

Independent Auditors' Report

To the Members of Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of Privi Organics India Limited (formerly Adi Aromatic Limited) ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the period beginning from 8 July 2016 and ending on 31 March 2017 ("the Period"), and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the standalone financial statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, 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.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section (10) of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Independent Auditors' Report

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Auditor's Responsibility (Continued)

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the period beginning from 8 July 2016 and ending on 31 March 2017.

Emphasis of matter

We draw attention to Note 41 to the financial statements. As per the accounting treatment prescribed in the Scheme approved by the National Company Law Tribunal (NCLT) Order, the Company has credited Rs 35,340.09 lakhs, being the excess of assets over the liabilities vested under the Scheme, to the general reserve. Had such amount not been credited to general reserve as specified under the NCLT Order; under the generally accepted accounting principles in India, this would need to be credited to the capital reserve. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by sub-section (3) of Section 143 of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

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Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Report on Other Legal and Regulatory Requirements

- (e) On the basis of the written representations received from the directors as on 31 March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- (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 Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 38 (a) to the standalone financial statements;
 - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long term contracts including derivative contracts – Refer Note 7 to the standalone financial statements;
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company; and
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and these are in accordance with books of accounts maintained by the Company. Refer note 42 to the standalone financial statements.

For **B S R & Associates LLP**

Chartered Accountants

Firm's registration no : 116231W/W-100024

Mumbai
10 May 2017

Adwait Morwekar

Partner

Membership No: 110223

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Annexure A to the Independent Auditors' Report – 31 March 2017

(Referred to in our report of even date)

- i.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. No material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and in respect of goods-in-transit, subsequent goods receipt have been verified. The discrepancies noticed during the physical verification of inventories as compared to book records were not material and has been properly dealt with in the books of account.
- iii.
 - (a) The Company has granted unsecured interest free loan that are repayable on demand to one of its wholly owned subsidiary covered in the register maintained under Section 189 of the Act. The maximum amount outstanding during the period was Rs. 245.30 lacs and the year-end balance of such loans was Rs. 245.30 lacs.
 - (b) In case of loans granted to the wholly owned subsidiary listed in the register maintained under Section 189 of the Act, the terms of arrangement does not stipulate any schedule for the repayment of principal and the loan is repayable on demand. We are informed that the Company has not demanded repayment of any such loan during the year, accordingly paragraph 3(iii)(b) of the Order is not applicable to the Company in respect of repayment of principal.
 - (c) There is no amount of loans granted to the Company listed in the register maintained under Section 189 of the Act, which are outstanding for more than ninety days.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with provisions of section 185 and 186 of the Act in respect of loans, investments, guarantees and security, except in one instance of loan made to a wholly owned subsidiary as specified in clause (iii) (a) above.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the central government for maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of cost records with a view to determine whether they are accurate or complete.

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Annexure A to Independent Auditors' Report – 31 March 2017 (Continued)

- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise, Value added tax, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Customs, Duty of Excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

- (b) However, according to the information and explanations given to us, there are no dues of Service tax, Value added tax and Sales tax which have not been deposited with the appropriate authorities on account of any dispute.

According to the information and explanations given to us, the following dues of Income tax, duty of Excise and duty of Customs have not been deposited by the Company on account of disputes:

Name of the statute	Nature of the dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending	Date of payment
The Income Tax Act, 1961	Income tax	3.32 lacs	2005 – 2006	CIT Appeals	Not yet paid
The Income Tax Act, 1961	Income tax	668.25 lacs	2010 – 2011	CIT Appeals	Not yet paid
The Customs Act, 1962	Custom duty	9.52 lacs	1998 – 1999	CESTAT	Not yet paid
The Central Excise Act, 1944	Excise duty	15.94 lacs	2007 – 2011	Commissioner (Appeals)	Not yet paid
The Income Tax Act, 1961	Income Tax	316.12 Lacs	2014 - 2015	Commissioner (Appeals)	Not Yet Paid

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, government or to any financial institutions. The Company did not have any outstanding debentures during the year.
- ix. According to the information and explanations given to us, the Company did not raise money by way of initial public offer or further public offer (including debt instruments). The money raised by term loans were applied for which they are raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Annexure A to Independent Auditors' Report – 31 March 2017 (Continued)

- xi. According to the information and explanations given to us, managerial remuneration has been paid / provided for in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Act, and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/W-100024

Mumbai
10 May 2017

Adwait Morwekar

Partner

Membership No: 110223

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Annexure B to Independent Auditors' Report – 31 March 2017

(Referred to in our report of even date)

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

We have audited the internal financial controls over financial reporting of Privi Organics India Limited ("the Company") as of and for the period beginning from 8 July 2016 and ending on 31 March 2017 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

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 issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, 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.

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.

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.

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Annexure B to Independent Auditors' Report – 31 March 2017 (Continued)

Meaning of Internal Financial Controls Over Financial Reporting

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:

- (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (b) 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
- (c) 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

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

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

For **B S R & Associates LLP**

Chartered Accountants

Firm's registration no : 116231W/W-100024

Mumbai
10 May 2017

Adwait Morwekar
Partner
Membership No: 110223

Privi Organics India Limited

(formerly *Adi Aromatic Limited*)

Balance sheet

as at 31 March 2017

(Currency : Indian Rupee in lacs)

	<i>Note</i>	31 March 2017
Equity and liabilities		
Shareholders' funds		
Share capital	3	1.00
Reserves and surplus	4	36,894.09
		<u>36,895.09</u>
Non-current liabilities		
Long-term borrowings	5	4,602.09
Deferred tax liability (Net)	6	956.12
Other long-term liabilities	7	0.25
Long-term provisions	8	675.55
		<u>6,234.01</u>
Current liabilities		
Short-term borrowings	9	15,745.86
Trade payables	10	-
i) Total outstanding dues of Micro and Small enterprises		12,630.73
ii) Total outstanding dues of creditors other than Micro and small enterprises	11	6,237.60
Other current liabilities	12	853.82
Short-term provisions		<u>35,468.01</u>
		<u>78,597.11</u>
Total		
Assets		
Non-current assets		
Fixed assets		
Tangible fixed assets		28,358.24
Intangible fixed assets		90.72
Capital work-in-progress		1,620.57
Intangible assets under development		220.14
		<u>30,289.67</u>
Non-current investments	14	959.17
Long-term loans and advances	15	3,274.20
Other non current assets	19	631.28
		<u>4,864.65</u>
Current assets		
Current investments	16	15.01
Inventories	17	21,061.08
Trade receivables	18	16,732.71
Cash and bank balance	19	2,881.67
Short-term loans and advances	15	2,752.32
		<u>43,442.79</u>
		<u>78,597.11</u>
Total		
Significant accounting policies	2	
Notes to the financial statements	3 - 43	

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W/W-100024

For and on behalf of Board of Directors of

Privi Organics India Limited

CIN: U24220MH2016PLC283393

Adwait Morwekar

Partner

Membership No: 110223

Mahesh Babani

Managing Director

DIN: 00051162

D.B.Rao

Executive Director

DIN: 00356218

Narayan S Iyer

Chief Financial Officer

Ramesh Kathuria

Company Secretary

Mumbai

10 May 2017

Mumbai

10 May 2017

Privi Organics India Limited

(formerly *Adi Aromatic Limited*)

Statement of profit and loss

for the period from 08 July 2016 to 31 March 2017

(Currency : Indian Rupee in lacs)

	<i>Note</i>	08 July 2016 to 31 March 2017
Revenue from operations		
Sale of products (gross)	20	42,285.64
Less: Excise duty		<u>2,042.46</u>
Sale of products (net)		40,243.18
Other operating income	21	520.17
Other income	22	270.16
Foreign currency fluctuations gain, net		<u>705.78</u>
Total revenue		<u><u>41,739.29</u></u>
Expenses		
Cost of material consumed	23	27,149.17
Changes in inventories of finished goods and work-in-progress	24	(764.05)
Employee benefits	25	2,283.99
Finance cost	26	1,252.03
Depreciation / amortisation and impairment	13	2,244.57
Other expenses	27	<u>7,395.76</u>
Total expenses		<u><u>39,561.47</u></u>
Profit before tax		2,177.82
Tax expenses		
- Current tax		768.58
- Deferred tax charge		<u>(144.76)</u>
Profit for the year		<u><u>1,554.00</u></u>
Earnings per equity share of nominal value of share Rs. 10	28	<u><u>21,317</u></u>
Basic and diluted		<u><u>21,317</u></u>
Significant accounting policies	2	
Notes to the financial statements	3 - 43	

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/W-100024

For and on behalf of Board of Directors of

Privi Organics India Limited

CIN: U24220MH2016PLC283393

Adwait Morwekar

Partner

Membership No: 110223

Mahesh Babani

Managing Director

DIN: 00051162

D.B.Rao

Executive Director

DIN: 00356218

Narayan S Iyer

Chief Financial Officer

Ramesh Kathuria

Company Secretary

Mumbai

10 May 2017

Mumbai

10 May 2017

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Cash flow statement

for the period from 08 July 2016 to 31 March 2017

(Currency : Indian Rupee in lacs)

	8 July 2016 to 31 March 2017
A Cash flows from operating activities	
Net profit before tax	2,177.82
Adjustments for :	
Depreciation and amortisation	2,244.57
(Gain) on sale of fixed assets	(1.33)
Unrealised foreign exchange loss (net)	510.19
Dividend income	(0.07)
Interest income	(160.62)
Interest expense	1,150.93
Operating profit before working capital changes	<u>5,921.49</u>
<i>Operating cash flow before working capital changes</i>	
Decrease in inventories	376.14
(Increase) in trade receivables	(89.17)
(Increase) in loans and advances	(571.32)
Decrease in trade and other payables	<u>(2,958.71)</u>
	<u>(3,243.35)</u>
Cash generated from operations	2,678.14
Income taxes paid	<u>(1,331.32)</u>
Net cash generated from operating activities (A)	<u>1,346.82</u>
B Cash flows from investing activities	
Purchase of fixed assets, including cwip	(5,788.26)
Proceeds from sale of fixed assets	23.53
Investment in fixed deposits	(197.73)
Dividend received (Including tax on dividend)	0.07
Interest received	160.62
Net cash (used in) investing activities (B)	<u>(5,801.77)</u>
C Cash flows from financing activities	
Proceeds from issuance of equity share capital	1.00
Proceeds from long term borrowings	(212.46)
Repayment of long term borrowings	(3,658.13)
Proceeds from working capital loan (net)	(4,960.44)
Interest paid	<u>(1,236.89)</u>
Net cash (used in) / generated from financing activities (C)	<u>(10,066.92)</u>
Net (decrease) / increase in cash and cash equivalents (A+B+C)	<u>(14,521.88)</u>
Cash and cash equivalents acquired on demerger to a scheme of arrangement	43.59
Cash acquired subsequent to demerger (Refer Note 44)	14,535.15
Cash and cash equivalents at end of the year	56.86
	<u>(14,521.88)</u>

Privi Organics India Limited

(formerly *Adi Aromatic Limited*)

Cash flow statement (*Continued*)

for the period from 08 July 2016 to 31 March 2017

(Currency : Indian Rupee in lacs)

8 July 2016
to
31 March 2017

Notes to cash flow statement

i) **Components of cash and cash equivalents:**

Cash on hand	2.90
Balance with banks	
- in current accounts	53.96
- in Earner's Exchange Foreign Currency Account	-
	<hr/>
	56.86
	<hr/>

ii) The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 (AS-3) on Cash flow statement issued by the Companies (Accounting Standards) Rules, 2006.

iii) Unpaid dividend of Rs. 0.27 lacs, included in bank balances, is not available for use by the Company.

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No: 116231W/W-100024

For and on behalf of Board of Directors of
Privi Organics India Limited
CIN: U24220MH2016PLC283393

Adwait Morwekar
Partner
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Mahesh Babani
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Narayan S Iyer
Chief Financial Officer

Ramesh Kathuria
Company Secretary

Mumbai
10 May 2017

Mumbai
10 May 2017

Privi Organics India Limited

(formerly *Adi Aromatic Limited*)

Notes to the financial statements

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

1 Company overview

Privi Organics India Limited ('Privi', or 'the Company') incorporated on 08 July 2016 under the provision of the Companies Act, 2013 is a public company domiciled in India. The Company is engaged in the manufacture, supply and export of aroma chemicals.

The Company's manufacturing units are located at Mahad and Jagadia. Privi's in-house Research and Development centre has been accorded recognition by the Department of Scientific and Industrial Research.

