Privi Organics India Limited

Standalone Ind AS Financial Statements together with the Independent Auditors' Report for the year ended 31 March 2018

Privi Organics India Limited

Standalone Ind AS financial statements together with the Independent Auditors' Report

for the year ended 31 March 2018

Contents

B S R & Associates LLP
Chartered Accountants

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Independent Auditor's Report

To the Members of Privi Organics India Limited

Report on the Audit of the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Privi Organics India Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS 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 of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) 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 standalone Ind AS financial statements are free from material misstatement

Independent Auditors' Report (*Continued*)

Privi Organics India Limited

Auditor's Responsibility *(Continued)*

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Emphasis of matter

We draw attention to Note 42 to the financial statements. During the period ended 31 March 2017, as per the accounting treatment prescribed in the Scheme approved by the National Company Law Tribunal (NCLT) Order, the Company has credited Rs 35,573.76 lakhs, being the excess of book value of assets over the book value of liabilities and consideration for equity shares issued, vested under the Scheme, to the general reserve. Had such accounting treatment not been specified under the NCLT Order, under the Indian Accounting Standards (Ind AS) adopted by the Company with effect from 1 April 2017, restated for the previous period's figures under Ind AS, the assets and liabilities would need to be fair valued and the excess of fair value of consideration directly discharged by the parent company (to be recognized as contribution from the parent directly in equity) over the fair value of net assets acquired (i.e fair value of assets acquired less fair value of liabilities (including consideration for equity shares issued)) would be recognised as goodwill and in reverse case would be recognised in equity as capital reserve. Our opinion is not modified in respect of this matter.

Independent Auditors' Report (*Continued*)

Privi Organics India Limited

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

   (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (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 Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 38 to the standalone Ind AS financial statements;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Independent Auditors' Report (*Continued*)

Privi Organics India Limited

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31 March 2017 have been disclosed.

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

Adwait Morwekar
Partner
Membership No: 110223

Mumbai
8 May 2018

Privi Organics India Limited

Annexure A to the Independent Auditors' Report – 31 March 2018

(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 programme, 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. 1066.12 Lakhs and the year-end balance of such loans was Rs. Nil.

(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 did not stipulate any schedule for the repayment of principal and the loan was repayable on demand. We are informed that the Company had not demanded repayment of any such loan during the year and the said loan was converted into equity 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

Annexure A to Independent Auditors' Report – 31 March 2018 *(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, Goods and Service 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 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Service tax, Value added tax, Goods and Service 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 statue	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 lakhs	2005 – 2006	CIT Appeals	Not yet paid
The Income Tax Act, 1961	Income tax	668.25 lakhs	2010 – 2011	CIT Appeals	Not yet paid
The Customs Act, 1962	Custom duty	9.52 lakhs	1998 – 1999	CESTAT	Not yet paid
The Central Excise Act, 1944	Excise duty	15.94 lakhs	2007 – 2011	Commissioner (Appeals)	Not yet paid
The Income Tax Act ,1961	Income Tax	316.12 Lakhs	2014 – 2015	Commissioner (Appeals)	Not Yet Paid
The Income Tax Act ,1961	Income Tax	31.21 Lakhs	2015-2016	CIT 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.

Privi Organics India Limited

Annexure A to Independent Auditors' Report – 31 March 2018 *(Continued)*

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.

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

A.S. Morwekar

Adwait Morwekar
Partner
Membership No: 110223

Mumbai
8 May 2018

Privi Organics India Limited

Annexure B to the Independent Auditors' Report – 31 March 2018

Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Privi Organics India Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the standalone Ind AS 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 Companies Act, 2013.

