesh P Babani</b>	
1.	Mrs. Seema Babani
2.	Ms. Snehal Babani
3.	Ms. Jyoti Babani
4.	Mr. Anoop Babani
5.	Mr. Ashok Babani
6.	Mrs. Nanda Navin
<b>Doppalapudi Bhaktavatsala Rao</b>	
1.	Mrs. Premaleela Rao Doppalapudi
2.	Mr. Vijaykumar Doppalapudi Rao
3.	Mr. Vinaykumar Doppalapudi Rao
4.	Mr. Rajkumar Doppalapudi Rao
5.	Ms. Grace Vinaykumar
6.	Ms. Sharon Doppalapudi
7.	Mr. Prasanna Raj
8.	Mr. Rameshbabu Gokarneswararao Guduru
<b>Nahoosh Jariwala</b>	
1.	Mrs. Sandhya N. Jariwala
2.	Ms. Vaishanvi N. Jariwala
3.	Mrs. Priyanshi K. Patel

*Entities forming part of promoter group:*

<b>Sr. No.</b>	<b>Name of the entities</b>
<b>Utkarsh Bhikhoobhai Shah</b>	
1.	Adicorp Enterprises Private Limited
2.	Adicoal Enterprises Private limited (under process of strike off)
3.	Adi Shantigram Estates LLP
4.	Sarvesh Realty
5.	Adiland Corp
6.	Adi Logistics
7.	Adi Enterprises
8.	Adi Tradelink
9.	Adicorp Deal DNP Project
10.	M/s. Bhikhoobhai N. Shah
11.	Adi Coal Corporation
12.	Adi SLE Coal Screener
13.	Samkeet Enterprises

14.	Utkarsh Bhikhoobhai Shah HUF
15.	Aadarsh Utkarsh Shah HUF
16.	Bhikhoobhai N. Shah HUF
<b>Mahesh P Babani</b>	
1.	Privi Organics Limited
2.	Minar Organics Private Limited
3.	Satellite Technologies Private Limited
4.	Moneymart Securities Private Limited
5.	Multi Satco Investments Pvt. Ltd.
6.	Babani Investment and Trading Private Limited
7.	Satguru KNS-Constructions Private Limited
8.	Buildwell Land Developers Private Limited
9.	Satguru Enterprises Private Limited
10.	Vivira Chemicals Private Limited
11.	Babani Brothers LLP
12.	Babani Buildcon LLP
13.	Privi Associates LLP
14.	Snejyo Agro LLP
15.	MM Infra & Leasing Private Limited
16.	Satguru Constructions
17.	Vivira Chemical Industries
18.	Alum And Chemical Corporation
<b>Doppalapudi Bhaktavatsala Rao</b>	
1.	Vivira Investment and Trading Private Limited
<b>Nahoosh Jariwala</b>	
1.	Harihar Mfg. & Trading LLP
2.	Jariwala Tradelink LLP
3.	Nahoosh Tradelink LLP
4.	Dashbina Investments Private Limited
5.	Nahoosh Jayvadan Jariwala HUF
<b>Mahesh Purshottam Babani HUF</b>	
1.	Nil
<b>Nahoosh Tradelink LLP</b>	
1.	Nil
<b>Jariwala Tradelink LLP</b>	
1.	Nil
<b>FIH Mauritius Investments Ltd.</b>	
1.	Fairfax India Holdings Corporation
2.	National Collateral Management Services Limited
3.	Saurashtra Freight Private Limited
4.	Privi Speciality Chemicals Limited ( <i>formerly known as Fairchem Speciality Limited</i> )
5.	Anchorage Infrastructure Investments Holdings Limited
6.	FIH Private Investments Ltd
7.	I Investments Limited
8.	IIFL Finance Limited
9.	IIFL Securities Limited
10.	5Paisa Capital Limited

11.	Sanmar Engineering Services Limited
12.	Seven Island Shipping Limited
13.	CSB Bank Limited
14.	Bangalore International Airport Limited

## OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the term ‘group companies’, includes (i) such companies (other than promoter(s) and subsidiary(ies)) with which there were related party transactions during the period for which financial information is disclosed in this Information Memorandum, as covered under applicable accounting standards and (ii) any other companies considered material by the board of directors of the relevant issuer company.

Accordingly, all such companies with which our Company had related party transactions during the period for which financial information is disclosed in this Memorandum have been considered as Group Companies in terms of the SEBI ICDR Regulations.

Additionally, pursuant to resolution passed by the board of directors of the Company, there are no other Company/ies, which are considered material and warrant disclosure as a ‘Group Company’.

Based on the above, our Group Companies are as set forth below:

### 1. Privi Speciality Chemicals Limited (formerly known as Fairchem Speciality Limited) (“PSCL”)

#### *Corporate Information and Nature of Activities*

Privi Speciality Chemicals Limited (formerly known as Fairchem Speciality Limited) was incorporated on May 25, 1985 and is currently engaged in the business of manufacturing Aroma Chemicals. The corporate identification number of Privi Speciality Chemicals Limited (formerly known as Fairchem Speciality Limited) is L15140MH1985PLC286828.

#### *Financial Performance*

Brief financial details of PSCL for the past three Fiscals are as follows:

*(in ₹ lakh except per share data)*

	March 31, 2018		March 31, 2019		March 31, 2020	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Equity Capital	3,760.98	3,760.98	3,906.27	3,906.27	3,906.27	3,906.27
Reserve and Surplus (Excluding revaluation reserve)*	4,827.51	44,931.35	6,355.32	53,659.59	8,951.81	70155.59
Sales	24,165.15	1,02,815.51	24,882.94	1,32,584.7	30,604.5	1,61,160.8
Profit/(loss) after tax	1,939.69	5,333.76	2,151.76	9,424.37	3,654.97	17,632.80
Earnings per share (Basic) (Face Value of Rs. 10 each)	4.97	13.65	5.51	24.13	9.36	45.14
Earnings per share (Basic) (Face Value of Rs. 10 each)	4.97	13.65	5.51	24.13	9.36	45.14
Net asset value	8,733.78	48,837.6	10,261.59	57,565.86	12,858.08	74,061.87

*Note: \* Reserves include General Reserve, Retained Earning & Foreign Currency Translation reserve*

There are no significant notes by the auditors of PSCL in relation to the above mentioned financial statements for the specified last three Fiscals.

#### *Share price information*

The equity shares of PSCL are listed on the NSE and the BSE.

The details of the highest and the lowest prices on the NSE and the BSE during the preceding six months are as follows:

Month	BSE LIMITED		NATIONAL STOCK EXCHANGE OF INDIA LIMITED	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
November, 2020	584.80	509.50	557.00	506.05
October, 2020	579.70	511.25	581.00	510.10
September, 2020	644.00	505.00	608.00	520.05
August, 2020	756.00	520.00	756.05	500.65
July, 2020	675.00	555.70	666.00	555.30
June, 2020	607.80	473.95	609.00	472.35

Source: [www.bseindia.com](http://www.bseindia.com), [www.nseindia.com](http://www.nseindia.com)

## 2. Fairfreight Lines Private Limited (“FLPL”)

### Corporate Information and Nature of Activities

Fairfreight Lines Private Limited was incorporated on June 16, 2017 and is currently engaged in the business of providing Non-Vessel Operating Common Carrier shipping services. FLPL provides dry and tank containers to shippers for shipment of goods globally. The Corporate Identification Number of FLPL is U63090MH2017PTC296246.

### Financial Performance

Brief financial details of FLPL for the past three Fiscals are as follows:

(in ₹ lakh except per share data)

	March 31, 2018		March 31, 2019		March 31, 2020	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Equity Capital	50.00	N.A.	52.25	N.A.	52.25	N.A.
Reserve and Surplus (Excluding revaluation reserve)	(48.8)	N.A.	80.7	N.A.	187.2	N.A.
Sales	578.3	N.A.	2450.4	N.A.	2961.5	N.A.
Profit/(loss) after tax	(48.8)	N.A.	81.8	N.A.	106.4	N.A.
Earnings per share (Basic) (Face Value of Rs. 10 each)	(21.51)	N.A.	16.16	N.A.	20.37	N.A.
Earnings per share (Basic) (Face Value of Rs. 10 each)	(21.51)	N.A.	16.16	N.A.	20.37	N.A.
Net asset value	1.2	N.A.	133.0	N.A.	239.4	N.A.

There are no significant notes by the auditors of FLPL in relation to the above mentioned financial statements for the specified last three Fiscals.

### Litigation

There are no pending litigation proceedings involving our Group Companies which have or may have a material impact on our Company.

### Group Company/ies which is a sick industrial company

Our Group Companies have not become a sick company under the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, as amended.

### Group Company/ies under winding up/insolvency proceedings

Our Group Companies are not under winding up/insolvency proceedings.

**Loss making Group Company/ies**

Our Group Companies have not incurred loss in the last audited Fiscal.

**Nature and extent of interest of Group Company/ies**

Our Group Companies do not have any interest in the promotion of our Company.

Our Group Companies are not interested in the properties acquired by our Company since incorporation or proposed to be acquired by our Company.

Our Group Companies are not interested in any transactions for acquisition of land, construction of building or supply of machinery, etc.

**Defunct Group Companies**

During the five years preceding the date of this Information Memorandum, our Group Companies have not remained defunct and no application has been made to the relevant registrar of companies for striking off the name of our Group Companies.

**Common pursuits**

There are no common pursuits amongst our Group Companies and our Company.

**Related Business Transactions within the group and significance on the financial performance of our Company**

Other than the transactions disclosed in the section "*Financial Statements - Related party transaction*" on page F-30 and F-61, there are no other business transactions between our Company and Group Companies which are significant to the financial performance of our Company.

**Business interests or other interests**

Except as disclosed in "*Financial Statements – Related party transaction*" on page F-30 and F-61, our Group Companies does not have any business interest in our Company.

**Other Confirmations**

Except Privi Speciality Chemicals Limited (*formerly known as Fairchem Speciality Limited*), our Group Companies do not have any securities listed on a stock exchange. Further, our Group Companies have not made any public or rights issue of securities in the three years preceding the date of this Information Memorandum.

Further, neither the securities of our Company nor of our Group Companies have been refused listing by any stock exchange in India or abroad, nor has our Company or our Group Companies have failed to meet the listing requirements of any stock exchange in India or abroad.

## **RELATED PARTY TRANSACTIONS**

All related party transactions entered into by our Company are in the normal course of business and at arm's length basis. In terms of the Companies Act, 2013 read with the rules made thereunder, all such related parties transactions entered by the Company are approved by the Audit Committee and the Board, as applicable, from time to time.

For details on related party transactions of our Company, please refer to the Financial Statements under the section titled, "*Financial Statements – Related party transaction*" beginning on page F-30 and F-61 of this Information Memorandum.

## **DIVIDEND POLICY**

Under the Companies Act, 2013, a company pays dividends upon a recommendation by its Board of Directors and approval by a majority of the shareholders. Under the Companies Act, 2013 dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous years or out of both.

Our Company does not have a formal dividend policy. Any dividends to be declared shall be recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion but not limited to the earnings, applicable legal restrictions etc.

Dividends are payable within 30 days of approval by the Equity Shareholders at the annual general meeting of our Company. When dividends are declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the record date are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.

Our Company was incorporated on March 27, 2019 and did not carry out any business activities. Accordingly, as on the date of this Information Memorandum, our Company has not paid any dividend on its Equity Shares.

## SECTION VI – FINANCIAL STATEMENTS

### FINANCIAL STATEMENTS

In accordance with the SEBI ICDR Regulations, the Financial Statements are available on our website at <http://www.fairchem.in/investor-relations/Information-Memorandum/Special-Purpose-Financial-Statements-of-the-company-as-at-31-March-2020.pdf>

<http://www.fairchem.in/investor-relations/Announcements/Special-Purpose-Financial-Statements-of-the-company-30-June-20.pdf>

<b>Financial Statements</b>	<b>Page No.</b>
Special Purpose Auditor's Report and the Financial Statements for the period ended March 31, 2020	F-1 to F-33
Special Purpose Auditor's Report and the Financial Statements for the period ended June 30, 2020	F-34 to F-62

*[The remainder of this page has intentionally been left blank]*

# Price Waterhouse & Co Chartered Accountants LLP

The Board of Directors  
Fairchem Organics Limited  
Plot No. A- 71, TTC,  
Thane Belapur Road,  
Near Kopar Khairane,  
Navi Mumbai – 400 709

## Report on special purpose financial statements

1. This report is issued in accordance with the terms of our agreement dated August 27, 2020.
2. We have audited the accompanying special purpose financial statements of Fairchem Organics Limited (the “Company”) which comprise the balance sheet as at March 31, 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period from March 27, 2019 (date of incorporation) to March 31, 2020 and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

## Management’s Responsibility for the Financial Statements

3. Management is responsible for the preparation of these special purpose financial statements in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act, to the extent considered relevant by it for the purpose for which these special purpose financial statements have been prepared. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors’ Responsibility

4. Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (“the Act”) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
6. 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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*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)

# Price Waterhouse & Co Chartered Accountants LLP

## Opinion

7. Based on our audit, we report that:
  - a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b. The Balance Sheet, Statement of Profit and Loss (including other comprehensive income) statement of changes in equity and statement of cash flows dealt with by this report are in agreement with the books of account;
  - c. In our opinion and to the best of our information and according to the explanations given to us, the special purpose financial statements, together with the notes thereon and attached thereto, fairly present, in all material respects, in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, the state of affairs of the Company as at March 31, 2020;
    - (ii) in the case of the Statement of Profit and Loss, the profit for the period from March 27, 2019 to March 31, 2020; and
    - (iii) in the case of the Statement of Cash flows, of the cash flows for the period from March 27, 2019 to March 31, 2020
    - (iv) in the case of the Statement of Changes in Equity, of the equity for the period from March 27, 2019 to March 31, 2020

## Emphasis of Matter

8. We draw attention to Note 2(a) to the special purpose financial statements, which describes the basis of its preparation. The special purpose financial statements are not the statutory financial statements of the Company, and are not intended to comply with the disclosure provisions applicable to statutory financial statements prepared under the Companies Act, 2013, as those are considered irrelevant by the Management and the intended users of the special purpose financial statements for the purposes for which those have been prepared.
9. We draw your attention to Note 51 to the special purpose financial statements which requires the Company's accounting in respect of Scheme of Arrangement and Amalgamation approved by the National Company Law Tribunal, in accordance with the applicable accounting standards (Ind AS 103) from the beginning of the preceding year i.e. March 27, 2019; however, the Company has considered the effect of the Scheme from the appointed date i.e. closing of business hours on March 31, 2019. Further, as stated in Note 51, the Scheme was approved on June 30, 2020 and accordingly, the impact of the Scheme was not considered in the statutory financial statements approved by the Board of Directors in their meeting held on June 23, 2020 on which we issued an unmodified opinion vide our report dated June 23, 2020.

Our opinion is not modified in respect of these matters.

## Other Matters

10. The special purpose financial statements dealt with by this report, have been prepared for the limited purpose of inclusion in the Draft Information Memorandum and Information Memorandum, to be submitted/filed with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) (together 'the Stock Exchanges') for the proposed listing of equity shares of the Company on the Stock Exchanges.
11. The Company has prepared its statutory financial statements for the period ended March 31, 2020 in accordance with Companies Act 2013 on which we issued an unmodified opinion vide our audit report dated June 23, 2020.

Our opinion is not modified in respect of these matters.

# Price Waterhouse & Co Chartered Accountants LLP

## Restriction on Use

12. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.
13. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes set out in paragraph 10 above. This report is not planned or prepared in contemplation of the interest of any other person and may not address items of possible interest to any such person. Accordingly, this report or its content or findings of audit procedures should not be otherwise used or disclosed or distributed or shared or referred with any other party for availing the benefit of the services for use for any other purpose. Our work and findings shall in no way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any commercial decisions associated with the proposed listing of equity shares. We neither accepts nor assumes any duty of care or liability for any other purpose or to any other party to whom our this report is shown or into whose hands it may come without our prior consent in writing.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/E-300009

**ARUNKUMAR**

**RAMDAS**

Arunkumar Ramdas

Partner

Membership Number: 112433

UDIN: 20112433AAAAAIL2103

Digitally signed by ARUNKUMAR

RAMDAS

Date: 2020.09.29 19:10:10 +05'30'

Place: Mumbai

Date: September 29, 2020

**FAIRCHEM ORGANICS LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2020**  
(All amounts in Rs. Lakhs, unless otherwise stated)

	Notes	As at March 31, 2020
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	4	12,626.66
Capital work-in-progress	5	942.85
Intangible Assets	6	7.46
Financial Assets		
(i) Loans	7	0.53
(ii) Other Financial Assets	8	27.69
Non-current Tax Assets (Net)	9	79.63
Other Non-current Assets	10	653.88
		<u>14,338.70</u>
<b>Current Assets</b>		
Inventories	11	3,771.10
Financial Assets		
(i) Trade receivables	12	3,787.90
(ii) Cash and cash equivalents	13	3.08
(iii) Bank balances other than (ii) above	14	17.87
(iv) Loans	15	1.22
(v) Other Financial Assets	16	1.24
Other current assets	17	149.47
		<u>7,731.88</u>
<b>TOTAL ASSETS</b>		<b><u>22,070.58</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Equity Share Capital	18	-
Share Capital Suspense Account	19	1,302.09
Other Equity	20	11,554.43
		<u>12,856.52</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Financial Liabilities		
Borrowings	21	1,633.16
Provisions	22	114.33
Deferred Tax Liabilities (Net)	39	1,162.90
		<u>2,910.39</u>
<b>Current Liabilities</b>		
Financial Liabilities		
(i) Borrowings	23	4,437.37
(ii) Trade Payables	24	
(a) Total outstanding dues of micro enterprises and small enterprises		41.29
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		599.86
(iii) Other financial liabilities	25	1,005.84
Other current liabilities	26	87.77
Provisions	27	33.76
Current Tax Liabilities (Net)	28	97.78
		<u>6,303.67</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>22,070.58</u></b>

The accompanying notes are an integral part of the special purpose financial statements.

As per our report of even date attached

**For Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration No.: 304026E/ E-300009

**ARUNKUMAR RAMDAS**  
Digitally signed by ARUNKUMAR  
RAMDAS  
Date: 2020.09.29 19:02:20 +05'30'

**Arunkumar Ramdas**  
Partner  
Membership No. 112433

Place: Mumbai  
Date: September 29, 2020

**For and on behalf of the Board**

JARIWALA  
NAHOOSH  
JAYVADAN  
Digitally signed by  
JARIWALA NAHOOSH  
JAYVADAN  
Date: 2020.09.29  
18:13:18 +05'30'

**Nahoosh Jariwala**  
Managing Director  
DIN: 00012412

JHAVERI RAJEN  
NIRANJANBHAI  
Digitally signed by JHAVERI  
RAJEN NIRANJANBHAI  
Date: 2020.09.29 18:14:11  
+05'30'

**Rajen N. Jhaveri**  
Chief Financial Officer and Company Secretary

Place: Ahmedabad  
Date: September 29, 2020

**FAIRCHEM ORGANICS LIMITED****STATEMENT OF PROFIT AND LOSS FOR THE PERIOD MARCH 27, 2019 (DATE OF INCORPORATION) TO MARCH 31, 2020**

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

	Notes	For the period March 27, 2019 to March 31, 2020
<b>Income</b>		
Revenue from Operations	<b>30</b>	30,649.26
Other Income	<b>31</b>	658.86
<b>Total Revenue</b>		<b>31,308.12</b>
<b>Expenses</b>		
Cost of materials consumed	<b>32</b>	19,832.24
Changes in Inventories of finished goods and work-in-progress	<b>33</b>	634.00
Employee benefits expense	<b>34</b>	1,550.16
Finance Costs	<b>35</b>	657.90
Depreciation and amortisation expense	<b>4, 6</b>	595.95
Other expenses	<b>36</b>	3,549.60
<b>Total Expenses</b>		<b>26,819.85</b>
<b>Profit Before Tax</b>		<b>4,488.27</b>
Tax Expense		
Current tax		883.00
Deferred tax		(49.59)
		<b>833.41</b>
<b>Profit After Tax</b>		<b>3,654.86</b>
<b>Other Comprehensive Income</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
- Remeasurement (losses) / gains on post employment defined benefit plans		(12.90)
- Income tax effect		3.25
<b>Other comprehensive income for the period, net of tax</b>		<b>(9.65)</b>
<b>Total comprehensive income for the period</b>		<b>3,645.21</b>
<b>Earnings Per Share</b>		
Basic and Diluted earnings per share (in Rupees)	<b>38</b>	28.07
Nominal value per equity share (in Rupees)		10.00

The accompanying notes are an integral part of the special purpose financial statements.

As per our report of even date attached

**For Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration No.: 304026E/ E-300009

**ARUNKUMAR RAMDAS**Digitally signed by ARUNKUMAR  
RAMDAS  
Date: 2020.09.29 19:03:23 +05'30'**Arunkumar Ramdas**

Partner

Membership No. 112433

Place: Mumbai

Date: September 29, 2020

**For and on behalf of the Board**JARIWALA Digitally signed by  
JARIWALA NAHOOSH  
NAHOOSH  
JAYVADAN  
Date: 2020.09.29  
JAYVADAN 18:14:38 +05'30'**Nahoosh Jariwala**  
Managing Director  
DIN: 00012412Digitally signed by  
JHAVERI RAJEN  
NIRANJANBHAI  
NIRANJANBHAI  
Date: 2020.09.29  
18:14:55 +05'30'**Rajen N. Jhaveri**

Chief Financial Officer and Company Secretary

Place: Ahmedabad

Date: September 29, 2020

**FAIRCHEM ORGAINCS LIMITED**
**STATEMENT OF CASH FLOWS FOR PERIOD MARCH 27, 2019 (DATE OF INCORPORATION) TO MARCH 31, 2020**

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

	Notes	For the period March 27, 2019 to March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Profit Before Taxation</b>		<b>4,488.27</b>
Adjustments for:		
Depreciation and Amortisation	4, 6	595.95
Finance Cost	35	657.90
Interest Income	31	(12.54)
Dividend Income	31	(625.00)
Unrealised Foreign Exchange (Gain)		(4.02)
Credit Impairment Loss Reversal on Receivables	31	(7.06)
Loss on assets sold / discarded (Net)	36	31.28
<b>Operating Profit Before Working Capital Changes</b>		<b>5,124.78</b>
Adjustments For Changes In Working Capital:		
(Increase) In Inventories		(370.48)
Decrease In Non Current Loans		0.98
(Increase) In Other Non Current Financial Assets		(13.91)
(Increase) In Trade receivables		(563.69)
(Increase) In Current Loans		(0.48)
Decrease In Other current assets		175.02
(Decrease) In Trade and Other Payables		(359.27)
Increase In Non Current Liabilities - Provisions		24.79
(Decrease) In Current Liabilities - Provisions		(36.64)
Increase In Other Current Financial Liabilities		0.81
Increase In Other Current Liabilities		4.58
<b>Cash Generated From Operations</b>		<b>3,986.49</b>
Direct Taxes Refund / (Paid) (Net)		(868.89)
<b>A. Net Cash Generated From Operating Activities</b>		<b>3,117.60</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Property, Plant and Equipments		(3,032.93)
Proceeds from Sale of Property, Plant and Equipments		5.07
Purchase of Investments		-
Interest Income		12.54
Dividend Income		625.00
<b>B. Net Cash Used In Investing Activities</b>		<b>(2,390.32)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Long Term Borrowings (net)		1,499.57
Repayment of Long Term Borrowings (net)		(909.97)
Net Proceeds from Short Term Borrowings (net)		388.37
Proceeds from Issue of Share Capital		1.00
Dividend Paid (including tax on dividend)		(1,048.83)
Interest Paid		(655.98)
<b>C. Net Cash Used In Financing Activities</b>		<b>(725.84)</b>
<b>Net Increase in cash and cash equivalents (A+B+C)</b>		<b>1.44</b>
Cash and Cash Equivalents as at March 27, 2019		-
Cash and Cash Equivalents pursuant to a Scheme of Arrangement (Refer Note 51)		1.64
<b>Cash and Cash Equivalents as at the end of the period</b>		<b>3.08</b>

In terms of our report attached

**FAIRCHEM ORGAINCS LIMITED****STATEMENT OF CASH FLOWS FOR PERIOD MARCH 27, 2019 (DATE OF INCORPORATION) TO MARCH 31, 2020**

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

**Reconciliation of cash and cash equivalent as per the statement of cash flows****As at  
March 31, 2020**

Cash and Cash Equivalents :  
Cash on hand  
Bank Balances :  
- In Current Accounts

1.77

1.31

**3.08****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"
- 2 Refer Note 25 for net debt reconciliation.
- 3 Amount paid towards CSR activities Rs. 4.83 lakhs.
- 4 For non-cash transactions pursuant to Scheme of Arrangement refer note 51.

