FAIRCHEM
A FAIRFAX COMPANY

FAIRCHEM SPECIALITY LIMITED
(Formerly Known as **ADI FINECHEM LIMITED**)
Corporate Office : 1st Floor, 2, Sigma Corporates, Behind HOF, Sindhu Bhavan Road, Off S.G. Road, Ahmedabad - 380 059. INDIA.
Phone : (079) 29701675, 7818824096 E-mail : info@fairchem.in
CIN : L15140MH1985PLC286828 Website : www.fairchem.in

Date: 16th August, 2017.

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

To,
Department of Corporate Services,
BSE Limited
PhirozeJeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001.

Ref: BSE Code: 530117and NSE Symbol: 'FAIRCHEM'.

Dear Sirs,

Sub: Annual Report for Financial Year 2016-2017.

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regualtions, 2015, we are submitting herewith the Annual report of the Company for the financial year 2016-2017 approved and adopted by the members as per the provisions of the Companies Act, 2013, at the 32nd Annual General meeting of the the Company held on Friday, August 11, 2017 at 4.00 p.m. at Hall of Culture, Nehru Science Centre, Dr. Annie Besant Road, Lotus Colony, Worli, Mumbai – 400 018. It also includes our letter dated August 3, 2017 addressed to shareholders and statement u/s 129 (3) of the Companies Act, 2013 in prescribed Form AOC- 1 which was left our in printed booklet.

The above is also uploaded on the Company's website www.fairchem.in

Thanking you,
For Fairchem Speciality Limited,

Rajen Jhaveri
(Chief Financial Officer & Company Secretary)

Encl.: as above

Works : 253/P & 312, Sanand - Kadi Highway, Village -Chekhala, Taluka : Sanand, Dist.: Ahmedabad 382 115. INDIA.
Ph. : (02717) 294375, 9016324095 E-mail : info@fairchem.in
Regd. Office : 324, Dr. D.N. Road, Fort, Mumbai – 400 001, INDIA

FAIRCHEM

A FAIRFAX COMPANY

Fairchem Speciality Limited

ANNUAL REPORT

2016-17

Our waste to wealth story is about painstaking efforts in isolating and purifying valuable products from the waste, however little in quantity, however difficult is the processing, however complex to convert them into value added products for the society.

This is a rare WIN WIN game!

Utkarsh B. Shah, Chairman

India is endowed with multiple natural resources and then there is waste generated globally. Our endeavour is to add value to these renewable and secondary resources so that we create long term sustainable businesses.

Harsha Raghavan, Director

When we are creating value from the waste, we must be watchful on costs and investments required for this transformation so that we are economically viable. We strive to be the most efficient by adopting and learning best operating practices globally.

Nahoosh Jariwala, Managing Director

Long term commitment to research and a holistic sustainability approach creates institutions who chart their own path and create business verticals where none existed before.

Mahesh Babani, Managing Director

FAIRCHEM

A FAIRFAX COMPANY

32nd Annual Report

Board of Directors :

Shri Utkarsh B. Shah	*Chairman*
Shri Mahesh Babani	*Managing Director (w.e.f. May 11, 2017)*
Shri Nahoosh J. Jariwala	*Managing Director*
Shri Harsha Raghavan	*Director*
Shri Sumit Maheshwari	*Director*
Shri D. B Rao	*Director (w.e.f. May 11, 2017)*
Shri P. R. Barpande	*Director (w.e.f. May 11, 2017)*
Shri Rajesh Budhrani	*Director (w.e.f. May 11, 2017)*
Shri Hemang Gandhi	*Director (w.e.f. May 11, 2017)*
Ms. Radhika Pereira	*Director (w.e.f. May 11, 2017)*
Shri Bimal D. Parikh	*Director (upto May 11, 2017)*
Shri Hemant N. Shah	*Director (upto May 11, 2017)*
Shri Jayesh K. Shah	*Director (upto May 11, 2017)*
Shri Kalpesh A. Patel	*Director (upto May 11, 2017)*
Shri Nitin R. Patel	*Director (upto May 11, 2017)*
Shri Ganpatraj Chowdhary	*Director (upto May 11, 2017)*
Shri Bhavin A. Shah	*Director (upto May 11, 2017)*
Ms. Sonal V. Ambani	*Director (upto May 11, 2017)*

Chief Financial Officer & Company Secretary Rajen N. Jhaveri

Bankers HDFC Bank Limited

Auditors M/s. Price Waterhouse & Co. Chartered Accountants LLP,
Chartered Accountants, AHMEDABAD.

Registered Office 324, Dr. D.N. Road, Fort Mumbai - 400 001.

Corporate Office 1st Floor, 2-Sigma Corporates, B/h. HOF Living,
Sindhu Bhavan Road, Off. S. G. Road, Ahmedabad - 380 059. INDIA.
Phone : +91-079-29701675

Works 253/P & 312, Village Chekhala, Sanand- Kadi Road,
Ta. SANAND, Dist. AHMEDABAD – 382 115, Gujarat, INDIA.
Phone No. : +91 9016324095 and +91 02717 294375

E-Mail Ids cs@fairchem.in and rajen.jhaveri@fairchem.in

Registrar and Share Transfer Agent Link Intime India Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083.

Website www.fairchem.in

TABLE OF CONTENTS

Our Vision, Mission & Values

VISION

To Be the Leading Renewable Speciality Chemicals Company

MISSION

Capitalize on our core strengths in process research, operational excellence and local & global raw material sourcing capabilities to offer the widest range of Speciality chemicals to our customers at most competitive price, simultaneously ensuring the sustainability of business.

VALUES

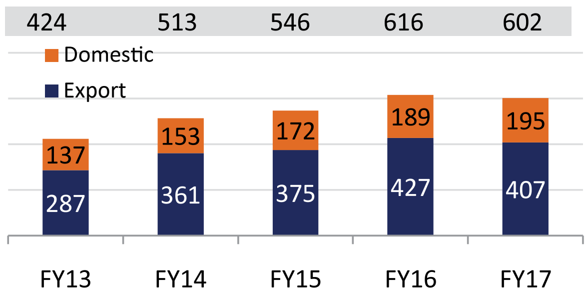
- Honesty and integrity are essential in all our relationship and will never be compromised.
- We are result oriented – not political
- We are team players – no egos. A confrontational style is not appropriate. We value loyalty to the organization.
- We are hardworking but not at the expense of our families
- We always look at opportunities but emphasize downside protection and look for ways to minimise loss of capital
- We are entrepreneurial. We encourage calculated risk taking. It is all right to fail but we should learn from our mistakes
- We will never bet the company on any project or acquisition
- We believe in having fun – at work!

There is no limit to the amount of good you can do
if you don't care who gets the credit
– Ronald Reagan

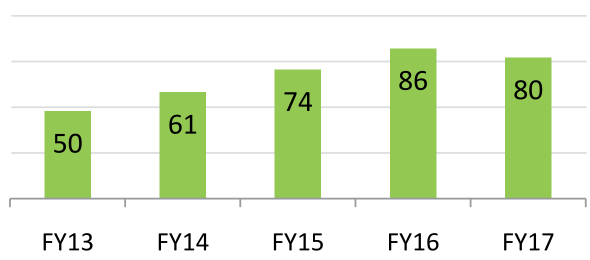
Financial Performance

Aroma Chemical Business (Privi Organics India Ltd)[1]

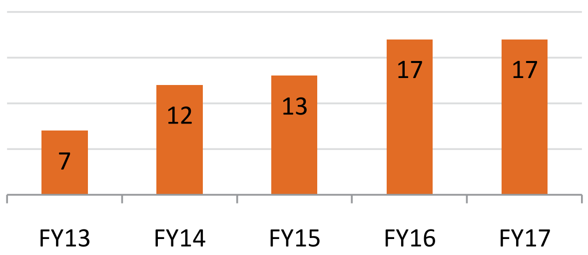
Revenue (Rs. in Cr.)



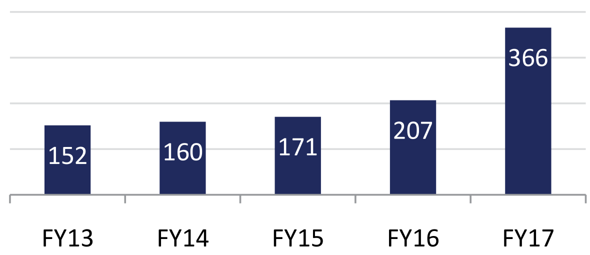
EBITDA (Rs. in Cr.)



PAT (Rs. in Cr.)



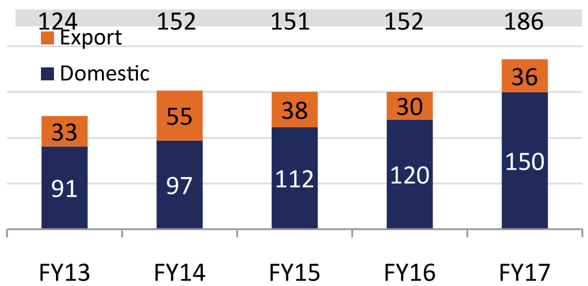
Networth (Rs. in Cr.)



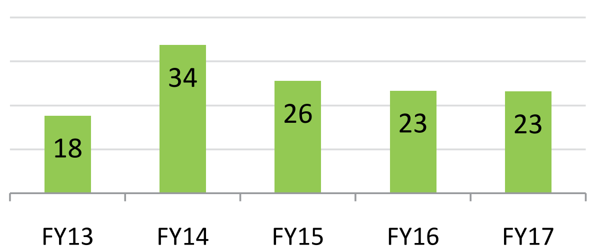
Oleochemicals and Nutraceuticals business

(Fairchem Speciality Ltd. (formerly known as Adi Finechem Ltd.)

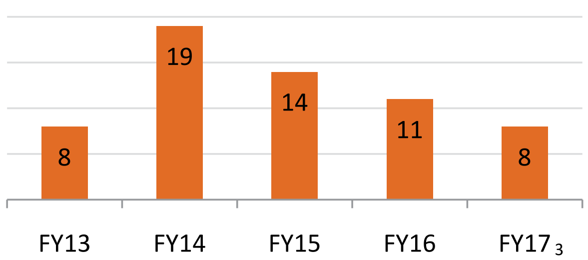
Revenue (Rs. in Cr.)



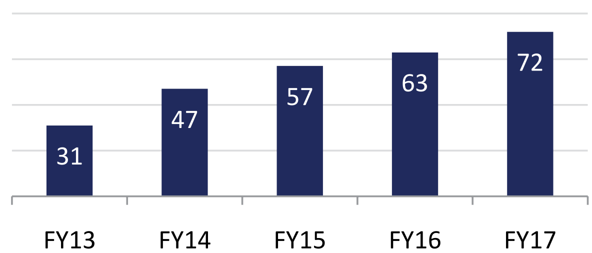
EBITDA (Rs. in Cr.)



PAT (Rs. in Cr.)



Networth (Rs. in Cr.)



[1]POIL merged with Fairchem Speciality Ltd effective 1st August 2016

FY17 figures are full year proforma financial statement of POIL year ended March'17

[2]FIH invested Rs 150 cr equity in FY17

[3] Profits are mainly lower due to one-time expense to merger expenses

Financial Summary

Rs In Cr	Mar-17*
Income Statement	
Revenue	597
EBITDA	81
Margin (%)	13.5%
Net Income	21
Margin (%)	3.6%
Balance Sheet	
Net Fixed Assets	412
Cash	31
Other Assets	487
Total Assets	**930**
Shareholders' Funds	438
Debt	295
Other Liabilities	197
Total Liabilities	**930**
Cash flow	
Operating cash flow	17
Investing cash flow	-71
Financing cash flow	-89

Total Debt to Equity Ratio
0.67 x

ROE #
5.76 %

ROCE#
9.03 %

Net Working Capital Days#
134 Days

* Consolidated Audited Results Fairchem Speciality Ltd. FY17- Adi (full year) and Privi (from 1st August, 2016 to 31st March, 2017)

Numbers are annualized for Aroma Chemicals Business of Privi Organics for ratio calculation

Our Business

Aroma chemical business (Privi Organics India Ltd.)

The diagram below depicts the value chain of aroma chemical industry.

FEEDSTOCKS	BUILDINGS BLOCKS	FEEDSTOCKS	FORMULATORS	FORMULATORS
• Chemicals derived rom Pine Tre	• Alpha Pinene • Beta Pinene	• DHMOL • Amber Fleur	• Woody • Floral • Fresh • Citrus • Fruity • Flavour	• Perfumes • Soaps • Shampoo • Incense Sticks • Fine Fragrances • Detergent • Flavour
• Crude Petroleum oil	• Citral • Phenols	• Citronellal • OTBCHA		
• Natural extracts	• Vanilla	• Vanillin		

POIL makes its own building blocks like alpha pinene and beta pinene

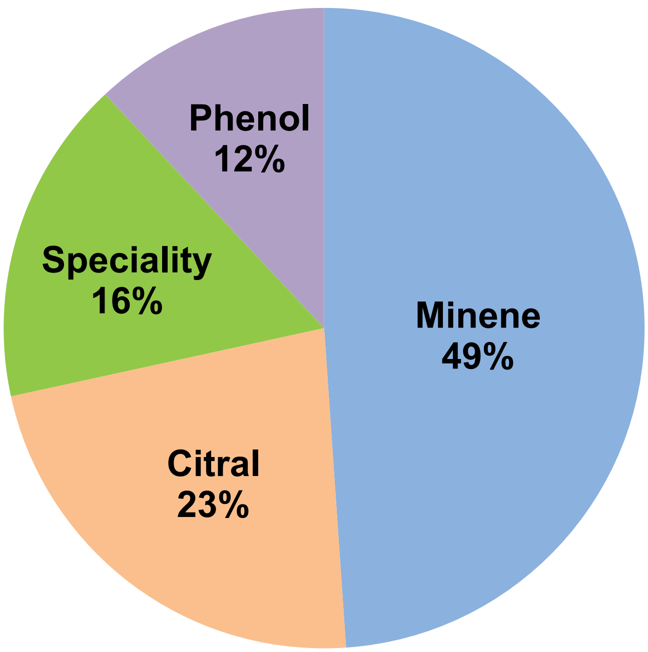
DHMOL – Dihydromyrcenol

OTBHA – Ortho Tertiary Butyl Cyclo Hexyl Acetate

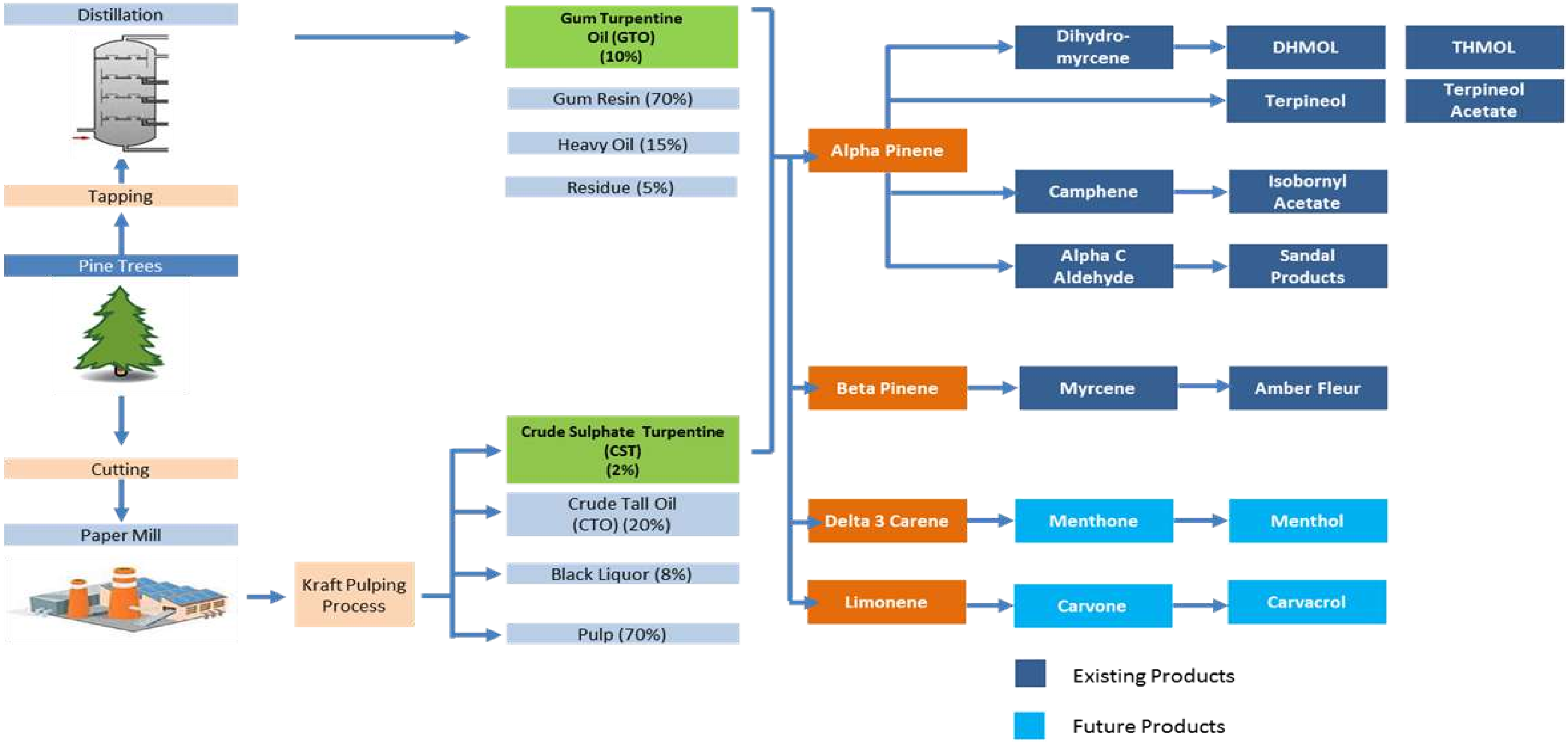
FMCG – Fast Moving Consumer Goods

Among the four products verticals pinene based products have the largest share

FY17 Segment wise Sales breakup



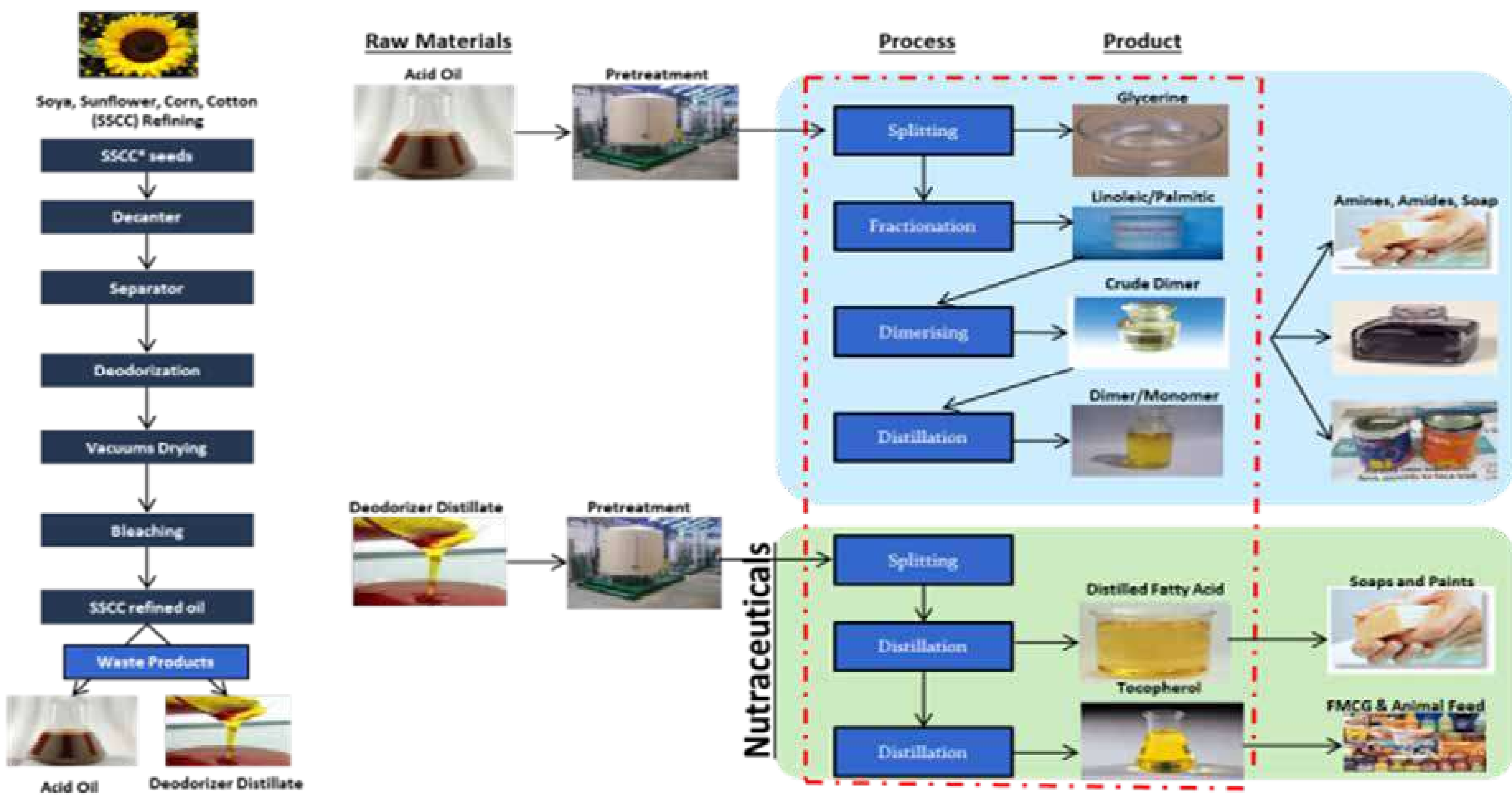
Pinene segment value chain

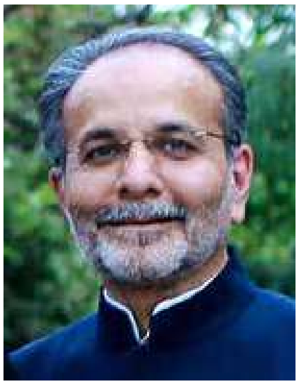


Pinene can be obtained from two sources • Tapping of Pine tree • Waste from Paper mills Apparently processing waste is cheaper source for making pinenes	The sulphur removal from CST is a complex and hazardous process POIL has developed the technology in-house The process has given a significant competitive advantage

Oleochemicals and Nutraceuticals business

Fairchem Speciality Ltd. (Formerly Adi Finechem Ltd.)





From the Chairman's Desk
Utkarsh Shah

My Dear Fairchem Family Members,

With pleasure, I present the annual report for the year ended 31st March 2017.

On Fairchem:

In the year ended 31st March 2017, your company earned EBITDA of Rs. 8,076.96 lakhs on net revenue of Rs. 59,743.56 lakhs , which includes only 8 months' contribution of the Aroma chemical business of Privi Organics India Limited. As on 31st March 2017, Net Worth of your company is Rs. 43,801.34 lakhs with Total Debt of Rs. 25,534. 57 lakhs. This is a formidable financial foundation for future growth, both organic and inorganic.

February, 2016 marked an inflection point in the history of your Company, as Canada based Fairfax group, under dynamic and inventive leadership of Mr. Prem Watsa, acquired a portion of the equity held by the existing promoter group totalling to 44.9% of the paid-up capital. Clearly, the objective was to set Adi Finechem Limited, as your company was known then, into a higher orbit of growth and corporatization.

Our new name "Fairchem Speciality Limited" reflects this changed scenario.

Merger with Privi:

The first initiative on the transformation was completed in March 2017, as the honourable NCLT approved the scheme of arrangement of merger of businesses between your Company and Privi Organics Limited. Accordingly, the aroma chemical Business of Privi Organics Limited is vested in Privi Organics India Limited (incorporated as Adi Aromatic Ltd.), a 100 % subsidiary of Fairchem Speciality Limited.

> Net worth of Rs.43,801 lakhs and market capitalization of Rs.180,000 lakhs lays a solid foundation for future growth –organic and inorganic.

Over the past two decades, under the visionary and inspirational leadership of the founders – Mr. Mahesh Babani and Mr. D B Rao, Privi has become a formidable player in the Aroma chemical market, as a leading global player in Pinene based products with global relevant scale of operations. Both Mr. Babani and Mr. Rao have joined the Board of your Company, with Mr. Babani in the role of Managing Director. I am sure that the Board will benefit immensely from their vast experience and successful track-record.

Both Adi and Privi have gained the expertise in utilizing renewable resources, particularly waste generated in other process industries. Whilst, Adi converts the waste from vegetable oil mills into nutraceutical and Fatty acid based products, Privi procures waste from the pulp & paper mills across the globe to produce aroma chemicals. This – the proficiency in converting waste to wealth has driven the merger of our companies and will be the epicentre of future path.

Both companies have long standing and cordial relationship with leading global users.

Glimpse of future Metamorphosis of Fairchem:

Going forward, I envisage a multi-dimensional metamorphosis of your Company. I am happy to share a glimpse of the emerging scenario:

- Under the pragmatic leadership of Mr. Nahoosh Jariwala, the Oleochemical and Nutraceutical business of Fairchem (erstwhile Adi Finechem) will continue to grow with additional capacities being created. A part of the expansion is already operational. Further, opportunities to isolate and extract value added molecules from the existing feedstocks is also being explored.
- Privi has been in the process of expanding manufacturing capacities of its existing products as well as creating capacities for newer and exclusive aroma chemicals. With its close connect with the customers, these capacities would be fully occupied. Further, Privi has been conducting applied research which has been significantly successful, so far, in converting some of the by-products formed during manufacturing into high value and specialised products.

The proficiency in converting waste to wealth has driven the merger of our companies and will be the epicentre of future path.

- We firmly believe that India has a great potential to strengthen its position as a speciality chemical manufacturer. There are several companies – small and medium - who have specialised in a specific niche of the chemical industry. Fairchem will provide a platform for these companies and their promoters to coalesce with Fairchem team to grow together. We foresee significant opportunities for M & A under the prudent and aggressive insights of Mr. Harsha Raghavan and Mr. Sumit Maheshwari of Fairfax.
- There is and will always be emphasis on Corporate Governance and compliance. We will incorporate latest and most efficient risk management systems, develop a comprehensive Sustainability Policy and commit to the Corporate Social Responsibility. This Annual Report, will touch upon these areas and going forward, I assure you that Fairchem will set further high standard in Corporate Governance.

Increasing emphasis on higher standards of corporate governance and compliance will be the cornerstone of our future growth

On Global and Indian Scenario:

We are living in uncertain yet interesting times. Globally, there is a wave of change – the USA, UK and France have witnessed change of leadership. Both the US and the UK are embracing policies which are more inward looking and conservative. In case of Britain, the change has manifested itself into the act of Brexit. In a world that is barely recovering from the economic slow-down, these events and protectionist view may create challenges for exports of goods and services from India.

Indian economy is undergoing a variety of path breaking reforms which are paving way for long term sustainable growth. Demonetisation is one of the crucial milestones in eradicating parallel economy. Introduction of the Goods & Services Tax (GST) will pave a way for efficient taxation as well as substantially increased compliances.

Fairchem management is proactively tracking these developments and I want to assure you that we are continuously working to mitigate the risks posed by the global uncertainties.

On Independent Directors:

I would like to thank all the outgoing independent directors for their extremely valuable contribution in the growth of erstwhile Adi Finechem Limited.

I take this opportunity to welcome Mr. Budhrani, Mr. Barpande, Mr. Gandhi, and Ms. Radhika who have joined the Board of Fairchem as Independent Directors.

Thank you my dear shareholders:

Over the past one year, your company has undergone several changes which will, surely, have benevolent impact on the future of the Company. All of you have whole heartedly supported us in these endeavours. I would like to thank each one of you for your continuing support and patronage. It strengthens our resolve to make your company a benchmark in speciality chemicals industry.

In closing:

Our honourable Prime Minister has been promoting the idea of “Make in India” with great conviction and faith in the abilities of us Indians.

On our part, we are committed to do our best to create a formidable, sustainable and profitable Speciality chemical company – Fairchem Speciality Limited.

From the desk of Managing Director
Nahoosh Jariwala

Dear Members,

It is indeed a pleasure for me to share my views as a statement forming part of Annual Report of Fairchem Speciality Limited for F.Y. 2016-17.

The unfolding of events during last 18 months have been immensely beneficial for all the stakeholders of the Company. Firstly in November, 2015, Fairfax decided to take ~ 45 % equity of Adi Finechem Limited (as the Company was then known) from the promoters of the Company. Then in August, 2016, Fairfax took equity stake in Privi Organics Limited whose business of Aroma Chemicals is now vested in the Company's wholly owned subsidiary company as per the Scheme of Arrangement. The synergies between Adi and Privi are many and under the umbrella of Fairfax and its deep resources – financial and management – the combined performance is bound to grow.

I will talk more on Adi's business here. Oleo chemicals and nutraceutical business of Adi has again got the momentum. It mainly focuses on improving manufacturing efficiency year-on-year. At the same time, we must keep in mind that we are in a free economy and market forces will play their part. I am pleased to state that we are aiming at about 24 % to 25 % volume growth in terms of production during F.Y. 2017-18.

Following are the areas which would be the fulcrums that will drive future growth.

- **<u>Development of further products from raw materials derived from renewable sources:</u>**

  A typical vegetable oils or for that matter, any other natural product comprises of a very large number of different chemical molecules. Each molecule has specific application. In separation or purification of natural products for human consumption many of the undesirable molecules are removed. However, in this process, quite often, some of the useful molecules also get removed with the undesirable which are treated as waste or by-products. Your company specializes in extracting such molecules from the waste. Tocopherols is a classic case. Going forward, we are working on isolating other such molecules which have potential utility and their separation and purification will further enhance value addition and profitability.

- **<u>To remain focused on Oleo Chemicals based products and their derivatives:</u>**

  India produces and processes several oilseeds to manufacture oils for human consumption as well as for industrial applications like Castor oil. This provides ample opportunities to manufacture a variety of oleochemicals from this resource. Your company is working on developing expertise in processing as well as sourcing oleochemicals and we will continue to stay focused in this area.