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 the ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. 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 judgement, 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

Annexure B to the Independent Auditors' Report – 31 March 2018 *(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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

A. S. Morwekar

Adwait Morwekar
Partner
Membership No: 110223

Mumbai
8 May 2018

Privi Organics India Limited

Balance Sheet
as at March 31, 2018

(Currency: Indian Rupees in lakhs)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	**31,975.48**	28,358.24
Capital work-in-progress	4	**2,901.51**	1,620.57
Intangible assets	5	**622.01**	310.86
Investments in subsidiaries and associates	6	**2,502.31**	953.41
Financial assets			
Investments	7	-	19.57
Loans	8	-	245.31
Other financial assets	9	**457.08**	1,015.97
Non current tax assets (net)		**1,209.08**	1,179.32
Other non-current assets	10	**541.94**	1,698.56
Total non-current assets		**40,209.41**	35,401.81
Current assets			
Inventories	11	**19,055.52**	21,061.08
Financial assets			
Investments	7	**300.17**	54.03
Trade receivables	12	**20,824.57**	16,732.71
Cash and cash equivalents	13	**981.45**	507.83
Bank balances other than cash and cash equivalents mentioned above	14	**1,129.37**	2,373.84
Other financial assets	9	**959.04**	747.40
Other current assets	15	**3,169.45**	2,004.90
Total current assets		**46,419.57**	43,481.79
Total assets		**86,628.98**	78,883.60
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	**1.00**	1.00
Other equity	17	**40,094.14**	37,507.51
Total equity		**40,095.14**	37,508.51
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	18	**5,897.29**	4,576.19
Provisions	19	**793.15**	675.55
Deferred tax liabilities (net)	20	**1,479.75**	958.65
Total non-current liabilities		**8,170.19**	6,210.39
Current liabilities			
Financial liabilities			
Borrowings	18	**17,659.09**	18,434.17
Trade payables	21	**12,100.26**	10,065.66
Other financial liabilities	22	**8,084.62**	5,812.50
Other current liabilities	23	**196.36**	302.11
Provisions	19	**60.78**	49.16
Current tax liabilities (net)		**262.54**	501.10
Total current liabilities		**38,363.65**	35,164.70
Total equity and liabilities		**86,628.98**	78,883.60
Notes to the financial statements	3 to 47		
Significant accounting policies	2		

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

A.S. Morwekar

Adwait Morwekar
Partner
Membership No: 110223

Mumbai
Date : May 08, 2018

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

Mahesh Babani
Managing Director
DIN: 00051162

D. B. Rao
Executive Director
DIN: 00356218

Narayan S Iyer

Narayan S Iyer
Chief Financial Officer

Ramesh Kathuria
Company Secretary

Privi Organics India Limited

Statement of Profit and Loss

for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

	Note	Year ended March 31, 2018	Period ended March 31, 2017
Revenue from operations	24	77,008.24	42,285.64
Other operating income	25	1,016.65	520.17
Other income	26	1,597.70	1,028.77
Total income		79,622.59	43,834.58
Expenses			
Cost of materials consumed	27	47,393.82	27,149.17
Changes in inventories of finished goods and work-in-progress	28	2,982.47	(764.05)
Excise duty		869.83	2,042.46
Employee benefits expense	29	4,127.40	2,252.57
Finance costs	30	1,818.42	1,226.14
Depreciation and amortisation expenses	31	3,813.52	2,244.57
Other expenses	32	14,203.82	7,395.76
Total expenses		75,209.28	41,546.62
Profit before tax		4,413.31	2,287.96
Tax expenses			
Current tax		999.68	465.03
Deferred tax charge/ (credit)		522.83	(131.37)
Income tax expense		1,522.51	333.66
Profit for the year (A)		2,890.80	1,954.30
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the net defined benefit plans		(5.01)	(31.42)
Income tax related to above		1.73	10.87
Other comprehensive income for the year, net of tax (B)		(3.28)	(20.55)
Total comprehensive income for the year (A+B)		2,887.52	1,933.75
Earnings per equity share: nominal value of share Rs.10/- each (March 31, 2017: Rs. 10/-)			
Basic and diluted (Rs.)	40	28,908.00	19,543.00
Notes to the financial statements	3 to 47		
Significant accounting policies	2		

