



ADI FINECHEM

ADI FINECHEM LIMITED

Regd. Office : 1st Floor, 2, Sigma Corporates, Behind HOF, Sindhu Bhavan Road,
Off S.G. Road, Ahmedabad - 380 059. INDIA.

Phone : (079) 32908752 / 29701675 E-mail : info@adifinechem.com
CIN : L15140GJ1985PLC007845 Website : www.adifinechem.com

Date: July 12, 2016

To,
National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block
Bandra-kurla Complex
Bandra (E)
Mumbai – 400 051.

To,
Ahmedabad Stock Exchange Limited
1st Floor, Kamdhenu Complex
Opp. Shajanand College,
Panjara Pole,
Ahmedabad – 380015.

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

Ref : BSE Code : 530117, NSE Symbol: ADI And ASE Code : 24855

Dear Sirs,

Sub: Outcome of the Board Meeting held on July 12, 2016.

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform you that at the meeting of the Board of Directors ("**Board**") of Adi Finechem Limited (the "**Company**") held today, the Board considered and approved a scheme of demerger between the Company, its wholly owned subsidiary, Adi Aromatic Limited ("**AAL**") and Privi Organics Limited ("**POL**") and their respective shareholders and creditors ("**Scheme**") under the provisions of Sections 391 to 394 of the Companies Act, 1956, or any corresponding provisions of the Companies Act, 2013. In addition, we would like to inform you that the Board has initiated the process of changing the name of the Company from 'Adi Finechem Limited' to 'Fairchem Speciality Limited'.

The draft Scheme provides for the transfer of the demerger of the Aroma Chemicals Business (*as defined in the Scheme*) of POL (including all the equity securities of Privi Biotechnologies Private Limited and Privi Organics USA Inc. held by POL) on a going concern basis, with effect from August 1, 2016 into AAL, in lieu whereof such number of equity shares and compulsorily convertible preference shares of the Company as set out in the Scheme will be issued to the shareholders of POL.

It may be noted that the Scheme has been reviewed and recommended for approval by the Audit Committee of the Board of the Company at its meeting held today.

The said Scheme has been [unanimously] approved by the Board subject to the requisite approval of the members and/ or creditors of the Company as may be directed by the relevant High Court(s) and subject to all such requisite approvals from the relevant statutory and regulatory authorities and sanction of the relevant High Court(s).

The salient features of the Scheme are, *inter alia*, as follows:

1. The draft Scheme provides for the demerger and transfer of the Aroma Chemicals Business of POL (including all the equity securities of Privi Biotechnologies Private Limited and Privi Organics USA Inc. held by POL) to AAL, a wholly owned subsidiary of the Company.
2. The Appointed Date for the draft Scheme is fixed as on August 1, 2016.



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3. In consideration of the demerger, equity shares and compulsorily convertible preference shares of the Company will be issued to the shareholders of POL as on the Record Date, based on the swap ratio of:
 - a. 27 equity shares of Rs. 10/- each of the Company for every 40 equity shares of Rs. 10/- each of POL; and
 - b. 27 compulsorily convertible preference shares of Rs. 10/- each of the Company for every 40 equity shares of Rs. 10/- each of POL,as recommended in the Valuation Report dated July 12, 2016 issued by Walker Chandiook & Co., LLP, Independent Chartered Accountants.
4. ICICI Securities Limited has issued a fairness opinion on the share exchange ratio.
5. The equity shares issued by the Company to the shareholders (including public shareholders) of POL as on the Record Date pursuant to the draft Scheme would be listed on BSE Limited and National Stock Exchange of India Limited.
6. Fractional entitlements, if any, by the Company, to the equity shareholders of POL at the time of issue and allotment of equity shares and compulsorily convertible preference shares shall be consolidated.
7. If as a result of consolidation of the fractional entitlement one whole share can be issued to the shareholder then the Company shall issue the same to the shareholders of POL.
8. In respect of all the balance fractional entitlements, at the time of issue and allotment of equity shares and compulsorily convertible preference shares of the Company, the Board shall consolidate all fractional entitlements, and allot equity shares and compulsorily convertible preference shares in lieu thereof to a Director or such other authorized representative(s) as the Board shall appoint in this behalf, who shall hold the equity shares and compulsorily convertible preference shares issued in the Company, in trust on behalf of the shareholders entitled to fractional entitlements with the express understanding that such director(s) or other authorized representative(s) shall sell the same in the market at such time or times and at such price or prices and to such person or persons, as it/he/they may deem fit, and pay to the Company, the net sale proceeds thereof, whereupon the Company shall distribute such net sale proceeds (after deduction of applicable taxes), to the equity shareholders in proportion to their respective fractional entitlements.
9. On the Scheme becoming effective, all the employees engaged in or in relation to the Demerged Undertaking shall become the employees of AAL respectively, without any break or interruption in their services, on same (but in any case no less favourable) terms and conditions on which they are engaged as on the Effective Date.
10. The Remaining Business of POL and all the assets, liabilities and obligations relating or pertaining thereto shall continue to belong solely to and continue to be vested solely in and be managed by POL.
11. This Scheme is and shall be conditional upon and subject to the approvals and/or sanctions laid down therein.

Please find enclosed herewith the press release being issued by the Company in this regard.

This is for your information and record.

Kindly take note of the above.

Thanking you,

For Adi Finechem Limited,

(Rajen Jhaveri)
Chief Financial Officer and Company Secretary
Encl: as above

NEWS RELEASE

ADI FINECHEM LIMITED AND PRIVI ORGANICS LIMITED ANNOUNCE PROPOSED SCHEME OF ARRANGEMENT WHICH WILL RESULT IN THE CREATION OF FAIRCHEM SPECIALITY LIMITED

Date: July 12, 2016

The boards of directors of Adi Finechem Limited ("Adi Finechem") and Privi Organics Limited ("Privi Organics") have approved a scheme of arrangement involving the two companies to build an Indian speciality chemicals champion, with both companies converting renewable waste feedstocks into value-added speciality chemicals. The proposed scheme will bring significant diversification and synergies to both partners, with Adi Finechem gaining access to high quality research and development facilities of Privi Organics, and Privi Organics benefiting from Adi Finechem's focus on cost optimization and capital efficiency.

Earlier in the day, Fairfax India had announced the acquisition of a substantial interest in Privi Organics for a consideration of approximately INR 3.7 billion. Fairfax India had acquired a 44.9% equity ownership in Adi Finechem in the first quarter of 2016. After the scheme is effective, Fairfax India would own approximately 49% in the merged business which the parties propose to rename Fairchem Speciality Limited ("Fairchem").

The proposed scheme is subject to approvals from shareholders, creditors and regulators and is expected to close in first quarter of 2017. Adi Finechem and Privi Organics would continue to operate as distinct and independent business units of Fairchem.

Utkarsh Shah, Chairman of Adi Finechem, said, "Privi Organics is a key supplier of aroma chemicals to many large fragrance and FMCG companies globally. Post-merger, Fairchem, the resulting listed company, will be one of India's largest speciality chemicals company and well positioned for growth and profitability."

Nahoosh Jariwala, Managing Director of Adi Finechem, said, "Privi Organics is a well-managed company created on the back bone of research and development in the field of aroma chemistry. Adi Finechem will immensely benefit from the depth of experience and expertise of Privi Organics' management team."

Mahesh Babani, Managing Director of Privi Organics, welcoming this investment, said, "We are delighted to partner with Fairfax India as a committed long term investor and Adi Finechem, a leader in the field of speciality chemicals for the adhesive and nutraceutical industries. We see a strong alignment of values and interests of all stakeholders in this partnership."

