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: August 13, 2018.

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 2017-2018.

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regualtions, 2015, we are attaching herewith the Annual report of the Company for the financial year 2017-2018 approved and adopted by the members as per the provisions of the Companies Act, 2013, at the 33rd Annual General meeting of the members of Company held on Friday, August 10, 2018 at 4.00 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Lotus Colony, Worli, Mumbai – 400 018. Th said Annual Report contains all the documents listed against Regulation 34(2) of SEBI (LODR) Regulations. It also contains Notice dated June 15, 2018 convening 33rd annual general meeting of the members of the Company.

Please find the above in order and take the same on your record.

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

Fairchem Speciality Limited

ANNUAL REPORT

2017-18

FAIRCHEM

A FAIRFAX COMPANY

33rd Annual Report

Board of Directors :	Shri Utkarsh B. Shah	*Chairman*
	Shri Mahesh Babani	*Managing Director*
	Shri Nahoosh J. Jariwala	*Managing Director*
	Shri Harsha Raghavan	*Director (ceased w.e.f. May, 24, 2018)*
	Shri Sumit Maheshwari	*Director*
	Shri D. B Rao	*Director*
	Shri P. R. Barpande	*Director*
	Shri Rajesh Budhrani	*Director*
	Shri Hemang Gandhi	*Director*
	Ms. Radhika Pereira	*Director*
	Shri Darius Pandole	*Director (w.e.f. August 10, 2017)*
	Shri Viren Joshi	*Director (w.e.f. August 10, 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. Gujarat, INDIA.
Phone : +91-79-29701675

Works — 253/P & 312, Village Chekhala, Sanand- Kadi Road,
Ta. SANAND, Dist. AHMEDABAD – 382 115. Gujarat, INDIA.
Phone No. : +91 9016324095 and +91 2717 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.

Websites — www.fairchem.in and www.privi.com

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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

MANAGEMENT DISCUSSION AND ANALYSIS

Global Economic Outlook

As per the latest World Economic Outlook published by the International Monetary Fund (IMF) in April, 2018, the world economic growth strengthened in 2017 to 3.8%, up from 3.2% in 2016 and expected to continue to strengthen to 3.9% in 2018 and 2019. Even more importantly, the world trade in volume in goods and services has significantly jumped from 2.3% in 2016 to 4.9% in 2017 and expected to further strengthen to 5.1% in 2019. The global trade is now outpacing the global economy after a few years.

The acceleration in the economic growth is led by the strong growth in the Advanced economies, particularly the US and the Euro area. The growth across the advanced economies increased from 1.7% in 2016 to 2.3% in 2017 and expected to further increase to 2.5% in 2018, mainly led by the US. By 2019, however, the growth rates for the Advanced economies are expected to taper to 2.2%, again substantially influenced by the ensuing monetary policy tightening by the Fed.

The Emerging market and developing economies (EME) are expected to maintain and strengthen the growth momentum. EME segment growth improved from 4.4% in 2016 to 4.8% in 2017 and expected to further strengthen to 4.9% and 5.1% in 2018 and 2019 respectively. While Indian economy did witness a slowdown in the wake of demonetization and implementation of GST – from 7.1% in 2016 to 6.7% in 2017, the growth is expected to pick up to 7.4% in 2018 and further accelerate to 7.8% in 2019, as per the IMF.

Resurgent investments in the advanced economies and an end to the investment decline in some of the commodity-exporting emerging market and developing economies are the important drivers for the acceleration in growth.

Medium term Global Economic Forecast:

While the Advanced economies played a key role in resurgence of global growth between 2016 and 2018, by 2019 the emerging economies will help in maintaining the growth momentum. Global growth is forecast to remain at 3.9% in 2019, although the advance economies are expected to slow down to 2.2% in 2019, from 2.5% in 2018. The surge in EME segment from 4.9% in 2018 to 5.1% in 2019, will balance the deceleration in Advanced economies and maintain the global growth rate.

Amongst the Advanced economies, both the US and the Euro area are forecast to slow down. The US Fed has indicated that it is in favor of tightening in monetary policy with possible 3 times revision in the interest rates. This is expected to slow down growth in the US, as Fed focusses on reigning the inflationary forces. In the EU area, the growth which was driven by closing of the output gaps driven by cyclical recovery in demand, is expected to taper down. Further, with aging population, a slowdown is expected in the overall supply of labor force and with limited productivity improvements, the slowdown is imminent.

Rising Commodity Prices:

From October 2017, there has been significant upswing in commodity prices. Crude oil prices increased to about $ 70 per barrel, a highest level in the past 30 months. Similarly, the metal prices have increased by about 8.3% between August 2017 to February 2018 and continued to remain bullish. While on one hand the upsurge in commodity prices have helped in reviving in commodity exporting countries, on the other hand, however, for oil importing countries like India, this will pose challenges on current account deficit. Economies of Russia, Brazil, which registered negative growth in 2016, have grown by 1.5% and 1.0% respectively in 2017 and are expected to maintain the tempo going forward into 2018 and 2019.

Indian Economy:

Economic activity in India picked up in the second half of fiscal 2017-18, after languishing for 5 consecutive quarters. The slowdown which was inflicted by the demonetization and the teething troubles in the implementation of the Goods and Services Tax (GST) is now behind us. As per the RBI, the growth is strengthening due to several factors like expected record food grain production, depleting finished goods inventory- which was reduced in the wake of five quarters of slowdown, restart of the CAPEX cycle in India. As per the RBI, the GDP growth is expected to improve to 7.4% in Fiscal 2018-19 from a relatively low of 6.6% in Fiscal 2017-18.

While India will re-emerge as the Fastest growing medium sized economy in the world, there are following events – some of which helps your company and some could pose some challenges:

a) **International Crude Oil Prices:** As per the RBI, the baseline scenario for oil assumes that the average price for crude Oil (Indian basket) for 2018-19 will be around $ 68 per barrel. However, if the oil price inflation continues and if the price increases to about $78 per barrel (Indian Basket), then it could increase inflation by about 30 basis points and could weaken the growth by 10 basis points. The increase in crude Oil prices also leads to increase in the raw material prices of petroleum based products like Citral, Phenols, etc.

b) **Global Growth:** As the advanced economies and the EME continue to grow in 2018, it will have beneficial impact on the Indian economy. A 50-basis point increase in global growth, provides 20 basis point increase in the domestic growth. The US government has recently been showing signs of protectionism, which could dent the global growth and in turn the domestic economy.

c) **Exchange Rate:** With the US Fed having indicated that it is in favor of increasing the target interest rates in the US, and with increased Current account deficit, Indian rupee could be under pressure and could depreciate. For exporting companies, including your company, this is beneficial as the depreciation of the Indian rupee against the dollar helps in improving the revenues as well as net income.

Global Aroma Chemicals Market Overview:

Global Flavours & Fragrance (F&F) Industry is expected to reach USD 28 billion by 2022 (Source: Leffingwell report). Post 2000, Aroma Chemicals has been the fastest growing segment within F&F industry at CAGR of ~ 6.21% as compared to F&F growth of ~ 5%.

The aroma chemicals market was valued at US$ 4.09 billion in 2016 and is projected to reach US$ 6.6 billion by 2024, exhibiting a CAGR of 6.21% during this period, according to Market Report published by Transparency Market Insights.

Growing personal disposable income in emerging economies such as India, China and ASEAN countries coupled with increasing demand for cosmetics and homecare products resulted in the growth of aroma chemicals market.

Among the application of aroma chemicals, the cosmetic and toiletries segment held the highest market share in 2016 and is expected to show the same trend over the forecast years.

Europe accounted for the largest market share in terms of revenue and volume in the global aroma chemicals market in 2016-2017. The region is expected to retain its dominance throughout the forecast period, due to growing use of cosmetic and personal care products in European economies. In terms of revenue, Europe had a market share of 33.47% in 2016. (Source: - Coherent Market report).

Europe is followed by North America and Asia Pacific in the market of aroma chemicals. The North American market growth is expected at a CAGR of 5.80% with Asia Pacific market with a CAGR of 7.15%. (Source: - Coherent Market report). Asia Pacific is the fastest growing market and is expected to retain its dominance during the forecast period.

Growing population coupled with the increasing disposable income in economies such as India and China has fuelled the growth of cosmetics, personal care, and home care products, in turn increasing the demand for fragrances thus leading to increased demand of aroma chemicals. Moreover, the growing retail sector in emerging economies of the region has made the availability easier of products, such as cosmetics, fragrance, soap and detergents, which is further surging the market growth.

In terms of geographical regions, Asia Pacific is expected to be the major revenue contributor to the market in future. Rapid increase in population, rapid urbanization, women empowerment, increasing investments and the rise in demand for better lifestyles are few factors that will drive market growth.

Presence of some of the major aroma chemical producers in Asia Pacific countries and the rising demand for aroma chemicals in these countries will also aid in the growth of the fragrance market in this region.

Regulations

Regulations are forcing companies to follow compliance, which could affect the market's growth trajectory.

For instance, waste water discharge during the production of various synthetic aroma chemicals consists of many effluents, which need to meet applicable regulations for such discharge. As regulations are getting stringent and are imposing various restrictions on the emissions, like waste water, air emissions etc., producers are required to comply with the norms.

Growth drivers

As per market information, use of aroma chemicals so far was limited to the personal and household care sector. Market expansion and penetration of new generation lifestyle products like body deodorants has provided new market opportunities.

Demand for aroma chemicals is expected to rise especially in emerging economies such as India, China, Brazil and Africa. Rising income is expected to drive increasing willingness among young consumers to spend on personal care products.

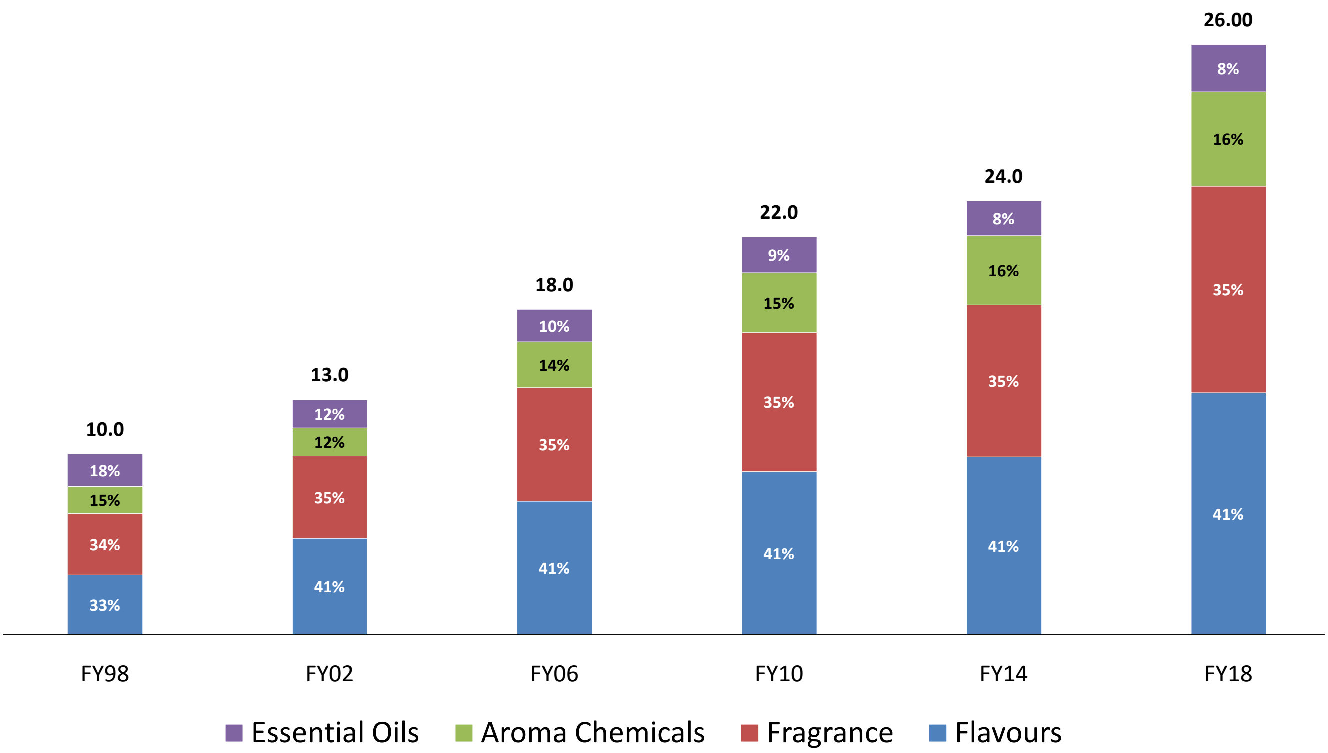
Shifting consumer preferences would create lucrative prospects for aroma chemicals market. Increasing market penetration and investment towards product development will help the aroma chemicals market to register strong growth in the forthcoming years.

With companies focusing on product diversification, consumers will have wider options to choose from. Spurred by these factors, the global aroma chemicals market will continue treading along a positive trajectory.

GLOBAL FLAVOUR AND FRAGRANCE INDUSTRY:

Based on the research by Leffingwell & Associates, the global F & F market was $24.25 billion in 2016. 75% of this market share is held by the top 11 Fragrance and Flavour houses.

Flavours and Fragrance Industry (Sectoral Overview)



(Value in USD Billion) *Source : Leffingwell & Associates & other Industry Research.*

Fragrances and Flavours Industry in India – Opportunities and Challenges

Opportunity:

- India with a population of 1.35 billion is a young country with almost 65 % population below the age of 35 years.
- India is bracing changes very fast in almost every socio-economic arena. By the year 2020, the average age of an Indian is projected to be 29 years.
- Supported by favourable government policies for industry and a demand by a young consuming class with growing disposable incomes, India offers significant opportunities in the flavour and fragrance sector.
- Women empowerment and financial independence.

Challenges:

- Volatility in foreign exchange.
- Pricing and availability of raw materials.
- Socio-geographic issues.
- Research and development.
- Taxation (GST) etc.

Current and Future Business Scenario

Soaps and Fabric wash together continue to dominate with more than 50% market share, whereas deodorants continue with its robust growth at 33 to 35%. Indian fragrance industry has a promising future with the Indian FMCG market expecting consistent growth for next 5 years and with the rise in disposable income, women empowerment, per capita consumption of various personal care products is expected to grow significantly.

Industry Outlook to 2020 – Driven by Demand of Personal Grooming Products and Growth of Food Additives Market

Flavor and fragrance market in India has been dominated by the fragrance market with a majority share in the overall revenues. The market has majorly been dominated by the organized players.

Many international players have set up their manufacturing facilities across India. This is projected to earmark a growth in demand for different fragrances by the personal care, home and food industries.

Fragrance market in India has flourished in the past 6 to 8 years from FY'2012 to FY'2018 on the grounds of new formulations as well as active supply chain management.

The market has been dominated by the global manufacturers lured by the bright growth prospects of food, home and personal care industries in India. The surfacing of global players into the market has provided buoyancy to the supply chain of fragrance industry in India. The supply chain analysis of fragrance market represents the intermediate layers between manufacturers, distributors, importers and finally to the end consumers.

Technology initiatives

Your Company continues to be engaged in research and development in respect of technology & process improvement.

Your Company has further increased capacities of key products as well as installed new capacities for certain niche specialty aroma chemicals to stay ahead of competition.

Your Company is now a leading producer globally in two of its flagship products- Dihydromyrcenol and Amber Fleur, which are important ingredients in the manufacture of Fragrances.

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 would prefer to buy a basket of products from one stop shop.

Your company continues to be the largest single Crude Sulphate Turpentine (CST) processing site in Asia, which is invariably the reason for survival and growth under the current volatile situation in respect of raw materials. CST also allows us to be self-sufficient on Key Raw Materials.

Your company has been investing and will continue to invest in forward looking technologies (like biotechnology) for future from the point of view of expanding into other industry segments.

Registration, Evaluation, Authorization and Restriction of Chemicals (REACH):

Your Company has registered 6 products and will be registering 9 more products under REACH. Your Company has already pre- registered all the products. This would provide an advantage to the Company over its competitors for sale in Europe.

Outlook

Your Company has achieved a growth of over 29.26%* in value over the previous year.

Your Company has achieved a growth of over 23.24%* in volume over the previous year.

* The previous year's numbers have been calculated for the entire 12 month period for 2016-17.

With existence of our 100% Subsidiary in US, our market share continues to keep growing year on year. Your Company intends to penetrate North and South American markets further by: -

1. Utilizing on the base created so far by our subsidiary.
2. Establishing an office in South American region.

Your Company is moving ahead on the path of expanding its global presence by way of setting up own office in Netherlands, which is a valuable step forward from strategic point of view for future growth.

Your Company continues to see its growth coming from key accounts in emerging and developing countries and its ability to provide a range of products.

Your Company has made inroads into the developing markets (Nigeria, Egypt, UAE, Pakistan, South Africa) by seeking more and more customers, case in study Reckitt Benckiser, the same helps Privi to propel the growth path further.

Your company has started to sell value added products from backward integrated feedstocks, thus contributing to enhance the revenues.

Your company continues to establish strategic long-term business relations with global leading companies in F&F industry, like Givaudan, Firmenich, IFF and with well-known global leading FMCG producers, like P&G, Henkel, Colgate and the latest acquisition of Reckitt Benckiser as a customer that has the potential to contribute to an approximate topline revenue of USD 40 million going forward.

OLEO CHEMICALS AND NUTRACEUTICALS :

The Industry Structure And Developments:

OELO CHEMICALS : Oleo Chemicals are preferred since they are produced from biological fats or oils i.e. natural sources . The demand for biodegradable chemicals is supporting 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. Responding to the demand pull of Dimer Acid, the Company had increased its dimerizing capacity which was in place before the commencement of financial year 2017-18. The Company achieved volume growth of about 35 % in sale of Dimer Acid. Dimer Acid is used for making two kinds of polyamides i.e. Non-reactive and reactive. Non-reactive polyamides are 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 – intermediate nutraceuticals 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 15 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 import of the said raw material is not a very viable proposition at current prices of raw material as well as prime finished product obtained therefrom.

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 very cordial. As at March 31, 2018, the Company had 185 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 strives to explore the ways to beat the inflation and thereby maintain / reduce 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. During the F.Y. 2017-18, the Company had focused on strengthening its systems under the guidance of an experienced professional.

DIRECTORS' REPORT

To,

The Members,

Your Directors are indeed pleased to present the Thirty third Annual Report and Audited Standalone and Consolidated financial statements of the Company for the financial year ended March 31, 2018.

FINANCIAL RESULTS : (Rupees in Lakhs)

		Standalone for the Year ended on			Consolidated for the year ended on	
		31-03-2018		31-03-2017	**31-03-2018**	31-03-2017*
(1)	Income (Net of Excise duty)		**23,632.90**	18,543.06	**102,430.08**	51,729.85
(2)	Profit before Interest, Depreciation & Taxation		**3,652.47**	2,375.83	**14,620.50**	7,935.97
	Less : Interest		**575.57**	469.31	**2,393.99**	1,697.57
(3)	Profit before Depreciation and Taxation		**3,076.90**	1,906.52	**12,226.51**	6,238.40
	Less : Depreciation		**494.91**	422.09	**4,330.90**	2,682.54
(4)	**Profit before Tax for the year**		**2,581.99**	1,484.43	**7,895.61**	3,555.86
	Less : Provision for Taxation :					
	(a) Current Tax	**573.23**		353.11	**1,907.04**	877.22
	(b) Deferred Tax	**69.07**		218.43	**654.81**	(40.83)
	(c) Short Provision of earlier years (Net)	**-**	**-**	7.06	**-**	7.06
	Sub-total		**642.30**	578.60	**2,561.85**	843.45
(5)	**Profit after Tax for the year**		**1,939.69**	905.83	**5,333.76**	2,712.41
	Add: Other Comprehensive Income–OCI (Net)		**(0.58)**	(34.91)	**(3.86)**	(55.45)
(6)	**Net profit after Tax for the year**		**1,939.11**	870.92	**5,329.90**	2,656.96
	Add : Balance B/f from previous year's a/c.		**3,290.17**	5,061.18	**4,931.47**	5,061.18
	Sub-total		**5,229.28**	5,932.10	**10,261.37**	7,718.14
(7)	Less : Appropriations :					
	(a) Transferred to General Reserve	**-**	**-**	-	**-**	-
	(b) Dividend Paid (including Dividend Distribution Tax)	**-**	**401.77**	415.05	**452.66**	415.05
	(c) Reserves acquired pursuant to demerger	**-**	**-**	-	**-**	144.74
	Sub-total		**401.77**	415.05	**452.66**	559.79
	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	**-**	**-**	1,263.44	**-**	1,263.44
	Sub-total	**-**	**-**	2,226.88	**-**	2,226.88
(8)	Balance C/f to next year's account	**-**	**4,827.51**	3,290.17	**9,808.71**	4,931.47

* Comprises of full year's financials of holding company & 8 months for subsidiary company.

OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS:

(A) Operations:

During the year under review, the consolidated revenue from operations and other income crossed a milestone of Rs. 1,000 crores and were Rs. 102,430.08 lakhs. The Company achieved consolidated profit before tax of Rs. 7,895.61 lakhs and profit after tax of Rs. 5,333.76 lakhs. The EPS on Consolidated financial statements for the year ended March 31, 2018 was Rs. 13.65 on diluted basis.

The following material event happened between March 31, 2018 and the date of this report affecting the financial position of POIL, subsidiary.

On April 26, 2018, a major fire broke out at Privi Organics India Limited's (POIL) Unit 2 Plant located at MIDC, Mahad, Dist. Raigad. There has been loss to assets comprising of Inventories, Buildings, Plant & Machinery and other Fixed Assets. POIL is not able to make a reliable estimate of the exact amount of loss, which would be estimated once the surveyors have completed their assessment. POIL is adequately insured and post the assessment, POIL will file a claim for reimbursement of loss with the Insurance Company.

DIVIDEND:

Your Directors are pleased to recommend a dividend of Rs.1.50 (i.e.15%) per equity share (Previous Year Re.1.00 per equity share) for the financial year ended March 31, 2018, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

MEETINGS OF THE BOARD :

During the Financial Year 2017-18, 4 (four) 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 along with 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 Sumit Maheshwari (DIN 06920646) and Shri D. B. Rao (DIN 00356218) shall retire at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

The Board of Directors, during the year, have filled in remaining two out of the six casual vacancies of Independent Directors which had arisen on May 11, 2017 as follows:

Sr. No	Name of outgoing Director	Name of Incoming Director to fill in the casual vacancy
1	Shri Nitin Patel	Shri Darius Pandole
2	Shri Bhavin Shah	Shri Viren Joshi

Shri Harsha Raghavan (DIN 01761512) ceased to be a Director w.e.f. May 24, 2018. Board places on record the contribution of Shri Harsha Raghavan in the affairs of the Company during his tenure as a Director of the Company.

RE-APPOINTMENT OF INDEPENDENT DIRECTORS:

The term of Shri P. R. Barpande, Shri Rajesh Budhrani, Shri Hemang Gandhi, Shri Darius Pandole and Shri Viren Joshi, the Independent Directors of the company who were appointed to fill in the casual vacancies expires on March 31, 2019, being the tenure of the Independent Directors in whose place they were appointed. The company has received notice from one of the members of the company proposing their re-appointment as Independent Directors for five years w.e.f. April 01, 2019.

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 DETERMINING 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) Regulations, 2015 the Board of Directors at their Meeting held on August 11, 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 financial statements for the year ended March 31, 2018, 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, 2018 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.

PARTICULARS OF EMPLOYEES:

Details of Employees as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

A. Names of the employees employed throughout the year and were in receipt of remuneration of not less than Rs. 102.00 Lakhs during the year

Details of Employees as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2018							
Sr. No.	Name & Age	Designation/ nature of Duties	Remuneration (In Rs.)	Qualification & experience	Date of Commencement of employment	Last employment, Name of employer, post held and period (years)	% of equity shares held with spouse & dependent children
1	Shri Nahoosh Jariwala (57 Years)	Managing Director	1,44,39,600	B.Com (36 years)	May 15, 2010	M/s. H.K. Finechem Limited (Executive Director) (16 years)	Nil

B. Names of employee's employed for part of the year and were in receipt of remuneration of not less than Rs. 8.50 Lakhs per month

Details of Employees as per Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2018							
Sr. No.	Name & Age	Designation/ nature of Duties	Remuneration (In Rs.)	Qualification & experience	Date of Commencement of employment	Last employment, Name of employer, post held and period (years)	% of equity shares held with spouse & dependent children
Nil							

LISTING

The Company's securities are listed with BSE Limited and National Stock Exchange of India Limited. The Company has paid the listing fees for F.Y. 2018-19 on the paid up equity share capital.

BUSINESS RESPONSIBILITY REPORT :

The Business Responsibility Reporting, as prescribed under Regulation 34 of SEBI (LODR) Regulations, 2015 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, hardeners.
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 31st Annual General Meeting held on September 9, 2016 for a term of five years, from the conclusion of 31st AGM till the consolation off 36th AGM to be held in the year 2022.

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 2017-18. The Report of the Secretarial Audit for the financial year ended on March 31, 2018 is annexed as Annexure to this Report.

CONFIRMATION OF COMPLIANCE OF SECRETARIAL STANDARDS:

As required under 'revised' SS-1 – Secretarial Standards on meetings of the Board of Directors which has come into effect form October 01, 2017, the company confirms compliances of applicable secretarial standards.

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 it 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 M/s. Rajendra Patel & Associates, Cost Accountants as Cost Auditors for the financial year 2018-19.

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

A. Conservation of Energy

a. Energy Conservation measures taken:

   Hot water system generator has been installed to capture the energy generated during cooling cycle of reaction process and the said energy is used to heat boiler feed water. This will save cost on fuel consumption.

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

   Based on the suggestion of the Consultant, 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. This is done through constant interaction with employees, customers and vendors.

Company continued its experiment with process routes.

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, bank and shareholders for their cooperation and assistance extended to the company.

For and on behalf of the Board of Directors,

Place : Mumbai
Date : May 09, 2018

Utkarsh Shah
Chairman

FAIRCHEM
A FAIRFAX COMPANY

A.	POWER AND FUEL CONSUMPTION			2017-18	2016-17
1.	ELECTRICITY				
	A.	Purchased	Units	**80,22,840**	70,73,670
			Total Amount (Rs.)	**6,04,90,514**	5,24,03,978
			Rate / Unit (Rs.)	**7.54**	7.41
	B.	Own Generation	Units	**2,66,184**	1,62,400
			Units per Litre of Diesel	**3.0993**	2.88
			Average Cost / Unit (Rs.)	**19.66**	19.24
2.	FURNACE OIL				
			Quantity (in KL)	**1,251.760**	662.879
			Total Cost	**3,42,01,587**	1,72,81,540
			Average rate per litre (Rs.)	**27.32**	26.07
3	LIGNITE / COAL				
			Quantity (in M.Tons)	**9,049.293**	8913.210
			Total Cost	**6,04,82,673**	4,78,55,572
			Average rate per Kg. (Rs.)	**6.68**	5.37
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)	**1,244.305** (1,368.300)	– –	**500** (489)
	Linoleic Acid / Soya Fatty Acid	**6,979.738** (5,284.030)	– –	**310** (318)
	Dimer Acid	**7,858.423** (5,818.605)	– –	**265** (272)
2	FURNACE OIL			Litres
	Deodorizer Distillate (Mixed Tocopherol Concentrate)	**1,244.305** (1,368.300)	– –	**24** (20.00)
	Linoleic Acid / Soya Fatty Acid	**6,979.738** (5,284.030)	– –	**15** (12.10)
	Dimer Acid	**7,858.423** (5,818.605)	– –	**50** (41.90)
3	LIGNITE / COAL			KGS.
	Deodorizer Distillate (Mixed Tocopherol Concentrate)	**1,244.305** (1,368.300)	– –	**850** (960)
	Linoleic Acid / Soya Fatty Acid	**6,979.738** (5,284.030)	– –	**350** (405)
	Dimer Acid	**7,858.423** (5,818.605)	– –	**600** (769)

Note: Figures in brackets are in respect of previous year.
Bold Figures indicate Production and Consumption for the year 2017-18.

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 are provided below:

(A) No of permanent employees on the rolls of the Company: 185.

(B) The percentage increase in the median remuneration of employees in FY 2018 stood at 15.14%.

(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, 2018	March 31, 2017	Growth
		Rs. in Crores		(In%)
1	Total Revenue	236.33	185.66	27.29
2	Profit before Depreciation, Finance Costs and Tax expense	36.52	23.04	58.51
3	Profit before Tax	25.82	14.02	84.17
4	Profit after Tax	19.40	8.46	129.31
5	Earnings per share Basic (As per annual reports for respective years) (Rs.)	4.97	3.72	33.61
6	Market Capitalisation	1417.70	2,060.26	(31.19)
7	Return on Capital Employed	19.00	15.42	23.22

(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 14.84% for the F.Y. 2017-18. There was no increase in the remuneration of Managing Director. The increase in the remuneration of CFO and Company Secretary was 9.07%

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 2018 is 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	No Change
Shri Mahesh Babani	Managing Director / Executive	No remuneration
Shri Harsha Raghavan ##	Director / Non-Executive	No remuneration
Shri Sumit Maheshwari	Director / Non-Executive	No remuneration
Shri D. B. Rao	Director / Non-Executive	No remuneration
Shri P. R. Barpande	Director / Non-Executive	N.A. being first year of Directorship
Shri Rajesh Budhrani	Director / Non-Executive	N.A. being first year of Directorship
Shri Hemang Gandhi	Director / Non-Executive	N.A. being first year of Directorship
Ms. Radhika Pereira	Director / Non-Executive	N.A. being first year of Directorship
Shri Darius Pandole	Director / Non-Executive	N.A. being first year of Directorship
Shri Viren Joshi	Director / Non-Executive	N.A. being first year of Directorship
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	(82.06%)
Shri Kalpesh A. Patel #	Director / Non-Executive	(78.14%)
Shri Nitin R. Patel #	Director / Non-Executive	(80.00%)
Shri Ganpatraj Chowdhary #	Director / Non-Executive	(83.33%)
Shri Bhavin A. Shah #	Director / Non-Executive	(80.00%)
Ms. Sonal V. Ambani #	Director / Non-Executive	(87.50%)
Mr. Rajen N. Jhaveri	C.F.O. and Company Secretary	9.07%

Ceased to be a Director w.e.f. May 11, 2017.
Ceased to be a Director w.e.f. May 24, 2018.

(F) Remuneration of each Director to the median employee's remuneration (times) for FY 2018:

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	48.97
Shri Mahesh Babani	Managing Director / Executive	Not Applicable
Shri Harsha Raghavan ##	Director / Non-Executive	Not Applicable
Shri Sumit Maheshwari	Director / Non-Executive	Not Applicable
Shri D. B. Rao	Director / Non-Executive	Not Applicable
Shri P. R. Barpande	Director / Non-Executive	0.51
Shri Rajesh Budhrani	Director / Non-Executive	0.51
Shri Hemang Gandhi	Director / Non-Executive	0.51
Ms. Radhika Pereira	Director / Non-Executive	0.51
Shri Darius Pandole	Director / Non-Executive	0.51
Shri Viren Joshi	Director / Non-Executive	0.51
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	0.07
Shri Kalpesh A. Patel #	Director / Non-Executive	0.07
Shri Nitin R. Patel #	Director / Non-Executive	0.07
Shri Ganpatraj Chowdhary #	Director / Non-Executive	0.03
Shri Bhavin A. Shah #	Director / Non-Executive	0.03
Ms. Sonal V. Ambani #	Director / Non-Executive	0.03

Ceased to be a Director w.e.f. May 11, 2017.
Ceased to be a Director w.e.f. May 24, 2018.

(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 decreased by 31.19%, from Rs. 2060.26 crores as at March 31, 2017 to Rs. 1417.70 crores as at March 31, 2018. The price to earnings ratio on consolidated EPS decreased by 53%, from 58.34 times as at March 31, 2017 to 27.61 times as at March 31, 2018.

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. 376.95 on Bombay Stock Exchange of India Limited on March 31, 2018, representing an increase of 5373% 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. 2017-18.

(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) 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://fairchem.in/investor-relations/Policies/CSR-Policy.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.

f. Providing financial support in creation of better infrastructure in educational institutions.

(2) Composition of the CSR Committee:

(w.e.f. May 21, 2017)		(upto May 21, 2017)	
Sr. No.	**Name of the Director**	**Sr. No.**	**Names**
1.	Shri Utkarsh Shah	1.	Shri Nahoosh Jariwala
2.	Shri Nahoosh Jariwala	2.	Shri Bimal Parikh
3.	Shri D. B. Rao	3.	Shri Hemant Shah
4.	Shri Hemang Gandhi, Independent Director	4.	Shri Nitin Patel, Independent Director
5.	Ms. Radhika Pereira, Independent Director		

(3) Average Net Profit of the Company for last three financial years (i.e. F.Y. 2014-15, 2015-16 and 2016-17) was Rs. 1736.36 lakhs.

(4) Prescribed CSR Expenditure (2% of the amount as in item No.3 above.) Rs. 34.72 lakhs.

(5) Details of CSR spent during the Financial Year

(a) Total amount spent for the financial year : Rs. 36.70 lakhs.

(b) Amount unspent : Not Applicable.