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

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

A. S. Morwekar

Adwait Morwekar
Partner
Membership No: 110223

Mumbai
Date : May 08, 2018

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

Mahesh Babani
Managing Director
DIN: 00051162

D. B. Rao
Executive Director
DIN: 00356218

Narayan S Iyer
Chief Financial Officer

Ramesh Kathuria
Company Secretary

Privi Organics India Limited

Statement of Cash Flows
for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

		Year ended March 31, 2018	Period ended March 31, 2017
A	**Cash flow from operating activities**		
	Profit before tax	**4,413.31**	2,287.96
	Adjustment for:		
	Depreciation and amortisation	**3,813.52**	2,244.57
	Unrealised gain foreign exchange differences	**(175.51)**	510.19
	Fair value (gain)/loss on Investments	**(3.87)**	(52.79)
	Dividend income	**(0.35)**	(0.07)
	Interest income	**(123.56)**	(160.62)
	Finance costs	**1,695.92**	1,150.93
	Profit on sale of fixed assets	**(1.60)**	(1.33)
	Provision for doubtful advances	**36.15**	-
	Fair valuation of borrowings	**15.68**	(25.89)
	Operating cash flow before working capital changes	**9,669.69**	5,952.95
	Adjustment for:		
	(Increase) in trade receivables and loans	**(3,788.28)**	(89.17)
	Decrease in inventories	**2,005.56**	376.14
	(Increase) in other assets	**(960.47)**	(571.32)
	Increase / (decrease) in trade payables and other current liabilities and provisions	**3,216.80**	(2,919.07)
		473.61	(3,203.42)
	Cash generated from operatation	**10,143.30**	2,749.24
	Income taxes paid	**(1,267.96)**	(1,331.32)
	Net Cash from operating activity [A]	**8,875.34**	1,417.92
B	**Cash flow from investing activities**		
	Purchase of Property, Plant & Equipment	**(6,754.46)**	(5,788.26)
	Proceeds from sale of Property, Plant & Equipment	**5.50**	23.53
	Purchase of investments (net)	**(1,771.60)**	(197.73)
	(Investment) /maturity of fixed deposits	**1,875.75**	303.78
	Dividend income	**0.35**	0.07
	Interest received	**123.56**	160.62
	Net Cash (used in) investing activities	**(6,520.90)**	(5,497.99)
C	**Cash flow from financing activities**		
	Proceeds from issue of shares (including securities premium)	-	1.00
	Proceeds from long-term borrowings	**4,000.00**	(212.46)
	Repayment of long-term borrowings	**(3,055.40)**	
	Repayment of short-term borrowings (net)	**(861.03)**	(3,658.13)
	Proces from workking capital loan	-	(4,960.44)
	Dividend paid including DDT	**(300.89)**	
	Interest paid	**(1,663.50)**	(1,236.89)
	Net cash (used in) financing activities	**(1,880.82)**	(10,066.92)
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**473.62**	(14,146.99)
	Cash and cash equivalents at the beginning end of the year	**507.83**	-
	CASH AND CASH EQUIVALENTS ACQUIRED ON PURCHASE OF BUSINESS		
	Cash and cash equivalents acquired on demerger pursuant to scheme of arrangement	-	126.86
	Cash acquired subsequent to demerger (Refer Note 42)	-	14,528.00
	Cash and cash equivalents at end of the year (refer Note 13)	**981.45**	507.83

B S R & Associates LLP
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011 India
Chartered Accountants

Privi Organics India Limited

Statement of Cash Flows

for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

Note A : The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

Note B : Reconcillation of net debts

Particulars	Long Term Borroowing	Short Term Borrowings
Balance as on 1 April 2017	7,631.62	18,434.17
Loan taken during the current year	4,000.00	-
Repayment during the current year	(3,055.36)	(861.03)
Foreign exchange gain or loss	12.59	85.95
Impact of effective interest rate	15.68	-
Closing balance	8,604.53	17,659.09

As per our report of even date attached

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

A.S. morwekar

Adwait Morwekar
Partner
Membership No: 110223

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

Mahesh Babani
Managing Director
DIN: 00051162

D. B. Rao
Executive Director
DIN: 00356218

Narayan S Iyer

Narayan S Iyer
Chief Financial Officer

Ramesh Kathuria
Company Secretary

Mumbai
Date : May 08, 2018

Privi Organics India Limited

Statement of Changes in Equity
for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