- **<u>Work on process optimization and yield improvement:</u>**

  Long term sustainability of our business is ensured by staying competitive on cost. Your company, therefore, works on process optimization to improve manufacturing yields as well as to reduce the processing costs like power and fuel cost. This is achieved by benchmarking operations to the best global practices as well as utilizing the best in the class manufacturing plant and machinery.

- **<u>Explore further up-gradation of couple of existing finished products</u>**

  At present, we are isolating about 10 products from various waste that we process. These products are then purified and processed further to make value added Speciality chemicals like Dimer acid. Going forward, we will work on further refining the existing products so that higher value is realized. Also, blending of different products has produced mixtures which have useful properties in areas like animal feed. These efforts will provide opportunities for market diversification as well as growth.

In closing, I thank you all for reposing trust in our leadership for years and look forward to a continuing long term mutually beneficial association,

With warm regards

From the desk of Managing Director
Mahesh Babani

My Dear Shareholders,

Greetings!

I am very happy and excited to address you for the first time.

It has been a long journey of over two decades in bringing up Privi Organics from a small-scale unit to its current size of nearly Rs.600 Cr in revenue, 67% of which is from exports to the developed world. Over the years, I was fortunate to have learnt so much from all my business associates – suppliers, customers, bankers, investors and last but perhaps most important my colleagues at work. We have a very knowledgeable, qualified and experienced team which passionately follow the vision of becoming global leader in the field of aroma chemicals.

In July 2016, Fairfax India Holdings Corporation acquired 51% equity of Privi by a combination of Primary investment and buying out some of the existing shareholders. Simultaneously, we decided to merge aroma chemical business of Privi with erstwhile Adi Finechem Limited, now Fairchem Speciality Limited.

Aroma chemicals made by your company are blended into fragrances which are used for daily products like soaps, detergents, shampoos, hand washes and fine perfumes.

Like most of the synthetic chemicals, aroma chemicals are also made from petrochemical building blocks like benzene, phenols, C5-C6 cuts from crude oil refinery, etc. However, about 37% of the aroma chemicals produced by value are made from chemicals contained in a pine tree. This makes aroma chemicals different than other specialty chemical molecules.

For your company, pinene based chemicals are even more special about half of the overall revenues and profits are generated from pinene based aroma chemicals. What is even more significant is that your company processes waste products from pulp mills (who use pine wood cut from the tree for making pulp & paper) to make building blocks which are converted into aroma chemicals. Your company is the only company in the developing world to have the technology and logistics abilities to procure these waste products from across the globe and process it.

Your company places considerable emphasis on process development research. Processes for the entire portfolio of over 40 products have been developed in-house. Further, your company is also engaged in advanced research for processing agricultural bio-waste into value added specialty chemicals by entirely natural means like fermentation. This concept is referred to as Biorefinery. This work is done in collaboration with Institute of Chemical Technology, Mumbai (formerly known as UDCT), India's premier chemical technology institute.

Financial year 2016-17 was one of the very rare times, when your company didn't register growth. While the overall volume sales increased by 7%, as prices of many of the finished products, particularly the pinene based products declined in 2016, revenues declined marginally by about 2%.

I am happy to inform you that the prices of finished products have since stabilised and in a few cases, are looking up.

We are working on achieving about 20% growth in volume and value sales during the current financial year.

Going forward, we are working on multiple new products for the fragrance industry. We are also working on molecules which are processed from the by-products which are formed during manufacturing. This will improve the value addition and operating margins.

In closing, I would like to place on record my gratitude to all of you for having consented the scheme of arrangement of merger. I would also like to thank all the stakeholder of Privi Organics Limited – suppliers, customers and all the financial institutions to have agreed to the proposed merger.

Thank you & with best regards

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Outlook

As per World Economic Outlook update, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies.

Aggregate growth estimates and projections for 2016 to 2018 remain unchanged relative to the October 2016 World Economic Outlook. The outlook for advanced economies has improved for 2017–18, reflecting somewhat stronger activity in the second half of 2016 as well as a projected fiscal stimulus in the United States.

Growth prospects have marginally worsened for emerging market and developing economies, where financial conditions have generally tightened. Near-term growth prospects were revised up for China, due to expected policy stimulus, but were revised down for a number of other large economies—most notably India, Brazil, and Mexico.

Global output growth was estimated at about 3 % (at an annualized rate) till the third quarter of 2016 (as per report published by IMF)—broadly unchanged relative to the first two quarters of the year. This stable average growth rate, however, masks divergent developments in different country groups. There has been a stronger-than-expected pickup in growth in advanced economies. In contrast, it is matched by an unexpected slowdown in some emerging market economies.

Among advanced economies, activity rebounded strongly in the United States after a weak first half of 2016, and the economy is approaching full employment. Output remains below potential in a number of other advanced economies, notably in the Euro area. Preliminary third-quarter growth figures were somewhat stronger than previously forecast in some economies, such as Spain and the United Kingdom, where domestic demand held up better than expected in the aftermath of the Brexit vote. Historical growth revisions indicate that Japan's growth rate in 2016 and in preceding years was stronger than previously estimated.

The picture for emerging market and developing economies (EMDEs) remains much more diverse. The growth rate in China was a bit stronger than expected, supported by continued policy stimulus. But activity was weaker than expected in some Latin American countries, such as Argentina and Brazil, as well as in Turkey which faced a sharp contraction in tourism revenues. Activity in Russia was slightly better than expected, in part reflecting firmer oil prices.

Global Forecast

Economic activity in both advanced economies and EMDEs is forecast to accelerate in 2017 and 2018, with global growth projected to be 3.4% and 3.6%, respectively.

Advanced economies are now projected to grow by 1.9% in 2017 and 2.0% in 2018, respectively. As noted, this forecast is particularly uncertain in light of potential changes in the policy stance of the United States.

Growth projections for 2017 have also been revised upward for Germany, Japan, Spain, and the United Kingdom, mostly on account of a stronger-than-expected performance during the latter part of 2016. These upward revisions more than offset the downward revisions to the outlook for Italy and Korea.

The primary factor underlying the strengthening global outlook over 2017 and 2018 is, however, the projected pickup in EMDEs' growth, which is projected to reach 4.5 % for 2017, around 0.1 percentage point weaker than the October forecast. A further pickup in growth to 4.8 % is projected for 2018.

Growth forecast for 2017 is revised up for China to 6.5 %, on expectations of continued policy support. However, continued reliance on policy stimulus measures, with rapid expansion of credit and slow progress in addressing corporate debt, especially in hardening the budget constraints of state-owned enterprises, raises the risk of a sharper slowdown or a disruptive adjustment. These risks can be exacerbated by capital outflow pressures, especially in a more unsettled external Environment.

India / Asia

In India, the growth forecast for FY 2016–17 and next fiscal year were trimmed by one percentage point and 0.4 percentage point, respectively, primarily due to the temporary negative consumption shock induced by cash shortages and payment disruptions associated with the recent currency note withdrawal and exchange initiative.

Elsewhere in emerging Asia, growth was also revised down in Indonesia, reflecting weaker-than-projected private investment, and in Thailand, in light of a slowdown in consumption and tourism.

Latin America

In Latin America, the growth downgrade reflects to an important extent more muted expectations of short-term recovery in Argentina and Brazil following weaker-than-expected growth outturns in the second half of 2016, tighter financial conditions and increased headwinds from U.S.-related uncertainty in Mexico, and continued deterioration in Venezuela.

Middle East

In the Middle East, growth in Saudi Arabia is expected to be weaker than previously forecast in 2017 as oil production is cut back in line with the recent OPEC agreement, while civil strife continues to take a heavy toll on a number of other countries.

Global growth to accelerate

As per the World Economic Outlook update, economic activity is projected to pick up pace in 2017 and 2018, especially in emerging market and developing economies. According to a new market report published by Lucintel, the future of the flavor and fragrance market looks good with opportunities in the dairy, soap & detergents, fine fragrance, cosmetic & toiletries industries. The global flavor and fragrance market is forecast to grow at a CAGR approximately 4.2% from 2017 to 2022. The major drivers of growth for this market are increasing disposable income among middle class, changing consumer preferences, and growing awareness among customers to buy products that contain natural ingredients. In this market, Flavor Chemicals, aroma chemicals and essential oils are the major raw materials used for making flavor and fragrance compounds.

Major end use application for fragrance is soap and detergents, fine fragrance, cosmetic and toiletries, household and air care. On the basis of comprehensive research, Lucintel forecasts that fine fragrance, cosmetics & toiletries, soaps & detergents industries are expected to show above average growth during the forecast period.Some of the prominent trends that the market is witnessing include biotic ingredients usage has been increased in recent years, rising vegan population increasing demand for flavors& fragrances, recent technological developments of flavors& fragrances and growth opportunities/investment opportunities.

Within the fragrance market, Soap & Detergent application is likely to remain as the largest segment during the forecast period. North America has largest market share for fragrance products, followed by Europe and Asia-Pacific. The Asia/Pacific and Africa/Mideast regions will be the fastest growing markets for fragrance products in coming future owing to increasing domestic demand in the developing countries such as India and China. Increasing population coupled with increasing disposable income in the developing countries such as India and China is expected to drive the global fragrance market. Increasing disposable income allow the customer to spend more on luxury products among which fragrance plays key role.

Additionally, use of fragrances for reduction of stress and change in moods and increasing use of fragrances by household is expected to provide ample growth opportunities for the global fragrance market. Appearance and personal care have become sense of pride, self-reliance and confidence. From being non-essential product fragrance/perfume have emerged as an essential product in today's era. Also, economic development in growing markets coupled with increased demand for youth-oriented fragrances and celebrity scents are expected to drive the global fragrance market.

The Industry Structure And Developments:

[A] OLEO CHEMICALS AND NUTRACEUTICALS :

OELO CHEMICALS : Oleo Chemicals are the flavour of the day since they are produced from natural sources . The demand for biodegradable chemicals is fuelling oleo chemicals market. Fatty Acids, methyl esters and fatty alcohols are major oleo chemicals manufactured in India. The Company is mainly in the business of Fatty Acids which is one of the largest segments in Oleo Chemicals. Dimer Acid, Linoleic Acid / Soya Fatty Acid, other Distilled Fatty Acids are the main products of the Company. Dimer Acid is used for making two kinds of polyamides i.e. Non-reactive and reactive. Non-reactive Dimer Acid is used by manufacturers of printing inks, adhesives, paper coatings etc.. Rising solvent demand from industries such as printing inks, adhesives and paper coatings may drive global dimer acid market size for non-reactive polyamide resins. The demand for Reactive polyamide resins application will be driven by increasing surface coatings & adhesives demand in marine and construction.

NUTRACEUTICALS :

The word Nutraceutical is derived from two words viz. `Nutrition' and `Pharmaceutical'. When used in food, it provides health and nutrition benefits in addition to basic nutrition value present in food items. The consumers are now more health conscious and better informed about such nutritional products. The Company is mainly in the business of (natural) Tocopherols and Sterols and they are exclusively exported. Tocopherols have anti-oxidant properties. Tocopherols after they are further concentrated by customers are then used in (a) Pet Food, (b) food as it prevents rancidity. Tocopherols when converted into Natural Vitamin E finds the application in Pharmaceutical, cosmetic etc.. Sterols after they are further concentrated finds its use in making of Cortico Steroids and as food additive.

Strengths, Opportunities and Threat :

The major strength in Oleo Chemical business is Company's ability to process by-products having no technical specifications and make higher grade fatty acids and nutraceuticals intermediate finished products meeting stringent quality standards. The Company enjoys leadership position in its area of business. Another advantage in favour of the Company is its strong customer and supplier relationship of more than 10 years.

Ideally, there is a place for one company in this business of Oleo Chemicals and Nutraceuticals in India due to limited availability of one of the raw materials within India. The transfer of material from outside India is not a very viable proposition at current prices.

HUMAN RESOURCE MANAGEMENT :

Out of all the resources, human capital is of immense importance which may decide overall growth of Oleo Chemicals business. Human capital has the inherent capacity of delivering more than 100 % unlike other resources. During the year, the Company went for additional welfare measures to secure the employees of the Company. During the year, the industrial relations were very cordial. This year also, as at March 31, 2017, the Company had 175 employees on the payroll of the Company.

OUTLOOK :

The outlook of Oleo Chemicals business appears to be promising. The Company is continuously working on process optimization and exploring the latest technology whereby it is able to achieve reduction in per unit processing cost. This is one area where the Company benefits without any corresponding loss to either its customer or supplier of raw material and so this benefit is permanent.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

There are adequate internal control systems for financial reporting. Internal audit has been done by a firm of Chartered Accountants. From the current financial year, the Company is further focusing on strengthening its systems under the guidance of an experienced professional.

[B] AROMA CHEMICALS :

Based on the research by Leffing well & Associates, the global F & F market was US $24.10 billion in 2015 and has moved up to US$24.45 billion in the year 2016. The top 11 Fragrance and Flavor houses hold about 78 % of Market Share.

Perfumer & Flavourist cites a 2014 study by Global Industry Analysts which says the industry will "reach about US $45.6 BILLION dollars in 2020,"(Which is Ambitious) a mere 6 years' time and it is celebrity fragrances that are really expected to drive the overall surge to a $45.6 billion dollar a year business.

Global Fragrance Market View:

Global fragrance market can be divided in three categories such as perfume, deodorant and others. Household's user has the largest market share for fragrance products, followed by personal care. North America has largest market share for fragrance products, followed by Europe and Asia-Pacific. Asia-Pacific region is expected to show highest growth for fragrance products in coming future owing to increasing domestic demand in the developing countries such as India and China.

Increasing population coupled with increasing disposable income in the developing countries such as India and china is expected to drive the global fragrance market. Increasing disposable income allow the customer to spend more on luxury products among which fragrance plays key role.

Fragrances and Flavors Industry in USA

The U.S. market for flavors and fragrances is forecasted to advance 4 to 4.5% per year for the next 4 to 5 years. According to Freedonia the US Market for Flavors & Fragrances is expected to be valued at US $7.1 billion by 2017, according to study from Freedonia.

Healthy growth in cosmetic and toiletry sector, supported by growth in body washes and perfume and cologne, will spur growth for fragrance category. Growth is expected to be supported by above average growth in smaller cleaning products segment like dishwashing, laundry detergents and other cleaners.

Challenges:

Your Company continues to be engaged in technology & process improvement, always learning and improving and setting high standards and targets and trying hard to exceed them. Management Team is passionate about what they do and produce and further with products and customer insights drive growth. Your Company has increased capacities of key products as well as is in the process of installing new capacities for certain niche specialty aroma chemicals to stay ahead of competition. This will help the Company to increase its market share not only for its key products but also for the new products as its key customers prefer to buy a basket of products from one supplier. Staying ahead of competition in the market is going to be a challenge which your Company needs to address continuously. The global markets, particularly Europe and Japan are showing signs of saturation. Your Company is not completely insulated from the effects of global economic slowdown.

Regulatory Compliance

Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH): Your Company has pre-registered its 55 products, of which 4 products have been registered in May 2013 and the balance 51 Products need to be registered by the year 2018. This will give an edge to your Company over its competitors for sale of products in the European Union.

Fragrances and Flavors Industry in India

Indian Industry overview

India with a population of 1.21 billion is a young country with almost 65 % population below the age of 30 years. It has been a traditional country so far but at the same time, India is now bracing upto changes rapidly in almost every socio-economic arena. By the year 2020, the average age of an Indian is projected to be 28 years. Supported by favourable government policies for industry and a demand by young consuming class with growing disposable incomes, India offers significant investment opportunities in the flavour and fragrance sector.

Current and Future Business Scenario

Soaps and Fabric wash together represents over 50% of market share; they are the two largest categories in the Indian Fragrance market followed closely by deodorants which is the next fastest growing segment with CAGR of approx 33%.

Indian fragrance industry has a promising future with the Indian FMCG market expecting a consistent growth for next 5 years. The same is coupled with the rise in disposable income, the per capita consumption of various personal care products is expected to grow significantly. For comparison, the estimated per capita consumption of skin products in India is USD 0.8 whereas in China and Indonesia it is USD 8.0 and USD 4.3 respectively. Similarly for shampoo the estimated per capita consumption in India is USD 0.6 whereas in China and Indonesia it is USD 2.3 and 2.1 respectively thus indicating tremendous potential of growth.

Growth Drivers for Flavour and Fragrance industry in India

Demand from youth with increasing preference towards premium Fragrance and Flavour Products will boost the market.

The flavour and fragrance market in India will continue to grow at a considerable rate in the coming years with increase in disposable income of consumers, busier lifestyles, and higher preference towards personal wellness. It has been estimated that the market is expected to cross USD 1.4 billion by FY' 2020 as per the study done by IIFL. The industry is predicted to witness consolidation with bigger players tying up with smaller players while the smaller players will be seen consolidating among themselves. High demand of personal grooming products, rapid growth of food additives market will drive the growth of this industry in the future.

Furthermore, hot and humid climatic conditions, high influence of the foreign trends have been important factors in persuading flavour and fragrance preferences of the consumers across India. Urban population has been most influenced by the foreign culture due to faster information travel for getting in sync with the current fashion trends. Increases in the demand of fine fragrances have clearly shown the preference of Indian population towards personal wellness and grooming products.

Market research by specialized research companies will allow the industry players to increase their growth potential and enter new segments at early stage to have the first mover advantage. Newer segments such as fruit drinks, instant foods, healthy canned foods and flavoured milk are gaining popularity. Early entry into such segments can help the companies to gain customer trust and help in brand building. However, the industry is anticipated to face challenges in the form of fluctuations in the prices of raw materials and complex preferences of highly diversified customers, according to the Research Analyst, Ken Research.

Opportunities and Threats

The top ten companies have had a substantial presence and business in India for many years now. Other international F&F houses in the last ten years or so have also setup shop and are active in the Indian market. Similar to the international market, there is almost equal distribution of the total Indian F&F market between flavors and fragrances. International houses account for about 70% of the organized Indian market while large Indian companies cater to the rest of the market. Some Indian FMCG companies who use fragrances and flavors in their products also make their own fragrance blends by purchasing individual aroma chemicals and mixing them. In any case, competition is only likely to intensify with more and more international players expanding their footprints in the country. Interestingly India which was once a world leader of the fragrance industry is today one of the world's largest consumers of foreign fragrances and fragrance products. The rapid advancements made by the European industry in the 20th century due to modern scientific thought and knowledge made sure that India missed all that it had treasured over centuries. Sadly today sandal, jasmine and herbal-related fragrances, and spice-based flavor products distinguish the country's capability in the F&F industry.

Strategies in India by international F&F companies

Manufacturers are continuously expected to invest progressively in R&D to make new developments and meet the rapidly changing needs of flavour and fragrance industries. Technological improvement is another critical factor for the success of a company. New technologies that improve the application with new product development are the key factors to maintain a competitive edge over the other market participants as the competition is high. Indian manufacturers need to focus on the pricing of their products and innovation to remain a step ahead of market trends. They are expected to formulate more non-traditional, non seasonals that are also compatible with the Indian palate.

Companies today are currently strategizing ways to strengthen their presence and are focusing their sales expansion plans to cater to increasing demand from tier II and tier III cities that eventually drive growth. As an example in the fragrance market, companies are launching a range of affordable deodorants, perfumes, and colognes for consumers willing to spending on fragrances to stay well groomed. In short, companies are taking all efforts to fulfil consumer demand.

Challenges faced by F&F industry

Flavors and fragrances now have very similar requirements as consumer goods. They too require investments in marketing and presentation, for commercial success.

In the last decade, prices offered to fragrance and flavor houses by FMCG manufacturers to supply flavor and fragrances have consistently gone down. Raw materials costs for manufacturing FMCG are rising. FMCG manufacturers are unable to pass on the same to consumers by increasing product costs. FMCG manufacturer strongly resist price increases requested by flavor and fragrances houses ignoring the genuine increase in the prices of aroma and flavor ingredients. Price increases and fluctuations in petrochemical industry that are precursors in the manufacturing of aroma chemicals have also squeezed profit margins substantially for the F&F industry. Domestic players also face increased competition from MNC's aroma chemical manufacturers with advanced R&D facilities. This exerts added pressure on these players to accelerate the improvement of their research and technological facilities, as they are still in the upgrading process.

Flavor and fragrance market in the developed nations have fully matured with sales almost stagnant. Global F&F producers are increasingly looking at developing nations, especially India, China, and countries of the erstwhile USSR. The Indian market is still in its nascent stage and there is a long way to traverse before it fully matures. The lowering of margins have forced many global F&F manufacturers to look at India and China as sourcing centers for essential oils, and for manufacturing and sourcing quality aroma and flavor chemicals required by their creative teams across the globe.

The F&F industry today is at a challenging junction finding it tough with rising input costs and dropping prices of the compounds. However, still there is growth in absolute terms. Rising incomes, better education, and more awareness will mean a higher inclination to spend on 'Quality Lifestyle' products for home and health, personal grooming and social symbols.

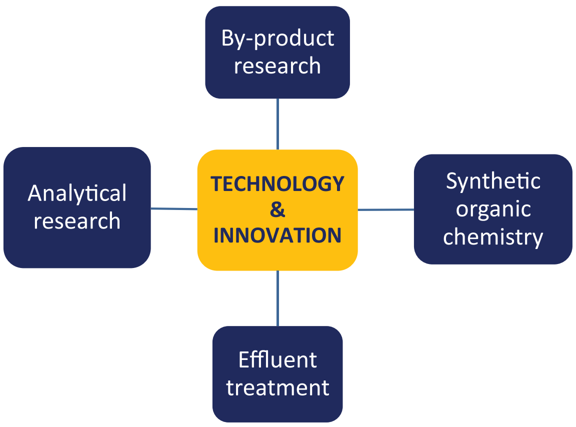
Outlook :

Your Company (Aroma Chemicals), having achieved a turnover of over Rs 41,033 Lacs, continues to experience a slowdown in demand for its products particularly in European spot market. Same is further burdened with customs duty of 5.5-6.5% from January 2014 onwards on all imports of chemicals covered under chapter 29 under which chemicals produced by Privi also fall. However the US markets is reflecting growth and with the existence of our 100% Subsidiary in US, the overall share of your Company in the US markets has grown substantially. The demand in Latin America & particularly in Asia countries continues to be very buoyant. Your Company sees its growth coming from key accounts in emerging and developing countries and its ability to provide a basket of products will enable the company to get a better market share which in turn enables a much larger growth than the average industry growth. Your Company is continuously trying to make inroads in to the developing and emerging markets by seeking more and more customers that will help propel the growth path set by it. In fact, your Company is now selling to all the top fragrance houses and all the leading FMCG. Your company is proud to announce the introduction of a new customer RECKITT BENCKISER in its list of esteemed customers.

Your company is also seeking to tap related new industry segments for value added products from the available backward integrated feedstocks. This initiative is expected to deliver value to the customers and also will result in better utilization of available resources and co-products produced in the process.

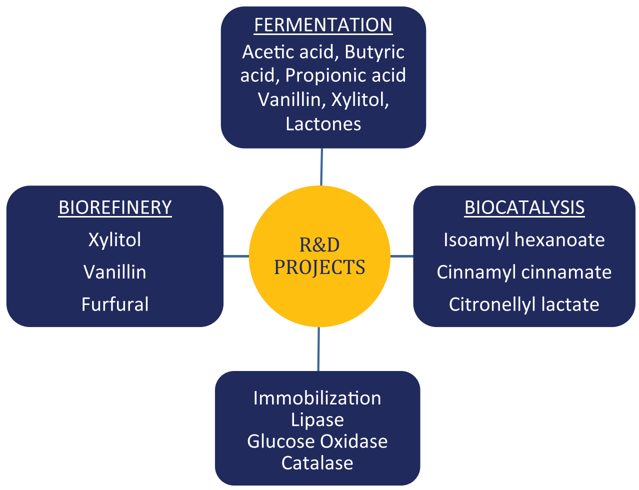
Research and Development

SYNTHETIC CHEMISTRY GROUP



- A talented and dedicated pool of 50 personnel
- Working in collaboration with UICT
- Strong associations with technology institutions like IIT, NCL

NOVEL TECHNOLOGY GROUP



BIOTECHNOLOGY

Privi Biotechnologies Pvt. Ltd. (PBL) the 100% subsidiary of POIL has been effectively working in the area of biotechnology since 2008. Company has started the research and development laboratory for biotechnology at Kopar Khairane, Navi Mumbai in the year 2009, pursuing a vision of developing technologies for sustainable chemicals. Today, Privi has a fully equipped biotechnology centre with skilled and highly qualified operational team of 30 odd scientists from multidisciplinary areas such as biotechnology, microbiology, and organic chemistry engaged in active research in the area of biotechnology. The overall group capabilities cover different research areas in biotechnology including fermentation, enzymology, biotransformation, and chromatography.

PBL is developing a separate facility in Nerul, Navi Mumbai to take biotechnology venture of company to greater heights. The facility is expected to be ready by Dec'17. The versatile scale up facility will be capable of handling different areas of biotechnology and execute the projects under study at pilot level. PBL has received total sanction of Rs. 450 lakhs in the form of soft loan at the rate of 2% payable after completion of project. First instalment of this sanction was received in the month of June 2016 and initiated the activities of scale up.

PBL's current projects in collaboration with different entities are shown below

PRIVI-ICT-BIRAC Department of Biotechnology, Govt. of India	*"Pilot scale translational facility for value added chemicals from biomass"*
PRIVI-ICT-IGSTC Department of Science & Technology, Govt. of India	*"Design of selective nanoporous membrane bioreactor for efficient production of bio-butanol from lignocellulosic sugar (SeNaMeB)"*
PRIVI-ICT-DST Department of Science & Technology, Govt. of India	*"Green Enzymatic Fat-splitting Technology For Production Of Fatty Acids And Acyl Glycerols"*

ICT - Institute of Chemical Technology
IGST - Indo-German Science & Technology Center
DST - Department of Science & Technology
DBT - Department of Biotechnology

Pilot plant building

Reception

Reactors

Membrane system

Site photographs – under construction

SUSTAINABILITY

Fairchem is an environment caring company and positively contribute to society by setting best-in-class health and safety standards across our value chain, and implementing comprehensive operation systems for economic sustainability. We are focussed on three dimensions of sustainability program i.e. environment, social and economic.

FSL believe health, safety and education of people can uplift the company and society at large. Various CSR related activities we undertook last year, which made an impact to the society we live in.

We have moved from just effluent treatment to conversion of effluent to saleable by products. This not only reduced our effluent load but also increased economic viability of our finished goods. In addition following initiatives were introduced for environment care

- Incinerator to burn gaseous vents & scrub the gases to convert to value added by products.
- Electrostatic Precipitators for boiler vents to control suspended particulate matter going to atmosphere.
- Multiple effect evaporators to separate high TDS from effluent
- Reverse osmosis plant for recycling 80 % of the treated effluents as boiler feed water.
- Volute machine to filter biomass which is then burnt in boiler as fuel.
- Anaerobic digesters
- Conventional Effluent treatment – Aeration, clarifier, Flocculation, filtration.

Resource optimization - In CST processing we are now able to recover all major ingredients of CST including the sulfur compounds. Earlier we were burning these sulfur compounds in the incinerator. But now we are successfully isolating & recovering Dimethyl Sulfide (DMS), Dimethyl Disulfide (DMDS) & the same are being supplied to Agrochemical industries.

Raw Material Sourcing - CST processing facility designed to handle all varieties of CST – including those with higher Sulfur content. Privi's own offices with seasoned professionals in the US, Canada and Europe ensure direct access to the Pulp Mills

Tie-up with logistic companies in the USA and Europe to ensure seamless pick-up of CST from over 60 mills globally. Resulting in Long-term contracts providing visibility of supplies, indication on prices

Customer Servicing - Operating 100% subsidiary in the US with sufficient staff, stocking point. Ensures best service including prompt delivery particularly for small & medium customers

Stocking warehouse in Europe – shortly converting the operations to a functioning subsidiary

Financial Structure - The Equity infusion provided substantial long-term and stable source of funds. Infusion of funds will also enable Privi to strengthen its infrastructure, particularly for effluent treatment, stand-by boilers, DG sets

Human Resources

An Oracle supported software for better management of goals, KRAs and ensuring seamless flow of authority and communication.

POIL, Unit - II

DIRECTORS' REPORT

To,

The Members,

Your Directors are indeed pleased to present the Thirty second Annual Report and Audited Accounts of the Company for the financial year ended March 31, 2017.

FINANCIAL RESULTS : (Rupees in Lakhs)

		Standalone for the Year ended on			Consolidated for the year ended on 31-03-2017
		31-03-2017		31-03-2016	
(1)	Income (Net of Excise duty)		**18566.11**	15254.08	**60,730.02**
(2)	Profit before Interest, Depreciation & Taxation		**2304.69**	2346.88	**8,076.96**
	Less : Interest		**480.22**	392.09	**2,030.75**
(3)	Profit before Depreciation and Taxation		**1824.47**	1954.79	**6,045.21**
	Less : Depreciation		**422.09**	299.43	**2,670.77**
(4)	**Profit before Tax for the year**		**1402.38**	1655.36	**3,375.44**
	Less : Provision for Taxation :				
	(a) Current Tax	**353.12**		436.60	**1,180.78**
	(b) Deferred Tax	**196.19**		164.66	**51.43**
	(c) Excess Provision of earlier years (Net)	**7.06**		(5.83)	**7.06**
	Sub-total		**556.37**	595.43	**1,239.27**
(5)	**Net profit after Tax for the year**		**846.01**	1059.93	**2,136.17**
	Add : Balance B/f from previous year's a/c.		**4646.13**	4101.25	**4,646.13**
	Sub-total		**5492.14**	5161.18	**6,782.30**
(6)	Less : Appropriations :				
	(a) Transferred to General Reserve		**-**	100.00	**-**
	(b) Proposed Dividend		**-**	344.85	**-**
	(c) Dividend Distribution Tax		**-**	70.20	**-**
	Less : (a) Utilised for issue of Equity Shares in pursuance of Scheme of arrangement	**963.44**			**963.44**
	(b) Utilised for issue of Compulsorily convertible preference shares in pursuance of Scheme of Arrangement	**1263.44**			**1,263.44**
	Sub-total		**2226.88**	515.05	**2,226.88**
(7)	Balance C/f to next year's account		**3265.26**	4646.13	**4,555.42**

OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS :

(A) Operations:

During the year under review the consolidated revenue from operations and other income were Rs.60,730.02 lakhs. This comprised of 12 months performance of Adi's business and 8 months performance of Privi Organics as the 'Appointed Date' under the Scheme of Arrangement was August 1, 2016. The Company achieved consolidated profit before tax of Rs. 3,375.44 lakhs and profit after tax of Rs. 2,136.17 lakhs. The EPS on Consolidated Financial for the year ended March 31, 2017 was Rs. 8.82 on diluted basis.