This is the Statement of Cash flows referred to in our report of even date.

**For Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration No.: 304026E/ E-300009

**ARUNKUMAR RAMDAS**

Digitally signed by ARUNKUMAR

RAMDAS

Date: 2020.09.29 19:04:15 +05'30'

**Arunkumar Ramdas**

Partner

Membership No. 112433

**For and on behalf of the Board,**

JARIWALA Digitally signed by  
JARIWALA NAHOOSH  
NAHOOSH JAYVADAN  
JAYVADAN Date: 2020.09.29  
18:15:21 +05'30'

**Nahoosh Jariwala**

Managing Director

DIN: 00012412

Digitally signed by  
JHAVERI RAJEN  
NIRANJANBHAI  
NIRANJANBHAI Date: 2020.09.29  
18:15:39 +05'30'

**Rajen N. Jhaveri**

Chief Financial Officer and Company Secretary

Place: Mumbai

Date: September 29, 2020

Place: Ahmedabad

Date: September 29, 2020

**FAIRCHEM ORGANICS LIMITED****STATEMENT OF CHANGES IN EQUITY FOR PERIOD MARCH 27, 2019 (DATE OF INCORPORATION) TO MARCH 31, 2020**

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

**A. Equity Share Capital**

	Notes	
<b>Balance as at March 27, 2019</b>	18	-
Issue of Share Capital during the period		1.00
Shares cancelled pursuant to a Scheme of Arrangement (Refer Note 51)		(1.00)
<b>Balance as at March 31, 2020</b>	18	<u>-</u>

**B. Share Capital Suspense Account**

<b>Balance as at March 27, 2019</b>	19	-
Addition pursuant to a Scheme of Arrangement (Refer Note 51)		1,302.09
<b>Balance as at March 31, 2020</b>	19	<u>1,302.09</u>

**C. Other Equity**

	Reserves and Surplus		Total
	Capital Reserves	Retained Earnings	
<b>Balance as at March 27, 2019</b>	-	-	-
Addition pursuant to a Scheme of Arrangement (Refer Note 51)	8,958.05	-	8,958.05
Profit for the period	-	3,654.86	3,654.86
Other Comprehensive Income	-	(9.65)	(9.65)
<b>Total Comprehensive Income for the period</b>	<u>-</u>	<u>3,645.21</u>	<u>3,645.21</u>
<b>Transactions with owners in their capacity as owners:</b>			
Dividends Paid (including Dividend Distribution Tax)	-	(1,048.83)	(1,048.83)
<b>Balance as at March 31, 2020</b>	<u>8,958.05</u>	<u>2,596.38</u>	<u>11,554.43</u>

The accompanying notes are an integral part of the special purpose financial statements.

As per our report of even date attached

**For Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration No.: 304026E/ E-300009

**ARUNKUMAR****RAMDAS****Arunkumar Ramdas**

Partner

Membership No. 112433

Digitally signed by ARUNKUMAR

RAMDAS

Date: 2020.09.29 19:05:07 +05'30'

**For and on behalf of the Board****JARIWALA****NAHOOSH****JAYVADAN****Nahoosh Jariwala**

Managing Director

DIN: 00012412

Digitally signed by  
JHAVERI RAJEN  
NIRANJANBHAI**JHAVERI RAJEN****NIRANJANBHAI****Rajen N. Jhaveri**

Chief Financial Officer and Company Secretary

Place: Ahmedabad

Date: September 29, 2020

Place: Mumbai

Date: September 29, 2020

**1 Background of the Company**

Fairchem Organics Limited (the 'Company') was incorporated on March 27, 2019. These Special purpose financial statements of the Company have been prepared for the period from March 27, 2019 (date of incorporation) to March 31, 2020. Pursuant to the Scheme of arrangement, the Oleo Chemical and Neutraceutical business of Fairchem Speciality Limited was demerged and merge into the Company (Refer note 51). The manufacturing facility is set up at Village Chekhala, Ta. Sanand, Dist. Ahmedabad, Gujarat.

**2 Significant accounting policies**

This Note provides a list of the significant accounting policies adopted by the Company in the preparation of these Special Purpose Financial Statements. These policies have been consistently applied during current period, unless otherwise stated.

**a) Basis of preparation**

**i) Compliance with Ind AS**

These Special Purpose Financial Statements of the Company comprising the Balance Sheet as at March 31, 2020, Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity, and Cash Flow Statement for the period from March 27, 2019 (Date of incorporation) to March 31, 2020, and a summary of significant accounting policies and other explanatory information have been prepared by the Company in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 (the 'Act'), for inclusion in draft Information Memorandum and Information Memorandum, to be submitted / filed with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) (together 'the Stock Exchanges') for the proposed listing of equity shares of the Company on the Stock Exchanges. These Special Purpose Financial Statements have been prepared by giving effect to the Scheme of Arrangement and Amalgamation (Refer note 51) with effect from closing of business hours on March 31, 2019, the appointed date, consequent upon receipt of approval to the Scheme from National Company Law Tribunal (NCLT), Mumbai Bench.

The Special Purpose Financial Statements are not the statutory financial statements of the Company, and hence, the disclosure provisions applicable to statutory financial statements prepared under the Act, are considered irrelevant for the purposes for which these have been prepared.

As prescribed by the Ind AS, if the particular Ind AS is not in conformity with the applicable laws, the provisions of the said law shall prevail and financial statements shall be prepared in conformity with such laws. Consequently, the Company has applied this norm while preparing the Special Purpose Financial Statements.

The principles of measurement, recognition and disclosures (to the extent considered relevant) followed for preparation of these Special Purpose Financial Statements are consistent with the accounting policies followed by the Company in its statutory financial statements for the period ended March 31, 2020.

**ii) New standards or interpretations adopted by the Company**

The Company has applied the following amendment for the first time for its annual reporting period commencing April 1, 2019:  
Ind AS 116 – Leases

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards), 2019 on March 30, 2019 which includes Ind AS - 116 "Leases". The Company has applied Ind AS 116, Leases for the first time for their annual reporting period commencing April 01, 2019.

The Company changed its accounting policy as a result of adopting Ind AS 116.

Other amendments:

On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified certain other amendments to Indian Accounting Standards (Ind AS), as part of the Companies (Indian Accounting Standards) Second Amendment Rules, 2019.

- i) Ind AS - 12 "Income taxes", Appendix C - Uncertainty over income tax treatments
- ii) Amendment to Ind AS - 12 "Income taxes"
- iii) Ind AS – 19 "Employee benefits", Plan amendment, curtailment or settlement
- iv) Ind AS - 23 "Borrowing costs"
- v) Ind AS 28, "Investments in associates and Joint-Ventures", Long-term interests in Associates and Joint-ventures
- vi) Ind AS 109 "Financial Instruments", Prepayment Features with Negative Compensation
- vii) Ind AS 103, "Business Combination"
- viii) Ind AS 111, "Joint Arrangements"

The above other amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**iii) Historical cost convention**

The Special purpose Financial Statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities that is measured at fair value ; and
- Defined benefit plans - plan assets measured at fair value.

**iv) Current versus non-current classification**

The company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period, all other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle, or
- It is held primarily for the purpose of trading, or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period, all other liabilities are classified as non-current.

**b) Foreign currency transactions and translations**

**(i) Functional and presentation currency**

Items included in the special purpose financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions and from translation of monetary assets and liabilities at the reporting date are recognised in the Statement of Profit and Loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other incomes/expenses.

**c) Revenue recognition**

**Sale of products**

Revenue is recognised at the point in time when the performance obligation is satisfied and control of the goods is transferred to the customer upon dispatch or delivery, in accordance with the terms of customer contracts. Revenue is recognised at an amount that the Company expects to receive from customers that is net of trade discounts, rebates and goods and services tax (GST). The Company does not have any contracts where the transfer of the promised goods to customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction price for the time value of money.

A contract liability is the obligation to transfer goods to the customer for which the Company has received consideration from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract.

Export benefit entitlements under Duty Drawback and Merchandise Exports from India Scheme (MEIS) are recognised when the right to receive credit as per the terms of the scheme is established in respect of the exports and there is no uncertainty in receiving the same.

**d) Income tax**

The income tax expense or credit for the period is the tax on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the special purpose financial statements.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case, the tax is recognised in other comprehensive income or directly in equity, respectively.

**e) Leases**

**As Lessee**

The Company has applied Ind AS 116 for the first time for the annual reporting period commencing April 1, 2019.

**Company as a lessee:**

From April 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components.

**Lease liabilities:**

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments.

The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the lessee's incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**Right of use assets:**

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and lease payments made before the commencement date.

Right-of-use assets are depreciated over the lease term on a straight-line basis. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, and lease payments made at or before the commencement date less any lease incentives received.

**f) Impairment of assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Assets are reviewed for possible reversal of the impairment at the end of each reporting period.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, to the extent the amount was previously charged to the statement of profit and loss.

**q) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**h) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method, less provision for impairment, if any.

**i) Inventories**

Raw materials, packing material, stores and fuel, work in progress and finished goods are stated at the lower of cost and net realisable value. The cost of raw materials, packing materials, stores and fuel are determined based on first-in, first-out (FIFO) method and comprises cost of purchase. The cost of semi-finished goods comprises raw materials, direct labour, and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**i) Financial assets and liabilities**

**(i) Financial assets**

**1. Classification**

The Company classifies its financial assets in the following measurement categories:

- at fair value (either through other comprehensive income, or through profit or loss), and
- at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable selection at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

**2. Initial Recognition and Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

**3. Subsequent Measurement**

**Measured at amortised cost:** Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the EIR method less impairment, if any. The amortisation of EIR and loss or gains arising from impairment, if any is recognised in the Statement of Profit and Loss.

**Measured at fair value through other comprehensive income (FVOCI):** Financial assets that are held within a business model whose objective is, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to "Profit or Loss" in the Statement of Profit and Loss.

**Measured at fair value through profit or loss (FVPL):** A financial asset not classified as either amortised cost or FVOCI, is classified as FVPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

**Equity instruments**

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at Fair Value through Other Comprehensive Income (FVOCI) are not reported separately from other changes in fair value.

**4. Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 only, the Company follows 'simplified approach' for recognition of impairment loss and always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109 i.e. expected credit loss allowance as computed based on historical credit loss experience.

**5. Derecognition**

A financial asset is de-recognised only when the Company

- has transferred the rights to receive cash flows from the financial asset or,
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

**6. Income recognition**

Interest income from debt instruments is recognised using the EIR method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**(ii) Financial liabilities:**

**1. Initial Recognition and Measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

**2. Subsequent Measurement**

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

**3. Derecognition**

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**k) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**l) Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/expense.

**Depreciation methods, estimated useful lives and residual value**

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful life as per technical evaluation. Estimated useful life of the assets/significant component thereof are as under:

<b>Assets class</b>	<b>Useful life in years</b>
· Buildings	10 to 30
· Plant and Equipment	10 to 25
· Electrical Installations	10
· Office Equipments and Computers	3 to 5
· Furniture and Fixtures	10
· Vehicles	6 to 8

Depreciation methods and useful lives are reviewed at each financial year end and adjusted if appropriate. Amortisation of leased assets are over the Lease period.

**m) Intangible Assets and amortisation**

Intangible assets with finite useful life are stated at cost of acquisition, less accumulated depreciation/ amortisation and impairment loss, if any. Cost includes taxes, duties and other incidental expenses related to acquisition and other incidental expenses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of respective intangible assets.

<b>Assets class</b>	<b>Useful life in years</b>
· Computer software	3

**n) Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

**o) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income/expenses.

**d) Borrowings costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**a) Provisions and Contingencies**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

**r) Employee Benefits**

**(i) Defined contribution plans**

Contributions to retirement benefit plans in the form of provident fund, employee state insurance scheme and pension scheme as per regulations are charged as an expense on an accrual basis when employees have rendered the service. The Company has no further payment obligations once the contributions have been paid.

**(ii) Defined benefit plans**

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees, which is funded. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined using the Projected Unit Credit method at the end of each year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Gratuity Fund contributions are made to a trust administered by the Company which has further invested in Life Insurance Corporation. The contributions made to the trust are recognised as plan assets. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

**(iii) Other employee benefits**

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Termination Benefits: Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

**s) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Directors who are identified as the chief operating decision makers. The managing directors assess the financial performance and position of the company, and make strategic decisions.

**t) Earnings per share**

**i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

**(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**u) Rounding off**

All amounts disclosed in the special purpose financial statements and notes have been rounded off to the nearest lakhs, or decimal thereof as per the requirement of Schedule III, unless otherwise stated.

**3 Critical estimates and judgements**

The preparation of special purpose financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligation – Note 29
- Impairment of trade receivables – Note 41
- Estimation of useful life of tangible assets – Note 4

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company.

**4 Property, Plant and Equipment**

Particulars	Gross Carrying Amount					Accumulated Depreciation/Amortisation					Net Carrying Amount
	Opening as on March 27, 2019	Addition pursuant to a Scheme of Arrangement (Refer note 51)	Additions	Deductions/ Adjustments	As at March 31, 2020	Opening as on March 27, 2019	Addition pursuant to a Scheme of Arrangement (Refer note 51)	For the period	Deductions/ Adjustments	As at March 31, 2020	As at March 31, 2020
Freehold Land	-	63.10	-	-	63.10	-	-	-	-	-	63.10
Right of use asset	-	459.40	-	-	459.40	-	18.51	6.46	-	24.97	434.43
Building	-	2,235.32	29.00	-	2,264.32	-	237.39	85.43	-	322.82	1,941.50
Plant and Machinery	-	9,443.77	1,658.23	44.05	11,057.95	-	904.86	413.68	9.64	1,308.90	9,749.05
Electric Installation	-	349.68	-	-	349.68	-	146.14	34.20	-	180.34	169.34
Air Conditioners	-	49.18	0.93	0.52	49.59	-	20.22	6.46	0.47	26.21	23.38
Office Equipments and Computers	-	78.78	11.30	4.18	85.90	-	39.57	14.02	3.22	50.37	35.53
Furniture and Fixtures	-	178.04	23.90	-	201.94	-	41.41	20.80	-	62.21	139.73
Vehicles	-	113.66	10.74	3.44	120.96	-	38.58	14.29	2.51	50.36	70.60
<b>Total</b>	-	<b>12,970.93</b>	<b>1,734.10</b>	<b>52.19</b>	<b>14,652.84</b>	-	<b>1,446.68</b>	<b>595.34</b>	<b>15.84</b>	<b>2,026.18</b>	<b>12,626.66</b>

- (i) Refer to note 46 for information on property, plant and equipment hypothecated and / or mortgaged as security by the Company.  
(ii) Contractual obligations - Refer to note 44 for disclosure of contractual commitments for the acquisition of property, plant and equipment.  
(iii) Refer to note 48 - Leasehold land has been classified as Right of use asset as per Ind AS 116.

**5 Capital Work in Progress**

	As at March 31, 2020
Opening Balance	-
Addition pursuant to a Scheme of Arrangement (Refer Note 51)	87.91
Addition during the period	2,542.17
Transfer during the period	1,687.23
Closing Balance	942.85

Capital work-in-progress mainly comprises of Building and Plant & Machinery.

**6 Intangible Assets**

Particulars	Gross Carrying Amount					Accumulated Amortisation					Net Carrying Amount
	Opening as on March 27, 2019	Addition pursuant to a Scheme of Arrangement (Refer note 51)	Additions	Deductions/ Adjustments	As at March 31, 2020	Opening as on March 27, 2019	Addition pursuant to a Scheme of Arrangement (Refer note 51)	For the period	Deductions/ Adjustments	As at March 31, 2020	As at March 31, 2020
Computer Software	-	-	8.07	-	8.07	-	-	0.61	-	0.61	7.46
<b>Total</b>	-	-	<b>8.07</b>	-	<b>8.07</b>	-	-	<b>0.61</b>	-	<b>0.61</b>	<b>7.46</b>

In terms of our report attached

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

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

		<b>As at</b>
		<b>March 31, 2020</b>
<b>7</b>	<b><u>Loans</u></b> (Unsecured, Considered Good) Security Deposits	0.53
		<b>0.53</b>
<b>8</b>	<b><u>Other Financial Assets</u></b>  Margin Money Deposit *	27.69
		<b>27.69</b>
* Pledged with the bank for non cash limit		
<b>9</b>	<b><u>Non Current Tax Assets (Net)</u></b> Advance Income Tax and Tax deducted at source (Net of Provision)	79.63
		<b>79.63</b>
<b>10</b>	<b><u>Other Non Current Assets</u></b> (Unsecured and Considered Good) Capital advances	653.88
		<b>653.88</b>
<b>11</b>	<b><u>Inventories</u></b> [Refer note 2 (i) - valued at lower of cost and net realisable value] Raw Materials Packing Materials Stores and Fuel Semi-finished Goods Finished Goods	2,673.36 4.89 370.89 664.14 57.82
		<b>3,771.10</b>
<u>Of the above includes Goods in transit :</u>		
	Raw Materials	37.31
	Stores and Fuel	0.05
	Finished Goods	57.82
The cost of stores and spares inventories recognised as an expense includes Rs. 44.92 lakhs in respect of write-downs of inventory determined based on evaluation of slow and non moving inventories.		
<b>12</b>	<b><u>Trade Receivables</u></b> Trade Receivables considers good - Unsecured Trade Receivables - credit impaired	3,787.90 42.00
		<b>3,829.90</b>
	Less: Credit impairment loss	(42.00)
		<b>3,787.90</b>

Refer Note 41 (A) for credit risk related disclosures.

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

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

		<b>As at</b>
		<b>March 31, 2020</b>
<b>13</b>	<b><u>Cash and cash equivalents</u></b>	
	Balances with banks:	
	- In Current Accounts	1.31
	Cash on Hand	1.77
		<b>3.08</b>
		<hr/> <hr/>
	There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.	
<b>14</b>	<b><u>Bank balances other than note 13 above</u></b>	
	Unpaid Dividend Accounts	17.87
		<b>17.87</b>
		<hr/> <hr/>
<b>15</b>	<b><u>Loans</u></b>	
	(Unsecured, Considered Good)	
	Loans to Employees	1.01
	Security Deposits	0.21
		<b>1.22</b>
		<hr/> <hr/>
<b>16</b>	<b><u>Other Current Financial Assets</u></b>	
	Interest Accrued but not Due	1.24
		<b>1.24</b>
		<hr/> <hr/>
<b>17</b>	<b><u>Other Current Assets</u></b>	
	Balances with Government Authorities	24.66
	Export Incentive Receivable	53.46
	Advance to vendors	40.83
	Prepaid Expenses	27.55
	Excess deposit in Gratuity Fund	2.44
	Others	0.53
		<b>149.47</b>
		<hr/> <hr/>

In terms of our report attached

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
(All amounts in Rs. Lakhs, unless otherwise stated)

		<b>As at</b>
		<b>March 31, 2020</b>
<b>18</b>	<b>Equity Share Capital</b>	
	<b>Authorised:</b>	
	10,000 Equity Shares of Rs. 10 each	1.00
		<u><b>1.00</b></u>
	<b>Issued, Subscribed and Paid-up:</b>	
	Nil Equity Shares of Rs. 10 each, fully paid-up (Refer Note 18.1)	-
		<u><b>-</b></u>
<b>18.1</b>	<b>Movement in Equity Share Capital</b>	
		<b>No. of Equity Shares</b>
		<b>Amount</b>
	Balance as at March 27, 2019	-
	Shares issued during the period	10,000
	Shares cancelled pursuant to a Scheme of Arrangement (Refer Note 51)	<u>(10,000)</u>
	Balance as at the end of the period	<u><b>-</b></u>
<b>18.2</b>	<b>Rights, preferences and restrictions attached to shares</b>	
	The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.	
<b>19</b>	<b>Equity Shares Suspense Account</b>	<b>As at</b>
	Equity Shares to be issued pursuant to a Scheme of Arrangement (Refer Note 51)	<b>March 31, 2020</b>
		1,302.09
		<u><b>1,302.09</b></u>
<b>20</b>	<b>Other Equity</b>	<b>As at</b>
	Capital Reserve	<b>March 31, 2020</b>
	Retained Earnings	8,958.05
		2,596.38
		<u><b>11,554.43</b></u>
	<b>Movement of Capital Reserve</b>	
	Balance as at March 27, 2019	-
	Addition pursuant to a Scheme of Arrangement (Refer Note 51)	8,958.05
	Balance as at the end of the period	<u><b>8,958.05</b></u>
	<b>Movement of Retained Earnings</b>	
	Balance as at March 27, 2019	-
	Profit for the period	3,654.86
	Other Comprehensive Income	<u>(9.65)</u>
		3,645.21
	Less : Dividend paid including Dividend distribution tax	<u>1,048.83</u>
	Balance as at the end of the period	<u><b>2,596.38</b></u>
	<b>Capital Reserve</b>	
	Capital Reserve was created pursuant to a Scheme of Arrangement (Refer Note 51).	
	<b>Retained Earnings</b>	
	The retained earnings reflect the profit of the company earned till date net of appropriations. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance under this head, after considering the requirements of the Companies Act, 2013.	
<b>21</b>	<b>Borrowings - Non-Current</b>	<b>As at</b>
	Secured - at amortized cost	<b>March 31, 2020</b>
	Term Loan from Bank *	1,633.16
		<u><b>1,633.16</b></u>
	* After considering unamortised expenses of Rs. 12.33 Lakhs as at March 31, 2020.	

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
(All amounts in Rs. Lakhs, unless otherwise stated)

**Security Details**

Term Loans from banks are secured by hypothecation by way of first and exclusive charges on all present and future stocks, book debts and collaterals security by way of Equitable mortgage of industrial property bearing Survey No. 253/P and 312 situated at village Chekhala, Sanand-Kadi Road and Hypothecation of plant and machinery installed at the factory premises.

Name of bank	Maturity Date	Terms of Repayment	Outstanding as at March 31, 2020
HDFC Bank (Term Loans)	December 2021	Repayment in 63 monthly instalments	791.41
	October 2020	Repayment in 39 monthly instalments	48.09
	January 2025	Repayment in 64 monthly instalments	1,402.72

The carrying amount of financial and non-financials assets hypothecated and / or mortgaged as security for current and non-current borrowings are disclosed in note 46.

In view of the extension of time granted vide a circular of Reserve Bank of India (RBI), RBI/2019-20/186 dated March 27, 2020 for the payment of interest and principal for term loans falling due between March 1, 2020 and May 31, 2020, the Company has availed the moratorium.

		<b>As at March 31, 2020</b>
<b>22</b>	<b>Non-Current Provisions</b>	
	Provision for Employee Benefits [Refer Note 29(a)]	
	Provision for compensated absences	114.33
		<b>114.33</b>

		<b>As at March 31, 2020</b>
<b>23</b>	<b>Borrowings - Current</b>	
	Secured:	
	Working Capital Loans from Bank	4,405.09
	Packing credit in Foreign Currency	32.28
		<b>4,437.37</b>

Working Capital Loan and Packing credit in Foreign Currency from banks are secured by hypothecation by way of First and exclusive charges on all present and future stocks, book debts and collaterals security by way of Equitable mortgage of industrial property bearing Survey No. 253/P and 312 situated at village Chekhala, Sanand-Kadi Road and Hypothecation of plant and machinery installed at the factory premises.  
Packing credit from bank are due for repayment within 120 days.

		<b>As at March 31, 2020</b>
<b>24</b>	<b>Trade Payables</b>	
	(a) Total outstanding dues of micro enterprises and small enterprises *	41.29
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	599.86
		<b>641.15</b>

**\* Total outstanding dues of Micro, Small and Medium Enterprises**

(including dues of Creditors for capital goods)

a)	Principal Amount due to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and remaining unpaid as at the period end.	74.60
b)	Interest due to suppliers registered under MSMED Act and remaining unpaid as at the period end.	-
c)	The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	72.27
d)	The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	0.32
e)	The amount of interest accrued and remaining unpaid at the end of each accounting year.	2.73
f)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	2.41

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
(All amounts in Rs. Lakhs, unless otherwise stated)

**25 Other Financial Liabilities**

**Current**

Current maturities of long term debt (Refer Note 21)	
Term Loan from Bank	596.73
Interest accrued but not due on borrowings	14.39
Unclaimed dividend #	17.87
Creditors for capital goods *	176.77
Employee benefit payable	200.08

**1,005.84**

\* Including dues to Micro and Small Enterprises for Rs. 36.04 Lakhs - Refer Note 24.