A. Equity share capital

	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the reporting period	1.00	-
Changes in equity share capital during the year	-	1.00
Balance at the end of the reporting period	**1.00**	**1.00**

B. Other equity

	Reserves and Surplus		Total
	General Reserve	Retained Earnings	
Total comprehensive Income for the period from 8th July 2016 to March 31, 2017			
Profit for the year	-	1,954.30	1,954.30
Other comprehensive income (net of tax)	-	(20.55)	(20.55)
Total Comprehensive Income for the year	-	**1,933.75**	**1,933.75**
Transaction with owners directly recorded in equity			
Addition to general reserve on account of demerger- Refer note 42	**35,573.76**	-	35,573.76
	35,573.76	-	**35,573.76**
Balance as at March 31, 2017	**35,573.76**	**1,933.75**	**37,507.51**
Total comprehensive income for the year ended March 31, 2018			
Profit for the year	-	2,890.80	2,890.80
Other comprehensive income (net of tax)	-	(3.28)	(3.28)
Total comprehensive income for the year	-	**2,887.52**	**2,887.52**
Contribution and distribution to the owners			
Dividend of Rs 2,500 per share for the period ended March 31, 2017	-	250.00	**250.00**
Dividend distribution tax on dividend	-	50.89	**50.89**
Balance as at March 31, 2018	**35,573.76**	**4,520.38**	**40,094.14**

As per our report of even date attached

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

A. S. Morwekar

Adwait Morwekar
Partner
Membership No: 110223

Mumbai
Date . May 08, 2018

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

Mahesh Babani
Managing Director
DIN: 00051162

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Chief Financial Officer

Ramesh Kathuria
Company Secretary

(Currency: Indian Rupees in Lakhs)

1 Corporate Information

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 Group is primarily engaged in the manufacture, supply and export of aroma chemicals. The Group'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

i. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Act.

The Company's financial statements up to and for the period ended March 31, 2017 were prepared in accordance with the Companies (Accounting standards) Rules, 2006, notified under Section 133 of the Act ('Indian GAAP' or 'IGAAP'). As these are the first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101 'First -time Adoption of Indian Accounting Standards' has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 3. The financial statements under Ind AS were authorised for issue by the Company's board of Directors on 8 May 2018.

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments). These financial statements are presented in Lakhs of Indian rupees and rounded off to two decimal values unless otherwise stated.

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

ii. Use of estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

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(a) Measurement of defined benefit obligations for key actuarial assumptions - Note 35

(b) Recognition of deferred tax assets - Note 20

2 Significant accounting policies *(Continued)*

iii. Current and non-current classification

All assets and liabilities are classified into current and 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 balance sheet date; or

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

(d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Terms of a liability that could, at the option of the counter party, result in its settlement by 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 realization in cash or cash equivalents.

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iv. Property, Plant and Equipment ("PPE") and depreciation

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost, less accumulated depreciation/amortisation and impairments, if any. Historical cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Indirect expenses during construction period, which are required to bring the asset in the condition for its intended use by the management and are directly attributable to bringing the asset to its position, are also capitalized.

2 Significant accounting policies *(Continued)*

iv Property, Plant and Equipment ("PPE") and depreciation (Continued)

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

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the year end.

Depreciation and amortization

Depreciation is calculated using the straight-line method to allocate cost of property plant and equipment, net of residual values, over their estimated useful lives as per the useful life prescribed in schedule II of the Companies Act, 2013 except in case of the following class of assets where the useful life is based on technical evaluation of the management:

Asset Class	Years
Plant and Machinery	10
Furniture & Fixtures	16
Office Equipment	10
Vehicle	11
Computer	6

Fixtures in leasehold premises are amortized over the primary period of the lease or useful life of the fixtures, whichever is lower.