No material changes and commitments, affecting the financial position of the Company, have occurred between March 31, 2017 and the date of this Report.

DIVIDEND:

Your Directors are pleased to recommend a dividend of Re.1.00 (i.e.10%) per equity share (Previous Year Rs.2.50 per equity share) on the expanded Equity Share Capital for the financial year ended March 31, 2017, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

MEETINGS OF THE BOARD :

During the Financial Year 2016-17, 9 (nine) meetings of the Board of Directors took place. For further details, please refer Report on Corporate Governance.

PARTICULARS OF LOANS GUARANTEES AND INVESTMENTS :

The Company has not given any loan, made investment, given any guarantee or provided any security – covered u/s. 186 of The Companies Act, 2013 – to anyone.

CORPORATE GOVERNANCE/MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A Report on the Corporate Governance Code alongwith a certificate from a practising Company Secretary regarding the compliance of conditions of Corporate Governance as stipulated in Regulation 34 of SEBI (LODR) Regulations, 2015 as also the Management Discussion and Analysis Report are annexed to this Report.

FIXED DEPOSITS:

During the year, Company has not accepted any Fixed Deposits.

CREDIT RATING :

CARE has maintained `CARE A-‘ (Single A Minus) to Long Term Bank facilities (considered to be good for our size of manufacturing companies) and `CARE A1’ (A One) to Short Term Bank facilities.

TECHNICAL ACHIEVEMENT:

The Company keeps on exploring the possibility of technical improvement and process optimization for better yields / product mix / energy efficiency.

DIRECTORS:

Shri Utkarsh Shah and Shri Nahoosh Jariwala shall retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

Shri Bimal Parikh and Shri Hemant Shah, Directors expressed their desire to step down as Directors of the Company in line with what was stated in their applications for the De-promoterisation of their respective family groups.

Board accepted their request and acknowledged their contribution in the affairs of the Company during a span of seven years most of which was in the category of Promoter Directors.

Shri Mahesh Babani and Shri D. B. Rao have been appointed as Additional Directors, Promoter Category u/s. 161 (1) of The Companies Act, 2013. They will hold the Office of Director upto the date of forthcoming Annual General Meeting. Notices u/s. 160 of The Companies Act have been received for their appointment as Directors of the Company. Shri Mahesh Babani was also designated as Managing Director of the Company subject to approval of the shareholders of the company at the ensuing annual general meeting. No Managerial remuneration, however, is proposed to be paid to Mr. Babani from Fairchem Speciality Limited.

With effect from the end of the proceedings of the Board Meeting held on May 11, 2017, following six Independent Directors expressed their desire to step down from their Directorships on personal grounds :

(1) Shri Jayesh K. Shah
(2) Shri Kalpesh A. Patel
(3) Shri Nitin R. Patel
(4) Shri Ganpatraj Chaudhary
(5) Shri Bhavin a. Shah
(6) Ms. Sonal V. Ambani

Board accepted their request and acknowledged their individual and collective contribution in the affairs of the Company during their tenure as Directors.

The Board of Directors have filled in four of the six casual vacancies of independent Directors which arose due to above as follows :

	Name of outgoing Director	Name of Incoming Director to fill in the casual vacancy
1	Shri Jayesh K. Shah	Shri P. R. Barpande
2	Shri Kalpesh A. Patel	Shri Rajesh Budhrani
3	Shri Ganpatraj Chaudhary	Shri Hemang Gandhi
4	Ms. Sonal V. Ambani	Ms. Radhika Pereira

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS :

The Company has received declarations from all the Independent Directors of the Company, inter alia, confirming that they meet the criteria of Independence as prescribed under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015.

COMPANY’S POLICY ON DIRECTORS’ APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR ETC. :

Pursuant to the provisions of Section 178 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules made thereunder and Clause 49 of the Listing Agreement, now regulation 19 of SEBI (LODR) Regulation, 2015 the Board of Directors at their Meeting held on 11-08-2014 approved the Remuneration and Nomination Policy as recommended by the Nomination and Remuneration Committee. The salient features of the said policy covering the policy on appointment and remuneration and other matters have been explained in the Corporate Governance Report.

BOARD EVALUATION :

Based on the criteria for evaluation of Independent Directors and the Board as recommended by the Nomination and Remuneration Committee and as adopted by the Board, Board carried out evaluation of its own performance and that of the individual Directors.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement of Section 134 of the Companies Act, 2013 with respect to Directors' Responsibility Statement, the Directors hereby confirm:

(i) that in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards read with requirements set out under Schedule III of the Companies Act have been followed and there are no material departures from the same;

(ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year viz. March 31, 2017 and of the profit of the Company for that period;

(iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the Directors have prepared the annual accounts on a `Going Concern' basis;

(v) that the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively and

(vi) that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

PERSONNEL:

All the employees have worked with zeal and enthusiasm and your Directors wish to express their sincere appreciation to all the employees for their support, co-operation and dedicated services.

PARTICULARS OF EMPLOYEES:

There was no employee drawing an annual salary of Rs. 120.00 lakhs or more where employed for full year or monthly salary of Rs. 8,50,000/- or more where employed for part of the year and therefore, no information pursuant to the provisions of Rule 5 (2) and (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is required to be given.

LISTING

The Company's securities are listed with BSE Limited and National Stock Exchanges of India Limited. The Company has paid the listing fees for F.Y. 2017-18 on paid up share capital excluding issue of new equity shares in the month of March, 2017 to both the Stock Exchanges. The listing applications for new equity shares aggregating to 23,815,757 are under process at both the Stock Exchanges and additional listing fees if required, will be paid as per the intimation / advice of said stock exchanges.

BUSINESS ANALYSIS REPORT :

The Business Responsibility Reporting, as required under clause 55 of the Listing Agreement is not applicable to the Company.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES :

All contracts / arrangements / transactions with related parties entered into by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with related party transactions.

CORPORATE SOCIAL RESPONSIBILITY :

The Corporate Social Responsibility Committee had formulated and recommended to the Board a Corporate Social Responsibility Policy which has been approved by the Board. The other details of the CSR activities as required u/s. 135 of The Companies Act, 2013 are given in the CSR Report as Annexure to Directors' Report.

RISK MANAGEMENT POLICY :

The Company has put in place Risk Management Plan. The Company has identified following elements of risk which in the opinion of the Board may threaten the existence of the Company :

(1) Severe simultaneous drought in those Soya producing countries of the world on which Indian Crude Soya Oil refining is dependent.

(2) Development of new and substantially cheaper manufacturing technologies using altogether new inputs for making various kinds of resins which are required for making paints, printing ink, hardners

(3) New research on the benefits of Natural Vitamin E versus Synthetic one.

The Company has identified other hard vegetable oils such as Palm to which it can switch over to in the extreme event of non-availability of soya based raw materials throughout the year.

AUDITORS:

The auditors M/s Price Waterhouse & Co. Chartered Accountants LLP were appointed at the last Annual General Meeting held on September 9, 2016 for a term of five years, subject to ratification at each and every intervening annual general meeting. The Audit Committee of the Board of Directors has recommended ratification of their appointment at the ensuring annual general meeting.

SECRETARIAL AUDIT REPORT

As required by Section 204 of The Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. Parikh Dave & Associates, Company Secretaries, Ahmedabad, a firm of Company Secretaries in Practice to conduct Secretarial Audit for the Financial Year 2016-17. The Report of the Secretarial Audit for the financial year ended on March 31, 2017 is annexed as Annexure to this Report.

COST AUDITOR:

As per the Companies (Cost Records and Audit) Rules, 2014 as amended by Companies (Cost Records and Audit) Amendment Rules, 2014, issued by the Central Government, the Company is required to get its cost records maintained by the company for the products covered under Chapters 2917 and 3823 of Sr. No. 18 of table mentioned under Rule 3 (B) – Non-regulated Sectors audited by a Cost Auditor. Accordingly, the Board of Directors, as per the recommendation of the Audit Committee, have appointed to M/s. Rajendra Patel & Associates, Cost Accountants as Cost Auditors for the financial year 2017-18.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUT GO:

A. Conservation of Energy

(a) Energy Conservation measures taken:
Energy Conservation is an ongoing feature at Fairchem Speciality Ltd.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of Energy:

Based on the suggestion of the Consultant referred in (a) above, motors, pumps, chillers, variable drives, piping, bulbs are being changed over a period of time.

(c) Impact of measures listed in (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods:

The above mentioned energy saving initiatives will help the company to contain its Power and Fuel costs.

(d) Total energy consumption per unit of production as per prescribed Form `A' :

As per annexure attached.

B. Technology Absorption

The Company has an ongoing program for up gradation of existing products, improvement in manufacturing processes, reduction in product costs and increase in yield of prime intermediate / finished products. The Company was able to achieve higher yield of its prime intermediate / finished products on commissioning of its Fat Splitting / Fractional Column equipments. This is done through constant interaction with employees, customers and vendors.

Company continued its experiment with process routes.

C. Foreign Exchange Earnings and outgo

Foreign Exchange Earnings Rs.3,544.28 lakhs
Foreign Exchange Utilised Rs.1,408.66 lakhs

Extract of Annual Return :

The details forming part of the extract of Annual Return in Form MGT-9 is annexed herewith as Annexure to this Report.

ACKNOWLEDGMENTS:

Your Board of Directors wishes to place on record its appreciation to the contribution made by the employees of the company. The company has achieved impressive growth through the competence, hard work, solidarity cooperation and support of employees at all levels. The Directors also wish to thank the Government authorities, financial institutions and shareholders for their cooperation and assistance extended to the company.

For and on behalf of the Board of Directors,

Place : Ahmedabad
Date : May 11, 2017

Utkarsh Shah
Chairman

A.	**POWER AND FUEL CONSUMPTION**			**2016-17**	**2015-16**
1.	**ELECTRICITY**				
	A.	Purchased	Units	**70,73,670**	69,61,590
			Total Amount (Rs.)	**5,24,03,978**	5,26,06,167
			Rate / Unit (Rs.)	**7.41**	7.56
	B.	Own Generation	Units	**1,62,400**	1,90,472
			Units per Litre of Diesel	**2.88**	3.31
			Average Cost / Unit (Rs.)	**19.24**	16.40
2.	**FURNACE OIL**				
			Quantity (in KL)	**662.879**	218.138
			Total Cost	**1,72,81,540**	51,93,848
			Average rate per litre (Rs.)	**26.07**	23.81
3	**LIGNITE / COAL**				
			Quantity (in M.Tons)	**8913.210**	8,814.57
			Total Cost	**4,78,55,572**	5,02,24,900
			Average rate per Kg. (Rs.)	**5.37**	5.68
4.	**OTHERS (IF ANY)**			**-**	-

B.	**Consumption per unit of Production**	Production (M.Tons)	Standards, if any	**Per M.Ton**
1	**ELECTRICITY**			KWH
	Deodorizer Distillate (Mixed Tocopherol Concentrate)	**1,368.300** (1,279.690)	– –	**489** (532)
	Linoleic Acid	**1,111.215** (2,269.225)	– –	**318** (346)
	Dimer Acid	**5818.605** (3,777.055)	– –	**272** (296)
2	**FURNACE OIL**			Litres
	Deodorizer Distillate (Mixed Tocopherol Concentrate)	**1,368.300** (1,279.690)	– –	**20.00** (18.79)
	Linoleic Acid	**1,111.215** (2,269.225)	– –	**12.10** (10.77)
	Dimer Acid	**5818.605** (3,777.055)	– –	**41.90** (15.89)
3	**LIGNITE / COAL**			KGS.
	Deodorizer Distillate (Mixed Tocopherol Concentrate)	**1,368.300** (1,279.690)	– –	**960** (977)
	Linoleic Acid	**1,111.215** (2,269.225)	– –	**405** (421)
	Dimer Acid	**5818.605** (3,777.055)	– –	**769** (927)

Note: Figures in brackets are in respect of previous year.

Bold Figures indicate Production and Consumption for the year 2016-17.

ANNEXURE TO DIRECTORS' REPORT - DISCLOSURES ON MANAGERIAL REMUNERATION

Details of remuneration as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided below:

(A) No of permanent employees on the rolls of the Company :175

(B) The percentage increase in the median remuneration of employees in FY 2017 stood at 22%.

(C) Relationship between the average increase in remuneration and the Company's performance:

Given below are the key financial parameters reflecting Company's performance.

		March 31, 2017	March 31, 2016	Growth
		Rs. in Crores		(In%)
1	Total Revenue	185.66	152.54	21.71%
2	Profit before Depreciation, Finance Costs and Tax expense	23.04	23.34	(1.29%)
3	Profit before Tax	14.02	16.56	(15.34%)
4	Profit after Tax	8.46	10.60	(20.19%)
5	Earning per share Basic (As per annual reports for respective years) (Rs.)	3.72	7.68	(51.56%)
6	Market Capitalisation	2,060.26	356.16	478.46%
7	Return on Capital Employed	15.42	22.20%	(30.54%)

(D) Average percentile increase already made in salaries of employees other than managerial personnel in last financial year and its comparison with the percentile increase in managerial remuneration.

The average increase in the remuneration of all employees was 10% for the FY 2016-17. The increase in the remuneration of Managing Director was 68.87%. The increase in the remuneration of CFO and Company Secretary was 25.34%

The average increase in the remuneration of both, the managerial and non-managerial personnel was determined based on the overall performance of the Company. Further, the criteria for remuneration of non-managerial personnel is based on an internal evaluation of key performance areas (KPAs), while the remuneration of the managerial personnel is based on the remuneration policy as recommended by the Nomination & Remuneration Committee and approved by the Board of Directors.

There were no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company

(E) Percentage increase in the remuneration of each director and key managerial personnel in FY 2017is given below. Further details are given in MGT-9.

Name	Designation / Category	Increase / (Decrease) in Remuneration (%)
Shri Utkarsh B. Shah	Chairman / Non-Executive	No remuneration
Shri Nahoosh J. Jariwala	Managing Director / Executive	68.87%
Shri Harsha Raghavan	Director / Non-Executive	No remuneration
Shri Sumit Maheshwari	Director / Non-Executive	No remuneration
Shri Bimal D. Parikh*	Director / Non-Executive	No remuneration
Shri Hemant N. Shah	Director / Non-Executive	No remuneration
Shri Jayesh K. Shah	Director / Non-Executive	75.78%
Shri Kalpesh A. Patel	Director / Non-Executive	75.96%
Shri Nitin R. Patel	Director / Non-Executive	73.00%
Shri Ganpatraj Chowdhary	Director / Non-Executive	76.67%
Shri Bhavin A. Shah	Director / Non-Executive	65%
Ms. Sonal V. Ambani	Director / Non-Executive	78.13%
Mr. Rajen N. Jhaveri	C.F.O. and Company Secretary	25.34%

* Except payment of commission on Net Profit payable for F.Y. 2015-16 paid in F.Y. 2016-17 after the approval of audited financial statements by the Shareholders at 31st AGM held on September 9, 2016.

(F) Remuneration of each director to the median employees' remuneration (times) for FY 2017 :

Names	Designation / Category	Remuneration of Directors to median Employee's remuneration (times)
Shri Utkarsh B. Shah	Chairman / Non-Executive	Not Applicable
Shri Nahoosh J. Jariwala	Managing Director / Executive	56.38
Shri Harsha Raghavan	Director / Non-Executive	Not Applicable
Shri Sumit Maheshwari	Director / Non-Executive	Not Applicable
Shri Bimal D. Parikh	Director / Non-Executive	Not Applicable
Shri Hemant N. Shah	Director / Non-Executive	Not Applicable
Shri Jayesh K. Shah	Director / Non-Executive	0.44
Shri Kalpesh A. Patel	Director / Non-Executive	0.36
Shri Nitin R. Patel	Director / Non-Executive	0.39
Shri Ganpatraj Chowdhary	Director / Non-Executive	0.23
Shri Bhavin A. Shah	Director / Non-Executive	0.20
Ms. Sonal V. Ambani	Director / Non-Executive	0.31

(G) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year

The market capitalisation of the Company increased by 486%, from Rs. 356.16 crores as at March 31, 2016 to Rs. 2,060.26 crores as at March 31, 2017. The price to earnings ratio increased by 338%, from 33.61 times as at March 31, 2016 to 147.25 times as at March 31, 2017.

Year 1995, the Company (then known as H. K. Agrochem Limited) came out with an issue of 20,00,000 fully paid equity shares of Rs. 10/- each at par for cash for an aggregate amount of Rs. 2.00 crores. The Company had three back to back bonus issue of equity shares as follows :

(a) Year 2012 – Two bonus equity shares of Rs. 10/- each fully paid up for every 10/- equity shares of Rs. 10/- each fully paid up.

(b) Year 2013 – One bonus equity share of Rs. 10/- each fully paid up for every 10/- equity shares of Rs. 10/- each fully paid up.

(c) Year 2014 - One bonus equity share of Rs. 10/- each fully paid up for every 10/- equity shares of Rs. 10/- each fully paid up

The equity shares of the Company closed at Rs. 547.80 on Bombay Stock Exchange of India Limited on March 31, 2017, representing an increase of 7954% since the date of Public Issue (after adjustment for 3 bonus issues).

(d) Year 2017 - 12,634,353 equity shares of Rs.10/- each fully paid up issued to the eligible shareholders of Privi Organics Limited pursuant to Scheme of Arrangement approved by Hon'ble NCLT.

(e) Year 2017 - 11,81,404 equity shares of Rs.10/- each fully paid up issued on conversion of equal number of compulsorily convertible preference shares of Rs.10/- each on exercise of option by the holders of said CCPS.

(H) Key Parameters for Variable Component of remuneration availed by the Directors

There was no variable component in form of Commission payment to any Director-whether Executive or Non-Executive Directors during F.Y. 2016-17.

(I) There were no employees (who are not directors) who received remuneration in excess of the highest paid Director of the Company during the year.

ANNEXURE TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES:

(1) (1) Brief outline of the Company's CSR policy, including overview of the projects or programs proposed to be undertaken and a reference to web-link to the CSR policy and projects or programs :

The CSR policy framed pursuant to the provisions of section 135 of The Companies Act, 2013 is available on the Company's website. The web-link of the same is –

http://www.fairchem.in/CSR%20Policy.pdf

The Company proposes to focus on the following areas of the CSR Policy:

(a) Organising / sponsoring need based programs for Health

(b) Providing financial support to non-profit making entities involved in preventive health care.

(c) Providing direct financial assistance for medical treatment in hospitals / nursing homes.

(d) Providing financial support to campaigns meant for creating public awareness in the area of eradication of diseases.

(e) Initiatives relating to better hygiene and sanitation.

(2) Composition of the CSR Committee :

(w.e.f. May 21, 2017)	(up to May 21, 2017)
i. Shri Utkarsh Shah (Chairman)	i Shri Nahoosh Jariwala
ii. Ms. Radhika Pereira, Independent Director	ii Shri Bimal Parikh
iii. Shri Hemang Gandhi, Independent Director	iii Shri Hemant Shah
iv. Shri Nahoosh Jariwala	iv Shri Nitin Patel, Independent Director
v. Shri D. B. Rao	

(3) Average Net Profit of the Company for last three financial years is Rs. 2205.72 Lakhs.

(4) Prescribed CSR Expenditure (2% of the amount as in item No. 3 above.) Rs. 44.11 lakhs.

(5) Details of CSR spent during the Financial Year

(a) Total amount to be spent for the financial year : Rs. 44.11 lakhs.

(b) Amount unspent : Rs. 16.50 lakhs.

(c) Manner in which the amount is spent during the financial year detailed below :

(Amount in Rs.)

Sr. No.	CSR Project/ Activities	Sector	Location of the Project	Amount outlay (Budget) Project or Program wise	Amount spent on the Project or Program Sub_heads: (1) Direct Expenditure on Projects (2) Overheads	Cumulative Expenditure up to Reporting Period	Amount Spent Direct or Through implementing Agency
1	Eye check-up Camp and Specs Distribution	Health	Chekhala Ta. Sanand	43,112/-	43,112/-	43,112/-	Direct
2	Pencil, NoteBook, Lunch Box, Water Bottle, Distribution in School	Education	Chekhala Ta. Sanand	65,251/-	65,251/-	65,251/-	Direct
3	Dialysis Machine	Health	Surendranagar	26,52,500/-	26,52,500/-	26,52,500/-	Direct

The committee could not spend the full amount of Rs. 44.11 lakhs as it was still working on permissible spends for nearby villages. During the current year the commitee will make additional efforts to spend full amount required to be spent.

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2017

Form No. MGT-9

Pursuant to Section 92 (3) of the Companies Act, 2013 and
rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION AND OTHER DETAILS :

i	CIN	L15140MH1985PLC286828
ii	Registration Date	25.05.1985
iii	Name of the Company	FAIRCHEM SPECIALITY LIMITED (FORMERLY KNOWN AS ADI FINECHEM LIMITED)
iv	Category/Sub-category of the Company	Public Company/Limited by Shares
v	Address of the Registered office	324, Dr. D.N. Road, Fort, Mumbai - 400 001
	Contact details	**Corporate Office :** 1st Floor, 2, Sigma Corporates, Behind HOF Living, Sindhu Bhavan Road, Off. S. G. Road, Ahmedabad - 380059. Phone : (079) 29701675
vi	Whether listed company	Yes
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime(India) Pvt. Ltd. C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083. Phone: (022) 4918 6270

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Deodorizer Distillate (Mixed Tocopherol Concentrate)	3004	13.64%
2	Dimer Acid	3009	31.59%
3	Linoleic Acid / Soya Fatty Acid	3004	17.88%

III. PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES :

SI No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Privi Organics India Limited (Formerly known as Adi Aromatic Limited)	U24220MH2016PLC283393	Subsidiary	100%	2(87)(ii)

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	1,413,536	Nil	1,413,536	10.25%	550,000	7,899,567	8,449,567	22.47%	12.22%
b) Central Govt.or State Govt.									
c) Bodies Corp.	1,046,464	Nil	1,046,464	7.59%	1,000,000	448,996	1,448,996	3.85%	-3.74%
d) Banks/FI									
e) Any other…									
Sub-Total (A)(1)	**2,460,000**	**0**	**2,460,000**	**17.84%**	**1,550,000**	**8,348,563**	**9,898,563**	**26.32%**	**8.48%**
(2) Foreign									
a) NRIs- Individuals	Nil	Nil	Nil	Nil					
b) Other-individuals	Nil	Nil	Nil	Nil					
c) Bodies Corp.	Nil	Nil	Nil	Nil					
d) Banks/FI	Nil	Nil	Nil	Nil					
e) Any other ……..	6,198,074	-	6,198,074	44.93%	6,198,074	12,109,244	18,307,318	48.68%	3.75%
Sub-Total (A))(2)	**6,198,074**	**0**	**6,198,074**	**44.93%**	**6,198,074**	**12,109,244**	**18,307,318**	**48.68%**	**3.75%**
Total Share holding Promoter(s) A=A(1)+A(2)	**8,658,074**	**Nil**	**8,658,074**	**62.77%**	**7,748,074**	**20,457,807**	**28,205,881**	**75.00%**	**12.23%**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	470,000	Nil	470,000	3.41%	480,067	0	480,067	1.28%	-2.13%
b) Banks/FI					1821		1821	0.00%	
c) Central Govt.									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs	23,500	Nil	23,500	0.17%					-0.17%
h) Foreign venture Capital Funds									
i) Others (specify) Foreign Portfolio Investor (Corporate)	622,284	Nil	622,284	4.51%	577,406	0	577,406	1.54%	-2.97%
Sub-total (B) (1)	**1,115,784**	**Nil**	**1,115,784**	**8.09%**	**1,059,294**	**0**	**1,059,294**	**2.82%**	**-5.27%**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies corporates	398,031	5,227	403,258	2.92%	414,997	-	414,997	1.10%	-1.82%
i) Indian	Nil	Nil	Nil	Nil					
ii) Overseas	Nil	Nil	Nil	Nil					
b) Individuals	Nil	Nil	Nil	Nil					
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	1,726,113	234,450	1,960,563	14.21%	2,114,801	568,333	2,683,134	7.13%	-7.08%
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	1,465,939	Nil	1,465,939	10.63%	1,990,831	-	1,990,831	5.29%	-5.34%
c) Others (Non Residents)	185,917	Nil	185,917	1.35%	204,678	3020160	3,224,838	8.57%	7.22%
d) Other (Clearing Members)	4,465	Nil	4,465	0.03%	30,782		30,782	0.08%	0.05%
SUB TOTAL (B)(2):	**3,780,465**	**239,677**	**4,020,142**	**32.71%**	**4,756,089**	**3,588,493**	**8,344,582**	**22.19%**	**-10.52%**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**4,896,249**	**239,677**	**5,135,926**	**37.51%**	**5,815,383**	**3,588,493**	**9,403,876**	**25.00%**	**-12.51%**
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**13,554,323**	**239,677**	**13,794,000**	**100.00%**	**13,563,457**	**24,046,300**	**37,609,757**	**100.00%**	**0**

(ii) Shareholding of Promoters/Promoters Group

Sl. No.	Shareholders' name	Shareholding at the beggining of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	FIH Mauritius Investments Limited	6,194,824	44.91%	-	18,304,068	48.67%		3.76%
2	Shri Utkarsh Shah	550,000	3.99%	-	550,000	1.46%	-	-2.52%
3	Shri Hemant Shah*	405,000	2.94%	-	-	-	-	-2.94%
4	Bimalbhai Dashrathbhai Parikh*	358,536	2.60%		-	-	-	-2.60%
5	Nahoosh Tradelink LLP	663,019	4.81%		663,019	1.76%	-	-3.04%
6	Jariwala Tradelink LLP	336,981	2.44%		336,981	0.90%	-	-1.55%
7	Rohan Hemant Shah*	100,000	0.72%		-	-	-	-0.72%
8	Dashrath Jagmohandas Investments Pvt. Ltd.*	43,560	0.32%	-	-	-	-	-0.32%
9	Ashmak Investments Private Limited*	2,904	0.02%		-	-	-	-0.02%
10	FIH Private Investments Limited	3,250	0.02%		3,250	0.01%	-	-0.01%
11	Mahesh Babani	-	-		3,039,297	8.08%		8.08%
12	Mahesh Babani - HUF	-	-		1,688,696	4.49%		4.49%
13	Seema Babani	-	-		87,539	0.23%		0.23%
14	Snehal Babani	-	-		286,284	0.76%		0.76%
15	Vivira Chemicals Pvt. Ltd.	-	-		75,172	0.20%		0.20%
16	Money Mart Securities Pvt. Ltd.	-	-		194,826	0.52%		0.52%
17	Jyoti Babani	-	-		127,238	0.34%		0.34%
18	D.B. Rao	-	-		681,484	1.81%		1.81%
19	Vivira Investments & Trading Co. P. Ltd.	-	-		178,998	0.48%		0.48%
20	D. Vinaykumar	-	-		450,777	1.20%		1.20%
21	D. Vijaykumar	-	-		428,841	1.14%		1.14%
22	Grace Vinaykumar	-	-		141,234	0.38%		0.38%
23	Sharon Vijaykumar	-	-		149,428	0.40%		0.40%
24	D. Premaleela	-	-		166,986	0.44%		0.44%
25	D. Rajkumar	-	-		420,190	1.12%		1.12%
26	Prasanna Rajkumar	-	-		174,621	0.46%		0.46%
27	Guduru Ramesh	-	-		56,952	0.15%		0.15%
	Total	**8,658,074**	**62.77%**		**28,205,881**	**75.00%**	**-**	

*** Reclassification from Promoters to Public Shareholders w.e.f. January 22, 2017 as per approval of members received through Postal Ballot.**

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	8,658,074	62.77%	28,205,881	75.00%
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc)	#	#		N/a
		Details given in Separate table here below			
	At the end of the year	8,658,074	62.77%	28,205,881	75.00%

#Reason for increase: Purusant to the scheme of Arrangement between the Company, Adi Aromatic Limited (now known as Privi Organics India Limited) and Privi Organics Limited, 12,634,353 equity shares were issued to the Promoters of Privi Organics Limited. Further on exercise of the option by the holders of Compulsorily Convertible Preference Share (CCPS) the Company had converted 88.50% of the said CCPS and issued /allotted, on March 14, 2017, further 11,181,404 equity shares in the ratio of one equity share for one CCPS. Thus, during the year 23,815,757 new equity shares were issued by the Company.