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

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	Civil construction work for improvement / addition / upgradation of school infrastructure	Education	Chekhala & Amanagar Villages – both falling under Chekhala Gram Panchayat Ta.Sanand	Rs. 70.80 lakhs	Rs. 36.70 lakhs	Rs. 36.70 lakhs	Direct

Place : Mumbai
Date : May 09, 2018

Nahoosh Jariwala
Chairman, CSR Committee and Managing Director

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2018

Form No. MGT-9

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (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 Nos. : (079) 29701675 / 48911675
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 :

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	10.18%
2	Dimer Acid	3009	36.74%
3	Linoleic Acid / Soya Fatty Acid	3004	19.62%

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 (POIL)	U24220MH2016PLC283393	Subsidiary	100%	2(87)(ii)
2	Privi Biotechnologies Private Limited	U74220MH1985PTC037534	Subsidiary	100% subsidiary of POIL	2(87)(ii)
3	Privi Organics USA Inc., U.S.A.	-	Subsidiary	100% subsidiary of POIL	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	550,000	7,899,567	8,449,567	22.47%	8,449,450	-	8,449,450	22.47%	0.00%
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	1,000,000	448,996	1,448,996	3.85%	1,448,996	-	1,448,996	3.85%	0.00%
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	**1,550,000**	**8,348,563**	**9,898,563**	**26.32%**	**9,898,446**	**-**	**9,898,446**	**26.32%**	**0.00%**
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	6,198,074	12,109,244	18,307,318	48.68%	18,307,318	-	18,307,318	48.68%	0.00%
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-Total (A))(2)	**6,198,074**	**12,109,244**	**18,307,318**	**48.68%**	**18,307,318**	**-**	**18,307,318**	**48.68%**	**0.00%**
Total Share holding Promoter(s) A=A(1)+A(2)	**7,748,074**	**20,457,807**	**28,205,881**	**75.00%**	**28,205,764**	**-**	**28,205,764**	**75.00%**	**0.00%**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	480,067	-	480,067	1.28%	470,000	0	470,000	1.25%	-0.03%
b) Banks/FI	1,821	-	1,821	0.005%	2065	-	2065	0.005%	0.00%
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) Foreign Portfolio Investor (Corporate)	577,406	-	577,406	1.54%	556,101	0	556,101	1.48%	-0.06%
Sub-total (B) (1)	**1,059,294**	**-**	**1,059,294**	**2.82%**	**1,028,166**	**0**	**1,028,166**	**2.73%**	**-0.09%**

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	414,997	-	414,997	1.10%	548,303	-	548,303	1.46%	0.35%
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	2,114,801	568,333	2,683,134	7.13%	2,274,671	243,861	2,518,532	6.70%	-0.44%
ii) Individuals shareholders holding nominal share capital in excess of Rs. 2 lakhs	1,990,831	-	1,990,831	5.29%	2,652,943	-	2,652,943	7.05%	1.76%
c) Others (Non Residents)	204,678	3,020,160	3,224,838	8.57%	288,858	2,320,354	2,609,212	6.94%	-1.64%
d) Other (Clearing Members)	30,782	-	30,782	0.08%	46,837		46,837	0.12%	0.04%
SUB TOTAL (B)(2):	**4,756,089**	**3,588,493**	**8,344,582**	**22.19%**	**5,811,612**	**2,564,215**	**8,375,827**	**22.27%**	**0.08%**
Total Public Shareholding (B) = (B)(1) + (B)(2)	**5,815,383**	**3,588,493**	**9,403,876**	**25.00%**	**6,839,778**	**2,564,215**	**9,403,993**	**25.00%**	**0.00%**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**13,563,457**	**24,046,300**	**37,609,757**	**100.00%**	**35,045,542**	**2,564,215**	**37,609,757**	**100.00%**	**0**

(ii) Shareholding of Promoters/Promoters Group

Sl. No.	Shareholders' name	Shareholding at the begginning 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	18,304,068	48.67%	-	18,304,068	48.67%	-	0.00%
2	Shri Utkarsh Shah	550,000	1.46%	-	550,000	1.46%	-	0.00%
3	Shri Mahesh Babani	3,039,297	8.08%	-	3,039,297	8.08%	-	0.00%
4	Mahesh Purshottam Babani HUF	1,688,696	4.49%	-	1,688,696	4.49%	-	0.00%
5	Ms. Seema Babani	87,539	0.23%	-	87,539	0.23%	-	0.00%
6	Ms. Snehal Babani	286,284	0.76%	-	286,284	0.76%	-	0.00%
7	Vivira Chemicals Pvt. Ltd.	75,172	0.20%	-	75,172	0.20%	-	0.00%
8	Money Mart Securities Pvt. Ltd.	194,826	0.52%	-	194,826	0.52%	-	0.00%
9	Ms. Jyoti Babani	127,238	0.34%	-	127,238	0.34%	-	0.00%
10	Shri Doppalapudi Bhaktavatsala Rao	681,484	1.81%	-	681,484	1.81%	-	0.00%
11	Shri Vinaykumar Doppalapudi Rao	450,777	1.20%	-	450,777	1.20%	-	0.00%
12	Shri Vijaykumar Doppalapudi	428,841	1.14%	-	428,841	1.14%	-	0.00%
13	Vivira Investments & Trading Co. Pvt. Ltd.	178,998	0.48%	-	178,998	0.48%	-	0.00%
14	Ms. Grace Vinaykumar	141,234	0.38%	-	141,234	0.38%	-	0.00%
15	Ms. Sharon Doppalapudi	149,428	0.40%	-	149,428	0.40%	-	0.00%
16	Ms. Premaleela Doppalapudi	166,986	0.44%	-	166,986	0.44%	-	0.00%
17	Shri Rajkumar Doppalapudi	420,190	1.12%	-	420,190	1.12%	-	0.00%
18	Shri Prasanna Raj	174,621	0.46%	-	174,621	0.46%	-	0.00%
19	Shri Rameshbabu Gokarneswararao Guduru	56,952	0.15%	-	56,835	0.15%	-	0.00%
20	Nahoosh Tradelink LLP	663,019	1.76%	-	663,019	1.76%	-	0.00%
21	Jariwala Tradelink LLP	336,981	0.90%	-	336,981	0.90%	-	0.00%
22	FIH Private Investments Limited	3,250	0.01%	-	3,250	0.01%	-	0.00%
	Total	**28,205,881**	**75.000**		**28,205,764**	**75.00**		

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

Particulars	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	28,205,881	75.00%	28,205,764	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)	–	–	–	–
At the end of the year	28,205,881	75.00%	28,205,764	75.00%

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	FIH Mauritius Investments Limited	18,304,068	48.67	-	-		18,304,068	48.67
2	Shri Utkarsh Shah	550,000	1.46	-	-		550,000	1.46
3	Shri Mahesh Babani	3,039,297	8.08	-	-		3,039,297	8.08
4	Mahesh Purshottam Babani HUF	1,688,696	4.49	-	-		1,688,696	4.49
5	Ms. Seema Babani	87,539	0.23	-	-		87,539	0.23
6	Ms. Snehal Babani	286,284	0.76	-	-		286,284	0.76
7	Vivira Chemicals Pvt. Ltd.	75,172	0.20	-	-		75,172	0.20
8	Money Mart Securities Pvt. Ltd.	194,826	0.52	-	-		194,826	0.52
9	Ms. Jyoti Babani	127,238	0.34	-	-		127,238	0.34
10	Shri Doppalapudi Bhaktavatsala Rao	681,484	1.81	-	-		681,484	1.81
11	Shri Vinaykumar Doppalapudi Rao	450,777	1.20	-	-		450,777	1.20
12	Shri Vijaykumar Doppalapudi	428,841	1.14	-	-		428,841	1.14
13	Vivira Investments & Trading Co. Pvt. Ltd.	178,998	0.48	-	-		178,998	0.48
14	Ms. Grace Vinaykumar	141,234	0.38	-	-		141,234	0.38
15	Ms. Sharon Doppalapudi	149,428	0.40	-	-		149,428	0.40
16	Ms. Premaleela Doppalapudi	166,986	0.44	-	-		166,986	0.44
17	Shri Rajkumar Doppalapudi	420,190	1.12	-	-		420,190	1.12
18	Shri Prasanna Raj	174,621	0.46	-	-		174,621	0.46
19	Shri Rameshbabu Gokarneswararao Guduru	56,952	0.15	17.11.2017	117	Sale in the Market	56,835	0.15
20	Nahoosh Tradelink LLP	663,019	1.76	-	-		663,019	1.76
21	Jariwala Tradelink LLP	336,981	0.90	-	-		336,981	0.90
22	FIH Private Investments Limited	3,250	0.01	-	-		3,250	0.01

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

Sl. 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	6.17	-	-	2,320,354	6.17
2	Malabar India Fund Limited	484,784	1.29	-	-	484,784	1.29
3	SBI Small and Midcap Fund	470,000	1.25	-	-	470,000	1.25
4	Hemant Navinchandra Shah	405,000	1.08	131,699	-	536,699	1.43
5	Bimalbhai D. Parikh	358,536	0.95	-	-	358,536	0.95
6	Rohinton Soli Screwvala	145,742	0.39	-	- 40,092	105,650	0.28
7	Dhirendra B. Shah	122,681	0.33	-	-	122,681	0.33
8	Abhijit Yashawant Gore	102,146	0.27	622	-	102,768	0.27
9	Zelus Advisors LLP	-	-	76,000	0	76,000	0.20
10	Shri Gautam Gandhar Advisors LLP	-	-	69,317	0	69,317	0.18

Note: Top ten shareholders of the Company as on March 31, 2018 has been considered for the above disclosure.

(v) Shareholding of Directors & KMP

Sl No.	Name	Shareholding		Date	Incease / 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	1.46	-	-		550,000	1.46
2	Shri Mahesh Babani	3,039,297	8.08	-	-		3,039,297	8.08
3	Mahesh Purshottam Babani - HUF	1,688,696	4.49	-	-		1,688,696	4.49
4	Shri Doppalapudi Bhaktavatsala Rao	681,484	1.81	-	-		681,484	1.81
5	Shri Rajesh Budhrani	699,806	1.86	28.09.2017	1,140	Sale in Market	698,666	1.86
				29.09.2017	1,252	Sale in Market	697,414	1.85
				06.10.2017	750	Sale in Market	696,664	1.85
				10.10.2017	2,000	Sale in Market	694,664	1.85
				11.10.2017	800	Sale in Market	693,864	1.84
				12.10.2017	300	Sale in Market	693,564	1.84
				13.10.2017	700	Sale in Market	692,864	1.84
				16.10.2017	11,367	Sale in Market	681,497	1.81
				18.10.2017	195	Sale in Market	681,302	1.81
				25.10.2017	3	Sale in Market	681,299	1.81
				27.10.2017	57	Sale in Market	681,242	1.81
				31.10.2017	252	Sale in Market	680,990	1.81
				02.11.2017	157	Sale in Market	680,833	1.81
				24.11.2017	2,000	Sale in Market	678,833	1.80
				01.12.2017	1,000	Sale in Market	677,833	1.80
	Key Managerial Personnel (KMP)							
1	Mr. Rajen Jhaveri	5,808	0.02	-	-		5,808	0.02

V. INDEBTEDNESS

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

(Amount in Rs.)

Particulars	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	592,158,053	-	-	592,158,053
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,115,007	-	-	2,115,007
Total (i+ii+iii)	**594,273,060**	**-**	**-**	**594,273,060**
Change in Indebtedness during the financial year				
• Addition	202,378,420	-	-	202,378,420
• Reduction	138,505,084	-	-	138,505,084
Net Change	**63,873,336**	**-**	**-**	**63,873,336**
Indebtedness at the end of the financial year				
i) Principal Amount	656,325,040	-	-	656,325,040
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,821,356	-	-	1,821,356
Total (i+ii+iii)	**658,146,396**	**-**	**-**	**658,146,396**

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 / Manager	Total
		Shri Nahoosh Jariwala, MD	
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) Profits in lieu of Salary under section 17(3) Income tax Act, 1961.	-	-
2	Stock Options	-	-
3	Sweat Equity	-	-
4	Commission		
	- As% of Profit	-	-
	- Others Specify	-	-
5	Others	-	-
	Total (A)	14,439,600	14,439,600

B. Remuneration to other Directors:

Sl. No	Particulars of Remuneration	Name of the Directors												Total Amount (in Rs.)
		Shri Jayesh Shah	Shri Kalpesh Patel	Shri Ganpatraj Chowdhary	Shri Nitin Patel	Shri Bhavin Shah	Mrs. Sonal Ambani	Shri P. R. Barpande	Shri Rajesh Budhrani	Shri Hemang Gandhi	Shri Darius Pandole	Shri Viren Joshi	Ms. Rashika Pereira	
1	Independent Directors													
	(a) Sitting Fee for attending Board / Committee meetings	20,000	20,000	10,000	20,000	10,000	10,000	150,000	150,000	150,000	140,000	140,000	150,000	970,000
	(b) Commission	-	-	-	-	-	-	-	-	-	-	-	-	-
	(c) Others													
	Total (1)	20,000	20,000	10,000	20,000	10,000	10,000	150,000	150,000	150,000	140,000	140,000	150,000	970,000
2	Other Non Executive Directors													
	(a) Sitting Fee for attending Board / Committee meetings	-	-	-	-	-	-	-	-	-	-	-	-	-
	(b) Commission	-	-	-	-	-	-	-	-	-	-	-	-	-
	(c) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total (B)=(1+2)	20,000	20,000	10,000	20,000	10,000	10,000	150,000	150,000	150,000	140,000	140,000	150,000	970,000
	Total Managerial Remuneration													# 15,409,600
	Overall Ceiling as per the Act.													34,318,570

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	4,017,916	4,017,916
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-
	(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	4,017,916	4,017,916

VII. Penalties / Punishment / Compounding of Offences : NIL

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, 2018

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

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, 2018 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, 2018 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 - Not applicable as the Company has not issued any shares / securities during the year under review;
    (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 listed 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 issued by The Institute of the Company Secretaries of India (ICSI) and made effective from time to time.
    ii. The Uniform Listing Agreement entered into by the Company with National Stock Exchange of India 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.

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. 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, there were no instances of:

a) Public/Right issue of shares/ debentures/sweat equity, etc.

b) Redemption / buy-back of securities.

c) Obtaining the approval from Shareholders under Section 180 of the Companies Act, 2013.

d) Merger / amalgamation / reconstruction, etc.

e) Foreign technical collaborations.

For Parikh Dave & Associates
Company Secretaries

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

Place : Ahmedabad
Date : May 08, 2018

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
Partner
PRACTICING COMPANY SECRETARY
FCS No. 6545 C P No.: 7158

Place : Ahmedabad
Date : May 08, 2018

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

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures transparency, responsibility and accountability. The Company believes in upholding highest standard of ethics, integrity, transparency and accountability in conducting the affairs of the Company so as to disseminate the information to the stakeholders in transparent manner. We have, therefore, designed our systems and action plans to enhance performance and stakeholders' value in the long run. To create a culture of good governance, your Company has adopted practices that comprise of performance accountability, effective management control, constitution of Board Committees as a part of the internal control system, fair representation of professionally qualified, non-executive and Independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and payment of statutory dues.

The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [the Listing Regulations]. We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving.

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. August 11, 2017) has Two Executive Directors and Ten 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, who have considerable experience in their respective fields. Non-Executive and Independent Directors have expert knowledge in the fields of finance, taxation, legal and industry. Thus, the Board represents a balanced mix of professionals, who bring the benefits of their knowledge and expertise.

Attendance of each Director at the Board Meetings and last Annual General Meeting (AGM) and the number of companies and committees where he/she 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	4	Yes	1	Nil	Nil
Shri Nahoosh J. Jariwala (Managing Director)	Promoter - Executive	4	Yes	1	Nil	Nil
Shri Mahesh Babani (Managing Director) #	Promoter - Executive	3	Yes	2	Nil	Nil
Shri Harsha Raghavan $	Nominee - Non-Executive	4	Yes	9	8	Nil
Shri Sumit Maheshwari	Nominee - Non-Executive	4	Yes	1	1	Nil
Shri Bimal D. Parikh ##	Non-Independent - Non-Executive	1	N.A.	Nil	1	Nil
Shri Hemant N. Shah ##	Non-Independent - Non-Executive	1	N.A.	Nil	Nil	Nil
Shri Jayesh K. Shah ##	Independent, Non-Executive	1	N.A.	6	Nil	Nil
Shri Kalpesh A. Patel ##	Independent, Non-Executive	1	N.A.	Nil	Nil	Nil
Shri Ganpatraj L. Chowdhary ##	Independent, Non-Executive	1	N.A.	2	Nil	Nil
Shri Nitin R. Patel ##	Independent, Non-Executive	1	N.A.	Nil	Nil	Nil
Shri Bhavin A. Shah ##	Independent, Non-Executive	1	N.A.	Nil	Nil	Nil
Ms. Sonal Vimal Ambani ##	Independent, Non-Executive	1	N.A.	4	Nil	Nil
Shri D. B. Rao ###	Promoter - Non-Executive	3	Yes	2	2	Nil
Shri P. R. Barpande ###	Independent, Non-Executive	3	Yes	6	2	5

Directors	Category	Attendance Particulars		Directorships in other Public Ltd. Companies incorporated in India.	Committee Memberships*	
		Board Meeting	Last AGM		Member	Chairman
Shri Rajesh Budhrani ###	Independent, Non-Executive	3	Yes	5	1	Nil
Shri Hemang Gandhi ###	Independent, Non-Executive	3	Yes	4	1	Nil
Ms. Radhika Pereira ###	Independent, Non-Executive	3	Yes	4	3	2
Shri Darius Pandole ####	Independent, Non-Executive	3	Yes	3	2	Nil
Shri Viren Joshi ####	Independent, Non-Executive	3	Yes	Nil	Nil	Nil

* Includes only Audit Committee and Stakeholders' Relationship in other Public Limited Companies – whether listed or not.
\# Appointed as Additional Director and Managing Director w.e.f. May 11, 2017
\## Ceased to be a Director w.e.f. May 11, 2017
\### Appointed as a Director w.e.f. May 11, 2017
\#### Appointed as a Director w.e.f. August 11, 2017
$ Ceased to be a Director w.e.f. May 24, 2018

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.

None of the Directors are related to other Directors.

Shareholding of Non-Executive Directors as on March 31, 2018 is as under:

Sr. No.	Name of Director	No. of Equity Shares held	No. of Convertible instruments held - CCPS	% of total Equity Shares of the Company	Shareholding, as a % assuming full conversion of convertible securities (as a % of diluted share capital)
1.	Shri Utkarsh B. Shah	5,50,000	-	1.46%	1.46%
2.	Shri Rajesh Budhrani	6,69,333	42,694	1.78%	1.82%

- **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 interalia to review the performance of the Company and for consideration and approval/adoption of quarterly financial results. The Chief Financial Officer and the Company Secretary, in consultation with the Chairman, prepare detailed agenda for the meetings. Four Board meetings were held in the year 2017-18 and the gap between two Board meetings have not exceeded 120 days. 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.	May 11, 2017	10	3.	November 14, 2017	12
2.	August 11, 2017	12	4.	February 12, 2018	12

- **Appointment of Independent Directors**

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 meeting of Independent Directors was held on February 12, 2018.

- **Familiarisation Programme**

In order to enable the Independent Directors of the Company to fulfil their role in the Company and to keep them updated, various presentations are made on business models, new initiatives taken by the Company, changes taking place in the Industry scenario etc. The details of the familiarization programme of Independent Directors of the Company is available on the website of the Company at the following link:

http://fairchem.in/policies.html

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 consisted 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.

The Audit Committee was reconstituted at the Board Meeting held on May 11, 2017 and comprised of Shri P. R. Barpande as Chairman of the Committee, Shri Mahesh Babani, Shri Sumit Maheshwari, Shri Rajesh Budhrani, Shri Hemang Gandhi and Ms. Radhika Pereira as members.

The Board of Directors at its meeting held on August 11, 2017 inducted two newly appointed Independent Directors as the members of the Audit Committee and so Audit Committee now comprises of two Managing Directors, six Independent Directors and one Nominee Director with Shri P. R. Barpande - Independent Director as Chairman of the Committee, Shri Mahesh Babani, Shri Nahoosh Jariwala, Shri Sumit Maheshwari, Shri Rajesh Budhrani, Shri Hemang Gandhi, Ms. Radhika Pereira, Shri Darius Pandole and Shri Viren Joshi as members. All the members of the Committee are financially literate and have adequate accounting knowledge. The Audit Committee met Four times during the financial year 2017-18 - on May 11, 2017, August 11, 2017, November 14, 2017 and February 12, 2018.

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

Name	Designation / Category	No. of Committee Meeting(s) attended
Shri P. R. Barpande (Chairman)	Non-Executive – Independent	3
Shri Mahesh Babani	Executive – Promoter	3
Shri Nahoosh Jariwala ##	Executive – Promoter	2
Shri Sumit Maheshwari	Non-Executive – Nominee	4
Shri Jayesh K. Shah #	Non-Executive – Independent	1
Shri Kalpesh A. Patel #	Non-Executive – Independent	1
Shri Nitin R. Patel #	Non-Executive – Independent	1
Shri Rajesh Budhrani	Non-Executive – Independent	3
Shri Hemang Gandhi	Non-Executive – Independent	3
Ms. Radhika Pereira	Non-Executive – Independent	3
Shri Darius Pandole ##	Non-Executive – Independent	2
Shri Viren Joshi ##	Non-Executive – Independent	2

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

\## Appointed as a Member w.e.f. August 11, 2017.

The scope of the Audit Committee includes:

1. Review 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 the management, the annual financial statements and auditor’s report thereon before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the 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 or 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 of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors, 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 the 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 audit committee have reviewed the following information:

1. management discussion and analysis of financial condition and results of operations;
2. statement of significant related party transactions, submitted by management;
3. management letters issued by the statutory auditors;
4. internal audit reports relating to internal control weaknesses; and
5. the appointment and terms of remuneration of the Internal Auditors.

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

A certificate from the Managing Director on the standalone financial statements and other matters of the Company for the financial year ended March 31, 2018 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

The Nomination and Remuneration Committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations, 2015 consisted of 3 Non-executive Directors viz. Shri Kalpesh A. Patel as Chairman of the committee, Shri Harsha Raghavan and Shri Ganpatraj L. Chowdhary as members.

On May 11, 2017 Nomination and Remuneration Committee was reconstituted and consisted of Shri Utkarsh Shah, Shri Harsha Raghavan, Shri P. R. Barpande and Shri Hemang Gandhi as members.

Effective from August 11, 2017, the Nomination and Remuneration Committee comprises of Shri Utkarsh Shah, Shri Harsha Raghavan, Shri Darius Pandole and Shri Viren Joshi as members.

The details of composition of the Nomination and Remuneration Committee and attendance at Meetings during the financial year 2017-18 were as follows :

Name	Designation	No. of Committee Meeting attended
Shri Utkarsh Shah	Non-Executive – Promoter	1
Shri Harsha Raghavan $	Non-Executive – Nominee	2
Shri P. R. Barpande #	Non-Executive – Independent	1
Shri Hemang Gandhi #	Non-Executive – Independent	1
Shri Viren Joshi ##	Non-Executive – Independent	N.A.
Shri Darius Pandole ##	Non-Executive – Independent	N.A.
Shri Kalpesh A. Patel ###	Non-Executive – Independent	1
Shri Ganpatraj L. Chowdhary ###	Non-Executive – Independent	1

Appointed w.e.f May 11, 2017 at time of reconstitution of Committee and Ceased to be a Member w.e.f. August 11, 2017

Appointed as a Member w.e.f. August 11, 2017

Committee reconstituted and ceased to be a Member w.e.f. May 11, 2017

$ Ceased to be a Director w.e.f. May 24, 2018

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.

Performance evaluation criteria for Independent Directors:

The performance of the Independent Directors is evaluated based on the criteria such as the knowledge, experience, integrity, expertise in any area, number of Board / Committee meetings attended, time devoted to the Company, his/ her participation in the Board / Committee meetings etc. The performance evaluation of the Independent Directors was carried out by the Board and while evaluating the performance of the Independent Director, the Director who was subject to the evaluation did not participate.

Remuneration Policy :

The Company's Remuneration Policy for Directors is given here below:

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 Director in Executive category, it mainly comprises of fixed component. The remuneration policy is placed on the website of the Company http://fairchem.in/policies.html. 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 2017-18.

(Amounts in Rs.)

Directors	Salaries	Perquisites	Sitting Fees	Total
Shri Utkarsh B. Shah	Nil	Nil	Nil	Nil
Shri Mahesh Babani	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 D. B. Rao	Nil	Nil	Nil	Nil
Shri P. R. Barpande	Nil	Nil	1,50,000	1,50,000
Shri Rajesh Budhrani	Nil	Nil	1,50,000	1,50,000
Shri Hemang Gandhi	Nil	Nil	1,50,000	1,50,000
Ms. Radhika Pereira	Nil	Nil	1,50,000	1,50,000
Shri Darius Pandole	Nil	Nil	1,40,000	1,40,000
Shri Viren Joshi	Nil	Nil	1,40,000	1,40,000
Shri Bimal D. Parikh #	Nil	Nil	Nil	Nil
Shri Hemant N. Shah #	Nil	Nil	Nil	Nil
Shri Jayesh K. Shah #	Nil	Nil	20,000	20,000
Shri Kalpesh A. Patel #	Nil	Nil	20,000	20,000
Shri Nitin R. Patel #	Nil	Nil	20,000	20,000
Shri Ganpatraj L. Chowdhary #	Nil	Nil	10,000	10,000
Shri Bhavin A. Shah #	Nil	Nil	10,000	10,000
Mrs. Sonal V. Ambani #	Nil	Nil	10,000	10,000

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

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

Service contract / Agreement and Notice period: The Company has entered into agreements with Shri Nahoosh Jariwala, Managing Director for his employment for a period of 2 years and 10 months. Either party to an agreement is entitled to terminate the agreement by giving not less than 3 (Three) months' notice in writing to the other party.

5. Stakeholders' Relationship Committee

Stakeholders' Relationship Committee consists of Shri Utkarsh B. Shah as Chairman of the committee, Promoter Non-Executive Director and Shri Hemang Gandhi, Independent Non-Executive Director as members of the committee. At present, Mr. Rajen Jhaveri is the Company Secretary and Compliance Officer of the Company.

During the year, one meeting of Stakeholders' Relationship Committee was held on December 21, 2017 and both the members attended the meeting. 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. and instance of several trade transaction of equity shares of the company by a 'connected person'.

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.

Compliance Officer:
Mr. Rajen Jhaveri, Company Secretary and Compliance Officer can be contacted at:

Fairchem Speciality Limited
Corporate Office:
1st Floor, 2, Sigma Corporates, Behind HOF Living,
Sindhu Bhavan Road, Off S.G.Road,
Ahmedabad 380 059.
Phone No. : + 91 79 2970 1675 / 4891 1675
Mail ID: cs@fairchem.in

6. Administrative Committee

With effect from August 11, 2017, Management Committee was renamed as Administrative Committee. It comprises of 4 Members viz. (1) Shri Utkarsh B. Shah, Promoter - Non-Executive (2) Shri Nahoosh Jariwala, Managing Director (3) Shri Harsha Raghavan, Nominee Director and (4) Shri Sumit Maheshwari, Nominee Director. The Committee looks after businesses which are administrative in nature and within the overall Board approved limits/ directions and framework. During the year, one meeting of the Committee was held on September 27, 2017. 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.The committee was reconstituted with effect from May 11, 2017 and presently it consists of five Directors as its members viz. (1) Shri Utkarsh Shah, (2) Shri Nahoosh Jariwala, (3) Shri D. B. Rao, (4) Ms. Radhika Pereira and (5) Shri Hemang Gandhi, out of which two Directors are Independent Directors.

The Committee is primarily responsible for formulating and recommending to the Board of Directors a Corporate Social Responsibility Committee policy and monitoring the same from time to time amount of expenditure to be incurred on the activities pertaining to CSR.

The Company has also formulated the C.S.R.Policy and the same is available on the website of the Company at http://fairchem.in/investor-relations/Policies/CSR-Policy.pdf.

8. Disclosures

(a) Besides the transactions mentioned elsewhere in the Annual Report, there were no materially significant related party transactions entered into by the Company which may have the potential conflict with the interest of the Company at large.

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 http://fairchem.in/investor-relations/Policies/Policy-on-Related-Party-Transactions.pdf.

(b) There were no penalties / strictures 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 in place the Whistle Blower Policy and the same is available on the website of the Company http://fairchem.in/investor-relations/Policies/Whistle-Blower-Policy.pdf. 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.

9. Subsidiary Company

Privi Organics India Ltd. is the only material unlisted Indian subsidiary company under the purview of the material non-listed subsidiary as per criteria given in Regulation 16(1)(c) of SEBI (LODR) Regulations, 2015. The Audit Committee of the Company reviews the financial statements and investments made by unlisted subsidiary company and the minutes of the unlisted subsidiary company are placed at the Board Meeting of the Company. The policy on Material Subsidiary Company is available on the website of the Company http://fairchem.in/policies.html.

10. Code of Conduct

The Company has in place Code of Conduct and Ethics for all the Directors and 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 http://fairchem.in/investor-relations/Policies/Code-of-Conduct.pdf. The code has been circulated to all the Directors and Senior Management Personnel and they affirm its compliance every year.

The Company has also in place a prevention of Insider Trading Code based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Designated Persons defined under the Code of Conduct for Prevention of Insider Trading adopted by the Company. The code ensures prevention of dealing in shares by persons having access to the unpublished price sensitive information. The full text of the Regulations of SEBI (Prohibition of Insider Trading)Regulations, 2015 as notified dated January 15, 2015 is available https://www.sebi.gov.in/legal/regulations/jan-2015/sebi-prohibition-of-insider-trading-regulations-2015-issued-on-15-jan-2015-_28884.html.

11. Means of Communication

During the year, quarterly Unaudited financial results – both standalone and consolidated, and audited annual financial results – both standalone and consolidated 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 The Economic Times, Mumbai edition in English and vernacular newspaper in Maharashtra Times, Mumbai edition in Marathi. Annual financial performance of the Company is also posted on the Company's website http://fairchem.in/investor-relations.html.

News releases, presentations, etc.:

Official news releases are displayed on the website of the Company www.fairchem.in.

The Company's website www.fairchem.in contains a separate dedicated section where the useful information for the Shareholders/Investors is available.

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

12. General Body Meeting Disclosure:

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
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
32nd AGM	2016-2017	Hall of Culture, Nehru Science Centre, Dr. Annie Besant Road, Louts Colony, Worli, Mumbai – 400018	August 11, 2017 at 4.00 p.m.	Two

Details of the Special Resolutions passed the Annual General Meetings held in the past 3 financial years:

32nd A.G.M. held on August 11, 2017.	(1) Adoption of New set of Articles of Association in lieu of present Articles of Association.
	(2) Maintaining the register of members, etc. at the office premises of M/s. Link Intime India Private Limited (R.T.A).
31st A.G.M. held on September 09, 2016.	(1) Adoption of New set of Articles of Association in lieu of present Articles of Association.
	(2) Re-appointment of Shri Nahoosh J. Jariwala (DIN: 00012412) as Managing Director of the Company.
30th A.G.M. held on July 27, 2015.	(1) Change in Designation of Shri Bimal D. Parikh from Whole Time Director to Executive Director.

General Shareholder Information

Date, Time and Venue of 33rd Annual General Meeting

Friday, 10th August, 2018 at 4.00 p.m. at Hall of Culture, Nehru Science Centre, Dr. Annie Besant Road, Lotus Colony, Worli, Mumbai – 400 018.

Book Closure Date : From Saturday, August 04, 2018 to Friday, August 10, 2018 (both days inclusive)

Dividend Payment Date (subject to approval of the shareholders)

On or before September 8th September, 2018

Financial Calendar (Tentative)

Financial reporting for the quarter ending June 30, 2018	August, 2018
Financial reporting for the quarter/half year ending September 30, 2018	October, 2018
Financial reporting for the quarter ending December 31, 2018	January, 2019
Financial reporting for the year ending March 31, 2019	May, 2019
Annual General Meeting for the year ending March 31, 2019	August, 2019

STOCK PRICE:

High/Low of monthly Market Prices of Company's Equity Shares traded on The National Stock Exchange of India Limited and BSE Limited during the financial year 2017-18 are given below:

Months	BSE Limited			National Stock Exchange of India Ltd.		
	High	Low	No. of Shares	High	Low	Volume
April, 2017	556.60	451.00	42,584	557.40	480.10	1,88,063
May, 2017	540.00	465.00	52,516	537.90	460.50	1,23,613
June, 2017	499.95	460.00	18,751	499.00	446.60	70,087
July, 2017	488.50	438.75	25,148	500.00	440.00	88,020
August, 2017	455.25	394.00	1,32,966	462.00	392.00	1,21,332
September, 2017	444.00	380.20	39,686	447.00	372.00	1,59,164
October, 2017	479.00	380.00	41,204	479.40	380.00	2,02,488
November, 2017	450.00	389.20	27,801	455.00	402.15	1,21,186
December, 2017	531.10	401.80	47,568	534.00	406.10	1,84,125
January, 2018	518.90	397.25	69,531	520.00	398.00	3,85,803
February, 2018	461.00	370.00	36,890	463.50	360.00	1,35,486
March, 2018	403.00	366.00	1,58,266	417.90	365.85	1,31,365

The year-end price of the equity share of the Company at BSE Limited was Rs. 376.95 and at The National Stock Exchange of India Limited was Rs. 374.45.

Share Price Performance in comparison to broad based indices such as BSE Sensex as on March 31, 2018:

	BSE (% Change)	
	Fairchem Speciality Limited (Formerly known as Adi Finechem Limited)	Sensex
F.Y. 2017-18	-31.19 %	11.30 %

Share Transfer System

Transfer of shares held in physical mode is processed by Registrar and Share Transfer Agent M/s. Link Intime India Pvt. Ltd. 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:

A qualified professional carries 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, 2018, 93.18 % equity shares of the Company were held in dematerialised form and the rest in physical form. The shares are traded on The National Stock Exchange of India Limited and BSE Limited.

Distribution of Shareholding as on March 31, 2018.

Category (shares)	No. of Shareholders	Percentage	No. of Shares	Percentage
1-500	5,564	85.61	6,54,153	1.74
501-1000	396	6.09	3,00,751	0.80
1001-2000	227	3.49	3,38,193	0.90
2001-3000	68	1.05	1,70,141	0.45
3001-4000	41	0.63	1,46,535	0.39
4001-5000	29	0.45	1,30,523	0.35
5001-10000	54	0.83	3,74,999	1.00
10001-20000	120	1.85	3,54,94,462	94.37
Total	**6,499**	**100.00**	**3,76,09,757**	**100.00**

Categories of Shareholders, Category-wise Shareholding as on March 31, 2018.

Category	No. of Shares held	% to total shares held
Individual	45,48,979	12.09
Promoters - Indian Promoters - Foreign Promoter	 98,98,446 1,83,07,318	 26.32 48.68
Other Corporate Bodies	5,48,303	1.46
Financial Institutions / Mutual Funds / Banks	4,72,065	1.25
Directors & their relatives	6,69,333	1.78
Foreign Institutional Investors / Overseas Corporate Bodies	28,76,455	7.65
Non-Resident Indians	2,88,858	0.77
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 2018-19 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

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 – 380 059.
Tele Nos. (079) 29701675 / 48911675

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

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

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

Registrar & Share Transfer Agent: Link Intime India Pvt. Ltd.
C101, 247 Park,L.B.S.Marg, Vikhroli (West), Mumbai - 400 083.

Corporate Office at Ahmedabad:
5th Floor, 506 to 508,
Amarnath Business Centre – 1 (ABC-1),
Beside Gala Business Centre,
Nr. St. Xavier's College Corner,
Off C G Road, Ellisbridge,
Ahmedabad - 380006.

Declaration:

In accordance with Part D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance with the Code of Business Conduct and Ethics for Board of Directors, Senior Management & Employees, as applicable to them, for the financial year ended March 31, 2018.

For Fairchem Speciality Limited,

Place : Mumbai
Date : May 09, 2018

Nahoosh Jariwala
Managing Director

CEO AND CFO CERTIFICATION

The Managing Directors 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 Directors 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 Directors 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, 2018.

For Fairchem Speciality Limited,

Place: Mumbai
Date : May 09, 2018

Nahoosh Jariwala
Managing Director

Mahesh Babani
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, 2018 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

Mahesh Babani
Managing Director

Place : Mumbai
Date : May 09, 2018

Certificate of Practising Company Secretary on Corporate Governance

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

We have examined all relevant records of **FAIRCHEM SPECIALITY LIMITED** (formerly known as Adi Finechem Limited)for the purpose of certifying compliance of conditions of Corporate Governance as stipulated under para C of Schedule V read with Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended on March 31, 2018.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. This certificate is neither an assurance as to the further viability of the Company nor of the effectiveness with which the management has conducted the affairs of the Company.