Depreciation on additions / deletions during the year is provided from the month in which the asset is capitalized up to the month in which the asset is disposed off.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets required 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 Companies Act, 2013) unless it is reasonably certain that company will obtain ownership by the end of lease term, in which case the depreciation rates applicable for similar assets owned by the company are applied.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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v. Intangible assets and amortisation

Intangible assets with finite useful life are stated at cost of acquisition, less accumulated depreciation/ amortisation and impairment loss, if any. Cost includes taxes, duties and other incidental expenses related to acquisition and other incidental expenses.

2 Significant accounting policies *(Continued)*

v *Intangible assets and amortization (Continued)*

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of respective intangible assets.

Asset Class	Years
Computers and Soft wares	3 to 6 Years
Rights of Sale of Products	5 Years
Development Rights	5 Years

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 capitalized and depreciated as per accounting policy mentioned above. Revenue expenditure is charged off 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 capitalized 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 capitalized 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.

Gains or losses arising from derecognition 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 or loss when the asset is derecognised.

vi. *Impairment of assets*

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or a group of assets.

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. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

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2 Significant accounting policies *(Continued)*

vii. Borrowing costs

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate applicable to the respective borrowing. Borrowing costs include interest costs measured at EIR and exchange differences arising from foreign currency borrowings (other than long term foreign currency borrowings) to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, allocated to qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

All other borrowing costs are recognised as an expense in the period which they are incurred.

viii. Foreign currency transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of profit and loss of the year.

Monetary assets and liabilities in foreign currency, which are outstanding as at the balance sheet date are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the Statement of profit and loss.

ix. Financial Instruments

a. Financial assets

Initial recognition and initial measurement

All financial assets are initially recognised at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

Financial assets at amortised cost

A financial asset is classified as subsequently measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

2 Significant accounting policies *(Continued)*

ix Financial Instruments (Continued)

a. Financial assets *(Continued)*

Financial assets at fair value through Other Comprehensive Income ("FVTOCI")

A financial asset is classified as subsequently measured at fair value through Other Comprehensive Income if both the following conditions are met :

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to P&L. The company did not have any financial assets at FVTOCI during the current year as well as previous year.

Financial assets at fair value through Profit and loss ("FVTPL")

Financial assets at FVTPL is a residual category for financial assets. Any financial assets which does not meet the criteria of categorizing it at amortised cost or at FVTOCI is classified as at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the

Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

2 Significant accounting policies *(Continued)*

ix *Financial Instruments (Continued)*

a. Financial assets *(Continued)*

De-recognition *(Continued)*

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of Financial Assets

In view of its past experience of having insignificant impairment bad-debts / write-offs and based on management's estimate considering its portfolio of customers, this trend would continue for the foreseeable future, the Company has determined that significant impairment of Financial assets is not required to be recognised based on Expected Credit Loss model.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost and financial liabilities at FVTPL. Derivative liabilities are classified as FVTPL. All financial liabilities are recognised initially at fair value. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss. Except derivative instruments, the Company has not designated any financial liability as at FVTPL.

Financial liabilities at amortised cost

All financial liabilities except for derivatives are classified as measured at amortised cost. This category includes bank and other borrowings, trade payables and other financial liabilities.

2 Significant accounting policies *(Continued)*

ix Financial Instruments (Continued)

b. Financial liabilities *(Continued)*

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c. Offsetting of Financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

x. Cash and Cash equivalents

Cash and cash equivalent in the balance sheet and for the statement cash flow comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

xi. Leases

Lease payments under an operating lease are recognized as expense in the Statement of Profit and Loss as per terms of lease agreement. Lease income under an operating lease are recognized as income in the statement of profit and loss as per the terms of lease agreement.

xii. Inventories

Inventories include raw materials, consumable stores and spares and manufactured inventory. Inventory is valued at the lower of cost and net realisable value.

Cost comprises the purchase price, costs of conversion and other related costs incurred in bringing the inventories to their present location and condition. Cost of raw materials and consumables packing materials are determined on first in first out basis. Cost of finished goods and work in progress are determined using the absorption costing principle. Cost include the cost of material consumed, labour and appropriate proportion of costs of conversion which include variable and fixed overheads.