2 Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on an accrual basis of accounting and in accordance with the accounting principles generally accepted in India and comply with the accounting standards referred in the Companies (Accounting Standards) Rules, 2006 which continue to apply under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Account) Rules, 2014 and other relevant provision of the Companies Act, 1956 to the extent applicable.

2.2 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 Current and non-current classification

Schedule III to the Companies Act, 2013 requires assets and liabilities to be classified as either Current or Non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Significant accounting policies (Continued)

2.3 Current and non-current classification (Continued)

Assets (Continued)

(d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents and is 12 months for the Company.

2.4 Fixed assets, depreciation and amortisation

Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Privi Organics India Limited

(formerly *Adi Aromatic Limited*)

Notes to the financial statements (*Continued*)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Significant accounting policies (*Continued*)

2.4 Fixed assets, depreciation and amortisation (*Continued*)

Tangible fixed assets (*Continued*)

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Depreciation is provided on a pro-rata basis i.e. from the date on which asset is ready for use.

Leasehold land is amortised on a straight line basis over the period of lease.

Depreciation for the year is recognised in the Statement of Profit and Loss.

Depreciation is provided on the straight-line method using useful life prescribed in Part C of Schedule II of the Companies Act, 2013 except in case of the following class of assets where based on an expert's technical evaluation, the useful life of the class of assets are estimated to be different than that prescribed in Schedule II:

Sr.No.	Asset Class	Useful life considered
1	Plant and machinery	10
2	Furniture & fixtures	16
3	Office equipment	10
4	Computers	6
5	Vehicles	11

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Privi Organics India Limited

(formerly *Adi Aromatic Limited*)

Notes to the financial statements (*Continued*)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2. Significant accounting policies (*Continued*)

2.4 Fixed assets, depreciation and amortisation (*Continued*)

Tangible fixed assets (*Continued*)

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives (not being greater than the useful life envisaged in Schedule II of the Companies Act, 2013) unless it is reasonably certain that the company will obtain ownership by the end of the lease term, in which case the depreciation rates applicable for similar assets owned by the Company are applied.

Intangible fixed assets

Acquired intangible assets

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

Internally generated intangible assets

With regard to internally generated intangible assets:

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

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

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

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

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

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

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Significant accounting policies (Continued)

2.4 Fixed assets, depreciation and amortisation (Continued)

Intangible fixed assets (Continued)

Internally generated intangible assets (Continued)

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

2.5 Impairment

Fixed assets (tangible and intangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in the statement of profit or loss.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. The impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6 Operating leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

Privi Organics India Limited

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Notes to the financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Significant accounting policies (Continued)

2.7 Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current-non-current classification scheme of Schedule III.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed of.

2.8 Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stores and spares, are carried at the lower of cost and net realisable value.

In the case of raw materials, packing materials, stores and spares and fuel, costs are determined on FIFO basis. Costs include purchase price (net of refundable taxes and levies) and other costs incurred in bringing the inventories to their present location and condition.

Costs of finished goods and work-in-progress are determined using the absorption costing principles. Costs include the cost of materials consumed; labour and a systematic allocation of variable and fixed production overheads. Excise duties at applicable rates are also included in the cost of finished goods.

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.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

Privi Organics India Limited

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Notes to the financial statements (*Continued*)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Significant accounting policies (*Continued*)

2.9 Employee benefits

Short-term employee benefits.

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Post employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plans

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation of the Company's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

The Company recognises all actuarial gains and losses arising from defined benefit plan immediately in the Statement of Profit and Loss. All expenses related to defined benefit plan are recognised in employee benefits expense in the Statement of Profit and Loss.

Compensated absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Privi Organics India Limited

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Notes to the financial statements (*Continued*)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Significant accounting policies (*Continued*)

2.10 Revenue Recognition

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

Revenue in respect of Insurance and other claim is recognized only on reasonable certainty of ultimate collection.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable. Discount or premium on debt securities held is accrued over the period to maturity.

2.11 Export incentive

An export incentive is recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of export made, and there is no uncertainty as to its receipt.

2.12 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies except derivatives as at the balance sheet date are translated at the closing exchange rate on that date; the resultant exchange differences are recognized in the statement of profit and loss.

2.13 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Privi Organics India Limited

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Notes to the financial statements (*Continued*)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Significant accounting policies (*Continued*)

2.14 Income Taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in profit or loss except that tax expense related to items recognised directly in reserves is also recognized in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

2.15 Earnings per share ('EPS')

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

2.16 Cash and cash equivalent

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

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Notes to the standalone financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupee in lacs)

31 March 2017

3 Share capital

Authorised	<u>1.00</u>
10,000 equity shares of Rs. 10 each	
Issued, subscribed and fully paid-up	
10,000 equity shares of Rs. 10 each	<u>1.00</u>

a) Reconciliation of shares outstanding at the end of the reporting period

	31 March 2017	
	Number	Amount
Shares issued during the year	10,000	100,000
Number of shares at the end of the year	10,000	100,000

b) Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regards to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c) Particulars of shareholders holding more than 5% shares of a class of shares

	31 March 2017	
	No of shares	
Fairchem Speciality Limited (Formerly known as Adi Finechem Limited)	10,000	100.00%

d) Event occurring after balance sheet date

The Board of Directors, in its meeting on 10 May 2017, have proposed a final dividend of Rs 2,500 per equity share for the financial year ended 31 March 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on 11 August 2017, and if approved would result in a cash outflow of approximately 300.89 lakhs, including corporate dividend tax.

31 March 2017

4 Reserves and surplus

General reserve:		
Addition on account of demerger scheme (refer Note: 41)	35,340.09	
At the end of the period		35,340.09
Surplus in the statement of profit and loss		
Profit for the period	1,554.00	
At the end of the period		1,554.00
		<u>36,894.09</u>

Privi Organics India Limited

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Notes to the standalone financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupee in lacs)

5 Long-term borrowings (Continued)

(un-secured loans)

Note:

- a) Package Scheme of Incentive permits the company to accumulate the sales tax collected from its customers in respect of goods produced at Mahad factory. Sales tax collected each year is repayable in five equal yearly installments after ten years from the year of collection. Outstanding amount is repayable in annual installments till April 2022 from the date of reporting date. Sales Tax Deferral Loan is interest free. Current maturity of Sales Tax Deferral Loan of Rs. 93.84 lacs is disclosed under 'Other Current Liabilities' (refer note 11)
- b) This is towards Grant-in-aid and loan received from the Department of Biotechnology, Ministry of Science & Technology under Small Business Innovation Research Initiative (SBIRI) scheme for "Enzyme Catalyzed Manufacture of esters". The aid is received in the form of loan Rs. 18.72 lacs 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.

31 March 2017

6 Deferred tax liability (net)

a) Deferred tax liability	
Arising on account of timing differences in:	
Depreciation	1,231.98
	<u>1,231.98</u>
b) Deferred tax asset	
Arising on account of timing differences in:	
Provision for doubtful trade receivable	(3.76)
Provision for doubtful advances and deposits	(3.70)
Provision for employee benefits	(268.40)
	<u>(275.86)</u>
	<u>956.12</u>

7 Other long-term liabilities

Security deposits	0.25
	<u>0.25</u>

8 Long - term provisions

Provision for employee benefits (refer note 31)	
Gratuity	493.92
Compensated absences	181.63
	<u>675.55</u>

9 Short - term borrowings

(Secured)

Working capital loans (payable on demand) from banks.	8,837.87
Postshipment credit from banks	68.69
Packing credit from banks	6,839.30
	<u>15,745.86</u>

Note:

Working Capital Loans from banks are secured by way of hypothecation of inventories both on hand and in transit and book debts and other receivables both present and future and also secured by way of second charge on fixed assets and by way of personal guarantees of Directors and their relatives.

Working capital loans carry interest rate @ 8.5% to 14% and are payable on demand.

Post shipment and packing credit from bank carry interest rate @ 2.34% to 4.86% and are due for payment within 180 days. Rupee packing credit and post shipment carry interest between @ 8.75% to 11.50%.

Privi Organics India Limited

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Notes to the standalone financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupee in lacs)

31 March 2017

10 Trade payables

Other than Macro and Small Enterprises
- Trade payables
- Creditors against acceptance

10,065.66
2,565.07

12,630.73

On the basis of information and records available, there are no outstanding dues and outstanding interest on dues to micro and small enterprises.

11 Other current liabilities

Current maturities of long term borrowings - term loan (Secured) (refer note 5)
Current maturities of long term borrowings (Unsecured) (refer note 5)
Other payables
- For capital goods
- For expenses
- For employees
- For statutory dues
Interest accrued but not due
Book overdraft
Derivative liability

2,955.35
100.08

860.82
1,454.73
313.24
302.10
43.44

123.24
84.60

6,237.60

12 Short term provisions

Provision for employee benefits
Gratuity (refer note 31)
Compensated absences
Other provisions
- Provision for wealth tax
- Provision for income tax [net of advance tax]
- Provision for fringe benefits tax [net of advance fringe benefits tax]

28.31

16.62

0.20

804.66

4.03

853.82

Privi Organics India Limited
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Notes to the standalone financial statements (Continued)
as at 31 March 2017

(Currency : Indian Rupee in lacs)

13 Fixed assets

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION / AMORTISATION AND IMPAIRMENT			NET BLOCK	
	Acquired on account of demerger as at 01 August 2016	Addition/ adjustments during the period	Deductions / adjustments during the period	As at 31 March 2017	Depreciation on account of demerger as at 01 August 2016	Charge for the period	Deductions/ adjustments during the period	As at 31 March 2017
Tangible assets								
Lease hold land	671.91	-	-	671.91	24.96	6.76	-	31.72
Buildings (refer note i, ii & iii below)	4,931.26	2,265.25	-	7,196.51	766.30	137.25	-	903.55
Staff quarters	51.09	-	-	51.09	14.00	0.55	-	14.55
Leasehold improvements	547.20	-	-	547.20	316.34	26.44	-	342.78
Plant and machinery (refer note i, ii & iii below)	28,829.09	5,226.09	-	34,055.18	12,861.25	1,818.48	-	14,679.73
Electrical installations	1,493.15	532.76	-	2,025.91	712.79	102.47	-	815.26
Furniture	140.86	3.70	-	144.56	78.35	5.26	-	83.61
Office equipments	132.93	7.40	-	140.33	111.12	1.78	-	112.90
Computers	304.55	15.23	-	319.78	245.87	14.99	-	260.86
Lab equipments	642.83	-	-	642.83	309.96	42.16	-	352.12
Lease Plant & Machinery	163.00	-	-	163.00	67.87	11.22	-	79.09
Vehicles	106.99	24.97	-	131.96	48.20	7.65	-	55.85
Total	38,014.86	8,075.40	-	46,090.26	15,557.01	2,175.01	-	17,732.02
Intangible assets								
Computers software	437.86	12.62	-	450.48	374.21	22.05	-	396.26
Rights for sales of products	256.08	-	23.53	232.55	179.16	34.10	1.33	211.93
Development Rights	184.43	-	-	184.43	155.14	13.41	-	168.55
Total	878.37	12.62	23.53	867.46	708.51	69.56	1.33	776.74
Capital work in progress (refer note i, ii & iii below)	5,690.21	3,994.86	8,064.50	1,620.57	-	-	-	1,620.57
Intangible assets under development	284.03	-	-	284.03	63.89	-	-	63.89
Grand total	44,867.47	12,082.88	8,088.03	48,862.32	16,329.41	2,244.57	1.33	18,572.65

Notes:

- Additions to gross block and capital work in progress include Rs. 59.41 lacs on account of capitalisation of borrowing costs during the year.
- Additions to gross block and capital work in progress include Rs. 138.82 lacs on account of directly attributable salary expenses.
- Additions to gross block and capital work in progress include Rs. 144.79 lacs on account of directly attributable electricity expenses.