# There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Act as at the period end.

**As at  
March 31, 2020**

**Net Debt Reconciliation**

Cash and cash equivalents	3.08
Current borrowings	(4,437.37)
Non-current borrowing (includes current maturity of long term borrowings)	(2,229.89)

**(6,664.18)**

	<b>Cash and Cash equivalents</b>	<b>Non-current Borrowings</b>	<b>Current Borrowings</b>	<b>Total</b>
<b>Net Debt as of March 27, 2019</b>	-	-	-	-
Transferred pursuant to a Scheme of Arrangement (Refer Note 51)	1.64	(1,640.29)	(4,049.00)	(5,687.65)
Cash flow (Net)	1.44	(589.60)	(388.37)	(976.53)
Interest expense	-	186.93	461.21	648.14
Interest accrued but not due	-	(2.13)	0.21	(1.92)
Interest paid	-	(184.80)	(461.42)	(646.22)
<b>Net Debt as of March 31, 2020</b>	<b>3.08</b>	<b>(2,229.89)</b>	<b>(4,437.37)</b>	<b>(6,664.18)</b>

**As at  
March 31, 2020**

**26 Other current liabilities**

Advances from customers (Refer Note 49)	19.80
Statutory liabilities	67.81
Other liabilities	0.16

**87.77**

**27 Current Provisions**

Provision for employee benefits [Refer Note 29 (a)]	-
Provision for gratuity	
Provision for compensated absences	33.76

**33.76**

**28 Current Tax Liabilities (Net)**

Income tax provision net of Advance Tax	97.78
-----------------------------------------	-------

**97.78**

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
(All amounts in Rs. Lakhs, unless otherwise stated)

**29 (a) Provision for Employee Benefits**

	As at March 31, 2020	
	Current	Non-current
Compensated absences	33.76	114.33
Gratuity	-	-
<b>Total Provision for Employee Benefits</b>	<b>33.76</b>	<b>114.33</b>

**(b) Long term employee benefit obligations**

**Compensated absences**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation.

	As at March 31, 2020
Current leave obligations expected to be settled within the next 12 months	33.76

**(c) Post employment obligations**

**Defined benefit plans**

**Gratuity**

The company provides for gratuity for employees as per the Payment of Gratuity Act, 1972 and as per Company policy. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan. The scheme is funded with Adi Finchem Limited Employees Group Gratuity Assurance Scheme which in-turn, has taken Group Gratuity Scheme of the Life Insurance Corporation of India in the form of a qualifying insurance policy.

**Defined contribution plans**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund and ESI which are defined contribution plans. The Company has no obligations other than to make the specified contributions. The contributions are charged to statement of profit and loss as they accrue.

The expense recognised during the period towards defined contribution plan are :

	For the period March 27, 2019 to March 31, 2020
Employer's Contribution to Provident Fund	38.58
Employer's Contribution to Employees' State Insurance	3.36
Employer's Contribution to Employees' Pension Scheme 1995	24.93
	<b>66.87</b>

**As at March 27, 2019**

Transferred pursuant to a Scheme of Arrangement (Refer Note 51)

	Present value of obligation	Fair value of plan assets	Net amount
	-	-	-
Transferred pursuant to a Scheme of Arrangement (Refer Note 51)	233.23	(207.82)	25.41
Current service cost	26.12	-	26.12
Interest expense/(income)	15.44	(14.51)	0.93
<b>Total amount recognised in statement of profit and loss</b>	<b>41.56</b>	<b>(14.51)</b>	<b>27.05</b>
<i>Remeasurements</i>			
Return on plan assets, excluding amount included in interest expense/(income)	-	0.11	0.11
(Gain )/loss from change in demographic assumptions	0.02	-	0.02
(Gain )/loss from change in financial assumptions	17.79	-	17.79
Experience (gains)/losses	(5.02)	-	(5.02)
<b>Total amount recognised in other comprehensive income</b>	<b>12.79</b>	<b>0.11</b>	<b>12.90</b>
Employer contributions	-	(67.80)	(67.80)
Benefit payments	(13.33)	13.33	-
<b>As at March 31, 2020</b>	<b>274.25</b>	<b>(276.69)</b>	<b>(2.44)</b>

The net liability disclosed above relating to funded and unfunded plans are as follows:

	As at March 31, 2020
Fair value of plan assets	(276.69)
Present value of funded obligations	274.25
<b>(Surplus)/Deficit of gratuity plan</b>	<b>(2.44)</b>

**Categories of plan assets are as follows:**

	As at March 31, 2020
Insurer managed funds	(276.69)
<b>Total</b>	<b>(276.69)</b>

In terms of our report attached

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
(All amounts in Rs. Lakhs, unless otherwise stated)

**Significant estimates: Actuarial assumptions and sensitivity**

The significant actuarial assumptions were as follows:

	<b>As at March 31, 2020</b>
Discount Rate	6.85%
Salary growth Rate	0% for F.Y. 2020-21; 12% for F.Y. 2021-22; 10% for F.Y. 2022-23; 8% thereafter
Withdrawal Rate	2% at all ages

**Sensitivity analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	<b>Impact on defined benefit obligation</b>		
	<b>Change in assumptions As at March 31, 2020</b>	<b>Increase in assumptions As at March 31, 2020</b>	<b>Decrease in assumptions As at March 31, 2020</b>
Discount Rate	0.50%	(13.86)	15.15
Salary growth Rate	0.50%	14.87	(13.19)
Withdrawal Rate	10.00%	(0.47)	0.47

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**Risk exposure:**

- i Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
- ii Liquidity Risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company, there can be strain on the cash flows.
- iii Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
- iv Legislative Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

**Defined benefit liability and employer contributions**

Expected contributions to post-employment benefit plans for the period ending March 31, 2021 are INR 29.27 lakhs.

The weighted average duration of the defined benefit obligation is 11 years. The expected maturity analysis of undiscounted gratuity is as follows:

	<b>Less than a year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>As at March 31, 2020</b>					
Defined benefit obligation (gratuity)	49.56	5.02	30.88	188.79	274.25

In terms of our report attached



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
(All amounts in Rs. Lakhs, unless otherwise stated)

	<b>For the period March 27, 2019 to March 31, 2020</b>												
<b>35 Finance Costs</b>													
Interest on Long Term Borrowings	186.93												
Interest and other borrowing cost	461.21												
Interest on Income Tax	9.76												
	<b>657.90</b>												
<b>36 Other Expenses</b>													
Consumption of Stores and Spares	413.11												
Power and Fuel	1,883.98												
Laboratory expenses	43.07												
Research & Development Expenses	25.98												
Rent, rates and taxes	9.18												
Insurance	28.18												
Repairs and maintenance :													
- Machinery	57.04												
- Buildings	23.74												
- Others	6.49												
Travelling and conveyance	12.61												
Telephone and advertisement expense	16.37												
Directors' sitting fees	13.00												
Remuneration to Auditors for:													
Statutory Audit and Limited Reviews	27.10												
Others	2.90												
Out of pocket expenses	0.62												
Commission on sales	50.62												
Freight and forwarding	332.13												
Legal and professional fees	189.31												
Vehicle expenses	21.90												
Loss on assets sold / discarded (Net)	31.28												
Corporate Social Responsibility expenditure	4.85												
Solid waste disposal charges	210.17												
Miscellaneous expenses	145.97												
	<b>3,549.60</b>												
<b>37 Expenditure towards Corporate Social Responsibility (CSR) activities</b>													
(a) Gross amount required to be spent by the Company during the period: Rs. 47.06 lakhs.													
(b) Amount spent during the period :													
	<table border="0"> <thead> <tr> <th></th> <th style="text-align: center;"><b>In Cash</b></th> <th style="text-align: center;"><b>Yet to be paid in Cash</b></th> <th style="text-align: center;"><b>Total</b></th> </tr> </thead> <tbody> <tr> <td>(i) Construction/acquisition of any asset</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(ii) On purposes other than (i) above</td> <td style="text-align: center;">4.83</td> <td style="text-align: center;">0.02</td> <td style="text-align: center;">4.85</td> </tr> </tbody> </table>		<b>In Cash</b>	<b>Yet to be paid in Cash</b>	<b>Total</b>	(i) Construction/acquisition of any asset	-	-	-	(ii) On purposes other than (i) above	4.83	0.02	4.85
	<b>In Cash</b>	<b>Yet to be paid in Cash</b>	<b>Total</b>										
(i) Construction/acquisition of any asset	-	-	-										
(ii) On purposes other than (i) above	4.83	0.02	4.85										
<b>38 Earnings per Share (EPS)</b>													
<b>Basic</b>													
Net Profit available to Equity Shareholders	3,654.86												
Weighted Average Number of Equity Shares (Refer Note 51)	13,020,900												
Basic EPS (Rs.)	28.07												
<b>Diluted</b>													
Net Profit before tax as per Statement of Profit and Loss	3,654.86												
Weighted Average Number of Equity Shares (Refer Note 51)	13,020,900												
Diluted EPS (Rs.)	28.07												
Nominal value of an equity share	10.00												

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
(All amounts in Rs. Lakhs, unless otherwise stated)

**39 Taxation**

**39 a) - Income tax expense**

	<b>For the period March 27, 2019 to March 31, 2020</b>
<u>Current tax</u>	
Current tax on profits for the period	883.00
<b>Total current tax expense</b>	<b>883.00</b>
<u>Deferred tax</u>	
(Decrease)/increase in deferred tax liabilities	(60.81)
Decrease/(increase) in deferred tax assets	11.22
Deferred tax on Other Comprehensive Income	(3.25)
<b>Total deferred tax expense/(benefit)</b>	<b>(52.84)</b>
<b>Income tax expense</b>	<b>830.16</b>
<b>39 b) - Reconciliation of tax expense and accounting profit multiplied by statutory tax rates</b>	
<b>Profit for the period</b>	<b>4,488.27</b>
Statutory tax rate	25.17%
<b>Tax expense at applicable tax rate</b>	<b>1,129.61</b>
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:	
Amount Exempt from tax	(157.30)
Amount not allowable under tax	22.84
Effect of change in Income tax rate on Deferred tax (Refer note below)	(164.99)
<b>Income tax expense</b>	<b>830.16</b>

**Note:**

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 from the current financial year. Accordingly, the provision for income tax and deferred tax balances have been recorded/ remeasured using the new tax rate and the Company has reversed deferred tax liabilities amounting to Rs. 164.99 Lakhs.

**39 c)- Deferred tax liabilities**

The balance comprises temporary differences attributable to:

	<b>As at March 31, 2020</b>
<u>Deferred tax liabilities:</u>	
On Property, Plant and Equipments	1,238.07
Others	3.11
<b>Total deferred tax liabilities</b>	<b>1,241.18</b>
<u>Deferred tax assets:</u>	
On Defined Benefit Obligations	36.66
Others	41.62
<b>Total deferred tax assets</b>	<b>78.28</b>
<b>Net deferred tax liabilities</b>	<b>1,162.90</b>

Movement in deferred tax balances

Particulars	As at March 27, 2019	Transferred pursuant to a Scheme of Arrangement (Refer Note 51)	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	Charged/ (credited) to equity	As at March 31, 2020
On Property, Plant and Equipments	-	1,300.12	(62.05)	-	-	1,238.07
Others	-	1.87	1.24	-	-	3.11
<b>Total deferred tax liabilities</b>	<b>-</b>	<b>1,301.99</b>	<b>(60.81)</b>	<b>-</b>	<b>-</b>	<b>1,241.18</b>
<u>Deferred tax assets:</u>						
On Defined Benefit Obligations	-	42.82	(9.41)	3.25	-	36.66
Others	-	43.43	(1.81)	-	-	41.62
<b>Total deferred tax assets</b>	<b>-</b>	<b>86.25</b>	<b>(11.22)</b>	<b>3.25</b>	<b>-</b>	<b>78.28</b>
<b>Net deferred tax liabilities</b>	<b>-</b>	<b>1,215.74</b>	<b>(49.59)</b>	<b>(3.25)</b>	<b>-</b>	<b>1,162.90</b>

**40 Fair value measurements**

**Financial instruments by category**

**As at March 31, 2020**

	<b>Carrying Value</b>	<b>Fair Value</b>
<b>Financial assets</b>		
(Measured at amortised cost)		
Security Deposits	0.74	0.74
Margin Money Deposits	27.69	27.69
Trade Receivables	3,787.90	3,787.90
Cash and cash equivalents	3.08	3.08
Bank balances other than cash and cash equivalents above	17.87	17.87
Loans to Employees	1.01	1.01
Interest Accrued but not due	1.24	1.24
<b>Total financial assets</b>	<b>3,839.53</b>	<b>3,839.53</b>
<b>Financial liabilities</b>		
(Measured at amortised cost)		
Borrowings	6,667.26	6,667.26
Trade payables	641.15	641.15
Interest accrued but not due on borrowings	14.39	14.39
Unclaimed dividends	17.87	17.87
Creditors for Capital Goods	176.77	176.77
Employee benefit payable	200.08	200.08
<b>Total financial liabilities</b>	<b>7,717.52</b>	<b>7,717.52</b>

**Fair value hierarchy**

All financial instruments have been measured at amortised cost. For all financial instruments referred above which have been measured at amortised cost, their carrying values are reasonable approximations of their fair values. The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). All financial instruments referred above have been classified as Level 3.

The categories used are as follows :

**Level 1 :** Level 1 hierarchy includes financial instruments measured using quoted prices.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. Considering that all significant inputs required to fair value such instruments are observable, these are included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**Valuation technique used to determine fair value**

The fair value of the financial instruments is determined using discounted cash flow analysis.

**Valuation processes**

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO).

**Fair value of financial assets/liabilities measured at amortised cost**

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, investments, margin money deposits, loans to employees, security deposits, trade payables, capital creditors, interest accrued but not due on borrowings, unclaimed dividends, employee benefit payable and other deposits are considered to be as their fair values, due to their current nature.

The fair values of borrowings have been calculated based on cash flows discounted using a current lending rate. They are classified as level 3 in the hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For Level 3 financial instruments, the fair value has been based on present values and the discount rates used, are adjusted for counterparty or own risk.

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
(All amounts in Rs. Lakhs, unless otherwise stated)

**41. Financial risk management**

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The key risks and mitigating actions are also placed before the Board of directors of the Company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and to control and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management framework of the Company is supported by the Finance team and experts of respective business divisions that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

**(A) Management of Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Cash and cash equivalents & bank balances

The Company is also exposed to credit risk on cash and cash equivalents and bank balances other than cash and cash equivalents. These balances (other than cash on hand) are with high credit rating banks which are governed by Reserve Bank of India. The company believes its credit risk in such bank balances is immaterial.

Security deposits and other receivables

With respect to other financial assets namely security and other deposits and other receivables, the maximum exposure to credit risk is the carrying amount of these classes of financial assets presented in the balance sheet.

Trade receivables

The Company measures the expected credit loss of trade receivables from customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends which is very negligible.

	<b>Carrying amount</b>
	<b>As at March 31, 2020</b>
Neither past due nor impaired	3,009.50
Past due 0-90 days	762.50
Past due 90-180 days	0.10
Past due 180-270 days	15.43
Past due 270-360 days	0.02
More than 360 days	42.35

Movement in impairment provision

	<b>Amount</b>
<b>Balance as at March 27, 2019</b>	-
Add: Transferred pursuant to a Scheme of Arrangement (Refer Note 51)	49.06
Impairment loss reversed	(7.06)
<b>Balance as at March 31, 2020</b>	<b>42.00</b>

**(B) Management of Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company maintains flexibility in funding by maintaining availability under committed credit lines.

The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. Material and sustained shortfall in cash flow could undermine the company's credit rating and impair investor confidence.

The company maintained a cautious funding strategy, with a positive cash generation from operating activities for the period ended March 31, 2020.

**Financing Arrangement**

The Company has access to the following undrawn borrowing facilities at the end of the reporting period.

	<b>As at March 31, 2020</b>
<b>Floating rate</b>	
Current Borrowings	1,262.63
Non current Borrowings	500.43

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
(All amounts in Rs. Lakhs, unless otherwise stated)

**Maturities of financial liabilities**

The following table shows the maturity analysis of the company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance sheet date:

Contractual maturities of financial liabilities As at March 31, 2020	Notes	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings *	21, 23, 25	6,667.26	5,034.10	1,633.16	6,667.26
Trade payables	24	641.15	641.15	-	641.15
Interest accrued but not due on borrowings	25	14.39	14.39	-	14.39
Unclaimed dividends	25	17.87	17.87	-	17.87
Creditors for Capital Goods	25	176.77	176.77	-	176.77
Employee benefit payable	25	200.08	200.08	-	200.08
<b>Total liabilities</b>		<b>7,717.52</b>	<b>6,084.36</b>	<b>1,633.16</b>	<b>7,717.52</b>

\* After considering unamortised expenses of Rs. 12.33 Lakhs as at March 31, 2020.

**(C) Management of Market Risk**

Market risk comprises of foreign currency risk and interest rate risk. Foreign currency risk arises from transactions that are undertaken in a currency other than the functional currency of the company. Further, the financial performance and financial position of the company is exposed to foreign currency risk that arises on outstanding receivable and payable balances at a reporting year end date. Interest rate risk arises from variable rate borrowings that expose the company's financial performance, financial position and cash flows to the movement in market rates of interest.

**Foreign currency risk**

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US\$. The Company imports capital goods and raw materials and exports finished goods. The company also pays interest, legal and professional fees and travelling and conveyance in foreign currency.

**Foreign currency exposure**

	As at March 31, 2020
	USD in Lakhs
<b>Financial Assets</b>	
Trade Receivables	0.98
<b>Exposure to foreign currency assets</b>	<b>0.98</b>
<b>Financial Liabilities</b>	
Packing credit	0.43
Trade Payable	-
<b>Exposure to foreign currency liabilities</b>	<b>0.43</b>

**Sensitivity - Foreign Currency**

The sensitivity of profit or loss to changes in the exchange rates is as follows:

	Impact on profit before tax
	For the period March 27, 2019 to March 31, 2020
<b>USD Sensitivity</b>	
INR/USD increase by 5%*	2.07
INR/USD decrease by 5%*	(2.07)

\* Holding all other variables constant

**Interest rate risk**

The Company is mainly exposed to interest rate risk due to its floating interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings. The Company mitigates the interest rate risk for borrowing in functional currency, which is linked with MCLR, by negotiating and fixing the rate at the time of renewal of bank facility which remains effective for one year from the date of renewal. In case of borrowing in foreign currency, which is linked with USD Libor rate, the company mitigates the risk by fixing the margin at the time of renewal of bank facility which remains effective for one year from the date of renewal.

The Company has various non current and current borrowings whose facilities are on a variable interest rate basis. Refer below table for interest rate exposure.

**Interest Rate Exposure**

The exposure of Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	As at March 31, 2020
Variable Rate Borrowings	6,667.26

**Sensitivity - Interest Rate**

The sensitivity of profit or loss to higher/(lower) interest expense from borrowings as a result of change in borrowing rates is as follows:

	Impact on profit before tax
	For the period March 27, 2019 to March 31, 2020
Interest Rates - increase by 0.5%*	(3.24)
Interest Rates - decrease by 0.5%*	3.24

\* Holding all other variables constant

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
(All amounts in Rs. Lakhs, unless otherwise stated)

**42 Capital management**

**Risk management**

The Company considers the following components of its Balance Sheet as managed capital:  
Total equity as shown in the balance sheet includes share capital and retained earnings.

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to day needs. The Company considers the amount of capital in proportion to risk and manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, reduce capital or issue new shares.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratios:

Net debts (Total borrowings net of cash and cash equivalents)  
divided by  
Total 'equity' (as shown in the Balance Sheet)

The gearing ratios were as follows:

	<b>As at March 31, 2020</b>
Net Debts *	6,664.18
Total Equity	12,856.52
Net Debt to Equity Ratio	0.52

\* After considering unamortised expenses of Rs. 12.33 Lakhs as at March 31, 2020.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to provide return to shareholders by continuing to distribute dividends in future periods. Refer the below note for the final dividend declared and paid.

**FAIRCHEM ORGANICS LIMITED****NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

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

**43 Related party disclosures****(a) Relationships****Promoter Group**

FIH Mauritius Investments Limited, Republic of Mauritius (FMIL)

FIH Private Investments Limited, Mauritius

(FMIL is wholly owned and controlled by Fairfax India Holdings Corporation, Canada)

**Other Related Parties with whom transactions have taken place during the period**

Privi Organics India Limited, India

Fairchem Speciality Limited, India

Fairfreight Lines Private Limited, India

**Key Management Personnel**

Mr. Nahoosh Jariwala

Director (up to August 26, 2020)

Managing Director (w.e.f. August 27, 2020)

Mr. Rajen Jhaveri

Director (up to August 26, 2020)

Mr. Kaushik Bhatt

Director (up to August 26, 2020)

**Post employment benefit plan**

Adi Finechem Limited Employees Group Gratuity Assurance Scheme

**(b) The nature and volume of transactions carried out and balances with related parties in the ordinary course of business are as follows:****Transactions**

<b>Name of the related party and nature of the relationship</b>	<b>For the period March 27, 2019 to March 31, 2020</b>
<b><u>Other Related Parties</u></b>	
<b>Reimbursement of Expenses</b>	
Fairchem Speciality Limited	0.01
<b>Dividend Income</b>	
Privi Organics India Limited	625.00
<b>Freight Expenses</b>	
Fairfreight Lines Private Limited	1.54
<b><u>Key Management Personnel</u></b>	
<b>Remuneration</b>	
Mr. Nahoosh Jariwala	144.00
Mr. Rajen Jhaveri	69.02
Mr. Kaushik Bhatt	25.31
<b>Reimbursement of Expenses</b>	
Mr. Rajen Jhaveri	1.20
Mr. Kaushik Bhatt	0.42
<b><u>Balances</u></b>	
<b>Name of the related party and nature of the relationship</b>	
<b><u>Payable to Key Management Personnel:</u></b>	
Mr. Nahoosh Jariwala	8.25
Mr. Rajen Jhaveri	24.74
(Net of Tax Deducted at Source)	

**Terms and Conditions**

1) Transactions with related parties are at normal commercial terms.

2) All outstanding balances are unsecured and payable in cash.

In terms of our report attached

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

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

**44 Contingent Liabilities and commitments**

**(a) Contingent liabilities**

	<b>As at March 31, 2020</b>
Claims against the Company not acknowledged as debt	15.00
Disputed excise and service tax liability	25.97
Disputed Value added tax and Central Sales Tax liability	12.93
<b>Total</b>	<b>53.90</b>

The company is contesting the demands and the management believes that its position is likely to be upheld in the appellate process. It is not practicable to estimate the timing of cash outflows, if any in respect of legal matters, pending resolution of the proceedings with the appellate authorities.

The Company has evaluated the impact of Supreme Court ("SC") judgement dated February 28, 2019 in the case of Regional Provident Fund Commissioner (II) West Bengal v/s Vivekananda Vidyamandir and Others, in relation to exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to Provident Fund ("PF") under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952. There are interpretation issues relating to the said SC judgement. Based on such evaluation, management has concluded that effect of the aforesaid judgement on the Company is not material and accordingly, no provision has been made in the special purpose financial statements.

**(b) Capital Commitments**

	<b>As at March 31, 2020</b>
Estimated value of contracts in capital account remaining to be executed	1,506.14
<b>Total</b>	<b>1,506.14</b>

**45 Events occurring after reporting period**

The Company evaluated subsequent events through September 29, 2020, the date the special purpose financial statements were available for issuance, and determined that there were no additional material subsequent events requiring disclosure except as disclosed under Note 51.

**46 Assets hypothecated and / or mortgaged as security**

The carrying amounts of assets hypothecated and / or mortgaged as security for borrowings are:

	Notes	As at March 31, 2020
<b>Non-Current</b>		
<u>Non-financial assets</u>		
Land (Freehold)	4	63.10
Building	4	1,941.50
Plant and Machinery	4	9,749.05
<b>Total non-current assets hypothecated and / or mortgaged as security</b>		<b>11,753.65</b>
<b>Current</b>		
<u>Non-financial assets</u>		
Inventories	11	3,771.10
<u>Financial assets</u>		
Trade receivables	12	3,787.90
<b>Total current assets hypothecated as security</b>		<b>7,559.00</b>

**47 Segment reporting**

In accordance with the requirements of Ind AS 108 – "Operating Segments" the Company has determined its business segment as Specialty Chemicals (which includes Oleo Chemicals and Intermediate Neutraceuticals). Since 100% of the Company's business is in this segment, there are no other primary reportable segments. Thus the Segment Revenue, Segment Results, total carrying amount of Segment Assets, total carrying amount of Segment Liabilities, total cost incurred to acquire segment assets, the total amount charged for depreciation and amortisation during the period are all as reflected in the special purpose financial statements for the period ended March 31, 2020 and as on that date.