On the basis of the examination of the records produced, explanations and information furnished, we certify that the Company has complied with the mandatory conditions of the Corporate Governance as stipulated in para C of Schedule V read with Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This certificate is issued solely for the purpose of complying with the aforesaid regulations.

For **Parikh Dave & Associates**
Company Secretaries

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

Place : Ahmedabad
Date : May 9, 2018

Independent Auditors' Report

To the Members of

FAIRCHEM SPECIALITY LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying standalone financial statements of Fairchem Speciality Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 standalone Ind AS 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 Ind AS 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 and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit of the standalone Ind AS financial statements 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 standalone Ind AS 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 standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS 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 Ind AS 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, 2018, and its total comprehensive income (comprising of profit and other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

9. We draw your attention to the Note no. 49 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 comparative financial information of the Company for the transition date opening balance sheet as at April 1, 2016 included in these standalone Ind AS financial statements, is based on the previously issued statutory financial statements for the year ended March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which was audited by the predecessor auditor who expressed an unmodified opinion vide report dated April 29, 2016. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

11. The comparative financial information of the Company for the year ended March 31, 2017 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the year ended March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 11, 2017. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

    Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

12. 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 ("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.

13. 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 (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 with reference to financial statements 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, 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 42.

        ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2018.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2018.

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

Place : Mumbai
Date : May 9, 2018

Priyanshu Gundana
Partner
M No : 109553

“Annexure A” to Independent Auditors’ Report

Referred to in paragraph 13(f) of the Independent Auditors’ Report of even date to the members of Fairchem Speciality Limited on the standalone financial statements for the year ended March 31, 2018

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 (“the Company”) as of March 31, 2018 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 judgment, 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, 2018, 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 : Mumbai
Date : May 9, 2018

Priyanshu Gundana
Partner
M No : 109553

"Annexure B" to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Fairchem Speciality Limited on the standalone financial statements as of and for the year ended March 31, 2018.

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 4(iii) on fixed assets to the standalone financial statements, are held in the erstwhile name of the Company.

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 Companies Act, 2013 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, goods and service tax with effect from July 1, 2017 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, there are no dues of income-tax which have not been deposited on account of any dispute. The particulars of dues of sales tax, service tax, duty of customs, duty of excise and value added tax as at March 31, 2018 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 Central Excise Act, 1944	Demand in respect of Excise duty and Cenvat	22.79	Year 2012-13	The Commissioner (Appeals - II) Central Excise, Ahmedabad
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	
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, Nhava Sheva

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 were 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. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.

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 : Mumbai
Date : May 9, 2018

Priyanshu Gundana
Partner
M No : 109553

BALANCE SHEET AS AT MARCH 31, 2018

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

PARTICULARS	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
Non - Current Assets				
Property, Plant and Equipment	4	**10,154.68**	9,350.87	7,340.92
Capital work-in-progress	5	**338.13**	320.68	526.39
Financial Assets				
(i) Investments	6	**1.00**	1.00	-
(ii) Other Financial Assets	7	**34.99**	18.75	18.04
Non-current Tax Assets (net)	8	**157.23**	157.23	47.76
Other Non Current Assets	9	**147.87**	53.67	85.02
		10,833.90	9,902.20	8,018.13
Current Assets				
Inventories	10	**3,042.72**	2,315.16	1,341.61
Financial Assets				
(i) Trade receivables	11	**3,202.63**	2,539.36	1,722.66
(ii) Cash and cash equivalents	12	**2.01**	33.73	5.41
(iii) Bank balances other than (ii) above	13	**38.00**	13.56	9.71
(iv) Loans	14	**0.22**	0.17	0.41
(v) Other Financial Assets	15	**276.41**	198.73	95.64
Other current assets	16	**249.74**	375.21	252.12
		6,811.73	5,475.92	3,427.56
Total Assets		**17,645.63**	15,378.12	11,445.69
EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	17	**3,760.98**	3,760.98	1,379.40
Instruments entirely equity in nature	18	**145.29**	145.29	-
Other Equity	19	**4,827.51**	3,290.17	5,361.18
		8,733.78	7,196.44	6,740.58
LIABILITIES				
Non-Current Liabilities				
Financial Liabilities				
(i) Borrowings	20	**1,635.06**	1,876.06	1,150.86
Provisions	21	**61.95**	65.82	32.20
Deferred Tax Liabilities (Net)	37	**1,041.02**	972.26	772.31
		2,738.03	2,914.14	1,955.37
Current Liabilities				
Financial Liabilities				
(i) Borrowings	22	**3,877.47**	3,152.67	1,699.77
(ii) Trade payables	23	**739.94**	603.03	306.49
(iii) Other Financial Liabilities	24	**1,419.03**	1,283.17	696.83
Other current liabilities	25	**73.54**	200.88	40.44
Current Tax Liabilities (Net)	26	**38.58**	-	-
Provisions	27	**25.26**	27.79	6.21
		6,173.82	5,267.54	2,749.74
Total Equity and Liabilities		**17,645.63**	15,378.12	11,445.69

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

As per our report of even date attached
For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No.: 304026E/ E-300009
Chartered Accountants

Priyanshu Gundana
Partner
Membership No. 109553

Place : Mumbai
Date : May 09, 2018

For and on behalf of the Board

Nahoosh Jariwala
Managing Director
DIN: 00012412

Mahesh Babani
Managing Director
DIN: 00051162

Rajen N. Jhaveri
Chief Financial Officer & Company Secretary

Place : Mumbai
Date : May 09, 2018

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2018

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

PARTICULARS	Note No.	Year ended on March 31, 2018	Year ended on March 31, 2017
Income			
Revenue from Operations	28	**24,283.77**	20,390.17
Other Income	29	**270.35**	9.34
Total Revenue		**24,554.12**	20,399.51
Expenses			
Cost of materials consumed	30	**15,857.14**	12,457.24
Changes in Inventories of finished goods and work-in-progress	31	**6.94**	(78.16)
Excise duty		**650.87**	1,847.11
Employee benefits expense	32	**1,297.05**	1,107.74
Finance costs	33	**575.57**	469.31
Depreciation and amortisation expense	4	**494.91**	422.09
Other expenses	34	**3,089.65**	2,689.75
Total Expenses		**21,972.13**	18,915.08
Profit Before Tax		**2,581.99**	1,484.43
Tax Expense			
Current Tax	37	**573.23**	353.11
(Excess) / Short Provision of Income Tax of earlier years (Net)	37	**-**	7.06
Deferred Tax	37	**69.07**	218.43
		642.30	578.60
Profit After Tax		**1,939.69**	905.83
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
- Remeasurement (losses) / gains on post employment defined benefit plans		**(0.89)**	(53.38)
- Income tax effect		**0.31**	18.47
Other Comprehensive Income for the year, net of tax		**(0.58)**	(34.91)
Total Comprehensive Income for the year		**1,939.11**	870.92
Earnings Per Share			
Basic earnings per share (in Rupees)	36	**4.97**	2.96
Diluted earnings per share (in Rupees)	36	**4.97**	2.96
Nominal value per equity share (in Rupees)		**10.00**	10.00
Nominal value per preference share (in Rupees)		**10.00**	10.00

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

As per our report of even date attached
For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No.: 304026E/ E-300009
Chartered Accountants

Priyanshu Gundana
Partner
Membership No. 109553

Place : Mumbai
Date : May 09, 2018

For and on behalf of the Board

Nahoosh Jariwala
Managing Director
DIN: 00012412

Mahesh Babani
Managing Director
DIN: 00051162

Rajen N. Jhaveri
Chief Financial Officer & Company Secretary

Place : Mumbai
Date : May 09, 2018

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

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

	PARTICULARS	Note No.	
A.	**Equity Share Capital**		
	Balance as at April 1, 2016	17	**1,379.40**
	Changes in Equity Share Capital during the year		2,381.58
	Balance as at March 31, 2017	17	**3,760.98**
	Changes in Equity Share Capital during the year		-
	Balance as at March 31, 2018	17	**3,760.98**
B.	**Instruments entirely equity in nature**		
	a) Compulsorily Convertible Preference Shares		
	Balance as at April 1, 2016	18	-
	Changes in Compulsorily Convertible Preference Shares during the period		145.29
	Balance as at March 31, 2017	18	**145.29**
	Changes in Compulsorily Convertible Preference Shares during the period		-
	Balance as at March 31, 2018	18	**145.29**

		Reserves & Surplus		
C.	**Other Equity**	**General Reserve**	**Retained Earnings**	**Total**
	Balance as at April 1, 2016	300.00	5,061.18	5,361.18
	Profit for the year	-	905.83	905.83
	Other Comprehensive Income	-	(34.91)	(34.91)
	Total Comprehensive Income for the year	-	**870.92**	**870.92**
	Utilised for issue of Equity shares in pursuance of scheme of arrangement	(300.00)	(963.44)	(1,263.44)
	Issue of Compulsory Convertible Preference shares in pursuance of scheme of arrangement (Refer Note 49)	-	(1,263.44)	(1,263.44)
	Transactions with owners in their capacity as owners:			
	Dividends Paid (including Dividend Distribution Tax)	-	(415.05)	(415.05)
	Balance as at March 31, 2017	-	**3,290.17**	**3,290.17**
	Profit for the year	-	1,939.69	1,939.69
	Other Comprehensive Income	-	(0.58)	(0.58)
	Total Comprehensive Income for the year	-	1,939.11	1,939.11
	Transactions with owners in their capacity as owners:			
	Dividends Paid (including Dividend Distribution Tax)	-	(401.77)	(401.77)
	Balance as at March 31, 2018	-	**4,827.51**	**4,827.51**

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

As per our report of even date attached
For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No.: 304026E/ E-300009
Chartered Accountants

Priyanshu Gundana
Partner
Membership No. 109553

Place : Mumbai
Date : May 09, 2018

For and on behalf of the Board

Nahoosh Jariwala
Managing Director
DIN: 00012412

Mahesh Babani
Managing Director
DIN: 00051162

Rajen N. Jhaveri
Chief Financial Officer & Company Secretary

Place : Mumbai
Date : May 09, 2018

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED ON MARCH 31, 2018

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

	PARTICULARS	Year ended March 31, 2018	Year ended March 31, 2017
(A)	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit Before Taxation	**2,581.99**	1,484.43
	Adjustments for :		
	Depreciation / Amortisation	**494.91**	422.09
	Finance Cost	**575.57**	469.31
	Interest Income	**(0.48)**	(5.76)
	Dividend Income	**(250.00)**	-
	Unrealised Foreign Exchange Loss / (Profit)	**(13.80)**	4.87
	Loss on assets sold / discarded (Net)	**6.27**	1.84
	Operating Profit Before Working Capital Changes	**3,394.46**	2,376.78
	Adjustments For Changes In Working Capital:		
	(Increase) In Inventories	**(727.56)**	(973.55)
	(Increase) In Other Non Current Financial Assets	**(16.24)**	(0.71)
	(Increase) In Trade receivables	**(649.45)**	(821.57)
	Decrease In Other Current Financial Assets	**(78.18)**	(102.92)
	(Increase) / Decrease In Other current assets	**125.47**	(123.09)
	Decrease In Other Non current assets	**0.30**	9.35
	Increase In Trade and Other Payables	**136.89**	296.54
	Increase / (Decrease) In Non Current Liabilities - Provisions	**(3.87)**	33.62
	Increase / (Decrease) In Current Liabilities - Provisions	**(2.53)**	21.58
	Increase / (Decrease) In Other Current Financial Liabilities	**29.40**	(24.30)
	Increase / (Decrease) In Other Current Liabilities	**(127.34)**	160.44
	Cash Generated From Operations	**2,081.35**	852.17
	Direct Taxes Refund / (Paid) (Net)	**(534.65)**	(469.64)
(A)	**Net Cash From Operating Activities**	**1,546.70**	382.53
(B)	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of Fixed Assets	**(1,513.05)**	(2,041.80)
	Proceeds from Sale of Fixed Assets	**4.06**	22.21
	Purchase of Investments	**-**	(1.00)
	Interest Income	**0.93**	5.83
	Dividend Income	**250.00**	-
(B)	**Net Cash Generated / (Used In) Investing Activities**	**(1,258.06)**	(2,014.76)
(C)	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds of Long Term Borrowings (net)	**1,006.01**	1,695.62
	Repayment of Long Term Borrowings (net)	**(1,070.89)**	(612.62)
	Net Proceeds / (Repayment) of Working Capital Loan	**724.80**	1,452.90
	Dividend (including tax on dividend)	**(401.77)**	(415.05)
	Interest	**(578.51)**	(460.30)
(C)	**Net Cash Used In Financing Activities**	**(320.36)**	1,660.55
	Net Increase in cash and cash equivalents (A+B+C)	**(31.72)**	28.32
	Cash and Cash Equivalents as at the beginning of the year	**33.73**	5.41
	Cash and Cash Equivalents as at the end of the year	**2.01**	33.73

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED ON MARCH 31, 2018

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

PARTICULARS	**As at March 31, 2018**	As at March 31, 2017
Reconciliation of cash and cash equivalents as per the statement of cash flows		
Cash and Cash Equivalents :		
Cash on hand	**1.69**	2.87
Bank Balances :		
- In Current Accounts	**0.32**	0.33
- In Export Earning Foreign Currency Amount	**-**	30.04
Effect of exchange differences on balances with banks in foreign currency	**-**	0.49
	2.01	33.73
Note : The above Statement of Cash flows has been prepared under the "Indirect Method" set out in Ind AS 7 - "Statement of Cash Flows"		

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

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

Priyanshu Gundana
Partner
Membership No. 109553

Place : Mumbai
Date : May 09, 2018

For and on behalf of the Board

Nahoosh Jariwala
Managing Director
DIN: 00012412

Mahesh Babani
Managing Director
DIN: 00051162

Rajen N. Jhaveri
Chief Financial Officer & Company Secretary

Place : Mumbai
Date : May 09, 2018

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1. Background of the Company

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 Significant Accounting Policies

This Note provides a list of the significant accounting policies adopted by the Company in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

i) Compliance with Ind AS

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the company under Ind AS. Refer note 50 for an explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows.

ii) New standards or interpretations adopted by the Company

a) The Company has applied the following amendment for the first time for its annual reporting period commencing 1st April, 2017:

Amendment to Ind AS 7 "Statement of Cash Flows":

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of Standalone Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of these amendments did not have any impact on the amounts recognised in prior periods. When the Company first applies these amendments, it is not required to provide comparative information for preceding periods.

b) New standards or interpretations issued but not yet effective

The Company will apply the following standard for the first time for its annual reporting period commencing 1st April, 2018:

Ind AS 115 – Revenue from Contracts from Customers

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on 28 March, 2018 which includes Ind AS 115 'Revenue from Contracts with Customers'. This will replace Ind AS 18 which covers contracts for goods and services and Ind AS 11 which covers construction contracts.

Ind AS 115 – Revenue from contracts with Customers outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most current revenue recognition guidance. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively including service revenues and contract modifications and improve guidance for multiple-element arrangements. The new standard will come into effect for the annual reporting periods

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

beginning on or after April 1, 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

In order to identify the potential impact of the standard on the Company's financial statement, the Company is analysing contracts of the revenue streams of the Company. The Company has begun the analysis on the key areas identified, in order to estimate the effect of the application of the new standard for which the work is ongoing and impact areas may be identified as we progress further in the implementation process. As a result, at this stage the Company is not able to estimate the impact of the new standard on the Company's financial statements. The Company will make more detailed assessments of the impact over the following periods.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

iii) Historical cost convention

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

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

iv) Current versus non-current classification

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

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

A liability is current when:

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

b) Foreign currency transactions and translations

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

c) Revenue recognition

Sale of products

Timing of recognition: The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, the significant risk and reward of ownership has passed onto the customer, the recovery of the value can be estimated reliably and there is no continuing managerial involvement with the product which generally occurs with delivery of goods to the customer.

Measurement of revenue: Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, valued added tax, goods and service tax (GST) and amount collected on behalf of third parties.

d) Income tax

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

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

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

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

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

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

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

e) Investments in Subsidiary

Investments in subsidiary company is carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investment in subsidiary company, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit and Loss.

f) Leases

As Lessee

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

inception at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

g) Impairment of assets

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

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

h) Cash and cash equivalents

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

i) Trade receivables

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

j) Inventories

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

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

k) Financial assets and liabilities

(i) Financial assets

1. Classification

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

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

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable selection at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

2. Initial Recognition and Measurement

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

3. Subsequent Measurement

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

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

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

Equity instruments

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

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

4. Impairment of financial assets

The Company is required to assess on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 39 details how the Company determines whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

5. Derecognition

A financial asset is de-recognised only when the Company has transferred the rights to receive cash flows from the financial asset or,

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

6. Income recognition

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

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

(ii) Financial liabilities:

1. Initial Recognition and Measurement

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

2. Subsequent Measurement

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

3. Derecognition

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

l) Offsetting financial instruments

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

m) Property, plant and equipment

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

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

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

(i) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(ii) Depreciation methods, estimated useful lives and residual value

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

under:

Assets class	Useful life in years
· Buildings	10 to 30
· Plant and Machinery	10 to 25
· Electrical Installations	10
· Air Conditioners	5
· Office Equipments and Computers	3 to 5
· Furniture and Fixtures	10
· Vehicles	6 to 10

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.

n) Trade and other payables

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

o) Borrowings

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

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

p) Borrowings costs

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

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

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

q) Provisions and Contingencies

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

r) Employee Benefits

(i) Defined contribution plans

Company's contribution to Provident fund and other funds are determined under the relevant schemes and/or statute and charged to revenue. 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

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

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

(iii) Other employee benefits

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

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

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

s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Directors who are identified as the chief operating decision makers. The managing directors assess the financial performance and position of the company, and make strategic decisions. Refer note 46 for segment information presented.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

t) **Earnings per share**

i) **Basic earnings per share**

Basic earnings per share is calculated by dividing:

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

ii) **Diluted earnings per share**

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

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

u) **Rounding off**

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

3 Critical estimates and judgements

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

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligation – Note 27
- Impairment of trade receivables – Note 39
- Estimation of useful life of tangible assets – Note 4

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

4 Property, Plant and Equipment

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

Particulars	Gross Carrying Amount				Accumulated Depreciation/Amortisation				Net Carrying Amount
	As at March 31, 2017	Additions	Deductions/ Adjustments	As at March 31, 2018	Opening as on April 1, 2017	For the year	Deductions/ Adjustments	As at March 31, 2018	As at March 31, 2018
Tangible Assets									
Freehold Land	63.10	-	-	**63.10**	-	-	-	-	**63.10**
Leasehold Land	439.51	-	-	**439.51**	6.17	6.17	-	12.34	**427.17**
Building	1,963.64	17.11	-	**1,980.75**	74.92	79.23	-	154.15	**1,826.60**
Plant and Machinery	6,733.11	1,259.50	11.75	**7,980.86**	223.09	325.03	1.47	546.65	**7,434.21**
Electric Installation	329.74	-	-	**329.74**	70.04	37.92	-	107.96	**221.78**
Air Conditioners	21.44	5.27	0.05	**26.66**	13.17	5.77	-	18.94	**7.72**
Office Equipments and Computers	42.49	12.63	-	**55.12**	10.06	14.01	-	24.07	**31.05**
Furniture and Fixtures	113.39	1.56	-	**114.95**	12.76	13.77	-	26.53	**88.42**
Vehicles	64.35	12.98	-	**77.33**	9.69	13.01	-	22.70	**54.63**
Total	**9,770.77**	**1,309.05**	**11.80**	**11,068.02**	**419.90**	**494.91**	**1.47**	**913.34**	**10,154.68**

Particulars	Gross Carrying Amount				Accumulated Depreciation/Amortisation				Net Carrying Amount
	Deemed Cost as at April 1, 2016	Additions	Deductions/ Adjustments	As at March 31, 2017	Opening as on April 1, 2016	For the year	Deductions/ Adjustments	As at March 31, 2017	As at March 31, 2017
Tangible Assets									
Freehold Land	63.10	-	-	63.10	-	-	-	-	63.10
Leasehold Land	439.51	-	-	439.51	-	6.17	-	6.17	433.34
Building	1,774.92	188.72	-	1,963.64	-	74.92	-	74.92	1,888.72
Plant and Machinery	4,585.70	2,161.95	14.54	6,733.11	-	223.87	0.78	223.09	6,510.02
Electric Installation	323.79	5.95	-	329.74	-	70.04	-	70.04	259.70
Air Conditioners	21.44	-	-	21.44	-	13.17	-	13.17	8.27
Office Equipments and Computers	16.64	25.85	-	42.49	-	10.06	-	10.06	32.43
Furniture and Fixtures	64.36	49.03	-	113.39	-	12.76	-	12.76	100.63
Vehicles	51.46	24.59	11.70	64.35	-	11.10	1.41	9.69	54.66
Total	**7,340.92**	**2,456.09**	**26.24**	**9,770.77**	**-**	**422.09**	**2.19**	**419.90**	**9,350.87**

Notes:

(i) Refer to note 44 for information on property, plant and equipment hypothecated and / or mortgaged as security by the Company.

(ii) Contractual obligations - Refer to note 42 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Leasehold Land having gross block value of Rs. 439.51 lakhs (Previous year Rs. 439.51 lakhs) and Net Block value of Rs. 427.17 lakhs (Previous year Rs. 433.34 lakhs) is held in the erstwhile name of the Company.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

5 Capital Work in Progress

	As at March 31, 2018	As at March 31, 2017
Capital Work in Progress		
Deemed Cost / Opening Balance	**320.68**	526.39
Addition during the year	**1,473.91**	2,215.87
Transfer during the year	**1,456.46**	2,421.58
Closing Balance	**338.13**	320.68

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

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
6	**Investments**			
	Investments in Equity Instruments (fully paid up):			
	In Subsidiaries (Unquoted) - At Cost:			
	10,000 (March 31, 2017: 10,000, April 1, 2016: Nil) Equity Shares of Rs. 10 each held in Privi Organics India Limited (Formerly known as Adi Aromatic Limited)	**1.00**	1.00	-
	* Aggregate amount of Unquoted investment Rs. 1.00 Lakh (Previous Year Rs. 1.00 Lakh)			
	Total	**1.00**	1.00	-
7	**Other Non Current Financial Assets**			
	Security Deposits	**21.85**	8.98	9.01
	Margin Money Deposits *	**13.14**	9.77	9.03
	Total	**34.99**	18.75	18.04
	* Pledged with the bank for non cash limit			
8	**Non Current Tax Assets (Net)**			
	Advance Income Tax and Tax deducted at source (Net of Provision)	**157.23**	157.23	47.76
	Total	**157.23**	157.23	47.76
9	**Other non-current assets**			
	(Unsecured and Considered Good)			
	Capital advances	**146.09**	51.59	73.59
	Excess deposit in Gratuity Fund	**-**	-	9.06
	Balances with statutory authorities	**1.78**	2.08	2.37
	Total	**147.87**	53.67	85.02

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
10	**Inventories**			
	{Refer note 2(j)}			
	Raw Materials	**2,106.01**	1,529.26	678.33
	Packing Materials	**3.84**	6.39	6.08
	Stores and Fuel	**445.83**	285.53	241.38
	Semi-finished Goods	**392.78**	493.98	415.82
	Finished Goods	**94.26**	-	-
	Total	**3,042.72**	2,315.16	1,341.61
	Of the above includes Goods in transit :			
	Raw Materials	**130.24**	143.25	55.51
	Stores and Fuel	**0.32**	0.17	0.03
	Finished Goods	**94.26**	-	-
11	**Trade receivables**			
	(Unsecured)			
	Considered Good	**3,202.63**	2,539.36	1,722.66
	Considered Doubtful	**12.00**	-	-
	Less: Allowance for doubtful debts	**(12.00)**	-	-
	Total	**3,202.63**	2,539.36	1,722.66
12	**Cash and cash equivalents**			
	Balances with banks:			
	- In current accounts	**0.32**	0.33	0.43
	- In Export Earning Foreign Currency account	**-**	30.53	3.10
	Cash on Hand	**1.69**	2.87	1.88
	Total	**2.01**	33.73	5.41
	There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.			
13	**Bank balances other than note 12 above**			
	Unpaid Dividend Accounts	**38.00**	13.56	9.71
	Total	**38.00**	13.56	9.71

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
14 Loans			
(Unsecured, Considered Good)			
Loans to employees	**0.22**	0.17	0.41
Total	**0.22**	0.17	0.41
15 Other Current Financial Assets			
Security Deposits	**0.25**	0.26	0.43
Interest Accrued but not Due	**0.15**	0.60	0.67
Export incentive receivable*	**276.01**	197.87	94.54
Total	**276.41**	198.73	95.64
* There are no unfulfilled conditions or other contingencies attached to these grants.			
16 Other current assets			
Balances with statutory authorities	**82.21**	232.23	163.18
Advance to vendors	**152.58**	116.14	60.15
Prepaid expenses	**14.61**	26.09	17.27
Excess deposit in gratuity fund	**-**	-	11.20
Others	**0.34**	0.75	0.32
Total	**249.74**	375.21	252.12
17 Equity Share Capital			
Authorised:			
40,000,000 (March 31, 2017: 40,000,000, April 1, 2016: 14,500,000) Equity Shares of Rs. 10 each	**4,000.00**	4,000.00	1,450.00
Total	**4,000.00**	4,000.00	1,450.00
Issued, Subscribed and Paid-up:			
37,609,757 (March 31, 2017: 37,609,757, April 1, 2016: 13,794,000) Equity Shares of Rs. 10 each, fully paid-up	**3,760.98**	3,760.98	1,379.40
Total	**3,760.98**	3,760.98	1,379.40

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
17.1 Movement in Equity Share Capital	**No. of Equity Shares**		
Balance as at the beginning of the year	**37,609,757**	13,794,000	13,794,000
Add: Issued pursuant to a scheme of arrangement (Refer Note 49)	**-**	12,634,353	-
Add: Conversion of Compulsorily Convertible Preference shares	**-**	11,181,404	-
Balance as at the end of the year	**37,609,757**	37,609,757	13,794,000

17.2 Rights, preferences and restrictions attached to 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.

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

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Nos	(%)	Nos	(%)	Nos	(%)
FIH Mauritius Investments Limited	**18,304,068**	**48.67%**	18,304,068	48.67%	6,194,824	44.91%
Mr. Mahesh Babani	**3,039,297**	**8.08%**	3,039,297	8.08%	-	0.00%
Banbridge Limited	**2,320,354**	**6.17%**	2,320,354	6.17%	-	0.00%

17.4 Aggregate number of shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2018):

Equity Shares allotted as fully paid up Bonus Shares
- During Financial Year ended March 31, 2013 - 1,900,000 Shares
- During Financial Year ended March 31, 2014 - 1,140,000 Shares
- During Financial Year ended March 31, 2015 - 1,254,000 Shares

17.5 Shares allotted as fully paid up pursuant to a scheme of arrangement (Refer Note 49) without payment being received in cash

(during 5 years immediately preceding March 31, 2018):

During Financial Year ended March 31, 2017 - Equity Shares at Rs. 10/- each - 12,634,353 Shares

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
18 Instruments entirely equity in nature			
Authorised:			
5,000,000 (March 31, 2017: 5,000,000, April 1, 2016: 50,000) Preference Shares of Rs. 10 (March 31, 2017 Rs. 10, April 1, 2016 Rs. 100) each	**500.00**	500.00	50.00
Issued, Subscribed and Paid-up:			
1,452,949 (March 31, 2017: 1,452,949, April 1, 2016: NIL) 0.0001% Compulsorily Convertible Preference Shares of Rs. 10 (March 31, 2017 Rs. 10) each	**145.29**	145.29	-
	145.29	145.29	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	No. of Compulsorily Convertible Preference Shares		
18.1 Movement in 0.0001% Compulsorily Convertible Preference Shares			
Balance as at the beginning of the year	**1,452,949**	-	-
Add: Issued pursuant to a scheme of arrangement (Refer Note 49)	**-**	12,634,353	-
Add: Conversion to Equity Share Capital	**-**	(11,181,404)	-
Balance as at the end of the year	**1,452,949**	1,452,949	-

18.2 Rights, preferences and restrictions attached to shares

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 49) 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 in terms upon conversion shall rank pari passu in all respects.

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

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Nos	**(%)**	Nos	(%)	Nos	(%)
FIH Mauritius Investments Limited	**738,760**	**50.85%**	738,760	50.85%	-	0.0%
Mr. Mahesh Babani	**185,421**	**12.76%**	185,421	12.76%	-	0.0%
Banbridge Limited	**141,560**	**9.74%**	141,560	9.74%	-	0.0%
Mahesh Purshottam Babani HUF	**103,024**	**7.09%**	103,024	7.09%	-	0.0%

18.4 Shares allotted as fully paid up pursuant to a scheme of arrangement (Refer Note 49) without payment being received in cash

(during 5 years immediately preceding March 31, 2018):

During Financial Year ended March 31, 2017 - Compulsorily Convertible Preference Shares of Rs. 10/- each - 12,634,353 Shares

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
19	**Other Equity**			
	General Reserve	**-**	-	300.00
	Retained Earnings	**4,827.51**	3,290.17	5,061.18
	Total	**4,827.51**	3,290.17	5,361.18
19.1	**General Reserve**			
	Balance as at the beginning of the year	**-**	300.00	
	Add : Transferred during the year	**-**	-	
	Less : Utilised for issue of equity shares in pursuance of scheme of arrangement	**-**	300.00	-
	Balance as at the end of the year	**-**	-	300.00
19.2	**Retained Earnings**			
	Balance as at the beginning of the year	**3,290.17**	5,061.18	
	Profit for the year	**1,939.69**	905.83	
	Other Comprehensive Income	**(0.58)**	(34.91)	
		5,229.28	5,932.10	
	Less : Transferred to general reserve	**-**	-	
	Less : Dividends paid including Dividend distribution tax	**401.77**	415.05	
	Less : Utilised for issue of equity shares in pursuance of scheme of arrangement	**-**	963.44	
	Less : Utilised for issue of Compulsory Convertible Preference shares in pursuance of scheme of arrangement	**-**	1,263.44	
	Balance as at the end of the year	**4,827.51**	3,290.17	5,061.18
	Total	**4,827.51**	3,290.17	5,361.18
20	**Borrowings - Non-Current**			
	Secured - at amortized cost			
	Term Loan from Bank	**1,635.06**	1,874.12	1,141.75
	Vehicle Loan from Banks	**-**	1.94	9.11
	Total	**1,635.06**	1,876.06	1,150.86

Security Details

Term Loan from bank 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

The Vehicle loans from HDFC Bank Limited 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 is secured by hypothecation of vehicle.

Name of bank	Maturity Date	Terms of Repayment	Outstanding as at March 31, 2018	Outstanding as at March 31, 2017	Outstanding as at April 1, 2016
HDFC bank (Term Loans)	July, 2018	Repayment in 60 monthly instalments	**25.32**	98.96	164.82
	August, 2018	Repayment in 48 monthly instalments	**74.80**	248.45	403.54
	February, 2020	Repayment in 60 monthly instalments	**181.67**	266.11	340.37
	August, 2019	Repayment in 48 monthly instalments	**164.77**	267.60	358.47
	January, 2019	Repayment in 36 monthly instalments	**121.57**	258.87	381.00
	August, 2021	Repayment in 60 monthly instalments	**1,733.90**	1,608.88	-
	June, 2020	Repayment in 36 monthly instalments	**387.51**	-	-
HDFC bank (Vehicle Loans)	February, 2018	Repayment in 60 monthly instalments	**-**	1.47	2.92
	March, 2017	Repayment in 60 monthly instalments	**-**	-	0.72
	March, 2017	Repayment in 60 monthly instalments	**-**	-	0.88
ICICI Bank (Vehicle Loan)	July, 2018	Repayment in 60 monthly instalments	**1.94**	7.64	12.80

The carrying amount of financial and non-financials assets hypothecated and / or mortgaged as security for current and non-current borrowings are disclosed in note 44.

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
21	**Non-Current Provisions**			
	Provision for Employee Benefits (Refer Note 27(a))			
	Provision for Gratuity	**-**	8.89	-
	Provision for compensated absences	**61.95**	56.93	32.20
	Total	**61.95**	65.82	32.20
22	**Borrowings**			
	Secured:	**3,482.41**	2,452.08	1,350.30
	Working Capital Loans from Bank	**395.06**	700.59	349.47
	Packing credit in Foreign Currency			
	Total	**3,877.47**	3,152.67	1,699.77

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

Packing credit from bank needs to be liquidated within 120 days

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
23	**Trade payables**			
	(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	**37.11**	25.24	0.70
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	**702.83**	577.79	305.79
	Total	**739.94**	603.03	306.49
	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.	**34.49**	24.38	0.70
	b) Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	**1.75**	0.86	-
	c) Principal Amount paid to suppliers registered under MSMED Act, beyond the appointed day during the year.	**60.46**	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.	**0.67**	0.70	-
	g) Further interest remaining due and payable for earlier years.	**0.86**	-	-
24	**Other Financial Liabilities**			
	Current			
	Current maturities of long term debt (Refer Note 20)			
	Term Loan from Bank	**1,045.21**	863.85	505.03
	Vehicle Loan from Bank	**1.94**	7.18	8.20
	Interest accrued but not due on borrowings	**18.21**	21.15	12.14
	Unclaimed dividend (Refer note below)	**38.00**	13.56	9.71
	Creditors for capital goods	**149.37**	241.42	54.82
	Employee benefit payable	**166.30**	136.01	106.93
	Total	**1,419.03**	1,283.17	696.83

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

	As at March 31, 2018	As at March 31, 2017
Net Debt Reconciliation		
Cash and cash equivalents	**2.01**	33.73
Current borrowings	**(3,877.47)**	(3,152.67)
Non-current borrowing (includes current maturity of long term borrowings)	**(2,682.21)**	(2,747.09)
Total	**(6,557.67)**	(5,866.03)

	Cash and Cash equivalents	Non-current Borrowings	Current Borrowings	Total
Net Debt as of March 31, 2017	33.73	(2,747.09)	(3,152.67)	(5,866.03)
Cash flow (Net)	(31.72)	64.88	(724.80)	(691.64)
Interest expense	-	290.10	285.47	575.57
Interest accrued but not due	-	2.94	-	2.94
Interest paid	-	(293.04)	(285.47)	(578.51)
Net Debt as of March 31, 2018	**2.01**	**(2,682.21)**	**(3,877.47)**	**(6,557.67)**

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
25	**Other current liabilities**			
	Advances from customers	**33.13**	100.04	12.72
	Statutory liabilities	**31.67**	42.36	26.85
	Other liabilities	**8.74**	58.48	0.87
	Total	**73.54**	200.88	40.44
26	**Current Tax Liabilities (Net)**			
	Income tax provision net of Advance Tax	**38.58**	-	-
	Total	**38.58**	-	-
27	**Current Provisions**			
	Provision for employee benefits (Refer Note 27 (a))			
	Provision for gratuity	**0.33**	19.41	-
	Provision for compensated absences	**24.93**	8.38	6.21
	Total	**25.26**	27.79	6.21

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

27 (a) Provision for Employee Benefits

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Current	**Non-current**	Current	Non-current	Current	Non-current
Compensated absences	**24.93**	**61.95**	8.38	56.93	6.21	32.20
Gratuity	**0.33**	**-**	19.41	8.89	-	-
Total Provision for Employee Benefits	**25.26**	**61.95**	27.79	65.82	6.21	32.20

(b) Long term employee benefit obligations

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current leave obligations expected to be settled within the next 12 months	**24.93**	8.38	6.21

(c) Post employment obligations

Defined benefit plans

Gratuity

The company provides for gratuity for employees as per the Payment of Gratuity Act, 1972 and as per Company policy. The amount of gratuity payable on retirement/termination is the employee’s last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan. The scheme is funded with Life Insurance Corporation in the form of a qualifying insurance policy.