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as at 31 March 2017

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31 March 2017

14 Non-current investments

Non trade (quoted, fully paid-up)

5 equity shares of Rs. 10 each of Indus Ind Bank Ltd.	* 0.00
9,940 equity shares of Rs. 2 each of Bank of Baroda	4.57
5,000 equity shares of PNB Gilts Ltd. of Rs. 10 each	1.50
Less:- Provision for diminution in the value of investments	<u>(0.31)</u>
	5.76

Trade (unquoted, fully paid-up)

Investment in associate company

Equity shares of Minar Organics Private Limited	14.39
87,340 equity shares of Rs. 100 each	
Less:- Provision for diminution in the value of investments	<u>(1.81)</u>
	12.58

Investment in wholly owned subsidiary company

Privi Biotechnologies Private Limited	910.22
10,000 equity shares of Rs. 10	
Privi Organics USA Inc	30.61
50100 Equity shares of USD 1 each	

959.17

- Aggregate book value of unquoted investments	953.41
- Aggregate book value of quoted investments	5.76
- Aggregate market value of quoted investments	18.68
* Rounding off on conversion to Rs. in lacs	

15 Loans and advances

	Non-current 31 March 2017	Current 31 March 2017
To parties other than related parties		
Capital advance	1,041.30	-
<i>(Unsecured, considered good unless otherwise stated)</i>		
Deposits <i>(Unsecured)</i>		
- Considered good	384.69	-
- Considered doubtful	10.69	-
Less- Provision for doubtful deposit	<u>(10.69)</u>	-
	384.69	-
Advance to suppliers	-	521.44
Deposit with custom duty	6.00	-
Loans to employees	-	13.62
Unutilised Export Incentives Licences	-	733.78
Advance tax and tax deducted at source [net of provision for tax]	945.65	-
Prepaid expenses	106.69	70.89
Balance with excise and custom authorities	284.21	1,355.51
VAT/Sales tax refund receivable	260.36	57.08
	<u>1,602.91</u>	<u>2,752.32</u>
Loans and advances to related parties		
<i>(Unsecured, considered good)</i>		
Privi Biotechnologies Private Limited	245.30	-
	<u>3,274.20</u>	<u>2,752.32</u>

Privi Organics India Limited

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Notes to the standalone financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupee in lacs)

	31 March 2017
16 Current investments	
In mutual funds (unquoted, fully paid-up) (valued at lower of cost and fair value)	
Principal emerging bluechip fund-Growth	10.01
- 36292.058 units and 199 fractions face value Rs. 10.00 [NAV Rs.90.42 per unit]	
Reliance equity fund	2.50
- 13,189 units and 69 fractions face value Rs. 2.50	
[NAV Rs.82.64 per unit]	
Reliance growth fund	2.50
-1,063 units and 20 fractions face value Rs. 2.50	
[NAV Rs. 968.58]	
	<u>15.01</u>
- Aggregate book value of unquoted investments	<u>15.01</u>
17 Inventories	
Raw material (including goods in transit Rs. 3535.95 lacs)	6,404.61
Packing material	78.14
Fuel	219.28
Work in progress	10,359.86
Finished goods (including goods in transit Rs. 730.31 lacs.)	3,745.31
Stores and spares	253.88
	<u>21,061.08</u>
18 Trade receivables	
<i>Unsecured</i>	
Debts outstanding for a period exceeding six months from the date they became due for payment	
- Considered good	116.13
- Considered doubtful	10.86
	<u>126.99</u>
Less: Provision for doubtful receivables	<u>(10.86)</u>
	116.13
Other debts	
- Considered good	16,616.58
- Considered doubtful	-
	<u>16,616.58</u>
Less: Provision for doubtful receivables	<u>-</u>
	16,616.58
	<u>16,732.71</u>

Note:

Trade receivables (unsecured considered good) include Rs.4,252.98 due from private companies in which director is a director of the Company.

Privi Organics India Limited

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Notes to the standalone financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupee in lacs)

19 Cash and bank balances

	Non Current 31 March 2017	Current 31 March 2017
Cash and cash equivalents		
a) Cash on hand	-	2.90
Balances with banks in:		
- Current accounts	-	53.96
- Earner Exchange Foreign Currency account	-	-
b) other bank balances		
'Margin money deposits due to mature within 12 months of the reporting date	-	2,824.54
'Margin money deposit due to mature after 12 months of the reporting date included under 'Other non-current assets'	631.28	-
'Unpaid dividend	-	0.27
	<u>631.28</u>	<u>2,881.67</u>
Amount disclosed as "Other non current assets"	<u>(631.28)</u>	<u>-</u>
	<u>-</u>	<u>2,881.67</u>

Note:

Margin money deposits amounting to Rs. 3,266.05 lacs are pledged with banks for non cash limits and term deposit Rs. 189.77 lacs are pledged as cash security with banks for the loans taken by the Company .

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the standalone financial statements (Continued)

for the period from 08 July 2016 to 31 March 2017

(Currency : Indian Rupee in lacs)

	08 July 2016 to 31 March 2017
20 Sale of products	
Domestic sales	13,702.13
Export sales	28,583.51
Sale of products (gross)	<u>42,285.64</u>
Less Excise duty	2,042.46
Sale of products (net)	<u><u>40,243.18</u></u>
20.1 Earnings in foreign exchange	
FOB value of exports	26,493.93
20.2 Break-up of revenue from sale of products	
Manufactured goods	
Aroma Chemicals	39,092.63
By-products	1,150.55
	<u><u>40,243.18</u></u>
21 Other operating income	
Export incentives	481.87
Jobwork charges	38.30
	<u><u>520.17</u></u>
22 Other income	
Interest income from fixed deposits	160.62
Dividend income	0.07
Gain on sale of Intangible	1.33
Liabilities/provision no longer required written back	92.75
Miscellaneous income	15.39
	<u><u>270.16</u></u>
23 Cost of materials consumed	
Stock acquired on demerger	
- Raw materials	7,335.08
- Packing materials	60.56
	<u>7,395.64</u>
Add: purchases	
- Raw materials	25,367.47
- Packing materials	868.81
	<u>26,236.28</u>
Less: closing stock	
- Raw materials	6,404.61
- Packing materials	78.14
	<u>6,482.75</u>
	<u><u>27,149.17</u></u>
23.1 CIF value of import	
Raw materials	20,449.85
Capital goods	12.66

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the standalone financial statements (Continued)

for the period from 08 July 2016 to 31 March 2017

(Currency : Indian Rupee in lacs)

08 July 2016
to
31 March 2017

23 Cost of materials consumed (Continued)

23.2 Raw Material Consumed

Crude Sulphated Turpentine	7,988.19
Citral	6,170.70
Myrcene	2,462.79
Gum Turpentine Oil	2,067.19
Ortho Tertiary Butyl Phenol	1,355.70
Alpha Campholenic Aldehyde	1,176.03
Beta Ionone	943.71
Alpha Pinene	794.64
Para Tertiary Butyl Phenol	713.72
Methyl Ethyl Ketone	687.14
Beta Pinene	334.68
Packing Materials and Others	2,454.68
	<u>27,149.17</u>
Of which	
Imported	21,233.64
Indigenous	5,915.53
	<u>27,149.17</u>
Percentages	
Imported	78.21%
Indigenous	21.79%
	<u>100.00%</u>

23.3 Break-up of inventories - raw materials and packing materials

Crude Sulphated Turpentine	1,340.15
Citral	975.10
Para Tertiary Butyl Phenol	338.45
Gum Turpentine Oil	306.35
Methyl Ethyl Ketone	302.92
Gum Turpentine Oil	288.04
Geraniol-60	268.52
Myrcene	225.40
Ortho Tertiary Butyl Phenol	223.54
Pseudo Ionone	210.34
Alpha Campholenic Aldehyde	209.21
Alpha Pinene	144.32
Isonaline	133.23
Packing Materials and Others	1,517.17
	<u>6,482.75</u>

24 Changes in inventory of finished goods and work-in-progress

Closing stock	
-Finished goods	3,745.31
-Work in progress	<u>10,359.86</u>
	14,105.17
Stock acquired on demerger	
-Finished goods	4,503.15
-Work in progress	<u>8,837.97</u>
	13,341.12
	<u>(764.05)</u>

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the standalone financial statements (Continued)

for the period from 08 July 2016 to 31 March 2017

(Currency : Indian Rupee in lacs)

24 Changes in inventory of finished goods and work-in-progress (Continued)

24.1 Change in inventory of finished goods and work-in progress

	Aquired on account of demerger	31 March 2017	(Increase) / decrease in inventories
		Closing inventories 31 March 2017	
Finished goods			
Aroma Chemicals	4,431.75	3,669.02	762.73
By-products	71.40	76.29	(4.89)
Total	4,503.15	3,745.31	757.84
Work in Process			
Aroma Chemicals	8,771.01	10,354.98	(1,583.97)
By-products	66.98	4.89	62.09
Total	8,837.99	10,359.87	(1,521.88)
Total	13,341.140	14,105.176	(764.04)

Privi Organics India Limited

(formerly Adf Aromatic Limited)

Notes to the standalone financial statements (Continued)

for the period from 08 July 2016 to 31 March 2017

(Currency : Indian Rupee in lacs)

	08 July 2016 to 31 March 2017
25 Employee benefits	
Salaries, wages and bonus	1,958.16
Contribution to provident and other funds	141.37
Staff welfare expenses	184.46
	<u>2,283.99</u>
26 Finance cost	
Interest on term loans	396.06
Less: Interest capitalized	<u>(59.41)</u>
Net interest on term loans	336.65
Interest on working capital loans	693.20
Interest on other loans	121.08
Other finance cost	73.78
Interest on Income Tax	27.32
	<u>1,252.03</u>
27 Other expenses	
Consumable stores and spares parts	385.27
Excise duty related to (decrease) / increase in inventory of finished goods	39.47
Power, fuel and water	2,672.19
Job work charges	502.25
Repairs and maintenance	
- building	37.23
- machinery	272.88
- others	55.37
Contract labour charges	428.01
Lease rent (refer Note 34)	27.50
Research and development	398.14
Pollution control expenses	82.28
Other factory expenses	145.58
Auditors' remuneration (excluding service tax)	
-Audit fees	44.50
-Other services - certification	2.05
-Out of pocket expenses	1.60
Conveyance and travelling	247.04
Insurance	49.17
Postage, telephone and telegram	40.67
Training expenses	13.23
Printing and stationery	20.02
Professional fees	222.81
Rates and taxes	20.38
Freight outward	777.32
Selling and distribution	261.00
Bank charges	279.90
Brokerage and commission	74.10
Sundry balance written off	6.81
Corporate Social Responsibility (CSR) expenses (refer note 38)	18.10
Other expenses	270.89
	<u>7,395.76</u>

Privi Organics India Limited

(formerly *Adi Aromatic Limited*)

Notes to the standalone financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

28 Earnings per share

Particulars	31 March 2017 Total
Basic and diluted earnings per share	
Net profit after tax attributable to equity shareholders (A)	1,554.00
Number of equity shares outstanding at the end of the year	10,000
Weighted average number of equity shares outstanding during the year (B)	7,315
Earnings per share	
Basic and diluted earnings per shares (face value of Rs. 10 per share)	21,317

29 Expenditure in foreign currency

	31 March 2017
Travelling	42.11
Interest on foreign currency term loans	352.63
Interest on PCFC	253.33
Freight charges	2,292.16
Other expenses	173.59

30 Related party disclosure

(1) *List of related parties*

a) *Holding Company*

Fairchem Speciality Limited (Formerly known as *Adi Finechem Ltd.*)

b) *Subsidiary Company (Where control exists)*

Privi Biotechnologies Private Limited

Privi Organics USA Inc.

c) *Associate Company*

Minar Organics Private Limited

d) *Enterprises owned or significantly influenced by key management personnel or their relatives*

Vivira Chemical Industries

Vivira Chemicals Private Limited

Privi Life Science Private Limited

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the standalone financial statements (Continued) for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

30 Related party disclosure (Continued)

(1) *List of related parties (Continued)*

d) Enterprises owned or significantly influenced by key management personnel or their relatives (Continued)

Babani Investment and Trading Private Limited

Satellite Technologies Private Limited

Vivira Investment and Trading Private Limited

Babani Bros. LLP

e) Key Management Personnel (KMP)

Mr. Mahesh P. Babani (Managing Director)

Mr. D. B. Rao (Executive Director)

f) Relatives of Key Management Personnel

Mr. D. Raj Kumar

Mr. Anoop P Babani

Mr. D. Vijay Kumar

Mr. D. Vinay Kumar

Mr. Ashok P Babani

Mrs. Seema M. Babani

Ms. Snehal Babani

Ms. Jyoti babani

Mrs. Nanda Nawin

Mrs. D Premaleela

Particulars	Relationship	Name of Party	31 March 2017
Purchase of raw materials	Enterprises owned or significantly influenced by key management personnel or their relatives	Privi Life Science Pvt. Ltd	6.56
		Privi Organics USA Inc	952.30
Sale of finished goods	Enterprises owned or significantly influenced by key management personnel or their relatives	Privi Life Science Pvt. Ltd	15.19
Sale of finished goods	Subsidiary company	Privi Organics USA Inc	7,143.08