Segment	For the period March 27, 2019 to March 31, 2020	
	Revenue from external Customers	Total segment revenue
<b>Total Segment revenue</b>	30,579.09	30,579.09
	<b>30,579.09</b>	<b>30,579.09</b>
		<b>For the period March 27, 2019 to March 31, 2020</b>
<b>Revenue from external customers</b>		
India		29,494.88
Outside India		1,084.21
<b>Total</b>		<b>30,579.09</b>

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

**48 Leases**

**Company as lessee**

The entity has reclassified leasehold land under Property, Plant & Equipments as Right of use assets on the date of initial application of Ind AS 116 - Leases. There are no other lease arrangements entered into by the Company. Hence, there is no impact on the transition to Ind AS 116.

In terms of our report attached

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

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

**49 Ind AS 115 – Revenue from Contracts with Customers**

The Company has opted for modified retrospective approach in accordance with Ind-AS 115 "Revenue from Contracts with Customers". Management has used judgement in respect of matters such as identification of performance obligations; allocation of consideration to identified performance obligations and recognition of revenue over a period of time or at a point in time based on timing when control is transferred to customer.

(A) The Company is primarily in the Business of manufacture and sale of Speciality Oleo Chemicals. All sales are made at a point in time and revenue recognised upon satisfaction of the performance obligations which is typically upon dispatch or delivery. The Company has a credit evaluation policy based on which the credit limits for the trade receivables are established. The Company does not give significant credit period resulting in no significant financing component.

(B) Reconciliation of revenue recognised from Contract liability:

	<b>As at March 31, 2020</b>
Opening Contract liability	-
Add: Transferred pursuant to a Scheme of Arrangement (Refer Note 51)	35.42
Less: Recognised as revenue during the period	(916.05)
Add: Addition to contract liability during the period	900.43
Add: Other Adjustments	-
Closing Contract liability	<u><u>19.80</u></u>

(C) Reconciliation of revenue as per contract price and as recognised in statement of profit and loss:

	<b>As at March 31, 2020</b>
Revenue from contract with customer as per Contract price	30,628.96
Less: Discounts and incentives	(16.73)
Less:- Sales Returns /Credits / Reversals	(33.14)
Revenue from contract with customer as per statement of profit and loss	<u><u>30,579.09</u></u>

Disaggregation of Revenue from contract with customers

	<b>For the period March 27, 2019 to March 31, 2020</b>
India	29,494.45
Middle East	63.59
North America	1,021.05
	<u><u>30,579.09</u></u>

**50 Impact of Covid 19**

The COVID-19 pandemic has disrupted many business operations globally due to lockdown and other directives imposed by the governments. The sole manufacturing plant of the Company closed its operations from March 25, 2020. The Company has resumed production with effect from May 21, 2020 and is expected to achieve normal business operations from June, 2020. The Company has evaluated the impact of this pandemic on its business operations, liquidity and financial position and based on management's assessment of current indicators and economic conditions there is no material impact on its special purpose financial statements as at March 31, 2020. However, the impact assessment of COVID-19 is a continuing process and the Company will continue to monitor any material changes to future economic conditions.

**51 Scheme of Arrangement and Amalgamation**

The Board of Directors of the Company, in its meeting held on May 22, 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 FSL 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. National Company Law Tribunal (NCLT) has sanctioned the scheme on June 30, 2020 and hence, the impact of the scheme was not considered in the statutory financial statements approved by the Board of Directors in their meeting held on June 23, 2020. The Company has received certified copy of the scheme on August 3, 2020. The said scheme has been adopted by the Board of Directors of FSL, FOL and POIL in their meeting held on August 12, 2020. Further, the Company has also filed form INC 28 with Registrar of Companies on August 12, 2020. As a consequence, the scheme has been made effective with effect from August 12, 2020.

Pursuant to the Scheme of Arrangement, FOL shall debit its share capital account, with the aggregate face value of its cancelled shares (Rs. 1 lakh) and the capital reserve in its books shall be increased to the extent of the amount of its cancelled shares. FOL shall also issue and allot Equity Shares to the Shareholders of FSL in the following proportion.

1 fully paid up equity share of Rs. 10/- each fully paid up of Fairchem Organics Limited shall be issued and allotted for every 3 fully paid up equity shares of Rs. 10/- each fully paid up held by them in Fairchem Speciality Limited on the Record date i.e., August 24, 2020.

Accordingly, FOL is required to issue and allot 13,020,900 Equity shares of Rs. 10/- each to the Equity Shareholders of FSL.

Pending allotment of Equity shares to the Shareholders of FSL, Rs. 1,302.09 Lakhs has been shown as "Share Capital Suspense Account" and accordingly Earnings Per Share (both Basic and Diluted) has been calculated considering the balance in Share Capital Suspense Account.

Further, as per the Scheme, the difference, if any, between the carrying value of assets and liabilities transferred to FOL (i.e Rs. 10,259.14 lakhs) and the consideration discharged by way of the New Equity Shares issued to the shareholders of the FSL (i.e. Rs. 1,302.09 lakhs) in lieu of the Demerged Undertaking, has been recorded as 'Capital Reserves' (i.e. Rs. 8,958.05 lakhs) in the books of FOL.

As per the applicable Indian Accounting Standard Ind AS 103 ('standard'), since this demerger is a common control business combination, the financial statements are prepared by the Company at carrying amounts not from the appointed date but from the beginning of the preceding period in the financial statements which happens to be the date of incorporation i.e. March 27, 2019. However, the Company has recognised the impact of the business combination only from closing of business hours on March 31, 2019 (i.e. the appointed date specified in the scheme). The management believes that the transactions between March 27, 2019 and closing of business hours on March 31, 2019 would not have any material impact on the net assets. Thus, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period do not contain the impact of the transactions of the demerged undertaking from March 27, 2019 to March 31, 2019. However, there is no impact of the same on the Company's balance sheet as at March 31, 2020.

In terms of our report attached

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

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

Pursuant to the Scheme of Arrangement, the following assets and liabilities have been taken over by the Company:

	<b>Closing of Business Hours As at March 31, 2019</b>
<b>Assets</b>	
Property, Plant and Equipment	11,524.25
Capital work-in-progress	87.91
Loans	2.25
Other Financial Assets	15.02
Non-current Tax Assets (Net)	59.55
Other Non-current Assets	125.67
Inventories	3,400.62
Trade receivables	3,213.13
Cash and cash equivalents	1.64
Bank balances other than above	16.53
Other current assets	324.49
<b>Total Assets</b>	<b>18,771.06</b>
<b>Liabilities</b>	
Borrowings	4,878.14
Provisions	147.04
Deferred Tax Liabilities (Net)	1,215.74
Trade Payables	1,000.42
Other financial liabilities	1,123.80
Other current liabilities	83.19
Current Tax Liabilities (Net)	63.59
<b>Total Liabilities</b>	<b>8,511.92</b>
<b>Net Assets acquired by the Company</b>	<b>10,259.14</b>

**For Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration No.: 304026E/ E-300009

ARUNKUMAR RAMDAS Digitally signed by ARUNKUMAR  
RAMDAS  
Date: 2020.09.29 19:07:25 +05'30'

**Arunkumar Ramdas**  
Partner  
Membership No. 112433

Place: Mumbai  
Date: September 29, 2020

**For and on behalf of the Board**

JARIWALA Digitally signed by  
JARIWALA NAHOOSH  
NAHOOSH JAYVADAN  
Date: 2020.09.29  
JAYVADAN 18:17:17 +05'30'

**Nahoosh Jariwala**  
Managing Director  
DIN: 00012412

JHAVERI RAJEN Digitally signed by JHAVERI RAJEN  
NIRANJANBHAI  
Date: 2020.09.29 18:17:36 +05'30'

**Rajen N. Jhaveri**  
Chief Financial Officer and Company Secretary

Place: Ahmedabad  
Date: September 29, 2020

# Price Waterhouse & Co Chartered Accountants LLP

The Board of Directors  
Fairchem Organics Limited  
Plot No. A- 71, TTC,  
Thane Belapur Road,  
Near Kopar Khairane,  
Navi Mumbai – 400 709

## Report on special purpose financial statements

1. This report is issued in accordance with the terms of our agreement dated August 27, 2020 and Addendum 1 dated October 19, 2020.
2. We have audited the accompanying special purpose financial statements of Fairchem Organics Limited (the “Company”) which comprise the balance sheet as at June 30, 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period from April 1, 2020 to June 30, 2020 and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

## Management’s Responsibility for the Financial Statements

3. Management is responsible for the preparation of these special purpose financial statements in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act, to the extent considered relevant by it for the purpose for which these special purpose financial statements have been prepared. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

## Auditors’ Responsibility

4. Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 (“the Act”) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.



Price Waterhouse & Co Chartered Accountants LLP, 1701, 17th Floor, Shapath V, Opp. Karnavati Club  
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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

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

7. Based on our audit, we report that:
  - a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
  - b. The Balance Sheet, Statement of Profit and Loss (including other comprehensive income) statement of changes in equity and statement of cash flows dealt with by this report are in agreement with the books of account;
  - c. In our opinion and to the best of our information and according to the explanations given to us, the special purpose financial statements, together with the notes thereon and attached thereto, fairly present, in all material respects, in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, the state of affairs of the Company as at June 30, 2020;
    - (ii) in the case of the Statement of Profit and Loss, the loss for the period from April 1, 2020 to June 30, 2020;
    - (iii) in the case of the Statement of Cash flows, of the cash flows for the period from April 1, 2020 to June 30, 2020; and
    - (iv) in the case of the Statement of Changes in Equity, of the movement in equity for the period from April 1, 2020 to June 30, 2020

### Emphasis of Matter – Basis of preparation

8. We draw attention to Note 2(a) to the special purpose financial statements, which describes the basis of its preparation. The special purpose financial statements are not the statutory financial statements of the Company, and are not intended to comply with the disclosure provisions applicable to statutory financial statements prepared under the Companies Act, 2013, as those are considered irrelevant by the Management and the intended users of the special purpose financial statements for the purposes for which those have been prepared. Further, as stated in Note 48, the accompanying special purpose financial statements includes the effect of the Company's Composite Scheme of Arrangement amongst Fairchem Speciality Limited and Fairchem Organics Limited pursuant to which equity shares of the Company are required to be issued and listed, which was approved by the National Company Law Tribunal, Mumbai on June 30, 2020.

Our opinion is not modified in respect of this matter.

### Other Matters

9. The special purpose financial statements dealt with by this report, have been prepared for the limited purpose of inclusion in the Information Memorandum, to be submitted/filed with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) (together 'the Stock Exchanges') for the proposed listing of equity shares of the Company on the Stock Exchanges.



# Price Waterhouse & Co Chartered Accountants LLP

## Restriction on Use

10. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.
11. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes set out in paragraph 9 above. This report is not planned or prepared in contemplation of the interest of any other person and may not address items of possible interest to any such person. Accordingly, this report or its content or findings of audit procedures should not be otherwise used or disclosed or distributed or shared or referred with any other party for availing the benefit of the services for use for any other purpose. Our work and findings shall in no way constitute advice or recommendations (and we accept no liability in relation to any advice or recommendations) regarding any commercial decisions associated with the proposed listing of equity shares. We neither accept nor assume any duty of care or liability for any other purpose or to any other party to whom our this report is shown or into whose hands it may come without our prior consent in writing.

For Price Waterhouse & Co Chartered Accountants LLP  
Firm Registration Number: 304026E/E-300009



Arunkumar Ramdas  
Partner  
Membership Number: 112433  
UDIN: 20112433AAAAKF5137


Place: Mumbai  
Date: December 4, 2020

**FAIRCHEM ORGANICS LIMITED**  
**BALANCE SHEET AS AT JUNE 30, 2020**  
 (All amounts in Rs. Lakhs, unless otherwise stated)


	Notes	As at June 30, 2020
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	4	12,538.95
Capital work-in-progress	5	947.69
Intangible Assets	6	6.79
Financial Assets		
(i) Loans	7	0.53
(ii) Other Financial Assets	8	30.04
Non-current Tax Assets (Net)	9	99.44
Other Non-current Assets	10	692.53
		<u>14,315.97</u>
<b>Current Assets</b>		
Inventories	11	3,048.16
Financial Assets		
(i) Trade receivables	12	3,992.12
(ii) Cash and cash equivalents	13	2.89
(iii) Bank balances other than (ii) above	14	17.87
(iv) Loans	15	1.56
(v) Other Financial Assets	16	0.99
Other current assets	17	180.42
		<u>7,244.01</u>
<b>TOTAL ASSETS</b>		<b><u>21,559.98</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Equity Share Capital	18	-
Share Capital Suspense Account	19	1,302.09
Other Equity	20	11,525.45
		<u>12,827.54</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Financial Liabilities		
(i) Borrowings	21	1,840.54
Provisions	22	122.26
Deferred Tax Liabilities (Net)	37	1,161.49
		<u>3,124.29</u>
<b>Current Liabilities</b>		
Financial Liabilities		
(i) Borrowings	23	3,302.67
(ii) Trade Payables	24	
(a) Total outstanding dues of micro enterprises and small enterprises		38.64
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		515.78
(iii) Other financial liabilities	25	1,272.48
Other current liabilities	26	323.35
Provisions	27	54.05
Current Tax Liabilities (Net)	28	101.18
		<u>5,608.15</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>21,559.98</u></b>


The accompanying notes are an integral part of the special purpose financial statements.

As per our report of even date attached  
**For Price Waterhouse & Co Chartered Accountants LLP**  
 Firm Registration No.: 304026E/ E-300009

  
**Arunkumar Ramdas**  
 Partner  
 Membership No. 112433

For and on behalf of the Board

  
**Nahoos Jariwala**  
 Managing Director  
 DIN: 0002412

  
**Rajen V. Jhaveri**  
 Chief Financial Officer and Company Secretary  
 ACS 06615

Place: Mumbai  
 Date: December 04, 2020

Place: Chekhala, Taluka SANAND  
 Date: November 25, 2020

**FAIRCHEM ORGANICS LIMITED****STATEMENT OF PROFIT AND LOSS FOR THE PERIOD APRIL 1, 2020 TO JUNE 30, 2020**

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

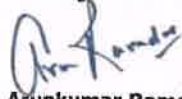
	Notes	For the period April 01, 2020 to June 30, 2020
<b>Income</b>		
Revenue from Operations		3,507.20
Other Income	29	2.15
<b>Total Revenue</b>	30	<b>3,509.35</b>
<b>Expenses</b>		
Cost of material consumed	31	2,669.16
Changes in Inventories of finished goods and work-in-progress	32	(273.45)
Employee benefits expense	33	370.44
Finance Costs	34	150.72
Depreciation and amortisation expense	4 & 6	162.59
Other expenses	35	466.72
<b>Total Expenses</b>		<b>3,546.18</b>
<b>Loss Before Tax</b>		(36.83)
Tax Expense		
Current tax		
(Excess) provision of income tax of earlier years (net)		(19.80)
Deferred tax		1.95
		<b>(17.85)</b>
<b>Loss After Tax</b>		<b>(18.98)</b>
<b>Other Comprehensive Income</b>		
<b>Items that will not be reclassified to profit or loss:</b>		
- Remeasurement (losses) / gains on post employment defined benefit plans		(13.36)
- Income tax effect		3.36
<b>Other comprehensive income for the period, net of tax</b>		<b>(10.00)</b>
<b>Total comprehensive income for the period</b>		<b>(28.98)</b>
<b>Loss Per Share</b>		
Basic and Diluted loss per share (In Rupees)	36	(0.15)
Nominal value per equity share (in Rupees)		10.00

The accompanying notes are an integral part of the special purpose financial statements.

As per our report of even date attached

**For Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration No.: 304026E/ E-300009


**Arunkumar Ramdas**

Partner

Membership No. 112433

**For and on behalf of the Board**

**Nahoosh Jariwala**

Managing Director

DIN: 00012412

**Rajen N. Jhaveri**Chief Financial Officer and Company Secretary  
ACS 06615

Place: Mumbai

Date: December 04, 2020

Place: Chekhala, Taluka SANAND

Date: November 25, 2020

**FAIRCHEM ORGANICS LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED ON JUNE 30, 2020**  
 (All amounts in Rs. Lakhs, unless otherwise stated)

	Notes	For the period April 01, 2020 to June 30, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
(Loss) Before Taxation		(36.83)
Adjustments for:		
Depreciation and Amortisation	4 & 6	162.59
Finance Cost	34	150.72
Interest Income	30	(0.32)
Unrealised Foreign Exchange (Gain)		(1.14)
<b>Operating Profit Before Working Capital Changes</b>		<b>275.02</b>
Adjustments For Changes In Working Capital:		
Decrease In Inventories		722.94
(Increase) In Other Non Current Financial Assets		(2.35)
(Increase) In Trade receivables		(203.08)
(Increase) In Current Loans		(0.34)
(Increase) In Other current assets		(30.95)
(Decrease) In Trade and Other Payables		(86.73)
Increase In Non Current Liabilities - Provisions		7.93
Increase In Current Liabilities - Provisions		6.93
Increase In Other Current Financial Liabilities		22.22
Increase In Other Current Liabilities		235.58
<b>Cash Generated From Operations</b>		<b>947.17</b>
Direct Taxes Refund (Net)		3.39
<b>Net Cash Generated From Operating Activities</b>		<b>950.56</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Property, Plant and Equipments		(218.26)
Interest Income		0.57
<b>Net Cash (Used In) Investing Activities</b>		<b>(217.69)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Long Term Borrowings (net)		792.42
Repayment of Long Term Borrowings (net)		(239.43)
Net Repayment of Short Term Borrowings (net)		(1,134.70)
Interest Paid		(151.35)
<b>Net Cash Used In Financing Activities</b>		<b>(733.06)</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b>		<b>(0.19)</b>
Cash and Cash Equivalents as at the beginning of the period		3.08
Cash and Cash Equivalents as at the end of the period		2.89
<b>Reconciliation of cash and cash equivalent as per the statement of cash flows</b>		<b>As at</b>
		<b>June 30, 2020</b>
Cash and Cash Equivalents :		
Cash on hand		1.58
Bank Balances :		
- In Current Accounts		1.31
		2.89

**Note :**

- The above Statement of Cash flows has been prepared under the "Indirect Method" set out in Ind AS 7 - "Statement of Cash Flows"
- For non-cash transactions pursuant to Scheme of Arrangement refer note 4B.

The accompanying notes are an integral part of the special purpose financial statements.

As per our report of even date attached

**For Price Waterhouse & Co Chartered Accountants LLP**

Firm Registration No.: 304026E/ E-300009

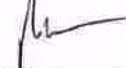


**Arunkumar Ramdas**  
Partner  
Membership No. 112433

For and on behalf of the Board



**Nahoosh Jariwala**  
Managing Director  
DIN: 00012412

  
**Rajen N. Jhaveri**  
Chief Financial Officer and Company Secretary  
ACS 06615

Place: Mumbai

Date: December 04, 2020

Place: Chekhala, Taluka SANAND

Date: November 25, 2020

**FAIRCHEM ORGANICS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED JUNE 30, 2020**  
 (All amounts in Rs. Lakhs, unless otherwise stated)

**A. Equity Share Capital**

	Notes	
Balance as at March 31, 2020	18	-
Issue of Share Capital during the period		-
Balance as at June 30, 2020	18	-

**B. Share Capital Suspense Account**

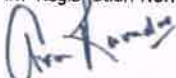
	Notes	
Balance as at March 31, 2020	19	1,302.09
Issue of Share Capital during the period		-
Balance as at June 30, 2020		1,302.09

**C. Other Equity**

	Reserves and Surplus		
	Capital Reserves	Retained Earnings	Total
Balance as at March 31, 2020	8,958.05	2,596.38	11,554.43
Loss for the period	-	(18.98)	(18.98)
Other Comprehensive Income	-	(10.00)	(10.00)
<b>Total Comprehensive Income for the period</b>	-	<b>(28.98)</b>	<b>(28.98)</b>
Balance as at June 30, 2020	8,958.05	2,567.40	11,525.45


The accompanying notes are an integral part of the special purpose financial statements.

As per our report of even date attached  
 For Price Waterhouse & Co Chartered Accountants LLP  
 Firm Registration No.: 304026E/ E-300009

  
**Arunkumar Ramdas**  
 Partner  
 Membership No. 112433

For and on behalf of the Board

  
**Nahoosh Jariwala**  
 Managing Director  
 DIN: 00012412

  
**Rajen N. Jhaveri**  
 Chief Financial Officer and Company Secretary  
 ACS 06615

Place: Mumbai  
 Date: December 04, 2020

Place: Chekhala, Taluka SANAND  
 Date: November 25, 2020

**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

**1 Background of the Company**

Fairchem Organics Limited (the 'Company') was incorporated on March 27, 2019. These Special purpose financial statements of the Company have been prepared for the period from April 01, 2020 to June 30, 2020. Pursuant to the Scheme of arrangement, the Oleo Chemical and Nutraceutical business of Fairchem Speciality Limited was demerged and merged into the Company (Refer note 48). The manufacturing facility is set up at Village Chekhala, Ta. Sanand, Dist. Ahmedabad, Gujarat.

**2 Significant accounting policies**

This Note provides a list of the significant accounting policies adopted by the Company in the preparation of these Special Purpose Financial Statements. These policies have been consistently applied during current period, unless otherwise stated.

**a) Basis of preparation**

**i) Compliance with Ind AS**

These Special Purpose Financial Statements of the Company comprising the Balance Sheet as at June 30, 2020, Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity, and Cash Flow Statement for the period from April 01, 2020 to June 30, 2020, and a summary of significant accounting policies and other explanatory information have been prepared by the Company in accordance with the Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 (the 'Act'), for inclusion in Information Memorandum, to be submitted / filed with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) (together 'the Stock Exchanges') for the proposed listing of equity shares of the Company on the Stock Exchanges. These Special Purpose Financial Statements have been prepared by giving effect to the Scheme of Arrangement and Amalgamation (Refer note 48) with effect from closing of business hours on March 31, 2019, the appointed date, consequent upon receipt of approval to the Scheme from National Company Law Tribunal (NCLT), Mumbai Bench.

The Special Purpose Financial Statements are not the statutory financial statements of the Company, and hence, the disclosure provisions applicable to statutory financial statements prepared under the Act, are considered irrelevant for the purposes for which these have been prepared. Further, no comparative information is given as they are not considered relevant for the purpose of these Special Purpose Financial Statements.

As prescribed by the Ind AS, if the particular Ind AS is not in conformity with the applicable laws, the provisions of the said law shall prevail and financial statements shall be prepared in conformity with such laws. Consequently, the Company has applied this norm while preparing the Special Purpose Financial Statements.

The principles of measurement, recognition and disclosures (to the extent considered relevant) followed for preparation of these Special Purpose Financial Statements are consistent with the accounting policies followed by the Company in its statutory financial statements for the period ended June 30, 2020.

**ii) New standards or interpretations adopted by the Company**

The Ministry of Corporate Affairs (MCA) has issued amendments to the following Ind AS with effect from April 1, 2020:

- i) Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Error
- ii) Ind AS 103, Business Combinations
- iii) Ind AS 109 and Ind AS 107, Financial Instruments
- iv) Ind AS 116, Leases
- v) Ind AS 10 (Events after the Reporting Period)
- vi) Ind AS 34 (Interim Financial Reporting)
- vii) Ind AS 37 (Provisions, Contingent Liabilities and Contingent Assets)

The above amendments did not have any impact on the amounts recognised and are not expected to significantly affect the current or future periods.

**iii) Historical cost convention**

The Special purpose Financial Statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities that is measured at fair value ; and
- Defined benefit plans - plan assets measured at fair value.

**iv) Current versus non-current classification**

The company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period, all other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle, or
- It is held primarily for the purpose of trading, or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period, all other liabilities are classified as non-current.



**b) Foreign currency transactions and translations**

**(i) Functional and presentation currency**

Items included in the special purpose financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions and from translation of monetary assets and liabilities at the reporting date are recognised in the Statement of Profit and Loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other incomes/expenses.

**c) Revenue recognition**

**Sale of products**

Revenue is recognised at the point in time when the performance obligation is satisfied and control of the goods is transferred to the customer upon dispatch or delivery, in accordance with the terms of customer contracts. Revenue is recognised at an amount that the Company expects to receive from customers that is net of trade discounts, rebates and goods and services tax (GST). The Company does not have any contracts where the transfer of the promised goods to customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction price for the time value of money.

