

May 22, 2019

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

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

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

Dear Sirs,

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

1. BACKGROUND

- 1.1. Pantomath Capital Advisors Private Limited ("Pantomath" or "we" or "us") is a Category I Merchant Banker registered with the Securities Exchange Board of India ("SEBI"). Pursuant to Regulation 37 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 (earlier SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015) we have been requested to issue a fairness opinion on Share Entitlement Ratio / Share Exchange Ratio Report issued by Harsh Ruparelia, Registered Valuer, for the recommendation of Share Entitlement Ratio / Share Exchange Ratio for the proposed demerger of Demerged Undertaking of FSL into FOL and the proposed amalgamation of Privi Organics with FSL.
- 1.2. FSL is engaged in the business of manufacturing, supplying and exporting of speciality oleo chemicals (natural source) and nutraceuticals (natural source) made from by-products generated from processing of crude vegetable oil refineries, including vegetable oil based fatty acid distillate and acid oils

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Progress with Values...

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

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Website: www.pantomathgroup.com | **CIN:** U74120MH2013PTC248061 | **Tel:** 022-6194 6700/724 | **Fax:** 022-26583990



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

2. SOURCE OF INFORMATION

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

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

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



considered relevant for the purpose of our analysis.

3. VALUER'S RECOMMENDATION

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

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

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

4. RATIONALE AND CONCLUSION

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

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

5. EXCLUSIONS AND LIMITATIONS

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



Privi Organics, whether at current market prices or in future.

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



perception. Large number of valuation models and its countless variants are in vogue, each of which has its own strength and weakness. Such practices lead to varying values arrived at by experts which, at times, may differ by larger margin. We express no opinion whatever and make no recommendation at all as to FSL's, FOL's and Privi Organics' underlying decision to effect to the proposed Demerger and Amalgamation or as to how the holders of equity shares or secured or unsecured creditors of FSL, FOL and Privi Organics should vote at their respective meetings held in connection with the proposed Composite Scheme of Arrangement and Amalgamation. We do not express and should not be deemed to have expressed any views on any other terms of the proposed Composite Scheme of Arrangement and Amalgamation. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the equity shares of FSL will trade following the announcement of the proposed Composite Scheme of Arrangement and Amalgamation or as to the financial performance of FSL, FOL and Privi Organics following the completion of the proposed Composite Scheme of Arrangement and Amalgamation.

- 5.12. In no circumstances however, will Pantomath or its associates, directors or employees accept any responsibility or liability to any third party.

Truly Yours,



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