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the standalone financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

30 Related party disclosure (Continued)

(1) List of related parties (Continued)

f) Relatives of Key Management Personnel (Continued)

Particulars	Relationship	Name of Party	31 March 2017
Rent, lease and hire (expense)	Enterprises owned or significantly influenced by key management personnel or their relatives	Minar Organics Pvt Ltd (Associate Company)	6.00
		Vivira Chemicals Pvt Ltd	4.00
Rent, lease and hire (income)	Enterprises owned or significantly influenced by key management personnel or their relatives	Privi Life Science Pvt Ltd	8.00
		Vivira Chemicals Pvt Ltd	0.20
		Minar Organics Pvt Ltd (Associate Company)	0.20
Advance given	Subsidiary company	Privi Biotechnologies Pvt Ltd	231.29
Salary paid	Key Management Personnel	D.B.Rao	53.50
		Maresh P Babani	61.85
		Relatives of key management personnel	D.Vinaykumar
Outstanding balance as at year end			
Receivables	Enterprises owned or significantly influenced by key management personnel or their relatives	Vivira Chemicals Pvt Ltd	1.02
		Vivira Chemicals Industries	0.51
		Minar Organics Pvt Ltd (Associate Company)	0.49
		Privi Life Science Pvt. Ltd	49.65
Loans and Advances	Subsidiary company	Privi Organics USA Inc	4,252.98
		Privi Biotechnologies Pvt Ltd.	245.30
Payables	Enterprises owned or significantly influenced by key management personnel or their relatives	Minar Organics Pvt. Ltd	2.03
		Privi Life Science Pvt Ltd	2.25
		Privi Organics USA Inc	171.69
Guarantees given by the directors and family members in their personal capacity for loans taken by the Company and their relative.			50,463.40

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the standalone financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

31 Employee benefits

Gratuity is payable to all eligible employees of the company on superannuation, death, permanent disablement and resignation in terms of provision of the Payment of Gratuity Act, 1972. As per the requirement of Accounting Standard 15 (Revised 2005) on "Employee Benefits" the disclosure are as follows:

(I) Defined benefit plans

Particulars	31 March 2017
I Changes in Defined benefit Obligation	
Liability on account of demerger	414.32
Current service cost	69.37
Interest Cost	32.11
Benefits paid	(24.50)
Actuarial loss / (gain) on obligations	31.42
Liability at the end of the year	522.23
II Fair value of plan assets	-
III Actual return on plan assets	-
IV Amount recognized in the balance sheet	
Liability at the year end	522.23
Fair value of plan assets at the year end	-
Amount recognized in the Balance sheet	522.23
V Expense Recognized in the Statement of Profit and loss	
Current Service Cost	69.37
Interest costs	32.11
Expected Return on plan assets	Nil
Net Actuarial Loss/ (gain) to be recognized	31.42
Expense Recognised in the statement of Profit and Loss	132.61
VI Balance Sheet Reconciliation	
Opening Net Liability	414.32
Expense as above	132.61
Benefits Paid	(24.50)
Closing Net Liability	522.23
VII Actuarial Assumptions	
Discount Rate	7.25%
Salary Escalation	8.25%
Mortality Table	Indian assured lives (2006-08)

(II) Experience adjustments:-

	31 March 2017
Present Value of defined benefit obligation	522.23
Fair value of the Plan Assets	
Surplus/(Deficit) in the Plan	(522.23)
Experience adjustment on:	
Plan Liabilities (Gain)/ Loss	31.42
Plan Assets Gain/(Loss)	-

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the standalone financial statements (Continued) for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

31 Employee benefits (Continued)

The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

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

The Company's liability on account of gratuity and compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable.

The charge for compensated absences for the year is **Rs. 20.82**

Amount of **Rs.120.06** contributed to provident fund is recognised as an expense and included in "Employee benefits" in the statement of profit and loss.

32 Transfer Pricing

The company's international transaction with related parties are at arm's length . The management believes that the company's international transaction with related parties continues with arm's length and that the transfer pricing legislation will not have any impact on these financial statements , particularly on amount of tax expense and that of provision for tax.

33 Foreign currency exposure

Particulars of unhedged foreign currency exposures

	Currency	31 March 2017	
		Foreign Currency Amount	Amount
Trade payables (including acceptance)	USD	163.21	10,590.77
	Euro	0.02	1.16
Trade receivables	USD	154.26	10,001.77
	Euro	14.00	969.56
Term loans	USD	104.12	6,750.78

34 Derivatives instruments

The Company uses interest rate swap to hedge its exposure in interest rate. The information on derivative instruments is as follows:

Derivative instrument outstanding at 31 March 2017:-

	Amount
Currency	USD
Floating to foreign exchange fixed interest rate swap	4163.45

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the standalone financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

35 Operating leases

- a) The Company has taken a commercial property on non-cancellable operating lease. The future minimum lease payments in respect of this property as on 31 March 2017 is as follows:

Lease payments due	31 March 2017
Not later than one year	35.32
Later than one year but not later than 5 years	251.27
Later than 5 years	-

- b) Lease payments debited on account of operating leases disclosed under rent in statement of profit and loss Rs.48.65 out of which Rs 21.15 is reclassified to Research and Development Expenditure.

36 Segmental Reporting

(a) *Primary Business Segment*

In accordance with the requirements of Accounting Standard 17 'Segment Reporting' ('AS17'), the Company has determined its business segment as "Aromatic chemicals" since entire business of the Company is from Aromatic chemicals. As the Company is engaged only in one business segment, the segment revenue, segment result, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, the total amount of charge for depreciation and amortization during the year are as reflected in the financial statements for the period from 08 July 2016 to 31 March 2017.

(b) *Secondary Geographical Segment*

In respect of secondary segment information, the company has identified its geographical segments as Domestic and Overseas. The Secondary Segment information has been disclosed accordingly.

	Year	Domestic	Overseas	Total
Revenue	31 March 2017	12,179.84	28,583.51	40,763.00
Carrying amount of segment asset*	31 March 2017	66,680.13	10,971.33	77,651.46
Capital expenditure during the year	31 March 2017	5,758.65	Nil	5,758.65

*Does not include non-operating asset comprising of advance tax of Rs 945.65 Lacs

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the standalone financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

37 Commitments

	31 March 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) (Capital Commitments)	647.81
LC's issued in favour of suppliers, but the material not dispatched.	153.87

38 Contingent liabilities

a) Direct and Indirect taxes

Particulars	31 March 2017
Demand of Rs. 15.52 (out of which Rs. 6.00 paid) raised by Customs, Excise and Service Tax Appellate Tribunal West Zonal Bench, Mumbai for clearance of imported goods under DEPB scheme. (Contravention of the provisions of Section 111 (o) of the Customs Act, 1962)	15.52
Demand raised by Income Tax Authorities	1044.10
Demand raised by Excise Authorities	31.89

39 Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, the Company has constituted a Corporate Social Responsibility (CSR) Committee. During the year, the Company has spent on eradicating hunger, poverty, malnutrition, promoting preventive healthcare and sanitation and making available safe drinking water. The total amount spent by the Company towards CSR activities during the year is **Rs.18.10** lacs

(a) Gross amount required to be spent by Company during the year is **Rs.31.09** lacs

(b) Amount spent during the year on:

Sr. No.	Activities	Paid in Cash	Yet to be Paid in	Total (Rs. Lacs)
		(Rs. Lacs)	Cash (Rs. Lacs)	
		From	From	From
		08-July-16 to	08-July-16 to	08-July-16 to
		31-Mar-17	31-Mar-17	31-Mar-17
1	Supporting government schools and colleges	4.48	-	4.48
2	Child development and Woman empowerment	2.66	-	2.66
3	Vocational training	8.06	-	8.06
4	Initiating nutritional programs	0.29	-	0.29
5	Contributions to health oriented technology incubators	-	-	-
6	Health Awareness programs	2.38	-	2.38
7	Protection / preservation / propagation of Flora & Fauna	0.20	-	0.20
8	National NDEP	-	-	-
9	Administrative Cost	-	-	-
	Total	18.10	-	18.10

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the standalone financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

40 Research and development expenditure

The amount of expenditure as shown in the respective heads of accounts is as under:

Particulars	31 March 2017
Revenue expenditure charges to statement of profit and loss account (refer note 27)	
- Consumable materials consumed	48.24
- Employee benefits expenses	306.47
- Power and fuel	22.28
- Lease rent	21.15
- Total	398.14

41 Scheme of Arrangement (Demerger) between the Company, Fairchem Speciality Limited and Privi Organics Limited

During the year ended March 31, 2017, the Company (the Resulting Company) entered into a Scheme of Arrangement ('the Scheme') between, Privi Organics Limited ("POL") (Demerged Company), Fairchem Speciality Limited ("FSL" formerly AdiFinechem Limited) (parent company of the Resulting Company) and Adi Aromatic Limited (Resulting Company whose name has since been changed to Privi Organics India Limited or POIL). The Scheme involved demerger of the Aroma Chemical Business of POL ('Demerged Undertaking') and transfer to Adi Aromatic Limited (now known as Privi Organics India Limited or POIL) which is a 100% subsidiary of FSL, a Company whose equity shares are listed and traded on the BSE Limited and the National Stock Exchange of India Limited.

Upon the Scheme becoming effective and as consideration for the Scheme, FSL shall issue and allot to the equity shareholders of POL, for the transfer of the Demerged Undertaking, shares in the following proportion

"27 (twenty seven) equity shares of FSL 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 FSL of Rs. 10 each fully paid up for every 40 (forty) equity shares of POL of Rs. 10/- each fully paid up".

The Scheme was approved by the National Company Law Tribunal (NCLT) on February 22, 2017 ("Order"). The Scheme became effective on March 14, 2017 when the Order approved by the NCLT was filed with the Registrar of Companies, Mumbai. Accordingly, the Scheme has been given effect to in the financial statements with effect from the appointed date of August 1, 2016.

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the standalone financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

41 Scheme of Arrangement (Demerger) between the Company, Fairchem Speciality Limited and Privi Organics Limited (Continued)

Pursuant to the Scheme, the following assets and liabilities have been divested into the Resulting Company from POL at the same values as appearing in the books of POL on August 1, 2016, being the appointed date:

Particulars	Amount in lakhs
Liabilities	
<i>Non-Current Liabilities</i>	
Long-term borrowings	6,379.53
Deferred tax liability (Net)	1,100.89
Other long-term liabilities	0.25
Long-term provisions	635.75
<i>Current Liabilities</i>	
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	
<i>Fixed Assets (Net)</i>	28,538.06
<i>Investments</i>	
-Non-Current	959.17
-Current	15.01
<i>Current Assets</i>	
-Non-Current	1,928.35
Long-term loans and advances	1,450.14
Other non current assets	
-Current	21,437.22
Inventories	16,341.06
Trade receivables	1,851.81
Cash and bank balance	2,372.74
Short-term loans and advances	45,381.32
Total Assets(B)	74,893.56
Net Assets (B-A)	20,811.87

As mentioned under the Scheme, the excess of the value of assets over the value of liabilities will be treated as general reserve. Accordingly, the net assets of Rs 20,811.87 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 lacs (net of expenses incurred of Rs 471.78 lacs) has been transferred to the Resulting Company with a credit to the general reserve accordingly, Rs. 35,340.09 lakhs has been transferred to general reserves (in the aggregate).

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the standalone financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

42 Disclosure on Specified Bank Notes (SBN's)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBN's and other notes as per the notification given below:

Particulars	SBN's*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	242,500	1,397,384	1,639,884
Transaction between 9 November to 30 December 2016			
(+) Withdrawal from Bank		1,766,830	1,766,830
(-) Permitted Payments		1,680,908	1,680,908
(-) Amount deposited in Banks	242,500		242,500
Closing cash in hand as on December 30, 2016	-	1,483,306	1,483,306

* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November, 2016

43 Prior year comparative

The Company was incorporated on 8 July 2016. As this is the first financial statement of the Company, prior period figures are not applicable.