A contract liability is the obligation to transfer goods to the customer for which the Company has received consideration from the customer. Contract liabilities are recognised as revenue when the Company performs under the contract.

Export benefit entitlements under Duty Drawback and Merchandise Exports from India Scheme (MEIS) are recognised when the right to receive credit as per the terms of the scheme is established in respect of the exports and there is no uncertainty in receiving the same.

**d) Income tax**

The income tax expense or credit for the period is the tax on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in India. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the special purpose financial statements.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity in which case, the tax is recognised in other comprehensive income or directly in equity, respectively.

**e) Leases**

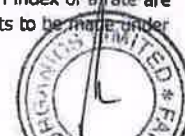
**Company as a lessee:**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Contracts may contain both lease and non-lease components.

**Lease liabilities:**

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the lease payments.

The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

The lease payments are discounted using the lessee's incremental borrowing rate. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**Right of use assets:**

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and lease payments made before the commencement date.

Right-of-use assets are depreciated over the lease term on a straight-line basis. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, and lease payments made at or before the commencement date less any lease incentives received.

**f) Impairment of assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Assets are reviewed for possible reversal of the impairment at the end of each reporting period.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss, to the extent the amount was previously charged to the statement of profit and loss.

**g) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**h) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate (EIR) method, less provision for impairment, if any.

**i) Inventories**

Raw materials, packing material, stores and fuel, work in progress and finished goods are stated at the lower of cost and net realisable value. The cost of raw materials, packing materials, stores and fuel are determined based on first-in, first-out (FIFO) method and comprises cost of purchase. The cost of semi-finished goods comprises raw materials, direct labour, and appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**j) Financial assets and liabilities**

**(i) Financial assets**

**1. Classification**

The Company classifies its financial assets in the following measurement categories:

- at fair value (either through other comprehensive income, or through profit or loss), and
- at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable selection at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing these assets changes.

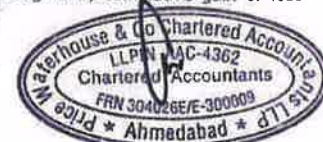
**2. Initial Recognition and Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in statement of profit or loss.

**3. Subsequent Measurement**

**Measured at amortised cost:** Financial assets that are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest, are subsequently measured at amortised cost using the EIR method less impairment, if any. The amortisation of EIR and loss or gains arising from impairment, if any is recognised in the Statement of Profit and Loss.

**Measured at fair value through other comprehensive income (FVOCI):** Financial assets that are held within a business model whose objective is, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to "Profit or Loss" in the Statement of Profit and Loss.



**Measured at fair value through profit or loss (FVPL):** A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

**Equity instruments**

The company subsequently measures all equity investments at fair value. Where the company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at Fair Value through Other Comprehensive Income (FVOCI) are not reported separately from other changes in fair value.

**4. Impairment of financial assets**

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 only, the Company follows 'simplified approach' for recognition of impairment loss and always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109 i.e. expected credit loss allowance as computed based on historical credit loss experience.

**5. Derecognition**

A financial asset is de-recognised only when the Company

- has transferred the rights to receive cash flows from the financial asset or,
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

**6. Income recognition**

Interest income from debt instruments is recognised using the EIR method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

**(ii) Financial liabilities:**

**1. Initial Recognition and Measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

**2. Subsequent Measurement**

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

**3. Derecognition**

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

**k) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**l) Property, plant and equipment**

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other income/expense.



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

**Depreciation methods, estimated useful lives and residual value**

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful life as per technical evaluation. Estimated useful life of the assets/significant component thereof are as under:

<u>Assets class</u>	<u>Useful life in years</u>
• Buildings	10 to 30
• Plant and Equipment	10 to 25
• Electrical Installations	10
• Office Equipments and Computers	3 to 5
• Furniture and Fixtures	10
• Vehicles	6 to 8

Depreciation methods and useful lives are reviewed at each financial year end and adjusted if appropriate. Amortisation of leased assets are over the Lease period.

**m) Intangible Assets and amortisation**

Intangible assets with finite useful life are stated at cost of acquisition, less accumulated depreciation, amortisation and impairment loss, if any. Cost includes taxes, duties and other incidental expenses related to acquisition and other incidental expenses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of respective intangible assets.

<u>Assets class</u>	<u>Useful life in years</u>
• Computer software	3

**n) Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the EIR method.

**o) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income/expenses.

**p) Borrowings costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

**q) Provisions and Contingencies**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.



**r) Employee Benefits**

**(i) Defined contribution plans**

Contributions to retirement benefit plans in the form of provident fund, employee state insurance scheme and pension scheme as per regulations are charged as an expense on an accrual basis when employees have rendered the service. The Company has no further payment obligations once the contributions have been paid.

**(ii) Defined benefit plans**

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees, which is funded. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined using the Projected Unit Credit method at the end of each year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Gratuity Fund contributions are made to a trust administered by the Company which has further invested in Life Insurance Corporation. The contributions made to the trust are recognised as plan assets. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

**(iii) Other employee benefits**

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Termination Benefits: Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

**s) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Directors who are identified as the chief operating decision makers. The managing directors assess the financial performance and position of the company, and make strategic decisions.

**t) Earnings per share**

**i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

**(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

**u) Rounding off**

All amounts disclosed in the special purpose financial statements and notes have been rounded off to the nearest lakhs, or decimal thereof as per the requirement of Schedule III, unless otherwise stated.

**3 Critical estimates and judgements**

The preparation of special purpose financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligation – Note 29
- Impairment of trade receivables – Note 41
- Estimation of useful life of tangible assets – Note 4

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company.



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
 (All amounts in Rs. Lakhs, unless otherwise stated)

**4 Property, Plant and Equipment**

Particulars	Gross Carrying Amount		Accumulated Depreciation/Amortisation			Net Carrying Amount
	Opening as on April 01, 2020	Additions	As at June 30, 2020	For the period	As at June 30, 2020	As at June 30, 2020
Freehold Land	63.10	-	63.10	-	63.10	63.10
Leasehold Land	459.40	-	459.40	1.61	432.82	432.82
Building	2,264.32	-	2,264.32	21.86	344.68	1,919.64
Plant and Machinery	11,057.95	66.91	11,124.86	115.97	1,424.87	9,699.99
Electric Installation	349.68	-	349.68	8.42	188.76	160.92
Air Conditioners	49.59	-	49.59	1.61	27.82	21.77
Office Equipments and Computers	85.90	1.47	87.37	3.50	53.87	33.50
Furniture and Fixtures	201.94	5.83	207.77	5.45	67.66	140.11
Vehicles	120.96	-	120.96	3.50	53.86	67.10
<b>Total</b>	<b>14,652.84</b>	<b>74.21</b>	<b>14,727.05</b>	<b>161.92</b>	<b>2,188.10</b>	<b>12,538.95</b>

(i) Refer to note 44 for information on property, plant and equipment hypothecated and / or mortgaged as security by the Company.  
 (ii) Contractual obligations - Refer to note 42 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

**5 Capital Work in Progress**

	As at June 30, 2020
Opening Balance	942.85
Addition during the period	71.75
Transfer during the period	66.91
Closing Balance	947.69

Capital work-in-progress mainly comprises of Building and Plant & Machinery

**6 Intangible Assets**

Particulars	Gross Carrying Amount		Accumulated Depreciation/Amortisation			Net Carrying Amount
	Opening as on April 01, 2020	Additions	As at June 30, 2020	For the period	As at June 30, 2020	As at June 30, 2020
Computer Software	8.07	-	8.07	0.67	1.28	6.79
<b>Total</b>	<b>8.07</b>	<b>-</b>	<b>8.07</b>	<b>0.67</b>	<b>1.28</b>	<b>6.79</b>



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

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

		<u>As at</u> <u>June 30, 2020</u>
<b>7</b>	<b><u>Loans</u></b> (Unsecured, Considered Good) Security Deposits	0.53
		<b><u>0.53</u></b>
<b>8</b>	<b><u>Other Financial Assets</u></b>  Margin Money Deposit *	30.04
		<b><u>30.04</u></b>
		* Pledged with the bank for non cash limit
<b>9</b>	<b><u>Non Current Tax Assets (Net)</u></b> Advance Income Tax and Tax deducted at source (Net of Provision)	99.44
		<b><u>99.44</u></b>
<b>10</b>	<b><u>Other Non Current Assets</u></b> (Unsecured and Considered Good) Capital advances	692.53
		<b><u>692.53</u></b>
<b>11</b>	<b><u>Inventories</u></b> [Refer note 2 (I) - valued at lower of cost and net realisable value] Raw Materials Packing Materials Stores and Fuel Semi-finished Goods Finished Goods	1,697.41 4.82 350.52 910.52 84.89
		<b><u>3,048.16</u></b>
		<u>Of the above includes Goods in transit :</u>
		Raw Materials 182.82 Stores and Fuel 4.24 Finished Goods 84.89
<b>12</b>	<b><u>Trade Receivables</u></b> Trade Receivables considers good - Unsecured Trade Receivables - credit impaired  Less: Allowance for doubtful debts	3,992.12 42.00 <b>4,034.12</b> (42.00)
		<b><u>3,992.12</u></b>

Refer Note 39 for credit risk related disclosures.



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

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

		<b>As at</b>
		<b>June 30, 2020</b>
<b>13</b>	<b><u>Cash and cash equivalents</u></b>	
	Balances with banks:	
	- In Current Accounts	1.31
	Cash on Hand	1.58
		<b>2.89</b>
	There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period.	
<b>14</b>	<b><u>Bank balances other than note 13 above</u></b>	
	Unpaid Dividend Accounts	17.87
		<b>17.87</b>
<b>15</b>	<b><u>Loans</u></b>	
	(Unsecured, Considered Good)	
	Loans to Employees	1.35
	Security Deposits	0.21
		<b>1.56</b>
<b>16</b>	<b><u>Other Current Financial Assets</u></b>	
	Interest Accrued but not Due	0.99
		<b>0.99</b>
<b>17</b>	<b><u>Other Current Assets</u></b>	
	Balances with Government Authorities	25.18
	Export Incentive Receivable	36.30
	Advance to vendors	97.79
	Prepaid Expenses	20.63
	Others	0.52
		<b>180.42</b>





**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

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

**Security Details**

Term Loans from banks are secured by hypothecation by way of first and exclusive charges on all present and future stocks, book debts and collaterals security by way of Equitable mortgage of industrial property bearing Survey No. 253/P and 312 situated at village Chekhala, Sanand-Kadi Road and Hypothecation of plant and machinery Installed at the factory premises.

Name of bank	Maturity Date	Terms of Repayment	Outstanding as at June 30, 2020
HDFC Bank (Term Loans)	December, 2021	Repayment in 63 monthly instalments	809.61
	October, 2020	Repayment in 39 monthly instalments	49.27
	January, 2025	Repayment in 64 monthly instalments	1,935.12

The carrying amount of financial and non-financials assets hypothecated and / or mortgaged as security for current and non-current borrowings are disclosed in note 44.

In view of the extension of time granted vide a circular of Reserve Bank of India (RBI), RBI/2019-20/186 dated March 27, 2020 for the payment of interest and principal for term loans falling due between March 1, 2020 and May 31, 2020, the Company has availed the moratorium.

		<u>As at</u> <u>June 30, 2020</u>
<b>22</b>	<b><u>Non-Current Provisions</u></b>	
	Provision for Employee Benefits	
	Provision for compensated absences	122.26
		<u><u>122.26</u></u>

		<u>As at</u> <u>June 30, 2020</u>
<b>23</b>	<b><u>Borrowings</u></b>	
	Secured:	
	Working Capital Loans from Bank	3,074.96
	Packing credit in Foreign Currency	227.71
		<u><u>3,302.67</u></u>

Working Capital Loan and Packing credit in Foreign Currency from banks are secured by hypothecation by way of First and exclusive charges on all present and future stocks, book debts and collaterals security by way of Equitable mortgage of industrial property bearing Survey No. 253/P and 312 situated at village Chekhala, Sanand-Kadi Road and Hypothecation of plant and machinery installed at the factory premises.

Packing credit from bank are due for repayment within 120 days.

		<u>As at</u> <u>June 30, 2020</u>
<b>24</b>	<b><u>Trade Payables</u></b>	
	(a) Total outstanding dues of micro enterprises and small enterprises	38.64
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	515.78
		<u><u>554.42</u></u>

		<u>As at</u> <u>June 30, 2020</u>
<b>25</b>	<b><u>Other Financial Liabilities</u></b>	
	<b>Current</b>	
	Current maturities of long term debt (Refer Note 21)	
	Term Loan from Bank	942.34
	Interest accrued but not due on borrowings	13.76
	Unclaimed dividend *	17.87
	Creditors for capital goods #	76.21
	Employee benefit payable	222.30
		<u><u>1,272.48</u></u>

\* There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Act as at the period end.

# Including dues to Micro and Small Enterprises for Rs. 5.19 Lakhs.



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
 (All amounts in Rs. Lakhs, unless otherwise stated)

		<b>As at June 30, 2020</b>		
<b>Net Debt Reconciliation</b>				
Cash and cash equivalents		2.89		
Current borrowings		(3,302.67)		
Non-current borrowing (includes current maturity of long term borrowings)		(2,782.88)		
		<b>(6,082.66)</b>		
		<b>Cash and Cash equivalents</b>	<b>Non-current Borrowings</b>	<b>Current Borrowings</b>
<b>Net Debt as of March 31, 2020</b>		<b>3.08</b>	<b>(2,229.89)</b>	<b>(4,437.37)</b>
Cash flow (Net)		(0.19)	(552.59)	1,134.70
Interest expense		-	53.34	94.55
Interest accrued but not due		-	0.57	0.06
Interest paid		-	(53.51)	(94.61)
<b>Net Debt as of June 30, 2020</b>		<b>2.89</b>	<b>(2,782.88)</b>	<b>(3,302.67)</b>
		<b>As at June 30, 2020</b>		
<b>26</b>	<b>Other current liabilities</b>			
	Advances from customers	62.18		
	Statutory liabilities	259.11		
	Other liabilities	2.06		
		<b>323.35</b>		
		<b>As at June 30, 2020</b>		
<b>27</b>	<b>Current Provisions</b>			
	Provision for employee benefits			
	Provision for gratuity	17.95		
	Provision for compensated absences	36.10		
		<b>54.05</b>		
		<b>As at June 30, 2020</b>		
<b>28</b>	<b>Current Tax Liabilities (Net)</b>			
	Income tax provision net of Advance Tax	101.18		
		<b>101.18</b>		



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
 (All amounts in Rs. Lakhs, unless otherwise stated)

For the period  
 April 01, 2020 to  
 June 30, 2020

<b>29</b>	<b><u>Revenue from Operations</u></b>	
	Sale of finished goods	3,501.18
	Other operating revenues	
	- Scrap sales	1.86
	- Export Incentives	4.16
		<u>3,507.20</u>
<b>30</b>	<b><u>Other Income</u></b>	
	Net Gain on Foreign Currency Transactions and Translation	1.77
	Interest income from financial assets measured at amortised cost	
	- Deposits	3.31
	- Others	3.01
	Miscellaneous income	3.06
		<u>2.15</u>
<b>31</b>	<b><u>Cost of materials consumed</u></b>	
	<b>Raw Materials :</b>	
	Inventory at the beginning of the period	2,673.36
	Add: Purchases	1,689.54
		<u>4,362.90</u>
	Less: Inventory at the end of the period	1,697.41
		<u>2,665.49</u>
	<b>Packing Materials :</b>	
	Inventory at the beginning of the period	4.89
	Add: Purchases	3.60
		<u>3.49</u>
	Less: Inventory at the end of the period	4.82
		<u>3.67</u>
		<u>2,669.16</u>
<b>32</b>	<b><u>Changes in inventory of finished goods and work-in-progress</u></b>	
	<b>Opening Stock</b>	
	Finished Goods	57.82
	Semi Finished Goods	664.14
		<u>721.96</u>
	<b>Closing Stock</b>	
	Finished Goods	84.89
	Semi Finished Goods	910.52
		<u>995.41</u>
	<b>Total changes in inventory of finished goods and work-in-progress</b>	<u>(273.45)</u>
<b>33</b>	<b><u>Employee benefit expenses</u></b>	
	Salaries, wages and bonus	340.14
	Contribution to Provident Fund and other funds	15.57
	Gratuity	7.03
	Staff welfare expenses	5.70
		<u>370.44</u>



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

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

**For the period**  
**April 01, 2020 to**  
**June 30, 2020**

<b>34</b>	<b><u>Finance Costs</u></b>	
	Interest on Long Term Borrowings	53.34
	Interest and other borrowing cost	94.55
	Interest on Income Tax	2.83
		<b>150.72</b>
<b>35</b>	<b><u>Other Expenses</u></b>	
	Consumption of Stores and Spares	51.12
	Power and Fuel	241.39
	Laboratory expenses	1.51
	Research & Development Expenses	4.22
	Rent, rates and taxes	1.71
	Insurance	7.86
	Repairs and maintenance :	
	- Machinery	5.99
	- Buildings	0.10
	- Others	1.47
	Telephone and advertisement expense	0.78
	Directors' sitting fees	2.50
	Remuneration to Auditors for:	
	Statutory Audit Fees	7.33
	Commission on sales	1.88
	Freight and forwarding	67.26
	Legal and professional fees	24.85
	Vehicle expenses	3.24
	Solid waste disposal charges	24.65
	Miscellaneous expenses	18.86
		<b>466.72</b>
<b>36</b>	<b><u>Earnings per Share (EPS)</u></b>	
	<b>Basic</b>	
	Net loss available to Equity Shareholders	(18.98)
	Weighted Average Number of Equity Shares (Refer Note 48)	1,30,20,902
	Basic EPS (Rs.)	(0.15)
	<b>Diluted</b>	
	Net loss before tax as per Statement of Profit and Loss	(18.98)
	Weighted Average Number of Equity Shares (Refer Note 48)	1,30,20,902
	Diluted EPS (Rs.)	(0.15)
	Nominal value of an equity share	10.00

There is no dilution to the Basic Loss per Share as there are no dilutive potential equity shares.



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

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

**37 Taxation**

**37 a) - Income tax expense**

Current tax

Current tax on profits for the period  
 Adjustments for current tax of prior periods

**Total current tax expense**

Deferred tax

Decrease/(increase) in deferred tax liabilities  
 (Decrease)/Increase in deferred tax assets  
 Deferred tax on Other Comprehensive Income

**Total deferred tax expense/(benefit)**

**Income tax expense**

For the period  
 April 01, 2020 to  
 June 30, 2020

(19.80)

**(19.80)**

(1.41)

3.36

(3.36)

**(1.41)**

**(21.21)**

**37 b) - Reconciliation of tax expense and accounting profit multiplied by statutory tax rates**

**Profit for the period**

Statutory tax rate

**Tax expense at applicable tax rate**

Tax effects of amounts which are not deductible (taxable) in calculating taxable income:

Amount not allowable under tax

Adjustments for current tax of prior periods

**Income tax expense**

(36.83)

25.17%

**(9.27)**

7.86

(19.80)

**(21.21)**

**37 c) - Deferred tax liabilities**

The balance comprises temporary differences attributable to:

Deferred tax liabilities:

On Property, Plant and Equipments

Others

**Total deferred tax liabilities**

Deferred tax assets:

On Defined Benefit Obligations

Others

**Total deferred tax assets**

**Net deferred tax liabilities**

Movement in deferred tax balances

As at  
 June 30, 2020

1,236.66

3.11

**1,239.77**

36.53

41.75

**78.28**

**1,161.49**

Particulars	As at March 31, 2020	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	As at June 30, 2020
<u>Deferred tax liabilities:</u>				
On Property, Plant and Equipments	1,238.08	(1.42)	-	1,236.66
Others	3.10	0.01	-	3.11
<b>Total deferred tax liabilities</b>	<b>1,241.18</b>	<b>(1.41)</b>	-	<b>1,239.77</b>
<u>Deferred tax assets:</u>				
On Defined Benefit Obligations	36.66	(3.49)	3.36	36.53
Others	41.62	0.13	-	41.75
<b>Total deferred tax assets</b>	<b>78.28</b>	<b>(3.36)</b>	<b>3.36</b>	<b>78.28</b>
<b>Net deferred tax liabilities</b>	<b>1,162.90</b>	<b>1.95</b>	<b>(3.36)</b>	<b>1,161.49</b>



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

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

**38 Fair value measurements**

**Financial instruments by category**

As at June 30, 2020

	Carrying Value	Fair Value
<b>Financial assets</b>		
(Measured at amortised cost)		
Security Deposits	0.74	0.74
Margin Money Deposits	30.04	30.04
Trade Receivables	3,992.12	3,992.12
Cash and cash equivalents	2.89	2.89
Bank balances other than cash and cash equivalents above	17.87	17.87
Loans to Employees	1.35	1.35
Interest Accrued but not due	0.39	0.99
<b>Total financial assets</b>	<b>4,046.00</b>	<b>4,046.00</b>
<b>Financial liabilities</b>		
(Measured at amortised cost)		
Borrowings	6,085.55	6,085.55
Trade payables	554.42	554.42
Interest accrued but not due on borrowings	13.76	13.76
Unclaimed dividends	17.87	17.87
Creditors for Capital Goods	76.21	76.21
Employee benefit payable	222.30	222.30
<b>Total financial liabilities</b>	<b>6,970.11</b>	<b>6,970.11</b>

**Fair value hierarchy**

All financial instruments have been measured at amortised cost. For all financial instruments referred above which have been measured at amortised cost, their carrying values are reasonable approximations of their fair values. The fair value of financial instruments as referred to in note above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). All financial instruments referred above have been classified as Level 3.

The categories used are as follows :

**Level 1 :** Level 1 hierarchy includes financial instruments measured using quoted prices.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. Considering that all significant inputs required to fair value such instruments are observable, these are included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**Valuation technique used to determine fair value**

The fair value of the financial instruments is determined using discounted cash flow analysis.

**Valuation processes**

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO).

**Fair value of financial assets/liabilities measured at amortised cost**

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, investments, margin money deposits, loans to employees, security deposits, trade payables, capital creditors, interest accrued but not due on borrowings, unclaimed dividends, employee benefit payable and other deposits are considered to be as their fair values, due to their current nature.

The fair values of borrowings have been calculated based on cash flows discounted using a current lending rate. They are classified as level 3 in the hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For Level 3 financial instruments, the fair value has been based on present values and the discount rates used, are adjusted for counterparty or own risk.



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
 (All amounts in Rs. Lakhs, unless otherwise stated)

**39 Financial risk management**

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The key risks and mitigating actions are also placed before the Board of directors of the Company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and to control and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management framework of the Company is supported by the Finance team and experts of respective business divisions that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The activities are designed to:

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

**(A) Management of Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

Cash and cash equivalents & bank balances

The Company is also exposed to credit risk on cash and cash equivalents and bank balances other than cash and cash equivalents. These balances (other than cash on hand) are with high credit rating banks which are governed by Reserve Bank of India. The company believes its credit risk in such bank balances is immaterial.

Security deposits and other receivables

With respect to other financial assets namely security and other deposits and other receivables, the maximum exposure to credit risk is the carrying amount of these classes of financial assets presented in the balance sheet.

Trade receivables

The Company measures the expected credit loss of trade receivables from customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends which is very negligible.

	Carrying amount
	As at June 30, 2020
Neither past due nor impaired	3,316.48
Past due 0-90 days	669.14
Past due 90-180 days	6.20
Past due 180-270 days	0.03
Past due 270-360 days	-
More than 360 days	42.28

Movement in impairment provision

	Amount
Balance as at March 31, 2020	42.00
Movement during the period	-
Balance as at June 30, 2020	42.00

**(B) Management of Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the unceasing businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. Material and sustained shortfall in cash flow could undermine the company's credit rating and impair investor confidence.

The company maintained a cautious funding strategy, with a positive cash generation from operating activities throughout the period.

**Financing Arrangement**

The Company has access to the following undrawn borrowing facilities at the end of the reporting period.

	As at June 30, 2020
<b>Floating rate</b>	
Current Borrowings:	
Expiring within one year	1,346.33
Non current Borrowings:	
Expiring within one year	-



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
 (All amounts in Rs. Lakhs, unless otherwise stated)

**Maturities of financial liabilities**

The following table shows the maturity analysis of the company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance sheet date:

Contractual maturities of financial liabilities As at June 30, 2020	Notes	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings *	21, 23, 25	6,085.55	4,245.01	1,840.54	6,085.55
Trade payables	24	554.42	554.42	-	554.42
Interest accrued but not due on borrowings	25	13.76	13.76	-	13.76
Unclaimed dividends	25	17.87	17.87	-	17.87
Creditors for Capital Goods	25	76.21	76.21	-	76.21
Employee benefit payable	25	222.30	222.30	-	222.30
<b>Total liabilities</b>		<b>6,970.11</b>	<b>5,129.57</b>	<b>1,840.54</b>	<b>6,970.11</b>

\* After considering unamortised expenses of Rs. 11.12 Lakhs as at June 30, 2020.