Sl. No.	Name	Shareholding					Cumulative shareholding during the year	
		No. of shares at the beginning	% of total shares of the Company	Date	Increase / Decrease in shareholding	Reason	No. of shares	% of total shares of the Company
1	Shri Utkarsh B. Shah	550,000	3.99				550,000	1.46
2	Hemant N. Shah *	405,000	2.94				405,000	1.08
3	Bimalbhai Dashrathbhai Parikh *	358,536	2.60				358,536	0.95
4	Nahoosh Tradelink LLP	663,019	4.81				663,019	1.76
5	Jariwala Tradelink LLP	336,981	2.44				336,981	0.90
6	Rohan Hemant Shah	100,000	0.72				100,000	0.27
7	FIH Mauritius Investments Limited	6,194,824	44.91	14.03.2017	6,424,002	New Equity alloted as per Scheme of arrangement	12,618,826	47.75
				14.03.2017	5,685,242	Equity on Conversion of 88.50% CCPS	18,304,068	48.67
8	FIH Private Investments Limited	3,250	0.02				3,250	0.01
9	Mahesh Babani			14.03.2017	1,612,359	New Equity alloted as per Scheme of arrangement	1,612,359	6.10
				14.03.2017	1,426,938	Equity on Conversion of 88.50% CCPS	3,039,297	8.08
10	Mahesh Babani - HUF			14.03.2017	895,860	New Equity alloted as per Scheme of arrangement	895,860	3.39
				14.03.2017	792,836	Equity on Conversion of 88.50% CCPS	1,688,696	4.49
11	Seema Babani			14.03.2017	46,440	New Equity alloted as per Scheme of arrangement	46,440	0.18
				14.03.2017	41,099	Equity on Conversion of 88.50% CCPS	87,539	0.23

Sl. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares at the beginning	% of total shares of the Company				No. of shares	% of total shares of the Company
12	Snehal Babani			14.03.2017	151,875	New Equity alloted as per Scheme of arrangement	151,875	0.57
				14.03.2017	134,409	Equity on Conversion of 88.50% CCPS	286,284	0.76
13	Vivira Chemicals Pvt. Ltd.			14.03.2017	39,879	New Equity alloted as per Scheme of arrangement	39,879	0.15
				14.03.2017	35,293	Equity on Conversion of 88.50% CCPS	75,172	0.20
14	Money Mart Securities Pvt. Ltd.			14.03.2017	103,356	New Equity alloted as per Scheme of arrangement	103,356	0.39
				14.03.2017	91,470	Equity on Conversion of 88.50% CCPS	194,826	0.52
15	Jyoti Babani			14.03.2017	67,500	New Equity alloted as per Scheme of arrangement	67,500	0.26
				14.03.2017	59,738	Equity on Conversion of 88.50% CCPS	127,238	0.34
16	D.B. Rao			14.03.2017	361,530	New Equity alloted as per Scheme of arrangement	361,530	1.37
				14.03.2017	319,954	Equity on Conversion of 88.50% CCPS	681,484	1.81
17	Vivira Investments & Trading Pvt. Ltd.			14.03.2017	94,959	New Equity alloted as per Scheme of arrangement	94,959	0.36
				14.03.2017	84,039	Equity on Conversion of 88.50% CCPS	178,998	0.48
18	D. Vinaykumar			14.03.2017	239,139	New Equity alloted as per Scheme of arrangement	239,139	0.90
				14.03.2017	211,638	Equity on Conversion of 88.50% CCPS	450,777	1.20

Sl. No.	Name	Shareholding		Date	Increase / Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares at the beginning	% of total shares of the Company				No. of shares	% of total shares of the Company
19	D. Vijaykumar			14.03.2017	227,502	New Equity alloted as per Scheme of arrangement	227,502	0.86
				14.03.2017	201,339	Equity on Conversion of 88.50% CCPS	428,841	1.14
20	Grace Vinaykumar			14.03.2017	74,925	New Equity alloted as per Scheme of arrangement	74,925	0.28
				14.03.2017	66,309	Equity on Conversion of 88.50% CCPS	141,234	0.38
21	Sharon Vijaykumar			14.03.2017	79,272	New Equity alloted as per Scheme of arrangement	79,272	0.30
				14.03.2017	70,156	Equity on Conversion of 88.50% CCPS	149,428	0.40
22	D. Premaleela			14.03.2017	88,587	New Equity alloted as per Scheme of arrangement	88,587	0.34
				14.03.2017	78,399	Equity on Conversion of 88.50% CCPS	166,986	0.44
23	D. Rajkumar			14.03.2017	222,912	New Equity alloted as per Scheme of arrangement	222,912	0.84
				14.03.2017	197,278	Equity on Conversion of 88.50% CCPS	420,190	1.12
24	Prasanna Rajkumar			14.03.2017	92,637	New Equity alloted as per Scheme of arrangement	92,637	0.35
				14.03.2017	81,984	Equity on Conversion of 88.50% CCPS	174,621	0.46
25	Guduru Ramesh			14.03.2017	30,213	New Equity alloted as per Scheme of arrangement	30,213	0.11
				14.03.2017	26,739	Equity on Conversion of 88.50% CCPS	56,952	0.15

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters & Holders of GDRs & ADRs)

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year		Change in Shareholding (no. of shares)		Cumulative Shareholding during the year	
		No. of Shares	% of total shared of the Company	Increase	Decrease	No. of Shares	% of total shared of the Company
1	Banbridge Limited.	-	-	2,320,354	-	2,320,354	6.17
2	Rajesh Budhrani	-	-	699,806	-	699,806	1.86
3	Malabar India Fund Limited	589,784	4.28	-	105,000	484,784	1.29
4	SBI Small and Midcap Fund	470,000	3.41	-	0	470,000	1.25
5	India Infoline Limited	-		218,508		218,508	0.58
6	Rohinton Soli Screwvala	145,742	1.06	-	0	145,742	0.39
7	Dhirendra B. Shah	132,531	0.96		9,850	122,681	0.33
8	Abhijit Gore	-	-	102,146	-	102,146	0.27
9	Hiren Dand	-	0.00	70,564	0	70,564	0.19
10	Aspire Emerging Fund	-	-	62,564	0	62,564	0.17

Note: Top ten shareholders of the Company as on March 31, 2017 has been considered for the above disclosure.

(v) Shareholding of Directors & KMP

Sl. No.	Name	Shareholding		Increase / Decrease in shareholding	Reason	Cumulative shareholding during the year	
		No. of shares at the beginning	% of total shares of the Company			No. of Shares	% of total shares of the Company
1	Shri Utkarsh B. Shah	550,000	3.99			550,000	1.46
2	Shri Hemant N. Shah*	405,000	2.94			405,000	1.08
4	Shri Bimalbhai Dashrathbhai Parikh*	358,536	2.60			358,536	0.95
5	Shri Bhavin A. Shah*	1,000	0.01			1,000	0.00
	Key Managerial Personnel (KMP's)						
1	Mr. Rajen Jhaveri	5,808	0.04			5,808	0.02

* Resigned from the Directorship of the Company w.e.f. May 11, 2017

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rs.)

	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	336,528,665	-	-	336,528,665
ii) Interest due but not paid	8,453	-	-	8,453
iii) Interest accrued but not due	1,205,905	-	-	1,205,905
Total (i+ii+iii)	337,743,023	-	-	337,743,023
Change in Indebtedness during the financial year				
• Addition	310,317,439	-	-	310,317,439
• Reduction	53,850,930	-	-	53,850,930
Net Change	256,466,509	-	-	256,466,509
Indebtedness at the end of the financial year				
i) Principal Amount	592,158,053	-	-	592,158,053
ii) Interest due but not paid	145,636	-	-	145,636
iii) Interest accrued but not due	1,905,844	-	-	1,905,844
Total (i+ii+iii)	594,209,533	-	-	594,209,533

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / EX.Dir / Manager	Total
		Shri Nahoosh Jariwala	
1	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	14,400,000	14,400,000
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	39,600	39,600
	(c) Profit in lieu of Salary under section 17(3) Income tax Act, 1961.		
2	Stock Option		
3	Sweat Equity		
4	Commission - As% of Profit - Others Specify	–	–
5	Others, Please Specify		
	Total(A)	14,439,600	14,439,600

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Shri Jayesh K. Shah	Shri Kalpesh A. Patel	Shri Ganpatraj L. Chowdhary	Shri Nitin R. Patel	Shri Bhavin A. Shah	Mrs. Sonal Ambani	Total Amount (in Rs.)
1.	Independent Directors							
	a) Fee for attending board, committee meetings	111,500	91,500	60,000	100,000	50,000	80,000	493,000
	b) Commission	--	--	--	--	--	--	--
	c) Others, Please Specify Director Remuneration	--	--	--	--	--	--	--
	Director Remuneration							
	Total (1)	111,500	91,500	60,000	100,000	50,000	80,000	493,000
2.	Other Non- Executive Directors							
	a) Fee for attending board, committee meetings	--	--	--	--	--	--	--
	b) Commission	--	--	--	--	--	--	--
	c) Others, Please Specify	--	--	--	--	--	--	--
	Total (2)	0	0	0	0	0	0	0
	Total B = (1+2)	111,500	91,500	60,000	100,000	50,000	80,000	493,000
	Total Managerial Remuneration							14,932,600 #
	Overall ceiling as per Act.							

Total remuneration to Managing Director, Whole time Director and other Directors (being the total of A & B)

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(Amount in Rs.)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		C.F.O. & Company Secretary	Total
1	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	3,960,948	3,960,948
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	28,800	28,800
	(c) Profit in lieu of Salary under section 17(3) Income tax Act, 1961.	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as % of profit	-	-
	others, specify	-	-
5	Others, please specify	-	-
	Total	3,989,748	3,989,748

VII. Penalties / Punishment / Compounding of Offences : Not Applicable

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCTL/Court	Appeal made if any, (give details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment					
Compounding					
C. Other Officers in Default					
Penalty					
Punishment					
Compounding					

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
FAIRCHEM SPECIALITY LIMITED
(Formerly known as Adi Finechem Limited)
CIN: L15140MH1985PLC286828
324, DR. D.N. ROAD,
FORT, MUMBAI - 400001.
MAHARASHTRA

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by FAIRCHEM SPECIALITY LIMITED (Formerly known as Adi Finechem Limited) (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit; we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

1) The Companies Act, 2013 (the Act) and the Rules made thereunder;
2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
    (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    (d) The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations,2014 -Not Applicable as the Company has not issued any Shares / options to the Directors /Employees under the said Regulations during the year under review;
    (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 -Not Applicable as the Company has not issued any debt securities during the year under review;
    (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- Not Applicable as the Company has not delisted its securities from any Stock Exchange during the year under review;
    (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 -Not Applicable as the Company has not bought – back any of its securities during the year under review;
    (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have also examined compliance with the applicable Standards / Clauses / Regulations of the following:

i. Secretarial Standards with respect to the Meetings of the Board of Directors and Committee Meetings of the Board (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
ii. The Uniform Listing Agreement entered into by the Company with NSE Limited and BSE Limited.

During the Audit period under review, the Company has complied with the applicable provisions of Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above except that the Company has not mentioned the reasons for spending lower amount than the prescribed amount towards Corporate Social Responsibility in the Directors' Report for the financial year 2015-16.

We further report that:

During the audit period under review there were no specific laws which were exclusively applicable to the Company / Industry. However, having regard to the compliance system prevailing in the Company and on examination of relevant documents and records on test - check basis, the Company has complied with the material aspects of the following significant laws applicable to the Company being engaged in the manufacturing activities:

1. Factories Act,1948;
2. The Boilers Act, 1923 and the Rules framed thereunder;
3. Explosive Act, 1884;

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board which took place during the year under review were carried out in compliance of the provisions of Act.

Adequate notice is given to all the Directors to schedule the Board Meetings at least seven days in advance except for the Board meetings held at Shorter Notices in due compliances of law. Agenda and detailed notes on agenda were sent well in advance and a system exists for seeking and obtaining future information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of Board of Directors/ Committees of the Company were carried unanimously. We were informed that there were no dissenting views of the members on any of the matters during the year that were required to be captured and recorded as part of the minutes.

We further report that:

Based on the review of compliance mechanism established by the Company, the information provided by the Company, its officers and authorized representatives during the conduct of the audit, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable general laws, rules, regulations and guidelines such as Labour Laws, the Trade Marks Act, 1999, the Indian Copyright Act, 1957, the Patents Act, 1970.

We further report that:

The Compliance by the Company of the applicable financial laws like Direct and Indirect Tax laws, has not been reviewed in this Audit since the same have been subject to the review by the Statutory Auditor(s) and other designated professionals.

We further report that:

During the Audit period under review, the event / action having major bearing on the Company's affairs in pursuance of the above mentioned laws, rules, regulations, guidelines, standards, etc. is as mentioned below:

1. Incorporation of a Wholly owned Subsidiary Company M/s. Adi Aromatic Limited. The certificate of incorporation for the said Company was issued on July 8, 2016.
2. Adoption of new set of Articles of Association of the Company by way of Special resolution passed at the Annual General Meeting held on September 9, 2016.
3. Pursuant to SEBI's order No. WTM / RKA/ MIRSD2/ 41/ 2016 dated March 22, 2016, the Company has submitted the Audit report to relevant authorities including SEBI on maintenance of records by M/s. Sharepro Services (India) Private Limited with respect to payment of Dividend and transfer of Shares to actual / beneficial owners of the Company. The Company has appointed M/s. Link Intime India Private Limited as its new Registrar and Transfer Agent (RTA) and has terminated the agreement with M/s. Sharepro Services (India) Private Limited.
4. Pursuant to the approval from members through Postal ballot on September 11, 2016, the following events took place :
    a. The name of the Company has been changed from Adi Finechem Limited to Fairchem Speciality Limited and Company has obtained The fresh certificate of incorporation from The office of Registrar of Companies, Gujarat on October 6, 2016.
    b. The Registered office of Company has been shifted from State of Gujarat to State of Maharashtra and necessary approval has been obtained to that effect and Company has obtained fresh certificate of incorporation from The Registrar of Companies, Maharashtra on October 15, 2016.
5. Pursuant to the approval of members through postal ballot on January 22, 2017 the following events took place:
    a. Re-classification of Mr. Bimalbhai Parikh and Mr. Hemantbhai Shah from 'Promoter Shareholders' to 'Public Shareholders'.

b. Sub – Division of Preference Shares from Rs. 100 per share to Rs. 10/- per share and consequent alteration of Memorandum of Association.

c. Increase in the Authorised Share Capital of the Company to Rs. 45,00,00,000/- (Rupees Forty Five Crore only) divided into 3,00,00,000 (Three Crore) Equity Shares of Rs. 10/- (Rupees Ten only) each and 1,5000,000 (One Crore Fifty Lakh) Preference Shares of Rs. 10/- (Rupees Ten only) each.

6. The Scheme of Arrangement between Privi Organics Limited ("Demerged Company"), Fairchem Speciality Limited (the "1st Resulting Company") (Formerly known as Adi Finechem Limited) and Adi Aromatic Limited ("2nd Resulting Company") and their respective shareholders and creditors has been approved by members at the Court Convened meeting held on January 16, 2017 and has also been approved by 'Public Shareholder' through postal ballot pursuant to SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015. Further the scheme has been approved by Hon'ble National Company Law Tribunal, Mumbai Bench vide its order dated February 22, 2017.

7. Pursuant to the sanctioned Scheme as aforesaid, the Board of Directors at its meeting held on March 14, 2017 has:

a. Issued and allotted 1,26,34,353 equity shares of face value of Rs. 10/- each to the shareholders of Privi Organics Limited.

b. Issued and allotted 1,26,34,353 0.0001% compulsorily convertible preference shares of face value of Rs. 10/- each to the shareholders of Privi Organics Limited.

8. Out of total preference shares issued, upon exercising of option of conversion by the preference shareholders, 1,11,81,404 preference shares were converted into Equity shares of the Company.

9. Post reclassification / conversion of preference shares into Equity Shares the revised Authorised Share Capital structure is as follows:

i. Rs. 40,00,00,000 Equity share capital consisting of 4,00,00,000 Equity Shares of Rs. 10/- each.
ii. Rs. 5,00,00,000 Preference share capital consisting of 50,00,000 Preference Shares of Rs. 10/- each.

For **Parikh Dave & Associates**
Company Secretaries

Uday G. Dave
PRACTICING COMPANY SECRETARY
FCS No. 6545 C P No.: 7158

Place : Ahmedabad
Date : May 11, 2017

Note: This report is to be read with our letter of even date which is annexed as **Annexure – A** and forms an integral part of this report.

ANNEXURE A

To,
The Members,
FAIRCHEM SPECIALITY LIMITED
(Formerly known as Adi Finechem Limited)
CIN: L15140MH1985PLC286828

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices followed by us provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Parikh Dave & Associates**
Company Secretaries

Uday G. Dave
PRACTICING COMPANY SECRETARY
FCS No. 6545 C P No.: 7158

Place : Ahmedabad
Date : May 11, 2017

Report on Corporate Governance

[Pursuant to Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 under Uniform Listing Agreement]

1. **Company's Philosophy on the Code of Governance**

The company has set itself the objective of expanding its capacities and becoming one of the most cost efficient manufacturers globally competitive in its business. As a part of its growth strategy, the company believes in adopting the best practices that are followed in the area of Corporate Governance across geographies. The company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interest of its stakeholders. The Board considers itself as a Trustee of company's shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth.

2. **Board of Directors**

- **Composition of the Board of Directors (Board)**

The composition of the Board of Directors of the company is in conformity with the requirement of Regulation 17 of SEBI (LODR) Regulations, 2015.

In compliance with the Corporate Governance norms in terms of constitution of the Board, headed by Non-executive Chairman, the Board currently (w.e.f. May 11, 2017) has Two Executive Directors and Eight Non-executive Directors, including one woman Director, representing optimum combination of professionalism, knowledge and experience to ensure the independence of the Board and to separate the Board functions of governance and management. The Board at its meeting held on May 11, 2017 filled in 4 casual vacancies out of 6 casual vacancies which arose at the said meeting. The remaining Two casual vacancies will have to be filled in within 3 months or at the next Board Meeting whichever is later.

Attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) and the number of companies and committees where he is Chairman / Member:

Directors	Category	Attendance Particulars		Directorships in other Public Ltd. Companies incorporated in India.	Committee Memberships*	
		Board Meeting	Last AGM		Member	Chairman
Shri Utkarsh B. Shah (Chairman)	Promoter, - Non-Executive	9	Yes	1	Nil	Nil
Shri Nahoosh J. Jariwala (Managing Director)	Promoter, Executive	9	Yes	1	Nil	Nil
Shri Harsha Raghavan	Nominee – Non- Executive	3	Yes	7	7	Nil
Shri Sumit Maheshwari	Nominee - Non- Executive	7	Yes	1	Nil	Nil
Shri Bimal D. Parikh #	Non-Independent - Non-Executive	9	Yes	Nil	1	Nil
Shri Hemant N. Shah #	Non-Independent - Non-Executive	8	No	Nil	Nil	Nil
Shri Jayesh K. Shah #	Independent, Non-Executive	7	No	6	Nil	Nil
Shri Kalpesh A. Patel #	Independent, Non-Executive	7	Yes	Nil	Nil	Nil
Shri Ganpatraj L. Chowdhary #	Independent, Non-Executive	6	Yes	2	Nil	Nil
Shri Nitin R. Patel #	Independent, Non-Executive	7	Yes	Nil	Nil	Nil
Shri Bhavin A. Shah #	Independent, Non-Executive	5	Yes	Nil	Nil	Nil
Ms. Sonal Vimal Ambani #	Independent, Non-executive	8	Yes	4	Nil	Nil
Shri Mahesh Babani # #	Promoter - Executive	N.A.	N.A.	2	Nil	Nil
Shri D. B. Rao # #	Promoter - Non-Executive	N.A.	N.A.	2	Nil	Nil
Shri Rajesh Budhrani # #	Independent, Non-executive	N.A.	N.A.	5	Nil	Nil
Shri P.R. Barpande ##	Independent, Non-executive	N.A.	N.A.	8	1	1
Shri Hemang Gandhi ##	Independent, Non-executive	N.A.	N.A.	4	Nil	Nil
Ms. Radhika Pereira ##	Independent, Non-executive	N.A.	N.A.	4	3	1

* *Includes only Audit Committee and Stakeholders' Relationship in other Public Limited Companies – whether listed or not.

\# Ceased to be a Director w.e.f. May 11, 2017

\## Appointed as a Director w.e.f. May 11, 2017

During the year, there have been no materially significant related party transactions, pecuniary relationships or transactions between the company and its non-executive Directors that may have potential conflict with the interests of the Company at large.

- **Board Meetings and Attendance**

The Meeting of the Board of Directors is generally scheduled in advance. The Board meets at least once in a quarter inter-alia to review the performance of the Company and consideration of quarterly financial results. Each time, a detailed agenda is prepared in consultation with the Managing Director. Nine Board meetings were held in the year 2016-17 and the gap between two Board meetings has not exceeded four months. The dates on which meetings were held are as follows:

No.	Date of Meeting	No. of Directors Present	No.	Date of Meeting	No. of Directors Present
1	April 29, 2016	6	5.	October 24, 2016	9
2	June 06, 2016	9	6.	December 20, 2016	9
3	July 12, 2016	9	7.	February 01, 2017	11
4	August 03, 2016	10	8.	March 14, 2017	11
			9.	March 14, 2017	11

- **Appointment of Independent Directors**

Firstly, the Nomination and Remuneration Committee identifies, based on Company's policy for such position, suitable person having expert knowledge and skill in his / her profession / area of business and who can effectively participate in Board proceedings and recommends the same to the Board. The Board after evaluating the said Committee's recommendation takes the decision which according to the Board is in the best interest of the Company.

- **Meeting of Independent Directors**

The Independent Directors meet at least once in a financial year without the presence of Promoter Directors and management personnel. They discuss the matters pertaining to the business and other related affairs of the Company. The views expressed at such meeting are brought to the knowledge of the Chairman of the Board.

During the year, one such meeting took place.

- **Code of Conduct**

The Company has in place separate texts of Code of Conduct – one for all the Directors and the other for all Senior Management Personnel. It seeks to achieve, among others, higher standards of personal and professional integrity. A copy of the code has been placed on the Company's website (www.fairchem.in). The code has been circulated to all the Directors and Senior Management Personnel and they affirm its compliance every year.

3. Audit Committee

Composition :

The composition of Audit Committee is in line with Provisions of Section 177 of the Companies Act, 2013 and is in compliance with Regulation 18 of SEBI (LODR) Regulations, 2015. The members of Audit Committee consists of following Directors, viz. Shri Jayesh K. Shah as Chairman of the Committee, Shri Sumit Maheshwari, Shri Kalpesh A. Patel and Shri Nitin R. Patel as members.

Audit Committee comprises of three Independent Directors and one Nominee Director. All the members of the Committee are financially literate and have adequate accounting knowledge. The Audit Committee met Five times during the financial year 2016-17 - on April 29, 2016, July 12, 2016, August 03, 2016, October 24, 2016 and February 01, 2017.

The details of composition of the Committee and attendance at Meetings were as follows :

Name	Designation / Category	No. of Committee Meetings attended
Shri Jayesh K. Shah (Chairman)	Non-Executive - Independent	5
Shri Sumit Maheshwari	Non-Executive, Nominee	4
Shri Kalpesh A. Patel	Non-Executive - Independent	3
Shri Nitin R. Patel	Non-Executive - Independent	3

With effect from May 11, 2017 Audit Committee has been reconstituted as follows :

Name	Designation / Category	No. of Committee Meetings attended
Shri P.R. Barpande (Chairman)	Non-Executive - Independent	N.A.
Shri Sumit Maheshwari	Non-Executive, Nominee	4
Shri Mahesh Babani	Executive - Promoter	N.A.
Shri Rajesh Budhrani	Non-Executive - Independent	N.A.
Shri Hemang Gandhi	Non-Executive - Independent	N.A.
Ms. Radhika Pereira	Non-Executive - Independent	N.A.

The scope of the Audit Committee includes:

(1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

(2) Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of statutory auditor and fixation of audit fees.

(3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

(4) Reviewing with 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 Directors' 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 its 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) Review and monitor the auditor's independence and performance, and effectiveness of audit process.

(8) Approval of any subsequent modification of transactions of the Company with related parties

(9) Scrutiny of inter-corporate loans and investments.

(10) Valuation of undertakings or assets of the Company, 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 if 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, any significant findings and follow up thereon.

(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 nature and scope of audit as well as has 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 CFO (i.e., the Whole time Finance Director or any other person heading the finance function or discharging that function) 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.

In addition to the areas noted above, Audit Committee looks into controls and security of the Company's internal control systems and internal audit reports.

The Committee Meetings were also attended by Managing Director, Internal Auditors, Statutory Auditors and Company Secretary who also acted as Secretary of the Committee.

The Board has laid down a Code of Conduct for all Directors and senior Management staff of the Company, which is also available on the website of the Company. All Directors and members of the senior Management have affirmed their compliance with the said Code. A declaration signed by the Managing Director to this effect is appended at the end of this Report.

A certificate from the Managing Director on the financial statements and other matters of the Company for the financial year ended March 31, 2017 is also appended at the end of this Report.

The Chairman of the Audit Committee was present in the last Annual General Meeting to answer the shareholders' queries.

4. Nomination and Remuneration Committee

Pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015, Board is required to constitute `Nomination and Remuneration Committee' consisting of 3 or more Non-executive Directors out of which not less than one half shall be Independent Directors.

The details of composition of the Nomination and Remuneration Committee and attendance at Meeting were as follows :

Name	Designation	No. of Committee Meeting attended
Shri Kalpesh A. Patel (Chairman)	Non-Executive - Independent	1
Shri Harsha Raghavan	Non-Executive - Nominee	1
Shri Ganpatraj L. Chowdhary	Non-Executive - Independent	1

With effect from May 11, 2017 Nomination and Remuneration Committee has been reconstituted as follows :

Name	Designation / Category	No. of Committee Meetings attended
Shri P.R. Barpande	Non-Executive - Independent	N.A.
Shri Hemang Gandhi	Non-Executive - Independent	N.A.
Shri Utkarsh Shah	Non-Executive - Promoter	N.A.
Shri Harsha Raghavan	Non-Executive, Nominee	N.A.

Terms of Reference :

(1) To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and removal.

(2) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration for the Directors, key managerial personnel and other employees.

(3) To formulate the criteria for evaluation of Independent Directors and the Board.

(4) To devise a policy on Board Diversity

(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.

Remuneration Policy :

The Company's Remuneration Policy for Directors is given here below. The Company's remuneration policy is to review the reward based on performance of the Company, the individual Director and existing industry practice.

The remuneration policy is recommended by the Nomination & Remuneration Committee and approved by the Board. The key objective of the remuneration policy is to ensure that it is aligned to the overall performance of the Company. The policy ensures that it is fair and reasonable and is linked to financial performance. For Directors in Executive category, it mainly comprises of fixed component. The remuneration policy is placed on the website of the Company. The remuneration paid to the Directors is in line with the remuneration policy of the Company.

Remuneration to Directors

Non-Executive Directors

The remuneration for non-executive (Independent) Directors consists of sitting fees. No other payment is made to the non-executive Directors.

Details of the remuneration paid to and shareholding of Non-executive Directors is provided in MGT-9 which forms part of Directors' Report.

Executive Directors

The executive Director of the Company viz. Managing Director has been appointed on a contractual basis, in terms of the resolution passed by the shareholders at the annual general meeting. Elements of the remuneration package comprise of salary and perquisites as approved by the members at the annual general meeting.

Details of the remuneration paid to and shareholding of Executive Director is provided in MGT-9 which forms part of Directors' Report.

Details of Remuneration :

The details relating to remuneration of Directors, as required under Regulation 34 of SEBI (LODR) Regulations, 2015 are as follows:

Details of remuneration paid to Directors during the financial year 2016-17.

(Amounts in Rs.)

Directors	Salaries	Perquisites	Sitting Fees	Total
Shri Utkarsh B. Shah	Nil	Nil	Nil	Nil
Shri Nahoosh J. Jariwala	14,400,000	39,600	Nil	14,439,600
Shri Harsha Raghavan	Nil	Nil	Nil	Nil
Shri Sumit Maheshwari	Nil	Nil	Nil	Nil
Shri Bimal D. Parikh	Nil	Nil	Nil	Nil
Shri Hemant N. Shah	Nil	Nil	Nil	Nil
Shri Jayesh K. Shah	Nil	Nil	1,11,500	1,11,500
Shri Kalpesh A. Patel	Nil	Nil	91,500	91,500
Shri Nitin R. Patel	Nil	Nil	1,00,000	1,00,000
Shri Ganpatraj L. Chowdhary	Nil	Nil	60,000	60,000
Shri Bhavin A. Shah	Nil	Nil	50,000	50,000
Mrs. Sonal V. Ambani	Nil	Nil	80,000	80,000

The Company has not granted any stock options to its Directors.

5. Stakeholders Relationship Committee

Stakeholders' Relationship Committee consists of Shri Ganpatraj L. Chowdhary, Independent, Non-Executive Director as Chairman of the committee, Shri Bimal D. Parikh, Director and Shri Bhavin Shah, Independent Director as members of the committee. At present, Mr. Rajen Jhaveri is the Company Secretary and Compliance Officer of the Company. With effect from May 11, 2017, Stakeholders Relationship Committee is reconstituted and it now has Shri Utkarsh Shah and Shri Hemang Gandhi, as members.

During the year, the Stakeholders' Relationship Committee met as and when required and all the members attended the meetings. The said committee looks into the redressal of Grievances of security Holders, if any, like Transfer / Transmission / Demat of Shares, Non-receipt of Annual Report, Non-receipt of Declared Dividends, Loss of Share Certificates etc.

During the year, Nil complaints were received from the security holders as per the certificate of RTA. No investor complaint was pending at the beginning or at the end of the year. The Company had no transfers pending at the close of the financial year.

6. Management Committee

Management Committee comprises of 3 Members namely (1) Shri Nahoosh Jariwala, Managing Director (2) Shri Harsha Raghavan, Nominee Director and (3) Shri Sumit Maheshwari, Nominee Director. The Committee looks after businesses which are administrative in nature and within the overall Board approved directions and framework. One meeting of the Committee was held during the year. The Company Secretary acts as the Secretary to the Committee.

7. Corporate Social Responsibility Committee

Pursuant to the provisions of section 135 of the Companies Act, 2013, Company has formed Corporate Social Responsibility Committee consisting of 4 directors out of which one director is an independent director. The CSR Committee consisted of Shri Nahoosh Jariwala, Shri Bimal Parikh, Shri Hemant Shah and Shri Nitin Patel as members. With effect from May 11, 2017 C.S.R. Committee has been reconstituted and it has now five Directors - viz i) Shri Utkarsh Shah, ii) Nahoosh Jariwala, iii) Shri D.B. Rao, iv) Shri Hemang Gandhi and v) Shri Radhika Pereira, out of which two Directors are Independent Directors.

8. Disclosures

(a) The Company has no materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, the Directors, the management or their relatives etc. that may have potential conflict with the interests of the Company at large.

Details of related party transactions are elaborated in Note No. 27 to the financial statements. The Company has formulated a policy on materiality of Related party Transactions and also on dealing with Related party transactions and during the year, there were no material transactions with related parties. The policy is also available on the website of the Company. (www.fairchem.in)

(b) There were no instances of non-compliance by the Company or Penalties imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to Capital Markets, during the last three years.