Obsolete, defective and unserviceable inventories are duly provided for. The comparison of cost and net realisable value is made on an item to item basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The net realisable value of work in progress is determined by reference to the selling prices of related finished products.

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2 Significant accounting policies *(Continued)*

xiii. Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, recovery of consideration is probable, the associates costs and possible return of goods can be estimated reliably, there is no continuing effective control over or managerial involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates, sales tax, Goods and Service tax, value added tax except excise duty. The Company does not provide any warranties or maintenance contracts to its customers.

Insurance

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

Interest

Interest revenue is calculated by using the effective interest method for financial assets measured at amortised cost.

Dividend Income

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

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.

xiv. Employee Benefits

(a) 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, ex-gratia etc. These are recognised as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

(b) Post-employment Benefits

(i) Provident Fund

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.

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2 Significant accounting policies *(Continued)*

xiv Employee Benefits (Continued)

(b) Post-employment Benefits *(Continued)*

(ii) Gratuity

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. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the assets ceiling (if any, excluding interest), are recognised in OCI. All expenses related to defined benefit plan are recognised in employee benefits expense in the Statement of Profit and Loss.

(iii) Compensated Absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/ availment. The Company makes provision for compensated absences based on an independent external actuarial valuation carried out at the end of the year.

xv. Taxation

Income tax expense comprises current tax and deferred tax charge or credit.

Current Income Tax

Provision for current tax is determined as the amount of tax payable in respect of taxable income for the year in accordance with the provisions of the Income Tax Act, 1961.Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the enacted or substantively enacted tax rates and tax laws. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

2 Significant accounting policies *(Continued)*

xv Taxation (Continued)

Deferred Tax *(Continued)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

xvi. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the net profit for the year attributable to equity shareholders.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares, except where the results would be anit-dilutive.

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2 Significant accounting policies *(Continued)*

xvii. Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision in respect of loss contingencies relating to claims litigation, assessment, fines, penalties etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, probably will not, require an outflow of resources embodying economic benefits, 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 recognized nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic resources embodying economic benefits will arise, related income are recognized in the year in which the change occurs.

xviii. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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(Currency: Indian Rupees in lakhs)

3 First time adoption of Ind AS

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from 1st April, 2017, with a transition date of 8th July 2016 i.e the incorporation date of the Company. These financial statements for the year ended 31st March, 2018 are prepared by the Company under Ind AS for the first time.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31st March, 2018 and the comparative information presented in these financial statements for the year ended 31st March 2017 .Since the Company was incorporated on 8 July 2016, the opening Ind AS balance sheet does not apply to the Company. In preparing its Comparative Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

A Reconciliation of equity

	Note	As at March 31, 2017		
		IGAAP	Adjustments on transition to Ind AS*	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		28,358.24		28,358.24
Capital work-in-progress		1,620.57		1,620.57
Intangible assets		310.86		310.86
Investments in subsidiaries and associates		953.41		953.41
Financial assets				
Investments	1	5.76	13.81	19.57
Loans		245.31	-	245.31
Other financial assets		1,015.97		1,015.97
Non-current tax assets (net)		945.66	233.66	1,179.32
Other non-current assets		1,698.56		1,698.56
Current assets				
Inventories		21,061.08		21,061.08
Financial assets				
Investments	1	15.01	39.02	54.03
Trade receivables		16,732.71		16,732.71
Cash and cash equivalents		507.83		507.83
Bank balances other than cash and cash equivalents mentioned above		2,373.84		2,373.84
Other financial assets		747.40		747.40
Other current assets		2,004.90		2,004.90
Total assets		78,597.11	286.49	78,883.60
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1.00		1.00
Other equity		36,894.09	613.42 *	37,507.51
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	2	4,602.09	(25.90)	4,576.19
Other financial liabilities		-		-
Provisions		675.55		675.55
Deferred tax liabilities (net)	3	956.12	2.53	958.65
Current liabilities				
Financial liabilities				
Borrowings		18,434.17		18,434.17
Trade payables		10,065.66		10,065.66
Other financial liabilities		5,812.50		5,812.50
Other current liabilities		302.11		302.11
Provisions		49.16		49.16
Current tax liabilities (net)	6	804.66	(303.56) *	501.10
Total equity and liabilities		78,597.11	286.49	78,883.60