**(C) Management of Market Risk**

Market risk comprises of foreign currency risk and interest rate risk. Foreign currency risk arises from transactions that are undertaken in a currency other than the functional currency of the company. Further, the financial performance and financial position of the company is exposed to foreign currency risk that arises on outstanding receivable and payable balances at a reporting year end date. Interest rate risk arises from variable rate borrowings that expose the company's financial performance, financial position and cash flows to the movement in market rates of interest.

**Foreign currency risk**

The Company operates Internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US\$. The Company imports capital goods and raw materials and exports finished goods. The company also pays interest, legal and professional fees and travelling and conveyance in foreign currency.

**Foreign currency exposure**

	As at June 30, 2020
	USD in Lakhs
<b>Financial Assets</b>	
Trade Receivables	1.99
<b>Exposure to foreign currency assets</b>	<b>1.99</b>
<b>Financial Liabilities</b>	
Packing credit	3.02
Trade Payable	-
<b>Exposure to foreign currency liabilities</b>	<b>3.02</b>

**Sensitivity - Foreign Currency**

The sensitivity of profit or loss to changes in the exchange rates is as follows:

	Impact on profit before tax
	For the period April 01, 2020 to June 30, 2020
<b>USD Sensitivity</b>	
INR/USD increase by 5%*	(3.89)
INR/USD decrease by 5%*	3.89

\* Holding all other variables constant

**Interest rate risk**

The Company is mainly exposed to interest rate risk due to its floating interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings. The Company mitigates the interest rate risk for borrowing in functional currency, which is linked with MCLR, by negotiating and fixing the rate at the time of renewal of bank facility which remains effective for one year from the date of renewal. In case of borrowing in foreign currency, which is linked with USD Libor rate, the company mitigates the risk by fixing the margin at the time of renewal of bank facility which remains effective for one year from the date of renewal.

The Company has various non current and current borrowings whose facilities are on a variable interest rate basis. Refer below table for Interest rate exposure.

**Interest Rate Exposure**

The exposure of Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	As at June 30, 2020
Variable Rate Borrowings	6,085.55



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
*(All amounts in Rs. Lakhs, unless otherwise stated)*

**Sensitivity - Interest Rate**

The sensitivity of profit or loss to higher/(lower) interest expense from borrowings as a result of change in borrowing rates is as follows:

	Impact on profit before tax
	For the period April 01, 2020 to June 30, 2020
Interest Rates - increase by 0.5%*	
Interest Rates - decrease by 0.5%*	(0.74)
* Holding all other variables constant	0.74

**40 Capital management**

**(a) Risk management**

The Company considers the following components of its Balance Sheet as managed capital:

Total equity as shown in the balance sheet includes share capital, general reserve, retained earnings.

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company considers the amount of capital in proportion to risk and manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, reduce capital or issue new shares.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratios:

Net debts (Total borrowings net of cash and cash equivalents)

divided by

Total 'equity' (as shown in the Balance Sheet)

The gearing ratios were as follows:

	As at June 30, 2020
Net Debts *	
Total Equity	6,082.66
Net Debt to Equity Ratio	12,827.54
	0.47

\* After considering unamortised expenses of Rs. 11.12 Lakhs as at June 30, 2020.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to provide return to shareholders by continuing to distribute dividends in future periods.



**FAIRCHEM ORGANICS LIMITED**

**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**

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

**41 Related party disclosures**

**(a) Relationships**

**Promoter Group**

FIH Mauritius Investments Limited, Republic of Mauritius (FMIL)

FIH Private Investments Limited, Mauritius

(FMIL is wholly owned and controlled by Fairfax India Holdings Corporation, Canada)

**Key Management Personnel**

Mr. Nahoosh Jariwala

Director (up to August 12, 2020)

Managing Director (w.e.f. August 13, 2020)

Mr. Rajen Jhaveri

Director (up to August 26, 2020)

Mr. Kaushik Bhatt

Director (up to August 26, 2020)

**Post employment benefit plan**

Adi Finechem Limited Employees Group Gratuity Assurance Scheme

**(b) The nature and volume of transactions carried out and balances with related parties in the ordinary course of business are as follows:**

**Transactions**

**Name of the related party and nature of the relationship**

**For the period  
April 01, 2020 to  
June 30, 2020**

**Key Management Personnel**

**Remuneration**

Mr. Nahoosh Jariwala

36.00

Mr. Rajen Jhaveri

15.66

**Balances**

**Name of the related party and nature of the relationship**

**As at June 30, 2020**

**Payable to Key Management Personnel:**

Mr. Nahoosh Jariwala

7.94

Mr. Rajen Jhaveri

26.82

(Net of Tax Deducted at Source)

**Terms and Conditions**

- 1) Transactions with related parties are at normal commercial terms.
- 2) All outstanding balances are unsecured and payable in cash.



**42 Contingent Liabilities and commitments**

**(a) Contingent liabilities**

	<b>As at June 30, 2020</b>
Claims against the Company not acknowledged as debt	15.00
Disputed excise and service tax liability	25.97
Disputed Value added tax and Central Sales Tax liability	14.92
<b>Total</b>	<b>55.89</b>

The company is contesting the demands and the management believes that its position is likely to be upheld in the appellate process. It is not practicable to estimate the timing of cash outflows, if any in respect of legal matters, pending resolution of the proceedings with the appellate authorities.

The Company has evaluated the impact of Supreme Court ("SC") judgement dated February 28, 2019 in the case of Regional Provident Fund Commissioner (II) West Bengal v/s Vivekananda Vidyamandir and Others, in relation to exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to Provident Fund ("PF") under the Employees' Provident Fund & Miscellaneous Provisions Act, 1952. There are interpretation issues relating to the said SC judgement. Based on such evaluation, management has concluded that effect of the aforesaid judgement on the Company is not material and accordingly, no provision has been made in the special purpose financial statements.

**(b) Capital Commitments**

	<b>As at June 30, 2020</b>
Estimated value of contracts in capital account remaining to be executed	1,331.31
<b>Total</b>	<b>1,331.31</b>

**43 Events occurring after reporting period**

The Company evaluated subsequent events through November 25, 2020, the date the special purpose financial statements were available for issuance, and determined that there were no additional material subsequent events requiring disclosure except as disclosed under Note 17.

**44 Assets hypothecated and / or mortgaged as security**

The carrying amounts of assets hypothecated and / or mortgaged as security for borrowings are:

	Notes	As at June 30, 2020
<b>Non-Current</b>		
<i>Non-financial assets</i>		
Land (Freehold)	4	63.10
Building	4	1,919.64
Plant and Machinery	4	9,699.99
<b>Total non-current assets hypothecated and / or mortgaged as security</b>		<b>11,682.73</b>
<b>Current</b>		
<i>Non-financial assets</i>		
Inventories	1	3,048.16
<i>Financial assets</i>		
Trade receivables	2	3,992.12
<b>Total current assets hypothecated as security</b>		<b>7,040.28</b>

**45 Segment reporting**

In accordance with the requirements of Ind AS 108 – "Operating Segments" the Company has determined its business segment as Specialty Chemicals (which includes Oleo Chemicals and Intermediate Neutraceuticals). Since 100% of the Company's business is in this segment, there are no other primary reportable segments. Thus the Segment Revenue, Segment Results, total carrying amount of Segment Assets, total carrying amount of Segment Liabilities, total cost incurred to acquire segment assets, the total amount charged for depreciation and amortisation during the period are all as reflected in the special purpose financial statements for the period ended June 30, 2020.

	<b>For the period</b> <b>April 01, 2020 to June 30, 2020</b>
<b>Segment</b>	<b>Revenue from external Customers      Total segment revenue</b>
	<b>3,501.18                      3,501.18</b>
<b>Total Segment revenue</b>	<b>3,501.18                      3,501.18</b>

	<b>For the period</b> <b>April 01, 2020 to June 30, 2020</b>
<b>Revenue from external customers</b>	
India	3,350.98
Outside India	150.20
<b>Total</b>	<b>3,501.18</b>

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

**46 Leases**

**Company as lessee**

The entity has reclassified leasehold land under Property, Plant & Equipments as Right of use assets on the date of initial application of Ind AS 116 - Leases. There are no other lease arrangements entered into by the Company. Hence, there is no impact on the transition to Ind AS 116.

**47 Impact of Covid 19**

The COVID-19 pandemic has disrupted many business operations globally due to lockdown and other directives imposed by the governments. The sole manufacturing plant of the Company closed its operations from March 25, 2020. The Company has resumed production with effect from May 21, 2020 and has achieved normal business operations from June, 2020. The Company has evaluated the impact of this pandemic on its business operations, liquidity and financial position and based on management's assessment of current indicators and economic conditions there is no material impact on its special purpose financial statements as at June 30, 2020. However, the impact assessment of COVID-19 is a continuing process and the Company will continue to monitor any material changes to future economic conditions.



**FAIRCHEM ORGANICS LIMITED**  
**NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS**  
 (All amounts in Rs. Lakhs, unless otherwise stated)

**48 Scheme of Arrangement and Amalgamation**

The Board of Directors of the Company, in its meeting held on May 22, 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 FSL 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. National Company Law Tribunal (NCLT) has sanctioned the scheme on June 30, 2020 and hence, the impact of the scheme was not considered in the statutory financial statements approved by the Board of Directors in their meeting held on June 23, 2020. The Company has received certified copy of the scheme on August 3, 2020. The said scheme has been adopted by the Board of Directors of FSL, FOL and POIL in their meeting held on August 12, 2020. Further, the Company has also filed form INC 28 with Registrar of Companies on August 12, 2020. As a consequence, the scheme has been made effective with effect from August 12, 2020.

Pursuant to the Scheme of Arrangement, FOL shall debit its share capital account, with the aggregate face value of its cancelled shares (Rs. 1 lakh) and the capital reserve in its books shall be increased to the extent of the amount of its cancelled shares. FOL shall also issue and allot Equity Shares to the Shareholders of FSL in the following proportion:

1 fully paid up equity share of Rs. 10/- each fully paid up of Fairchem Organics Limited shall be issued and allotted for every 3 fully paid up equity shares of Rs. 10/- each fully paid up held by them in Fairchem Speciality Limited on the Record date i.e., August 24, 2020.

Accordingly, FOL is required to issue and allot 13,020,900 Equity shares of Rs. 10/- each to the Equity Shareholders of FSL.

Pending allotment of Equity shares to the Shareholders of FSL, Rs. 1,302.09 Lakhs has been shown as "Share Capital Suspense Account" and accordingly Earnings Per Share (both Basic and Diluted) has been calculated considering the balance in Share Capital Suspense Account.

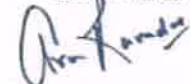
Further, as per the Scheme, the difference, if any, between the carrying value of assets and liabilities transferred to FOL (i.e. Rs. 10,259.14 lakhs) and the consideration discharged by way of the New Equity Shares issued to the shareholders of the FSL (i.e. Rs. 1,302.09 lakhs) in lieu of the Demerged Undertaking, has been recorded as 'Capital Reserves' (i.e. Rs. 8,958.05 lakhs) in the books of FOL.

As per the applicable Indian Accounting Standard Ind AS 103 ('standard'), since this demerger is a common control business combination, the financial statements are prepared by the Company at carrying amounts not from the appointed date but from the beginning of the preceding period in the financial statements which happens to be the date of incorporation i.e. March 27, 2019. However, the Company has recognised the impact of the business combination only from closing of business hours on March 31, 2019 (i.e. the appointed date specified in the scheme). The management believes that the transactions between March 27, 2019 and closing of business hours on March 31, 2019 would not have any material impact on the net assets. Thus, the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the period do not contain the impact of the transactions of the demerged undertaking from March 27, 2019 to March 31, 2019. However, there is no impact of the same on the Company's balance sheet as at June 30, 2020.

Pursuant to the Scheme of Arrangement, the following assets and liabilities have been taken over by the Company:


	<b>Closing of Business Hours As at March 31, 2019</b>
<b>Assets</b>	
Property, Plant and Equipment	
Capital work-in-progress	11,524.25
Loans	87.91
Other Financial Assets	2.25
Non-current Tax Assets (Net)	15.02
Other Non-current Assets	59.55
Inventories	125.67
Trade receivables	3,400.62
Cash and cash equivalents	3,213.13
Bank balances other than above	1.64
Other current assets	16.53
<b>Total Assets</b>	<b>324.49</b>
	<b>18,771.06</b>
<b>Liabilities</b>	
Borrowings	
Provisions	4,878.14
Deferred Tax Liabilities (Net)	147.04
Trade Payables	1,215.74
Other financial liabilities	1,000.42
Other current liabilities	1,123.80
Current Tax Liabilities (Net)	83.19
<b>Total Liabilities</b>	<b>63.59</b>
<b>Net Assets acquired by the Company</b>	<b>8,511.92</b>
	<b>10,259.14</b>

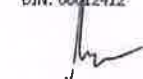
For Price Waterhouse & Co Chartered Accountants LLP  
 Firm Registration No.: 304026E/ E-300009

  
**Arunkumar Ramdas**  
 Partner  
 Membership No. 112433

Place: Mumbai  
 Date: December 04, 2020

For and on behalf of the Board

  
**Nahoosh Jariwala**  
 Managing Director  
 DIN: 00012412

  
**Rajen H. Jhaveri**  
 Chief Financial Officer and Company Secretary  
 ACS 06615

Place: Chikhala, Taluka SANAND  
 Date: November 25, 2020

**SECTION VII – LEGAL AND OTHER INFORMATION**  
**OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS**

Except as stated below, there are no outstanding (1) criminal proceedings involving our Company, Directors and Promoters; (2) actions taken by statutory or regulatory authorities involving our Company, Directors and Promoters; (3) claims involving our Company, Directors and Promoter for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved); (4) proceedings involving our Company, Directors and Promoters (other than proceedings covered under (1) to (3) above) which has been determined to be material pursuant to the Materiality Policy (as disclosed herein below); and (5) litigation involving the Group Company which has a material impact on our Company, as of the date of Information Memorandum. Further, except as discussed in this chapter, there are no disciplinary actions including penalties imposed by SEBI or stock exchanges against our Promoters in the last five financial years including any outstanding action.

In terms of the materiality policy dated August 26, 2020 (“**Materiality Policy**”), other than outstanding criminal proceedings, statutory or regulatory actions including outstanding actions, disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years and claims for any direct or indirect tax liabilities disclosed in point (1) to (3) above, all other pending litigations:

involving our Company, our Directors and Promoters:

- A. where the aggregate monetary claim made by, or against, our Company, our Directors or our Promoters in any such pending litigation proceeding is in excess of 5% of our Company’s net profit after tax for the most recently completed fiscal year as per the financial statements, i.e. ₹ 182.74 lakhs; and
- B. where the monetary liability is not quantifiable, or which does not fulfil the threshold specified in (i) above, but the outcome of which could, nonetheless, have a material adverse effect on the position, business, operations, prospects or reputation of our Company

shall be considered “material” and accordingly have been disclosed in this Information Memorandum.

For the purposes of the above, pre-litigation notices received by our Company, our Directors or our Promoters from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) have not and shall not, unless otherwise decided by the Board, be considered as litigation until such time that any of our Company, Directors or Promoters, as the case may be, is impleaded as a defendant in litigation before any judicial/arbitral forum or governmental authority.

Further, creditors of our Company to whom dues owed by our Company exceed 10% of our Company’s trade payables and dues to creditors for capital goods as of the end of the most recent period covered in the Financial Statements, would be considered as material creditors.

Unless stated to the contrary, the information provided below is as of the date of this Information Memorandum.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

**I. Litigation proceedings initiated against our Company**

- a) Criminal proceedings:

Nil

- b) Statutory or regulatory proceedings:

Nil

- c) Other pending proceedings:

Nil

- d) Tax proceedings (consolidated)

Sr. No.	Type of Tax	No. of cases outstanding	Amount involved (in ₹ lakh)
1	Direct Tax	Nil	Nil

2	Indirect Tax	6	40.89
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## **II. Litigation proceedings initiated by our Company**

### a) Criminal proceedings:

Nil

### b) Other pending proceedings:

Nil

## **III. Litigation proceedings initiated against our Directors**

### a) Criminal proceedings:

#### **Sumit Maheshwari:**

- A Criminal Complaint bearing no. CS/62325/2019 was filed by Gold Circle Partner (GCP) owner Mr. Sanjay Langal against Thomas Cook (India) Limited, its directors and officials before the 8<sup>th</sup> Metropolitan Magistrate Court, Kolkata, alleging certain monetary benefits were deprived to Mr. Langal under the GCP Agreement. Thomas Cook (India) Limited has vehemently denied the allegations and have filed a Criminal Revision Petition before the Kolkata Sessions Court seeking setting aside the issuance of the said summons, discharge of Thomas Cook (India) Limited and its directors from the proceedings and in the interim grant stay of further proceedings. The Kolkata Sessions Court was pleased to grant stay of further proceedings in the said complaint.

### b) Statutory or regulatory proceedings:

Nil

### c) Other pending proceedings:

#### **Sumit Maheshwari**

- The State Bank of India ("SBI") filed an original application no. 547/2017 on September 15, 2017 against its borrowers and National Collateral Management Services Limited ("NCML") before DRT, Pune in relation to recovery of an amount of ₹ 3,475.30 Lakhs. Mr. Sumit Maheshwari is a director on the board of NCML. Further, SBI filed an interim application impleading the directors and key managerial personnel of NCML. Subsequently, NCML filed a reply to the said interim application along with the necessary supporting documents opposing the claims of SBI. The matter is currently pending before DRT, Pune.

#### **Venkatraman Srinivasan**

- Mr Venkatraman Srinivasan ceased to be an Independent and Non-Executive Director of an unlisted public limited company in March 2001. The company was also wound up by orders of High Court in September 2004. Subsequent to his cessation as an Independent and Non-Executive Director on the company and winding up of the company, the Sales Tax Department issued a recovery notice to the company and its directors for recovery of sales tax/ entry tax dues of the company for the financial years 1995 to 2002. Pursuant to a petition filed by Mr. Venkatraman Srinivasan against the recovery notice, an interim stay was granted by the Madras High Court vide its order dated August 30, 2005 and the case is pending. The amount involved in the case is ₹ 4,743.30 Lakhs.

### d) Tax proceedings (consolidated)

Sr. No.	Type of Tax	No. of cases outstanding	Amount involved (in ₹ lakh)
1	Direct Tax	Nil	NA
2	Indirect Tax	Nil	NA

**IV. Litigation proceedings initiated by our Directors**

a) Criminal proceedings:

Nil

b) Other pending proceedings:

Nil

**V. Litigation proceedings initiated against our Promoters**

a) Criminal proceedings:

Nil

b) Statutory or regulatory proceedings:

Nil

c) Other pending proceedings:

Nil

d) Disciplinary action including penalty imposed by SEBI or stock exchanges against promoters in the last five financial years including outstanding action:

Nil

e) Tax proceedings (consolidated)

Sr. No.	Type of Tax	No. of cases outstanding	Amount involved (in ₹ lakh)
1	Direct Tax	Nil	NA
2	Indirect Tax	Nil	NA

**VI. Litigation proceedings initiated by our Promoters**

c) Criminal proceedings:

Nil

d) Other pending proceedings:

Nil

**VII. Any pending litigation involving the Group Company which has a material impact on our Company**

Nil

**OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS**

As of June 30, 2020, the total trade payables and dues for capital goods of our Company, were ₹ 554.42 Lakhs and ₹ 76.21 Lakhs respectively. The details of outstanding dues to creditors, as on June 30, 2020, are as follows:

Particulars	No. of Creditors	Amount due
Micro, Small or Medium enterprises	36	40.62
Other Creditors	246	590.00
<b>Total</b>	<b>282</b>	<b>630.62</b>

Based on the materiality threshold, as on June 30, 2020, we have no material creditors of the Company.

**MATERIAL DEVELOPMENT AFTER THE DATE OF LAST FINANCIAL STATEMENTS AS ON JUNE 30, 2020**

In the opinion of our Board, there have not arisen since the date of last Financial Statements as on June 30, 2020, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our material liabilities within the next twelve months.

## GOVERNMENT AND OTHER STATUTORY APPROVALS

*Pursuant to Scheme being effective 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.*

### I. APPROVALS FOR THE COMPANY

We require various approvals to carry on business in India. The company has received the following major Government and other approvals pertaining to business:

#### a. Incorporation Details:

Our Company was incorporated as a public limited company under the Companies Act, 2013 pursuant to a certificate of incorporation dated March 27, 2019 issued by the Registrar of Companies, Mumbai. The Corporate Identification Number is U24200MH2019PLC323176.

#### b. Approval from Tax Authorities

- i. Permanent Account Number of the Company as issued by the Income Tax Department is AADCF6900E;
- ii. Tax Deduction Account Number of the Company, as issued by the Income Tax Department for the state of Maharashtra is MUMF09761D;
- iii. Tax Deduction Account Number of the Company, as issued by the Income Tax Department for the state of Gujarat is AHMF01833G.
- iv. The Company has a GST registration number for its operating location.

#### c. Other Approvals

- i. Registration for employees' provident fund issued by the Employees' Provident Fund Organization under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- ii. Registration for employees' insurance issued by the Employees State Insurance Corporation Ahmedabad under the Employees' State Insurance Act, 1948;
- iii. Certificate of Import Export Code issued by Ministry of Commerce and Industry, O/o Additional Director General of Foreign Trade Ahmedabad;
- iv. Acknowledgment issued by Ministry of Commerce and Industry, Department for Promotion of Industry and Internal Trade Industrial Entrepreneurs Memorandum Section;
- v. Professional Tax Enrolment Certificate (PTEC) and Professional Tax Registration Certificate (PTRC) issued under section 5 of Gujarat State Profession, Trading, Business and Employment Tax, Act, 1976; and
- vi. Factory license issued by the Directorate of Industrial Safety and Health, Gujarat.

The Company is in the process of making applications, and has applied to various authorities for seeking for change of name on all permissions/approvals pursuant to the Scheme.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### AUTHORITY FOR THE ISSUE

The National Company Law Tribunal, Mumbai Bench through an order dated June 30, 2020 has approved the Composite Scheme of Arrangement for transfer of Speciality Oleo Chemicals and Intermediate Neutraceuticals (Demerged Undertaking) of Fairchem Speciality Limited (*now known as Privi Speciality Chemicals Limited*) into Company. For more details relating to the Composite Scheme, please refer to “Objects and Rationale of the Scheme” on page 32. In accordance with the Composite Scheme, Demerged Undertaking of Fairchem Speciality Limited (*now known as Privi Speciality Chemicals Limited*) was transferred to and vested with Company with effect from the Appointed Date 1 viz. closing of business hours on March 31, 2019 pursuant to Section 230 to 232 read with Section 66 and the applicable provisions of the Companies Act, 2013, as may be applicable amongst Fairchem Speciality Limited (*now known as Privi Speciality Chemicals Limited*) and Privi Organics India Limited and Fairchem Organics Limited and their respective shareholders and creditors. In accordance with the said Scheme, the Equity Shares of Company shall be listed and admitted to trading on BSE Limited and National Stock Exchange of India Limited. Such listing and admission for trading is not automatic and will be subject to fulfilment of listing criteria by Company as permitted by BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application for listing by Company. Observations letters from BSE and NSE in relation to the Composite Scheme was granted vide their letters dated September 20, 2019.

The Company has received in-principle approvals for listing of its Equity Shares on NSE and BSE vide their letters dated December 04, 2020 and December 03, 2020 respectively. Further, the Company has also received a letter dated December 18, 2020 from SEBI in relation to relaxation from applicability of Rule 19(2)(b) of the SCRR for listing of the Equity Shares of our Company on the Stock Exchanges.

### PROHIBITION BY SEBI OR OTHER GOVERNMENTAL AUTHORITIES

The Company, its Promoters, its promoter group, its directors, persons in control of the Promoters (as applicable) have not been prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Further, none of our Directors or Promoters is a director or promoter of any other company which is currently debarred from accessing the capital markets by SEBI.

Further, none of the directors of the Company are associated with the securities market in any manner, and SEBI has not initiated any action against any entity, with whom the directors of the Company are associated in the past five years preceding the date of this Information Memorandum.