Defined contribution plans

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

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

	Year ended on March 31, 2018	Year ended on March 31, 2017
Employer’s Contribution to Provident Fund	**26.25**	22.58
Employer’s Contribution to Employees’ State Insurance	**9.14**	6.71
Employer's Contribution to Employee’s Pension Scheme 1995	**19.61**	17.65
Total	**55.00**	46.94

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

Balance sheet amount (Gratuity)

	Present value of obligation	Fair value of plan assets	Net amount
As at April 01, 2016	90.05	110.31	(20.26)
Current service cost	12.00	-	12.00
Past Service Cost	-	-	-
Interest expense/(income)	6.42	8.44	(2.02)
Total amount recognised in statement of profit and loss	**18.42**	**8.44**	**9.98**
Remeasurements			
Return on plan assets, excluding amount included in interest expense/(income)	-	(0.76)	0.76
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	37.95	-	37.95
Experience (gains)/losses	14.67	-	14.67
Total amount recognised in other comprehensive income	**52.62**	**(0.76)**	**53.38**
Employer contributions	-	14.80	(14.80)
Benefit payments	(4.96)	(4.96)	-
As at March 31, 2017	**156.13**	**127.83**	**28.30**

	Present value of obligation	Fair value of plan assets	Net amount
As at March 31, 2017	156.13	127.83	28.30
Current service cost	-	-	-
Past Service Cost	19.40	-	19.40
Interest expense/(income)	10.11	8.78	1.33
Total amount recognised in statement of profit and loss	**29.51**	**8.78**	**20.73**
Remeasurements			
Return on plan assets, excluding amount included in interest expense/(income)	-	(0.42)	0.42
(Gain)/loss from change in demographic assumptions	-	-	-
(Gain)/loss from change in financial assumptions	(7.13)	-	(7.13)
Experience (gains)/losses	7.60	-	7.60
Total amount recognised in other comprehensive income	0.47	(0.42)	0.89
Employer contributions	-	49.59	-
Benefit payments	(12.73)	(12.73)	-
As at March 31, 2018	**173.38**	**173.05**	**0.33**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

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

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Fair value of plan assets	**173.05**	127.83	110.31
Present value of funded obligations	**173.38**	156.13	90.05
Surplus/(Deficit) of gratuity plan	**(0.33)**	(28.30)	20.26

Categories of plan assets are as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Insurer managed funds	**173.05**	127.83	110.31
Total	**173.05**	127.83	110.31

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Discount Rate	**7.60%**	7.10%	7.80%
Salary growth Rate	**10% p.a. for next 4 years & 8% p.a. thereafter**	10% p.a. for next 5 years & 8% p.a. thereafter	6.00%
Withdrawal Rate	**10% at younger ages reducing to 2% at older ages**	10% at younger ages reducing to 2% at older ages	10% at younger ages reducing to 2% at older ages

Sensitivity analysis

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

	Change in assumptions		Impact on defined benefit obligation			
			Increase in assumptions		Decrease in assumptions	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Discount Rate	**0.50%**	0.50%	**(6.62)**	(8.31)	**7.13**	6.40
Salary growth Rate	**0.50%**	0.50%	**7.04**	6.23	**(6.59)**	(8.31)
Withdrawal Rate	**10.00%**	10.00%	**(0.29)**	(2.08)	**0.31**	(0.35)

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

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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

Risk exposure:

i Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

ii Liquidity Risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company, there can be strain on the cash flows.

iii Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

iv Legislative Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Defined benefit liability and employer contributions

Expected contributions to post-employment benefit plans for the year ending March 31, 2019 are INR 37,93,793.

The weighted average duration of the defined benefit obligation is 8.55 years (2017 – 8.92 years). The expected maturity analysis of undiscounted gratuity is as follows:

	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
As at March 31, 2018					
Defined benefit obligation (gratuity)	**37.94**	**14.95**	**27.49**	**75.44**	**155.82**
As at March 31, 2017					
Defined benefit obligation (gratuity)	**12.73**	**37.94**	**14.95**	**102.93**	**168.55**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

		Year ended on March 31, 2018	Year ended on March 31, 2017
29	**Revenue from Operations**		
	a) Sale of finished goods	**24,122.48**	20,202.51
	b) Other operating revenues		
	- Scrap sales	**42.67**	23.98
	- Export incentives	**118.62**	163.68
	Total	**24,283.77**	20,390.17
	Revenue from operations for the year ended March 31, 2018 is net of Goods and Service Tax (GST) and revenue for the year ended March 31, 2017 is inclusive of Excise Duty. GST which is effective from July 1, 2017 has replaced excise duty and certain other indirect taxes. Accordingly, the adjusted revenue from operations (i.e net of GST and excise duty, as applicable for comparable purposes is as under:		
	Revenue from Operations (Net of GST and Excise Duty, as applicable)	**23,632.90**	18,543.06
29	**Other Income**		
	Interest income from financial assets measured at amortised cost		
	- Deposits	**0.47**	0.79
	- Others	**0.01**	4.97
	Dividend from Non-current equity investment measured at cost	**250.00**	-
	Management fees	**18.75**	-
	Miscellaneous income	**1.12**	3.58
	Total	**270.35**	9.34
30	**Cost of materials consumed**		
	Raw Materials :		
	Inventory at the beginning of the year	**1,529.26**	678.33
	Add: Purchases	**16,255.39**	13,142.44
		17,784.65	13,820.77
	Less: Inventory at the end of the year	**2,106.01**	1,529.26
		15,678.64	12,291.51
	Packing Materials :		
	Inventory at the beginning of the year	**6.39**	6.08
	Add: Purchases	**175.95**	166.04
		182.34	172.12
	Less: Inventory at the end of the year	**3.84**	6.39
		178.50	165.73
	Total	**15,857.14**	12,457.24

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

		Year ended on March 31, 2018	Year ended on March 31, 2017
31	**Changes in inventory of finished goods and work-in-progress**		
	Opening Stock		
	Finished Goods	**-**	-
	Semi Finished Goods	**493.98**	415.82
		493.98	415.82
	Less :		
	Closing Stock		
	Finished Goods	**94.26**	-
	Semi Finished Goods	**392.78**	493.98
		487.04	493.98
	Total changes in inventory of finished goods and work-in-progress	**6.94**	(78.16)
32	**Employee benefit expenses**		
	Salaries, wages and bonus	**1,160.34**	1,015.77
	Contribution to Provident Fund and other funds	**55.00**	46.94
	Gratuity	**20.73**	9.98
	Staff welfare expenses	**60.98**	35.05
	Total	**1,297.05**	1,107.74
33	**Finance Costs**		
	Interest on long term borrowings	**290.10**	208.70
	Interest on Inter-corporate deposits	**-**	2.77
	Interest and other borrowing cost	**285.47**	257.84
	Total	**575.57**	469.31

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

		Year ended on March 31, 2018	Year ended on March 31, 2017
34	Other Expenses		
	Consumption of Stores and Spares	368.27	328.46
	Power and Fuel	1,605.31	1,206.66
	Laboratory expenses	47.74	19.76
	Research & Development Expenses	6.34	-
	Rent, rates and taxes	38.88	62.17
	Insurance	13.26	10.95
	Repairs and maintenance :		
	- Machinery	66.94	42.03
	- Buildings	42.68	132.73
	- Others	4.80	5.43
	Travelling and conveyance	29.72	25.18
	Telephone and advertisement expense	16.17	14.74
	Directors' sitting fees	9.70	4.93
	Remuneration to Auditors for:		
	- Statutory Audit Fees	30.00	19.00
	- Out of pocket expenses	0.27	0.11
	Commission on sales	68.94	57.98
	Freight and forwarding	195.56	133.18
	Legal and professional fees	107.57	289.87
	Vehicle expenses	92.94	69.52
	Loss on assets sold / discarded (Net)	6.27	1.84
	Allowance for doubtful debts	12.00	-
	Corporate Social Responsibility expenditure (Refer note 35 below)	36.70	27.61
	Net Loss on Foreign Currency Transactions and Translation	0.93	5.00
	Solid waste disposal charges	180.65	91.45
	Miscellaneous expenses	108.01	141.15
	Total	**3,089.65**	2,689.75
35	**Expenditure towards Corporate Social Responsibility (CSR) activities**		
	(a) Gross amount required to be spent by the company :	34.72	44.11
	(b) Amount spent :		
	(i) Construction/acquisition of any asset	-	-
	(ii) On purposes other than (i) above	36.70	27.61

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

		Year ended on March 31, 2018	Year ended on March 31, 2017
36	**Earnings per Share (EPS)**		
	Basic		
	Net Profit as per Statement of Profit and Loss	**1,939.69**	905.83
	Less : Preference Dividend	*	*
	Net Profit available to Equity Shareholders	**1,939.69**	905.83
	Weighted Average Number of Equity Shares	**39,062,706**	30,616,728
	Basic EPS (Rs.)	**4.97**	2.96
	Figures below Rs. 1,000 are denoted by " * "		
	Diluted		
	Net Profit before tax as per Statement of Profit and Loss	**1,939.69**	905.83
	Weighted Average Number of Equity Shares	**39,062,706**	30,616,728
	Diluted EPS (Rs.)	**4.97**	2.96
	Nominal value of an equity share	**10.00**	10.00
37	**Taxation**		
	37 a) - Income tax expense		
	Current tax		
	Current tax on profits for the year	**573.23**	353.11
	Adjustments for current tax of prior periods	**-**	7.06
	Total current tax expense	**573.23**	360.17
	Deferred tax		
	Decrease/(increase) in deferred tax assets	**65.21**	232.65
	(Decrease)/increase in deferred tax liabilities	**3.86**	(14.22)
	Deferred tax on Other Comprehensive Income	**(0.31)**	(18.47)
	Total deferred tax expense/(benefit)	**68.76**	199.96
	Total Income tax expense	**641.99**	560.13
	37 b) - Reconciliation of tax expense and accounting profit multiplied by statutory tax rates		
	Profit for the year	**2,581.10**	1,431.05
	Statutory tax rate	**34.61%**	34.61%
	Tax expense at applicable tax rate	**893.27**	495.26
	Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
	Amount Exempt from tax	**(86.52)**	-
	Amount not allowable under tax	**31.51**	64.87
	Effect of change in Income tax rate on Deferred tax	**(196.27)**	-
	Total Income tax expense	**641.99**	560.13

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
37 c)- Deferred tax liabilities			
The balance comprises temporary differences attributable to:			
Deferred tax liabilities:			
On Property, Plant and Equipments	**1,089.00**	1,022.42	793.55
Others	**2.40**	3.78	-
Total deferred tax liabilities	**1,091.40**	1,026.20	793.55
Deferred tax assets:			
On Defined Benefit Obligations	**25.70**	32.40	4.92
Others	**24.68**	21.54	16.32
Total deferred tax assets	**50.38**	53.94	21.24
Net deferred tax liabilities	**1,041.02**	972.26	772.31

Movement in deferred tax balances

Particulars	As at April 1, 2016	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	Charged/ (credited) to equity	As at March 31, 2017
Deferred tax liabilities:					
On Property, Plant and Equipments	793.55	228.87	-	-	1,022.42
Others	-	3.78	-	-	3.78
Total deferred tax liabilities	**793.55**	**232.65**	**-**	**-**	**1,026.20**
Deferred tax assets:					
On Defined Benefit Obligations	4.92	9.01	18.47	-	32.40
Others	16.32	5.22	-	-	21.54
Total deferred tax assets	**21.24**	**14.23**	**18.47**	**-**	**53.94**
Net deferred tax liabilities	**772.31**	**218.42**	**(18.47)**	**-**	**972.26**

Particulars	As at March 31, 2017	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	Charged/ (credited) to equity	As at March 31, 2018
Deferred tax liabilities:					
On Property, Plant and Equipments	1,022.42	66.58			1,089.00
Others	3.78	(1.38)			2.40
Total deferred tax liabilities	**1,026.20**	**65.20**	**-**	**-**	**1,091.40**
Deferred tax assets:					
On Defined Benefit Obligations	32.40	(7.01)	0.31	-	25.70
Others	21.54	3.14	-	-	24.68
Total deferred tax assets	**53.94**	**(3.87)**	**0.31**	**-**	**50.38**
Net deferred tax liabilities	**972.26**	**69.07**	**(0.31)**	**-**	**1,041.02**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

38 Fair value measurements

Financial instruments by category

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

	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	FVPL	**FVOCI**	**Amortised cost**	FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial assets									
Investment in Equity Instruments	-	-	**1.00**	-	-	1.00	-	-	-
Security Deposits	-	-	**22.10**	-	-	9.24	-	-	9.44
Margin Money Deposits	-	-	**13.14**	-	-	9.77	-	-	9.03
Trade Receivables	-	-	**3,202.63**	-	-	2,539.36	-	-	1,722.66
Cash and cash equivalents	-	-	**2.01**	-	-	33.73	-	-	5.41
Bank balances other than cash and cash equivalents above	-	-	**38.00**	-	-	13.56	-	-	9.71
Loans to Employees	-	-	**0.22**	-	-	0.17	-	-	0.41
Interest Accrued but not due	-	-	**0.15**	-	-	0.60	-	-	0.67
Export incentive receivable	-	-	**276.01**	-	-	197.87	-	-	94.54
Total financial assets	-	-	**3,555.26**	-	-	2,805.30	-	-	1,851.87
Financial liabilities									
Borrowings	-	-	**6,559.68**	-	-	5,899.76	-	-	3,363.86
Trade payables	-	-	**739.94**	-	-	603.03	-	-	306.49
Interest accrued but not due on borrowings	-	-	**18.21**	-	-	21.15	-	-	12.14
Unclaimed dividends	-	-	**38.00**	-	-	13.56	-	-	9.71
Creditors for Capital Goods	-	-	**149.37**	-	-	241.42	-	-	54.82
Employee benefit payable	-	-	**166.30**	-	-	136.01	-	-	106.93
Total financial liabilities	-	-	**7,671.50**	-	-	6,914.93	-	-	3,853.95

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Fair value hierarchy

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

The categories used are as follows :

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

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. Considering that all significant inputs required to fair value such instruments are observable, these are included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique used to determine fair value

The fair value of the financial instruments is determined using discounted cash flow analysis.

Valuation processes

The finance department of the company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation process and results are held between the CFO and the valuation team at least once in three months, in line with the company's quarterly reporting period. Changes in the fair value are analysed at the end of each reporting period during the quarterly valuation discussion between the CFO and the valuation team.

Fair value of financial assets/liabilities measured at amortised cost.

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, investments, margin money deposits, loans to employees, security deposits, trade payables, creditors for capital goods, interest accrued but not due on borrowings, unclaimed dividends, employee benefit payable and other deposits are considered to be at their fair values, due to their current nature.

The fair values of borrowings have been calculated based on cash flows discounted using a current lending rate. They are classified as level 3 in the hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

For Level 3 financial instruments, the fair value has been based on present values and the discount rates used, are adjusted for counterparty or own risk.

39 Financial risk management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management framework, through which management develops and monitors the Company's risk management policies. The key risks and mitigating actions are also placed before the Board of directors of the Company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and to control and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management framework of the Company is supported by the Finance team and experts of respective business divisions that provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The activities are designed to:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- protect the Company's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Company's financial investments, while maximising returns.

The Treasury department provides funding and foreign exchange management services for the Company's operations. In addition to guidelines and exposure limits, a system of authorities and extensive independent reporting covers all major areas of treasury's activity.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(A) Management of Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations.

<u>Cash and cash equivalents & bank balances</u>

The Company is also exposed to credit risk on cash and cash equivalents and bank balances other than cash and cash equivalents. These balances (other than cash on hand) are with high credit rating banks which are governed by Reserve Bank of India. The company believes its credit risk in such bank balances is immaterial.

<u>Security deposits and other receivables</u>

With respect to other financial assets namely security and other deposits and other receivables, the maximum exposure to credit risk is the carrying amount of these classes of financial assets presented in the balance sheet. These are actively monitored and confirmed by the treasury department of the Company.

<u>Trade receivables</u>

The Company measures the expected credit loss of trade receivables from customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends which is very negligible.

Ageing	Not due	0-90 days	91-180 days	181-270 days	271-360 days	More than 360 days	Total
Gross carrying amount	2,611.47	589.51	1.63	0.02	-	12.00	3,214.63
Expected loss rate	0%	0%	0%	0%	0%	100%	
Expected credit losses (Loss allowance provision)	-	-	-	-	-	12.00	12.00
Carrying amount of trade receivables (net of impairment)	2,611.47	589.51	1.63	0.02	-	-	3,202.63

Based on the historical data, loss on collection of receivable as at March 31, 2017 and as at April 01, 2016 is not material hence no additional provision considered.

(B) Management of Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. Material and sustained shortfall in cash flow could undermine the company's credit rating and impair investor confidence.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

The company maintained a cautious funding strategy, with a positive cash generation from operating activities throughout the year ended March 31, 2018, March 31, 2017 and April 1, 2016. Cash flow from operating activities provides the funds to service the financing of financial liabilities on a day-to-day basis.

Financing Arrangement

The Company has access to the following undrawn borrowing facilities at the end of the reporting period.

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Floating rate			
Expiring within one year	**372.53**	397.33	1,850.23

Maturities of financial liabilities

The following table shows the maturity analysis of the company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance sheet date:

Contractual maturities of financial liabilities as at March 31, 2018	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	20,22,24	6,559.68	4,924.62	1,635.06	6,559.68
Trade payables	23	739.94	739.94	-	739.94
Interest accrued but not due on borrowings	24	18.21	18.21	-	18.21
Unclaimed dividends	24	38.00	38.00	-	38.00
Creditors for Capital Goods	24	149.37	149.37	-	149.37
Employee benefit payable	24	166.30	166.30	-	166.30
Total liabilities		**7,671.50**	**6,036.44**	**1,635.06**	**7,671.50**

Contractual maturities of financial liabilities as at March 31, 2017	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	20,22,24	5,899.76	4,023.70	1,876.06	5,899.76
Trade payables	23	603.03	603.03	-	603.03
Interest accrued but not due on borrowings	24	21.15	21.15	-	21.15
Unclaimed dividends	24	13.56	13.56	-	13.56
Creditors for Capital Goods	24	241.42	241.42	-	241.42
Employee benefit payable	24	136.01	136.01	-	136.01
Total liabilities		**6,914.93**	**5,038.87**	**1,876.06**	**6,914.93**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

Contractual maturities of financial liabilities as at April 1, 2016	Note	Carrying amount	Less than 12 months	More than 12 months	Total
Borrowings	20,22,24	3,363.86	2,213.00	1,150.86	3,363.86
Trade payables	23	306.49	306.49	-	306.49
Interest accrued but not due on borrowings	24	12.14	12.14	-	12.14
Unclaimed dividends	24	9.71	9.71	-	9.71
Creditors for Capital Goods	24	54.82	54.82	-	54.82
Employee benefit payable	24	106.93	106.93	-	106.93
Total liabilities		**3,853.95**	**2,703.09**	**1,150.86**	**3,853.95**

(C) Management of Market Risk

Market risk comprises of foreign currency risk and interest rate risk. Foreign currency risk arises from transactions that are undertaken in a currency other than the functional currency of the company. Further, the financial performance and financial position of the company is exposed to foreign currency risk that arises on outstanding receivable and payable balances at a reporting year end date. Interest rate risk arises from variable rate borrowings that expose the company's financial performance, financial position and cash flows to the movement in market rates of interest.

Foreign currency risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US$ and EURO.

The Company imports capital goods and raw materials and exports finished goods. The company also pays interest, legal and professional fees and travelling and conveyance in foreign currency.

Foreign currency exposure

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
	USD Denominated	USD Denominated	USD Denominated
Financial Assets			
Trade Receivables	**654.76**	552.79	786.73
Balance in Export Earning Foreign Currency account	**-**	30.53	3.10
Exposure to foreign currency assets	**654.76**	583.32	789.83
Financial Liabilities			
Packing credit	**395.06**	700.59	349.47
Trade Payable	**1.30**	-	26.64
Exposure to foreign currency liabilities	**396.36**	700.59	376.11

Sensitivity - Foreign Currency

The sensitivity of profit or loss to changes in the exchange rates is as follows:

	Impact on profit before tax	
	For the year ended March 31, 2018	For the year ended March 31, 2017
USD Sensitivity		
INR/USD increase by 5%*	**12.92**	(5.86)
INR/USD decrease by 5%*	**(12.92)**	5.86

* Holding all other variables constant

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

Interest rate risk

The Company is mainly exposed to interest rate risk due to its variable interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings. The Company mitigates the interest rate risk for borrowing in functional currency, which is linked with MCLR, by negotiating and fixing the rate at the time of renewal of bank facility which remains effective for one year from the date of renewal. In case of borrowing in foreign currency, which is linked with LIBOR rate, the company mitigates the risk by fixing the margin at the time of renewal of bank facility which remains effective for one year from the date of renewal.

The Company has various non current and current borrowings whose facilities are on a variable interest rate basis. Refer below table for interest rate exposure.

Interest Rate Exposure

The exposure of Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Variable Rate Borrowings	**6,557.74**	5,890.64	3,346.55
Weighted average interest rate*	**9.25%**	10.10%	11.96%

* The same excludes Inter Corporate Deposits

Sensitivity - Interest Rate

The sensitivity of profit or loss to higher/(lower) interest expense from borrowings as a result of change in borrowing rates is as follows:

	Impact on profit before tax	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Rates - increase by 0.5%*	**(2.88)**	(2.33)
Interest Rates - decrease by 0.5%*	**2.88**	2.33

* Holding all other variables constant

40 Capital management

(a) Risk management

The Company considers the following components of its Balance Sheet as managed capital: Total equity as shown in the balance sheet includes share capital, general reserve, retained earnings.

The Company aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to day needs. The Company considers the amount of capital in proportion to risk and manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, reduce capital or issue new shares.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratios:

Net debts (Total borrowings net of cash and cash equivalents)
divided by
Total 'equity' (as shown in the Balance Sheet)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

The gearing ratios were as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Net Debts	**6,557.67**	5,866.03	3,358.45
Total Equity	**8,733.78**	7,196.44	6,740.58
Net Debt to Equity Ratio	**0.75**	0.82	0.50

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to provide return to shareholders by continuing to distribute dividends in future periods. Refer the below note for the final dividend declared and paid.

(b) Dividend

	For the year ended March 31, 2018	For the year ended March 31, 2017
Equity shares		
Final dividend for the year ended March 31, 2017 - Re. 1 (March 31, 2016- Rs. 2.50) per fully paid up share	**376.10**	344.85
Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the Board of directors have recommended the payment of a final dividend of INR 1.50 per fully paid equity share (March 31, 2017 - Re. 1 per fully paid up share). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	**564.15**	376.10

41 Related party disclosures

(a) Relationships

Promoter Group

FIH Mauritius Investments Limited, Republic of Mauritius

FIH Private Investments Limited, Republic of Mauritius

(Above two entities are subsidiaries of Fairfax India Holdings Corporation, Canada)

Subsidiaries

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)*

Privi Organics USA Inc, USA (w.e.f. August 1, 2016)*

Associates

Minar Organics Private Limited, India (w.e.f. August 1, 2016 and up to March 21, 2018)

Key Management Personnel:

Mr. Nahoosh Jariwala	Managing Director
Mr. Mahesh Babani	Managing Director

*Investment held through subsidiary company pursuant to the scheme of arrangement (Refer Note 49)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

The nature and volume of transactions carried out and balances with related parties in the ordinary course of business are as follows:

Transactions

Name of the related party and nature of the relationship	For the year ended March 31, 2018	For the year ended March 31, 2017
Subsidiaries		
a) **Reimbursement of Expenses**		
Privi Organics India Limited (Formerly known as Adi Aromatic Limited)	**-**	9.54
b) **Management fees income**		
Privi Organics India Limited (Formerly known as Adi Aromatic Limited)	**18.75**	-
Key Management Personnel:		
a) **Remuneration**		
Mr. Nahoosh Jariwala	**144.00**	144.00

Balances

Name of the related party and nature of the relationship	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Key Management Personnel:			
Mr. Nahoosh Jariwala (Net of Tax Deducted at Source)	**8.25**	7.78	15.26

Terms and Conditions

1) Transactions with related parties are at normal commercial terms.
2) All outstanding balances are unsecured and payable in cash.

42 Contingent Liabilities and commitments

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a) **Contingent liabilities**			
Claims made by third party	**15.00**	15.00	15.00
Disputed income tax liability including interest	**-**	8.60	14.56
Disputed Custom Duty liability	**5.20**	5.20	5.20
Disputed excise and service tax liability	**50.78**	29.08	29.08
Disputed Value added tax and Central Sales Tax liability	**12.93**	12.93	4.71
Total	**83.91**	70.81	68.55

The company is contesting the demands and the management believes that its position is likely to be upheld in the appellate process. It is not practicable to estimate the timing of cash outflows, if any in respect of legal matters, pending resolution of the proceedings with the appellate authorities.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(b) Capital Commitments			
Estimated value of contracts in capital account remaining to be executed	**243.08**	213.32	173.85
Total	**243.08**	213.32	173.85

43 Events occurring after reporting period

The Company evaluated subsequent events through May 9, 2018, the date the financial statements were available for issuance, and determined that there were no additional material subsequent events requiring disclosure.

44 Assets offered as security

The carrying amounts of assets hypothecated and / or mortgaged as security for borrowings are:

	Note	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Non-Current				
Non-financial assets				
Land (Freehold)	4	**63.10**	63.10	63.10
Building	4	**1,826.60**	1,888.72	1,774.92
Plant and Machinery	4	**7,434.21**	6,510.02	4,585.70
Vehicles	4	**11.70**	18.66	28.24
Total non-current assets offered as security		**9,335.61**	8,480.50	6,451.96
Current				
Non-financial assets				
Inventories	10	**3,042.72**	2,315.16	1,341.61
Financial assets				
Trade receivables	11	**3,202.63**	2,539.36	1,722.66
Total current assets offered as security		**6,245.35**	4,854.52	3,064.27

45 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

46 Segment reporting

In accordance with Ind AS -108 'Operating Segment', segment information has been given in the Consolidated Financial Statements of Fairchem Speciality Limited, and therefore, no separate disclosure on segment information is given in the Standalone Financial Statements.

47 Leases

Company as lessee

The Company has entered into cancellable lease agreement for Corporate office premises for a period of nine years which commenced from September 7, 2013.

The lease rentals aggregating Rs. 34.50 Lakhs (Previous Year Rs. 49.26 Lakhs) have been included under the head "Other Expenses" Note 34 "Rent, rates and taxes" of Statement of Profit and Loss.

48 During the previous 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 previous year and pursuant to the Ordinary Resolution passed by Postal Ballot on January 22, 2017 read with board resolution dated March 14, 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.

49 During the previous 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.

50 First time adoption of Ind AS

Transition to Ind AS

These are the company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these Financial Statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in Financial Statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP or IGAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

A.1 Ind AS optional exemptions

A.1.1. Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the Financial Statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

Accordingly, the company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

A.2 Ind AS mandatory exceptions

The company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

A.2.1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

The Company made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as this was not required under previous GAAP.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

The Company has determined the classification of Financial Assets in terms of whether they meet the amortized cost criteria, FVPL criteria or FVOCI criteria based on the facts and circumstances that existed as of transition date.

B. Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS. The presentation requirements under previous GAAP differs from the presentation requirements under Ind AS and hence the previous GAAP information has been restated for ease of reconciliation with Ind AS. The restated previous GAAP information is derived based on the audited financial statements of the Company for the year ended March 31, 2016 and March 31, 2017.

FAIRCHEM
A FAIRFAX COMPANY

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

Reconciliation of equity as at date of transition April 1, 2016

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		7,340.92	-	7,340.92
Capital work-in-progress		526.39	-	526.39
Financial assets				
i. Other financial assets		18.04	-	18.04
Non current Tax Assets (Net)		47.76	-	47.76
Other non-current assets		85.02	-	85.02
TOTAL NON-CURRENT ASSETS		**8,018.13**	**-**	**8,018.13**
Current assets				
Inventories		1,341.61	-	1,341.61
Financial assets				
i. Trade receivables		1,722.66	-	1,722.66
ii. Cash and cash equivalents		5.41	-	5.41
iii. Bank balances other than cash and cash equivalents above		9.71	-	9.71
iv. Loans		0.41	-	0.41
v. Other financial assets		95.64	-	95.64
Other current assets	4	253.53	(1.41)	252.12
TOTAL CURRENT ASSETS		**3,428.97**	**(1.41)**	**3,427.56**
TOTAL ASSETS		**11,447.10**	**(1.41)**	**11,445.69**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1,379.40	-	1,379.40
Other equity	1	4,946.13	415.05	5,361.18
TOTAL EQUITY		**6,325.53**	**415.05**	**6,740.58**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
(i) Borrowings	4	1,152.27	(1.41)	1,150.86
Provisions		32.20	-	32.20
Deferred Tax Liabilities (Net)		772.31	-	772.31
TOTAL NON-CURRENT LIABILITIES		**1,956.78**	**(1.41)**	**1,955.37**
Current liabilities				
Financial liabilities				
i. Borrowings		1,699.77	-	1,699.77
ii. Trade payables		306.49	-	306.49
iii. Other financial liabilities		696.83	-	696.83
Other current liabilities		40.44	-	40.44
Provisions	1	421.26	(415.05)	6.21
Current tax liabilities (net)		-	-	-
TOTAL CURRENT LIABILITIES		**3,164.79**	**(415.05)**	**2,749.74**
TOTAL LIABILITIES		**5,121.57**	**(416.46)**	**4,705.11**
TOTAL EQUITY AND LIABILITIES		**11,447.10**		**11,445.69**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

Reconciliation of equity as at March 31, 2017

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		9,350.87	-	9,350.87
Capital work-in-progress		320.68	-	320.68
Financial assets				
i. Investments		1.00	-	1.00
ii. Other financial assets		18.75	-	18.75
Non current Tax Assets (Net)		157.23	-	157.23
Other non-current assets		53.67	-	53.67
TOTAL NON-CURRENT ASSETS		**9,902.20**	**-**	**9,902.20**
Current assets				
Inventories		2,315.16	-	2,315.16
Financial assets				
i. Trade receivables		2,539.36	-	2,539.36
ii. Cash and cash equivalents		33.73	-	33.73
iii. Bank balances other than cash and cash equivalents above		13.56	-	13.56
iv. Loans		0.17	-	0.17
v. Other financial assets		198.73	-	198.73
Other current assets		375.21	-	375.21
TOTAL CURRENT ASSETS		**5,475.92**	**-**	**5,475.92**
TOTAL ASSETS		**15,378.12**	**-**	**15,378.12**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		3,760.98	-	3,760.98
Other equity	**4, 5, 6**	3,410.56	24.89	3,435.46
TOTAL EQUITY		**7,171.54**	**24.89**	**7,196.44**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
i. Borrowings	**4**	1,886.97	(10.91)	1,876.06
Provisions		65.82	-	65.82
Deferred Tax Liabilities (Net)	**6**	968.49	3.77	972.26
TOTAL NON-CURRENT LIABILITIES		**2,921.28**	**(7.14)**	**2,914.14**
Current liabilities				
Financial liabilities				
i. Borrowings		3,152.67	-	3,152.67
ii. Trade payables		603.03	-	603.03
iii. Other financial liabilities		1,283.17	-	1,283.17
Other current liabilities	**5**	218.64	(17.76)	200.88
Provisions		27.79	-	27.79
Current Tax Liabilities (Net)		-	-	-
TOTAL CURRENT LIABILITIES		**5,285.30**	**(17.76)**	**5,267.54**
TOTAL LIABILITIES		**8,206.58**	**(24.90)**	**8,181.68**
TOTAL EQUITY AND LIABILITIES		**15,378.12**		**15,378.12**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

Reconciliation of total comprehensive income for the year ended March 31, 2017

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Revenue from operations	2	18,543.06	1,847.11	20,390.17
Other income		9.34	-	9.34
Total Income		**18,552.40**	**1,847.11**	**20,399.51**
Expenses				
Cost of materials consumed		12,457.24	-	12,457.24
Changes in inventories of finished goods, stock-in-trade and work-in progress		(78.16)	-	(78.16)
Excise Duty	2	-	1,847.11	1,847.11
Employee benefit expense	3	1,161.12	(53.38)	1,107.74
Finance costs	4	480.22	(10.91)	469.31
Depreciation and amortization expense		422.09	-	422.09
Other expenses	5	2,707.51	(17.76)	2,689.75
Total expenses		**17,150.02**	**1,765.06**	**18,915.08**
Profit before tax		**1,402.38**	**82.05**	**1,484.43**
<u>Income tax expense</u>				
- Current tax		353.11	-	353.11
- (Excess) / short Provision of Income Tax of earlier years (Net)		7.06	-	7.06
- Deferred tax		196.20	22.23	218.43
Total tax expense		**556.37**	**22.23**	**578.60**
Profit for the year		**846.01**	**59.82**	**905.83**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
- Remeasurements of post-employment benefit obligations	3	-	(53.38)	(53.38)
- Income tax relating to the above	6	-	18.47	18.47
Other comprehensive income for the year, net of tax		**-**	**(34.91)**	**(34.91)**
Total comprehensive income for the year		**846.01**	**94.73**	**870.92**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of total equity as at March 31, 2017 and April 1, 2016

	Notes to first time adoption	March 31, 2017	April 1, 2016
Total equity (shareholders' funds) as per previous GAAP		7,171.54	6,325.53
Adjustments:			
Reversal of proposed dividend and DDT	1	-	415.05
Adjustment of borrowings at ammortised cost using effective interest rate method	4	10.91	-
Rent equalisation	5	17.76	-
Deferred tax impact on the above Ind AS adjustments	6	(3.77)	-
Total adjustments		24.90	415.05
Total equity as per Ind AS		**7,196.44**	**6,740.58**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

Reconciliation of total comprehensive income for the year ended March 31, 2017

	Notes to first time adoption	March 31, 2017
Profit after tax as per previous GAAP		846.01
Adjustments:		
Adjustment of borrowings at ammortised cost using effective interest rate method	**4**	10.91
Rent equalisation	**5**	17.76
Reclassification of actuarial gains or loss on defined benefit plans	**3**	53.38
Tax on above adjustments	**6**	(22.23)
Total adjustments		**59.82**
Profit after tax as per Ind AS		**905.83**
Other comprehensive income		
Remeasurements of post-employment benefit obligations (net of tax)		(34.91)
Total comprehensive income as per Ind AS		**870.92**

Impact of Ind AS adoption on cash flow statement

There were no material differences in the net cash flow from operating, investing or financing activities due to Ind AS adoption.