As per our report of even date attached

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors
Privi Organics India Limited
CIN: U24120MH1982PLC026867

Adwait Morwekar
Partner
Membership No: 110223

Mahesh Babani
Managing Director
DIN: 00051162

D.B.Rao
Executive Director
DIN: 00356218

Narayan S Iyer
Chief Financial Officer

Ramesh Kathuria
Company Secretary

Mumbai
10 May 2017

Mumbai
10 May 2017

Independent Auditors' Report

To the Members of Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Privi Organics India Limited, ('the Holding Company'), and its subsidiaries and associate (together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2017, the consolidated statement of profit and loss and the consolidated cash flow statement for the period beginning from 8 July 2016 and ending on 31 March 2017, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the consolidated financial statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. 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 and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments 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 have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, 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.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section (10) of Section 143 of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

Independent Auditor's Report (Continued)

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Auditor's Responsibility (Continued)

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at 31 March 2017, and its consolidated profit and its consolidated cash flows for the period beginning from 8 July 2016 and ending on 31 March 2017.

Emphasis of matter

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

Other Matter

- a. We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets (net) of Rs. 4,969.17 lacs as at 31st March, 2017, total revenues of Rs. 7,566.52 lacs and net cash outflow amounting to Rs. (58.61) lacs for the period ended on that date, as considered in the consolidated financial statements. The Consolidated financial statements also include the Group's share of net profit of Rs. Nil for the year ended 31 March 2017, as considered in the consolidated financial statement, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors' whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the reports of the other auditors.

Independent Auditor's Report (Continued)

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Other Matter (Continued)

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

Report on Other Legal and Regulatory Requirements

1. As required by sub-section (3) of Section 143 of the Act, to the extent applicable, 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 of the aforesaid consolidated financial statements;
 - (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Group so far as it appears from our examination of those books and the report of the other auditors;
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of accounts maintained for the purpose of preparation of the consolidated financial statements;
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and associate incorporated in India, none of the Directors of the Group companies, incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary and associate incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 37(a) to the consolidated financial statements;
 - ii. The Group has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long term contracts including derivative contracts – Refer Note 11 to the consolidated financial statements;

Independent Auditor's Report (*Continued*)

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Report on Other Legal and Regulatory Requirements (*Continued*)

- iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the holding company and its subsidiary company and associate incorporated in India; and
- iv. The Group has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and these are in accordance with books of accounts maintained by the Holding company and its subsidiary company - Refer Note 39 to consolidated financial statements.

For **B S R & Associates LLP**

Chartered Accountants

Firm's registration no : 116231W/W-100024

Mumbai
10 May 2017

Adwait Morwekar

Partner

Membership No: 110223

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Annexure A to Independent Auditors' Report – 31 March 2017

(Referred to in our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the period beginning from 8 July 2016 and ending on 31 March 2017, we have audited the internal financial controls over financial reporting of Privi Organics India Limited, (hereinafter referred to as “the Holding Company”) and relied upon reports of other auditors for subsidiary company and an associate, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary company and its associate which are incorporated in India, are 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 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

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, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, 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.

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.

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.

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Annexure A to Independent Auditors' Report – 31 March 2017 (Continued)

Meaning of Internal Financial Controls Over Financial Reporting

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:

- (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (b) 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
- (c) 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

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

In our opinion, the Holding Company and its subsidiary company and its associate, 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 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountant of India.

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Annexure A to Independent Auditors' Report – 31 March 2017 *(Continued)*

Other Matter

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

For **B S R & Associates LLP**

Chartered Accountants

Firm's registration no : 116231W/W-100024

Mumbai
10 May 2017

Adwait Morwekar
Partner
Membership No: 110223

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Consolidated balance sheet

as at 31 March 2017

(Currency : Indian Rupee in lacs)

	<i>Note</i>	31 March 2017
Equity and liabilities		
Shareholders' funds		
Share capital	3	1.00
Reserves and surplus	4	36,629.81
		<u>36,630.81</u>
Non-current liabilities		
Long-term borrowings	5	4,749.09
Deferred tax liability (Net)	6	956.13
Other long-term liabilities	7	0.25
Long-term provisions	8	675.55
		<u>6,381.02</u>
Current liabilities		
Short-term borrowings	9	15,745.86
Trade payables	10	
i) Total outstanding dues of Micro and Small enterprises		-
ii) Total outstanding dues of creditors other than Micro and small enterprises		12,485.55
Other current liabilities	11	6,296.06
Short-term provisions	12	853.81
		<u>35,381.28</u>
Total		<u><u>78,393.11</u></u>
Assets		
Non-current assets		
Fixed assets		
Tangible fixed assets	13	29,299.30
Intangible fixed assets		123.75
Capital work-in-progress		1,848.07
Intangible assets under development		220.14
		<u>31,491.26</u>
Goodwill on consolidation		144.60
Non-current investments	14	5.76
Long-term loans and advances	15	3,158.63
Other non current assets	19	631.28
		<u>3,795.67</u>
Current assets		
Current investments	16	15.01
Inventories	17	22,299.31
Trade receivables	18	14,849.58
Cash and bank balance	19	3,023.41
Short-term loans and advances	15	2,774.27
		<u>42,961.58</u>
Total		<u><u>78,393.11</u></u>
Significant accounting policies		
The notes referred to above form an integral part of the financial statements.	2	
As per our report of even date attached.	3 - 41	

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W-100024

For and on behalf of Board of Directors of
Privi Organics India Limited
CIN: U24220MH2016PLC283393

Adwait Morwekar
Partner
Membership No: 110223

Mahesh Babani
Managing Director
DIN: 00051162

D.B.Rao
Executive Director
DIN: 00356218

Narayan S Iyer
Chief Financial Officer

Ramesh Kathuria
Company Secretary

Mumbai
10 May 2017

Mumbai
10 May 2017

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Consolidated statement of profit and loss

for the period from 08 July 2016 to 31 March 2017

(Currency : Indian Rupee in lacs)

	<i>Note</i>	08 July 2016 to 31 March 2017
Revenue from operations		
Sales of products (gross)	20	42,709.08
Less: Excise duty		2,042.46
Sale of products (net)		<u>40,666.62</u>
Other operating income	21	520.17
Foreign currency fluctuation gain (net)		705.77
Other income	22	272.68
Total revenue		<u><u>42,165.24</u></u>
Expenses		
Cost of material consumed	23	27,328.48
Changes in inventories of finished goods and work-in-progress	24	(599.88)
Employee benefits	25	2,418.60
Finance cost	26	1,254.19
Depreciation / amortisation and impairment	13	2,248.67
Other expenses	27	7,542.12
Total expenses		<u><u>40,192.18</u></u>
Profit before tax		<u>1,973.06</u>
Tax expenses		
- Current tax		827.66
- Deferred tax credit		(144.76)
Net profit for the year		<u><u>1,290.16</u></u>
Earnings per equity share of nominal value of Rs. 10		
Basic and diluted	40	<u><u>17,637</u></u>

Significant accounting policies

2

The notes referred to above form an integral part of the financial statements.

3 - 41

As per our report of even date attached.

For **B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W/W-100024

For and on behalf of Board of Directors of

Privi Organics India Limited

CIN: U24220MH2016PLC283393

Adwait Morwekar

Partner

Membership No: 110223

Mahesh Babani

Managing Director

DIN: 00051162

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Executive Director

DIN: 00356218

Narayan S Iyer

Chief Financial Officer

Ramesh Kathuria

Company Secretary

Mumbai
10 May 2017

Mumbai
10 May 2017

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Consolidated cash flow statement

for the period from 08 July 2016 to 31 March 2017

(Currency : Indian Rupee in lacs)

31 March 2017

A Cash flows from operating activities

Net profit before tax	1,973.06
Adjustments for :	
Depreciation and amortisation	2,248.67
(Gain) on sale of fixed assets	(1.33)
Unrealised foregin exchange loss (net)	510.18
Dividend income	(0.07)
Interest income	(163.14)
Interest expense	1,153.09
Operating profit before working capital changes	5,720.46

Operating cash flow before working capital changes

Decrease in inventories	255.43
Decrease in trade receivables	427.31
(Increase) in loans and advances	(320.42)
(decrease) in trade and other payables	(3,435.16)
	(3,072.84)

Cash generated from operations	2,647.62
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Income taxes paid	(1,390.40)
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Net cash generated from operating activities (A)	1,257.22
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B Cash flows from investing activities

Purchase of fixed assets	(5,114.17)
Proceeds from Intangible	23.53
Investment in fixed deposits	(197.73)
Interest received	163.14
Net cash (used in) investing activities (B)	(5,125.23)

C Cash flows from financing activities

Proceeds from issuance of equity share capital	1.00
Repayment of long term borrowings	(1,160.53)
Repayment of working capital loan (net)	(8,189.48)
Dividend received	0.07
Interest paid	(1,239.09)
Net cash (used in) financing activities (C)	(10,588.03)

Net (decrease) in cash and cash equivalents (A+B+C+D)	(14,456.04)
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Cash and cash equivalents acquired on demerger pursuant to scheme of arrangement	126.86
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Cash acquired subsequent to demerger (Refer Note 38)	14,527.78
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Cash and cash equivalents at end of the year	198.60
--	--------

	(14,456.04)
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Privi Organics India Limited

(formerly *Adi Aromatic Limited*)

Consolidated cash flow statement (*Continued*)

for the period from 08 July 2016 to 31 March 2017

(Currency : Indian Rupee in lacs)

31 March 2017

Notes to cash flow statement

i) Components of cash and cash equivalents:

Cash on hand	3.18
Balance with banks	
- in current accounts	195.42
	<u>198.60</u>

ii) The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard - 3 (AS-3) on Cash flow statement issued by the Companies (Accounting Standards) Rules, 2006.

iii) Unpaid dividend of Rs. 0.27 lacs, included in bank balances, is not available for use by the Company.

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W-100024

For and on behalf of Board of Directors of
Privi Organics India Limited
CIN: U24220MH2016PLC283393

Adwait Morwekar
Partner
Membership No: 110223

Mahesh Babani
Managing Director
DIN: 00051162

D.B.Rao
Executive Director
DIN: 00356218

Narayan S Iyer
Chief Financial Officer

Ramesh Kathuria
Company Secretary

Mumbai
10 May 2017

Mumbai
10 May 2017

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Notes to the consolidated financial statements

For the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

1 Company overview

Privi Organics India Limited ('Privi', or 'the Company') incorporated on 08 July 2016 under the provision of the Companies Act, 2013 is a public company domiciled in India. The Company is engaged in the manufacture, supply and export of aroma chemicals.

The Company's manufacturing units are located at Mahad and Jagadia. Privi's in-house Research and Development centre has been accorded recognition by the Department of Scientific and Industrial Research.

2 Basis of Consolidation and Significant Accounting Policies

2.1 Basis of Consolidation

(i) Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared and presented in accordance with the accounting principles generally accepted in India ("Indian GAAP"). Indian GAAP comprises Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013 (Collectively referred to as "IGAAP"). The financial statements are presented in Indian Rupees rounded off to the nearest lacs.

(ii) Principles of consolidation

The consolidated financial statements relate to Privi Organics India Limited ("the Company"), its subsidiary companies, together "the Group") and Group's share of profit/loss in its associate company. The consolidated financial statements have been prepared on the following basis.

The financial statements of the Company and its subsidiary companies have been combined on a line by line basis by adding together the value of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions and resulting profits or losses (unless cost cannot be recovered) in accordance with Accounting Standard (AS) 21-"Consolidated Financial Statements"

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's standalone financial statements.

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Basis of Consolidation and Significant Accounting Policies (Continued)

2.1 Basis of Consolidation (Continued)

(iii) Principles of consolidation

The difference between the cost of investments in the subsidiaries over its share in the equity at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill. Alternatively, where the share of equity at the time of acquisition of shares in subsidiaries, is in excess of the cost of investment of the Company, it is recognised as Capital Reserve. The Goodwill / Capital Reserve is determined separately for each subsidiary company.

Investment in associate companies are accounted for using equity method in accordance with Accounting Standard (AS) 23- "Accounting for investments in Associates in consolidated financial statements. Accordingly, the share of profit / loss of the associate company (the loss being restricted to the cost of investment is deducted from / added to the cost of investment.

The difference between the cost of investment in the associate and the share of its equity at the time of acquisition of the share in the associate is described as Goodwill or Capital Reserve, as the case may be. Goodwill or Capital Reserve is included in the carrying amount of investment in associate and disclosed separately.

Financial Statements of Foreign Subsidiaries, being non integral operations, have been converted in Indian Rupees at following exchange rate

Revenue and Expenses: At the average of the year

Assets and Liabilities : At the end of the year

The resultant transaction exchange difference is transferred to " Foreign Currency Translation Reserve"

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

a) Following subsidiary companies and associate have been considered in the preparation of Consolidated Financial statements.