(c) The Company has put in place the Whistle Blower Policy and the same is available on the website of the Company. Under the said policy, the employees are encouraged to report genuine concerns about suspected misconduct without fear of punishment or unfair treatment. During the year under review, no employee was denied the access to the Audit Committee and / or its Chairman.

d) The Company has complied with all mandatory requirements of Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015.

e) During the year, the name of company was changed from Adi Finechem Ltd. to Fairchem Speciality Ltd. and Registered Office of the Company was shifted from Ahmedabad, Gujarat State to Mumbai, Maharashtra State.

9. Subsidiary Company

During the year, a wholly owned subsidiary company with the name of Adi Aromatic Ltd., was incorporated and pursuant to the Scheme of Arragement between the company, said Adi Aromatic Ltd. and Privi Organics Ltd., entire Aroma Chemical Business of Privi Organics Ltd., was demerged and vested in Adi Aromatic Ltd. The Name of said Adi Aromatic Ltd. has since been changed to Privi Organics India Ltd.

10. Code of Conduct

The Company's code of conduct has been complied with by all the members of the Board and select employees of the Company. The Company has in place a prevention of Insider Trading Code based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Directors and designated employees. The code ensures prevention of dealing in shares by persons having access to the unpublished price sensitive information.

11. Means of Communication

During the year, quarterly Unaudited financial results and audited annual financial results of the Company were submitted to the stock exchanges soon after its approval by the Board of Directors at their Meetings and were also published in English and vernacular newspapers. Annual financial performance of the Company is also posted on the Company's website i.e. www.fairchem.in

The report on Management Discussion and Analysis is annexed and forms part of the annual report.

12. Details of General Meetings

Location, date and time of General Meetings held during the last 3 years:

Meeting	Year	Venue of General Meeting	Date & Time	No. of Special Resolutions
29th AGM	2013-2014	Memories Hall, 2nd Floor, TGB Banquets & Hotels Limited (The Grand Bhagwati) S.G. Road, Bodakdev, Ahmedabad - 380054	June 30, 2014 at 5.00 p.m.	Two
30th AGM	2014-2015	Memories Hall, 2nd Floor, TGB Banquets & Hotels Limited (The Grand Bhagwati) S.G. Road, Bodakdev, Ahmedabad - 380054	July 27, 2015 at 5.00 p.m.	One
31st AGM	2015-2016	Memories Hall, 2nd Floor, TGB Banquets & Hotels Limited (The Grand Bhagwati) S.G. Road, Bodakdev, Ahmedabad – 380054	September 09, 2016 at 5.00 p.m.	Two

General Shareholder Information

Date, Time and Venue of 32nd Annual General Meeting
Friday, 11th August, 2017 at 4.00 p.m. at Mumbai.

Book Closure Date : From Saturday, August 05, 2017 to Friday, August 11, 2017 (both days inclusive)

Dividend Payment Date (subject to approval of the shareholders)
On or before September 9th September, 2017

Financial Calendar (Tentative)

Financial reporting for the quarter ending June 30, 2017	Second week of August, 2017
Financial reporting for the quarter/half year ending September 30, 2017	Second week of November, 2017
Financial reporting for the quarter ending December 31, 2017	Second week of February, 2018
Financial reporting for the year ending March 31, 2018	Third week of May, 2018
Annual General Meeting for the year ending March 31, 2018	August, 2018

STOCK PRICE:

High/Low of monthly Market Price of Company's Equity Shares traded on the National Stock Exchange of India Limited and BSE Limited during the financial year 2016-17 is furnished below:

Months	BSE Limited			*National Stock Exchange of India Ltd.		
	High	Low	No. of Shares	High	Low	Volume
April, 2016	326.00	256.00	1,08,307	329.00	255.00	1,91,017
May, 2016	319.50	271.00	65,249	320.00	270.00	86,217
June, 2016	374.00	273.00	1,17,097	371.60	270.20	1,92,869
July, 2016	409.90	323.50	3,33,395	409.00	325.00	5,78,280
August, 2016	399.00	330.00	1,03,722	403.00	309.00	2,05,037
September, 2016	448.00	372.00	1,64,952	449.00	373.00	4,97,561
October, 2016	534.55	430.00	1,59,841	539.00	433.00	4,56,153
November, 2016	543.85	390.00	1,10,651	540.95	390.20	2,65,566
December, 2016	537.60	420.15	1,26,268	535.00	433.05	1,43,732
January, 2017	560.00	498.00	1,17,284	559.50	501.00	2,47,777
February, 2017	540.00	464.15	76,675	536.80	462.00	90,912
March, 2017	595.00	452.00	1,78,294	600.00	465.00	1,85,008

The year-end price of the equity share of the Company at BSE Limited was Rs. 547.80 and at National Stock Exchange of India Limited was Rs. 558.26.

Share Price Performance in comparison to broad based indices such as BSE Sensex as on March 31, 2017:

	BSE (% Change)	
	Fairchem Speciality Limited (Formerly known as Adi Finechem Limited)	Sensex
F.Y. 2016-17	112.16 %	16.88 %

Share Transfer System

Transfer of shares held in physical mode is processed at Ahmedabad office of M/s. Link Intime (India) Pvt. Limited having its registered office situated at C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083, Registrar and Share Transfer Agent and approved by the Stakeholders Relationship Committee. Valid Share transfers in physical form and complete in all respects were approved, registered and dispatched within stipulated period respects were approved, registered and dispatched within stipulated period.

Reconciliation of Share Capital Audit & Certificate pursuant to Regulation 40 (9) of SEBI (LODR) Regulations, 2015:

We had carried out carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).

Pursuant to Regulation 40 (9) of SEBI (LODR) Regulations, 2015 with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.

Dematerialisation of Shares and Liquidity

As on March 31, 2017, 36.06 % shares of the Company were held in dematerialised form and the rest in physical form. The shares are traded on BSE Limited and National Stock Exchange of India Limited.

Distribution of Shareholding as on March 31, 2017.

Category (shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
1-500	4,394	83.84	5,35,030	1.42
501-1000	321	6.12	2,43,851	0.65
1001-2000	184	3.51	2,72,051	0.72
2001-3000	84	1.60	2,11,634	0.56
3001-4000	40	0.76	1,43,648	0.39
4001-5000	29	0.55	1,32,463	0.35
5001-10000	69	1.32	4,74,556	1.26
10001 -20000	120	2.29	3,55,96,524	94.65
Total	**5,241**	**100**	**3,76,09,757**	**100.00**

Categories of Shareholders, Category-wise Shareholding as on March 31, 2017

Category	No. of Shares held	% to total shares held
Individual	37,93,747	10.09
Promoters - Indian Promoters - Foreign Promoter	 98,98,563 1,83,07,318	 26.32 48.68
Other Corporate Bodies	4,61,461	1.23
Financial Institutions / Mutual Funds / Banks	4,81,888	1.28
Director & their relatives	8,64,536	2.30
Foreign Institutional Investors / Overseas Corporate Bodies	28,97,760	7.70
Non-Resident Indians	9,04,484	2.40
TOTAL	**3,76,09,757**	**100%**

Listing on Stock Exchanges at:

National Stock Exchange of India Limited	**BSE Limited**
Exchange Plaza, Plot No. C/1, G Block, Bandra – Kurla Complex, Bandra (E), Mumbai – 400 051	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.

Listing fees for the year 2017-18 have been paid to National Stock Exchange of India Limited and BSE Limited.

Stock Codes / Symbol	BSE Ltd.	....	530117
	National Stock Exchange of India Ltd.	....	*FAIRCHEM
	Demat ISIN No. in NSDL & CDSL for Equity Shares	....	INE959A01019

* Symbol changed during the year consequent to change of name.

Registered Office
324, Dr. D.N. Road, Fort, Mumbai – 400 001,

Corporate Office address
1st Floor, 2, Sigma Corporates, Behind HOF Living,
Sindhu Bhavan Road, Off. S.G.Road, Ahmedabad – 380059.
Tele No. (079) 29701675

Contact Person
Mr. Rajen Jhaveri
Chief Financial Officer and Company Secretary

E-mail
rajen.jhaveri@fairchem.in
deepak.parida@fairchem.in

Unclaimed Dividends
Rs. 1,73,865/- for the financial year 2010-11
Rs. 1,30,779/- for the financial year 2011-12
Rs. 1,20,070/- for the financial year 2012-13
Rs. 1,87,725/- for the financial year 2013-14
Rs. 3,58,695/- for the financial year 2014-15
Rs. 3,84,755/- for the financial year 2015-16

Plant Location
253/P and 312, Chekhala, Sanand-Kadi Highway,
Ta. Sanand, Dist. Ahmedabad - 382 115, Gujarat, INDIA.

Registrar & Share Transfer Agent:
Link Intime (India) Pvt. Ltd.
C101, 247 Park,L.B.S.Marg, Vikhroli (West), Mumbai - 400083.

CEO AND CFO CERTIFICATION

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (LODR) Regulations, 2015. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 of SEBI (LODR) Regulations, 2015. The annual certificate given by the Managing Director and the Chief Financial Officer is published in this Report.

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT POLICY

As provided under Regulation 26 (3) of SEBI (LODR) Regulations, 2015 with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended March 31, 2017.

For Fairchem Speciality Limited,

Place : Ahmedabad
Date : May 11, 2017

Nahoosh Jariwala
Managing Director

CEO / CFO CERTIFICATION UNDER Regulation 17(8) of SEBI (LODR) Regulations, 2015

To,
The Board of Directors,
Fairchem Speciality Limited

(1) We have reviewed financial statements and the cash flow statement of Fairchem Speciality Limited for the year ended March 31, 2017 and hereby certify that to the best of our knowledge and belief :

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(2) During the year, there are, to the best of our knowledge and belief, no transactions entered into by the Company which are fraudulent, illegal or violative of the Company's Code of Conduct.

(3) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.

(4) We have indicated to the Auditors and the Audit Committee :

   (i) that there are no significant changes in internal control over financial reporting during the year;

   (ii) that there are no significant changes in accounting policies during the year and

   (iii) that there are no instances of significant fraud of which we have become aware.

Rajen Jhaveri
Chief Financial Officer

Nahoosh Jariwala
Managing Director

Place : Ahmedabad
Date : May 11, 2017

Certificate of Practising Company Secretary on Corporate Governance

To The Members of
Fairchem Speciality Limited

We have examined the compliance of the conditions of Corporate Governance by Fairchem Speciality Limited for the year ended on 31st March, 2017, as stipulated in Regulation 34 of SEBI (LODR) Regulations, 2015 of the said Company with the concerned Stock Exchanges in India.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the condition of Corporate Governance. It is neither an audit nor an expression on financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned SEBI Listing Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Soham H. Parmar & Associates
Company Secretaries

Place : Ahmedabad
Date : May 11, 2017

Soham H. Parmar
Proprietor
Membership No : A29890 COP No.: 12229

Independent Auditors' Report

To the Members of

FAIRCHEM SPECIALITY LIMITED (FORMERLY KNOWN AS ADI FINECHEM LIMITED)

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Fairchem Speciality Limited (Formerly known as Adi Finechem Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements 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.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the 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 auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis fo rour audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

9. We draw your attention to the Note no. 35 to the standalone financial statements regarding accounting for issue of equity shares and compulsorily convertible preference shares with a corresponding debit to general reserve and surplus in the profit and loss, in accordance with a Scheme of arrangement between the Company, Privi Organics Limited and Privi Organics India Limited (formerly known as Adi Aromatic Limited), approved by National Company Law Tribunal, Mumbai Bench.

   Our opinion is not qualified in respect of this matter.

Other Matter

10. The standalone financial statements of the Company for the year ended March 31, 2016, were audited by another firm of chartered accountants under the Companies Act, 2013 who, vide their report dated April 29, 2016, expressed an unmodified opinion on those financial statements.

    Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

11. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

12. As required by Section 143 (3) of the Act, we report that:

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

    (e) On the basis of the written representations received from the Directors as on March 31, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017 from being appointed as a Director in terms of Section 164 (2) of the Act.

    (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

        i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2017 on its financial position in its standalone financial statements. Refer Note 29 to the standalone financial statement;

        ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2017;

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2017.

        iv. The Company has provided requisite disclosures in the standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 33.

For Price Waterhouse & Co. Chartered Accountants LLP
Chartered Accountants
Firm Registration Number:304026E/ E-300009

Place : Ahmedabad
Date : May 11, 2017

Priyanshu Gundana
Partner
M No : 109553

"Annexure A" to Independent Auditors' Report

Referred to in paragraph 12 (f) of the Independent Auditors' Report of even date to the members of Fairchem Speciality Limited (formerly known as Adi Finechem Limited) on the standalone financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Fairchem Speciality Limited (formerly known as Adi Finechem Limited) ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design,implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co. Chartered Accountants LLP
Chartered Accountants
Firm Registration Number:304026E/ E-300009

Place : Ahmedabad
Date : May 11, 2017

Priyanshu Gundana
Partner
M No : 109553

"Annexure B" to Independent Auditors' Report

Referred to in paragraph 11 of the Independent Auditors' Report of even date to the members of Fairchem Speciality Limited (Formerly known as Adi Finechem Limited) on the Standalone financial statements as of and for the year ended March 31, 2017.

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 12 on fixed assets to the financial statements, are held in the name of the Company, except for as mentioned here under:

Total Number of Cases	Nature of Assets	Gross Block (Amount in Rs. in lakhs)	Net Block (Amount in Rs. in lakhs)	Remarks
1	Leasehold Land	441.05	433.34	The Asset is registered in the name of Adi Finechem Limited. The saidname of the company was changed to Fairchem Speciality Limited vide certificate dated October 6, 2016. The Company has initiated process for change of name of the said asset.

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Act in respect of the loans and investments made, and guarantees and security provided by it. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, service tax, duty of customs and duty of excise duty, value added tax as at March 31, 2017 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax liability on account of various disallowances	8.59	Assessment year 2006 – 2007	Income Tax Appellate Tribunal
The Central Excise Act, 1944	Demand in respect of Excise duty and Cenvat	22.79	Year 2012 – 13	The Commissioner (Appeals - II) Central Excise, Ahmedabad

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Service Tax The Finance Act, 1994	Demand in respect of Cenvat credit reversal	3.85	February 2013 to November 2014	The Commissioner (Appeal) Central Excise, Ahmedabad
		2.44	December 2014 to August 2015	The Commissioner (Appeal) Central Excise, Ahmedabad
Central Sales Tax Act, 1956 and The Gujarat Value added tax 2003	Demand in respect of Input Tax Credit	4.71	Year 2011 – 12	Dy. Commissioner of Commercial Tax - Appeal, Ahmedabad
		8.22	Year 2012 – 13	Dy. Commissioner of Commercial Tax - Appeal, Ahmedabad
Customs Act, 1962	Demand in respect of custom duty on imports	5.20	Year 2007-08	Office of Commissioner of Customs, NhavaSheva

viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments). The term loans were applied for the purposes for which those are raised.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its Directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse & Co. Chartered Accountants LLP
Chartered Accountants
Firm Registration Number:304026E/ E-300009

Place : Ahmedabad
Date : May 11, 2017

Priyanshu Gundana
Partner
M No : 109553

BALANCE SHEET AS AT 31ST MARCH, 2017

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

PARTICULARS	Note No.	As at 31st March, 2017	As at 31st March, 2016
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	**3,906.27**	1,379.40
Reserves and Surplus	4	**3,265.26**	4,946.13
		7,171.53	6,325.53
Non - Current Liabilities			
Long term Borrowings	5	**1,886.97**	1,152.27
Deferred Tax Liabilities (Net)	6	**968.49**	772.31
Long Term Provisions	7	**65.82**	32.20
		2,921.28	1,956.78
Current Liabilities			
Short Term Borrowings	8	**3,152.67**	1,699.77
Trade Payables:	9		
- Total outstanding dues of micro enterprises and small enterprises and		**25.24**	0.70
- Total outstanding dues of creditors other than micro enterprises and small enterprises		**543.00**	280.93
Other Current Liabilities	10	**1,536.61**	762.13
Short Term Provisions	11	**27.79**	421.26
		5,285.31	3,164.79
TOTAL		**15,378.12**	11,447.10
ASSETS			
Non - Current Assets			
Fixed Assets			
Tangible Assets	12	**9,350.87**	7,340.92
Capital Work-in-Progress		**320.68**	526.39
Non Current Investments	13	**1.00**	-
Long Term Loans and Advances	14	**219.88**	141.79
Other Non Current Assets	15	**9.77**	9.03
		9,902.20	8,018.13
Current Assets			
Inventories	16	**2,315.16**	1,341.61
Trade Receivables	17	**2,539.36**	1,722.66
Cash and Bank Balances	18	**47.29**	15.12
Short Term Loans and Advances	19	**375.64**	254.37
Other Current Assets	20	**198.47**	95.21
		5,475.92	3,428.97
TOTAL		**15,378.12**	11,447.10
Statement of Significant Accounting Policies	2		

The accompanying notes are integral part of the standalone financial statement.

This is the balance sheet referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No.: 304026E/ E-300009
Chartered Accountants

Priyanshu Gundana
Partner
Membership No. 109553

Place : Ahmedabad
Date : May 11, 2017

For and on behalf of the Board

Nahoosh Jariwala
Managing Director

Mahesh Babani
Managing Director

Rajen N. Jhaveri
Chief Financial Officer & Co. Secretary

Place : Ahmedabad
Date : May 11, 2017

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED ON 31ST MARCH, 2017

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

PARTICULARS	Note No.	**Year ended on 31st March, 2017**	Year ended on 31st March, 2016
Income			
Revenue from Operations (Gross)	21	**20,403.88**	16,669.50
Less : Excise duty		**1,847.11**	1,497.42
Revenue from Operations (Net)		**18,556.77**	15,172.08
Other Income	22	**9.34**	82.00
		18,566.11	15,254.08
Expenses			
Cost of Material Consumed	23	**12,457.24**	10,021.80
Changes in Inventory of Finished Goods and Work in Progress	24	**(78.16)**	(71.11)
Employee benefits expenses	25	**1,161.12**	773.09
Finance Costs	26	**480.22**	392.09
Depreciation and Amortisation	12	**422.09**	299.43
Other expenses	27	**2,721.22**	2,183.42
		17,163.73	13,598.72
Profit Before Tax		**1,402.38**	1,655.36
Tax Expense			
Current Tax		**353.12**	436.60
(Excess) / Short Provision of Income Tax of earlier years (Net)		**7.06**	(5.83)
Deferred Tax		**196.19**	164.66
		556.37	595.43
Profit for the Year		**846.01**	1,059.93
Earnings Per Share			
Basic Earnings Per Share (in Rupees)	28	**3.72**	7.68
Diluted Earnings Per Share (in Rupees)	28	**3.49**	7.68
Nominal Value Per Equity Share (in Rupees)		**10**	10
Nominal Value Per Preference Share (in Rupees)		**10**	100
Statement of Significant Accounting Policies	2		

The accompanying notes are integral part of the standalone financial statement.

This is the Statement of Profit & Loss referred to in our report of even date.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No.: 304026E/ E-300009
Chartered Accountants

Priyanshu Gundana
Partner
Membership No. 109553

Place : Ahmedabad
Date : May 11, 2017

For and on behalf of the Board

Nahoosh Jariwala
Managing Director

Mahesh Babani
Managing Director

Rajen N. Jhaveri
Chief Financial Officer & Co. Secretary

Place : Ahmedabad
Date : May 11, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2017

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

	PARTICULARS	Year ended 31st March, 2017	Year ended 31st March, 2016
(A)	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit Before Taxation	**1,402.38**	1,655.36
	Adjustments for :		
	Depreciation / Amortisation	**422.09**	299.43
	Finance Cost	**480.22**	392.09
	Interest Income	**(5.76)**	(0.74)
	Unrealised Foreign Exchange Loss / (Profit)	**4.87**	10.42
	Loss on sale Assets	**1.84**	63.85
	Operating Profit Before Working Capital Changes	**2,305.64**	2,420.41
	Adjustments For Changes In Working Capital:		
	(Increase) / Decrease In Inventories	**(973.55)**	(14.33)
	(Increase) / Decrease In Long term loans and advances	**9.38**	(11.24)
	(Increase) / Decrease In Trade receivables	**(821.57)**	(235.60)
	(Increase) / Decrease In Short term Loans and Advances	**(121.27)**	23.55
	(Increase) / Decrease In Other current assets	**(103.26)**	(93.45)
	(Increase) / Decrease In Other Non current assets	**(0.74)**	(3.03)
	Increase / (Decrease) In Trade and Other Payables	**286.61**	(202.72)
	Increase / (Decrease) In Long Term Provisions	**33.62**	4.66
	Increase / (Decrease) In Short Term Provisions	**21.58**	2.76
	Increase / (Decrease) In Other Current Liabilities	**226.23**	(12.99)
	Cash Generated From Operations	**862.67**	1,878.02
	Direct Taxes Refund / (Paid) (Net)	**(469.65)**	(306.65)
(A)	**Net Cash From Operating Activities**	**393.02**	1,571.37
(B)	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of Fixed Assets	**(2,041.80)**	(1,303.46)
	Proceeds from Sale of Fixed Assets	**22.21**	44.69
	Purchase of Investments	**(1.00)**	-
	Interest Income	**5.76**	0.74
(B)	**Net Cash Generated / (Used In) Investing Activities**	**(2,014.83)**	(1,258.03)
(C)	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Net Proceeds / (Repayment) of Long Term Borrowings	**1,092.50**	22.22
	Net Proceeds / (Repayment) of Working Capital Loan	**1,452.90**	466.61
	Dividend	**(344.85)**	(344.85)
	Dividend Tax	**(70.20)**	(70.20)
	Interest	**(480.22)**	(392.09)
(C)	**Net Cash Used In Financing Activities**	**1,650.13**	(318.31)
	Net Increase in cash and cash equivalents (A+B+C)	**28.32**	(4.97)
	Cash and Cash Equivalents as at the beginning of the year	**5.41**	10.38
	Cash and Cash Equivalents as at the end of the year	**33.73**	5.41

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2017

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

PARTICULARS	**As at March 31, 2017**	As at March 31, 2016
Cash and Cash Equivalents :		
Cash on Hand	**2.87**	1.88
Bank Balances :		
- In Current Accounts	**0.33**	0.43
- In Export Earning Foreign Currency Account	**30.04**	3.07
Effect of exchange differences on balances with banks in foreign currency	**0.49**	0.03
	33.73	5.41
Note :		
(1) The above Cash Flow Statement has been prepared under the “Indirect Method” set out in Accounting Standard 3 - “Cash Flow Statements”.		

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

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No.: 304026E/ E-300009
Chartered Accountants

Priyanshu Gundana
Partner
Membership No. 109553

Place : Ahmedabad
Date : May 11, 2017

For and on behalf of the Board

Nahoosh Jariwala
Managing Director

Mahesh Babani
Managing Director

Rajen N. Jhaveri
Chief Financial Officer & Co. Secretary

Place : Ahmedabad
Date : May 11, 2017

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1. Background

Fairchem Speciality Limited (Formerly known as Adi Finechem Limited) ("The Company") was incorporated in May, 1985 as "H. K. Agro Oil Ltd." under the provisions of the Companies Act, 1956. The Company is engaged in manufacturing of Speciality Oleo Chemicals. The manufacturing facility for the same is set up at Village Chekhala, Ta. Sanand, Dist. Ahmedabad, Gujarat. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Ltd.

2 Summary of Significant Accounting Policies

2.1 Basis of preparation

These Standalone financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rule, 2014, till the Standard of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. (The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated March 30, 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standard) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e. April 01, 2016.) Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.2 Use of estimates:

The preparation of standalone financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialise.

2.3 Tangible Assets and Depreciation

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price including import duties and non-refundable taxes and expenses directly attributable to bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

An item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

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:

Assets class	Useful life in years
Buildings	10 to 30
Plant and Equipment	25
Electric Installations	10
Office Equipments & 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.

2.4 Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceed their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

2.5 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments, such reduction being determined and made for each investment individually.

2.6 Inventories

Inventories are stated at 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. The cost of semi-finished goods comprises raw materials, direct labour, other direct costs and related production overheads.

During current year, the Company has changed its accounting policy for Raw material valuation from weighted average to FIFO method. Had the company continued to follow the earlier accounting policy, the value of raw material as at the year end would have been lower by Rs. 6.43 lakhs.

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

2.7 Revenue Recognition

Sale of goods: Sales are recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods. Sales are recognised net of trade discounts, rebates and sales taxes/ value added tax and is inclusive of excise duties.

Other Revenue

i) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

ii) Eligible export incentives are recognised in the year in which the conditions precedent are met and there is no significant uncertainty about the collectability.

2.8 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.9 Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currency are restated at the end of the accounting period.

Exchange differences on restatement of all monetary items are recognised in the Statement of Profit and Loss.

2.10 Current and deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

2.11 Provisions and contingent liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and 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. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: 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 or a reliable estimate of the amount cannot be made.

2.12 Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

2.13 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

2.14 Employee benefits

i) Defined-contribution plans

The Company has Defined Contribution plans for post employment benefits namely Provident Fund. The Company contributes to a Government administered Provident Fund and has no further obligation beyond making its contribution.

The Company makes contributions to state plans namely Employee's State Insurance Fund and Employee's Pension Scheme 1995 and has no further obligation beyond making the payment to them. The Company's contributions to the above funds are charged to Statement of Profit and Loss every year.

ii) Defined-benefit plans

Gratuity : 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. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

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.

2.15 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

	PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
3	**Share Capital**		
	Authorised : (Refer Note 34)		
	40,000,000 (Previous Year 14,500,000) Equity Shares of Rs. 10 each	**4,000.00**	1,450.00
	5,000,000 (Previous year 50,000) Preference Shares of Rs. 10 (Previous year Rs. 100) each	**500.00**	50.00
		4,500.00	1,500.00
	Issued, Subscribed and Paid-up:		
	37,609,757 (Previous Year 13,794,000) Equity Shares of Rs. 10 each, fully paid up	**3,760.98**	1,379.40
	1,452,949 (Previous Year Nil) 0.0001% Compulsorily Convertible Preference Shares of Rs. 10 each, fully paid-up	**145.29**	-
		3,906.27	1,379.40
3.1	**Reconciliation of number of shares :**		
	Equity Shares:		
	Balance as at the beginning of the year	**13,794,000**	13,794,000
	Add: Issued pursuant to a scheme of arrangement (Refer Note 35)	**12,634,353**	-
	Add: Conversion of Compulsorily Convertible Preference shares	**11,181,404**	-
	Balance as at the end of the year	**37,609,757**	13,794,000
	Compulsorily Convertible Preference Shares:		
	Balance as at the beginning of the year	**-**	-
	Add: Issued pursuant to a scheme of arrangement (Refer Note 35)	**12,634,353**	-
	Less: Conversion to Equity Shares	**11,181,404**	-
	Balance as at the end of the year	**1,452,949**	-

3.2 Rights, preferences and restrictions attached to shares

Equity Shares: 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.

0.0001% Compulsorily Convertible Preference Shares (CCPS) : 12,634,353, 0.0001% CCPS of Rs.10 each were issued on March 14, 2017 to the erstwhile shareholders of Privi Organics Limited pursuant to the Scheme of Arrangement (Refer Note 35) without payment being received in cash. Out of above, 11,181,404, 0.0001% CCPS of Rs. 10 each were converted into 11,181,404 Equity Shares of Rs. 10 each.

CCPS shall be converted into equity shares of the company at any time prior to the expiry of 18 months from the date of allotment.

CCPS shall carry no voting rights.

Equity shares issued and allotted by the company upon conversion shall rank pari passu in all respects.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

3.3 Details of Shareholders holding more than 5% of the aggregate shares in the company:

PARTICULARS	As at 31st March, 2017		As at 31st March, 2016	
	Nos	%	Nos	%
Equity Shares:				
FIH Mauritius Investments Limited	**18,304,068**	**48.67%**	6,194,824	44.91%
Mr. Mahesh Babani	**3,039,297**	**8.08%**	-	0.00%
Banbridge Limited	**2,320,354**	**6.17%**	-	0.00%
Compulsory Convertible Preference Shares:				
FIH Mauritius Investments Limited	**738,760**	**50.85%**	-	0.00%
Mr. Mahesh Babani	**185,421**	**12.76%**	-	0.00%
Banbridge Limited	**141,560**	**9.74%**	-	0.00%
Mr. Mahesh Babani – HUF	**103,024**	**7.09%**	-	0.00%

3.4 Aggregate number of shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding 31 March, 2017):

Equity Shares allotted as fully paid up Bonus Shares

For Financial Year ended March 31, 2013 - 1,900,000 Shares

For Financial Year ended March 31, 2014 - 1,140,000 Shares

For Financial Year ended March 31, 2015 - 1,254,000 Shares

3.5 Shares allotted as fully paid up pursuant to a scheme of arrangement (Refer Note 35) without payment being received in cash (during 5 years immediately preceding 31 March, 2017):

Equity Shares at Rs. 10/- each - 12,634,353 Shares

Compulsorily Convertible Preference Shares at Rs. 10/- each - 12,634,353 Shares

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

	PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
4	**Reserves & Surplus**		
	General Reserve		
	Balance as at the beginning of the year	**300.00**	200.00
	Add : Transferred from Profit and Loss Account	**-**	100.00
	Less : Utilised for issue of Equity shares in pursuance of scheme of arrangement (Refer Note 35)	**300.00**	-
	Balance as at the end of the year	**-**	300.00
	Surplus in the statement of Profit and Loss		
	Balance as at the beginning of the year	**4,646.13**	4,101.25
	Profit for the year	**846.01**	1,059.93
		5,492.14	5,161.18
	Less : Appropriations		
	Transferred to General Reserve	**-**	100.00
	Proposed Dividend	**-**	344.85
	Dividend distribution tax on Proposed Dividend	**-**	70.20
	Less :		
	Utilised for issue of Equity shares in pursuance of scheme of arrangement (Refer Note 35)	**963.44**	-
	Utilised for issue of Compulsory Convertible Preference shares in pursuance of scheme of arrangement (Refer Note 35)	**1,263.44**	-
	Balance as at the end of the year	**3,265.26**	4,646.13
		3,265.26	4,946.13
5	**Long Term Borrowings***		
	Secured:		
	Term Loan from Bank	**1,885.03**	1,143.16
	Vehicle Loan from Banks	**1.94**	9.11
	TOTAL	**1,886.97**	1,152.27

**Instalments falling due in respect of all the above Loans during next twelve months have been disclosed under the title "Other Current Liabilities" as "Current Maturities of Long Term Debt" (Refer Note 10)*

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Security Details :

a) Term Loan from banks aggregating to Rs. 2748.88 Lakhs (Previous Year Rs. 1648.19 Lakhs) 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.

b) The Vehicle loans from HDFC Bank Limited of Rs. 1.47 Lakhs (Previous Year Rs. 4.52 Lakhs) are secured by hypothecation of vehicles and are further secured by personal guarantee given by a Director of the Company. The vehicle loan from ICICI Bank Ltd of Rs. 7.64 Lakhs (Previous Year Rs. 12.80 Lakhs) is secured by hypothecation of vehicle.