Notes to first-time adoption:

Note 1: Proposed Dividend

Under the previous GAAP until April 1, 2016, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting.

Note 2: Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses.

Note 3: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

Note 4: Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Note 5: Rent equalisation

Under Ind AS, lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. The escalation clause in the lease agreement is to compensate inflationary cost increase and hence, the lease payments are recognised on actual basis.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note 6: Deferred Tax

Deferred tax have been recognised on the adjustments made on transition to Ind AS.

Note 7: Cash Discount

Under IGAAP, revenue from sale of products was measured at transaction price. Under Ind AS, revenue from sale of goods is measured at fair value of consideration received or receivable. Hence, cash discount is reduced from revenue to present the same at its fair value. This change has resulted in a decrease in total revenue and total expenses for the year ended March 31, 2017 by Rs. 13.71 lakhs. There is no impact on the total equity and profit.

Note 8: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, foreign exchange differences arising on translation of foreign operations, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under IGAAP.

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

Priyanshu Gundana
Partner
Membership No. 109553

Place : Mumbai
Date : May 09, 2018

For and on behalf of the Board

Nahoosh Jariwala
Managing Director
DIN: 00012412

Mahesh Babani
Managing Director
DIN: 00051162

Rajen N. Jhaveri
Chief Financial Officer & Company Secretary

Place : Mumbai
Date : May 09, 2018

Independent Auditors' Report

To the Members of

FAIRCHEM SPECIALITY LIMITED (FORMERLY KNOWN AS ADI FINECHEM LIMITED)

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Fairchem Speciality Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), (refer Note 2 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity 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 Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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, consolidated cash flows and changes in equity of the Group in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 Ind AS 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 respectively and 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS 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 of the consolidated Ind AS financial statements 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 Ind AS 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 Ind AS 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 Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS 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 Ind AS 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, 2018, and their consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Emphasis of Matter

8. a) We draw your attention to the Note 50 to the consolidated 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, 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 08, 2018 :

   "We draw attention to Note 40 to the financial statements. During the period ended 31 March, 2017, as per the accounting treatment prescribed in the Scheme approved by the National Company Law Tribunal (NCLT) Order, the Company has credited Rs 35,573.76 lakhs, being the excess of book value of assets over the book value of liabilities and consideration for equity shares issued, vested under the Scheme, to the general reserve. Had such accounting treatment not been specified under the NCLT Order, under the Indian Accounting Standards (Ind AS) adopted by the Company with effect from 1 April 2017, restated for the previous period's figures under Ind AS, the assets and liabilities would need to be fair valued and the excess of fair value of consideration directly discharged by the parent company (to be recognized as contribution from the parent directly in equity) over the fair value of net assets acquired (i.e fair value of assets acquired less fair value of liabilities (including consideration for equity shares issued)) would be recognised as goodwill and in reverse case would be recognised in equity as 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.87,646.59 lakhs and net assets of Rs.40,563.11 lakhs as at March 31, 2018, total revenue of Rs. 79,667.01 lakhs, total comprehensive income (comprising of profit and other comprehensive income) of Rs.3,648.38 lakhs and net cash in flows amounting to Rs.560.81 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. 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 Ind AS financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries 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, is based solely on the reports of the other auditors.

   Our opinion on the consolidated Ind AS 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.

10. The comparative financial information of the Group for the year ended March 31, 2017 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements for the year ended March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 11, 2017. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

   Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

11. As required by Section 143(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 purposes of our audit of the aforesaid consolidated Ind AS 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 Ind AS 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 (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity 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 Ind AS financial statements.

d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports 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, 2018 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 with reference to financial statements of the Holding Company and 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 Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2018 on the consolidated financial position of the Group,– Refer Note 44 to the consolidated Ind AS financial statements.

   ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts as at March 31, 2018 – Refer Note 25 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group.

   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, 2018.

   iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2018.

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

Priyanshu Gundana
Partner
Membership Number: 109553

Place: Mumbai
Date: May 09, 2018

"Annexure A" to Independent Auditors' Report

Referred to in paragraph 11 (f) of the Independent Auditors' Report of even date to the members of Fairchem Speciality Limited on the consolidated Ind AS financial statements for the year ended March 31, 2018

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 Ind AS financial statements of the Company as of and for the year ended March 31, 2018, 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 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 and its subsidiary companies, 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 and errors, 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 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 judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated 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 and its subsidiary companies, 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, 2018, 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 in so far as it relates to two subsidiary companies, 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
Chartered Accountants
Firm Registration Number : 304026E/ E-300009

Priyanshu Gundana
Partner
Membership Number: 109553

Place: Mumbai
Date: May 09, 2018

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

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

PARTICULARS	Note No.	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	4	**43,045.98**	38,638.24
Capital work-in-progress	5	**4,915.49**	2,168.75
Intangible Assets	4	**444.27**	123.76
Intangible Assets Under Development		**220.14**	220.14
Financial Assets			
(i) Investments	6	**-**	19.57
(ii) Other Financial Assets	7	**506.11**	1,052.41
Non-current Tax Assets (net)	8	**1,367.74**	1,337.98
Other Non Current Assets	9	**713.07**	1,867.91
		51,212.80	45,428.76
Current Assets			
Inventories	10	**23,391.73**	24,614.47
Financial Assets			
(i) Investments	11	**300.17**	54.03
(ii) Trade receivables	12	**23,040.70**	17,388.94
(iii) Cash and cash equivalents	13	**1,212.40**	683.31
(iv) Bank balances other than (iii) above	14	**1,197.68**	2,387.40
(v) Loans	15	**0.22**	0.17
(vi) Other Financial Assets	16	**1,261.09**	963.02
Other current assets	17	**3,674.43**	2,380.13
		54,078.42	48,471.47
Total Assets		**105,291.22**	93,900.23
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	18	**3,760.98**	3,760.98
Instruments entirely equity in nature	19	**145.29**	145.29
Other Equity	20	**45,389.63**	40,504.79
		49,295.90	44,411.06
LIABILITIES			
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	21	**7,679.35**	6,599.25
Provisions	22	**855.10**	741.37
Deferred Tax Liabilities (Net)	39	**2,455.79**	1,803.02
		10,990.24	9,143.64
Current Liabilities			
Financial Liabilities			
(i) Borrowings	23	**21,536.56**	21,586.84
(ii) Trade payables	24	**15,013.69**	12,032.00
(iii) Other Financial Liabilities	25	**7,503.05**	5,640.95
Other current liabilities	26	**274.99**	507.68
Current Tax Liabilities (Net)	27	**594.98**	505.34
Provisions	28	**81.81**	72.72
		45,005.08	40,345.53
Total Equity and Liabilities		**105,291.22**	93,900.23

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

As per our report of even date attached

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

Priyanshu Gundana
Partner
Membership No. 109553

Place : Mumbai
Date : May 09, 2018

For and on behalf of the Board

Nahoosh Jariwala
Managing Director
DIN: 00012412

Mahesh Babani
Managing Director
DIN: 00051162

Rajen N. Jhaveri
Chief Financial Officer & Company Secretary

Place : Mumbai
Date : May 09, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2018

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

PARTICULARS	Note No.	Year ended on March 31, 2018	Year ended on March 31, 2017
Income			
Revenue from Operations	29	**103,950.78**	63,619.42
Other Income	30	**1,600.46**	1,034.29
Total Revenue		**105,551.24**	64,653.71
Expenses			
Cost of materials consumed	31	**63,323.71**	39,785.72
Changes in Inventories of finished goods and work-in-progress	32	**2,934.15**	(678.04)
Excise duty		**1,520.70**	3,889.57
Employee benefits expense	33	**5,680.87**	3,494.92
Finance costs	34	**2,393.99**	1,697.57
Depreciation and amortisation expense	4	**4,330.90**	2,682.54
Other expenses	35	**17,471.31**	10,225.57
Total Expenses		**97,655.63**	61,097.85
Profit Before Tax		**7,895.61**	3,555.86
Tax Expense			
Current Tax	39	**1,907.04**	877.22
(Excess) / Short Provision of Income Tax of earlier years (Net)	39	**-**	7.06
Deferred Tax	39	**654.81**	(40.83)
		2,561.85	843.45
Profit After Tax		**5,333.76**	2,712.41
Other Comprehensive Income			
Items that will not be reclassified to profit or loss:			
- Remeasurement (losses) / gains on post employment defined benefit plans		**(5.90)**	(84.80)
- Income tax effect		**2.04**	29.35
Items that will be reclassified to profit or loss:			
Exchange differences in translating financial statements of foreign operations		**7.60**	(0.44)
Other Comprehensive Income for the year, net of tax		**3.74**	(55.89)
Total Comprehensive Income for the year		**5,337.50**	2,656.52
Earnings Per Share			
Basic earnings per share (in Rupees)	38	**13.65**	8.86
Diluted earnings per share (in Rupees)	38	**13.65**	8.86
Nominal value per equity share (in Rupees)		**10.00**	10.00
Nominal value per preference share (in Rupees)		**10.00**	10.00

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

As per our report of even date attached
For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No.: 304026E/ E-300009
Chartered Accountants

Priyanshu Gundana
Partner
Membership No. 109553

Place : Mumbai
Date : May 09, 2018

For and on behalf of the Board

Nahoosh Jariwala
Managing Director
DIN: 00012412

Mahesh Babani
Managing Director
DIN: 00051162

Rajen N. Jhaveri
Chief Financial Officer & Company Secretary

Place : Mumbai
Date : May 09, 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

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

	PARTICULARS	Note No.	
A.	**Equity Share Capital**		
	Balance as at March 31, 2017	18	**3,760.98**
	Changes in Equity Share Capital during the year		-
	Balance as at March 31, 2018	18	**3,760.98**
B.	**Instruments entirely equity in nature**		
	Compulsorily Convertible Preference Shares		
	Balance as at March 31, 2017	19	**145.29**
	Changes in Compulsorily Convertible Preference Shares during the year		-
	Balance as at March 31, 2018	19	**145.29**

C. Other Equity

Particulars	Reserves and Surplus: Foreign Currency Translation Reserves	Reserves and Surplus: General Reserve	Reserves and Surplus: Retained Earnings	Total
Balance as at April 1, 2016	-	300.00	5,061.18	5,361.18
Profit for the year	-	-	2,712.41	2,712.41
Other Comprehensive Income	(0.44)	-	(55.45)	(55.89)
Total Comprehensive Income for the year	**(0.44)**	**-**	**2,656.96**	**2,656.52**
Addition as per scheme of arrangement	-	35,573.76	-	35,573.76
Reserves acquired pursuant to demerger	-	-	(144.74)	(144.74)
Utilised for issue of Equity shares in pursuance of scheme of arrangement	-	(300.00)	(963.44)	(1,263.44)
Utilised for issue of Compulsory Convertible Preference shares in pursuance of scheme of arrangement (Refer Note 50)	-	-	(1,263.44)	(1,263.44)
Transactions with owners in their capacity as owners:				
Dividends Paid (including Dividend Distribution Tax)	-	-	(415.05)	(415.05)
Balance as at March 31, 2017	**(0.44)**	**35,573.76**	**4,931.47**	**40,504.79**
Profit for the year	-	-	5,333.76	5,333.76
Other Comprehensive Income	7.60	-	(3.86)	(3.74)
Total Comprehensive Income for the year	**7.60**	**-**	**5,329.90**	**5,337.50**
Transactions with owners in their capacity as owners:				
Dividends Paid (including Dividend Distribution Tax)	-	-	(452.66)	(452.66)
Balance as at March 31, 2018	**7.16**	**35,573.76**	**9,808.71**	**45,389.63**

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

As per our report of even date attached
For Price Waterhouse & Co Chartered Accountants LLP
Firm Registration No.: 304026E/ E-300009
Chartered Accountants

Priyanshu Gundana
Partner
Membership No. 109553

Place : Mumbai
Date : May 09, 2018

For and on behalf of the Board

Nahoosh Jariwala
Managing Director
DIN: 00012412

Mahesh Babani
Managing Director
DIN: 00051162

Rajen N. Jhaveri
Chief Financial Officer & Company Secretary

Place : Mumbai
Date : May 09, 2018

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED ON MARCH 31, 2018

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

	PARTICULARS	Year ended March 31, 2018	Year ended March 31, 2017
(A)	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit Before Taxation	**7,895.61**	3,555.86
	Adjustments for:		
	Depreciation / Amortisation	**4,330.90**	2,682.53
	Finance Cost	**2,269.91**	1,622.40
	Interest Income	**(127.43)**	(168.90)
	Dividend Income	**(0.35)**	(0.07)
	Unrealised Foreign Exchange Loss / (Profit)	**(189.31)**	515.05
	Loss on assets sold / discarded (Net)	**4.67**	0.51
	Fair valuation of investments	**3.87**	(52.79)
	Fair valuation of borrowings	**15.68**	(25.93)
	Provision for doubtful capital advances	**36.15**	-
	Operating Profit Before Working Capital Changes	**14,239.70**	8,128.66
	Adjustments For Changes In Working Capital:		
	(Increase) / Decrease In Inventories	**1,222.74**	(546.24)
	(Increase) In Trade receivables	**(5,334.36)**	(566.12)
	(Increase) In Other assets	**(805.68)**	(537.79)
	Increase / (Decrease) in trade payables and other current liabilities and provisions	**3,179.51**	(2,961.15)
	Cash Generated From Operations	**12,501.91**	3,517.36
	Direct Taxes Refund / (Paid) (Net)	**(1,847.36)**	(1,860.22)
(A)	**Net Cash From Operating Activities**	**10,654.55**	1,657.14
(B)	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of Fixed Assets	**(9,340.86)**	(7,155.97)
	Proceeds from Sale of Fixed Assets	**9.56**	45.74
	Purchase of Investments	**(230.44)**	-
	Maturity (Investment) of Fixed Deposit	**1,213.89**	253.52
	Interest Income	**127.88**	168.97
	Dividend Income	**0.35**	0.07
(B)	**Net Cash Generated / (Used In) Investing Activities**	**(8,219.62)**	(6,687.67)
(C)	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds of Long Term Borrowings (net)	**5,006.01**	1,695.62
	Repayment of Long Term Borrowings (net)	**(4,126.25)**	(1,773.15)
	Net Proceeds / (Repayment) of Working Capital Loan	**(136.23)**	(6,736.58)
	Dividend (including tax on dividend)	**(452.66)**	(415.05)
	Interest	**(2,196.71)**	(1,717.41)
(C)	**Net Cash Used In Financing Activities**	**(1,905.84)**	(8,946.57)
	Net Increase in cash and cash equivalents (A+B+C)	**529.09**	(13,977.10)
	Cash and cash equivalents acquired on demerger pursuant to scheme of arrangement	**-**	127.00
	Cash acquired subsequent to demerger (Refer note 50)	**-**	14,528.00
	Cash and Cash Equivalents as at the beginning of the period	**683.31**	5.41
	Cash and Cash Equivalents as at the end of the period	**1,212.40**	683.31

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED ON MARCH 31, 2018

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

PARTICULARS	As at March 31, 2018	As at March 31, 2017
Reconciliation of cash and cash equivalent as per the Statement of Cash Flows		
Cash and Cash Equivalents :		
Cash on hand	**5.45**	6.06
Bank Balances :		
- In Current Accounts	**520.02**	195.75
- In Export Earning Foreign Currency Amount	**134.92**	30.53
Effect of exchange differences on balances with banks in foreign currency	**-**	-
Margin money deposits (with original maturity of less than three months)	**269.89**	450.97
Remittance in transit	**282.12**	-
	1,212.40	683.31
Note : The above Statement of Cash flows has been prepared under the "Indirect Method" set out in Ind AS 7 - "Statement of Cash Flows"		

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

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

Priyanshu Gundana
Partner
Membership No. 109553

Place : Mumbai
Date : May 09, 2018

For and on behalf of the Board

Nahoosh Jariwala
Managing Director
DIN: 00012412

Mahesh Babani
Managing Director
DIN: 00051162

Rajen N. Jhaveri
Chief Financial Officer & Company Secretary

Place : Mumbai
Date : May 09, 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Background of the Company

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 Significant Accounting Policies

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').

This Note provides a list of the significant accounting policies adopted by the Group in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

i) Compliance with Ind AS

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements up to year ended March 31, 2017 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act.

These financial statements are the first financial statements of the Group under Ind AS. Refer note 53 for an explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

ii) New standards or interpretations adopted by the Group

a) The Group has applied the following amendment for the first time for its annual reporting period commencing 1st April, 2017:

Amendment to Ind AS 7 "Statement of Cash Flows":

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of Consolidated Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The adoption of these amendments did not have any impact on the amounts recognised in prior periods. When the Group first applies these amendments, it is not required to provide comparative information for preceding periods.

b) New standards or interpretations issued but not yet effective

The Company will apply the following standard for the first time for its annual reporting period commencing 1st April, 2018:

Ind AS 115 – Revenue from Contracts from Customers

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on 28 March, 2018 which include Ind AS 115 'Revenue from Contracts with Customers'. This will replace Ind AS 18 which covers contracts for goods and services and Ind AS 11 which covers construction contracts.

Ind AS 115 – Revenue from contracts with Customers outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most current revenue recognition guidance. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Group expects to be entitled in exchange

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively including service revenues and contract modifications and improve guidance for multiple-element arrangements. The new standard will come into effect for the annual reporting periods beginning on or after April 1, 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

In order to identify the potential impact of the standard on the Group's financial statement, the Group is analysing contracts of the revenue streams of the Group. The Group has begun the analysis on the key areas identified, in order to estimate the effect of the application of the new standard for which the work is ongoing and impact areas may be identified as we progress further in the implementation process. As a result, at this stage the Group is not able to estimate the impact of the new standard on the Group's financial statements. The Group will make more detailed assessments of the impact over the following periods.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Group is evaluating the impact of this amendment on its financial statements.

iii) Historical cost convention

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

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

iv) Current versus non-current classification

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

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

A liability is current when:

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

b) Principles of consolidation

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').

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group combines the Financial Statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

c) Foreign currency transactions and translations

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Translation

On consolidation, the assets and liabilities of foreign operations are translated from USD at the rate of exchange prevailing at the reporting date and their statement of profit and loss are translated at the average exchange rates prevailing for the year. The exchange differences arising on translation for consolidation are recognised in OCI under Foreign Currency Translation Reserve. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

d) Revenue recognition

Sale of products

Timing of recognition: The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, the significant risk and reward of ownership has passed onto the customer, the recovery of the cost can be estimated reliably and there is no continuing managerial involvement with the product which generally occurs with delivery of goods to the customer.

Measurement of revenue: Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, and amounts collected on behalf of third parties, valued added tax, goods and service tax (GST) and amount collected on behalf of third parties.

e) Income tax

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investment in subsidiary where the group is able to control the timing of the reversal of the temporary difference and it is probable that the difference will not reverse in the forseeable future.

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

f) Leases

As Lessee

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

g) Impairment of assets

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

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

h) Cash and cash equivalents

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

i) Trade receivables

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

j) Inventories

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

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

k) Financial assets and liabilities

(i) Financial assets

1. Classification

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

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

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

2. Initial Recognition and Measurement

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

3. Subsequent Measurement

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Equity instruments

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

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

4. Impairment of financial assets

The Group is required to assess on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 40 details how the Group determines whether there has been a significant increase in credit risk. For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

5. Derecognition

A financial asset is de-recognised only when the Group:

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

6. Income recognition

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

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

(ii) Financial liabilities:

1. Initial Recognition and Measurement

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

2. Subsequent Measurement

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

3. Derecognition

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

l) Offsetting financial instruments

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

m) Property, plant and equipment

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

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

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

(i) Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(ii) Depreciation methods, estimated useful lives and residual value

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

Assets class	Useful life in years
· Buildings	10 to 30
· Plant and Machinery	10 to 25
· Electrical Installations	10
· Air Conditioners	5
· Office Equipments and Computers	3 to 5
· Furniture and Fixtures	10
· Vehicles	6 to 10

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.

n) Trade and other payables

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

o) Borrowings

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

p) Borrowings costs

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

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

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

q) Provisions and Contingencies

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

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

r) Employee Benefits

(i) Defined contribution plans

Group's contribution to Provident fund and other funds are determined under the relevant schemes and/or statute and charged to revenue. The Group contributes to a Government administered Provident Fund and has no further obligation beyond making its contribution.

The Group 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 Group's contributions to the above funds are charged to Statement of Profit and Loss every year.

(ii) Defined benefit plans

The Group 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 Group's liability is actuarially determined using the Projected Unit Credit method at the end of each year. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Gratuity Fund contributions are made to a trust administered by the holding 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(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 Group's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

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

s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Directors who are identified as the chief operating decision makers. The managing directors assess the financial performance and position of the Group, and make strategic decisions. Refer note 47 for segment information presented.

t) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

· the profit attributable to owners of the Group

· by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

ii) Diluted earnings per share

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

· the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and

· the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

u) Rounding off

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

3 Critical estimates and judgements

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

The areas involving critical estimates or judgments are:

· Estimation of defined benefit obligation – Note 28

· Impairment of trade receivables – Note 41

· Estimation of useful life of tangible and intangible assets – Note 4

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Property, Plant and Equipment

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

Particulars	Gross Carrying Amount				Accumulated Depreciation/Amortisation				Net Carrying Amount
	As at March 31, 2017	Additions	Deductions/ Adjustments	**As at March 31, 2018**	Opening as on April 1, 2017	For the year	Deductions/ Adjustments	**As at March 31, 2018**	**As at March 31, 2018**
Tangible Assets									
Freehold Land	63.10	-	-	**63.10**	-	-	-	**-**	**63.10**
Leasehold Land	1,866.05	473.94	-	**2,339.99**	47.01	29.61	-	**76.62**	**2,263.37**
Building	9,382.29	1,505.42	-	**10,887.71**	1,019.82	338.72	-	**1,358.54**	**9,529.17**
Staff Quarters	51.09	-	-	**51.09**	14.55	0.83	-	**15.38**	**35.71**
Leasehold Building/ Assets	547.20	-	-	**547.20**	342.78	39.71	-	**382.49**	**164.71**
Plant and Machinery	40,788.29	6,289.33	25.05	**47,052.57**	14,902.82	3,484.85	10.87	**18,376.80**	**28,675.77**
Electric Installation	2,355.65	260.22	-	**2,615.87**	885.30	217.55	-	**1,102.85**	**1,513.02**
Air Conditioners	21.44	5.27	0.05	**26.66**	13.17	5.77	-	**18.94**	**7.72**
Office Equipments and Computers	512.20	57.45	-	**569.65**	390.73	40.52	-	**431.25**	**138.40**
Lab equipments	642.83	69.71	-	**712.54**	352.12	56.84	-	**408.96**	**303.58**
Furniture and Fixtures	258.09	25.57	-	**283.66**	96.37	21.65	-	**118.02**	**165.64**
Lease plant & machinery	163.00	-	-	**163.00**	79.09	16.85	-	**95.94**	**67.06**
Vehicles	196.31	12.98	9.76	**199.53**	65.54	25.02	9.76	**80.80**	**118.73**
Total	56,847.54	**8,699.89**	**34.86**	**65,512.57**	**18,209.30**	**4,277.92**	**20.63**	**22,466.59**	**43,045.98**
Intangible assets									
Computers software	450.48	0.49	-	**450.97**	396.26	20.57	-	**416.83**	**34.14**
Rights for sales of products	232.55	359.24	-	**591.79**	211.93	18.25	-	**230.18**	**361.61**
Development Rights	223.95	13.76	-	**237.71**	175.03	14.16	-	**189.19**	**48.52**
Total	906.98	**373.49**	**-**	**1,280.47**	**783.22**	**52.98**	**-**	**836.20**	**444.27**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Property, Plant and Equipment

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

Particulars	Gross Carrying Amount					Accumulated Depreciation/Amortisation					Net Carrying Amount
	Deemed Cost as at April 1, 2016	Adjustment as per the Scheme arrangement (Refer note 50)	Additions	Deductions/ Adjustments	As at March 31, 2017	Opening as on April 1, 2016	Adjustment as per the Scheme arrangement (Refer note 50)	For the year	Deductions/ Adjustments	As at March 31, 2017	As at March 31, 2017
Tangible Assets											
Freehold Land	63.10	-	-	-	63.10	-	-	-	-	-	63.10
Leasehold Land	439.51	1,426.54	-	-	1,866.05	-	24.96	22.05	-	47.01	1,819.04
Building	1,774.92	5,153.40	2,453.97	-	9,382.29	-	804.15	215.67	-	1,019.82	8,362.47
Staff Quarters	-	51.09	-	-	51.09	-	14.00	0.55	-	14.55	36.54
Leasehold Building/ Assets	-	547.20	-	-	547.20	-	316.34	26.44	-	342.78	204.42
Plant and Machinery	4,585.70	28,829.09	7,388.04	14.54	40,788.29	-	12,861.25	2,042.35	0.78	14,902.82	25,885.47
Electric Installation	323.79	1,493.15	538.71	-	2,355.65	-	712.79	172.51	-	885.30	1,470.35
Air Conditioners	21.44	-	-	-	21.44	-	-	13.17	-	13.17	8.27
Office Equipments and Computers	16.64	447.08	48.48	-	512.20	-	363.02	27.71	-	390.73	121.47
Lab equipments	-	642.83	-	-	642.83	-	309.96	42.16	-	352.12	290.71
Furniture and Fixtures	64.36	140.86	52.87	-	258.09	-	78.35	18.02	-	96.37	161.72
Lease plant & machinery	-	163.00	-	-	163.00	-	67.87	11.22	-	79.09	83.91
Vehicles	51.46	106.99	49.56	11.70	196.31	-	48.20	18.75	1.41	65.54	130.77
Total	**7,340.92**	**39,001.23**	**10,531.63**	**26.24**	**56,847.54**	**-**	**15,600.89**	**2,610.60**	**2.19**	**18,209.30**	**38,638.24**
Intangible assets											
Computers software	-	437.86	12.62	-	450.48	-	374.21	22.05	-	396.26	54.22
Rights for sales of products	-	256.08	-	23.53	232.55	-	179.16	34.10	1.33	211.93	20.62
Development Rights	-	218.01	5.94	-	223.95	-	159.24	15.79	-	175.03	48.92
Total	**-**	**911.95**	**18.56**	**23.53**	**906.98**	**-**	**712.61**	**71.94**	**1.33**	**783.22**	**123.76**

Notes:

(i) The Net block of tangible assets, amounting to Rs 64,294.83 (Previous period: 60,046.96) are offered as first charge security to term lending banks and second charges to working captial banks for subsidiary company.

(ii) Contractual obligations - Refer to note 43 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(iii) Plant and machinery includes an amount of Rs.51.44 Lakhs (March 31, 2017 Rs. 59.41 Lakhs) that represent borrowing cost capitalized @ 4.6% (March 31, 2017: 5.5%) during the period.

(iv) Leasehold land having gross block value of Rs. 439.51 Lakhs (March 31, 2017 Rs. 439.51 Lakhs) and net block value of Rs. 427.17 Lakhs (March 31, 2017 Rs. 433.34 lakhs) is held in the erstwhile name of the Holding Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		As at March 31, 2018	As at March 31, 2017
5	**Capital Work in Progress**		
	Deemed Cost / Opening Balance	**2,168.75**	526.39
	Adjustment as per the Scheme of arrangement (Refer note)	**-**	5,704.44
	Addition	**11,948.99**	6,178.64
	Transfer	**9,202.25**	10,240.72
	Closing Balance	**4,915.49**	2,168.75
	Capital work-in-progress mainly comprises of Building and Plant & Machinery.		
6	**Investments-Non Current**		
	Investments in Equity Instruments (quoted):		
	Fair value through profit and loss		
	5 equity shares of Rs. 10 each of IndusInd Bank Ltd.	**-**	0.07
	9,940 equity shares of Rs. 2 each of Bank of Baroda	**-**	15.93
	5,000 equity shares of PNB Gilts Ltd. of Rs. 10 each	**-**	3.57
	Total	**-**	19.57
	Aggregate amount of quoted investments	**-**	19.57
	Market value of quoted investments	**-**	19.57
	Aggregate amount of impairment in value of investments	**-**	-
7	**Other Financial Assets - Non Current**		
	Security Deposits	**492.97**	411.36
	Margin Money Deposit *	**13.14**	9.77
	Investments in term deposits (with remaining maturity of more than twelve months)	**-**	631.28
	Total	**506.11**	1,052.41
	* Pledged with the bank for non cash limit		
8	**Non Current Tax Assets (Net)**		
	Advance Income Tax and Tax deducted at source (Net of Provision)	**1,367.74**	1,337.98
	Total	**1,367.74**	1,337.98
9	**Other non-current assets**		
	Capital advances (Unsecured and Considered Good)	**330.77**	1,208.57
	Capital advances (Unsecured and Considered Doubtful)	**36.15**	-
	Less: Allowance for bad and doubtful advances	**(36.15)**	-
	Deposit with custom authority	**55.37**	6.00
	Prepaid Expenses	**40.75**	106.69
	Balances with statutory authorities	**17.73**	286.29
	Vat/Sales Tax Receivable	**268.45**	260.36
	Total	**713.07**	1,867.91

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

			As at March 31, 2018	As at March 31, 2017
10	**Inventories**			
	{Refer note 2(j)}			
	Raw Materials		**9,689.10**	7,933.87
	Packing Materials		**67.91**	84.53
	Stores and Fuel		**936.06**	758.69
	Semi-finished Goods		**6,971.01**	10,853.84
	Finished Goods		**5,727.65**	4,983.54
		Total	**23,391.73**	24,614.47
	Of the above includes Goods in transit :			
	Raw Materials		**3,900.47**	3,679.20
	Stores and Fuel		**0.32**	0.17
	Finished Goods		**1,900.00**	730.31
11	**Investments - Current**			
	Investments in mutual funds (unquoted):			
	Fair value through profit and loss			
	Principal emerging bluechip fund-Growth 36,292.058 units and 199 fractions face value of Rs 10		**-**	32.83
	Reliance equity fund 13,189 Units and 69 fractions face value of Rs 2.50		**-**	10.90
	Reliance growth fund 1,063 units and 20 fractions face value of Rs 2.50		**-**	10.30
	IDFC-Cash-DDR Fund 29,967 units and 50 fractions of face value of Rs 10		**300.17**	-
		Total	**300.17**	54.03
	Aggregate amount of unquoted investments		**300.17**	54.03
12	**Trade receivables**			
	Unsecured, Considered Good		**23,040.70**	17,388.94
	Unsecured, Considered Doubtful		**22.86**	10.86
	Less: Allowance for doubtful debts		**(22.86)**	(10.86)
		Total	**23,040.70**	17,388.94
13	**Cash and cash equivalents**			
	Balances with banks:			
	- In current accounts		**520.02**	195.75
	- In Export Earning Foreign Currency account		**134.92**	30.53
	Cash on Hand		**5.45**	6.06
	Margin money deposits (with original maturity of less than three months)		**269.89**	450.97
	Remittance in transit		**282.12**	-
		Total	**1,212.40**	683.31
	There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.			

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		As at March 31, 2018	As at March 31, 2017
14	**Bank balances other than note 13 above**		
	Unpaid Dividend Accounts	**38.00**	13.83
	Margin money deposits (with original maturity of more than three months but less than twelve months)	**1,159.68**	2,373.57
	Total	**1,197.68**	2,387.40
15	**Loans**		
	(Unsecured, Considered Good)		
	Loans to employees	**0.22**	0.17
	Total	**0.22**	0.17
16	**Other Financial Assets - Current**		
	Security Deposits	**0.25**	0.26
	Interest Accrued but not Due	**0.15**	0.60
	Advances to employees	**47.99**	30.51
	Export incentive receivable*	**1,212.70**	931.65
	Total	**1,261.09**	963.02
	* There are no unfulfilled conditions or other contingencies attached to these grants.		
17	**Other current assets**		
	Balances with statutory authorities	**2,657.38**	1,587.74
	Advance to vendors	**791.02**	637.58
	Prepaid expenses	**133.88**	96.98
	Vat / Sales Tax receivable	**91.81**	57.08
	Others	**0.34**	0.75
	Total	**3,674.43**	2,380.13
18	**Equity Share Capital**		
	Authorised:		
	40,000,000 (March 31, 2017: 40,000,000) Equity Shares of Rs. 10 each	**4,000.00**	4,000.00
	Total	**4,000.00**	4,000.00
	Issued, Subscribed and Paid-up:		
	37,609,757 (March 31, 2017: 37,609,757) Equity Shares of Rs. 10 each, fully paid-up	**3,760.98**	3,760.98
	Total	**3,760.98**	3,760.98

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		As at March 31, 2018	As at March 31, 2017
18.1	**Movement in Equity Share Capital**	**No. of Equity Shares**	
	Balance as at the beginning of the year	**37,609,757**	13,794,000
	Add: Issued in pursuant to a scheme of arrangement (Refer Note 50)	**-**	12,634,353
	Add: Conversion of Compulsorily Convertible Preference shares	**-**	11,181,404
	Balance as at the end of the year	**37,609,757**	37,609,757

18.2 Rights, preferences and restrictions attached to shares

The group 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.

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

	As at March 31, 2018		As at March 31, 2017	
	Nos	**(%)**	Nos	(%)
FIH Mauritius Investments Limited	**18,304,068**	**48.67%**	18,304,068	48.67%
Mr. Mahesh Babani	**3,039,297**	**8.08%**	3,039,297	8.08%
Banbridge Limited	**2,320,354**	**6.17%**	2,320,354	6.17%

18.4 Aggregate number of shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2018

Equity Shares allotted as fully paid up Bonus Shares

- During Financial Year ended March 31, 2013 - 1,900,000 Shares
- During Financial Year ended March 31, 2014 - 1,140,000 Shares
- During Financial Year ended March 31, 2015 - 1,254,000 Shares

18.5 Shares allotted as fully paid up pursuant to a scheme of arrangement (Refer Note 50) without payment being received in cash (during 5 years immediately preceding March 31, 2018):

During Financial Year ended March 31, 2017 - Equity Shares of Rs. 10/- each - 12,634,353 Shares

		As at March 31, 2018	As at March 31, 2017
19	**Instruments entirely equity in nature**		
	Authorised:		
	5,000,000 (March 31, 2017: 5,000,000) Preference Shares of Rs. 10 (March 31, 2017 Rs. 10) each	**500.00**	500.00
	Issued, Subscribed and Paid-up:		
	1,452,949 (March 31, 2017: 1,452,949) 0.0001% Compulsorily Convertible Preference Shares of Rs. 10 (March 31, 2017 Rs. 10) each	**145.29**	145.29
	Total	**145.29**	145.29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	As at March 31, 2018	As at March 31, 2017
	No. of Compulsorily Convertible Preference Shares	
19.1 Movement in 0.0001% Compulsorily Convertible Preference Shares		
Balance as at the beginning of the year	**1,452,949**	-
Add: Issued in pursuance to a scheme of arrangement (Refer Note 49)	**-**	12,634,353
Add: Conversion to Equity Share Capital	**-**	(11,181,404)
Balance as at the end of the year	**1,452,949**	1,452,949

19.2 Rights, preferences and restrictions attached to shares

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 50) 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 in terms upon conversion shall rank pari passu in all respects.