Subsidiaries

S.No	Name of the Company	% Ownership held by the Parent	
		Country of Incorporation	As at March 31,2017
1	Privi Biotechnologies Private Ltd	India	100
2	Privi Organics USA Inc	USA	100

Associates

S.No	Name of the Company	% Ownership held by the Parent	
		Country of Incorporation	As at March 31,2017
1	Minar Organics Private Limited	India	38.50

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (*Continued*) for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Basis of Consolidation and Significant Accounting Policies (*Continued*)

2.2 Significant Accounting Policies

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amount of assets, liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

b) Current and non-current classification

Schedule III to the Companies Act, 2013 requires assets and liabilities to be classified as either Current or Non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued) for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Basis of Consolidation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (Continued)

c) Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents and is 12 months for the Company.

d) Fixed assets, depreciation and amortisation

Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds.

Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Tangible fixed assets under construction are disclosed as capital work-in-progress.

The revalued assets are carried at the revalued amounts less accumulated depreciation and impairment losses, if any. Increase in the net book value on such revaluation is credited to "Revaluation reserve account" except to the extent such increase is related to and not greater than a decrease arising from a revaluation/impairment that was previously recognised in the Statement of Profit and Loss, in which case such amount is credited to the Statement of Profit and Loss. Decrease in book value on revaluation is charged to the Statement of Profit and Loss except where such decrease relates to a previously recognised increase that was credited to the Revaluation reserve, in which case the decrease is charged to the Revaluation reserve to the extent the reserve has not been subsequently reversed/utilised.

Upon the sale, disposal, extinguishment of the revalued assets the amount of revaluation reserve against such assets is adjusted against their carrying values and the difference between the sale proceeds of such assets and the adjusted carrying value are recognised in the consolidated statement of profit and loss.

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued) for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Basis of Consolidation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (Continued)

d) Fixed assets, depreciation and amortisation (Continued)

Tangible fixed assets (Continued)

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets taken on finance lease are initially capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Depreciation is provided on a pro-rata basis i.e. from the date on which asset is ready for use.

Leasehold land is amortised on a straight line basis over the period of lease.

Depreciation for the year is recognised in the Statement of Profit and Loss.

Depreciation is provided on the straight-line method using useful life prescribed in Part C of Schedule II of the Companies Act, 2013 except in case of the following class of assets where based on an expert's technical evaluation, the useful life of the class of assets are estimated to be different than that prescribed in Schedule II:

Sr.No.	Asset Class	Useful life considered
1	Plant and machinery	10
2	Furniture & fixtures	16
3	Office equipment	10
4	Computers	6
5	Vehicles	11

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives (not being greater than the useful life envisaged in Schedule II of the Companies Act, 2013) unless it is reasonably certain that the company will obtain ownership by the end of the lease term, in which case the depreciation rates applicable for similar assets owned by the Company are applied.

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Basis of Consolidation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (Continued)

d) Fixed assets, depreciation and amortisation (Continued)

Intangible fixed assets (Continued)

Acquired intangible assets

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

Internally generated intangible assets

With regard to internally generated intangible assets:

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

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

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

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

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

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

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

Privi Organics India Limited

(Formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (*Continued*) for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Basis of Consolidation and Significant Accounting Policies (*Continued*)

2.2 Significant Accounting Policies (*Continued*)

e) *Impairment*

Fixed assets (tangible and intangible) are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (cash generating unit or CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in the statement of profit or loss.

If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. The impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

f) *Operating leases*

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the statement of profit and loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit.

g) *Investments*

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current-non-current classification scheme of Schedule III.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

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Notes to the consolidated financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Basis of Consolidation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (Continued)

g) Investments (Continued)

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed of.

h) Inventories

Inventories which comprise raw materials, work-in-progress, finished goods, stores and spares are carried at the lower of the cost and net realisable value.

In the case of raw materials, packing materials, stores and spares and fuel, costs are determined on FIFO basis. Costs include purchase price (net of refundable taxes and levies) and other costs incurred in bringing the inventories to their present location and condition.

Costs of finished goods and work-in-progress are determined using the absorption costing principles. Costs include the cost of materials consumed; labour and a systematic allocation of variable and fixed production overheads. Excise duties at applicable rates are also included in the cost of finished goods.

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.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

The comparison of cost and net realisable value is made on an item-by-item basis.

i) Employee benefits

Short-term employee benefits.

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Privi Organics India Limited

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Notes to the consolidated financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Basis of Consolidation and Significant Accounting Policies (Continued)

2.2 Significant Accounting Policies (Continued)

i) Employee benefits (Continued)

Post employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plans

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation of the Company's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method.

The Company recognises all actuarial gains and losses arising from defined benefit plan immediately in the Statement of Profit and Loss. All expenses related to defined benefit plan are recognised in employee benefits expense in the Statement of Profit and Loss.

Compensated absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

j) Revenue Recognition

Revenue from sale of goods in the course of ordinary activities is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

Privi Organics India Limited

(Formerly *Adi Aromatic Limited*)

Notes to the consolidated financial statements (*Continued*)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Basis of Consolidation and Significant Accounting Policies (*Continued*)

2.2 Significant Accounting Policies (*Continued*)

j) Revenue Recognition (Continued)

Revenue in respect of Insurance and other claim is recognized only on reasonable certainty of ultimate collection.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable. Discount or premium on debt securities held is accrued over the period to maturity.

k) Export incentive

An export incentive is recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of export made, and there is no uncertainty as to its receipt.

l) Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies except derivatives as at the balance sheet date are translated at the closing exchange rate on that date; the resultant exchange differences are recognized in the statement of profit and loss.

m) Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Privi Organics India Limited

(Formerly *Adi Aromatic Limited*)

Notes to the consolidated financial statements (*Continued*)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian rupees in lacs)

2 Basis of Consolidation and Significant Accounting Policies (*Continued*)

2.2 Significant Accounting Policies (*Continued*)

n) *Income Taxes*

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in profit or loss except that tax expense related to items recognised directly in reserves is also recognized in those reserves.

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

o) *Earnings per share ('EPS')*

Basic EPS is computed using the weighted average number of equity shares outstanding during the year. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

p) *Cash and cash equivalent*

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Privi Organics India Limited

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Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupee in lacs)

31 March 2017

3 Share capital

Authorised	<u>1.00</u>
10,000 equity shares of Rs. 10 each	
Issued, subscribed and fully paid-up	
10,000 equity shares of Rs. 10 each	<u>1.00</u>

a) Reconciliation of shares outstanding at the end of the reporting period

	31 March 2017	
	Number	Amount
Shares issued during the year	10,000	1.00
Number of shares at the end of the year	<u>10,000</u>	<u>1.00</u>

b) Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regards to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

Failure to pay any amount called up on shares may lead to forfeiture of the shares.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c) Particulars of shareholders holding more than 5% shares of a class of shares

	31 March 2017	
	No of shares	%
Fairchem Speciality Limited (formerly known as Adi Finechem Limited)	10,000	100.00%

d) Event occurring after balance sheet date

The Board of Directors, in its meeting on 10 May 2017, have proposed a final dividend of Rs 2,500 per equity share for the financial year ended 31 March 2017. The proposal is subject to the approval of shareholders at the Annual General Meeting to be held on 11 August 2017, and if approved would result in a cash outflow of approximately 300.89 lakhs, including corporate dividend tax.

31 March 2017

4 Reserves and surplus

General reserve:		
Addition on account of demerger scheme (refer Note: 38)	35,340.09	
At the end of the period		35,340.09
Foreign currency translation reserve		
Add: Effect of foreign exchange rate variation	(0.44)	
At the end of the period		(0.44)
Surplus in the statement of profit and loss		
At the end of the period		1,290.16
		<u>36,629.81</u>

Privi Organics India Limited

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Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupee in lacs)

5 Long-term borrowings

(Secured loans)

	Non-current 31 March 2017	Current 31 March 2017
Loans from banks (refer note 'a' & 'b' below)		
Term loans in foreign currency	3,972.37	2,778.41
Term loans in Indian currency	373.50	166.00
Vehicle loan (hypothecated with the lender)	7.77	10.94
	<u>4,353.64</u>	<u>2,955.35</u>
Amount included under the head "other current liabilities" (refer note 11)	-	(2,955.35)
	<u>4,353.64</u>	<u>-</u>

Notes:

- a) Term loan from Standard Chartered Bank in foreign currency USD 4,714,286 equivalent to Rs. 3,056.68 lacs , term loan from DBS Bank in foreign currency USD 500,000 equivalent to Rs.324.19 lacs, Ratnakar Bank in foreign currency USD 3,990,422 equivalent to Rs.2,587.33 lacs , term loan from Ratnakar Bank in foreign currency USD. 1,206,961 equivalent to Rs.782.58 lacs and term loan from Bank of Baroda in INR Rs.539.50 lacs are secured by a first mortgage on the Company's immovable properties both present and future ranking pari passu inter se and a first charge by way of hypothecation of all the Company's assets (save and except book debts and inventories) including movable machinery (save and except spares tools and accessories) both present and future subject to charges created in favour of the Company's bankers for inventories, book debts and other specified movable assets for securing the borrowings of Working Capital and by way of personal guarantees of Directors and their relatives.
- b) Repayment Terms of outstanding long term borrowings
- i) Standard Chartered Bank term loan of USD 5,500,000 carries interest @ 5.75 The term loan is repayable in 14 quarterly installments of USD 392,857.14 each starting from July 2016.
- ii) Ratnakar Bank term loan of USD 5,586,592 carries interest @ 5.25+ libor. The term loan is repayable in 5 quarterly installments of USD 319,233.84 each , 10 quarterly installments of USD 399,042.30 each (total 15 installments) starting from March 2016.
- iii) DBS Bank Ltd term loan of USD 8,000,000 carries interest @6.10%. The term loan is repayable in 14 quarterly installments of USD 500,000 each starting from September 2013.
- iv) Ratnakar Bank term loan of USD 1,347,305.40 carries interest @ 6.00%. The term loan is repayable in 7 staggering quarterly installments of USD 205329.34 each till 2018.
- v) Bank of Baroda term loan of Rs. 830.00 lacs carries interest @ 12.25% The term loan is repayable in 20 quarterly installments of Rs. 41.50 lacs each starting from June 2015.

Un-secured loans

	Non-current 31 March 2017	Current 31 March 2017
Sales tax deferred (refer note 'a' below)	235.97	93.84
Loans from Department of Bio-technology and others (refer note 'b' below)	159.48	6.24
	<u>395.45</u>	<u>100.08</u>
Amount included under the head "other current liabilities" (refer note 11)	-	(100.08)
	<u>395.45</u>	<u>-</u>
Total	<u>4,749.09</u>	<u>-</u>

Privi Organics India Limited

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Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupee in lacs)

5 Long-term borrowings (Continued)

- a) Package Scheme of Incentive permits the company to accumulate the sales tax collected from its customers in respect of goods produced at Mahad factory. Sales tax collected each year is repayable in five equal yearly installments after ten years from the year of collection. Outstanding amount is repayable in annual installments till April 2022 from the date of reporting date. Sales Tax Deferral Loan is interest free. Current maturity of Sales Tax Deferral Loan of Rs. 93.84 lacs is disclosed under ' Other Current Liabilities' (refer note 11)
- b) This is towards Grant-in-aid and loan received from the Department of Biotechnology, Ministry of Science & Technology under Small Business Innovation Research Initiative (SBIRI) scheme for "Enzyme Catalyzed Manufacture of esters". The aid is received in the form of loan Rs. 18.72 lacs 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 lacs for the project entitled Pilot Scale Transiation Facility For the Value added chemicals From Biomass. Also another Grant-in-aid and loan received from Indo-German Science and Technology Center amounting Rs. 30 Lacs for the project on design of selective nanoporous membrane bioreactor for efficient production of bio-butanol from lignocellulosic sugars.

31 March 2017

6 Deferred tax liability (net)

a) Deferred tax liability	
Arising on account of timing differences in:	
Depreciation	1,231.99
	<u>1,231.99</u>
b) Deferred tax asset	
Arising on account of timing differences in:	
Provision for doubtful trade receivable	(3.76)
Provision for doubtful advances and deposits	(3.70)
Provision for employee benefits	(268.40)
	<u>(275.86)</u>
	<u>956.13</u>

7 Other long-term liabilities

Security deposits	0.25
	<u>0.25</u>

8 Long - term provisions

Provision for employee benefits (refer note 30)	
Gratuity	493.92
Compensated absences	181.63
	<u>675.55</u>

9 Short - term borrowings

(Secured)

Working capital loans (payable on demand) from banks.	8,837.87
Post shipment credit from banks	68.69
Packing credit from banks	6,839.30
	<u>15,745.86</u>

Privi Organics India Limited

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Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupee in lacs)

9 Short - term borrowings (Continued)

Note:

Working Capital Loans from banks are secured by way of hypothecation of inventories both on hand and in transit and book debts and other receivables both present and future and also secured by way of second charge on fixed assets and by way of personal guarantees of Directors and their relatives.