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(Currency: Indian Rupees in lakhs)

3 First time adoption of Ind AS *(Continued)*

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

		Period ended March 31, 2017		
	Note	IGAAP	Adjustments on transition to Ind AS*	Ind AS
Revenue from operations	5	40,243.18	2,042.46	42,285.64
Other operating income		520.17		520.17
Other income	1, 6	975.94	52.83	1,028.77
Total income		41,739.29	2,095.29	43,834.58
Expenses		-		
Cost of materials consumed		27,149.17	-	27,149.17
Changes in inventories of finished goods and work-in-progress		(764.05)		(764.05)
Excise duty	5	-	2,042.46	2,042.46
Employee benefits expense	4	2,283.99	(31.42)	2,252.57
Finance costs	2, 6	1,252.03	(25.89)	1,226.14
Depreciation and amortisation expenses		2,244.57	-	2,244.57
Other expenses		7,395.76	-	7,395.76
Total expenses		39,561.47	1,985.15	41,546.62
Profit before tax		2,177.82	110.14	2,287.96
Tax expenses		-		
Current tax	6	768.58	(303.55) *	465.03
Deferred tax credit/(charge)	3	(144.76)	13.39 *	(131.37)
Income tax expense		623.82	(290.16)	333.66
Profit for the year (A)		1,554.00	400.30	1,954.30
Other Comprehensive Income		-		
Items that will not be reclassified to profit or loss		-		
Remeasurements of the net defined benefit plans	4	-	(31.42)	(31.42)
Income tax related to above	3	-	10.87	10.87
Other comprehensive income for the year, net of tax (B)		-	(20.55)	(20.55)
Total comprehensive income for the year (A+B)		1,554.00	379.75	1,933.75

C Adjustments to Statement of Cash flows

There were no material differences between the Statement of Cash Flows presented under Ind AS and the Previous GAAP.

D Notes to the Reconciliations

1 Investments
In accordance with Ind AS, financial assets representing investment in equity shares of entities other than subsidaries and amounts have been fair valued through profit and loss. Under the IGAAP, all the investments were measured at lower of the cost or market value.

2 Interest bearing loans and borrowings
Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind-AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

3 Deferred Tax
Under Previous GAAP, deferred taxes are recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet approach for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences.

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3 First time adoption of Ind AS *(Continued)*

D Notes to the Reconciliations *(Continued)*

4 **Provision for employee benefits expenses**

Both under IGAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurement gain and loss (actuarial gains and losses on defined benefit obligation and the plan assets) are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus, the employee benefit cost is reduced and Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

5 **Excise Duty**

Under IGAAP, sale of goods was presented as net of excise duty. However, under Ind AS, revenue from sale of goods is presented inclussive of excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss as an expense. Thus sale of goods under Ind AS has increased with a corresponding increase in other expense.

6 As discussed in Note 42, the assets and liabilities include those acquired pursuant to the demerger effective on 1 August 2016. Therefore, the adjustment on transition to Ind AS include the impact for the period from 1 August 2016 to March 31, 2017 and also the impact of the assets and liabilities acquired by the demerged company prior to the acquisition date. This include the impact towards fair valuation of investment of Rs 36.46 Lakhs and fair valuation of borrowing by Rs 39.79 Lakhs, being for the period prior to the acquisition date of 1 August 2016.