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

	As at March 31, 2018		As at March 31, 2017	
	Nos	(%)	Nos	(%)
FIH Mauritius Investments Limited	**738,760**	**50.85%**	738,760	50.85%
Mr. Mahesh Babani	**185,421**	**12.76%**	185,421	12.76%
Banbridge Limited	**141,560**	**9.74%**	141,560	9.74%
Mahesh Purshottam Babani – HUF	**103,024**	**7.09%**	103,024	7.09%

19.4 Shares allotted as fully paid up pursuant to a scheme of arrangement (Refer Note 50) without payment being received in cash (during 5 years immediately preceding March 31, 2018):

During Financial Year ended March 31, 2017 - Compulsorily Convertible Preference Shares at Rs. 10/- each - 12,634,353 Shares

	As at March 31, 2018	As at March 31, 2017
20 <u>Other Equity</u>		
General Reserve	**35,573.76**	35,573.76
Retained Earnings	**9,808.71**	4,931.47
Foregin Currency Translation Reserves	**7.16**	(0.44)
Total	**45,389.63**	40,504.79
20.1 <u>General Reserve</u>		
Balance as at the beginning of the year	**35,573.76**	300.00
Addition as per the scheme of arrangement		35,573.76
Add : Transferred during the year	**-**	-
Less : Utilised for issue of equity shares in pursuance of scheme of arrangement	**-**	300.00
Balance as at the end of the year	**35,573.76**	35,573.76

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		As at March 31, 2018	As at March 31, 2017
20.2	**Retained Earnings**		
	Balance as at the beginning of the year	**4,931.47**	5,061.18
	Profit for the year	**5,333.76**	2,712.41
	Other Comprehensive Income	**(3.86)**	(55.45)
		10,261.37	7,718.14
	Less : Transferred to general reserve	**-**	-
	Less : Dividends paid including Dividend distribution tax	**452.66**	415.05
	Less : Reserves acquired pursuant to demerger	**-**	144.74
	Less : Utilised for issue of equity shares in pursuance of scheme of arrangement	**-**	963.44
	Utilised for issue of Compulsory Convertible Preference shares in pursuance of scheme of arrangement	**-**	1,263.44
	Balance as at the end of the year	**9,808.71**	4,931.47
	Total	**45,382.47**	40,505.23
21	**Borrowings - Non-Current**		
	Secured - at amortized cost		
	Term Loan from Bank		
	In Foreign Currency	**1,541.27**	4,012.87
	In Indian Currency	**5,832.28**	2,181.22
	Vehicle Loan from Banks	**2.14**	9.71
	Unsecured - at amortized cost		
	Deferred Sales Tax Loan	**150.42**	235.97
	Loan from Department of biotechnology and Other (Refer Note below)	**153.24**	159.48
	Total	**7,679.35**	6,599.25

Security Details for debt owed by Fairchem Speciality Limited

Term Loan 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.

The Vehicle loans from HDFC Bank Limited 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 is secured by hypothecation of vehicle

Security Details for debt owed by Privi Organics India Limited

Term loan 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Repayment and other details of Unsecured loan

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 reporting date. Sales Tax Deferral Loan is interest free." Current maturity of Sales Tax Deferral Loan of Rs. 85.63 lakhs as disclosed under "Other current liabilities" (March 31, 2017 : Rs. 93.84 lakhs).

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 to Rs. 30 lakhs for the project on design of selective nanoporous membrane bioreactor for efficient production of bio-butanol from lignocellulosic sugars.

Name of bank	Maturity Date	Currency	Terms of Repayment	Outstanding as at March 31, 2018	Outstanding as at March 31, 2017
HDFC Bank	July, 2018	INR	Repayment in 60 monthly instalments	25.32	98.96
	August, 2018	INR	Repayment in 48 monthly instalments	74.80	248.45
	February, 2020	INR	Repayment in 60 monthly instalments	181.67	266.11
	September, 2019	INR	Repayment in 48 monthly instalments	164.77	267.60
	January, 2019	INR	Repayment in 36 monthly instalments	121.57	258.87
	August, 2021	INR	Repayment in 60 monthly instalments	1,733.90	1,608.88
	June, 2020	INR	Repayment in 36 monthly instalments	387.51	-
	February, 2018	INR	Repayment in 60 monthly instalments	-	1.47
ICICI bank	July, 2018	INR	Repayment in 60 monthly instalments	1.94	7.64
Bank of Baroda	June, 2020	INR	Repayment in 20 quarterly instalments	373.50	514.00
Standard Chartered Bank	Jan, 2020	USD	Repayment in 14 quarterly instalments	2,044.24	3,056.67
DBS Bank	March, 2018	USD	Repayment in 14 quarterly instalments	-	324.19
RBL Bank WCTL	April, 2018	USD	Repayment in 7 staggering quarterly instalments	383.40	782.57
RBL Bank FCTL	December, 2019	USD	Repayment in 15 quarterly instalments	1,547.32	2,587.00
IDFC Bank	March, 2024	INR	Repayment in 20 quarterly instalments	4,000.00	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		As at March 31, 2018	As at March 31, 2017
22	**Non-Current Provisions**		
	Provision for Employee Benefits (Refer Note 28(a))		
	Provision for Gratuity	**594.50**	502.81
	Provision for compensated absences	**260.60**	238.56
	Total	**855.10**	741.37
23	**Borrowings - Current**		
	Secured:		
	Working Capital Loans from Bank	**11,322.88**	11,289.95
	Packing credit in Foreign Currency	**395.06**	700.59
	Packing credit in Indian Currency	**6,432.75**	6,907.99
	Book overdraft	**15.28**	123.24
	Buyers Credit	**3,370.59**	2,565.07
	Total	**21,536.56**	21,586.84

Security details of debt owed by Fairchem Speciality Limited

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

Packing credit from bank are due for repayment within 120 days

Security details of debt owed by Privi Organics India Limited

All loans are secured by first pari passu charge on all current assets of the Company both present and future. 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. Working capital loans carry interest rate @ 8.5% to 9.5% and are payable on demand. Post shipment and packing credit foreign currency from bank carry interest rate @ 1.50% to 4.08% and are due for payment within 180 days.

		As at March 31, 2018	As at March 31, 2017
24	**Trade payables**		
	(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	**37.11**	25.24
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	**14,976.58**	12,006.76
	Total	**15,013.69**	12,032.00
	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.	**34.49**	24.38
	b) Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	**1.75**	0.86
	c) Principal Amount paid to suppliers registered under MSMED Act, beyond the appointed day during the year.	**60.46**	35.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		As at March 31, 2018	As at March 31, 2017
	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.	**0.67**	0.70
	g) Further interest remaining due and payable for earlier years.	**0.87**	-
25	**Other Financial Liabilities**		
	Current maturities of long term debt (Refer Note 21)		
	Term Loan from Bank		
	In Foreign Currency (Secured)	**2,443.74**	2,778.41
	In Indian Currency (Secured)	**1,211.21**	1,029.85
	Deferred Sales Tax Loan	**85.63**	93.84
	Loan from Department of biotechnology and Other (Refer Note below)	**6.24**	6.24
	Vehicle Loan from Bank	**7.57**	18.12
	Interest accrued but not due on borrowings	**131.91**	64.59
	Unclaimed dividend (Refer note below)	**38.00**	13.56
	Creditors for capital goods	**2,695.90**	1,102.24
	Employee benefit payable	**782.14**	449.25
	Derivative Liability	**100.46**	84.60
	Other deposits	**0.25**	0.25
	Total	**7,503.05**	5,640.95
	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.		
	Net Debt Reconciliation		
	Cash and cash equivalents	**1,212.40**	683.31
	Current borrowings	**(21,536.56)**	(21,586.84)
	Non-current borrowing (includes current maturity of long term borrowings)	**(11,433.74)**	(10,525.71)
	Total	**(31,757.90)**	(31,429.24)

	Cash and Cash equivalents	Non-current Borrowings	Current Borrowings	Total
Net Debt as of March 31, 2017	**683.31**	**(10,525.71)**	**(21,586.84)**	**(31,429.24)**
Cash flow (Net)	529.09	(879.76)	136.23	(214.44)
Interest expense	-	684.56	1,671.01	2,355.57
Foreign exchange gain or loss	-	(12.59)	(85.95)	(98.54)
Interest paid	-	(700.24)	(1,671.01)	(2,371.25)
Net Debt as of March 31, 2018	**1,212.40**	**(11,433.74)**	**(21,536.56)**	**(31,757.90)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		As at March 31, 2018	As at March 31, 2017
26	**Other current liabilities**		
	Advances from customers	**112.93**	100.04
	Statutory liabilities	**153.32**	349.16
	Other liabilities	**8.74**	58.48
	Total	**274.99**	507.68
27	**Current Tax Liabilities (Net)**		
	Income tax provision net of Advance Tax	**594.98**	505.34
	Total	**594.98**	505.34
28	**Current Provisions**		
	Provision for employee benefits (Refer Note 28 (a))		
	Provision for gratuity	**33.39**	47.72
	Provision for compensated absences	**48.42**	25.00
	Total	**81.81**	72.72

28 (a) Provision for Employee Benefits

	As at March 31, 2018		As at March 31, 2017	
	Current	**Non-current**	Current	Non-current
Compensated absences	**48.42**	**260.60**	25.00	238.56
Gratuity	**33.39**	**594.50**	47.72	502.81
Total Provision for Employee Benefits	**81.81**	**855.10**	72.72	741.37

(b) Long term employee benefit obligations

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are measured at the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

	As at March 31, 2018	As at March 31, 2017
Current leave obligations expected to be settled within the next 12 months	**48.42**	25.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(c) Post employment obligations

Defined benefit plans

Gratuity

The group provides for gratuity for employees as per the Payment of Gratuity Act, 1972 and as per group policy. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan for Holding Company is a funded plan. The scheme is funded with Life Insurance Corporation in the form of a qualifying insurance policy.

Defined contribution plans

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

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

	As at March 31, 2018	As at March 31, 2017
Employer's Contribution to Provident Fund	**246.99**	142.64
Employer's Contribution to Employees' State Insurance	**10.23**	6.98
Employer's Contribution to Employees' Pension Scheme 1995	**19.61**	17.65
Total	**276.83**	167.27

Balance sheet amount (Gratuity)	**Holding Company**			**Subsidiary Company**
	Present value of obligation	**Fair value of plan assets**	**Net amount**	**Present value of obligation**
As at April 01, 2016	**90.05**	**110.31**	**(20.26)**	**-**
Liability on account of demerger	-	-	-	414.32
Current service cost	12.00	-	12.00	69.37
Past Service Cost	-	-	-	-
Interest expense/(income)	6.42	8.44	(2.02)	32.11
Total amount recognised in statement of profit and loss	**18.42**	**8.44**	**9.98**	**101.48**
Remeasurements				
Return on plan assets, excluding amount included in interest expense/(income)	-	(0.76)	0.76	-
(Gain)/loss from change in financial assumptions	37.95	-	37.95	-
Experience (gains)/losses	14.67	-	14.67	31.42
Total amount recognised in other comprehensive income	**52.62**	**(0.76)**	**53.38**	**31.42**
Employer contributions	-	14.80	(14.80)	-
Benefit payments	(4.96)	(4.96)	-	(24.99)
As at March 31, 2017	**156.13**	**127.83**	**28.30**	**522.23**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Balance sheet amount (Gratuity)	Holding Company			Subsidiary Company
	Present value of obligation	Fair value of plan assets	Net amount	Present value of obligation
As at March 31, 2017	**156.13**	**127.83**	**28.30**	**522.23**
Current service cost	-	-	-	65.63
Past Service Cost	19.40	-	19.40	28.61
Interest expense/(income)	10.11	8.78	1.33	37.86
Total amount recognised in statement of profit and loss	**29.51**	**8.78**	**20.73**	**132.10**
<u>Remeasurements</u>				
Return on plan assets, excluding amount included in interest expense/(income)	-	(0.42)	0.42	-
(Gain)/loss from change in financial assumptions	(7.13)	-	(7.13)	(18.62)
Experience (gains)/losses	7.60	-	7.60	23.63
Total amount recognised in other comprehensive income	**0.47**	**(0.42)**	**0.89**	**5.01**
Employer contributions	-	49.59	(49.59)	-
Benefit payments	(12.73)	(12.73)	-	(31.78)
As at March 31, 2018	**173.38**	**173.05**	**0.33**	**627.56**

The net liability disclosed above relates to funded and unfunded plans for holding and subsidiary company are as follows:

	As at March 31, 2018	As at March 31, 2017
Fair value of plan assets	**173.05**	127.83
Present value of funded / unfunded obligations	**800.94**	678.36
Surplus/(Deficit) of gratuity plan	**(627.89)**	(550.53)

Categories of plan assets are as follows:

	As at March 31, 2018	As at March 31, 2017
Insurer managed funds	**173.05**	127.83
Total	**173.05**	127.83

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Significant estimates: Actuarial assumptions and sensitivity

The significant actuarial assumptions for Holding Company were as follows:

	As at March 31, 2018	As at March 31, 2017
Discount Rate (p.a.)	**7.60%**	7.10%
Salary growth Rate (p.a.)	**10% p.a. for next 4 years & 8% p.a. thereafter**	10% p.a. for next 5 years & 8% p.a. thereafter
Withdrawal Rate	**10% at younger ages reducing to 2% at older ages**	10% at younger ages reducing to 2% at older ages

The significant actuarial assumptions for Subsidiary Company were as follows:

	As at March 31, 2018	As at March 31, 2017
Discount rate (p.a.)	**7.56%**	7.25%
Expected rate of Salary increase (p.a.)	**8.25%**	8.25%
Attrition Rate	**30 and Below : 12% 31 to 40 Years : 8% 41 to 50 Years : 5% 51 and above : 1%**	30 and Below : 12% 31 to 40 Years : 8% 41 to 50 Years : 5% 51 and above : 1%

Sensitivity analysis

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

	Change in assumptions		**Impact on defined benefit obligation**			
			Increase in assumptions		**Decrease in assumptions**	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Discount Rate	**0.50%**	0.50%	**(6.62)**	(8.31)	**7.13**	6.40
Salary growth Rate	**0.50%**	0.50%	**7.04**	6.23	**(6.59)**	(8.31)
Withdrawal Rate	**10.00%**	10.00%	**(0.29)**	(2.08)	**0.31**	(0.35)

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

Discount rate (p.a.)	**1.00%**	1.00%	**(52.11)**	(45.87)	**60.06**	53.07
Expected rate of Salary increase (p.a.)	**1.00%**	1.00%	**59.06**	52.03	**(52.25)**	(45.87)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Risk exposure:

i Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

ii Liquidity Risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company, there can be strain on the cash flows.

iii Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

iv Legislative Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

		Year ended on March 31, 2018	Year ended on March 31, 2017
29	**Revenue from Operations**		
	Sale of finished goods	**102,772.84**	62,911.59
	Other operating revenues		
	- Scrap sales	**42.67**	23.98
	- Export incentives	**1,135.27**	645.55
	- Job work charges	**-**	38.30
	Total	**103,950.78**	63,619.42
	Revenue from operations for the year ended March 31, 2018 is net of Goods and Service Tax (GST) and revenue for the year ended March 31, 2017 is inclusive of Excise Duty. GST which is effective from July 1, 2017 has replaced excise duty and certain other indirect taxes. Accordingly, the adjusted revenue from operations (i.e net of GST and excise duty, as applicable) for comparable purposes is as under:		
	Revenue from Operations (Net of GST and Excise Duty, as applicable)	**102,430.08**	51,729.85
30	**Other Income**		
	Foreign Exchange gain (Net)	**1,404.37**	700.81
	Interest income from financial assets measured at amortised cost		
	- Deposits	**127.42**	163.93
	- Others	**0.01**	4.97
	Dividend Income - Others	**0.35**	0.07
	Fair value changes in investments measured at FVTPL	**3.87**	52.79
	Gain on write-back of Financial liabilities measured at amortised cost	**21.04**	92.75
	Miscellaneous income	**43.40**	18.97
	Total	**1,600.46**	1,034.29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		Year ended on March 31, 2018	Year ended on March 31, 2017
31	**Cost of materials consumed**		
	Raw Materials :		
	Inventory at the beginning of the period	**7,933.87**	678.33
	Addition as per the scheme of arrangement	**-**	7,335.08
	Add: Purchases	**63,534.81**	38,689.22
		71,468.68	46,702.63
	Less: Inventory at the end of the period	**9,689.10**	7,933.87
	Total	**61,779.58**	38,768.76
	Packing Materials :		
	Inventory at the beginning of the period	**84.53**	6.08
	Addition as per the scheme of arrangement	**-**	60.56
	Add: Purchases	**1,527.51**	1,034.85
		1,612.04	1,101.49
	Less: Inventory at the end of the period	**67.91**	84.53
		1,544.13	1,016.96
	Total	**63,323.71**	39,785.72
32	**Changes in inventory of finished goods and work-in-progress**		
	Opening Stock		
	Finished Goods	**4,778.97**	-
	Semi Finished Goods	**10,853.84**	415.82
		15,632.81	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	**5,727.65**	4,983.54
	Semi Finished Goods	**6,971.01**	10,853.84
		12,698.66	15,837.38
	Total changes in inventory of finished goods and work-in-progress	**2,934.15**	(678.04)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		Year ended on March 31, 2018	Year ended on March 31, 2017
33	**Employee benefit expenses**		
	Salaries, wages and bonus	**4,960.06**	2,980.64
	Contribution to Provident Fund and other funds	**309.31**	168.86
	Gratuity	**20.73**	125.33
	Staff welfare expenses	**390.77**	220.09
	Total	**5,680.87**	3,494.92
34	**Finance Costs**		
	Interest on long term borrowings	**736.01**	578.83
	Less: Interest capitalized	**(51.45)**	(59.41)
	Net interest on term loans	**684.56**	519.42
	Interest on Inter-corporate deposits	**-**	2.77
	Interest and other borrowing cost	**1,671.01**	1,148.06
	Interest on delayed payment of income tax	**38.42**	27.32
	Total	**2,393.99**	1,697.57

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		Year ended on March 31, 2018	Year ended on March 31, 2017
35	**Other Expenses**		
	Consumption of Stores and Spares	992.35	713.73
	Excise duty related to (decrease) / increase in inventory of finished goods	-	39.47
	Power and Fuel	6,964.38	3,878.85
	Laboratory expenses	47.74	19.76
	Job work charges	801.49	502.25
	Contract labour charges	629.43	428.01
	Research & Development Expenses (Refer note 36 below)	603.97	398.14
	Rent, rates and taxes	147.45	118.39
	Insurance	89.11	60.21
	Repairs and maintenance :		
	- Machinery	540.19	314.91
	- Buildings	164.23	169.96
	- Others	164.97	65.71
	Travelling and conveyance	478.46	286.36
	Telephone and advertisement expense	79.04	62.21
	Directors' sitting fees	9.70	4.93
	Remuneration to Auditors for:		
	Statutory Audit Fees	75.50	63.74
	Out of pocket expenses	4.69	0.11
	Other services	3.65	3.65
	Commission on sales	153.80	132.08
	Selling and distribution expenses	624.11	261.00
	Freight and forwarding	2,409.75	910.50
	Legal and professional fees	635.66	564.98
	Vehicle expenses	92.94	69.52
	Loss on assets sold / discarded (Net)	4.67	0.51
	Allowance for doubtful debts	12.00	-
	Sundry balances w/off	20.41	19.06
	Provision for doubtful advances	36.15	-
	Training expenses	8.52	13.23
	Corporate Social Responsibility expenditure (Refer note 37 below)	61.91	45.71
	Bank Charges	345.60	296.34
	Solid waste disposal charges	180.65	91.45
	Pollution control expenses	196.78	82.28
	Miscellaneous expenses	892.01	608.52
	Total	17,471.31	10,225.57

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		Year ended on March 31, 2018	Year ended on March 31, 2017
36	**In-house research and development expenses**		
	The details total revenue expenditure (net of recoveries) on Research and Development (R&D) eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961 are given below.		
	Revenue Expenditure		
	Salaries and wages	**396.38**	306.47
	Material consumables/ spares	**61.78**	48.24
	Other expenditures directly related to R&D	**139.47**	43.43
	Total	**597.63**	398.14
37	**Expenditure towards Corporate Social Responsibility (CSR) activities**		
	(a) Gross amount required to be spent by the Group :	**76.72**	75.14
	(b) Amount spent :		
	(i) Construction/acquisition of any asset	**-**	-
	(ii) On purposes other than (i) above	**61.91**	45.71
38	**Earnings per Share (EPS)**		
	Basic		
	Net Profit as per Statement of Profit and Loss	**5,333.76**	2,712.41
	Less : Preference Dividend	*****	*
	Net Profit available to Equity Shareholders	**5,333.76**	2,712.41
	Weighted Average Number of Equity Shares	**39,062,706**	30,616,728
	Basic EPS (Rs.)	**13.65**	8.86
	Figures below Rs. 1,000 are denoted by " * "		
	Diluted		
	Net Profit before tax as per Statement of Profit and Loss	**5,333.76**	2,712.41
	Weighted Average Number of Equity Shares	**39,062,706**	30,616,728
	Diluted EPS (Rs.)	**13.65**	8.86
	Nominal value of an equity share	**10.00**	10.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

		Year ended on March 31, 2018	Year ended on March 31, 2017
39	**Taxation**		
	39 a) - Income tax expense		
	Current tax		
	Current tax on profits for the year	**1,907.04**	877.22
	Adjustments for current tax of prior periods	**-**	7.06
	Total current tax expense	**1,907.04**	884.28
	Deferred tax		
	Decrease/(increase) in deferred tax assets	**316.15**	538.40
	(Decrease)/increase in deferred tax liabilities	**338.66**	(579.23)
	Deferred tax on Other Comprehensive Income	**(2.04)**	(29.35)
	Total deferred tax expense/(benefit)	**652.77**	(70.18)
	Income tax expense	**2,559.81**	814.10
	39 b) - Reconciliation of tax expense and accounting profit multiplied by statutory tax rates		
	Profit for the year	**7,889.71**	3,471.06
	Statutory tax rate	**34.61%**	34.61%
	Tax expense at applicable tax rate	**2,730.47**	1,201.26
	Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
	Amount Exempt from tax	**(21.46)**	-
	MAT credit entitlement	**-**	(324.95)
	Section 35 (2 AB)	**(103.42)**	(137.79)
	Amount not allowable under tax	**121.01**	67.30
	Others	**29.48**	8.28
	Effect of change in Income tax rate on Deferred tax	**(196.27)**	-
	Income tax expense	**2,559.81**	814.10

	As at March 31, 2018	As at March 31, 2017
39 c)- Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Deferred tax liabilities:		
On Property, Plant and Equipments	**3,035.69**	2,712.75
Others	**5.95**	12.74
Total deferred tax liabilities	**3,041.64**	2,725.49
Deferred tax assets:		
On Defined Benefit Obligations	**322.62**	300.80
MAT Credit	**153.41**	464.78
Others	**109.82**	156.89
Total deferred tax assets	**585.85**	922.47
Net deferred tax liabilities	**2,455.79**	1,803.02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Movement in deferred tax balances

Particulars	As at March 31, 2017	Charged/ (credited) to profit and loss	Charged/ (credited) to OCI	Charged/ (credited) to equity	As at March 31, 2018
Deferred tax liabilities:					
On Property, Plant and Equipments	2,712.75	322.94	-	-	**3,035.69**
Others	12.74	(6.79)	-	-	**5.95**
Total deferred tax liabilities	2,725.49	316.15	-	-	**3,041.64**
Deferred tax assets:					
On Defined Benefit Obligations	300.80	19.78	2.04	-	**322.62**
MAT Credit	464.78	(311.37)	-	-	**153.41**
Others	156.89	(47.07)	-	-	**109.82**
Total deferred tax assets	922.47	(338.66)	2.04	-	**585.85**
Net deferred tax liabilities	1,803.02	654.81	(2.04)	-	**2,455.79**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

40 Fair value measurements

Financial instruments by category

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

	As at March 31, 2018			As at March 31, 2017		
	FVPL	**FVOCI**	**Amortised cost**	FVPL	FVOCI	Amortised cost
Financial assets						
Investment	300.17	-	-	73.60	-	-
Security Deposits	-	-	493.22	-	-	411.62
Margin Money Deposits	-	-	13.14	-	-	9.77
Trade Receivables	-	-	23,040.70	-	-	17,388.94
Cash and cash equivalents	-	-	1,212.40	-	-	683.31
Bank balances other than cash and cash equivalents above	-	-	1,197.68	-	-	2,387.40
Loans to Employees	-	-	0.22	-	-	0.17
Investments in term deposits	-	-	-	-	-	631.28
Advance to Employees	-	-	47.99	-	-	30.51
Export incentive receivable	-	-	1,212.70	-	-	931.65
Interest Accrued but not due	-	-	0.15	-	-	0.60
Total financial assets	**300.17**	**-**	**27,218.20**	73.60	-	22,475.25
Financial liabilities						
Borrowings	-	-	32,970.30	-	-	32,112.55
Trade payables	-	-	15,013.69	-	-	12,032.00
Interest accrued but not due on borrowings	-	-	131.91	-	-	64.59
Unclaimed dividends	-	-	38.00	-	-	13.56
Creditors for Capital Goods	-	-	2,695.90	-	-	1,102.24
Derivative Liability	100.46	-	-	84.60	-	-
Employee benefit payable	-	-	782.14	-	-	449.25
Other Deposits	-	-	0.25	-	-	0.25
Total financial liabilities	**100.46**	**-**	**51,632.19**	84.60	-	45,774.44

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

	Level I		Level II	
	March 31, 2018	March 31, 2017	**March 31, 2018**	March 31, 2017
Financial assets at fair value through profit or loss:				
Investments	**-**	19.57	**300.17**	54.03
	-	19.57	**300.17**	54.03
Financial Liabilities at fair value through profit or loss:				
Derivatives - forward contracts and interest swaps	**-**	-	**100.46**	84.60
	-	-	**100.46**	84.60

<u>Fair value hierarchy</u>

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

The categories used are as follows :

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

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. Considering that all significant inputs required to fair value such instruments are observable, these are included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

<u>Valuation technique used to determine fair value</u>

The fair value of the financial instruments is determined using discounted cash flow analysis.

<u>Valuation processes</u>

The finance department of the company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation process and results are held between the CFO and the valuation team at least once in three months, in line with the company's quarterly reporting period. Changes in the fair value are analysed at the end of each reporting period during the quarterly valuation discussion between the CFO and the valuation team.

<u>Fair value of financial assets/liabilities measured at amortised cost</u>

The carrying amounts of trade receivables, cash and cash equivalents, other bank balances, investments, margin money deposits, loans to employees, security deposits, trade payables, creditors for capital goods, interest accrued but not due on borrowings, unclaimed dividends, employee benefit payable and other deposits are considered to be as their fair values, due to their current nature.

The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

The fair values of borrowings have been calculated based on cash flows discounted using a current lending rate. They are classified as level 3 in the hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

The fair values of the derivative financial instruments have been determined using valuation techniques with market observable inputs.

The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

For Level 3 financial instruments, the fair value has been based on present values and the discount rates used, are adjusted for counter party or own risk.

41 Financial risk management

The Group's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Group's management has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has constituted a Risk Management framework, through which management develops and monitors the Group's risk management policies. The key risks and mitigating actions are also placed before the Board of directors of the Group. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and to control and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Risk Management framework of the Group is supported by the Finance team and experts of respective business divisions that provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The activities are designed to:

- protect the Group's financial results and position from financial risks
- maintain market risks within acceptable parameters, while optimising returns; and
- protect the Group's financial investments, while maximising returns.

The Treasury department provides funding and foreign exchange management services for the Group's operations. In addition to guidelines and exposure limits, a system of authorities and extensive independent reporting covers all major areas of treasury's activity.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

(A) Management of Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party fails to meet its contractual obligations.

Cash and cash equivalents & bank balances

The Group is also exposed to credit risk on cash and cash equivalents and bank balances other than cash and cash equivalents. These balances (other than cash on hand) are with high credit rating banks which are governed by Reserve Bank of India. The Group believes its credit risk in such bank balances is immaterial.

Security deposits and other receivables

With respect to other financial assets namely security and other deposits and other receivables, the maximum exposure to credit risk is the carrying amount of these classes of financial assets presented in the balance sheet. These are actively monitored and confirmed by the treasury department of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Trade receivables

The Group measures the expected credit loss of trade receivables from customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends which is very negligible.

Ageing	Not due	0-90 days	91-180 days	181-270 days	271-360 days	More than 360 days	Total
Gross carrying amount	17,648.15	5,320.19	52.66	9.76	9.94	22.86	23,063.56
Expected loss rate	0%	0%	0%	0%	0%	100%	
Expected credit losses (Loss allowance provision)	-	-	-	-	-	22.86	22.86
Carrying amount of trade receivables (net of impairment)	17,648.15	5,320.19	52.66	9.76	9.94	-	23,040.70

Based on the historical data, loss on collection of receivable as at March 31, 2017 is not material hence no additional provision considered.

(B) Management of Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The Group's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions. Material and sustained shortfall in cash flow could undermine the Group's credit rating and impair investor confidence.

The Group maintained a cautious funding strategy, with a positive cash generation from operating activities throughout the year ended March 31, 2018 and March 31, 2017. Cash flow from operating activities provides the funds to service the financing of financial liabilities on a day-to-day basis.

Maturities of financial liabilities

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance sheet date:

Maturities of financial liabilities

The following table shows the maturity analysis of the Group's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance sheet date:

Contractual maturities of financial liabilities As at March 31, 2018	Note	Less than 12 months	More than 12 months	Total Carrying Amount
Borrowings	21,23,25	25,290.95	7,679.35	32,970.30
Trade payables	24	15,013.69	-	15,013.69
Interest accrued but not due on borrowings	25	131.91	-	131.91
Unclaimed dividends	25	38.00	-	38.00
Creditors for Capital Goods	25	2,695.90	-	2,695.90
Derivative Liability	25	100.46	-	100.46
Employee benefit payable	25	782.14	-	782.14
Other Deposits	25	0.25	-	0.25
Total liabilities		**44,053.30**	**7,679.35**	**51,732.65**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Contractual maturities of financial liabilities As at March 31, 2017	Note	Less than 12 months	More than 12 months	Total Carrying Amount
Borrowings	21,23,25	25,513.30	6,599.25	32,112.55
Trade payables	24	12,032.00	-	12,032.00
Interest accrued but not due on borrowings	25	64.59	-	64.59
Unclaimed dividends	25	13.56	-	13.56
Creditors for Capital Goods	25	1,102.24	-	1,102.24
Derivative Liability	25	84.60	-	84.60
Employee benefit payable	25	449.25	-	449.25
Other Deposits	25	0.25	-	0.25
Total liabilities		**39,259.79**	**6,599.25**	**45,859.04**

(C) Management of Market Risk

Market risk comprises of foreign currency risk and interest rate risk. Foreign currency risk arises from transactions that are undertaken in a currency other than the functional currency of the Group. Further, the financial performance and financial position of the Group is exposed to foreign currency risk that arises on outstanding receivable and payable balances at a reporting year end date. Interest rate risk arises from variable rate borrowings that expose the company's financial performance, financial position and cash flows to the movement in market rates of interest.

Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US$ and EURO.

The Group imports capital goods and raw materials and export finished goods. The company also pays interest, legal and professional fees and travelling and conveyance in foreign currency.

Foreign currency exposure

	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2017
	USD Denominated	EURO Denominated	USD Denominated	EURO Denominated
Financial Assets				
Trade Receivables	12,915.28	1,295.00	10,554.56	969.56
Balance in Export Earning Foreign Currency account	-	-	30.53	-
Exposure to foreign currency assets	12,915.28	1,295.00	10,585.09	969.56
Financial Liabilities				
Borrowings	4,380.07	-	7,451.37	-
Trade Payable and other financial liabilities	4,924.80	273.82	10,590.77	1.16
Exposure to foreign currency liabilities	9,304.87	273.82	18,042.14	1.16

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Sensitivity - Foreign Currency

The sensitivity of profit or loss to changes in the exchange rates is as follows:-

	Impact on profit before tax		Impact on profit before tax	
	For the year ended March 31, 2018	For the year ended March 31, 2017	**For the year ended March 31, 2018**	For the year ended March 31, 2017
USD Sensitivity				
INR/USD increase by 5%*	**180.52**	(372.85)	**-**	-
INR/USD decrease by 5%*	**(180.52)**	372.85	**-**	-
INR/EURO increase by 5%*	**-**	-	**51.06**	48.42
INR/EURO decrease by 5%*	**-**	-	**(51.06)**	(48.42)

* Holding all other variables constant

Interest rate risk

The Group is mainly exposed to interest rate risk due to its variable interest rate borrowings. The interest rate risk arises due to uncertainties about the future market interest rate of these borrowings. The Group mitigates the interest rate risk for borrowing in functional currency, which is linked with MCLR, by negotiating and fixing the rate at the time of renewal of bank facility which remains effective for one year from the date of renewal. In case of borrowing in foreign currency, which is linked with Libor rate, the Group mitigates the risk by fixing the margin at the time of renewal of bank facility which remains effective for one year from the date of renewal.

The Group has various non current and current borrowings whose facilities are on a variable interest rate basis. Refer below table for interest rate exposure.

Interest Rate Exposure

The exposure of Group's borrowings to interest rate changes at the end of the reporting period are as follows:

	As at March 31, 2018	As at March 31, 2017
Variable Rate Borrowings	**25,773.33**	27,818.80
Weighted average interest rate*	**8.93%**	11.48%

* The same excludes Inter Corporate Deposits

Sensitivity - Interest Rate

The sensitivity of profit or loss to higher/(lower) interest expense from borrowings as a result of change in borrowing rates is as follows:

	Impact on profit before tax	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Rates - increase by 0.5%*	**(11.97)**	(8.47)
Interest Rates - decrease by 0.5%*	**11.97**	8.47

* Holding all other variables constant

42 Capital management

(a) Risk management

The Group considers the following components of its Balance Sheet as managed capital: Total equity as shown in the balance sheet includes share capital, general reserve, retained earnings and instruments entirely equity in nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Group aims to manage its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to its shareholders. The capital structure of the Group is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to day needs. The Group considers the amount of capital in proportion to risk and manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, reduce capital or issue new shares.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratios:

Net debts (Total borrowings net of cash and cash equivalents)
divided by
Total 'equity' (as shown in the Balance Sheet)

The gearing ratios were as follows:

	As at March 31, 2018	As at March 31, 2017
Net Debts	**31,757.90**	31,429.24
Total Equity	**49,295.90**	44,411.06
Net Debt to Equity Ratio	**0.64**	0.71

The Group's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Group will take appropriate steps in order to maintain, or if necessary adjust, its capital structure. The management monitors the return on capital as well as the level of dividends to shareholders. The Group's goal is to continue to be able to provide return to shareholders by continuing to distribute dividends in future periods. Refer the below note for the final dividend declared and paid.