Repayment Details :

a) Secured Term Loan of Rs. 98.96 Lakhs (Previous Year Rs. 164.82 Lakhs) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 60 monthly instalments started from 7th August, 2013

b) Secured Term Loan of Rs. 248.45 Lakhs (Previous Year Rs. 403.54 Lakhs) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 48 monthly instalments started from 7th October, 2014

c) Secured Term Loan of Rs. 266.11 Lakhs (Previous Year Rs. 340.37 Lakhs) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 60 monthly instalments started from 7th May, 2015

d) Secured Term Loan of Rs. 267.60 Lakhs (Previous Year Rs. 358.47 Lakhs) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 48 monthly instalments started from 7th October, 2015

e) Secured Term Loan of Rs. 258.87 Lakhs (Previous Year Rs. 381.00 Lakhs) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 36 monthly instalments started from 7th February, 2016

f) Secured Term Loan of Rs. 1608.88 Lakhs (Previous Year Nil) carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 60 monthly instalments started from 7th October, 2016

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
6 Deferred Tax Liabilities		
(A) Deferred Tax Liability :		
Depreciation	**1,022.42**	793.55
Total (A)	**1,022.42**	793.55
(B) Deferred Tax Asset		
Expense allowable for tax purpose when paid	**53.93**	21.24
Total (B)	**53.93**	21.24
Net Deferred Tax Liability (A) - (B)	**968.49**	772.31
Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.		
7 Long Term Provisions		
Provision for Employee Benefits		
Provision for Gratuity	**8.89**	-
Provision for compensated absences	**56.93**	32.20
	65.82	32.20
8 Short Term Borrowings		
Secured:		
Working Capital Loans from Bank	**2,452.08**	1,350.30
Packing credit in Foreign Currency	**700.59**	349.47
	3,152.67	1,699.77

Security Details :

a) 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.

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
9 Trade Payables		
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	**25.24**	0.70
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	**543.00**	280.93
	568.24	281.63
Note: The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act').		

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

	PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
	The disclosures pursuant to the said MSMED Act are as follows:		
	Total outstanding dues of Micro, Small and Medium Enterprises		
	a) Principal Amount due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	**24.38**	0.70
	b) Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	**0.86**	-
	c) Principal Amount paid to suppliers registered under MSMED Act, beyond the appointed day during the year.	**35.00**	-
	d) Interest paid, other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	**-**	-
	e) Interest paid, under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	**-**	-
	f) Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	**0.70**	-
	g) Further interest remaining due and payable for earlier years.	**-**	-
10	**Other Current Liabilities**		
	Current Maturities of Long term Debt		
	Term Loan from Bank	**863.85**	505.03
	Vehicle Loan from Bank	**7.18**	8.20
	Interest accrued but not due on borrowings	**19.69**	12.06
	Interest accrued and due on borrowings	**1.46**	0.08
	Unclaimed Dividend (Refer note below)	**13.56**	9.71
	Advances from Customers	**100.04**	12.72
	Creditors for Capital Goods	**241.42**	54.82
	Employee Benefit Payable	**126.26**	106.93
	Statutory Liabilities	**42.33**	26.56
	Other Liabilities	**120.82**	26.02
	Note: There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Act as at the year end.		
		1,536.61	762.13
11	**Short Term Provisions**		
	Provision for Employee Benefits		
	Provision for Gratuity	**19.41**	-
	Provision for compensated absences	**8.38**	6.21
	Proposed Dividend	**-**	344.85
	Tax On Dividend	**-**	70.20
		27.79	421.26

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

12 Fixed Assets (Refer Notes 2.3 and 2.4)

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

Particulars	Gross Block (At Cost)				Depreciation / Amortisation				Net Block
	As at March 31, 2016	Additions during the year	Deletions during the year	As at March 31, 2017	Upto March 31, 2016	For the year	On Deletion	As at March 31, 2017	As at March 31, 2017
Tangible Assets									
Freehold Land	63.10	-	-	63.10	-	-	-	-	63.10
Leasehold Land (Refer Note 2 below)	441.05	-	-	441.05	1.54	6.17	-	7.71	433.34
Building	2,148.45	188.72	-	2,337.17	373.53	74.92	-	448.45	1,888.72
Plant and Machinery	6,834.93	2,161.95	36.22	8,960.66	2,249.23	223.87	22.46	2,450.64	6,510.02
Electric Installation	446.56	5.95	-	452.51	122.77	70.04	-	192.81	259.70
Air Conditioners	26.52	-	-	26.52	5.08	13.17	-	18.25	8.27
Office Equipments and Computers	51.78	25.85	-	77.63	35.14	10.06	-	45.20	32.43
Furniture and Fixtures	106.42	49.03	-	155.45	42.06	12.76	-	54.82	100.63
Vehicles	100.24	24.59	35.65	89.18	48.78	11.10	25.36	34.52	54.66
Total	**10,219.05**	**2,456.09**	**71.87**	**12,603.27**	**2,878.13**	**422.09**	**47.82**	**3,252.40**	**9,350.87**

Particulars	Gross Block (At Cost)				Depreciation / Amortisation				Net Block
	As at March 31, 2015	Additions during the year	Deletions during the year	As at March 31, 2016	Upto March 31, 2015	For the year	On Deletion	As at March 31, 2016	As at March 31, 2016
Tangible Assets									
Freehold Land	63.10	-	-	63.10	-	-	-	-	63.10
Leasehold Land (Refer Notes 1 and 2 below)	-	441.05	-	441.05	-	1.54	-	1.54	439.51
Building	1,703.75	444.70	-	2,148.45	308.37	65.16	-	373.53	1,774.92
Plant and Machinery	6,356.06	618.36	139.49	6,834.93	2,088.12	196.21	35.10	2,249.23	4,585.70
Electric Installation	388.03	65.44	6.91	446.56	115.11	10.61	2.95	122.77	323.79
Air Conditioners	23.82	2.70	-	26.52	4.21	0.87	-	5.08	21.44
Office Equipments and Computers	46.63	5.55	0.40	51.78	31.95	3.40	0.21	35.14	16.64
Furniture and Fixtures	104.94	1.48	-	106.42	32.96	9.10	-	42.06	64.36
Vehicles	100.24	-	-	100.24	34.70	14.08	-	48.78	51.46
Total	**8,786.57**	**1,579.28**	**146.80**	**10,219.05**	**2,615.42**	**300.97**	**38.26**	**2,878.13**	**7,340.92**

Notes:

1) Amortization of Lease Hold Land for the year ended March 31, 2016 has been shown under the head "Capital Work in Progress".

2) Leasehold land is in the process of transfer in the name of the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

	PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
13	**Non Current Investments**		
	(Long Term, Trade and Unquoted)		
	Investment in Wholly Owned Subsidiary		
	10,000 Equity Shares of Rs. 10 each fully paid up held in Privi Organics India Limited (Formerly known as Adi Aromatic Limited)	**1.00**	-
	* Aggregate amount of Unquoted investment Rs. 1.00 Lakh (Previous Year Rs. Nil)		
		1.00	-
14	**Long Term Loans and Advances**		
	(Unsecured and Considered Good)		
	Capital advances	**51.59**	73.59
	Security Deposits	**8.98**	9.01
	Excess deposit in Gratuity Fund	**-**	9.06
	Advance Income Tax and Tax deducted at source (Net of Provision)	**157.23**	47.76
	Balances with statutory authorities	**2.08**	2.37
		219.88	141.79
15	**Other Non Current Assets**		
	(Unsecured and Considered Good)		
	Margin Money Deposit*	**9.77**	9.03
		9.77	9.03
	* Pledged with the bank for non cash limit		
16	**Inventories**		
	(Refer note 2.5)		
	Raw Materials [including Goods in transit Rs. 143.25 Lakhs (Previous Year Rs. 55.51 Lakhs)]	**1,529.26**	678.33
	Packing Materials	**6.39**	6.08
	Stores and Fuel [(Including Goods in Transit Rs. 0.17 Lakh (Previous Year Rs. 0.03 Lakh)]	**285.53**	241.38
	Semi-finished Goods	**493.98**	415.82
		2,315.16	1,341.61
17	**Trade Receivables**		
	(Unsecured)		
	Outstanding for a period exceeding six months from the date they are due for payment		
	- Considered good	**2.97**	1.55
	Others - Considered good	**2,536.39**	1,721.11
		2,539.36	1,722.66

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

	PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
18	**Cash and Bank Balances :**		
	A Cash and cash equivalents		
	Cash on Hand	2.87	1.88
	Bank Balances :		
	- In Current Accounts	0.33	0.43
	- In Export Earning Foreign Currency Account	30.53	3.10
	B Other Bank Balances		
	Unpaid Dividend Accounts	13.56	9.71
		47.29	15.12
19	**Short term Loans and Advances**		
	(Unsecured and Considered Good)		
	a) Loans to Employees	0.17	0.41
	b) Advances recoverable in cash or in kind or for value to be received		
	Advance to vendors	116.14	60.15
	Balances with Statutory Authorities	232.23	163.18
	Security Deposits	0.26	0.43
	Prepaid Expenses	26.09	18.68
	Excess deposit in Gratuity Fund	-	11.20
	Others	0.75	0.32
		375.64	254.37
20	**Other Current Assets**		
	Export Incentive Receivable	197.87	94.54
	Interest Accrued but not Due	0.60	0.67
		198.47	95.21

	PARTICULARS	Year ended on 31st March, 2017	Year ended on 31st March, 2016
21	**Revenue from Operations**		
	a) Sale of Finished Goods	20,216.22	16,478.72
	b) Other Operating Revenues		
	- Scrap Sales	23.98	36.38
	- Export Incentives	163.68	154.40
		20,403.88	16,669.50
	Less: Excise Duty	1,847.11	1,497.42
		18,556.77	15,172.08
	Details of Revenue from operations		
	Sales of Finished Goods :		
	Deodorizer Distillate (Mixed tocopherol)	2,505.93	2,448.09
	Linoleic Acid / Soya Fatty Acid	3,693.07	4,349.25
	Dimer Acid	6,522.18	4,196.93
	Other Fatty Acids	5,164.87	3,658.79
	Fatty Oil	1,425.50	1,234.92
	Others	904.67	590.75
		20,216.22	16,478.73

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

PARTICULARS	Year ended on 31st March, 2017	Year ended on 31st March, 2016
22 Other Income		
Net Gain on Foreign Currency Transactions and Translation	**-**	25.14
Interest on :		
- Deposits	**0.79**	0.71
- Others	**4.97**	0.03
Compensation towards Cancellation of Export Order (Net of Expenses)	**-**	50.72
Miscellaneous income	**3.58**	5.40
	9.34	82.00
23 (a) Cost of materials consumed		
Raw Materials :		
Inventory at the beginning of the year	**678.33**	734.95
Add: Purchases	**13,142.44**	9,800.85
	13,820.77	10,535.80
Less: Inventory at the end of the year	**1,529.26**	678.33
	12,291.51	9,857.47
Packing Materials :		
Inventory at the beginning of the year	**6.08**	7.88
Add: Purchases	**166.04**	162.53
	172.12	170.41
Less: Inventory at the end of the year	**6.39**	6.08
	165.73	164.33
	12,457.24	10,021.80
(b) Details of Raw materials consumed		
Vegetable Oil Based Fatty Acid Distillate	**2,961.63**	2,140.83
Acid Oil	**8,767.12**	7,324.76
Chemicals	**562.76**	391.88
Packing Materials	**165.73**	164.33
	12,457.24	10,021.80
(c) Value of Imported and Indigenous Materials Consumed		
Imported		
Rupees	**1,276.32**	808.79
%	**10.25**	8.07
Indigenous		
Rupees	**11,180.92**	9,213.01
%	**89.75**	91.93
Total	**12,457.24**	10,021.80

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

PARTICULARS	Year ended on 31st March, 2017	Year ended on 31st March, 2016
24 Changes in Inventory of Finished Goods & Work in Progress		
Opening Stock		
Finished Goods	**-**	-
Semi Finished Goods	**415.82**	344.71
	415.82	344.71
Closing Stock		
Finished Goods	**-**	-
Semi Finished Goods	**493.98**	415.82
	493.98	415.82
(Increase) / Decrease in Stock	**(78.16)**	(71.11)
25 (a) Employee Benefit Expenses		
Salaries Wages and Bonus	**1,015.77**	693.33
Contribution to Provident Fund and Other Funds	**46.94**	37.73
Gratuity	**63.36**	12.77
Staff Welfare Expenses	**35.05**	29.26
	1,161.12	773.09
(b) The Company has classified the various benefits provided to employees as under:-		
I. Defined Contribution Plans		
a. Provident Fund		
b. State Defined Contribution Plans		
1. Employer's Contribution to Employee's State Insurance.		
2. Employer's Contribution to Employee's Pension Scheme 1995.		
During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:		
Employer's Contribution to Provident Fund and Employees' Pension Scheme*	**40.23**	32.78
Employer's Contribution to Employees' State Insurance*	**6.71**	4.95

* Included in Contribution to Provident and Other Funds Note

II. Defined Benefit Plans

Valuation in respect of gratuity has been carried out by an independent actuary, as at the balance sheet date, based on the following assumptions:-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016
Discount Rate (per annum)	**7.10%**	7.80%
Rate of increase in Compensation levels	**10% p.a. for next 5 years & 8% p.a. thereafter**	6.00%
Rate of Return on Plan Assets	**7.10%**	7.80%
Expected Average of remaining working lives of employees (years)	**9**	9
a. Changes in the Present Value of Defined Benefit Obligation		
Present value of obligation at the beginning of the year	**90.05**	70.63
Interest Cost	**6.42**	5.34
Current Service Cost	**12.00**	9.27
Past Service Cost	**-**	1.09
Benefits Paid	**(4.96)**	(1.10)
Actuarial (gain) / loss on obligations	**52.62**	4.82
Present value of obligation at the end of the year	**156.13**	90.05
b. Changes in the Fair value of Plan Assets		
Fair value of Plan Assets at the beginning of the year	**110.32**	97.12
Expected Return on Plan Assets	**8.44**	9.04
Actuarial Gains and (Loss) on Plan Assets	**0.35**	(0.31)
Contributions	**14.80**	6.55
Expenses deducted from fund	**(1.10)**	(0.98)
Benefits Paid	**(4.96)**	(1.10)
Fair value of Plan Assets at the end of the year	**127.85**	110.32
c. Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets		
Present Value of funded obligation at the end of the year	**156.13**	90.05
Fair Value of Plan Assets at the end of the year	**127.85**	110.32
Funded Status	**127.85**	110.32
Present Value of unfunded Obligation at the end of the year	**28.28**	(20.27)
Unfunded Net (Liability) / Assets Recognised in Balance Sheet*	**(28.28)**	20.27
*Unfunded Net Assets is included under Short-term Loans and Advances and Liabilities included in Short-term Provisions.		
d. Amount recognised in the Balance Sheet		
Present Value of Obligation at the end of the year	**(156.13)**	(90.05)
Fair Value of Plan Assets at the end of the year	**127.85**	110.32
(Liability)/ Assets recognised in the Balance Sheet**	**(28.28)**	20.27
**Unfunded Net Assets is included under Short-term Loans and Advances and Liabilities included in Short-term Provisions.		

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

PARTICULARS	Year ended on 31st March, 2017	Year ended on 31st March, 2016
e. Expenses recognised in the Statement of Profit and Loss		
Current Service Cost	**12.00**	9.27
Interest Cost	**6.42**	5.34
Past Service Cost	**-**	1.09
Expected Return on Plan Assets	**(8.44)**	(9.04)
Expenses deducted from fund	**1.10**	0.98
Net actuarial (gain) / loss recognised in the Year	**52.27**	5.13
Total Expenses recognised in the Statement of Profit and Loss	**63.35**	12.77

f. Experience Adjustment

Particulars	Year ended on 31st March, 2017	Year ended on 31st March, 2016	Year ended on 31st March, 2015	Year ended on 31st March, 2014	Year ended on 31st March, 2013
Defined Benefit Obligation	156.13	90.05	70.63	46.97	42.16
Plan Assets	127.83	110.31	97.12	70.85	61.88
(Surplus) / Deficit	28.30	(20.26)	(26.49)	(23.88)	(19.72)
Experience Adjustment on plan liabilities (gain)/ loss	15.84	2.32	8.49	2.15	4.97
Experience Adjustment on plan assets gain/ (loss)	(0.35)	0.31	0.12	(0.16)	0.60

Experience adjustment is on account of attrition in the number of employees as compared to the previous year and change in actuarial assumptions.

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand and the employment market.

g. Percentage of each Category of Plan Assets to total Fair Value of Plan Assets :

	Year ended 31st March, 2017	Year ended 31st March,2016
Cash Accumulation Scheme with Life Insurance Corporation of India	**100%**	100%

III. The liability for leave encashment and compensated absences as at the year end is Rs. 65.31 Lakhs (Previous Year Rs. 38.41 Lakhs).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

	PARTICULARS	Year ended on 31st March, 2017	Year ended on 31st March, 2016
26	**Finance Costs**		
	Interest on Long Term Borrowings	**219.61**	153.45
	Interest on Inter Corporate Deposits	**2.77**	48.59
	Interest and other borrowing cost	**257.84**	190.05
		480.22	392.09
27	**Other Expenses**		
	Stores and Spares Consumed	**328.46**	224.63
	Power and Fuel	**1,206.66**	1,109.49
	Laboratory Expenses	**19.76**	12.74
	Rent, Rates and Taxes	**79.93**	33.91
	Insurance	**10.95**	8.88
	Repairs and Maintenance :		
	- Machinery	**42.03**	35.10
	- Buildings	**132.73**	161.64
	- Others	**5.43**	3.61
	Travelling and Conveyance	**25.18**	24.13
	Telephone and Advertisement Expense	**14.74**	13.73
	Directors' Sitting Fees	**4.93**	1.25
	Remuneration to Auditors for:		
	Statutory Audit Fees	**19.00**	4.50
	Others	**-**	4.30
	Out of pocket expenses	**0.11**	-
	Sales Expense	**13.71**	17.88
	Commission on Sales	**57.98**	32.92
	Freight and Forwarding	**133.18**	87.61
	Legal and Professional fees	**289.87**	136.01
	Vehicle expenses	**69.52**	42.08
	Loss on assets sold / discarded (Net)	**1.84**	63.85
	Contribution towards Corporate Social Responsibility activities (Refer note 38)	**27.61**	0.22
	Net Loss on Foreign Currency Transactions and Translation	**5.00**	-
	Solid Waste Disposal Charges	**91.45**	33.64
	Miscellaneous Expenses	**141.15**	131.30
		2,721.22	2,183.42

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

	PARTICULARS	Year ended on 31st March, 2017	Year ended on 31st March, 2016
28	**Earnings per Share (EPS)**		
	Basic		
	Net Profit before tax as per Statement of Profit and Loss	**846.01**	1,059.93
	Less : Preference Dividend	**0.00**	0.00
	Net Profit available to Equity Shareholders	**846.01**	1,060
	Weighted Average Number of Equity Shares	**22,756,775**	13,794,000
	Basic EPS (Rs.)	**3.72**	7.68
	Diluted		
	Net Profit before tax as per Statement of Profit and Loss	**846.01**	1,059.93
	Weighted Average Number of Equity Shares	**22,756,775**	13,794,000
	Add: Conversion of Compulsorily Convertible Preference shares	**1,452,949**	-
	Total Weighted Average Number of Equity Shares for Diluted EPS	**24,209,724**	13,794,000
	Diluted EPS (Rs.)	**3.49**	7.68
	Nominal value of an equity share	**10.00**	10.00
		As at 31st March, 2017	As at 31st March, 2016
29 a)	**Contingent Liabilities not provided for in respect of:**		
	Claims made by third party	**15.00**	15.00
	Disputed income tax liability including interest	**8.60**	14.56
	Disputed Custom Duty liability	**5.20**	5.20
	Disputed excise and service tax liability	**29.08**	29.08
	Disputed Value added tax and Central Sales Tax liability	**12.93**	4.71
	Bank Guarantees	**68.83**	64.10
		139.64	132.65
b)	**Capital and Other Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2017 is Rs. 213.32 Lakhs (Previous Year Rs. 173.85 Lakhs).		

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

		Year ended on 31st March, 2017	Year ended on 31st March, 2016
30 a)	**C.I.F. value of imports**		
	Raw Materials	**1,307.36**	738.65
	Capital Goods	**18.99**	7.03
b)	**Expenditure in foreign currency and earnings in foreign Currency**		
	i) Expenditure in foreign currency		
	Legal and Professional fees	**32.34**	29.96
	Travelling and Conveyance	**7.06**	3.81
	Legal and Professional fees	**31.75**	62.37
	Freight and Forwarding	**1.06**	0.84
	Interest and other borrowing cost	**10.10**	9.67
	ii) Earnings in foreign currency		
	Export of goods calculated on F.O.B. basis	**3,544.28**	3,018.53

31 Related party disclosure:

Related party disclosure as required by AS-18,"Related Party Disclosure", is given below:

Name of the related party	Nature
i) Parties where control Exists	
FIH Mauritius Investments Limited, Mauritius	Promoter Group
FIH Private Investments Limited, Mauritius	Promoter Group
Above two entities are subsidiaries of Fairfax India Holdings Corporation, Canada	
Privi Organics India Limited (Formerly known as Adi Aromatic Limited), India (w.e.f July 08, 2016)	
Privi Biotechnologies Private Limited, India (w.e.f. August 1, 2016)*	Subsidiary Companies
Privi Organics USA Inc, USA (w.e.f. August 1, 2016)*	Subsidiary Companies

ii) Other related parties

Minar Organics Private Limited, India (w.e.f. August 1, 2016)*	Associate Company
Adicorp Enterprise Private Limited	Enterprise over which control exercised by Key Management Personnel
Nahoosh Tradelink Private Limited	Enterprise over which control exercised by Key Management Personnel
Jariwala Tradelink LLP	Enterprise over which control exercised by Key Management Personnel
Harihar Mfg & Trading LLP	Enterprise over which control exercised by Key Management Personnel
Dashrath Jagmohandas Investment Pvt. Ltd. (Upto January 24, 2017)	Enterprise over which control exercised by Key Management Personnel
Super Handlers Private Limited (Upto January 24, 2017)	Enterprise over which control exercised by Key Management Personnel
Ashmak Investment Private Limited (Upto January 24, 2017)	Enterprise over which control exercised by Key Management Personnel

iii) Key Management Personnel:

Mr. Nahoosh Jariwala	Managing Director
Mr. Bimal D. Parikh (From April 1, 2015 to January 31, 2016)	Executive Director
* Investment held through subsidiary companies pursuant to the scheme of arrangement (Refer Note 35)	

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

iv. Transaction with related parties

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

Particulars	Parties referred to in (i) above		Parties referred to in (ii) above		Parties referred to in (iii) above		Total	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Reimbursement of Expenses by								
FIH Mauritius Investments Limited	-	22.04	-	-	-	-	-	22.04
Privi Organics India Limited (Formerly known as Adi Aromatic Limited)	9.54	-	-	-	-	-	9.54	-
Sub - Total	**9.54**	**22.04**	**-**	**-**	**-**	**-**	**9.54**	**22.04**
Deposits Repaid								
Adicorp Enterprise Private Limited	-	-	-	140.00	-	-	-	140.00
Nahoosh Tradelink Private Limited	-	-	-	50.00	-	-	-	50.00
Jariwala Tradelink LLP	-	-	-	50.00	-	-	-	50.00
Harihar Mfg & Trading LLP	-	-	-	85.00	-	-	-	85.00
Dashrath Jagmohandas Investment Pvt. Ltd.	-	-	-	60.00	-	-	-	60.00
Super Handlers Private Limited	-	-	-	60.00	-	-	-	60.00
Ashmak Investment Private Limited	-	-	-	10.00	-	-	-	10.00
Sub - Total	**-**	**-**	**-**	**455.00**	**-**	**-**	**-**	**455.00**
Interest Payment								
Adicorp Enterprise Private Limited	-	-	-	15.48	-	-	-	15.48
Nahoosh Tradelink Private Limited	-	-	-	5.62	-	-	-	5.62
Jariwala Tradelink LLP	-	-	-	5.29	-	-	-	5.29
Harihar Mfg & Trading LLP	-	-	-	8.99	-	-	-	8.99
Dashrath Jagmohandas Investment Pvt. Ltd.	-	-	-	6.10	-	-	-	6.10
Super Handlers Private Limited	-	-	-	6.10	-	-	-	6.10
Ashmak Investment Private Limited	-	-	-	1.02	-	-	-	1.02
Sub - Total	**-**	**-**	**-**	**48.60**	**-**	**-**	**-**	**48.60**
Remuneration								
Mr. Nahoosh Jariwala	-	-	-	-	144.00	44.95	144.00	44.95
Mr. Bimal D. Parikh	-	-	-	-	-	16.95	-	16.95
Sub - Total	**-**	**-**	**-**	**-**	**144.00**	**61.90**	**144.00**	**61.90**
Balance payable at the year-end								
Mr. Nahoosh Jariwala	-	-	-	-	12.00	15.96	12.00	15.96
Mr. Bimal D. Parikh	-	-	-	-	-	4.45	-	4.45
Sub - Total	**-**	**-**	**-**	**-**	**12.00**	**20.41**	**12.00**	**20.41**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

32 Derivative Instruments and Unhedged Foreign Currency Exposures:

Particulars of Unhedged Foreign Currency Exposures:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount Rupees
Trade Receivables	USD	8.51	552.79
		(11.88)	(786.73)
Trade Payables	USD	-	-
		(0.40)	(26.64)
Export Earning Foreign Currency Amount	USD	0.47	30.53
		(0.05)	(3.10)

Note: Figures in brackets represent figures for the previous year.

33 Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	2.70	2.16	4.86
(+) Withdrawals from banks	-	5.50	5.50
(-) Permitted payments	-	5.05	5.05
(-) Amount deposited in Banks	2.70	-	2.70
Closing cash in hand as on 30 December 2016	-	2.61	2.61

* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

34 During the year and pursuant to the Ordinary Resolution passed by Postal Ballot on January 22, 2017, the Company has reclassified its Authorised Share Capital from 50,000 Preference Shares of Rs. 100 each to 500,000 Preference Shares of Rs. 10 each filed with Registrar of Companies on March 14, 2017.

During the year and pursuant to the Ordinary Resolution passed by Postal Ballot on January 22, 2017, the Company has increased its Authorised Share Capital from 145,00,000 Equity Shares of Rs. 10 each to 40,000,000 Equity Shares of Rs. 10 each and 500,000 Preference Shares of Rs. 10 each to 5,000,000 Preference Shares of Rs. 10 each filed with Registrar of Companies on March 17, 2017.

35 During current year, pursuant to the order dated February 22, 2017, by Hon'ble National Company Law Tribunal, Mumbai Bench, filed with Registrar of Companies on March 14, 2017, from appointed date August 1, 2016, approving the Scheme of Arrangement between M/s. Privi Organics Limited ("POL") and Fairchem Speciality Limited (Formerly known as ADI Finechem Limited) (the Company) and Privi Organics India Limited (Formerly known as ADI Aromatic Limited) ('Scheme of Arrangement') the Company has to pay the consideration in the following proportion to the shareholders of POL:

- 27 (twenty seven) equity shares of the Company of Rs. 10 each fully paid up for every 40 (forty) equity shares of POL of Rs. 10/- each fully paid up, and

- 27 (twenty seven) compulsorily convertible preference shares of the Company of Rs. 10 each fully paid up for every 40 (forty) equity shares of POL of Rs. 10/- each fully paid up

In accordance with above the Company has allotted 12,634,353 equity shares of Rs. 10 each and 12,634,353 compulsorily convertible preference shares of Rs. 10 each to the shareholders of Privi Organics Limited as on March 8, 2017, the record date, by corresponding debit to general reserves and balance in the profit and loss account as per the treatment prescribed in aforesaid scheme.

36 Segment Reporting

a) Information about primary business segments

In accordance with the requirements of Accounting Standard 17 – "Segment Reporting" 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 charge for depreciation and amortisation during the year are all as reflected in the financial statements for the year ended March 31, 2017 and as on that date.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

b) Information of Geographical Segments:

Particulars	Year ended on 31st March, 2017			Year ended on 31st March, 2016		
	India	Outside India	Total	India	Outside India	Total
Revenue from external customers	15,015.76	3,550.35	**18,566.11**	12,234.56	3,019.52	**15,254.08**
Carrying amount of Segment Assets	14,825.33	552.79	**15,378.12**	10,638.33	808.77	**11,447.10**
Addition to Fixed Assets during the Year	2,231.20	19.18	**2,250.38**	1,327.26	7.03	**1,334.29**

37 Leases

Operating Lease : As a Lessee

The Company has entered into cancellable lease agreement for Corporate office premises for a period of nine years commenced from September 7, 2013. The lease rentals aggregating Rs. 49.26 Lakhs (Previous Year Rs. 30.00 Lakhs) have been included under the head "Other Expenses" Note 27 "Rent" of Statement of Profit and Loss.

38 Expenditure towards Corporate Social Responsibility (CSR) activities

Particulars	As at 31st March, 2017	As at 31st March, 2016
(a) Gross amount required to be spent by the company :	**44.11**	42.19
(b) Amount spent :		
(i) Construction/acquisition of any asset	**-**	-
(ii) On purposes other than (i) above	**27.61**	0.22

39 Proposed Dividend

The final dividend proposed for the year is as follows :

Particulars	As at 31st March, 2017	As at 31st March, 2016
On Equity Shares of Rs.10 each		
Amount of dividend proposed	**376.10**	344.85
Dividend per Equity Share	**Re. 1.00 per share**	Rs. 2.50 per share

40 Dividend remitted in foreign exchange

Particulars	As at 31st March, 2017	As at 31st March, 2016
Dividend remitted in foreign currency	Nil	Nil

Although there is foreign holding in the company and dividend was declared and paid in the current and previous year, dividend has been paid to non-resident shareholders in Indian Rupees or has been deposited in a Rupee account with their respective bankers in India.