Neither our Company nor any of our Promoters or Directors have been identified as wilful defaulter(s) by any bank and/or financial institution in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

Neither our Promoters nor our Directors have been declared as fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

### COMPLIANCE WITH COMPANIES (SIGNIFICANT BENEFICIAL OWNERSHIP) RULES, 2018

Our Company, Promoters and Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018 to the extent applicable.

### ELIGIBILITY FOR THIS ISSUE

There being no initial public offering or rights issue, the eligibility criteria in terms of the SEBI ICDR Regulations, as amended does not become applicable. Our Company submitted this Information Memorandum, containing information about our Company, making disclosures in line with the disclosure requirement for public issues, as applicable to BSE and NSE. The Information Memorandum, once finalised, shall be made publicly available through the respective websites of the Stock Exchanges i.e., [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) and through our website on [www.fairchem.in](http://www.fairchem.in). Our Company will publish an advertisement in the newspapers containing its details as per the SEBI Circular with the details required in terms of Annexure A Part III (A) para 2 sub – clause 5 of the SEBI Circular.

## **GENERAL DISCLAIMER FROM OUR COMPANY**

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of Annexure A Part III (A) para 2 sub-clause 5 of the SEBI Circular or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information would be doing so at his own risk. All information shall be made available by our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

## **JURISDICTION**

Exclusive jurisdiction for the purpose of this Information Memorandum is with the competent courts / authorities in Mumbai, India.

## **DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

As required, a copy of the Draft Scheme was submitted to NSE. NSE has vide its letter (NSE/LIST/21133-I) dated September 20, 2019 granted its observations on the Scheme of Arrangement under Regulation 37 of the SEBI LODR Regulations and by virtue of that approval, the NSE's name is included in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

## **DISCLAIMER CLAUSE OF THE BSE LIMITED**

As required, a copy of the Draft Scheme was submitted to BSE. BSE has vide its letter DCS/AMAL/BA/R37/1582/2019-20 dated September 20, 2019 granted its observations on the Scheme of Arrangement under Regulation 37 of the SEBI LODR Regulations and by virtue of that approval, the BSE's name is included in this Information Memorandum as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

## **FILING**

This Information Memorandum has been filed with BSE and NSE.

## **LISTING**

Our Company has obtained In-principle listing approvals from BSE and NSE on December 03, 2020 and December 04, 2020, respectively. Our Company shall make the applications for final listing and trading approvals from BSE and NSE. The Company has nominated BSE as the Designated Stock Exchange for the aforesaid listing of shares. The Company ensure that it will take all steps for the completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above within such period as approved by SEBI

## **DEMAT CREDIT**

The Company has executed Tri-partite Agreements with CDSL and NSDL dated July 10, 2020 and August 19, 2020, respectively, for admitting its securities in demat form. The ISIN allotted to the Company's equity shares is INE0DNW01011. Equity Shares have been allotted to those shareholders who have provided necessary details to the Company/RTA and/or who were holding their shares in Fairchem Speciality Limited (*now known as Privi Speciality Chemicals Limited*) in demat form as on the Record Date i.e. August 24, 2020. Our Company has credited the Equity Shares in the demat account of respective shareholders through NSDL and CDSL.

## **EXPERT OPINIONS**

We have not obtained any expert opinions for the purpose of this Information Memorandum.

## **PUBLIC ISSUES OR RIGHTS ISSUES**

Our Company was incorporated on March 27, 2019 and has not made any public issue or rights issue since incorporation.

## **COMMISSION AND BROKERAGE ON PREVIOUS ISSUES**

Since the Company has not issued shares to the public in the past, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

## **PERFORMANCE VIS-À-VIS OBJECTS**

Since incorporation, our Company has not issued any Equity Shares to public. The Equity Shares of our Company will be listed on the Stock Exchanges pursuant to the Scheme.

#### **ISSUANCES FOR CONSIDERATION OTHER THAN CASH**

For details in relation to the allotment of Equity Shares for consideration other than cash, see “*Capital Structure*” on page 26.

#### **OUTSTANDING DEBENTURE OR BONDS AND REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS ISSUED BY THE COMPANY**

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company.

#### **STOCK MARKET DATA FOR EQUITY SHARES OF THE COMPANY**

Equity shares of the Company are not listed on any stock exchanges. The Company is seeking approval for listing of shares through this Information Memorandum.

#### **MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES**

Link Intime India Private Limited is the Registrar and Share Transfer Agent of the Company to accept the documents/requests/complaints from the investors/shareholders of the Company. All documents are received at the inward department, where the same are classified based on the nature of the queries/actions to be taken and coded accordingly. The documents are then electronically captured before forwarding to the respective processing units. The documents are processed by professionally trained personnel. The Company has set up service standards for each of the various processors involved such as effecting the transfer/dematerialization of securities/change of address ranging from 3-7 days.

Shareholders can express their grievances by sending mails to above e-mail id or raise complaints in SCORES (common portal introduced by SEBI). Our Company is currently in the process of activating its SCORES portal, and hence submitted the requisite application modalities with SEBI. Further, the Shareholders can also raise their grievances with our Company Secretary and Compliance Officer. As on the date of this Information Memorandum, our Company has not received any investor complaints since incorporation.

Mr. Rajen Jhaveri, C.F.O. and Company Secretary of the Company is vested with responsibility of addressing the Investor Grievance(s) in coordination with Registrar & Transfer Agent.

#### **Name and Contact details of Company Secretary & Compliance Officer**

**Mr. Rajen Jhaveri**

**C.F.O., Company Secretary and Compliance Officer**

**Fairchem Organics Limited**

253/P and 312, Village Chekhala,  
Sanand – Kadi Highway, Taluka Sanand,  
District Ahmedabad – 382 115, Gujarat

**Tel:** +91 90163 24095

**Email:** [cs@fairchem.in](mailto:cs@fairchem.in)

**Website:** [www.fairchem.in](http://www.fairchem.in)

#### **CAPITALISATION OF RESERVES OR PROFITS**

Our Company has not capitalised reserves or profits since incorporation.

#### **REVALUATION OF ASSETS**

Our Company has not revalued its assets since incorporation.

#### **CAPITAL ISSUES IN THE PRECEDING THREE YEARS BY THE COMPANY, GROUP COMPANIES AND SUBSIDIARY/ASSOCIATE COMPANY**

For details of the issuances of Equity Shares by our Company since incorporation, see “*Capital Structure – Notes to Capital Structure*” at page 26. Neither our Company nor Group Companies, have undertaken a capital issue in the last three years preceding the date of this Information Memorandum.

## SECTION VIII – MAIN PROVISIONS OF ARTICLE OF ASSOCIATION

### Interpretation

- I. (1) In these regulations –
- (a) “**Acceptance Notice**” shall have the meaning ascribed to it in Article 25(i)(b).
  - (b) “**Accepted Offer Shares**” shall have the meaning ascribed to it in Article 25(i)(b).
  - (c) “**Act**” means the Companies Act, 1956 and the Companies Act, 2013, as the case may be, for the time being in force, as amended from time to time and shall include any statutory replacement or re-enactment thereof, and any rules and regulations issued thereunder.
  - (d) “**Adi Entities**” shall have the meaning ascribed to it in Article 22(i).
  - (e) “**Adi Group**” shall mean the following persons: (i) Mr. Nahoosh Jariwala; (ii) Nahoosh Tradelink LLP; and (iii) Jariwala Tradelink LLP.
  - (f) “**Affiliate**” means and includes, in respect of: (i) any Party, other than a natural Person, any other Person that directly or indirectly, through one or more intermediate Persons, Controls, is Controlled by, or is under the common Control of such Party; or (ii) in case of Parties who are natural persons, any other Person who is an Immediate Relative of such Party and any other Person Controlled by such Party or the Immediate Relatives of such Party.
  - (g) “**Anti – Corruption Laws**” means the United States Foreign Corrupt Practices Act of 1977, the UK Bribery Act 2010, the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and related implementing legislation, and the Prevention of Corruption Act, 1988 of India.
  - (h) “**Applicable Law**” includes all statutes, enactments, acts of legislature or parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority (or any sub-division thereof), statutory authority, tribunal, board, court or recognised stock exchange.
  - (i) “**Assets**” means all assets (movable, immovable, tangible or intangible), whether owned or leased or otherwise acquired by or in possession of the Company and/ or any of its Subsidiaries, used in connection with the Company Business or otherwise.
  - (j) “**Balance Offer Shares**” shall have the meaning ascribed to it in Article 25(i)(d).
  - (k) “**Board**” means the board of directors of the Company.
  - (l) “**Business Day**” means any day other than a Saturday, Sunday or a public holiday or any day on which banks are open for general banking purposes in Mumbai, India, Toronto and Mauritius.
  - (m) “**Canadian Securities Laws**” shall mean all applicable securities laws in the provinces of Canada, including the rules and regulations promulgated by the Ontario Securities Commission, all as now enacted or as the same may from time to time be amended, re-enacted or replaced, the respective regulations, rules, orders and forms under such laws and the applicable published policy statements of and any exempting orders issued by the Canadian Securities Regulators.
  - (n) “**Charter Documents**” means the memorandum and articles of association.
  - (o) “**Company**” shall mean Fairchem Organics Limited.
  - (p) “**Company Business**” means 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.
  - (q) “**Competing Business**” means any business or activity, which is the same as or similar to or competes with the Company Business or any other business undertaken by Company and/ or its Subsidiaries.

- (r) “**Control**” including with its grammatical variations such as “**Controlled by**”, “**that Controls**” and “**under common Control with**”, when used with respect to any Person, means and includes the possession, directly or indirectly, of, acting alone or together with another Person, the ability to direct the management and policies of such Person, whether (i) through the ownership of over 50% (fifty per cent) of the voting equity of such Person; (ii) through the power to appoint half or more than half of the members of the board of directors or similar governing body of such Person; or (iii) pursuant to Applicable Law or contractual arrangements.
- (s) “**Deed of Adherence**” means a deed to be executed by a Permitted Transferee of any Equity Securities from any Party in the form set out in Schedule 3 of the SHA.
- (t) “**Default Call Consideration**” means an amount equal to the Default Call Price multiplied by the number of Default Call Shares.
- (u) “**Default Call Notice**” shall have the meaning ascribed to such term in Article 24(ii).
- (v) “**Default Call Option**” shall have the meaning ascribed to such term in Article 24(i).
- (w) “**Default Call Price**” means a price per Equity Share equal to 75 % (seventy five per cent) of the 60 (sixty) day volume weighted average price prior to the date of the Default Call Notice of the Equity Shares of the Company on the stock exchange on which a higher volume of the Equity Shares of the Company has been traded during such period.
- (x) “**Default Call Shares**” shall have the meaning ascribed to such term in Article 24(ii).
- (y) “**Default Event**” means any of the following: (i) a breach of any representation, warranty, covenant or obligation under the SHA by any member of the Adi Group, or (ii) a breach of any representation, warranty, covenant or obligation under the Nahoosh Key Employee Agreement by Mr. Nahoosh Jariwala.
- (z) “**Default Option Holder**” shall have the meaning ascribed to such term in Article 24(i).
- (aa) “**Director(s)**” means the directors of the Board of the Company.
- (bb) “**D&O Policy**” means a directors’ and officers’ liability insurance policy issued by a reputable insurance company in a form satisfactory to Fairfax India and the Adi Group, in respect of all claims or liabilities resulting from the actions or omissions of a director to the extent permitted by Applicable Law.
- (cc) “**Effective Date**” shall mean August 12, 2020.
- (dd) “**Encumbrance**” means: (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Law, (ii) any power of attorney, voting trust agreement, interest, option, right of first offer, refusal, right of pre-emption or transfer restriction in favour of any Person, and (iii) any adverse claim as to title, possession or use.
- (ee) “**Equity Securities**” means any shares or other equity interest or any securities convertible into or exchangeable for Share Capital of the Company or any other rights, warrants or options to acquire any of the foregoing securities of the Company (including the Equity Shares).
- (ff) “**Equity Shares**” means equity shares of the Company having a par value of INR 10 (Rupees ten only) per share and one vote per share.
- (gg) “**Fairfax India**” shall mean collectively, FIH Mauritius Investments Ltd and FIH Private Investments Ltd.
- (hh) “**Financial Year**” means the period commencing on the first of April of any calendar year and ending on the thirty first of March of the following calendar year.

- (ii) **“Governmental Authority”** means any government authority, statutory authority, regulatory authority, government department, administrative authority, agency, commission, board, tribunal or court or other law, rule or regulation making entity having or purporting to have jurisdiction on behalf of the Republic of India or any state or other subdivision thereof or any municipality, district or other subdivision thereof or in any other nation (including any political subdivision thereof).
- (jj) **“IFRS Standards”** shall mean International Financial Reporting Standards as issued by the International Accounting Standards Board.
- (kk) **“Immediate Relative”** means, with reference to any Person, means the spouse, children (including son and daughter) or parents of such Person.
- (ll) **“Indebtedness”** means with respect to any Person, whether recourse is to all, none or a portion of the assets of such Person, and whether or not contingent (a) any obligation of such Person for borrowed money or with respect to deposits or advances of any kind; (b) any obligation of such Person evidenced by bonds, debentures, notes, guarantees or other similar instruments; (c) any reimbursement obligation of such Person with respect to letters of credit, bankers acceptances or similar facilities issued for the account of such Person; (d) all debt obligations of such Person upon which interest charges are customarily paid; (e) all obligations of such Person under conditional sale, deferred purchase price of property or title retention agreements relating to property acquired by such Person, if applicable; (f) any fixed rental obligations under a lease of or other agreement conveying the right to use assets that is required to be classified and accounted for as a financing or capital lease on financial statements prepared in accordance with Indian GAAP; (g) any guarantee obligations of such Person of any nature, including, but not limited to, any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person in any manner and (h) all indebtedness and obligations of the types described in the foregoing clauses (a) through (g) to the extent secured by any Encumbrance on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is non-recourse to the credit of that Person.
- (mm) **“Indian GAAP”** means generally accepted accounting principles of India as issued by the Institute of Chartered Accountants of India.
- (nn) **“Issuance Acceptance Period”** shall have the meaning ascribed to such term in Article 84.
- (oo) **“Market Offer Price”** shall have the meaning ascribed to such term in Article 25(i)(d).
- (pp) **“Market Trade”** shall mean a sale of Equity Securities on the floor of the Stock Exchanges in a non-negotiated and non-synchronised trade where the identity of the buyer is not known to the seller and his representatives.
- (qq) **“Nahoosh Key Employee Agreement”** shall mean the key employment agreement dated November 4, 2015 executed by and between Fairchem Speciality Limited and Mr. Nahoosh Jariwala, and shall include any subsequent employment agreement executed between Mr. Nahoosh Jariwala and the Company (on terms mutually agreeable to the Parties) in supersession of the foregoing, to record, *inter alia*, the terms of employment of Mr. Nahoosh Jariwala with the Company.
- (rr) **“OFAC”** means Office of Foreign Assets Control.
- (ss) **“Offer Period”** shall have the meaning ascribed to it in Article 25(i)(b).
- (tt) **“Offer Price”** shall have the meaning ascribed to it in Article 25(i)(a).
- (uu) **“Offer Shares”** shall have the meaning ascribed to it in Article 25(i)(a).
- (vv) **“Ordinary Course of Business”** means the ordinary course of business consistent with past custom and practice, but only to the extent consistent with Applicable Law; provided that a series of related transactions which taken together is not in the Ordinary Course of Business shall not be deemed to be in the Ordinary Course of Business.

- (ww) **“Permitted Purchase Shares”** shall have the meaning ascribed to it in Article 25(i)(e).
- (xx) **“Permitted Transferee”** means: (A) in relation to the Adi Group: (i) any Immediate Relative of Mr. Nahoosh Jariwala; or (ii) any body corporate or company in which 100% (one hundred per cent) of the legal and beneficial ownership, right, title, interest is held by Mr. Nahoosh Jariwala or an Immediate Relative of Mr. Nahoosh Jariwala and Control is held by Mr. Nahoosh Jariwala; or (iii) any partnership in which 100% (one hundred per cent) of the legal and beneficial ownership, right, title, interest is held by Mr. Nahoosh Jariwala or an Immediate Relative of Mr. Nahoosh Jariwala and Control is held by Mr. Nahoosh Jariwala and all partners in such partnership are Mr. Nahoosh Jariwala and / or his Immediate Relatives where Control is held by Mr. Nahoosh Jariwala; and (B) in relation to Fairfax India, any Affiliate of Fairfax India. Provided however that any Person engaged in a Competing Business will not be regarded as a Permitted Transferee.
- (yy) **“Person”** means any individual or other entity, whether a corporation, firm, company, joint venture, trust, association, organization, partnership or proprietorship, including any governmental agency or regulatory body.
- (zz) **“Pro Rata Share”** means the proportion that the number of Equity Securities held by a Shareholder Group bears to the aggregate number of Equity Securities held by all the Shareholder Groups, in each case on a fully diluted basis.
- (aaa) **“Proportionate Share”** in relation to a Shareholder Group, means the proportion that the number of Equity Securities on a fully diluted basis held by such Shareholder Group, bears to the total number of Equity Securities of the Company on a fully diluted basis.
- (bbb) **“Proposed Issuance”** shall have the meaning ascribed to such term in Article 83.
- (ccc) **“Proposed Issuance Notice”** shall have the meaning ascribed to such term in Article 83.
- (ddd) **“Proposed Recipient”** shall have the meaning ascribed to such term in Article 82.
- (eee) **“Public Official”** has the meaning ascribed to it in applicable Anti – Corruption Laws.
- (fff) **“Related Party”** means (i) any Person who would be categorized as a “Related Party” or an “Associate Company” under the Act or Indian GAAP, with reference to the Company or the Adi Group; (ii) the Adi Group and any of their respective Affiliates, shareholders holding more than 2% (two per cent) of the Share Capital or director of the Company; (iii) any Person in which any director or officer of the Company has any interest, other than a passive shareholding of less than 10% (ten percent); and (iv) any Person which would be considered a related party in terms of Accounting Standards 18 issued by the Institute of Chartered Accountants of India.
- (ggg) **“Related Party Transactions”** means any transactions or arrangements between the Company or any of its Subsidiaries on the one hand, and one or more Related Parties on the other hand.
- (hhh) **“Reserved Matters”** means the matters set out in **Annexure I** with respect to the Company and its Subsidiaries.
- (iii) **“Rupees”** or **“INR”** or **“Rs.”** means the lawful currency of India.
- (jjj) **“seal”** means the common seal of the company.
- (kkk) **“Securities”** means and includes shares, scrips, stocks, bonds, debentures, debenture stock or other securities of a like nature in or of any incorporated company or other body corporate.
- (lll) **“SHA”** shall mean the shareholders agreement dated May 22, 2019 entered into between the Company, the Adi Group and Fairfax India.
- (mmm) **“Share Capital”** means the issued and paid-up equity share capital of the Company, on a fully diluted basis.
- (nnn) **“Shareholder”** means a registered shareholder of the Company from time to time.
- (ooo) **“Shareholder Group”** means each of the Adi Group and Fairfax India.
- (ppp) **“Stock Exchanges”** means BSE Limited, the National Stock Exchange of India Limited and any other recognised

stock exchange in India where the Equity Shares of the Company are listed.

- (qqq) “**Subsidiary**” means a subsidiary within the meaning of the Act.
- (rrr) “**Takeover Regulations**” shall mean the Securities and Exchange Board of India (Substantial Acquisitions of Shares and Takeovers) Regulations, 2011, as amended from time to time.
- (sss) “**Third Party Transferee**” shall have the meaning ascribed to it in Article 25(i).
- (ttt) “**Transfer**” means to sell, give, assign, transfer any interest in trust, mortgage, alienation, encumber, grant a security interest in, amalgamate, merge or suffer to exist (whether by operation of law or otherwise) any Encumbrance on any securities, shares, or interests or any right, title or interest therein or otherwise dispose of securities, shares, or interests in any manner whatsoever voluntarily or involuntarily.
- (uuu) “**Transfer Notice**” shall have the meaning ascribed to it in Article 25(i)(a).

(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

### **Share capital and variation of rights**

- II.**
- 1.** Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.
  - 2.**
    - (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,—
      - (a) one certificate for all his shares without payment of any charges; or
      - (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
    - (ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
    - (iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
  - 3.**
    - (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.
    - (ii) The provisions of Articles (2) and (3) shall *mutatis mutandis* apply to debentures of the company.
  - 4.** Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

5. (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent. or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
- (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
- (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
6. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.
7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
8. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

#### **Lien**

9. (i) The company shall have a first and paramount lien —
- (a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and
- (b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien:

Provided that no sale shall be made—

- (a) unless a sum in respect of which the lien exists is presently payable; or
- (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.
10. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.
- (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

- (iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
11. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

#### **Calls on shares**

12. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:
- Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.
- (ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.
  - (iii) A call may be revoked or postponed at the discretion of the Board.
13. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.
14. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
15. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.
- (ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.
16. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
17. The Board—
- (a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and
  - (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

#### **Transfer of shares**

18. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.
- (ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.
19. The Board may, subject to the right of appeal conferred by section 58 decline to register—

- (a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or
  - (b) any transfer of shares on which the company has a lien.
- 20.** The Board may decline to recognise any instrument of transfer unless —
- (a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;
  - (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
  - (c) the instrument of transfer is in respect of only one class of shares.
- 21.** On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

#### **Restrictions on share transfers**

**22. Transfers by the Adi Group**

- (i) Mr. Nahoosh Jariwala and/ or his Immediate Relatives shall be the sole legal and beneficial owners of 100% (hundred per cent) of the share capital on a fully diluted basis of and Mr. Nahoosh Jariwala shall be in sole Control of Jariwala Tradelink LLP and PCD Investments Pvt. Ltd (now Nahoosh Tradelink LLP) (collectively, the “**Adi Entities**”), free and clear of Encumbrances. Mr. Nahoosh Jariwala shall not Transfer, and shall ensure that his Immediate Relatives shall not Transfer, any equity shares or securities held by him or his Immediate Relatives in the Adi Entities and Mr. Nahoosh Jariwala shall continue to Control the Adi Entities.
- (ii) Notwithstanding the provisions of Article 22(i) above and Article 25 below, the Adi Group shall have the right to Transfer all or a portion of the Equity Securities held by them to one or more of their respective Permitted Transferees, provided that:
  - (a) Each such Permitted Transferee to whom the Equity Securities are being Transferred shall execute a Deed of Adherence simultaneous with such Transfer. Upon executing the Deed of Adherence, the Permitted Transferee shall be entitled to all the rights and subject to all the obligations of the transferring member of the Adi Group as specified in the Deed of Adherence;
  - (b) Such Transfer is exempt from the requirement to make a public offer under Regulation 10 or its equivalent provision under the Takeover Regulations;
  - (c) If the Permitted Transferee is going to cease to be a Permitted Transferee, the Permitted Transferee shall Transfer the Equity Securities acquired pursuant to this Article 22(ii) to any of the members of its Adi Group, prior to such Permitted Transferee ceasing to be a Permitted Transferee;
  - (d) Such Permitted Transferee shall not Transfer the Equity Securities to any Person other than a Permitted Transferee, without compliance with the provisions of Article 22 and Article 25; and
  - (e) If the Adi Group Transfers any Equity Securities to any of its Permitted Transferees in accordance with this Article 22(ii), the Adi Group shall, upon and after such Transfer, continue to remain liable as the primary obligor of all obligations of, and the performance by, such Permitted Transferee under these Articles.
- (iii) The Adi Group shall not circumvent the provisions of Article 22 and Article 25 through any indirect Transfer or sale or dilution including but not limited to transfer of ownership in an entity held by the Adi Group (except in case of the Permitted Transferees), which owns the Equity Shares in the Company. Any sale, disposal, creation of an Encumbrance or enforcement of an Encumbrance in relation to the equity securities of the Adi Entities, or any

dilution in the shareholding of Mr. Nahoosh Jariwala and / or his Immediate Relatives in the Adi Entities shall be deemed to constitute a Transfer of Equity Shares by Mr. Nahoosh Jariwala and his Immediate Relatives under these Articles and shall be subject to the provisions of these Articles.

- (iv) Any Transfer of Equity Securities by Mr. Nahoosh Jariwala or the Adi Entities to any Person other than a Permitted Transferee as contemplated in Article 22(ii) above, shall be subject to the provisions of Article 25.
- (v) Any Transfer of Equity Securities by Mr. Nahoosh Jariwala or the Adi Entities in violation of Article 22 and Article 25 shall be null and void *ab initio* and the Company shall not record such Transfer upon receipt of any application for such Transfer or intimation provided in relation to the Transfer or otherwise. Any Transfer of equity securities of the Adi Entities in violation of Article 22 shall be null and void *ab initio* and the Adi Entities shall not record such Transfer.