(b) Dividend

	For the year ended March 31, 2018	For the year ended March 31, 2017
Equity shares		
Final dividend for the year ended March 31, 2017 - Re. 1 (March 31, 2016- Rs. 2.50) per fully paid up share	**376.10**	344.85
Dividends not recognised at the end of the reporting period		
In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of INR 1.50 per fully paid equity share (March 31, 2017 – Rs. 1 per fully paid up share). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.	**564.15**	376.10

43 Related party disclosures

(a) Relationships

<u>Promoter Group</u>

FIH Mauritius Investments Limited, Mauritius

FIH Private Investments Limited, Mauritius

(Above two entities are subsidiaries of Fairfax India Holdings Corporation, Canada)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Enterprises owned or significantly influenced by key management personnel or their relatives

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

Associates

Minar Organics Private Limited, India (w.e.f. August 1, 2016 and up to March 21, 2018)

Key Management Personnel:

Mr. Nahoosh Jariwala	Managing Director
Mr. Mahesh Babani	Managing Director
Mr. D.B.Rao	Director

Relatives of Key Management Personnel

Mr. D. Vinay Kumar

The nature and volume of transactions carried out and balances with related parties in the ordinary course of business are as follows:

Transactions

Name of the related party and nature of the relationship	For the year ended March 31, 2018	For the year ended March 31, 2017
Associate		
a) **Rent, lease and hire (expense)**		
Minar Organics Pvt Ltd	15.00	6.00
b) **Rent, lease and hire (Income)**		
Minar Organics Pvt Ltd	0.30	0.20
Enterprises owned or significantly influenced by key management personnel or their relatives		
a) **Purchase of raw materials**		
Privi Life Science Pvt Ltd	22.40	6.56
b) **Sale of finished goods**		
Privi Life Science Pvt Ltd	21.78	15.19
c) **Rent, lease and hire (expense)**		
Vivira Chemicals Pvt Ltd	12.00	4.00
d) **Rent, lease and hire (income)**		
Privi Life Science Pvt Ltd	12.00	8.00
Vivira Chemicals Pvt Ltd	0.30	0.20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Name of the related party and nature of the relationship	For the year ended March 31, 2018	For the year ended March 31, 2017
Key Management Personnel:		
a) Remuneration		
Mr. Nahoosh Jariwala	**144.00**	144.00
Mr. D.B.Rao*	**90.00**	53.50
Mr. Mahesh P Babani*	**108.00**	61.85
*Remuneration does not include charge for gratuity and leave encashment as employee-wise break up is not available		
b) Sale of Investment		
Mr. Mahesh P Babani	**14.39**	-
Relatives of Key Management Personnel		
a) Salary paid		
D.Vinaykumar	**18.35**	11.43

Balances

Name of the related party and nature of the relationship	As at March 31, 2018	As at March 31, 2017
Associates		
Receivables / Other current assets		
Minar Organics Pvt Ltd	**0.84**	0.49
Trade Payables		
Minar Organics Pvt Ltd	**-**	2.03
Enterprises owned or significantly influenced by key management personnel or their relatives		
Receivables / Other current assets		
Vivira Chemicals Pvt Ltd	**1.38**	1.02
Vivira Chemicals Industries	**0.51**	0.51
Privi Life Science Private Limited	**82.48**	49.65
Trade Payables		
Privi Life Science Pvt Ltd	**15.58**	2.25
Key Management Personnel:		
Mr. Nahoosh Jariwala (Net of Tax Deducted at Source)	**8.25**	7.78

Terms and Conditions

1) Transactions with related parties are at normal commercial terms.

2) All outstanding balances are unsecured and payable in cash.

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

44 Contingent Liabilities and commitments

(a) Contingent liabilities

	As at March 31, 2018	As at March 31, 2017
Contingent liabilities		
Claims made by third party	**15.00**	15.00
Disputed income tax liability including interest	**1,075.31**	1,052.70
Disputed Custom Duty liability*	**20.72**	20.72
Disputed excise and service tax liability	**82.67**	60.97
Disputed Value added tax and Central Sales Tax liability	**12.93**	12.93
Total	**1,206.63**	1,162.32

*Demand of Rs. 15.52 Lakhs (out of which Rs. 6.00 Lakhs 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).

The Group is contesting the demands and the management believes that its position is likely to be upheld in the appellate process. It is not practicable to estimate the timing of cash outflows, if any in respect of legal matters, pending resolution of the proceedings with the appellate authorities.

(b) Capital Commitments

	As at March 31, 2018	As at March 31, 2017
Estimated value of contracts in capital account remaining to be executed	**1,968.03**	861.13
LCs issued in favour of suppliers, but the material not dispatched	**234.94**	153.87
Total	**2202.97**	1015.00

45 Events occurring after reporting period

The Group evaluated subsequent events through May 9, 2018, the date the financial statements were available for issuance, and determined that there were no additional material subsequent events requiring disclosure except as disclosed in Note 51.

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

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 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 December 30, 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

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

47 Segment reporting

The group's chief operating decision makers consisting of the Managing Directors examine the group's performance both from a product and geographic perspective and has identified single reportable segments of its business.

In accordance with the requirements of Ind AS 108 – "Operating Segments", the group has determined its business segment as Specialty 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 Segment Assets, total carrying amount of Segment Liabilities, total cost incurred to acquire segment assets, the total amount charged for depreciation and amortisation during the year are all as reflected in the consolidated financial statements for the year ended March 31, 2018 and as on that date.

Segment	As at March 31, 2018		As at March 31, 2017	
	Revenue from external Customers	Total segment revenue	Revenue from external Customers	Total segment revenue
	102,772.84	102,772.84	62,911.59	62,911.59
Total Segment revenue	102,772.84	102,772.84	62,911.59	62,911.59

	As at March 31, 2018	As at March 31, 2017
Revenue from external customers		
India	44,528.13	30,354.29
Outside India	58,244.71	32,557.30
Total	**102,772.84**	**62,911.59**

All the non-current assets of Company are located within India.

Revenues from three major customers of the Group represented approximately Rs. 5,767.37 Lakhs (March 31, 2017: 5,060.68 Lakhs) and Rs 4,057.36 Lakhs (March 31, 2017 : 3,144.89 Lakhs) and Rs. 2,690.97 Lakhs (March 31, 2017: 2,411.39 Lakhs) of the Group's total revenues.

48 Leases

Company as lessee

The Holding Company has entered into cancellable lease agreement for Corporate office premises for a period of nine years which commenced from September 7, 2013.

The lease rentals aggregating Rs. 79.72 Lakhs (Previous Year Rs. 76.76 Lakhs) have been included under the head "Other Expenses" Note 35 "Rent, rates and taxes" of Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

At March 31, 2018, the future minimum lease payments under non-cancellable operating leases were as follows:

	As at March 31, 2018	As at March 31, 2017
Less than one year	**49.56**	-
Between one and five years	**87.69**	35.32
More than five years	**-**	251.27
Total	**137.25**	286.59

49 During the previous 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 previous year and pursuant to the Ordinary Resolution passed by Postal Ballot on January 22, 2017 read with board resolution dated March 14, 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.

50 During the previous 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 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 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, adjusted for the adjustments referred to in note 53.

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(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	2,162.02
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
	45,614.99
Total Assets(B)	**75,127.23**
Net Assets (B-A)	**21,045.54**

As mentioned under the Scheme, the excess of the value of assets over the value of liabilities will be treated as general reserve. Accordingly, the net assets of Rs 21,045.54 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 Demerged Undertaking shall stand transferred to and vested in the Resulting 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. 35,573.76. lakhs has been transferred to general reserves (in the aggregate).

51 Subsequent event

On April 26, 2018 a major fire broke out at the Privi Organics India Limited's (POIL) Unit 2 Plant located at MIDC, Mahad. There has been loss to assets comprising of Inventories, Buildings, Plant & Machinery and other Fixed Assets. The Company (POIL) is not able to make a reliable estimate of the exact amount of loss, which would be estimated once the surveyors have completed their assessment. The Company (POIL) is adequately insured and post the assessment, the Company (POIL) will file a claim for reimbursement of loss with the insurance Company. Since this is a non-adjusting subsequent event, no adjustment has been made in the consolidated financial statements for the year ended March 31, 2018.

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

52 Interests in other entities

Subsidiary company

The subsidiary company of the group at March 31, 2018 is set out below. Unless otherwise stated, they have Share capital consisting solely of Equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Principal activities	Place of business or country of incorporation	Ownership interest	
			As at March 31, 2018	As at March 31, 2017
Privi Organics India Limited	Chemicals	India	100%	100%
Privi Biotechnologies Private Ltd.*	Chemicals	India	100%	100%
Privi Organics USA Inc*	Chemicals	USA	100%	100%
Minar Organics Private Limited*#	Chemicals	India	0.00%	38.50%

* The ownership of the entities is of Privi Organics India Limited.

\# Up to March 21, 2018

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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)		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	(in lakhs)	As a % of consolidated net Profit	(in lakhs)	As a % of consolidated other comprehensive income	(in lakhs)	As a % of consolidated total comprehensive income	(in lakhs)
Parent								
Fairchem Speciality Limited								
March 31, 2018	17.72%	8,733.78	36.37%	1,939.69	-15.51%	(0.58)	36.33%	1,939.11
March 31, 2017	16.20%	7,196.44	33.40%	905.83	62.46%	(34.91)	32.78%	870.92
Subsidiaries								
Indian subsidiaries								
Privi Organics India Limited								
March 31, 2018	81.34%	40,095.14	54.20%	2,890.80	-87.70%	(3.28)	54.10%	2,887.52
March 31, 2017	84.46%	37,508.51	72.05%	1,954.30	36.77%	(20.55)	72.79%	1,933.75
Privi Biotechnologies Private Limited*								
March 31, 2018	5.00%	2,466.46	-0.15%	(8.19)	0.00%	-	-0.15%	(8.19)
March 31, 2017	2.06%	913.18	-0.70%	(19.05)	0.00%	-	-0.72%	(19.05)
Foreign subsidiaries								
Privi Organics USA Inc.*								
March 31, 2018	1.60%	790.34	15.78%	841.84	203.21%	7.60	15.91%	849.44
March 31, 2017	-0.13%	(59.10)	2.39%	64.75	0.79%	(0.44)	2.42%	64.31
Total								
Less: Adjustments arising out of consolidation								
March 31, 2018	-5.66%	(2,789.83)	-6.19%	(330.38)	0.00%	-	-6.19%	(330.38)
March 31, 2017	-2.58%	(1,147.98)	-7.13%	(193.42)	0.00%	-	-7.28%	(193.42)
Total								
March 31, 2018	**100.00%**	**49,295.90**	**100.00%**	**5,333.76**	**100.00%**	**3.74**	**100.00%**	**5,337.50**
March 31, 2017	**100.00%**	**44,411.06**	**100.00%**	**2,712.41**	**100.00%**	**(55.89)**	**100.00%**	**2,656.52**

* Investments held through subsidiary Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

53 First time adoption of Ind AS

Transition to Ind AS

These are the Group's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2018, the comparative information presented in these Financial Statements for the year ended March 31, 2017 and in the preparation of an opening Ind AS balance sheet at April 1, 2016 (the company's date of transition). However, as the subsidiary was incorporated on July 8, 2016 and hence, consolidated financial statement were applicable from the financial year 2016-2017 and comparative figures on the transition date for the consolidated financial statements are not presented. In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in Consolidated Financial Statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP or IGAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A. 1. 1. Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the Financial Statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities.

Accordingly, the Group has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

A.2 Ind AS mandatory exceptions

The Group has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

A. 2. 1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

The Group made estimates for impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as this was not required under previous GAAP.

A.2.2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

The Group has determined the classification of Financial Assets in terms of whether they meet the amortized cost criteria, FVPL criteria or FVOCI criteria based on the facts and circumstances that existed as of transition date.

B: Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS. The presentation requirements under previous GAAP differs from the presentation requirements under Ind AS and hence the previous GAAP information has been restated for ease of reconciliation with Ind AS. The restated previous GAAP information is derived based on the audited financial statements of the Group for the year ended March 31, 2016 and March 31, 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Reconciliation of equity as at March 31, 2017

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	11	38,650.16	(11.92)	38,638.24
Capital work-in-progress		2,168.75	-	2,168.75
Intangible Assets		343.90	-	343.90
Goodwill	11	144.60	(144.60)	-
Financial assets				
i. Investments	9	5.76	13.81	19.57
ii. Other financial assets		1,052.41	-	1,052.41
Non current Tax Assets (Net)	10	1,104.31	233.67	1,337.98
Other non-current assets		1,867.91	-	1,867.91
TOTAL NON-CURRENT ASSETS		**45,337.80**	**90.96**	**45,428.76**
Current assets				
Inventories		24,614.47	-	24,614.47
Financial assets				
i. Investments	9	15.01	39.02	54.03
ii. Trade receivables		17,388.94	-	17,388.94
iii. Cash and cash equivalents		683.31	-	683.31
iv. Bank balances other than cash and cash equivalents above		2,387.40	-	2,387.40
v. Loans		0.17	-	0.17
vi. Other financial assets		963.02	-	963.02
Other current assets		2,380.13	-	2,380.13
TOTAL CURRENT ASSETS		**48,432.45**	**39.02**	**48,471.47**
TOTAL ASSETS		**93,770.25**	**129.98**	**93,900.23**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		3,760.98	-	3,760.98
Instruments entirely equity in nature		145.29	-	145.29
Other equity	4, 5, 6	39,895.09	609.70	40,504.79
TOTAL EQUITY		**43,801.36**	**609.70**	**44,411.06**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Employee benefit obligations				
i. Borrowings	4	6,636.05	(36.80)	6,599.25
Provisions		741.37	-	741.37
Deferred Tax Liabilities (Net)	6	1,924.62	(121.60)	1,803.02
TOTAL NON-CURRENT LIABILITIES		**9,302.04**	**(158.40)**	**9,143.64**
Current liabilities				
Financial liabilities				
i. Borrowings		21,586.84	-	21,586.84
ii. Trade payables		12,032.00	-	12,032.00
iii. Other financial liabilities		5,640.95	-	5,640.95
Other current liabilities	5	525.44	(17.76)	507.68
Provisions		72.72	-	72.72
Current Tax Liabilities (Net)		808.89	(303.55)	505.34
TOTAL CURRENT LIABILITIES		**40,666.84**	**(321.31)**	**40,345.53**
TOTAL LIABILITIES		**49,968.88**	**129.98**	**49,489.17**
TOTAL EQUITY AND LIABILITIES		**93,770.25**		**93,900.23**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Reconciliation of total comprehensive income for the year ended March 31, 2017

	Notes to first-time adoption	Previous GAAP*	Adjustments	Ind AS
Revenue from operations		59,729.85	3,889.57	63,619.42
Other income	9	981.48	52.81	1,034.29
Total Income		**60,711.33**	**3,942.38**	**64,653.71**
Expenses				
Cost of materials consumed		39,785.72	-	39,785.72
Changes in inventories of finished goods, stock-in-trade and work-in progress		(678.04)	-	(678.04)
Excise Duty	2	-	3,889.57	3,889.57
Employee benefit expense	3	3,579.72	(84.80)	3,494.92
Finance costs	4	1,734.41	(36.84)	1,697.57
Depreciation and amortization expense		2,670.77	11.77	2,682.54
Other expenses	5	10,243.33	(17.76)	10,225.57
Total expenses		**57,335.91**	**3,761.94**	**61,097.85**
Profit before tax		**3,375.42**	**180.44**	**3,555.86**
Income tax expense				
- Current tax	10	1,180.77	(303.55)	877.22
- (Excess) / short Provision of Income Tax of earlier years (Net)		7.06	-	7.06
- Deferred tax	6	51.44	(92.27)	(40.83)
Total tax expense		**1,239.27**	**(395.82)**	**843.45**
Profit for the year		**2,136.16**	**576.26**	**2,712.41**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of post-employment benefit obligations	3	-	(84.80)	(84.80)
Income tax relating to the above	6	-	29.35	29.35
Exchange differences in translating financial statements of foreign operations		(0.44)	-	(0.44)
Other comprehensive income for the year, net of tax		**(0.44)**	**(55.45)**	**(55.89)**
Total comprehensive income for the year		**2,135.72**	**631.71**	**2,656.52**

* *The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Reconciliation of total equity as at March 31, 2017

	Notes to first time adoption	March 31, 2017
Total equity (shareholder's funds) as per previous GAAP		43,801.36
Adjustments:		
Goodwill on amalgamation	**11**	(144.60)
Fair valuation of investments	**9**	52.83
Adjustment of borrowings at amortised cost using effective interest rate method	**4**	36.80
Impact of depreciation on revalued portion of land and building	**11**	(11.92)
Prior period error in tax provision	**10**	537.23
Rent equalisation	**5**	17.76
Deferred tax impact on adjustments	**6**	121.60
Total adjustments		**609.70**
Total equity as per Ind AS		**44,411.06**

Reconciliation of total comprehensive income for the year ended March 31, 2017

	Notes to first time adoption	March 31, 2017
Profit after tax as per previous GAAP		2,136.16
Adjustments:		
Fair valuation of investments	**9**	52.81
Impact of depreciation on revalued portion of land and building	**11**	(11.77)
Adjustment of borrowings at amortised cost using effective interest rate method	**4**	36.80
Rent equalisation	**5**	17.76
Reclassification of actuarial gains or loss on defined benefit plans	**3**	84.80
Tax on above adjustments	**6**	92.27
Current tax	**10**	303.59
Total adjustments		**576.26**
Profit after tax as per Ind AS		**2,712.41**
Other comprehensive income		
Remeasurements of post-employment benefit obligations (net of tax)	**3**	(55.45)
Exchange differences in translating financial statements of foreign operations		(0.44)
Total comprehensive income as per Ind AS		**2,656.52**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Impact of Ind AS adoption on cash flow statement

There is no change in the net cash flow from operating, investing or financing activities due to Ind AS adoption.

Notes to first-time adoption:

Note 1: Proposed Dividend

Under the previous GAAP until April 1, 2016, dividends proposed by the Board of Directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events. Accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting.

Note 2: Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses.

Note 3: Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year.

Note 4: Borrowings

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Note 5: Rent equalisation

Under Ind AS, lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term. The escalation clause in the lease agreement is to compensate inflationary cost increase and hence, the lease payments are recognised on actual basis.

Note 6: Deferred Tax

Deferred tax have been recognised on the adjustments made on transition to Ind AS.

Note 7: Cash Discount

Under IGAAP, revenue from sale of products was measured at transaction price. Under Ind AS, revenue from sale of goods is measured at fair value of consideration received or receivable. Hence, cash discount is reduced from revenue to present the same at its fair value. This change has resulted in a decrease in total revenue and total expenses for the year ended March 31, 2017 by Rs. 13.71 lakhs. There is no impact on the total equity and profit.

Note 8: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, foreign exchange differences arising on translation of foreign operations, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under IGAAP.

Note 9: Investments

In accordance with Ind AS, financial assets representing investment in equity shares of entities other than subsidiaries and amounts have been fair valued. Under the IGAAP, all the investments were measured at lower of the cost or market value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Note 10: Prior period error in tax provision

During the current year, the Subsidiary Company has revised its return of income for the years ended March 31, 2016 pertaining to Privi Organics Limited - demerged Company and 2017 towards deduction under section 32 AC of the Income tax Act, 1961 not claimed by it in those years erroneously and other errors in the tax depreciation calculation. Consequent impact of Rs 303.55 lakhs has been credited to current tax and net impact of Rs 6.45 lakhs is credited to deferred tax for the year ended 31 March 2017. Further, Rs 233.93 lakhs has been adjusted against the general reserve for the year 2016, pursuant to the requirements of the NCLT order dated 22 February 2017 relating to the Scheme of demerger. The corresponding impacts has been considered under current tax liabilities and deferred tax asset/ liability.

Note 11:

As per Indian GAAP, the difference between the cost of the investment and the equity of the subsidiary on the acquisition date was disclosed as goodwill. Under Ind AS, since the assets acquired do not constitute a business, hence the acquisition is reported as an asset acquisition. Consequently, the reserves of the acquiree Company on the acquisition date has been considered as pre-acquisition reserves.

54. These consolidated financial statements have been prepared for the period from April 1, 2017 to March 31, 2018, whereas the subsidiary was incorporated on July 8, 2016. The corresponding figures for the previous year are therefore not comparable with those for the current period.

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 : Mumbai
Date : May 09, 2018

For and on behalf of the Board

Nahoosh Jariwala
Managing Director
DIN : 00012412

Mahesh Babani
Managing Director
DIN : 00051162

Rajen N. Jhaveri
Chief Financial Officer & Company Secretary

Place : Mumbai
Date : May 09, 2018

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										
					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	% of share-holding
1	Privi Organics India Limited (Formerly known as Adi Aromatic Limited)	31-Mar-18	INR	1.00	1.00	40,562.11	87,646.59	47,083.48	300.17	79,667.01	5,563.61	1,919.55	3,644.06	375.00	100%

Nahoosh Jariwala
Managing Director
DIN : 00012412

Mahesh Babani
Managing Director
DIN : 00051162

Rajen N. Jhaveri
Chief Financial Officer & Company Secretary

Place : Mumbai
Date : May 09, 2018

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FAIRCHEM
A FAIRFAX COMPANY

FAIRCHEM SPECIALITY LIMITED

(Formerly known as ADI FINECHEM LIMITED)
Registered Office: 324, Dr. D.N. Road, Fort, Mumbai - 400 001
Corporate Off.: 1st Floor, 2, Sigma Corporates, Behind HOF Living, Sindhu Bhavan Road,
Off S.G. Road, Ahmedabad - 380059 CIN: L15140MH1985PLC286828
Phone Nos. (079) 29701675 / 48911675 Email ID: cs@fairchem.in Website: www.fairchem.in

NOTICE

NOTICE is hereby given that the Thirty third Annual General Meeting of the Members of **FAIRCHEM SPECIALITY LIMITED** (Formerly known as ADI FINECHEM LIMITED) will be held at **Hall of Culture, Nehru Science Centre, Dr. Annie Besant Road, Lotus Colony, Worli, Mumbai - 400 018 on Friday, 10th August, 2018 at 4.00 p.m.** to transact the following business:

Ordinary Business:

1. To consider and adopt (a) the audited financial statements of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon; and (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2018 and the report of Auditors thereon and in this regard, pass the following resolutions as **Ordinary Resolutions:**

   (a) **"RESOLVED THAT** the audited financial statements of the Company for the financial year ended March 31, 2018 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

   (b) **"RESOLVED THAT** the audited consolidated financial statements of the Company for the financial year ended March 31, 2018 and the report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. To declare a Dividend on Equity Shares for the financial year ended March 31, 2018 and in this regard, pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT a dividend at the rate of ` 1.50 (Rupees one and Fifty Paisa) per equity share of ` 10/- (Ten rupees) each fully paid-up of the Company be and is hereby declared for the financial year ended March 31, 2018 and the same be paid as recommended by the Board of Directors of the Company, out of the profits of the Company for the financial year ended March 31, 2018."

3. To appoint Director in place of Shri Sumit Maheshwari (holding DIN 06920646) who retires by rotation and being eligible, offers himself for reappointment and in this regard, pass the following resolution as an **Ordinary Resolution:.**

   "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Sumit Maheshwari (DIN: 06920646), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

4. To appoint Director in place of Shri D.B. Rao (holding DIN 00356218) who retires by rotation and being eligible, offers himself for reappointment and in this regard, pass the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri D. B. Rao (DIN: 00356218), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Special Business:

5. Re-appointment of Shri Nahoosh J. Jariwala (DIN: 00012412) as the Managing Director and to pass the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with schedule V of the said Act and the Rules made, thereunder, wherever applicable and subject to the approval of the Central Government if any as may be required under the provisions of the Act or any other law which may be necessary, consent of the members be and is hereby accorded to re-appoint Shri Nahoosh J. Jariwala (DIN 00012412) as Managing Director of the Company for a further period of three years on expiry of his present tenure (i.e. w.e.f. 01.04.2019) on the terms and conditions including the remuneration as set out in the explanatory statement annexed to the Notice convening this meeting.

   FURTHER RESOLVED THAT where in any financial year during the tenure of Shri Nahoosh Jariwala, the Managing Director, the Company has no profits or its profits are inadequate, the Company may subject to provisions of Schedule V of the Act and the requisite approvals including approval of Central Government under the Companies Act and / or Rules made thereunder, if any, be paid the above remuneration as Minimum Remuneration.

   FURTHER RESOLVED THAT the Board of Directors and the Nomination and Remuneration Committee be and are hereby severally authorized to alter, amend, vary or modify the scope and quantum of remuneration of Shri Nahoosh Jariwala, Managing Director as they deem proper from time to time considering the nature and scope of his activities as shall be permissible and in conformity with applicable provisions of the Companies Act, 2013.

6. To Increase borrowing power pursuant to Section 180(1)(c) of the Companies Act, 2013 and to pass the following resolution as a **Special Resolution:**

   "RESOLVED THAT in supersession of the earlier resolution passed by the members of the Company at their meeting held on June 30, 2014, with respect to the borrowing powers of the Board of Directors of the Company and pursuant to the provisions of Section 180 (1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications, or re-enactments thereof) and pursuant to the provisions of the Articles of Association of the Company, approval of the shareholders of the Company be and is hereby accorded to the Board of Directors to borrow for and on behalf of the Company, from time to time, any sum or sums of monies, from any one or more of the Company's bankers and/or from any one or more other banks, persons, firms, companies/body corporates, financial institutions, institutional investor(s) and/or any other entity/entities or authority/authorities, whether in India or abroad, and whether by way of cash credit, advance, deposits, loans, or bill discounting, issue of debentures, commercial papers, long or short term loan(s), syndicated loans, either in rupees and/or such other foreign currencies as may be permitted by law from time to time, and/or any other instruments/securities or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets, licenses and properties (whether movable or immovable, present or future) and all or any of the undertaking of the Company, stock-in-process or debts, for the purpose of the Company's business, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company, if any, (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed, at any time, the aggregate of the Paid-up Capital of the Company and its Free Reserves, that is to say, reserves which are not set apart for any specific purposes, provided that the total amount up to which the monies may be borrowed by the Board of Directors and outstanding at any time shall not exceed ` 200.00 Crores (Rupees Two Hundred Crores Only).

RESOLVED FURTHER THAT the Board of Directors of the Company and/or any person authorized by the Board from time to time in this regard be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, securities or otherwise as they may think fit.

RESOLVED FURTHER THAT Board of Directors of the Company and/or any person authorized by the Board from time to time be and is hereby empowered and authorised to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.

RESOLVED FURTHER THAT a certified true copy of the aforesaid resolution be forwarded to the concerned and they be requested to act thereon."

7. To take consent of shareholders pursuant to Section 180(1)(a) of the Companies Act, 2013 and to pass the following resolution as a **Special Resolution:**

"RESOLVED THAT in supersession of the earlier resolution passed by the members of the Company at their meeting held on June 30, 2014, with respect to the mortgaging and/or charging by Board of Directors of the Company and pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Meetings of Board and its Powers) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board) for creation of charge / mortgage / pledge / hypothecation / security in addition to existing charge / mortgage / pledge / hypothecation / security, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and / or immovable properties, tangible or intangible assets of the Company, both present and future and / or the whole or any part of the undertaking(s) of the Company, as the case may be in favour of the Lender(s), Agent(s) and Trustee(s), for securing the borrowings availed / to be availed by the Company by way of loan(s) (in foreign currency and / or rupee currency) and securities (comprising fully / partly convertible debentures and/or non-convertible debentures with or without detachable or non-detachable warrants and / or secured premium notes and / or floating rate notes / bonds or other debt instruments), issued / to be issued by the Company including deferred sales tax loans availed / to be availed by various Units of the Company, from time to time, subject to the limits approved under Section 180(1)(c) of the Act together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, remuneration of the Agent(s) / Trustee(s), premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation / revaluation / fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s), Debenture Trust Deed(s) or any other document, entered into / to be entered into between the Company and the Lender(s) / Agent(s) / Trustee(s) / State Government(s) / Agency(ies) representing various state government and/or other agencies etc. in respect of the said loans / borrowings / debentures / securities / deferred sales tax loans and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board and the Lender(s) / Agent(s) / Trustee(s) / State Government(s) / Agency(ies), etc.

RESOLVED FURTHER THAT the securities to be created by the Company as aforesaid may rank prior / pari passu / subservient with / to the mortgages and /or charges already created or to be created in future by the Company or in such other manner and ranking as may be thought expedient by the Board and as may be agreed to between the concerned parties.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to finalise, settle, and execute such documents / deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages / charges as aforesaid."

8. To Approve Increase in Authorised Capital of the Company to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED that pursuant to the provisions of Section 13 sub-section (1), read with Section 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof), the consent of shareholders be and is hereby accorded to increase the Authorised Share Capital of the Company from the existing Rs. 45,00,00,000/- (Rupees Forty Five Crore only) divided into 4,00,00,000 (Four Crore only) Equity Shares of Rs. 10/- (Rupees Ten only) each and 50,00,000 (Fifty Lakhs only) Preference Shares of Rs.10/- (Rupees Ten only) to Rs. 55,00,00,000/- (Rupees Fifty Five Crores) divided into 5,00,00,000 (Five Crores only) Equity Shares of Rs. 10/- (Rupees ten only) each and 50,00,000 (Fifty Lakhs only) Preference Shares of Rs.10/-, by creation of additional 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees ten only) each."

RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause (V) thereof by the following new Clause (V) as under:

(V) The Authorised Share Capital of the Company is Rs. 55,00,00,000/- (Rupees Fifty Five Crores) divided into 5,00,00,000 (Five Crores only) Equity Shares of Rs. 10/- (Rupees ten only) each and 50,00,000 (Fifty Lakhs only) Preference Shares of Rs.10/- with power to increase and reduce the capital of the Company or to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for time being be provided by the Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate."

9. To re-appoint Shri Padmanabh Ramchandra Barpande, as an Independent Director and in this regard, pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Shri Padmanabh Ramchandra Barpande (DIN: 00016214), who was appointed as Director - Independent Category to fill in the casual vacancy pursuant to the provisions of Section 161(4) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office upto March 31, 2019 and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years on the Board of the Company till 31.03.2024."

10. To re-appoint Shri Hemang Manhar Gandhi, as an Independent Director and in this regard, pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Shri Hemang Manhar Gandhi (DIN: 00008770), who was appointed as Director - Independent Category to fill in the casual vacancy pursuant to the provisions of Section 161(4) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office upto March 31, 2019 and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years on the Board of the Company."

11. To re-appoint Shri Darius Dinshaw Pandole, as an Independent Director and in this regard, pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Shri Darius Dinshaw Pandole (DIN: 00727320), who was appointed as Director - Independent Category to fill the casual vacancy pursuant to the provisions of Section 161(4) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office upto March 31, 2019 and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years on the Board of the Company."

12. To re-appoint Shri Rajesh Harichandra Budhrani, as an Independent Director and in this regard, pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Shri Rajesh Harichandra Budhrani (DIN: 01284426), who was appointed as Director - Independent Category to fill in the casual vacancy pursuant to the provisions of Section 161(4) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office upto March 31, 2019 and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years on the Board of the Company."

13. To re-appoint Shri Viren Ajit Joshi, as an Independent Director and in this regard, pass the following resolution as a **Special Resolution:**

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Shri Viren Ajit Joshi (DIN: 01331107), who was appointed as Director - Independent Category to fill in the casual vacancy pursuant to the provisions of Section 161(4) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office upto March 31, 2019 and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years on the Board of the Company."

14. To ratify / confirm the remuneration of Cost Auditors for the financial year ending March 31, 2019 and in this regard to pass the following resolution as an **ORDINARY RESOLUTION:**

"**RESOLVED THAT** pursuant to the provisions of Sections 148 and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or re-enactments thereof, for the time being in force), the remuneration payable to M/s. Rajendra Patel and Associates, Cost Accountants, Ahmedabad, (Firm Registration Number: 101163) appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of cost records of the company for the financial year ending 31st March, 2019 amounting to Rs. 70,000 (Rupees Seventy Thousands) plus applicable tax be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

June 15, 2018

FAIRCHEM SPECIALITY LIMITED

(Formerly known as Adi Finechem Limited)

C.I.N. : L15140MH1985PLC286828

Corporate Office:

1st Floor, 2, Sigma Corporates,
B/h. HOF Living, Sindhu Bhavan Road,
Off S.G. Road, Ahmedabad - 380 059.

Registered Office:

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

By Order of the Board

For Fairchem Speciality Limited,

Rajen Jhaveri
ACS - 6615
Chief Financial Officer & Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing the proxy should, however, be deposited at the Corporate Office of the Company not less than 48 hours before the commencement of the meeting. A person can act as a proxy on behalf of members not more than 50(fifty) and holding in aggregate not more than 10% of total share capital of the Company carrying voting rights. In case the proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy cannot act as a proxy for any other person or shareholder.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 04, 2018 to Friday, August 10, 2018 (both days inclusive) for the purpose of Annual General Meeting and payment of Dividend.
3. An Explanatory statement pursuant to section 102 (1) of the Companies Act, 2013 in respect of item Nos. 5 to 14 of the Notice as set out above is annexed hereto.
4. If Dividend on Equity shares as recommended by the Board of Directors is passed at the meeting, payment of such dividend will be made within 30 days of August 10, 2018 to those members whose names are on the company's Register of Members on August 4, 2018 or on record of National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on close of business hours of August 03, 2018.

   Pursuant to the provisions of Section 125 of the Companies Act, 2013 the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the company, is required to be transferred to the Investor Education and Protection Fund, set up by the Government of India. Kindly note that once unclaimed and unpaid dividends are transferred to the Investor Education and Protection Fund, members will have to approach to IEPF for such dividend.

5 Members holding shares in Electronic form are requested to intimate any changes in their registered address, name, PAN details, etc. to their depository participant with whom they are maintaining their demat account. Members holding shares in physical form are requested to intimate any such change to the Company or its RTA (M/s. Link Intime India Pvt. Ltd.)

   Members who hold shares in dematerialized form are requested to write their client ID and DP ID numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.

6. Members are requested to bring their attendance slip duly filled in along with their copy of the Annual Report to the meeting.
7. Electronic copy of the Annual Report for 2017-18 is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Annual Report for 2017-18 is being sent in the permitted mode.The said notice is also published on the Company's website viz www.fairchem.in and on the website of remote e-voting agency i.e. www.evotingindia.com.

8 Only registered members of the Company or any proxy appointed by such registered member may attend the Annual General meeting as provided under the provisions of the Companies Act, 2013.