Working capital loans carry interest rate @ 8.5% to 14% and are payable on demand.

Post shipment and packing credit from bank carry interest rate @ 2.34% to 4.86% and are due for payment within 180 days. Rupee packing credit and post shipment carry interest between @ 8.75% to 11.50%.

31 March 2017

10 Trade payables

Other than Macro and Small Enterprises

- Trade payables

9,920.48

- Creditors against acceptance

2,565.07

12,485.55

On the basis of information and records available, there are no outstanding dues and outstanding interest on dues to micro and small enterprises.

11 Other current liabilities

Current maturities of long term borrowings - term loan (Secured) (refer note 5)

2,955.35

Current maturities of long term borrowings (Unsecured) (refer note 5)

100.08

Other payables

- For capital goods

860.82

- For expenses

1,508.49

- For employees

313.24

- For statutory dues

306.80

Interest accrued but not due

43.44

Bank Overdraft

123.24

Derivative liability

84.60

6,296.06

12 Short term provisions

Provision for employee benefits

Gratuity (refer note 30)

28.31

Compensated absences

16.62

Other provisions

-Provision for wealth tax

0.20

-Provision for income tax [net of advance tax] current year Rs.4709.50 (2015 : Rs. 4429.21)

804.66

-Provision for fringe benefits tax [net of advance fringe benefits tax]

4.02

853.81

Privi Organics India Limited
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as at 31 March 2017

(Currency : Indian Rupee in lacs)

13 Fixed assets

PARTICULARS	GROSS BLOCK		ACCUMULATED DEPRECIATION / AMORTISATION AND IMPAIRMENT		NET BLOCK	
	Acquired on account of demerger as at 01 August 2016	Additions/ adjustment during the period	Deductions / adjustment during the period	Charge for the period	As at 31 March 2017	As at 31 March 2017
Tangible assets						
Lease hold land (refer note iv below)	1,426.65	-	-	6.76	1,426.65	1,394.93
Buildings (refer note i, ii, iii & iv below)	5,153.43	2,265.25	-	138.09	7,418.68	6,476.46
Staff quarters	51.09	-	-	0.55	51.09	36.55
Leasehold improvements	547.20	-	-	26.44	547.20	204.42
Plant and machinery (refer note i, ii & iii below)	28,829.09	5,226.09	-	1,818.48	34,055.18	19,375.46
Electrical installations	1,493.15	532.76	-	102.47	2,025.91	1,210.64
Furniture	140.86	3.84	-	5.26	144.70	61.08
Office equipments	142.53	7.40	-	2.66	149.93	30.12
Computers	304.55	15.23	-	14.99	319.78	58.92
Lab equipments	642.83	-	-	42.16	642.83	290.70
Lease Plant & Machinery	163.00	-	-	11.22	163.00	83.91
Vehicles	106.99	24.97	-	7.65	131.96	76.12
Total	39,001.37	8,075.54	-	2,176.72	47,076.91	29,299.30
Intangible assets						
Computers software	437.86	12.62	-	22.05	450.48	54.22
Rights for sales of products	256.08	-	23.53	34.10	232.55	20.62
Development Rights	218.01	5.94	-	15.79	223.94	48.91
Total	911.95	18.56	23.53	71.94	906.97	123.75
Capital work in progress (refer note i, ii & iii below)	5,704.44	4,208.13	8,064.50	-	1,848.07	1,848.07
Intangible assets under development	284.03	-	-	-	284.03	220.14
Grand total	45,901.79	12,302.22	8,088.03	2,248.67	50,115.99	31,491.26

Notes:

- i) Additions to gross block and capital work in progress include Rs. 59.41 lacs on account of capitalisation of borrowing costs during the year.
- ii) Additions to gross block and capital work in progress include Rs. 138.82 lacs on account of directly attributable salary expenses.
- iii) Additions to gross block and capital work in progress include Rs. 144.79 lacs on account of directly attributable electricity expenses.

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Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupee in lacs)

31 March 2017

14 Non-current investments

Non trade (quoted, fully paid-up)

5 equity shares of Rs. 10 each of Indus Ind Bank Ltd.	* 0.00
9,940 equity shares of Rs. 2 each of Bank of Baroda	4.57
5,000 equity shares of PNB Gilts Ltd. of Rs. 10 each	1.50
Less:- Provision for diminution in the value of investments	(0.31)

5.76

- Aggregate book value of quoted investments	5.76
- Aggregate market value of quoted investments	18.68
* Rounding off on conversion to Rs. in lacs	

15 Loans and advances

	Non-current 31 March 2017	Current 31 March 2017
To parties other than related parties		
Capital advance <i>(Unsecured, considered good unless otherwise stated)</i>	1,156.98	-
Deposits <i>(Unsecured)</i>		
- Considered good	395.41	3.63
- Considered doubtful	10.69	-
Less- Provision for doubtful deposit	(10.69)	-
	<u>395.41</u>	<u>3.63</u>
Advance to suppliers	-	521.44
Deposit with custom duty	6.00	-
Loans to employees	-	13.62
Unutilised Export Incentives Licences	-	733.78
Insurance Receivables	-	-
Advance tax and tax deducted at source [net of provision for tax] Rs.4871.09 lacs	945.64	1.43
Prepaid expenses	106.69	70.89
Balance with excise and custom authorities	284.21	1,355.51
VAT/Sales tax refund receivable	260.36	57.08
Other assets	3.34	16.89
	<u>1,606.24</u>	<u>2,770.64</u>
	<u>3,158.63</u>	<u>2,774.27</u>

31 March 2017

16 Current investments

In mutual funds (unquoted, fully paid-up) (valued at lower of cost and fair value)

Principal emerging bluechip fund-Growth	10.01
- 36292.058 units and 199 fractions face value Rs. 10.00 [NAV Rs.90.42 per unit]	
Reliance equity fund	2.50
- 13,189 units and 69 fractions face value Rs. 2.50 [NAV Rs.82.64 per unit]	
Reliance growth fund	2.50
-1,063 units and 20 fractions face value Rs. 2.50 [NAV Rs. 968.58]	

15.01

- Aggregate book value of unquoted investments	<u>15.01</u>
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Notes to the consolidated financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupee in lacs)

31 March 2017

17 Inventories

Raw material (including goods in transit Rs. 3535.95 lacs.)	6,404.61
Packing material	78.14
Fuel	219.28
Work in progress	10,359.86
Finished goods (including goods in transit Rs.730.31 lacs)	4,983.54
Stores and spares	253.88
	22,299.31

18 Trade receivables

Unsecured

Debts outstanding for a period exceeding six months from the date they became due for payment

- Considered good	116.13
- Considered doubtful	10.86
	126.99
Less: Provision for doubtful receivables	(10.86)
	(a) 116.13

Other debts

- Considered good	14,733.45
- Considered doubtful	-
	14,733.45
Less: Provision for doubtful receivables	-
	(b) 14,733.45
	(a+b) 14,849.58

19 Cash and bank balances

	Non Current 31 March 2017	Current 31 March 2017
Cash and cash equivalents		
a) Cash on hand	-	3.18
Balances with banks in:		
- Export earnings foreign currency account	-	195.42
- Current accounts	-	-
- Earner Exchange Foreign Currency account	-	-
b) other bank balances		
'Margin money deposits due to mature within 12 months of the reporting date	-	2,824.54
'Margin money deposit due to mature after 12 months of the reporting date included under 'Other non-current assets'	631.28	-
'Unpaid dividend	-	0.27
	631.28	3,023.41
Amount disclosed as "Other non current assets"	(631.28)	-
	-	3,023.41

Note:

Margin money deposits amounting to Rs. 3,266.05 lacs are pledged with banks for non cash limits and term deposit Rs. 189.77 lacs are pledged as cash security with banks for the loans taken by the Company .

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued)

for the period from 08 July 2016 to 31 March 2017

(Currency : Indian Rupee in lacs)

	08 July 2016 to 31 March 2017
20 Sale of products	
Domestic sales	14,125.57
Export sales	28,583.51
Sale of products (gross)	<u>42,709.08</u>
Less Excise duty	2,042.46
Sale of products (net)	<u><u>40,666.62</u></u>
21 Other operating income	
Export incentives	481.87
Job work charges received	38.30
	<u><u>520.17</u></u>
22 Other income	
Interest income from fixed deposits	163.14
Dividend income	0.07
Profit on sale of fixed assets	1.33
Liabilities/provision no longer required written back	92.75
Miscellaneous income	15.39
	<u><u>272.68</u></u>
23 Cost of materials consumed	
Stock acquired on demerger	
- Raw materials	7,335.08
- Packing materials	60.56
	<u>7,395.64</u>
Add: purchases	
- Raw materials	25,546.78
- Packing materials	868.81
	<u>26,415.59</u>
Less: closing stock	
- Raw materials	6,404.61
- Packing materials	78.14
	<u>6,482.75</u>
	<u><u>27,328.48</u></u>
24 Changes in inventory of finished goods and work-in-progress	
Closing stock	
-Finished goods	4,983.54
-Work in progress	10,359.86
	15,343.40
Stock acquired on demerger	
-Finished goods (includes stock of Rs. 1,238 of subsidiary company)	5,905.55
-Work in progress	8,837.97
	14,743.52
	<u><u>(599.88)</u></u>

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued)

for the period from 08 July 2016 to 31 March 2017

(Currency : Indian Rupee in lacs)

08 July 2016
to
31 March 2017

25 Employee benefits

Salaries, wages and bonus	2,080.22
Contribution to provident and other funds	153.34
Staff welfare expenses	185.04
	<u>2,418.60</u>

26 Finance cost

Interest on term loans	398.22
Less: Interest capitalized	(59.41)
Net interest on term loans	<u>338.81</u>
Interest on working capital loans	693.20
Interest on other loans	121.08
Other finance cost	73.78
Interest on Income Tax	27.32
	<u>1,254.19</u>

27 Other expenses

Consumable stores and spares parts	385.27
Excise duty related to (decrease) / increase in inventory of finished goods	39.47
Power, fuel and water	2,672.19
Job work charges	502.25
Repairs and maintenance	
- building	37.23
- machinery	273.98
- others	59.18
Contract labour charges	428.01
Lease rent (refer Note 33)	27.50
Research and development (refer note 37)	398.14
Pollution control expenses	82.28
Other factory expenses	145.58
Conveyance and travelling	261.18
Insurance	49.26
Postage, telephone and telegram	47.47
Training expenses	13.23
Printing and stationery	22.04
Professional fees	323.50
Rates and taxes	28.67
Freight outward	777.32
Selling and distribution	261.00
Bank charges	296.34
Brokerage and commission	74.10
Sundry balance written off	19.06
Corporate Social Responsibility (CSR) expenses	18.10
Other expenses	299.77
	<u>7,542.12</u>

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian Rupees in lacs)

28 The share of subsidiaries in the consolidated net assets and consolidated profit or loss is as follows:

Name of the Company	Share in Net assets		Share in Profit or (loss)	
	As a % of consolidated net assets	Amount (in lacs)	As a % of consolidated net Profit	Amount (in lacs)
Parent				
Privi Organics India Limited	100.73 %	36,594.21	120.45%	1,554.02
Subsidiaries				
Foreign subsidiaries				
Privi Organics USA Inc.	-0.16%	(59.10)	5.02%	64.75
Indian subsidiaries				
Privi Biotechnologies Private Limited	2.51%	913.18	-1.48%	(19.05)
Total	103.08%	37,448.29	123.99%	1599.72
a) Adjustments arising out of consolidation	-3.08%	(1119.37)	-23.99%	(309.56)
Total	100.00%	36,328.92	100.00%	1290.16

29 Related party disclosure

(1) List of related parties

a) Holding company

Fairchem Speciality Limited (Formerly known as Adi Finechem Ltd.)

b) Associate Company

Minar Organics Private Limited

c) 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

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued) for the period from 8 July 2016 to 31 March 2017

(Currency: Indian Rupees in lacs)