### **23. Transfers by Fairfax India**

- (i) Fairfax India shall have the right to Transfer all or any of Equity Shares held by it to any Person at any time.
- (ii) All or any of the rights and benefits and obligations of Fairfax India under these Articles and the SHA can be assigned by Fairfax India to an Affiliate along with any Transfer of Equity Shares by Fairfax India to such Affiliate.

### **24. Default Call Option**

- (i) Upon the occurrence of a Default Event, Fairfax India (“**Default Option Holder**”) shall have the right, but not the obligation, to purchase all or part (at the sole discretion of the Default Option Holder) of the Equity Shares held by the Adi Group (“**Default Call Option**”) at a price per Equity Share equal to the Default Call Price. Fairfax India may nominate an Affiliate and/or third Person(s), for the purpose of the exercise of the Default Call Option and in such case such Person(s) shall be the Default Option Holder(s).
- (ii) In the event that the Default Option Holder(s) propose(s) to exercise the Default Call Option, the Default Option Holder(s) shall issue a written notice within a period of 30 (thirty) Business Days of the occurrence of the Default Event or of Fairfax India becoming aware of the occurrence of the Default Event, whichever is later, (the “**Default Call Notice**”) to the Adi Group, which written notice shall state that the Default Option Holder wishes to purchase the Equity Shares held by the Adi Group and such notice shall state the number of Equity Shares the Default Option Holder wishes to purchase (“**Default Call Shares**”).
- (iii) The Default Option Holder shall purchase the Default Call Shares within 30 (thirty) Business Days from the date of the Default Call Notice or such longer period as required for receipt of all consents required by the Default Option Holder for the purchase. At such closing, the Adi Group shall deliver certificates representing the Default Call Shares accompanied by duly executed transfer instructions to the relevant depository participant and upon receipt of the same, the Default Option Holder shall deliver payment in full of the Default Call Consideration. The Default Call Shares shall be free and clear of any Encumbrances and the Adi Group shall so represent and warrant and shall further represent and warrant that they are the beneficial and record owners of their respective Default Call Shares. At such closing, all the parties to the transaction shall execute such additional documents as may be necessary or appropriate to effect the sale of the Default Call Shares to the Default Option Holder.

### **25. Right of First Refusal**

- (i) In the event that Adi Group proposes to Transfer all or some of their Equity Securities to any Person other than a Permitted Transferee in terms of Article 22(ii) (“**Third Party Transferee**”), then the following provisions shall apply:
  - (a) The Adi Group shall first deliver a written notice (“**Transfer Notice**”) to Fairfax India, which notice shall state (i) the number of Equity Shares proposed to be transferred by the Adi Group (the “**Offer Shares**”), (ii) the proposed consideration for the transfer offered by the Third Party Transferee, or the closing market price of the Offer Shares on the trading day prior to the date of the Transfer Notice in case the Adi Group proposes to sell their shares on the

floor of the Stock Exchange in a non-negotiated, non-synchronized trade, as the case maybe (the “**Offer Price**”), and (iii) the name and address and beneficial ownership of the Third Party Transferee, unless the Adi Group proposes to sell their shares on the floor of the Stock Exchange in a non-negotiated, non-synchronized trade. The Transfer Notice shall constitute an irrevocable offer by the Adi Group to sell the Offer Shares to Fairfax India at the Offer Price. Provided however, the Offer Price shall not be regarded as binding in the event of a sale by way of Market Trade (subject to compliance with the other provisions of Article 25).

- (b) Within a period of 5 (five) Business Days from the receipt of the Transfer Notice (the “**Offer Period**”), Fairfax India shall have the right, exercisable by them through the delivery of an acceptance notice (“**Acceptance Notice**”), to agree to purchase all or part of the Offer Shares or the Permitted Purchase Shares, whichever is lower, at the Offer Price. The aggregate number of Offer Shares being purchased by Fairfax India pursuant to the Acceptance Notice shall be referred to as the “**Accepted Offer Shares**”.
- (c) Subject to Applicable Law, the closing of the purchase of the Offer Shares by Fairfax India from the Adi Group shall take place within a period of 10 (ten) Business Days of the Acceptance Notice or such longer period as may be required to obtain regulatory approvals or as may be required under the Takeover Regulations.
- (d) In the event (a) Fairfax India does not deliver an Acceptance Notice within the Offer Period, or (b) Fairfax India (including by itself or through a Person identified by it) is not permitted under Applicable Law to acquire the relevant Offer Shares at the Offer Price, or (c) Fairfax India fails to purchase (whether by itself or through a person identified by it) the Accepted Offer Shares within the applicable time periods mentioned above, or (d) there are any Offer Shares (as set out in the Transfer Notice) in excess of the aggregate Accepted Offer Shares (hereinafter referred to as the “**Balance Offer Shares**”), the Adi Group may sell the relevant Offer Shares or the Balance Offer Shares to the Third Party Transferee or by way of a Market Trade, as set out in the Transfer Notice, at a price not lower than the Offer Price and within a period of 10 (ten) Business Days from the expiry of the Offer Period or such longer period as may be required under Applicable Laws to obtain regulatory approvals.

Provided that if the Adi Group is selling any Offer Shares on the floor of the Stock Exchange by way of a Market Trade and the market price is lower than the Offer Price, the Adi Group shall deliver a written notice to Fairfax India which notice shall state such lower price at which the Offer Shares are proposed to be sold by way of Market Trade (“**Market Offer Price**”). Fairfax India shall have the right, exercisable by them through the delivery of an acceptance notice to the Adi Group within 1 (one) Business Day of receipt of such notice, to agree to purchase (either itself or through any Person identified by them) the Offer Shares or the Permitted Purchase Shares, whichever is lower, at the Market Offer Price. Such purchase shall be completed within a period of 2 (two) Business Days from the date of such acceptance notice.

- (e) For the purpose of this Article 25, the term “**Permitted Purchase Shares**” shall mean the maximum number of Offer Shares that Fairfax India can agree to purchase without being required to make a public offer under the Takeover Regulations.
- (f) If Fairfax India is not permitted to purchase the relevant Offer Shares at the Offer Price under the applicable pricing guidelines notified by the Reserve Bank of India, it shall be entitled to identify a Person to purchase such Offer Shares and all references to Fairfax India for the purpose of Article 25 shall include such Person.

#### **Transmission of shares**

- 26. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.  
(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
- 27. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such

evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

- (a) to be registered himself as holder of the share; or
  - (b) to make such transfer of the share as the deceased or insolvent member could have made.
    - (ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
- 28.** (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
- (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
  - (iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.
- 29.** A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

#### **Forfeiture of shares**

- 30.** If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.
- 31.** The notice aforesaid shall—
- (a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
  - (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.
- 32.** If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
- 33.** (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
- 34.** (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

- (ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.
35. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;
- (ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;
- (iii) The transferee shall thereupon be registered as the holder of the share; and
- (iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.
36. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

#### **Alteration of capital**

37. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
38. Subject to the provisions of section 61, the company may, by ordinary resolution,—
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
- (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
- (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
39. Where shares are converted into stock,—
- (a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:
- Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
- (b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
- (c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.
40. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,
- (a) its share capital;

- (b) any capital redemption reserve account; or
- (c) any share premium account.

#### **Capitalisation of profits**

- 41.** (i) The company in general meeting may, upon the recommendation of the Board, resolve—
- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
  - (b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
  - (ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—
    - (A) paying up any amounts for the time being unpaid on any shares held by such members respectively;
    - (B) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
    - (C) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);
    - (D) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;
    - (E) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.
- 42.** (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—
- (a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and
  - (b) generally do all acts and things required to give effect thereto.
  - (ii) The Board shall have power—
    - (a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and
    - (b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;
  - (iii) Any agreement made under such authority shall be effective and binding on such members.

#### **Buy-back of shares**

- 43.** Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

#### **General meetings**

- 44.** All general meetings other than annual general meeting shall be called extraordinary general meeting.
- 45.** (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

#### **Proceedings at general meetings**

46. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.
- (ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.
47. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.
48. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.
49. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

#### **Adjournment of meeting**

50. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- (ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- (iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

#### **Voting rights**

51. Subject to any rights or restrictions for the time being attached to any class or classes of shares,—
- (a) on a show of hands, every member present in person shall have one vote; and
- (b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.
52. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
53. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.
- (ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
54. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.
55. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.
56. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him

in respect of shares in the company have been paid.

57. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.
- (ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

### **Proxy**

58. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
59. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.
60. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:
- Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

### **Board of Directors**

61. The following shall be the First Directors of the Company –

- 1) Nahoosh Jayvadan Jariwala
- 2) Rajen Niranjambhai Jhaveri
- 3) Kaushik Gajendraprasad Bhatt

For so long as the Adi Group holds at least 5% (five per cent) of the Share Capital (on a fully diluted basis), the Adi Group shall have the right to nominate 1 (one) Director on the Board. The Board shall also appoint such number of independent directors, as they may deem appropriate, subject to Applicable Law.

62. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.
- (ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—
- (a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or
  - (b) in connection with the business of the company.
63. The Board may pay all expenses incurred in getting up and registering the company.
64. The company may exercise the powers conferred on it by section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may think fit respecting the keeping of any such register.
65. All cheques, promissory notes, drafts, *hundis*, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

66. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.
67. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.
- (ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

#### **Proceedings of the Board**

68. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.
- (ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.
69. At any Board meeting, each Director shall have 1 (one) vote. Subject to the provisions of the Act, the quorum for all Board meetings shall be 3 (three) Directors or 1/3rd (one third) of the total number of Directors on the Board at any given time, whichever is higher. Provided that at least 1 (one) director nominated by Fairfax India shall be required to be present at all meetings of the Board in order to constitute quorum.
70. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by these Articles for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.
71. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.
72. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.
- (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.
73. (i) A committee may elect a Chairperson of its meetings.
- (ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.
74. (i) A committee may meet and adjourn as it thinks fit.
- (ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.
75. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.
76. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be

valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

77. The Company shall maintain a D&O Policy for the Directors on the Board nominated by the Adi Group and Fairfax India.

#### **Reserved Matters**

78. No action or decision relating to any of the Reserved Matters shall be taken (whether by the Board, any committee, the Shareholders or any of the employees, officers or managers of the Company or any of its Subsidiaries), without the prior written approval of Fairfax India.
79. The Company shall not take any actions (including in any committee meeting or shareholders meeting) in respect of the Reserved Matters other than as determined by Fairfax India. If Fairfax India provides any directions in respect of any of the Reserved Matters to the Company, the Company shall undertake (and procure the undertaking of) all such actions and execute all such documents as may be required to implement the said directions.
80. In the event that a decision in relation to any Reserved Matter is made by the Company or any of its Subsidiaries other than in accordance with the provisions of the Articles 62, 70, 79, 80 and 81, such decision and any actions taken pursuant to such decisions shall be *ab initio* null and void.

#### **Pre-emptive Right**

81. In the event the Board decides to issue Equity Securities to any Person (“**Proposed Recipient**”), the Board shall also offer, in the manner set out in these Articles 82-85, to issue such additional Equity Securities to each of the Shareholder Groups at the same price on a per Equity Security basis on which the Equity Securities are being offered to such Person, as per the terms set out in these Articles 82-85.
82. Not less than 7 (seven) Business Days before a proposed issuance of Equity Securities by the Company as per Article 82 above (a “**Proposed Issuance**”), the Company shall deliver to each of the Shareholder Groups a written notice of the Proposed Issuance (“**Proposed Issuance Notice**”) setting forth: (i) the number, type and terms of the Equity Securities to be issued; and (ii) price on a per Equity Security basis on which the Equity Securities are being offered as part of the Proposed Issuance.
83. Within 7 (seven) Business Days following receipt of the Proposed Issuance Notice (“**Issuance Acceptance Period**”), each of the Shareholder Groups may (but is not obliged to) give a written notice to the Company specifying the number of Equity Securities such Shareholder Group wishes to subscribe to which shall not exceed its Proportionate Share of the number of Equity Securities forming part of the Proposed Issuance. Except as provided in the next succeeding sentence, failure by a Shareholder Group to give such notice within the Issuance Acceptance Period shall be deemed a waiver of its rights under these Articles 82-85 with respect to such Proposed Issuance.
84. If any of the Shareholder Groups does not elect to subscribe to its Proportionate Share during the Issuance Acceptance Period, the Company shall have the right to complete the Proposed Issuance to the Proposed Recipient at a price not lower than the price per Equity Security consideration and on terms and conditions no less favourable than the terms and conditions set forth in the Proposed Issuance Notice under Article 83.

#### **Business Practices**

85. Each of the Company, its Subsidiaries and their respective officers, directors and employees, acting in an official capacity for and on behalf of the Company or any of its Subsidiaries (as the case may be), shall comply with applicable Anti-Corruption Laws, including those prohibiting the Company, its Subsidiaries and their officers and directors from taking corrupt actions in furtherance of an offer, payment, promise to pay or authorisation of the payment of anything of value, including cash, cheques, wire transfers, tangible and intangible gifts, favours, services, and those entertainment and travel expenses that go beyond what is reasonable and customary and of modest value to a Public Official, while knowing or having a reasonable belief that all or some portion will be used for the purpose of:

- (i) influencing any act, decision or failure to act by a Public Official in his official capacity,
  - (ii) inducing a Public Official to use his influence with a government or instrumentality to affect any act or decision of such government or entity, or
  - (iii) securing an improper advantage, in order to obtain, retain or direct business.
- 86.** Each of the Company, its Subsidiaries, their respective officers, directors and employees, acting in an official capacity for and on behalf of the Company and/or its Subsidiaries shall not or use the payments received, or to be received, by them from Fairfax India for any purpose that could constitute a violation of any Applicable Law.
- 87.** Insofar as representative or agents of the Company and/or its Subsidiaries are concerned, the Company and its Subsidiaries shall not direct any such Person acting on behalf of the Company to undertake any act that is not in compliance with any Applicable Law referred to in Articles 86 or 87 above.
- 88.** Neither the Company, its Subsidiaries, nor any of their directors, officers, employees, Affiliates shall take any action, directly or indirectly, that would result in a violation by such persons of any Anti-Corruption Laws, as amended, and the rules and regulations under it, including but not limited to, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorisation of the payment of any money, or other property, gift, promise to give, or authorisation of the giving of anything of value to any “foreign official” (as defined in applicable Anti-Corruption Laws) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the applicable Anti-Corruption Laws.
- 89.** Neither the Company, its Subsidiaries, nor any of their directors, officers, agents, employees, Affiliates or other Persons acting for or on their behalf, shall whether directly or indirectly use any consideration paid by Fairfax India pursuant to the Transaction Documents (or any part thereof), or lend, contribute or otherwise make available such consideration (or any part thereof) to any subsidiary, joint venture partner or other Person, for the purpose of financing the activities of any Person currently subject to any U.S. sanctions administered by OFAC. The Company and its Subsidiaries are not identified on the Prohibited Lists or are not, in any other way, a target of the prohibitions on financial transactions with United States persons. The Company and its Subsidiaries shall not engage in a transaction which is documented in writing (as an agreement or otherwise) with Burma (Myanmar), Western Balkans, Belarus, Cote d'Ivoire, Cuba, Democratic Republic of the Congo, Iran, Iraq, Liberia (Former Regime of Charles Taylor), Lebanon, North Korea, Sudan, Syria or Zimbabwe or with a national of any of these countries, or with any Person listed on the most recently published “Specially Designated Nationals” list of the U.S. Treasury Department as an agent of any of the countries listed in this sentence.
- 90.** Ongoing Reporting Requirements on an Annual Basis
- (i) Within the first 30 (thirty) days of each financial year (or such other period as may be required by Fairfax India Holdings Corporation), the Company shall produce annual financial statements (including a balance sheet, profit and loss statement, a statement of change in equity and a cash flow statement, as well as the required notes to such financial statements) for the preceding year in accordance with IFRS Standards, and shall submit such annual financial statements, together with the auditor’s report in accordance International Standards on Auditing, to Fairfax India Holdings Corporation.
  - (ii) The Company will also provide Chief Executive Officer and Chief Financial Officer annual certifications on the internal controls and accounting policy followed in a format provided by Fairfax India Holdings Corporation.
  - (iii) The Company shall provide financial information or any relevant data in a format mutually agreed between the Company and Fairfax India Holdings Corporation, for annual valuation and other reporting obligations of Fairfax India and its Affiliates. The Company hereby consents to the inclusion of any such information in any regulatory filings under the Canadian Securities Laws or as deemed necessary by Fairfax India Holdings Corporation.
  - (iv) Within 30 (thirty) days of each financial year of the Company, the Company shall produce an annual president’s

report in a format provided by Fairfax India Holdings Corporation.

**91. Ongoing Reporting Requirements on a quarterly basis**

- (i) The Company shall also prepare, on a quarterly basis, within 30 (thirty) days of the end of each financial quarter of the Company (or such other period as may be required by Fairfax India Holdings Corporation), quarterly financial statements of the Company in accordance with IFRS Standards, for submission to Fairfax India Holdings Corporation.
  - (ii) The Company will also provide quarterly Chief Executive Officer and Chief Financial Officer certifications on the internal controls and accounting policy followed in a format provided by Fairfax India Holdings Corporation.
  - (iii) Within 30 (thirty) days after the end of each financial quarter of the Company the Company shall produce a quarterly president's report in a format provided by Fairfax India Holdings Corporation.
  - (iv) The Company shall provide financial information or any relevant data in a format mutually agreed between the Company and Fairfax India Holdings Corporation, for quarterly valuation and other reporting obligations of Fairfax India Holdings Corporation and its Affiliates.
- 92.** The Company and its management will request its statutory auditor to consent, to the inclusion of the financial information of the Company in any regulatory filings of Fairfax India Holdings Corporation (Fairfax India's parent) and/ or any of its Affiliates, under Canadian Securities Laws or as deemed necessary by Fairfax India.
- 93.** The Company shall reasonably cooperate, and shall cause its respective Subsidiaries, officers, employees, and auditors to reasonably cooperate in preparing and auditing, as applicable, at Fairfax India Holdings Corporation, any financial information that the Fairfax India Holdings Corporation or any of its Affiliates may request in connection with filings required under the Canadian Securities Laws.

**Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**

**94.** Subject to the provisions of the Act,—

- (i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;
  - (ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.
- 95.** A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

**The Seal**

- 96.** (i) The Board shall provide for the safe custody of the seal.
- (ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least one director and of the secretary or such other person as the Board may appoint for the purpose; and the director and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

**Dividends and Reserve**

- 97.** The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

98. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.
99. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.
- (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.
100. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
- (ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.
- (iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.
101. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.
102. (i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.
- (ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
103. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.
104. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.
105. No dividend shall bear interest against the company.

#### **Accounts**

106. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.
- (ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

#### **Winding up**

107. Subject to the provisions of Chapter XX of the Act and rules made thereunder—
- (i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and

any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

- (ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.
- (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

#### **Indemnity**

- 108.** Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

#### **ANNEXURE I**

##### **Reserved Matters**

1. Issue, allot, repurchase, redeem, reduce or cancel any Securities and/or equity securities of any of the Company's Subsidiaries or any change to the capital structure or share capital of the Company or its Subsidiaries;
2. Any amendment to the Charter Documents of the Company or its Subsidiaries;
3. With respect to the Company or any of its Subsidiaries, any sale, merger, consolidation, reorganization, restructuring, arrangement, amalgamation or other business combination. Any investments in or sale of any shares or debt or equity securities of any Person;
4. Any acquisition or sale of any Assets, real estate or properties or creating any Encumbrance in respect of, or selling or otherwise disposing of, all or any part of the undertaking, property or Assets, in each case, in relation to the Company or any Subsidiaries, having a book value or fair market value in excess of INR 2,00,00,000 (Rupees two crore only);
5. Appointment, removal, compensation, salary and benefits (including employee stock options and sweat equity shares) of any of the key employees of the Company or its Subsidiaries;
6. Incurrence of any Indebtedness in excess of INR 25,00,00,000 (Rupees twenty five crore only), in a single transaction or a series of connected transactions in a calendar year, granting any security, guarantee or indemnity in respect of such Indebtedness;
7. Related Party Transactions, and any material deviations from the existing arrangements existing as on the Effective Date;
8. Granting any advance or giving any guarantee by the Company or any of its Subsidiaries, other than in the Ordinary Course of Business;
9. Any capital expenditure by the Company or its Subsidiaries;
10. Initiating, discontinuing or settling any litigation or arbitration proceedings involving a material amount for any individual settlement and in any case where the aggregate amount involved is above INR 25,00,00,000 (Rupees twenty five crore only); and
11. Entering into any binding agreement to take any of the foregoing actions.

## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Information Memorandum which are or may be deemed material have been entered or are to be entered into by our Company.

Copies of the below mentioned contracts and also the documents for inspection referred to hereunder, will be available on the website of our Company at <http://www.fairchem.in/investor-relations.html> for a period of seven Working Days from the date of filing of this Information Memorandum with the Stock Exchanges.

#### Material Contracts and Documents for Inspection

1. Tripartite agreement among the NSDL, our Company and Registrar to the Issue dated August 19, 2020;
2. Tripartite agreement among the CDSL, our Company and Registrar to the Issue dated July 10, 2020;
3. Memorandum and Articles of Association of our Company;
4. Certificate of incorporation dated March 27, 2019, issued by the Registrar of Companies, Maharashtra at Mumbai;
5. Copy of the Fairness Report provided by Pantomath Capital Advisors Private Limited;
6. Statement of Tax Benefits dated August 24, 2020 issued by Jhaveri Shah & Co., Chartered Accountants;
7. Copy of Statutory Audited Financial Statements of the Company for the period ended on March 31, 2020;
8. Copy of Financial Statements as disclosed in this Information Memorandum;
9. Composite Scheme of Arrangement amongst Fairchem Speciality Limited, Privi Organics India Limited and the Company and their respective shareholders and creditors;
10. Copy of Board Resolution dated August 12, 2020 setting out terms and conditions for appointment of Nahoosh Jayvadan Jariwala as Managing Director;
11. Shareholders' agreement dated May 22, 2019, entered into by and among Fairfax India, Adi Group and the Company;
12. Share Purchase Agreement between the Company, FIH Mauritius Investments Ltd and members of the Privi Group dated May 22, 2019 and amendment agreement dated September 30, 2020;
13. Share Purchase Agreement between the Company, members of the Privi Group, Mr. Utkarsh Shah and certain members of the Adi Group dated May 22, 2019 and amendment agreement dated September 30, 2020;
14. Implementation Agreement among the Adi Group, Utkarsh Bhikhoobhai Shah, the Privi Group, Fairfax India, Fairchem Speciality Limited, Privi Organics India Limited and the Company dated May 22, 2019;
15. Letter agreement dated December 9, 2020 among the Adi Group, Utkarsh Bhikhoobhai Shah, the Privi Group and Fairfax India;
16. Letter under Regulation 37 of the SEBI LODR Regulations issued by BSE (DCS/AMAL/BA/R37/1582/2019-20 dated September 20, 2019) and NSE (NSE/LIST/21133\_I dated September 20, 2019) according their no-objection to the Scheme;
17. Order dated June 30, 2020 (certified copy received on August 03, 2020) of the National Company Law Tribunal, Mumbai sanctioning the Composite Scheme of Arrangement amongst Fairchem Speciality Limited, Privi Organics India Limited and the Company and their respective shareholders and creditors under sections 230 to 232 read with section 66 and other applicable provisions of the Companies Act;
18. NSE letter no. NSE/LIST/42 dated December 04, 2020 granting in-principle listing approval;
19. BSE letter no. DCS/AMAL/SD/IP/1856/2020-21 dated December 03, 2020 granting in-principle listing approval;
20. SEBI Relaxation letter no. SEBI/HO/CFD/DIL-1/YJ/AG/22245/2020 dated December 18, 2020 granting

relaxation for listing from the applicability of Rule 19(2)(b) of the Securities Contract (Regulation) Rules, 1957. Any of the contracts or documents mentioned in the Information Memorandum may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

## **DECLARATION**

All relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the 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 the Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, and 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 made in this Information Memorandum are true and correct.

**For and on behalf of the Board of Directors of Fairchem Organics Limited**

**Name:** Nahoosh Jayvadan Jariwala

**Designation:** Managing Director

**Place:** Ahmedabad

**Date:** December 21, 2020

## **DECLARATION**

All relevant provisions of the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the 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 the Information Memorandum is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, and the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. I further certify that all statements made in this Information Memorandum are true and correct.

**SIGNED BY THE CHIEF FINANCIAL OFFICER OF THE COMPANY**

**Name:** Rajen Jhaveri

**Designation:** Chief Financial Officer, Company Secretary & Compliance Officer

**Place:** Ahmedabad

**Date:** December 21, 2020