9 The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in the electronic form are, therefore, requested to submit their PAN to their Depository Participant. Members holding shares in physical form shall submit their PAN details to the Company.

10 A Route Map showing the Directions to reach the venue of the 33rd Annual General Meeting is attached along with the notice as per the requirement of Secretarial Standards - 2 on General Meeting.

11 Corporate members intending to send their authorized representatives to attend the meeting pursuant to section 113 of the Act are requested to send the Company a certified copy of Board Resolution / Authorization together with specimen signatures authorizing their representative to attend and vote on their behalf at the meeting.

12. Members desiring to seek information on Annual Accounts to be explained at the meeting are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.

13. Relevant documents referred to in the accompanying Notice are available for inspection by the Members at the Corporate Office of the Company on all working days, except Saturdays, between 03.00 p.m. and 5.00 p.m. upto the date of the Annual General Meeting of the Company.

14 Brief Particulars of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting is provided at Annexure - A to this Notice as prescribed under Regulation of 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by the ICSI.

15. Voting through electronic means

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 ('Amended Rules 2015') and Regulation 44 of SEBI (LODR) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 33rd Annual General Meeting (AGM) by electronic means and the business may be transacted through remote e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL).

II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right to vote at the meeting through ballot paper.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. Equity Shareholders shall have one vote per share as shown against their shareholding. The Shareholders can vote for their entire voting rights as per their discretion.

V. The remote e-voting period commences on August 06, 2018 (9:00 a.m.) and ends on August 09, 2018 (5:00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 03, 2018, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The instructions for shareholders voting electronically are as under:

(i) The voting period begins on August 06, 2018 at 9.00 A.M and ends on August 09, 2018 at 5.00 P.M. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 03, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on Shareholders.

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digit of sequence number (which is printed on the name and address sticker / mail in PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. ● If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN No. 180703010 for Fairchem Speciality Limited on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non - Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

VI. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

VI. Mr. Uday G. Dave, Practicing Company Secretary (Membership No. FCS 6545), Partner of , M/s. Parikh Dave & Associates, Company Secretaries, Ahmedabad has been appointed as the Scrutinizer to scrutinize the remote e-voting and poll process at the Annual General Meeting in a fair and transparent manner.

VII. The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the Annual General Meeting, a consolidated scrutinizers' report of the total votes cast in favour or against, if any, to the Chairman / any Director of the Company authorised by the Chairman who shall countersign the same.

VIII. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.fairchem.in and on the website of CDSL and the same be also communicated to the BSE Limited and National Stock Exchange of India Limited.

16. This notice has been updated with the instructions for voting through electronic means as per the amended Rules, 2015.

ANNEXURE TO NOTICE

Explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013

ITEM NO. 5 :

The Nomination and Remuneration Committee, at its meeting held on, May 09, 2018, recommended the re-appointment of Shri Nahoosh Jariwala (DIN 00012412) as the Managing Director for a further term of three years i.e. up to March 31, 2022 which was approved by the Board of Directors at its meeting held on May 09, 2018. Shri Nahoosh Jariwala, a Commerce graduate born on August 21, 1961 was appointed as Managing Director of the Company w.e.f. May 15, 2010 for a term of two years. He was re-appointed as the Managing Director for a further period of three years w.e.f. May 15, 2012 and then his term was extended up to May 31, 2016 and lastly for a further period of two years and ten months i.e., upto March 31, 2019 his term was extended. He has a total experience of over 30 years. He is one of the original founder - promoters of the Company and is associated with the Company for nearly 25 years. He has expertise in all crucial areas of the Company viz. selection of right production and utility equipments, process and product development related matters, commercial and financial matters etc. Main terms and conditions and remuneration and perquisites payable to Shri Nahoosh Jariwala, Managing Director are as under:

REMUNERATION:

(A) Salary: Rs 12,00,000/- per month w.e.f. April 01, 2019.

PERQUISITES AND ALLOWANCES:

Category - A

(1) Leave Travel Concession: The Company shall provide leave travel fare for the Managing Director and his family once in a year

(2) Personal Accident Insurance: The Company shall pay / reimburse Personal Accident Insurance Premium upto Rs. 15,000/- for the Managing Director

(3) Club Fees:

The Company shall pay / reimburse annual fees for one club.

The aggregate value of perquisites mentioned at Sr. Nos. (1) to (3), for each year shall be computed as per the Provisions of the Income Tax Act, 1961 and /or Rules made thereunder. In case of benefits for which no specific valuation is provided under the Income Tax Act, the perquisites value of such benefit shall be taken at actual cost.

Medical Reimbursement:

Medical Expenses actually incurred for self and family shall be reimbursed by the Company.

Total overall limit of perquisites under category - A shall be Rs. 11.00 Lakhs per annum.

Category - B

Leave on full pay and allowances, as per the rules of the Company but not more than one month's leave for every eleven months of service. However, the leave accumulated but not availed of will be allowed to be encashed at the end of the term as per rules of the Company.

Category - C

I. The Company shall provide car with driver at the entire cost to the Company for using Company's business and the same will not be considered as perquisites.

II. Communication facilities The Company shall provide telephone, internet and other communication facilities at the residence of Managing Director.

Explanation:

Perquisites shall be evaluated as per Income tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at the actual cost.

THE STATEMENT OF DISCLOSURES PURSUANT TO CLAUSE B (iv) of SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013 IS AS UNDER:

I. General Information:

1. Nature of Industry: Manufacture of Specialty Oleo Chemicals
2. Date or expected date of commencement of production: The Company has already commenced commercial production in 1996.
3. In case of new Companies, expected date of commencement of activities as per the project approved by financial institutions appearing in the prospectus: Not Applicable.
4. Financial Performance based on given indicators (As per the audited standalone financial statements.)

(Rs. In Lakhs)

Particulars	**Financial Year**			
	2017-18	**2016-17**	**2015-16**	**2014-15**
Sales and Other Income	24554.12	20399.51	15254.09	15127.20
Profit before Tax	2581.99	1484.43	1655.37	2055.04
Net Profit after Tax	1939.69	905.83	1059.94	1368.56
Proposed Dividend (excluding tax)	564.15	376.10	344.85	344.85

5. Foreign Investments or collaborators, if any: The Company has not made any foreign investment or collaborations.

II. Information about Mr. Nahoosh Jariwala, the appointee

1. Background details: Shri Nahoosh Jariwala, 57 years, is a Commerce graduate. He has been associated with the Company for almost 25 years and was Executive Director for 21 years and is Managing Director since last more than 8 years.
2. Past Remuneration:

(Amount in Rs.)

Particulars	**F.Y. 2017-18**	**F.Y. 2016-17**
Salary	1,44,00,000	1,44,00,000
Perquisites / allowances	39,600	39,600
Commission / Bonus	-	-
Total	1,44,39,600	1,44,39,600

3. Recognition or awards: NIL.
4. Job profile and his suitability : Shri Nahoosh Jariwala has been appointed as Managing Director and he will be in charge of overall management of Speciality Oleo Chemicals business (Adi business) subject to direction, supervision and control of the Board of Directors of the Company. Taking into consideration his experience and his contribution in turnaround of this Company, he is the most suited for the responsibilities assigned to him by the Board of Directors.
5. Remuneration proposed : As stated in the Explanatory Statement for Item No. 5 of the Notice.
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person. Considering the present size of the Company and Company's growth during last eight years, contribution and responsibilities of Shri Nahoosh Jariwala and the industry benchmarks, the remuneration proposed to be paid to him is commensurate with the managerial remuneration being paid to similar appointees in other companies.
7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any :

   Shri Nahoosh Jariwala does not have any pecuniary relationship with the Company and its managerial personnel.

III Other Information

(1) Reasons of loss or inadequate profits: Not Applicable

(2) Steps taken or proposed to be taken for improvement: Measures for energy saving and process optimisation are ongoing things at Speciality Oleo Chemicals business of the Company (erstwhile Adi Finechem Limited.)

(3) Expected Measures in productivity and profits in measurable terms: The Company is working on some process changes where under yield of one of the prime products will increase. In turn, it should result increase in profitability.

The Board recommends the resolution relating to appointment of Mr. Nahoosh Jariwala as the Managing Director and fixation of his remuneration for the approval of the shareholders of the Company.

Except Shri Nahoosh Jariwala, being an Appointee, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested financially or otherwise in the resolution.

ITEM NO. : 6 & 7

Pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 the Board of Directors of a Company cannot, except with the consent of Members of the Company in the General Meeting by way of a special resolution, borrow any sum or sums of money from time to time for the purposes of business of the Company, if the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in ordinary course of business) exceeds the aggregate of the Paid-up Capital of the Company and its Free Reserves, that is to say, reserves not set apart for any specific purpose. Members of the Company had on June 30, 2014 authorized Board of Directors to borrow long term or medium term loans from Banks, Financial Institutions, any other lenders or debenture trustees for an amount not exceeding Rs.100.00 Crores (Rupees One Hundred Crores Only). However in view of the business expansion, the Company would require, from time to time, additional banking facilities to meet the funding requirements of the Company. Considering the quantum of present borrowing already sanctioned by the Bank and proposed sum intended to be borrowed by Company at a future date (subject to approval of members), it is therefore proposed that the existing borrowing limits of Rs.100.00 Crores (Rupees One Hundred Crores Only) be increased to Rs. 200.00 Crores (Rupees Two Hundred Crores Only).

Section 180(1)(a) of the Companies Act, 2013 provides for the power of Board of Directors to lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company subject to the approval of members in the general meeting. Members of the Company had on June 30, 2014 authorized Board of Directors to create / mortgage and/or charge on immovable and movable properties of the Company for an amount not exceeding Rs.100.00 Crores (Rupees One Hundred Crores Only). However in view of the business expansion, as the Board has proposed to increase the borrowing limits to Rs. 200.00 Crores (Rupees Two Hundred Crores Only), The Board also proposes to increase the limits approved under Section 180(1)(a) of the Act, subject to the limits approved under Section 180(1)(c) of the Act.

The Board recommends these resolutions for the approval of the members as Special Resolutions.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution.

ITEM NO. 8

The Present Authorised Capital of the Company is Rs. 45,00,00,000/- (Rupees Forty Five Crore only) divided into 4,00,00,000 (Four Crore only) Equity Shares of Rs. 10/- (Rupees ten only) each and 50,00,000 (Fifty Lakhs only) Preference Shares of Rs.10/- (Rupees Ten Only)

As can be seen, the authorised equity Share Capital is just enough to take care of present paid up equity share capital and conversion of preference share capital into equity share capital which will be done as per terms of issue of CCPS. It is therefore desirable to increase authorised equity Share Capital by an amount of Rs. 10.00 crores by crediting additional 1,00,00,000 (One crore) equity Share of Rs. 10/- each to meet future requirement.

Hence the Board of Directors recommends the resolution stated in the notice for the consideration and approval of the shareholders of the Company by way of an ordinary resolution.

A copy of the existing Memorandum of Association, together with proposed alteration, is available for inspection at the corporate office of the company during the business hours on any working day up to the date of Annual General Meeting.

None of the Directors or Key Management Personnel of the Company and their relatives are, in any way, concerned or interested financially or otherwise in the said resolution.

ITEM NO. : 9, 10, 11, 12 & 13

Shri Padmanabh Ramchandra Barpande (DIN: 00016214), Shri Hemang Manhar Gandhi (DIN: 00008770), Shri Darius Dinshaw Pandole (DIN: 00727320), Shri Rajesh Harichandra Budhrani (DIN: 01284426) and Shri Viren Ajit Joshi (DIN: 01331107) were appointed as Directors - Independent Category to fill the casual vacancy pursuant to the provisions of Section 161(4) of the Companies Act, 2013. They hold office as Independent Directors of the Company up to March 31, 2019 ("first term" in line with the explanation to Sections 149(10) and 149(11) of the Act).The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended reappointment of Shri Padmanabh Ramchandra Barpande (DIN: 00016214), Shri Hemang Manhar Gandhi (DIN: 00008770), Shri Darius Dinshaw Pandole (DIN: 00727320), Shri Rajesh Harichandra Budhrani (DIN: 01284426) and Shri Viren Ajit Joshi (DIN: 01331107) as Independent Directors for a second term of 5 (five) consecutive years on the Board of the Company. The Board, based on the performance evaluation of Independent Directors and as per the recommendation of the Nomination and Remuneration Committee, considers that, given their background and experience and contributions made by them during their tenure, the continued association of Shri Padmanabh Ramchandra Barpande (DIN: 00016214), Shri Hemang Manhar Gandhi (DIN: 00008770), Shri Darius Dinshaw Pandole (DIN: 00727320), Shri Rajesh Harichandra Budhrani (DIN: 01284426) and Shri Viren Ajit Joshi (DIN: 01331107) would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint Shri Padmanabh Ramchandra Barpande (DIN: 00016214), Shri Hemang Manhar Gandhi (DIN: 00008770), Shri Darius Dinshaw Pandole (DIN: 00727320), Shri Rajesh Harichandra Budhrani (DIN: 01284426) and Shri Viren Ajit Joshi (DIN: 01331107) as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company.

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") inter alia prescribe that an Independent Director of a Company shall meet the criteria of independence as provided in Section 149(6) of the Act. Section 149(10) of the Act provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board and shall be eligible for re-appointment on passing a special resolution by the company and disclosure of such appointment in its Board's report. Section 149(11) provides that an Independent Director may hold office for up to two consecutive terms. Shri Padmanabh Ramchandra Barpande (DIN: 00016214), Shri Hemang Manhar Gandhi (DIN: 00008770), Shri Darius Dinshaw Pandole (DIN: 00727320), Shri Rajesh Harichandra Budhrani (DIN: 01284426) and Shri Viren Ajit Joshi (DIN: 01331107) are not disqualified from being appointed as Directors in terms of Section164 of the Act and have given their consent to act as Directors. The Company has received notices in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri Padmanabh Ramchandra Barpande (DIN: 00016214), Shri Hemang Manhar Gandhi (DIN: 00008770), Shri Darius Dinshaw Pandole (DIN: 00727320), Shri Rajesh Harichandra Budhrani (DIN: 01284426) and Shri Viren Ajit Joshi (DIN: 01331107) for the office of Independent Directors of the Company. The Company has also received declarations from Shri Padmanabh Ramchandra Barpande (DIN: 00016214), Shri Hemang Manhar Gandhi (DIN: 00008770), Shri Darius Dinshaw Pandole (DIN: 00727320), Shri Rajesh Harichandra Budhrani (DIN: 01284426) and Shri Viren Ajit Joshi (DIN: 01331107) that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations. In the opinion of the Board, Shri Padmanabh Ramchandra Barpande (DIN: 00016214), Shri Hemang Manhar Gandhi (DIN: 00008770), Shri Darius Dinshaw Pandole (DIN: 00727320), Shri Rajesh Harichandra Budhrani (DIN: 01284426) and Shri Viren Ajit Joshi (DIN: 01331107) fulfil the conditions for appointment as Independent Directors as specified in the Act and the Listing Regulations. Shri Padmanabh Ramchandra Barpande (DIN: 00016214), Shri Hemang Manhar Gandhi (DIN: 00008770), Shri Darius Dinshaw Pandole (DIN: 00727320), Shri Rajesh Harichandra Budhrani (DIN: 01284426) and Shri Viren Ajit Joshi (DIN: 01331107) are independent of the management. Details of Directors whose re-appointment as Independent Directors is proposed at Item Nos. 9,10,11,12 and 13 are provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Shri Padmanabh Ramchandra Barpande (DIN: 00016214), Shri Hemang Manhar Gandhi (DIN: 00008770), Shri Darius Dinshaw Pandole (DIN: 00727320), Shri Rajesh Harichandra Budhrani (DIN: 01284426) and Shri Viren Ajit Joshi (DIN: 01331107 are interested in the resolutions set out respectively at Item Nos. 9, 10, 11, 12 and 13 of the Notice with regard to their respective re-appointments. Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in anyway, concerned or interested, financially or otherwise, in these resolutions. This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Special Resolutions set out at Item Nos. 9, 10, 11, 12 and 13 of the Notice for approval by the members.

ITEM NO. 14:

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the 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 for the financial year ending 31st March 2019.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 14 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2019.

The Board recommends the passing of Ordinary Resolution set out at Item No. 15 of the Notice for approval by the members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 14 of the Notice.

June 15, 2018

FAIRCHEM SPECIALITY LIMITED
(Formerly known as Adi Finechem Limited)
C.I.N. : L15140MH1985PLC286828

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

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

By Order of the Board

For Fairchem Speciality Limited,

Rajen Jhaveri
ACS - 6615
Chief Financial Officer & Company Secretary

Annexure - A

Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting.
[Pursuant to Regulation 36(3) of SEBI (LODR) Regulations, 2015]

Name of Director	**Shri Sumit Maheshwari (DIN 06920646)**
Age	36 Years
Date of Appointment on the Board	08.02.2016
Expertise In specific functional areas, Qualification and Experience	He is a Chartered Accountant and holds a Masters of Business Administration degree from the Indian School of Business, Hyderabad. He is Managing Director and CEO of Fairbridge Capital Pvt. Ltd.and has been with Fairbridge since July, 2011. Prior to joining Fairbridge, Shri Maheshwari worked with KPMG in India for 5 years in their audit and accounting advisory functions. Shri Maheshwari is a recognized accounting expert, with particular strength in translating between Indian GAAP, U.S. GAAP and IFRS

Relationship between Directors inter-se	accounting standards. No relationship as defined under The Companies Act, 2013 and / or Rules made thereunder
Directorship held in other Listed Companies as on March 31, 2018. * Memberships / Chairmanships of Committees in Listed Companies as on March 31, 2018.	Nil
No. of Board Meetings attended during Financial Year 2017-2018	4 (Four)
Details of shares held in the Company.	Nil

Name of Director	**Shri D. B. Rao (DIN 00356218)**
Age	72 Years
Date of Appointment on the Board	11.05.2017
Expertise In specific functional areas, Qualification and Experience	He is a post graduate in Engineering with over 34 years experience. He is one of the founders of Privi and has been on the Board of Directors since 1982. Mr. Rao has been on the Board of Directors of Privi since 1982 and is a Whole-time Director designated as Executive Director of Privi since 2004. Mr. D. B. Rao overseas Operations, Research & Development, Personnel and raw material sourcing. Mr. Rao has worked diligently in converting the vision of Privi to realty and has handled various projects right from their conception to completion. He has been instrumental in putting up the manufacturing facilities in a swift and cost effective manner and chartering the growth of Privi.
Relationship between Directors inter-se	No relationship as defined under The Companies Act, 2013 and / or Rules made thereunder
Directorship held in other Listed Companies as on March 31, 2018. * Memberships / Chairmanships of Committees in Listed Companies as on March 31, 2018.	Nil
No. of Board Meetings attended during Financial Year 2017-2018	3 (Three)
Details of shares held in the Company.	6,81,484 equity shares of Rs. 10/- each

Name of Director	**Shri Nahoosh Jariwala (DIN 00012412)**
Age	57 Years
Date of Appointment on the Board	03.11.1992
Expertise In specific functional areas, Qualification and Experience	He is a Commerce Graduate. After graduation, in early eighties, he joined his father's business of trading in textiles. The textile industry which was going strong during the previous decade of seventies, had started feeling pain in eighties. In the year 1993, he promoted Nutraceutical business in which Fairchem is currently engaged and additionally added new products in Oleo Chemical stream. He has been aptly handling all 3 U.S. multinational companies who buy one of our finished products which has an export market only as there are no `Natural Vitamin E' manufacturing plant in India
Relationship between Directors inter-se	No relationship as defined under The Companies Act, 2013 and / or Rules made thereunder
Directorship held in other Listed Companies as on March 31, 2018. * Memberships / Chairmanships of Committees in Listed Companies as on March 31, 2018.	Nil
No. of Board Meetings attended during Financial Year 2017-2018	4 (Four)
Details of shares held in the Company.	Nil

Name of Director	**Shri P. R. Barpande (DIN 00016214)**
Age	71 Years
Date of Appointment on the Board	11.05.2017
Expertise In specific functional areas, Qualification and Experience	He is a commerce graduate with a degree in law and chartered accountancy. He is a professional who brings with him over three decades of experience in audit having catered to several domestic and international clients. He has served as an audit partner for C.C. Chokshi & Co., Chartered Accountants and thereafter had a stint with Deloitte Haskins & Sells, Chartered Accountants.

	He has been an Audit Engagement Partner for large listed companies including Reliance, Lupin, Bridgestone etc. He was actively involved in reformatting the accounts to US GAAP and IFRS for major domestic and multi-national companies and Indian Banks. He is on the Board of some reputed companies as an Independent Director and the Chairman of the Audit Committees.
Relationship between Directors inter-se	No relationship as defined under The Companies Act, 2013 and / or Rules made thereunder
Directorship held in other listed Companies as on March 31, 2018. And Chairman / Member of * Memberships / Chairmanships of Committees in Listed Companies as on March 31, 2018.	**<u>Other Directorship</u>** Westlife Development Limited **<u>Committees:</u>** **Audit Committee** Westlife Development Limited - Chairman **Stakeholders Relationship Committee:** Westlife Development Limited - Member
No. of Board Meetings attended during Financial Year 2017-2018	3 (Three)
Details of shares held in the Company.	Nil

Name of Director	**Shri Hemang Manhar Gandhi (DIN 00008770)**
Age	60 Years
Date of Appointment on the Board	11.05.2017
Expertise In specific functional areas, Qualification and Experience	He is an Executive Director and founding member of PINC - a leading mid -market investment Bank that is based out of Mumbai. He has more than 20 years of experience in the financial services industry, with a focus on investment banking. Over this period, he has developed a strong network of relationships with Indian corporate and private equity firms, and has worked on several transactions across M&A advisory, private equity and structured finance. He has also worked extensively with clients across the engineering, logistics, travel and tourism, food processing and media & entertainment industries, where he has ideated and executed M&A and private equity placement transactions. He has also been responsible by arranging venture capital funds by way of equity subscriptions for the start of ventures in software and technology.
Relationship between Directors inter-se	No relationship as defined under The Companies Act, 2013 and / or Rules made thereunder
Directorship held in other Listed Companies as on March 31, 2018. * Memberships / Chairmanships of Committees in Listed Companies as on March 31, 2018.	Nil
No. of Board Meetings attended during Financial Year 2017-2018	3 (Three)
Details of shares held in the Company.	Nil

Name of Director	**Shri Darius Dinshaw Pandole (DIN 00727320)**
Age	52 Years
Date of Appointment on the Board	11.08.2017
Expertise In specific functional areas, Qualification and Experience	His qualifications include a Masters in Business Administration (MBA) from the Graduate School of Business at the University of Chicago, and a Bachelors of Arts (BA - Economics) from Harvard University. He is the Managing Director & CEO - Private Equity, at JM Financial Limited, since August 2016. He brings with him around 25 years of private equity investing experience in India. He previously worked with New Silk Route Advisors Private Limited as a Partner. His prior stints have been with IDFC AMC, Ind Asia Fund Advisors, Indocean Venture Advisors, Duke's Ltd., etc.
Relationship between Directors inter-se	No relationship as defined under The Companies Act, 2013 and / or Rules made thereunder
Directorship held in other listed Companies as on March 31, 2018. And Chairman / Member of * Memberships / Chairmanships of Committees in Listed Companies as on March 31, 2018.	**<u>Other Directorship</u>** Mahindra Logistics Limited **<u>Committees:</u>** **Audit Committee**

	Mahindra Logistics Limited - Member **Stakeholders Relationship Committee:** Mahindra Logistics Limited - Member
No. of Board Meetings attended during Financial Year 2017-2018	3 (Three)
Details of shares held in the Company.	Nil

Name of Director	**Shri Rajesh Budhrani (DIN 01284426)**
Age	48 Years
Date of Appointment on the Board	11.05.2017
Expertise In specific functional areas, Qualification and Experience	He holds a degree in Bachelor of Science, Major in Finance & Accounting from Boston College School of Management and graduated Summa Cum Laude He has been Managing Director NES Group of Companies, a second generation family business which specializes in Textile Materials, Chemicals, Commodity Trading and Real Estate Development. He heads the Singapore office that oversees the investment and real estate operations in Indonesia and India. Through its Mumbai office Budhrani Finance Limited, Rajesh manages a proprietary India focused public and private equity portfolio with assets in excess of USD 100 million on behalf of the Budhrani Family as well as a real estate portfolio which includes Joint Ventures with Godrej Properties Limited and Tata Housing with a total built up area in excess of 3.5 million square feet. He serves as a Director of Centrum Retail Financial Services, a publicly listed full service financial services company with interests in Wealth Management (Best Indian Domestic Private Bank 2016 by Asia money), Forex Services, Insurance and Housing Finance.
Relationship between Directors inter-se	No relationship as defined under The Companies Act, 2013 and / or Rules made thereunder
Directorship held in other Listed Companies as on March 31, 2018. * Memberships / Chairmanships of Committees in Listed Companies as on March 31, 2018.	Nil
No. of Board Meetings attended during Financial Year 2017-2018	3 (Three)
Details of shares held in the Company. (as on 31/03/2018)	6,69,333 equity shares of Rs. 10/- each

Name of Director	**Shri Viren Joshi (DIN 01331107)**
Age	64 Years
Date of Appointment on the Board	11.08.2017
Expertise In specific functional areas, Qualification and Experience	He has a Bachelor's degree in Mechanical Engineering and Post Graduate qualification in Management, both from Mumbai University. He is Chief Executive Officer & President, Sigma Electric, USA, a global leader in precision machined castings for diversified industrial markets. Sigma's ten world class manufacturing facilities, Lean manufacturing practices, operational compliances and people practices, are highly acclaimed by global manufacturing experts. He has over 35 years' experience in leading and managing engineering MNCs in India, Asia, MEA And Europe. He was Managing Director, Parker Hannifin in India & South Asia, and over 15 years led it to a leadership position in the fluid power market. He has wide experience in growing new businesses from startup and managing rapid growth and performance at large engineering MNCs. He has rich experience in M&A and is a keen practitioner of Lean, Policy deployment, Balanced Score Card and Talent Development.
Relationship between Directors inter-se	No relationship as defined under The Companies Act, 2013 and / or Rules made thereunder
Directorship held in other Listed Companies as on March 31, 2018. * Memberships / Chairmanships of Committees in Listed Companies as on March 31, 2018.	Nil
No. of Board Meetings attended during	3 (Three)
Financial Year 2017-2018	
Details of shares held in the Company.	Nil

* The Committee includes the Audit Committee and the Stakeholders Relationship Committee only.

PROXY FORM

FAIRCHEM SPECIALITY LIMITED

FAIRCHEM
A FAIRFAX COMPANY

(Formerly known as ADI FINECHEM LIMITED)
Registered Office: 324, Dr. D.N. Road, Fort, Mumbai - 400 001
Corporate Off.: 1st Floor, 2, Sigma Corporates, Behind HOF Living, Sindhu Bhavan Road,
Off S.G. Road, Ahmedabad - 380 059 CIN: L15140MH1985PLC286828
Phone Nos. (079) 29701675 / 48911675 Email ID: cs@fairchem.in Website: www.fairchem.in

Form MGT -11

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules 2014]

Name of the member(s): ……………………………………………………………………………………………………

Registered address: ……………………………………………………………………………………………………

e-mail Id: ……………………………………………………………………………………………………

Folio No/ *Client Id: ……………………………………………………………………………………………………

*DP Id: ……………………………………………………………………………………………………

I/We being the member(s) of ……………………………shares of Fairchem Speciality Limited (formerly known as Adi Finechem Limited), hereby appoint:

1) Name…………………………………………………………………………..address……………………………………………………

e-mail id……………………………………………….. Signature…………………………………………: or failing him / her

2) Name…………………………………………………………………………..address……………………………………………………

e-mail id……………………………………………….. Signature…………………………………………: or failing him / her

3) Name…………………………………………………………………………..address……………………………………………………

e-mail id……………………………………………….. Signature…………………………………………: or failing him / her

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 33rd Annual General Meeting of the Company, to be held on Friday, August 10, 2018 at 4.00 p.m. at Hall of Culture, Nehru Science Centre, Dr. Annie Besant Road, Lotus Colony, Worli, Mumbai - 400 018 and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Sr.	Resolution No.	For	Against
1.	Consider and adopt Audited Financial Statements (including consolidated financial statements), for the year ended 31st March, 2018 and Directors' Report and Auditors' Report thereon.		
2.	Declaration of Dividend on Equity Shares		
3.	Re-appointment of Shri Sumit Maheshwari (DIN 06920646)		
4.	Re-appointment of Shri D.B. Rao (DIN 00356218)		
5.	Re-appointment of Shri Nahoosh Jariwala (DIN: 00012412) as Managing Director		
6.	To Increase borrowing power pursuant to Section 180(1)(c) of the Companies Act, 2013		
7.	To take consent of shareholders pursuant to Section 180(1)(a) of the Companies Act, 2013		
8.	To Approve Increase in Authorised Capital of the Company		
9.	To re-appoint Shri Padmanabh Ramchandra Barpande, as an Independent Director		
10	To re-appoint Shri Hemang Manhar Gandhi, as an Independent Director		
11.	To re-appoint Shri Darius Dinshaw Pandole, as an Independent Director		
12.	To re-appoint Shri Rajesh Harichandra Budhrani, as an Independent Director		
13.	To re-appoint Shri Viren Ajit Joshi, as an Independent Director		
14.	Ratification / confirmation of the remuneration of the Cost Auditors		

Signed this................. day of..................2018 Signature of shareholder ………………………………

Signature of first proxy holder ………………………………

Affix Revenue Stamp Re. 1/-

Signature of second proxy holder ……………………………. Signature of Third proxy holder …………………………

Notes:

(1) This form of proxy in order to be effective should be duly completed and deposited at the Corporate Office of the Company not less than 48 hours before the commencement of the meeting.

(2) A Proxy need not be a member of the Company.

(3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

** (4) This is only optional. Please put a '✓' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

(5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

(6) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

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ATTENDANCE SLIP

FAIRCHEM
A FAIRFAX COMPANY

FAIRCHEM SPECIALITY LIMITED

(Formerly known as ADI FINECHEM LIMITED)
Registered Office: 324, Dr. D.N. Road, Fort, Mumbai - 400 001
Corporate Off.: 1st Floor, 2, Sigma Corporates, Behind HOF Living, Sindhu Bhavan Road,
Off S.G. Road, Ahmedabad - 380 059 CIN: L15140MH1985PLC286828
Phone Nos. (079) 29701675 / 48911675 Email ID: cs@fairchem.in Website: www.fairchem.in

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Slip at the venue of the meeting.

DP Id* .... Folio No. ....

Client Id* .... No. of Shares ....

NAME ....

ADDRESS...

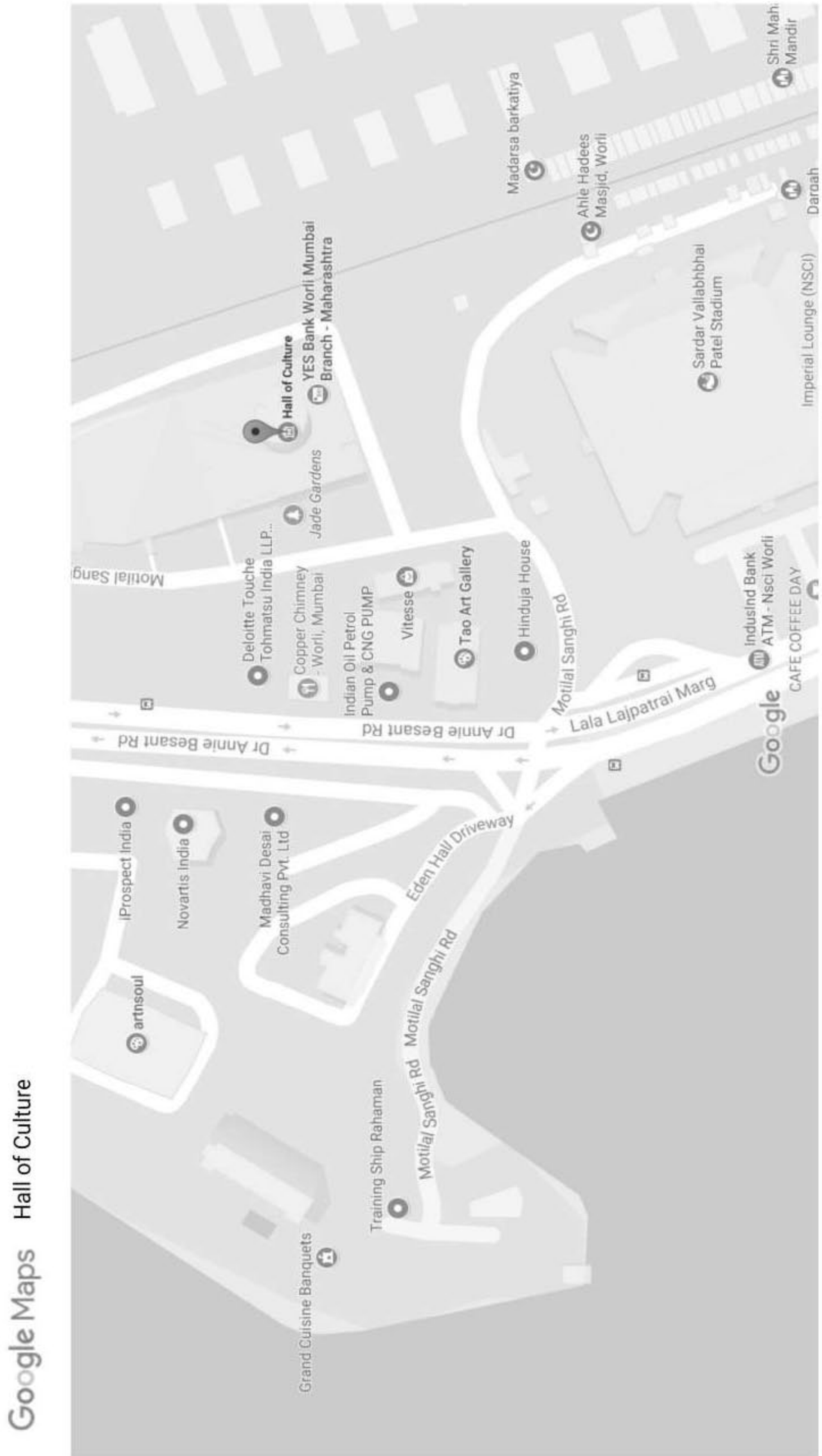
....

I hereby record my presence at the **33rd ANNUAL GENERAL MEETING** of the Company to be held on Friday, August 10, 2018 at 4.00 p.m. at **Hall of Culture, Nehru Science Centre, Dr. Annie Besant Road, Lotus Colony, Worli, Mumbai - 400 018**

....
Signature of Shareholder / Proxy

*Applicable for investors holding shares in electronic form.

Route Map for the Venue



FAIRCHEM

A FAIRFAX COMPANY

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

CIN : L15140MH1985PLC286828

E-mail : cs@fairchem.in | **Website :** www.fairchem.in