29 Related party disclosure (Continued)

(1) List of related parties (Continued)

d) Key Management Personnel (KMP)

Mr. Mahesh P. Babani (Managing Director)

Mr. D. B. Rao (Executive Director)

e) Relatives of Key Management Personnel

Mr. D. Raj Kumar

Mr. Anoop P Babani

Mr. D. Vinay Kumar

Mr. D. Vijay Kumar

Mr. Ashok P Babani

Mrs. Seema M. Babani

Ms. Snehal Babani

Ms. Jyoti Babani

Ms. Nanda Nawin

Mrs. D. Premaleela

Particulars	Relationship	Name of Party	31 March 2017
Purchase of raw materials	Enterprises owned or significantly influenced by key management personnel or their relatives	Privi Life Science Pvt. Ltd	6.56
Sale of finished goods	Enterprises owned or significantly influenced by key management personnel or their relatives	Privi Life Science Pvt. Ltd	15.19
Rent, lease and hire income	Enterprises owned or significantly influenced by key management personnel or their relatives	Privi Life Science Pvt. Ltd	8.00
		Vivira chemicals Pvt. Ltd	0.20
		Minar Organics Pvt. Ltd Associate company)	0.20
Rent, lease and hire (expense)	Enterprises owned or significantly influenced by key management personnel or their relatives	Minar Organics Pvt Ltd Associate company)	6.00
		Vivira Chemicals Pvt Ltd	4.00
Salary paid	Key Management Personnel	D.B.Rao	53.50
	Key Management Personnel	Mahesh P Babani	61.85
	Relatives of key management personnel	D.Vinaykumar	11.43

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian Rupees in lacs)

29 Related party disclosure (Continued)

(1) List of related parties (Continued)

e) Relatives of Key Management Personnel (Continued)

Particulars	Relationship	Name of Party	31 March 2017
Outstanding balance as at year end			
Receivables	Enterprises owned or significantly influenced by key management personnel or their relative	Vivira Chemicals Pvt Ltd	1.02
		Vivira Chemicals Industries	0.51
		Minar Organics Pvt Ltd (Associate company)	0.49
		Privi Life Science Pvt. Ltd	49.65
Payables	Enterprises owned or significantly influenced by key management personnel or their relatives	Minar Organics Pvt Ltd (Associate company)	2.03
		Privi Life Science Pvt Ltd	2.25
Guarantees given by the directors and family members in their personal capacity for loans taken by the Company .			50,463.40

30 Employee benefits

Gratuity is payable to all eligible employees of the company on superannuation, death, permanent disablement and resignation in terms of provision of the Payment of Gratuity Act, 1972. As per the requirement of Accounting Standard 15 (Revised 2005) on "Employee Benefits" the disclosure are as follows:

(I) *Defined benefit plans*

Particulars	31 March 2017
I Changes in Defined benefit Obligation	
Liability on account of demerger	414.32
Current service cost	69.37
Interest Cost	32.11
Benefits paid	(24.50)
Actuarial loss / (gain) on obligations	31.42
Liability at the end of the year	522.23
II Fair value of plan assets	-
III Actual return on plan assets	-

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian Rupees in lacs)

30 Employee benefits (Continued)

(I) Defined benefit plans (Continued)

Particulars	31 March 2017
IV Amount recognized in the balance sheet	
Liability at the year end	522.23
Fair value of plan assets at the year end	-
Amount recognized in the Balance sheet	522.23
V Expense Recognized in the Statement of Profit and loss	
Current Service Cost	69.37
Interest costs	32.11
Expected Return on plan assets	Nil
Net Actuarial Loss/ (gain) to be recognized	31.42
Expense Recognised in the statement of Profit and Loss	132.61
VI Balance Sheet Reconciliation	
Opening Net Liability	414.32
Expense as above	132.61
Benefits Paid	(24.50)
Closing Net Liability	522.23
VII Actuarial Assumptions	
Discount Rate	7.25%
Salary Escalation	8.25%
Mortality Table	Indian assured lives (2006-08)

(II) Experience adjustments:-

	31 March 2017
Present Value of defined benefit obligation	522.23
Fair value of the Plan Assets	
Surplus/(Deficit) in the Plan	(522.23)
Experience adjustment on:	
Plan Liabilities (Gain)/ Loss	31.42
Plan Assets Gain/(Loss)	-

The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

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

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian Rupees in lacs)

30 Employee benefits (Continued)

(II) Experience adjustments: (Continued)

The Company's liability on account of gratuity and compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable.

The charge for compensated absences for the year is **Rs. 20.82**

Amount of **Rs.120.06** contributed to provident fund is recognised as an expense and included in "Employee benefits" in the statement of profit and loss.

31 Foreign currency exposure

Particulars of unhedged foreign currency exposures

	Currency	31 March 2017	
		Foreign Currency Amount	Amount
Trade payables(including acceptances)	USD	161.57	10476.45
	Euro	0.02	1.16
Trade receivables	USD	125.21	8118.64
	Euro	14.00	969.56
Term loans	USD	104.12	6,750.78

32 Derivatives instruments

The Company uses interest rate swap to hedge its exposure in interest rate. The information on derivative instruments is as follows:

Derivative instrument outstanding at 31 March 2017:-

	Amount
Currency	USD
Floating to foreign exchange fixed interest rate swap	4163.45

33 Operating leases

- a) The Company has taken a commercial property on non-cancellable operating lease. The future minimum lease payments in respect of this property as on 31 March 2017 is as follows:

Lease payments due	31 March 2017
Not later than one year	35.32
Later than one year but not later than 5 years	251.27
Later than 5 years	-

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian Rupees in lacs)

33 Operating leases (Continued)

Lease payments debited on account of operating leases disclosed under rent in statement of profit and loss Rs.48.65 out of which Rs 21.15 is reclassified to Research and Development Expenditure.

34 Segmental Reporting

(a) Primary Business Segment

In accordance with the requirements of Accounting Standard 17 'Segment Reporting' ('AS17'), the Company has determined its business segment as "Aromatic chemicals" since entire business of the Group is from Aromatic chemicals. As the Group is engaged only in one business segment, the segment revenue, segment result, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, the total amount of charge for depreciation and amortization during the year are as reflected in the financial statements for the period from 8 July 2016 to 31 March 2017.

(b) Secondary Geographical Segment

In respect of secondary segment information, the Group identified its geographical segments as Domestic and Overseas. The Secondary Segment information has been disclosed accordingly.

	Year	Domestic	Overseas	Total
Revenue (excludes other income)	31 March 2017	12,083.11	28,583.51	40,666.82
Carrying amount of segment asset*	31 March 2017	68,359.27	9,088.20	77,447.47
Capital expenditure during the year	31 March 2017	5,229.16	Nil	5,229.16

*Does not include non-operating asset comprising of advance tax of Rs 945.65 Lacs

35 Commitments

	31 March 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) (Capital Commitments)	647.81
LC's issued in favour of suppliers, but the material not dispatched.	153.87

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian Rupees in lacs)

36 Contingent liabilities

a) Direct and Indirect taxes

Particulars	31 March 2017
Demand of Rs. 15.52 (out of which Rs. 6.00 paid) raised by Customs, Excise and Service Tax Appellate Tribunal West Zonal Bench, Mumbai for clearance of imported goods under DEPB scheme. (Contravention of the provisions of Section 111 (o) of the Customs Act, 1962)	15.52
Demand raised by Income Tax Authorities	1044.10
Demand raised by Excise Authorities	31.89

37 Research and development expenditure

The amount of expenditure as shown in the respective heads of accounts is as under:

Particulars	31 March 2017
Revenue expenditure charges to statement of profit and loss account (refer note 27)	
- Consumable materials consumed	48.24
- Employee benefits expenses	306.47
- Power and fuel	22.28
- Lease rent	21.15
- Total	398.14

38 Scheme of Arrangement (Demerger) between the Company, Fairchem Speciality Limited and Privi Organics Limited

During the year ended March 31, 2017, the Company (the Resulting Company) entered into a Scheme of Arrangement ('the Scheme') between, Privi Organics Limited ('POL') (Demerged Company), Fairchem Speciality Limited ('FSL' formerly AdiFinechem Limited) (parent company of the Resulting Company) and Adi Aromatic Limited (Resulting Company whose name has since been changed to Privi Organics India Limited or (POIL)). The Scheme involved demerger of the Aroma Chemical Business of POL ('Demerged Undertaking') and transfer to Adi Aromatic Limited (now known as Privi Organics India Limited or POIL) which is a 100% subsidiary of FSL, a Company whose equity shares are listed and traded on the BSE Limited and the National Stock Exchange of India Limited.

Upon the Scheme becoming effective and as consideration for the Scheme, FSL shall issue and allot to the equity shareholders of POL, for the transfer of the Demerged Undertaking, shares in the following proportion

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian Rupees in lacs)

38 Scheme of Arrangement (Demerger) between the Company, Fairchem Speciality Limited and Privi Organics Limited (Continued)

“27 (twenty seven) equity shares of FSL 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 FSL of Rs. 10 each fully paid up for every 40 (forty) equity shares of POL of Rs. 10/- each fully paid up”.

The Scheme was approved by the National Company Law Tribunal (NCLT) on February 22, 2017 (“Order”). The Scheme became effective on March 14, 2017 when the Order approved by the NCLT was filed with the Registrar of Companies, Mumbai. Accordingly, the Scheme has been given effect to in the financial statements with effect from the appointed date of August 1, 2016

Pursuant to the Scheme, the following assets and liabilities have been divested into the Resulting Company from POL at the same values as appearing in the books of POL on August 1, 2016, being the appointed date.

Particulars	Amount in lakhs
Liabilities	
<i>Non-Current Liabilities</i>	
Long-term borrowings	6,379.53
Deferred tax liability (Net)	1,100.89
Other long-term liabilities	0.25
Long-term provisions	635.75
<i>Current Liabilities</i>	
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	
<i>Fixed Assets (Net)</i>	28,538.06
<i>Investments</i>	
-Non-Current	959.17
-Current	15.01
<i>Current Assets</i>	
-Non-Current	
Long-term loans and advances	1,928.35
Other non-current assets	1,450.14
-Current	
Inventories	21,437.22
Trade receivables	16,341.06
Cash and bank balance	1,851.81
Short-term loans and advances	2,372.74
	45,381.32
Total Assets(B)	74,893.56
Net Assets (B-A)	20,811.87

Privi Organics India Limited

(formerly Adi Aromatic Limited)

Notes to the consolidated financial statements (Continued)

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian Rupees in lacs)

38 Scheme of Arrangement (Demerger) between the Company, Fairchem Speciality Limited and Privi Organics Limited (Continued)

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 20,811.87 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 lacs (net of expenses incurred of Rs 471.78 lacs) has been transferred to the Resulting Company with a credit to the general reserve accordingly, Rs. 35,340.09 lakhs has been transferred to general reserves (in the aggregate).

39 Disclosure on Specified Bank Notes (SBN's)

During the year, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBN's and other notes as per the notification given below:

Particulars	SBN's*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	274,500	13,99,258	1,673,758
Transaction between 9 November to 30 December 2016 :			
(+) Withdrawal from Bank		18,11,830	18,11,830
(-) Permitted Payments		1,680,908	1,680,908
(-) Amount deposited in Banks	274,500	-	274,500
Closing cash in hand as on December 30, 2016	-	15,30,180	1,530,180

* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November, 2016.

40 Earnings per share

Particulars	31 March 2017 Total
Basic and diluted earnings per share	
Net profit after tax attributable to equity shareholders (A)	1,290.16
Number of equity shares outstanding at the end of the year	10,000
Weighted average number of equity shares outstanding during the year (B)	7,315
Earnings per share	
Basic and diluted earnings per shares (face value of Rs. 10 per share)	17,367

Privi Organics India Limited

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Notes to the consolidated financial statements *(Continued)*

for the period from 8 July 2016 to 31 March 2017

(Currency: Indian Rupees in lacs)

41 Prior year comparative

The Company was incorporated on 8 July 2016. As this is the first financial statement of the Company, prior period figures are not applicable.

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/W-100024

For and on behalf of the Board of Directors

Privi Organics India Limited

CIN: U24220MH2016PLC283393

Adwait Morwekar

Partner

Membership No: 110223

Mahesh Babani

Managing Director

DIN: 00051162

D.B.Rao

Executive Director

DIN: 00356218

Narayan S Iyer

Chief Financial Officer

Ramesh Kathuria

Company Secretary

Mumbai

10 May 2017

Mumbai

10 May 2017