41 Previous year figures have been reclassified to conform to this year's classification.

The accompanying notes are integral part of the standalone financial statement.

For Price Waterhouse & Co. Chartered Accountants LLP
Firm Registration No.: 304026E/ E-300009
Chartered Accountants

Priyanshu Gundana
Partner
Membership No. 109553

Place : Ahmedabad
Date : May 11, 2017

For and on behalf of the Board

Nahoosh Jariwala
Managing Director

Mahesh Babani
Managing Director

Rajen N. Jhaveri
Chief Financial Officer & Co. Secretary

Place : Ahmedabad
Date : May 11, 2017

Independent Auditors' Report

To the Members of

FAIRCHEM SPECIALITY LIMITED (FORMERLY KNOWN AS ADI FINECHEM LIMITED)

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Fairchem Speciality Limited (formerly known as Adi Finechem Limited) ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associate company (refer Note 2 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Groupin accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group,for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 9 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

8. a) We draw your attention to the Note no. 38 to the consolidated financial statements regarding accounting for issue of equity shares and compulsorily convertible preference shares with acorresponding debit to general reserve and surplus in the profit and loss, by the Holding Company, in accordance with a Scheme of arrangement between the Holding Company, Privi Organics Limited and Privi Organics India Limited (formerly known as Adi Aromatic Limited), approved by National Company Law Tribunal, Mumbai Bench.

   b) We draw your attention to the following Emphasis of Matter paragraph included in the Audit report of Privi Organics India Limited, a wholly-owned subsidiary of the Company, issued by an independent firm of Chartered Accountants vide its report dated May 10, 2017 :

"We draw attention to Note 38 to the financial statements. As per the accounting treatment prescribed in the Scheme approved by the National Company Law Tribunal (NCLT) Order, the Company has credited Rs. 35,340.09 lakhs, being the excess of assets over the liabilities vested under the Scheme, to the general reserve. Had such amount not been credited to general reserve as permitted under the NCLT Order; under the generally accepted accounting principles in India, this would need to be credited to the capital reserve."

Our opinion is not qualified in respect of these matters.

Other Matter

9. We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of Rs.77,583.26 lakhs and net assets of Rs.36,629.81 lakhs as at March 31, 2017, total revenue of Rs. 41,186.79 lakhs, net profit of Rs.1,290.16 lakhs and net cash out flows amounting to Rs 14,456.04 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/ loss of Rs. Nil for the year ended March 31, 2017 as considered in the consolidated financial statements, in respect of one associate company whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and associate company and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, and associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

10. As required by Section143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposesof our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group, incorporated in India including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consoli dated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained by the Holding Company and its subsidiaries included in the Group, incorporated in India including relevant records relating to the preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and there ports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

(g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2017 on the consolidated financial position of the Group,– Refer Note 33 to the consolidated financial statements.

ii. The Group, had long-term contracts including derivative contracts as at March 31, 2017 for which there were no material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India during the year ended March 31, 2017.

iv. The Company has provided requisite disclosures in the consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Holding Company and its subsidiary company incorporated in India as produced to us by the Management – Refer Note 36.

For Price Waterhouse & Co. Chartered Accountants LLP
Firm Registration Number:304026E/ E-300009
Chartered Accountants

Priyanshu Gundana
Partner
Membership Number: 109553

Place: Ahmedabad
Date: May 11, 2017

"Annexure A" to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Fairchem Speciality Limited (formerly known as Adi Finechem Limited) on the consolidated financial statements for the year ended March 31, 2017

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Fairchem Speciality Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies and its associate company which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)" These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds anderrors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable toan audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company, its subsidiary companies and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting

and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies and one associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. Our opinion is not qualified in respect of this matter.

For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration Number : 304026E/ E-300009
Chartered Accountants

Priyanshu Gundana
Partner
Membership Number: 109553

Place: Ahmedabad
Date: May 11, 2017

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2017

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

PARTICULARS	Note No.	As at 31st March, 2017
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	5	3,906.27
Reserves and Surplus	6	39,895.07
		43,801.34
Non - Current Liabilities		
Long term Borrowings	7	6,636.05
Deferred Tax Liabilities (Net)	8	1,924.62
Other long-term liabilities	9	0.25
Long Term Provisions	10	741.37
		9,302.29
Current Liabilities		
Short Term Borrowings	11	18,898.52
Trade Payables:	12	
- Total outstanding dues of micro enterprises and small enterprises and		25.24
- Total outstanding dues of creditors other than micro enterprises and small enterprises		13028.60
Other Current Liabilities	13	7,832.67
Short Term Provisions	14	72.72
		39,857.75
TOTAL		92,961.38
ASSETS		
Non - Current Assets		
Fixed Assets		
Tangible Assets	15	38,650.17
Intangible Assets	15	123.76
Capital Work-in-Progress		2,168.76
Intangible Assets Under Development		220.14
Goodwill on consolidation		144.60
Non Current Investments	16	5.76
Long Term Loans and Advances	17	2,571.06
Other Non Current Assets	18	641.05
		44,525.30
Current Assets		
Current Investments	19	15.01
Inventories	20	24,614.49
Trade Receivables	21	17,388.94
Cash and Bank Balances	22	3,070.70
Short Term Loans and Advances	23	2,414.69
Other Current Assets	24	932.25
		48,436.08
		92,961.38
Statement of Significant Accounting Policies	4	

The accompanying notes are integral part of the consolidated financial statement.

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse & Co. Chartered Accountants LLP
Firm Registration No.: 304026E/ E-300009
Chartered Accountants

Priyanshu Gundana
Partner
Membership No. 109553

Place : Ahmedabad
Date : May 11, 2017

For and on behalf of the Board

Nahoosh Jariwala
Managing Director

Mahesh Babani
Managing Director

Rajen N. Jhaveri
Chief Financial Officer & Co. Secretary

Place : Ahmedabad
Date : May 11, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2017

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

PARTICULARS	Note No.	Year ended on 31st March, 2017
Income		
Revenue from Operations (Gross)	25	**63,633.13**
Less : Excise duty		**3,889.57**
Revenue from Operations (Net)		**59,743.56**
Other Income	26	**986.46**
		60,730.02
Expenses		
Cost of Material Consumed	27	**39,785.72**
Changes in Inventory of Finished Goods and Work in Progress	28	**(678.04)**
Employee benefits expenses	29	**4,007.73**
Finance Costs	30	**2,030.75**
Depreciation and Amortisation	15	**2,670.77**
Other expenses	31	**9,537.65**
		57,354.58
Profit Before Tax		**3,375.44**
Tax Expense		
Current Tax		**1,180.78**
(Excess) / Short Provision of Income Tax of earlier years (Net)		**7.06**
Deferred Tax		**51.43**
		1,239.27
Profit for the Year		**2,136.17**
Earnings Per Share		
Basic Earnings Per Share (in Rupees)	32	**9.39**
Diluted Earnings Per Share (in Rupees)	32	**8.82**
Nominal Value Per Equity Share and Preference Share (in Rupees)		**10**
Statement of Significant Accounting Policies	4	

The accompanying notes are integral part of the consolidated financial statement.

This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse & Co. Chartered Accountants LLP
Firm Registration No.: 304026E/ E-300009
Chartered Accountants

Priyanshu Gundana
Partner
Membership No. 109553

Place : Ahmedabad
Date : May 11, 2017

For and on behalf of the Board

Nahoosh Jariwala
Managing Director

Mahesh Babani
Managing Director

Rajen N. Jhaveri
Chief Financial Officer & Co. Secretary

Place : Ahmedabad
Date : May 11, 2017

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED ON 31ST MARCH, 2017

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

	PARTICULARS	Year ended 31st March, 2017
(A)	**CASH FLOW FROM OPERATING ACTIVITIES:**	
	Profit Before Taxation	**3,375.44**
	Adjustments for :	
	Depreciation / Amortisation	**2,670.76**
	Finance Cost	**1,633.31**
	Interest Income	**(168.90)**
	Dividend Income	**(0.07)**
	Unrealised Foreign Exchange Loss / (Profit)	**515.05**
	Gain on sale of assets	**(1.33)**
	Loss on sale of assets	**1.84**
	Operating Profit Before Working Capital Changes	**8,026.10**
	Adjustments For Changes In Working Capital:	
	(Increase) In Inventories	**(718.12)**
	(Increase) In Long term loans and advances	**(311.04)**
	(Increase) / Decrease In Trade receivables	**(394.26)**
	(Increase) In Short term Loans and Advances	**(121.27)**
	(Increase) / Decrease In Other current assets	**(103.26)**
	(Increase) / Decrease In Other Non current assets	**(0.74)**
	Increase / (Decrease) In Trade and Other Payables	**(3,148.28)**
	Increase / (Decrease) In Long Term Provisions	**33.62**
	Increase / (Decrease) In Short Term Provisions	**21.58**
	Increase / (Decrease) In Other Current Liabilities	**225.96**
	Cash Generated From Operations	**3,510.29**
	Direct Taxes Refund / (Paid) (Net)	**(1,860.05)**
(A)	**NET CASH FROM OPERATING ACTIVITIES**	**1,650.24**
(B)	**CASH FLOW FROM INVESTING ACTIVITIES :**	
	Purchase of Fixed Assets	**(7,155.97)**
	Proceeds from Sale of Fixed Assets	**45.74**
	Investment in Fixed Deposits	**(197.73)**
	Purchase of Investments	**-**
	Interest Income	**168.90**
(B)	**Net Cash Generated /(Used In) Investing Activities**	**(7,139.06)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2017

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

	PARTICULARS	Year ended 31st March, 2017
(C)	**CASH FLOW FROM FINANCING ACTIVITIES:**	
	General reserve on account of scheme of arrangement	**-**
	Net Proceeds / (Repayment) of Long Term Borrowings	**(68.03)**
	Net Proceeds / (Repayment) of Working Capital Loan	**(6,736.58)**
	Lease payment during the year (plant and machinery)	**-**
	Dividend	**(344.78)**
	Dividend Tax	**(1,309.29)**
	Interest	**(480.22)**
(C)	**Net Cash Used In Financing Activities**	**(8,938.90)**
	Net Increase in cash and cash equivalents (A+B+C)	**(14,427.72)**
	Cash and Cash Equivalents as at the beginning of the year	**5.41**
	Cash and cash equivalents acquired on demerger pursuant to scheme of arrangement	**126.86**
	Cash acquired subsequent to demerger (Refer Note 38)	**14,527.78**
	Cash and Cash Equivalents as at the end of the year	**232.33**
		As at 31st March, 2017
	Cash and Cash Equivalents :	
	Cash on hand	**6.05**
	Cheques on hand	**-**
	Bank Balances :	
	- In Current Accounts	**195.75**
	- In Export Earning Foreign Currency Amount	**30.04**
	Effect of exchange differences on balances with banks in foreign currency	**0.49**
		232.33
	Note :	
	1 The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard 3 - "Cash Flow Statements".	

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

For Price Waterhouse & Co. Chartered Accountants LLP
Firm Registration No.: 304026E/ E-300009
Chartered Accountants

Priyanshu Gundana
Partner
Membership No. 109553

Place : Ahmedabad
Date : May 11, 2017

For and on behalf of the Board

Nahoosh Jariwala
Managing Director

Mahesh Babani
Managing Director

Rajen N. Jhaveri
Chief Financial Officer & Co. Secretary

Place : Ahmedabad
Date : May 11, 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Background

Fairchem Speciality Limited (Formerly known as Adi Finechem Limited) ("The Company") was incorporated in May, 1985 as "H. K. Agro Oil Ltd." under the provisions of the Companies Act, 1956. The Company is engaged in manufacturing of Speciality Oleo Chemicals. The manufacturing facility for the same is set up at Village Chekhala, Ta. Sanand, Dist. Ahmedabad, Gujarat. The equity shares of the Company are listed on BSE Limited and National Stock Exchange of India Ltd.

2 Principles of Consolidation:

a) The Consolidated Financial Statements include the Financial Statements of Fairchem Speciality Limited, the parent Company and all of its wholly owned subsidiary companies and its associate (collectively referred to as 'Group').

b) The Consolidated Financial Statements are prepared in accordance with Accounting Standard-21 'Consolidated Financial Statements', notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended). The difference between the cost of investments of subsidiary company in the step-down subsidiaries over its share in the equity at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill. Alternatively, where the share of equity at the time of acquisition of shares in subsidiaries, is in excess of the cost of investment of the Company, it is recognised as Capital Reserve. The Goodwill / Capital Reserve is determined separately for each subsidiary company.

c) The investments in associate companies are accounted in these Consolidated Financial Statements in accordance with the requirements of Accounting Standard-23, Accounting for Investments in associate companies in Consolidated Financial Statements, notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended). Investment in associate company are accounted for using equity method in consolidated financial statements. Accordingly, the share of profit / loss of the associate company (the loss being restricted to the cost of investment) is deducted from / added to the cost of investment. The difference between the cost of investment in the associate and the share of its equity at the time of acquisition of the share in the associate is described as Goodwill or Capital Reserve, as the case may be. Goodwill or Capital Reserve is included in the carrying amount of investment in associate and disclosed separately.

d) The Financial Statements of the parent company and its subsidiary companies have been combined on a line-by-line basis by adding together book values of the items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses.

e) The Consolidated Financial Statements are prepared by adopting uniform Accounting Policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as Standalone Financial Statements of the parent Company.

f) Financial Statement of integral foreign subsidiary companies translated into Indian rupees pursuant to Accounting Standards-11 'The effects of changes in foreign exchange rate', notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) are as follows:

- Revenues and expenses are translated into Indian rupees at average exchange rate, which is not as per requirements of Accounting Standard-11, but having no material effect on the results of consolidated accounts.
- Monetary items are translated into Indian rupees using the year end rate.
- Non-monetary items are translated using exchange rate at the date of transaction.
- The net exchange difference resulting from the translation of items in the Financial Statements of the subsidiary companies is recognised as income or expense under the head 'Foreign Currency translation Reserve.'

g) The Company has incorporated wholly owned subsidiary viz. Privi Organics India Limited (Formerly known as Adi Aromatic Limited) on July 08, 2016. Subsidiary's financial statements for the period from July 08, 2016 to March 31, 2017 has been considered for the consolidation.

The Subsidiary and Associate companies which are included in the Consolidation and the Company's holdings therein are as under:"

% Ownership held by the Parent

Sr. No.	Name of the Company	Relationship	Country of Incorporation	As at March 31, 2017
1	Privi Organics India Limited (POIL) (Formerly known as Adi Aromatic Limited)	Subsidiary	India	100%
2	Privi Biotechnologies Private Ltd.	Subsidiary	India	100% subsidiary of POIL
3	Privi Organics USA Inc	Subsidiary	USA	100% subsidiary of POIL
4	Minar Organics Private Limited	Associate of Subsidiary	India	38.50% Associate of POIL

h) The financial statements of the subsidiaries and associate used in the consolidation are drawn up to the same reporting date as that of the Company i.e March 31, 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Significant Accounting Policies and Notes to the Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide to better understand the consolidated position of the companies. Recognising the purpose, the Company has disclosed only such policies and notes from the individual Financial Statements which fairly present the required disclosures.

4 Significant accounting Policies

4.1 Basis of preparation

These Consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rule, 2014, till the Standard of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. (The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated March 30, 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standard) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e. April 01, 2016.) Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 2013.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

4.2 Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognised in the period in which the results are known/materialise.

4.3 (a) Tangible Assets and Depreciation

Tangible assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price including import duties and non-refundable taxes and expenses directly attributable to bringing the asset to its working condition for the intended use. Subsequent expenditure related to an item of fixed asset are added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

An item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

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

Assets class	Useful life in years
Buildings	10 to 30
Plant and Equipment	10 to 25
Electric Installations	10
Office Equipments & Computers	3 to 10
Furniture and Fixtures	10 to 16
Vehicles	6 to 11

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.

(b) Intangible Assets and Amortisation

Acquired intangible assets

Intangible assets that are acquired by the Group are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Internally generated intangible assets

Expenditure on research activities, undertaken with the prospect of development of new products or gaining new technical knowledge and understanding, is recognised in profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Capital expenditure on Research and Development is treated in the same way as expenditure on fixed assets. Revenue expenditure on Research and Development is charged to the Statement of Profit and Loss in the year in which it is incurred.

Development activities involve a plan or design for the production of new or substantially improved products or processes.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable borrowing costs (in the same manner as in the case of tangible fixed assets). Other development expenditure is recognised in profit or loss as incurred.

Intangible assets are amortised in profit or loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset.

Amortisation method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal.

Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

4.4 Impairment

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceed their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

4.5 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments, such reduction being determined and made for each investment individually.

4.6 Inventories

"Inventories are stated at 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. The cost of semi-finished goods comprises raw materials, direct labour, other direct costs and related production overheads.

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

4.7 Revenue Recognition

Sale of goods: Sales are recognised when the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods. Sales are recognised net of trade discounts, rebates and sales taxes/ value added tax and is inclusive of excise duties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Other Revenue

i) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

ii) Eligible export incentives are recognised in the year in which the conditions precedent are met and there is no significant uncertainty about the collectability.

4.8 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

4.9 Foreign Currency Transactions

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All monetary assets and liabilities in foreign currency are restated at the end of the accounting period.

Exchange differences on restatement of all monetary items are recognised in the Statement of Profit and Loss.

4.10 Current and deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

4.11 Provisions and contingent liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event and 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. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: 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 or a reliable estimate of the amount cannot be made.

4.12 Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4.13 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Group's earnings per share is the net profit for the year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

4.14 Employee benefits

i) Defined-contribution plans

The Company has Defined Contribution plans for post employment benefits namely Provident Fund. The Company contributes to a Government administered Provident Fund and has no further obligation beyond making its contribution.

The Company makes contributions to state plans namely Employees' State Insurance Fund and Employees' Pension Scheme 1995 and has no further obligation beyond making the payment to them. The Company's contributions to the above funds are charged to Statement of Profit and Loss every year.

ii) Defined-benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees, which is funded in holding company and unfunded in subsidiary companies. 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 employees' 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. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

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.

4.15 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	PARTICULARS	As at 31st March, 2017
5	**Share Capital**	
	Authorised:	
	40,000,000 Equity Shares of Rs. 10 each	**4,000.00**
	5,000,000 Preference Shares of Rs. 10 each	**500.00**
		4,500.00
	Issued, Subscribed and Paid-up:	
	37,609,757 Equity Shares of Rs. 10 each, fully paid-up	**3,760.98**
	1,452,949 0.0001% Compulsorily Convertible Preference Shares of Rs. 10 each, fully paid-up	**145.29**
		3,906.27
5.1	**Reconciliation of number of shares:**	
	Equity Shares:	
	Balance as at the beginning of the year	**13,794,000**
	Add: Issued pursuant to a scheme of arrangement (Refer Note 38)	**12,634,353**
	Add: Conversion of Compulsorily Convertible Preference shares	**11,181,404**
	Balance as at the end of the year	**37,609,757**
	Compulsorily Convertible Preference Shares:	
	Balance as at the beginning of the year	**-**
	Add: Issued pursuant to a scheme of arrangement (Refer Note 38)	**12,634,353**
	Less: Conversion to Equity Shares	**11,181,404**
	Balance as at the end of the year	**1,452,949**

5.2 Rights, preferences and restrictions attached to shares

Equity Shares: 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.

0.0001% Compulsorily Convertible Preference Shares (CCPS) : 12,634,353, 0.0001% CCPS of Rs.10 each were issued on March 14, 2017 to the erstwhile shareholders of Privi Organics Limited pursuant to the Scheme of Arrangement (Refer Note 38) without payment being received in cash. Out of above, 11,181,404, 0.0001% CCPS of Rs. 10 each were converted into 11,181,404 Equity Shares of Rs. 10 each.

CCPS shall be converted into equity shares of the company at any time prior to the expiry of 18 months from the date of allotment.

CCPS shall carry no voting rights.

Equity shares issued and alloted by the company upon conversion shall rank pari passu in all respects.

FAIRCHEM

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

5.3	**Details of Shareholders holding more than 5% of the aggregate shares in the company:**		
	PARTICULARS	**As at 31st March, 2017**	
		Nos	**(%)**
	Equity Shares:		
	FIH Mauritius Investments Limited	**18,304,068**	**48.67%**
	Mr. Mahesh Babani	**3,039,297**	**8.08%**
	Banbridge Limited	**2,320,354**	**6.17%**
	Compulsory Convertible Preference Shares:		
	FIH Mauritius Investments Limited	**738,760**	**50.85%**
	Mr. Mahesh Babani	**185,421**	**12.76%**
	Banbridge Limited	**141,560**	**9.74%**
	Mr. Mahesh Babani – HUF	**103,024**	**7.09%**
5.4	**Aggregate number of shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding 31 March, 2017):**		
	Equity Shares alloted as fully paid up Bonus Shares		
	For Financial Year ended March 31, 2013 - 1,900,000 Shares		
	For Financial Year ended March 31, 2014 - 1,140,000 Shares		
	For Financial Year ended March 31, 2015 - 1,254,000 Shares		
5.5	**Shares alloted as fully paid up pursuant to a scheme of arrangement without payment being received in cash (during 5 years immediately preceding 31 March, 2017):**		
	Equity Shares at Rs. 10/- each - 12,634,353 Shares Compulsorily Convertible Preference Shares at Rs. 10/- each - 12,634,353 Shares		

		As at 31st March, 2017
6.	**Reserves and Surplus**	
	General Reserve	
	Balance as at the beginning of the year	**300.00**
	Addition as per the scheme of arrangement	**35,340.09**
	Less : Utilised for issue of Equity shares in pursuance of scheme of arrangement (Refer Note 38)	**300.00**
	Balance as at the end of the year	**35,340.09**
	Foreign currency translation reserve	
	Balance as at the beginning of the year	**-**
	Add: Effect of foreign exchange rate variation	**(0.44)**
	Balance as at the end of the year	**(0.44)**
	Surplus in the statement of Profit and Loss	
	Balance as at the beginning of the year	**4,646.13**
	Profit for the year	**2,136.17**
		6,782.30
	Less :	
	Utilised for issue of Equity shares in pursuance of scheme of arrangement (Refer Note 38)	**963.44**
	Utilised for issue of Compulsory Convertible Preference shares in pursuance of scheme of arrangement (Refer Note 38)	**1,263.44**
	Balance as at the end of the year	**4,555.42**
		39,895.07

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		As at 31st March, 2017
7.	**Long Term Borrowings***	
	Secured:	
	Term Loan from Banks	
	In Foreign Currency	3,972.37
	In Indian Currency	2,258.53
	Vehicle Loan from Banks	9.71
	Unsecured:	
	Sales tax deferred	235.96
	Loans from Department of Bio-technology and others	159.48
	From Others (Inter-Corporate Deposits)	-
		6,636.05

* Instalments falling due in respect of all the above Loans during next twelve months have been disclosed under the title "Other Current Liabilities" as "Current Maturities of Long Term Debt" (Refer Note 13)

Debt Owed by Fairchem Speciality Limited (Formerly Known as Adi Finechem Limited)

Security Details :

a) Term Loan from banks aggregating to Rs. 2748.88 Lakhs are secured by hypothetication 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.

b) The Vehicle loans from HDFC Bank Limited of Rs. 1.47 Lakhs are secured by hypothecation of vehicles and are further secured by personal guarantee given by a Director of the Company. The vehicle loan from ICICI Bank Ltd of Rs. 7.64 Lakhs is secured by hypothecation of vehicle.

Repayment Details :

a) Secured Term Loan of Rs. 98.96 Lakhs carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 60 monthly instalments started from 7th August, 2013

b) Secured Term Loan of Rs. 248.46 Lakhs carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 48 monthly instalments started from 7th October, 2014

c) Secured Term Loan of Rs. 266.11 Lakhs carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 60 monthly instalments started from 7th May, 2015

d) Secured Term Loan of Rs. 267.60 Lakhs carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 48 monthly instalments started from 7th October, 2015

e) Secured Term Loan of Rs. 258.87 Lakhs carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 36 monthly instalments started from 7th February, 2016

f) Secured Term Loan of Rs. 1608.88 Lakhs carries a floating monthly rate of interest. Repayment of the same is to be done by payment of 60 monthly instalments started from 7th October, 2016

Debt Owed by Privi Organics India Limited (Formerly Known as Adi Aromatic Limited)

Security Details :

Term loan from Standard Chartered Bank in foreign currency USD 4,714,286 equivalent to Rs. 3,056.68 lakhs, term loan from DBS Bank in foreign currency USD 500,000 equivalent to Rs. 324.19 lakhs, Ratnakar Bank in foreign currency USD 3,990,422 equivalent to Rs.2,587.33 lakhs, term loan from Ratnakar Bank in foreign currency USD. 1,206,961 equivqlent to Rs.782.58 lakhs and term loan from Bank of Baroda in INR Rs.539.50 lakhs are secured by a first mortgage on the Company's immovable properties both present and future ranking paripassu interse and a first charge by way of hypothecation of all the Company's assets (save and except book debts and inventories) including movable machinery (save and except spares tools and accessories) both present and future subject to charges created in favour of the Company's bankers for inventories, book debts and other specified movable assets for securing the borrowings of Working Capital and by way of personal guarantees of Directors and their relatives. Vehicle loans are hypothecated against vehicles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Repayment Details :

a) Standard Chartered Bank term loan of USD 5,500,000 carries interest @ 5.75% The term loan is repayable in 14 quarterly installments of USD 392,857.14 each starting from July 2016.

b) Ratnakar Bank term loan of USD 5,586,592 carries interest @ 5.25%+ libor. The term loan is repayable in 5 quarterly instalments of USD 319,233.84 each , 10 quarterly instalments of USD 399,042.30 each (total 15 instalments) starting from March 2016.

c) DBS Bank Ltd term loan of USD 8,000,000 carries interest @6.10%. The term loan is repayable in 14 quarterly instalments of USD 500,000 each starting from September 2013.

d) Ratnakar Bank term loan of USD 1,347,305.40 carries interest @ 6.00%. The term loan is repayable in 7 staggering quarterly instalments of USD 205329.34 each till 2018.

e) Bank of Baroda term loan of Rs. 830.00 lakhs carries interest @ 12.25% The term loan is repayable in 20 quarterly instalments of Rs. 41.50 lakhs each starting from June 2015.

Repayment and other details of Unsecured Loan

a) Package Scheme of Incentive permits the company to accumulate the sales tax collected from its customers in respect of goods produced at Mahad factory. Sales tax collected each year is repayable in five equal yearly instalments after ten years from the year of collection. Outstanding amount is repayable in annual instalments till April 2022 from the date of reporting date. Sales Tax Deferral Loan is interest free. Current maturity of Sales Tax Deferral Loan of Rs. 93.84 lakhs is disclosed under ' Other Current Liabilities' (refer note 13)

b) This is towards Grant-in–aid and loan received from the Department of Biotechnology, Ministry of Science & Technology under Small Business Innovation Research Initiative (SBIRI) scheme for “Enzyme Catalyzed Manufacture of esters”. The aid is received in the form of loan Rs. 18.72 lakhs for funding the man-power costs in relation to the research and development project. The loan is repayable to the Government in ten equal yearly instalments starting from March 2011. During the year Grant-in–aid and loan received from Biotechnology Industry Research Assistance Council amounting to Rs. 117 lakhs for the project entitled Pilot Scale Transiation Facility For the Value added chemicals From Biomass. Also another Grant-in–aid and loan received from Indo-German Science and Technology Center amounting Rs. 30 Lakhs for the project on design of selective nanoporous membrane bioreactor for efficient production of bio-butanol from lignocellulosic sugars.

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

	Particulars	As at 31st March, 2017
8.	**Deferred Tax Liabilities (Net)**	
	(A) Deferred Tax Liability	
	Depreciation	**2,254.41**
		2,254.41
	(B) Deferred Tax Asset	
	Expense allowable for tax purpose when paid	**329.79**
		329.79
		1,924.62
	Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.	
9.	**Other Long Term Liabilities**	
	Security deposits	**0.25**
		0.25
10.	**Long Term Provisions**	
	Provision for Employee Benefits	
	Provision for Gratuity	**502.81**
	Provision for compensated absences	**238.56**
		741.37

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		As at 31st March, 2017
11.	**Short Term Borrowings**	
	Secured:	
	Working Capital Loans from Bank	**11,289.94**
	Post shipment credit from banks	**68.69**
	Packing credit from banks	**6,839.30**
	Packing credit in Foreign Currency	**700.59**
		18,898.52
	Debt Owed by Fairchem Speciality Limited (Formerly Known as Adi Finechem Limited)	
	Security Details :	
	a) 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.	
	Debt Owed by Privi Organics India Limited (Formerly Known as Adi Aromatic Limited)	
	Security Details :	
	a) Working Capital Loans from banks are secured by way of hypothecation of inventories both on hand and in transit and book debts and other receivables both present and future and also secured by way of second charge “on fixed assets and by way of personal guarantees of Directors and their relatives.	
	Working capital loans carry interest rate @ 8.5% to 14% and are payable on demand.	
	Post shipment and packing credit from bank carry interest rate @ 2.34% to 4.86% and are due for payment within 180 days. Rupee packing credit and post shipment carry interest between @ 8.75% to 11.50%.	
12.	**Trade Payables**	
	(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	**25.24**
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	**10,463.53**
	(c) Creditors Against Acceptance	**2,565.07**
		13,053.84

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		As at 31st March, 2017
	Note: The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:	
	Total outstanding dues of Micro, Small and Medium Enterprises	
	a) Principal Amount due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	24.38
	b) Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	0.86
	c) Principal Amount paid to suppliers registered under MSMED Act, beyond the appointed day during the year.	35.00
	d) Interest paid, other than under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	-
	e) Interest paid, under section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year.	-
	f) Interest due and payable towards suppliers registered under MSMED Act, for payments already made.	0.70
	g) Further interest remaining due and payable for earlier years.	-
13.	**Other Current Liabilities**	
	Current Maturities of Long term Debt	
	Term Loan from Banks	
	In Foreign Currency (Secured)	2,778.40
	In Indian Currency (Secured)	1,029.85
	In Indian Currency (UnSecured)	100.08
	Vehicle Loan from Bank	18.12
	Interest accrued but not due on borrowings	63.13
	Interest accrued and due on borrowings	1.46
	Unclaimed Dividend (Refer note below)	13.56
	Advances from Customers	100.04
	Creditors for Capital Goods	1,102.24
	Employee Benefit Payable	439.51
	Statutory Liabilities	349.13
	Bank Overdraft	123.24
	Derivative Liability	84.60
	Other Liabilities	1,629.31
	Note: There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Act as at the year end.	
		7,832.67
14.	**Short Term Provisions**	
	Provision for Employee Benefits	
	Provision for Gratuity	47.72
	Provision for compensated absences	25.00
		72.72

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Fixed Assets (Refer Notes 4.3 and 4.4)

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

Particulars	Gross Block (At Cost)					Depreciation / Amortisation					Net Block
	As at March 31, 2016	Additions during the year	Adjustment as per the Scheme of arrangement (Refer Note 38)	Deletions during the year	**As at March 31, 2017**	Upto March 31, 2016	For the year	Adjustment as per the Scheme of arrangement (Refer Note 38)	On Deletion	**As at March 31, 2017**	**As at March 31, 2017**
Tangible Assets											
Freehold Land	63.10	-	-	-	**63.10**	-	-	-	-	**-**	**63.10**
Leasehold Land	441.05	-	1,426.65	-	**1,867.70**	1.54	12.93	24.96	-	**39.43**	**1,828.27**
Building	2,148.45	2,453.97	5,153.43	-	**9,755.85**	373.53	213.01	804.15	-	**1,390.69**	**8,365.16**
Staff quarters	-	-	51.09	-	**51.09**	-	0.55	14.00	-	**14.55**	**36.54**
Leasehold improvements	-	-	547.20	-	**547.20**	-	26.44	316.34	-	**342.78**	**204.42**
Plant and Machinery	6,834.93	7,388.03	28,829.11	36.22	**43,015.85**	2,249.23	2,042.35	12,861.25	22.46	**17,130.37**	**25,885.48**
Electric Installation	446.56	538.71	1,493.15	-	**2,478.42**	122.77	172.51	712.79	-	**1,008.07**	**1,470.35**
Air Conditioners	26.52	-	-	-	**26.52**	5.08	13.17	-	-	**18.25**	**8.27**
Office Equipments and Computers	51.78	48.48	447.08	-	**547.34**	35.14	27.72	363.02	-	**425.88**	**121.46**
Furniture and Fixtures	106.42	52.88	140.86	-	**300.16**	42.06	18.02	78.35	-	**138.43**	**161.73**
Lab equipments	-	-	642.83	-	**642.83**	-	42.16	309.96	-	**352.12**	**290.71**
Lease Plant & Machinery	-	-	163.00	-	**163.00**	-	11.22	67.87	-	**79.09**	**83.91**
Vehicles	100.24	49.56	106.99	35.65	**221.14**	48.78	18.75	48.20	25.36	**90.37**	**130.77**
Total	**10,219.05**	**10,531.63**	**39,001.39**	**71.87**	**59,680.20**	**2,878.13**	**2,598.83**	**15,600.89**	**47.82**	**21,030.03**	**38,650.17**
Intangible assets											
Computers software	-	12.62	437.86	-	**450.48**	-	22.05	374.21	-	**396.26**	**54.22**
Rights for sales of products	-	-	256.08	23.53	**232.55**	-	34.10	179.16	1.33	**211.93**	**20.62**
Development Rights	-	5.94	218.01	-	**223.95**	-	15.79	159.24	-	**175.03**	**48.92**
Total	**-**	**18.56**	**911.95**	**23.53**	**906.98**	**-**	**71.94**	**712.61**	**1.33**	**783.22**	**123.76**

Note:

1) Additions to gross block and capital work in progress include Rs. 59.41 lacs on account of capitalisation of borrowing costs during the year.
2) Additions to gross block and capital work in progress include Rs. 138.82 lacs on account of directly attributable salary expenses.
3) Additions to gross block and capital work in progress include Rs. 144.79 lacs on account of directly attributable electricity expenses.
4) Leasehold land of Gross Block of Rs. 441.05 Lakhs is in the process of transfer in the name of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

			As at 31st March, 2017
16		**Non Current Investments**	
		(Long Term, Trade and Unquoted)	
		Non trade (quoted, fully paid-up)	
		5 equity shares of Rs. 10 each of Indus Ind Bank Ltd.	**-**
		9,940 equity shares of Rs. 2 each of Bank of Baroda	**4.57**
		5,000 equity shares of PNB Gilts Ltd. of Rs. 10 each	**1.50**
		Less:- Provision for diminution in the value of investments	**(0.31)**
			5.76
		- Aggregate book value of quoted investments	**5.76**
		- Aggregate market value of quoted investments	**18.68**
17		**Long Term Loans and Advances**	
		(Unsecured and Considered Good)	
		Capital advances	**1,208.56**
		Security Deposits	
		- Considered good	**404.39**
		- Considered doubtful	**10.69**
		Less- Provision for doubtful deposit	**(10.69)**
		Advance Income Tax and Tax deducted at source (Net of Provision)	**295.42**
		Prepaid expenses	**106.69**
		Deposit with custom duty	**6.00**
		Balances with statutory authorities	**546.66**
		Others	**3.34**
			2,571.06
18		**Other Non Current Assets**	
		(Unsecured and Considered Good)	
		Margin Money Deposit *	**641.05**
			641.05
		* Pledged with the bank for non cash limit	
19		**Current investments**	
		In mutual funds (unquoted, fully paid-up) (valued at lower of cost and fair value)	
		Principal emerging bluechip fund-Growth	**10.01**
		- 36292.058 units and 199 fractions face value Rs. 10.00 [NAV Rs.90.42 per unit]	
		Reliance equity fund	**2.50**
		- 13,189 units and 69 fractions face value Rs. 2.50 [NAV Rs.79.84 per unit]	
		Reliance growth fund	**2.50**
		-1,063 units and 20 fractions face value Rs. 2.50 [NAV Rs. 968.58]	
			15.01
		- Aggregate book value of unquoted investments	**15.01**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

			As at 31st March, 2017
20		**Inventories**	
		(Refer note 4.6)	
		Raw Materials [including Goods in transit Rs. 3,679.20 Lakhs]	7,933.87
		Packing Materials	84.53
		Stores and Fuel [including Goods in Transit Rs. 0.17 Lakhs]	758.72
		Semi-finished Goods	10,853.83
		Finished Goods [including Goods in transit Rs. 730.31 Lakhs]	4,983.54
			24,614.49
21		**Trade Receivables**	
		(Unsecured)	
		Outstanding for a period exceeding six months from the date they are due for payment	
		- Considered good	119.10
		- Considered doubtful	10.86
			129.96
		Less: Provision for doubtful receivables	10.86
			119.10
		Others - Considered good	17,269.84
			17,388.94
22		**Cash and Bank Balances :**	
	A	Cash and cash equivalents	
		Cash on Hand	6.05
		Bank Balances :	
		- In Current Accounts	195.75
		- In Export Earning Foreign Currency Account	30.53
	B	Other Bank Balances	
		Unpaid Dividend Accounts	13.83
		Margin Money Deposit *	2,824.54
			3,070.70
		* Pledged with the bank for non cash limit	
23		**Short term Loans and Advances**	
		(Unsecured and Considered Good)	
	a)	Loans to Employees	13.79
	b)	Advances recoverable in cash or in kind or for value to be received	
		Advance to vendors	637.58
		Balances with Statutory Authorities	1,644.81
		Security Deposits	3.89
		Prepaid Expenses	96.98
		Others	17.64
			2,414.69
24		**Other Current Assets**	
		Export Incentive Receivable	931.65
		Interest Accrued but not Due	0.60
			932.25

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

			Year ended 31st March, 2017
25		**Revenue from Operations**	
	a)	Sale of Finished Goods	**62,925.30**
	b)	Other Operating Revenues	
		- Scrap Sales	**23.98**
		- Export Incentives	**645.55**
		- Job work charges	**38.30**
			63,633.13
		Less: Excise Duty	**3,889.57**
			59,743.56
26		**Other Income**	
		Net Gain on Foreign Currency Transactions and Translation	**705.77**
		Interest on :	
		- Deposits	**163.93**
		- Others	**4.97**
		Dividend income	**0.07**
		Miscellaneous income	**111.72**
			986.46
27		**Cost of materials consumed**	
		Raw Materials :	
		Inventory at the beginning of the year	**678.33**
		Addition as per the scheme of arrangement	**7,335.08**
		Add: Purchases	**38,689.22**
			46,702.63
		Less: Inventory at the end of the year	**7,933.87**
			38,768.76
		Packing Materials :	
		Inventory at the beginning of the year	**6.08**
		Addition as per the scheme of arrangement	**60.56**
		Add: Purchases	**1,034.85**
			1,101.49
		Less: Inventory at the end of the year	**84.53**
			1,016.96
			39,785.72

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

			Year ended on 31st March, 2017
28		**Changes in Inventory of Finished Goods and Work in Progress**	
		Opening Stock	
		Finished Goods	-
		Semi Finished Goods	415.82
			415.82
		Inventory transferred as per the scheme of arrangement	
		Finished Goods	5,905.55
		Semi Finished Goods	8,837.97
			14,743.52
		Closing Stock	
		Finished Goods	4,983.54
		Semi Finished Goods	10,853.84
			15,837.38
		(Increase) / Decrease in Stock	(678.04)
29	(a)	**Employee Benefit Expenses**	
		Salaries Wages and Bonus	3,523.99
		Contribution to Provident Fund and Other Funds	263.65
		Staff Welfare Expenses	220.09
			4,007.73

(b) **The Company has classified the various benefits provided to employees' as under:-**

I. **Defined Contribution Plans**

a. Provident Fund

b. State Defined Contribution Plans

1. Employer's Contribution to Employees' State Insurance.
2. Employer's Contribution to Employees' Pension Scheme 1995.

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

Particulars	In Holding Company	In Subsidiary Companies
	Year ended on March 31, 2017	Year ended on March 31, 2017
Employers' Contribution to Provident Fund and Employees' Pension Scheme*	40.23	120.06
Employers' Contribution to Employees' State Insurance*	6.71	-

* Included in Contribution to Provident and Other Funds Note 29 (a)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

II. Defined Benefit Plans

Valuation in respect of gratuity has been carried out by an independent actuary, as at the balance sheet date, based on the following assumptions:-

Particulars	In Holding Company	In Subsidiary Companies
	As at March 31, 2017	As at March 31, 2017
Discount Rate (per annum)	7.10% to 7.25%	7.25%
Rate of increase in Compensation levels	10% p.a. for next 5 years & 8% p.a. thereafter	8.25%
Rate of Return on Plan Assets	7.10%	-

a. Changes in the Present Value of Defined Benefit Obligation

Present value of obligation at the beginning of the year	90.05	-
Liability on account of demerger	-	414.32
Interest Cost	6.42	31.62
Current Service Cost	12.00	69.37
Past Service Cost	-	-
Benefits Paid	(4.96)	(24.50)
Actuarial (gain) / loss on obligations	52.62	31.42
Present value of obligation at the end of the year	156.13	522.23

b. Changes in the Fair value of Plan Assets

Fair value of Plan Assets at the beginning of the year	110.32	-
Expected Return on Plan Assets	8.44	-
Actuarial Gains and (Loss) on Plan Assets	0.35	-
Contributions	14.80	-
Expenses deducted from fund	(1.10)	-
Benefits Paid	(4.96)	-
Fair value of Plan Assets at the end of the year	127.85	-

c. Reconciliation of Present Value of Defined Benefit Obligation and the Fair value of Assets

Present Value of funded obligation at the end of the year	156.13	522.23
Fair Value of Plan Assets at the end of the year	127.85	-
Funded Status	127.85	-
Present Value of unfunded Obligation at the end of the year	28.28	522.23
Unfunded Net (Liability)/Assets Recognised in Balance Sheet*	(28.28)	(522.23)

*Unfunded Net Liabilities included in Long-term and Short-term Provisions.

d. Amount recognised in the Balance Sheet

Present Value of Obligation at the end of the year	(156.13)	(522.23)
Fair Value of Plan Assets at the end of the year	127.85	-
(Liability)/ Assets recognised in the Balance Sheet**	(28.28)	(522.23)

**Unfunded Net Liabilities included in Long-term and Short-term Provisions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

e. **Expenses recognised in the Statement of Profit and Loss**

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

Particulars	In Holding Company	In Subsidiary Companies
	Year ended March 31, 2017	**Year ended March 31, 2017**
Current Service Cost	12.00	69.37
Interest Cost	6.42	31.62
Expected Return on Plan Assets	(8.44)	-
Expenses deducted from fund	1.10	-
Net actuarial (gain) / loss recognised in the Year	52.27	31.42
Total Expenses recognised in the Statement of Profit and Loss	63.35	132.41

f. **Experience Adjustment**

Defined Benefit Obligation	156.13	522.23
Plan Assets	127.83	-
(Surplus) / Deficit	28.30	522.23
Experience Adjustment on plan liabilities (gain)/ loss	15.84	31.42
Experience Adjustment on plan assets gain/ (loss)	(0.35)	-

Experience adjustment is on account of attrition in the number of employees as compared to the previous year and change in actuarial assumptions.

The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand and the employment market.

g. **Percentage of each Category of Plan Assets to total Fair Value of Plan Assets :**

Cash Accumulation Scheme with Life Insurance Corporation of India	100%	-

Details of Investments made by Life Insurance Corporation of India have not been received by the Company.

III. The liability for leave encashment and compensated absences as at the year end is Rs. 263.56 Lakhs

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		Year ended on 31st March, 2017
30	**Finance Costs**	
	Interest on Long Term Borrowings	558.42
	Interest and other borrowing cost	1,472.33
		2,030.75
31	**Other Expenses**	
	Stores and Spares Consumed	713.73
	Excise duty related to (decrease) / increase in inventory of finished goods	39.47
	Power and Fuel	3,878.85
	Job work charges	502.25
	Laboratory Expenses	19.76
	Rent, Rates and Taxes	136.10
	Research and development	398.14
	Insurance	60.22
	Repairs and Maintenance :	
	- Machinery	316.01
	- Buildings	169.95
	- Others	64.62
	Travelling and Conveyance	286.36
	Telephone and Advertisement Expense	84.24
	Directors' Sitting Fees	4.93
	Remuneration to Auditors for:	
	Statutory Audit Fees	19.00
	Out of pocket expenses	0.11
	Sales Expense	274.71
	Commission on Sales	132.08
	Freight and Forwarding	910.50
	Legal and Professional fees	613.38
	Vehicle expenses	69.52
	Loss on assets sold / discarded (Net)	0.52
	Contribution towards Corporate Social Responsibility activities (Refer note 41)	45.71
	Net Loss on Foreign Currency Transactions and Translation	5.00
	Pollution Control Expenses	82.28
	Training expenses	13.23
	Solid Waste Disposal Charges	91.45
	Miscellaneous Expenses	605.53
		9,537.65

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Year ended on 31st March, 2017
32. Earnings per Share (EPS)	
Basic	
Net Profit before tax as per Statement of Profit and Loss	**2,136.17**
Less : Preference Dividend	**0.00**
Net Profit available to Equity Shareholders	**2,136.17**
Weighted Average Number of Equity Shares	**22,756,775**
Basic EPS (Rs.)	**9.39**
Diluted	
Net Profit before tax as per Statement of Profit and Loss	**2,136.17**
Weighted Average Number of Equity Shares	**22,756,775**
Add: Conversion of Compulsorily Convertible Preference shares	**1,452,949**
Total Weighted Average Number of Equity Shares for Diluted EPS	**24,209,724**
Diluted EPS (Rs.)	**8.82**
Nominal value of an equity share	**10**

	As at 31st March, 2017
33. a) Contingent Liabilities not provided for in respect of:	
Disputed claims made by third party	**15.00**
Demand of Rs. 15.52 (out of which Rs. 6.00 paid) raised by Customs, Excise and Service Tax Appellate Tribunal West Zonal Bench, Mumbai for clearance of imported goods under DEPB scheme. (Contravention of the provisions of Section 111 (o) of the Customs Act, 1962)	**15.52**
Disputed income tax liability including interest	**1,052.80**
Disputed Custom Duty liability	**5.20**
Disputed excise and service tax liability	**60.97**
Disputed Value added tax and Central Sales Tax liability	**12.93**
Bank Guarantees	**68.83**
Total	**1,231.25**
b) Capital and Other Commitments	
Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2017 is Rs. 861.13 Lakhs	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. Related party disclosure:

Related party disclosure as required by AS-18,"Related Party Disclosure", is given below:

	Name of the related party	**Nature**
i)	Parties where control Exists	
	FIH Mauritius Investments Limited, Mauritius	Promoter Group
	FIH Private Investments Limited, Mauritius	
	Above two entities are subsidiaries of Fairfax India Holdings Corporation, Canada	
ii)	Other related parties	
	Minar Organics Private Limited, India (w.e.f. August 1, 2016)	Associate Company
	Adicorp Enterprise Private Limited	Enterprises owned or significantly influenced by key management personnel or their relatives
	Nahoosh Tradelink Private Limited	
	Jariwala Tradelink LLP	
	Harihar Mfg & Trading LLP	
	Dashrath Jagmohandas Investment Pvt. Ltd. (Upto January 24, 2017)	
	Super Handlers Private Limited (Upto January 24, 2017)	
	Ashmak Investment Private Limited (Upto January 24, 2017)	
	Vivira Chemical Industries	
	Vivira Chemicals Private Limited	
	Privi Life Science Private Limited	
	Babani Investment and Trading Private Limited	
	Satellite Technologies Private Limited	
	Vivira Investment and Trading Private Limited	
	Babani Bros LLP	
iii)	Key Management Personnel:	
	In Fairchem Speciality Limited	
	Mr. Nahoosh Jariwala	Managing Director
	In Privi Organics India Limited	
	Mr. Mahesh P. Babani	Managing Director
	Mr. D. B. Rao	Executive Director

iv) Relatives of Key Management Personnel:

In Privi Organics India Limited

- Mr. D. Raj Kumar
- Mr. Anoop P Babani
- Mr. D. Vinay Kumar
- Mr. D. Vijay Kumar
- Mr. Ashok P Babani
- Mrs.Seema M.Babani
- Ms.Snehal Babani
- Ms.Jyoti Babani
- Ms.Nanda Nawin
- Mrs. D Premaleela

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(v) Transaction with related parties

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

Particulars	Parties referred to in (i) above	Parties referred to in (ii) above	Parties referred to in (iii) above	Parties referred to in (iv) above	Total
	Year ended March 31, 2017	Year ended March 31, 2017	Year ended March 31, 2017	Year ended March 31, 2017	Year ended March 31, 2017
Purchase of raw materials					
Privi Life Science Pvt. Ltd	-	6.56	-	-	6.56
Sub - Total	**-**	**6.56**	-	-	**6.56**
Sale of Finished Goods					
Privi Life Science Pvt. Ltd	-	15.19	-	-	15.19
Sub - Total	-	**15.19**	**-**	**-**	**15.19**
Rent, lease and hire income	**-**				
Privi Life Science Pvt. Ltd	-	8.00	-	-	8.00
Vivira chemicals Pvt. Ltd	-	0.20	-	-	0.20
Minar Organics Pvt. ltd	-	0.20	-	-	0.20
Sub - Total	**-**	**8.40**	**-**	**-**	**8.40**
Rent, lease and hire (expense)					
Minar Organics Pvt. ltd	-	6.00	-	-	6.00
Vivira chemicals Pvt. Ltd	-	4.00	-	-	4.00
Sub - Total	**-**	**10.00**	**-**	**-**	**10.00**
Remuneration					
Mr. Nahoosh Jariwala	-	-	144.00	-	144.00
D.B.Rao	-	-	53.50	-	53.50
Mahesh P Babani			61.85	-	61.85
D. Vinaykumar	-	-	-	11.43	11.43
Sub - Total	**-**	**-**	**259.35**	**11.43**	**270.78**
Balance receivable at the year-end					
Vivira Chemicals Pvt Ltd	-	1.02	-	-	1.02
Vivira Chemicals Industries	-	0.51	-	-	0.51
Minar Organics Pvt Ltd	-	0.49	-	-	0.49
Privi Life Science Pvt. Lt	-	49.65	-	-	49.65
Sub - Total	**-**	**51.67**	**-**	**-**	**51.67**
Balance payable at the year-end					
Mr. Nahoosh Jariwala	-	-	12.00	-	12.00
Minar Organics Pvt Ltd	-	2.03	-	-	2.03
Privi Life Science Pvt. Ltd	-	2.25	-	-	2.25
Sub - Total	**-**	**4.28**	**12.00**	**-**	**16.28**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

35. Derivative Instruments and Unhedged Foreign Currency Exposures :

Particulars of Unhedged Foreign Currency Exposures:

Particulars	Foreign Currency Denomination	Foreign Currency Amount	Amount Rupees
Trade Receivables	EURO	14.00	969.56
	USD	133.72	8,671.43
Export Earning Foreign Currency Amount	USD	0.47	30.53
Term Loan	USD	104.12	6,750.78
Trade Payables	EURO	0.02	1.16
	USD	161.57	10,476.45

Derivatives instruments

The Company uses interest rate swap to hedge its exposure in interest rate. The information on derivative instruments is as follows:

Currency	Amount in USD
Floating to foreign exchange fixed interest rate swap	4163.45

36 Disclosures relating to Specified Bank Notes* (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	5.44	16.16	21.60
(+) Withdrawals from banks	-	23.62	23.62
(-) Permitted payments	-	21.86	21.86
(-) Amount deposited in Banks	5.44	-	5.44
Closing cash in hand as on 30 December 2016	-	17.92	17.92

* Specified Bank Notes (SBNs) mean the bank notes of denominations of the existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 3407(E), dated the 8th November, 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 The share of subsidiaries in the consolidated net assets and consolidated profit or loss is as follows:

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

Name of the Company	Share in Net assets		Share in Profit or (loss)	
	As a % of consolidated Net	Amount (in lakhs)	As a % of consolidated Net	Amount (in lakhs)
Parent				
Fairchem Speciality Limited	16.37%	7,170.53	39.60%	846.01
Subsidiaries				
Indian subsidiaries				
Privi Organics India Limited	84.23%	36,895.10	72.75%	1,554.02
Privi Biotechnologies Private Limited*	2.08%	913.18	-0.89%	(19.05)
Foreign subsidiaries				
Privi Organics USA Inc.*	-0.13%	(59.10)	3.03%	64.75
Total	**86.18%**	**44,919.71**	**74.89%**	**2,445.73**
Adjustments arising out of consolidation	-2.55%	(1,118.37)	-14.49%	(309.56)
Total	**83.63%**	**43,801.34**	**60.40%**	**2,136.17**

*Investments held through subsidiary Company

38 During current year, pursuant to the order dated February 22, 2017, by Hon'ble National Company Law Tribunal, Mumbai Bench, filed with Registrar of Companies on March 14, 2017, from appointed date August 1, 2016, approving the Scheme of Arrangement between M/s. Privi Organics Limited ("POL") and Fairchem Speciality Limited (Formerly known as ADI Finechem Limited) (the Holding Company) and Privi Organics India Limited (Formerly known as ADI Aromatic Limited) (the 'Subsidiary Company') ('Scheme of Arrangement') the Company has to pay the consideration in the following proportion to the shareholders of POL:

- 27 (twenty seven) equity shares of the Company of Rs. 10 each fully paid up for every 40 (forty) equity shares of POL of Rs. 10/- each fully paid up, and

- 27 (twenty seven) compulsorily convertible preference shares of the Company of Rs. 10 each fully paid up for every 40 (forty) equity shares of POL of Rs. 10/- each fully paid up

In accordance with above, the Holding Company has allotted 12,634,353 equity shares of Rs. 10 each and 12,634,353 compulsorily convertible preference shares of Rs. 10 each to the shareholders of Privi Organics Limited as on March 8, 2017, the record date, by corresponding debit to general reserves and balance in the profit and loss account as per the treatment prescribed in aforesaid scheme.

Pursuant to the Scheme, the following assets and liabilities have been divested into the Subsidiary Company from POL at the same values as appearing in the books of POL on August 1, 2016, being the appointed date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	Amount
Liabilities	
Non-Current Liabilities	
Long-term borrowings	6,379.53
Deferred tax liability (Net)	1,100.89
Other long-term liabilities	0.25
Long-term provisions	635.75
Current Liabilities	
Short-term borrowings	20,485.22
Trade payables	15,558.03
Other current liabilities	8,783.81
Short-term provisions	1,138.21
Total Liabilities (A)	**54,081.69**
Assets	
Fixed Assets (Net)	28,538.06
Investments	
-Non-Current	959.17
-Current	15.01
Current Assets	
-Non-Current	
Long-term loans and advances	1,928.35
Other non current assets	1,450.14
-Current	
Inventories	21,437.22
Trade receivables	16,341.06
Cash and bank balance	1,851.81
Short-term loans and advances	2,372.74
Total Assets(B)	**74,893.56**
Net Assets (B-A)	**20,811.87**

As mentioned under the Scheme, the excess of the value of assets over the value of liabilities will be treated as general reserve in the books of subsidiary company. Accordingly, the net assets of Rs. 20,811.87 lakhs has been transferred to general reserve.

The Order also provides that all assets and liabilities accrued to POL after the appointed date and prior to the effective date in connection with the POL shall stand transferred to and vested in the subsidiary Company with effect from the effective date. Pursuant to the Scheme, money raised in POL towards shares : subscribed by an existing shareholder, post the appointed date, of Rs 14,528.22 lakhs (net of expenses incurred of Rs 471.78 lakhs) has been transferred to the Resulting Company with a credit to the general reserve. Accordingly, Rs. 35,340.09 lakhs has been transferred to general reserves (in the aggregate).

39 Segment Reporting

a) Information about primary business segments

In accordance with the requirements of Accounting Standard 17 – "Segment Reporting" the Company has determined its business segment as Speciality Chemicals (which includes Oleo Chemicals, Intermediate Neutraceuticals and Aromatic Chemicals). Since 100% of the Group'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 charge for depreciation and amortisation during the year are all as reflected in the financial statements for the year ended March 31, 2017 and as on that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

b) Information of Geographical Segments:

Particulars	Year ended on 31st March, 2017		
	India	Outside India	Total
Revenue from external customers	28,596.16	32,133.86	60,730.02
Carrying amount of Segment Assets	83,320.39	9,640.99	92,961.38
Addition to Fixed Assets during the Year	12,393.52	19.18	12,412.70

40 Leases

Operating Lease : As a Lessee

The Group has entered into cancellable lease agreement. The lease rentals aggregating Rs. 97.91 Lakhs (out of which Rs. 21.15 Lakhs reclassified to Research and Development Expenses) have been included under the head "Other Expenses" Note 27 "Rent" of Statement of Profit and Loss.

The Group has taken a commercial property on non-cancellable operating lease. The future minimum lease payments in respect of this property as on 31st March 2017 is as follow:

Lease payment due	As at March 31, 2017
Not later than one year	35.32
Later than one year but not later than 5 years	251.27
Later than 5 years	-

41 This is the first year that the Company has to prepare consolidated financial statements for the financial year 2016-2017. While preparing the consolidated financial statements for the first time, as per the transitional provisions provided in Accounting Standard (AS) 21 Consolidated Financial Statements' comparative figures for the previous period are not presented.

The accompanying notes are integral part of the consolidated financial statement.

For Price Waterhouse & Co. Chartered Accountants LLP
Firm Registration No.: 304026E/ E-300009
Chartered Accountants
Priyanshu Gundana
Partner
Membership No. 109553

Place : Ahmedabad
Date : May 11, 2017

For and on behalf of the Board

Nahoosh Jariwala
Managing Director

Mahesh Babani
Managing Director

Rajen N. Jhaveri
Chief Financial Officer & Co. Secretary

Place : Ahmedabad
Date : May 11, 2017

FAIRCHEM

FAIRCHEM SPECIALITY LIMITED

(FORMERLY KNOWN AS ADI FINECHEM LIMITED)

CIN: L15140MH1985PLC286828

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

Corporate Office : 1st Floor, 2, Sigma Corporates, B/h. HOF Living, Sindhu Bhavan Road, Off S. G. Road, Ahmedabad - 380059.

Phone Nos. : (079) 2970 1675 : E-mail : cs@fairchem.in : Website : www.fairchem.in

Ref. : Annual Report for F.Y. 2016-17

Dear Shareholders,

Sub. : Statement u/s. 129(3) of The Companies Act, 2013

With reference to above, we are sending herewith Form AOC-1, being a Statement containing Salient Features of the Financial Statements of a Subsidiary viz. Privi Organics India Limited forming part of Financial Statements of the Company for F.Y. 2016-17. It was missed out in the preparation of booklet of annual report through oversight.

The inconvenience caused due to above is sincerely regretted.

For **Fairchem Speciality Limited,**

Place : Ahmedabad

Date : August 03, 2017

Rajen Jhaveri

Chief Financial Officer and Company Secretary

FAIRCHEM

FAIRCHEM SPECIALITY LIMITED
(FORMERLY KNOWN AS ADI FINECHEM LIMITED)
FORM AOC - 1

[Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules, 2014]

Statement containing the salient features of the financial statements of Subsidiary

Part "A" - SUBSIDIARY

Sr. No.	Name of the Subsidiary	Reporting year ended	Reporting Currency	Exchange Rate	Rs. in Lakhs										% of share-holding
					Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Investment other than investment in subsidiary	Turnover & Other Income from Operations	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after taxation	Proposed Dividend	
1	Privi Organics India Limited (Formerly known as Adi Aromatic Limited)	31-Mar-17	INR	1.00	1.00	36,629.81	8,393.11	1,762.30	20.77	41,186.79	1,973.06	682.90	1,290.16	250.00	100%

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FAIRCHEM

A FAIRFAX COMPANY

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