7 **Reconciliation of equity**

Particular	Note	Amount
Net worth under IGAAP (A)		36,895.09
Summary of Ind AS adjustments		
Investment recognised at fair value	1	52.83
Loan arrangement fees amortised on EIR basis	2	25.89
Rectification of error in the tax provision	*	537.24
Deferred tax on above adjustments	3	(2.54)
Total Ind AS adjustments (B)		613.42
Net worth under Ind AS (A+B)		37,508.51

* **Prior period error in tax provision**

During the current year, the Company has revised its return of income for the years ended 31 March 2016 (pertaining to Privi Organics Limited - the demerged company) and 2017 towards deduction under section 32 AC of the Income tax Act, 1961 not claimed by it in those years erroneously and other errors in the tax depreciation calculation. Consequent impact of Rs 303.55 lakhs has been credited to current tax and net impact of Rs 6.45 lakhs is credited to deferred tax for the year ended March 31,2017. Further, Rs 233.67 lakhs has been adjusted against the general reserve for the year 2016, pursuant to the requirements of the NCLT order dated 22 February 2017 relating to the Scheme of demerger (refer note 42). The corresponding impacts has been considered under current tax liabilities and deferred tax asset/ liability.

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Notes to the Standalone Financial Statements *(Continued)*

as at March 31, 2018

(Currency: Indian Rupees in lakhs)

4 Property, plant and equipment

Description	Gross Block				Depreciation				Net Block
	As at April 01, 2017	Addition during the year	Deletion during the year	As at March 31, 2018	As at April 01, 2017	For the year	Deletion during the year	As at March 31, 2018	As at March 31, 2018
At Cost :									
Leasehold land	671.91	473.94	-	1,145.85	31.72	11.54	-	43.26	1,102.59
Building	7,196.51	1,488.31	-	8,684.82	903.55	253.66	-	1,157.21	7,527.61
Staff Quarters	51.09	-	-	51.09	14.55	0.83	-	15.38	35.71
Leasehold Building /assets	547.20	-	-	547.20	342.78	39.71	-	382.49	164.71
Plant and equipment	34,055.18	5,029.83	13.30	39,071.71	14,679.73	3,159.81	9.40	17,830.14	21,241.57
Electrical installation	2,025.91	260.22	-	2,286.13	815.26	179.63	-	994.89	1,291.24
Furniture and fixtures	144.56	22.42	-	166.98	83.61	7.81	-	91.42	75.56
Office equipments	140.33	1.60	-	141.93	112.90	3.04	-	115.94	25.99
Computers	319.78	40.04	-	359.82	260.86	23.20	-	284.06	75.76
Lab equipments	642.83	69.71	-	712.54	352.12	56.84	-	408.96	303.58
Lease plant & machinery	163.00	-	-	163.00	79.09	16.85	-	95.94	67.06
Vehicles	131.96	-	9.76	122.20	55.85	12.01	9.76	58.10	64.10
	46,090.26	7,386.07	23.06	53,453.27	17,732.02	3,764.94	19.16	21,477.79	31,975.48
Capital work -in- progress	1,620.57	9,026.73	7,745.79	2,901.51	-	-	-	-	2,901.51
	47,710.83	16,412.80	7,768.85	56,354.78	17,732.02	3,764.94	19.16	21,477.79	34,876.99

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(Currency: Indian Rupees in lakhs)

4 Property, plant and equipment *(Continued)*

Description	Gross Block				Depreciation				Net Block
	Aquired on account of Demerger as at 1 August 2016	Addition during the period	Deletion during the period	As at March 31, 2017	Depreciation on account of Demerger as at 1 August 2016	For the year	Deletion during the year	As at March 31, 2017	As at March 31, 2017
Leasehold land	671.91	-		671.91	24.96	6.76	-	31.72	640.19
Building	4,931.26	2,265.25	-	7,196.51	766.30	137.25	-	903.55	6,292.96
Staff Quarters	51.09	-	-	51.09	14.00	0.55	-	14.55	36.54
Leasehold Building /assets	547.19	-	-	547.20	316.34	26.44	-	342.78	204.42
Plant and equipment	28,829.09	5,226.09	-	34,055.18	12,861.25	1,818.48	-	14,679.73	19,375.45
Electrical installation	1,493.15	532.76	-	2,025.91	712.79	102.47	-	815.26	1,210.65
Furniture and fixtures	140.86	3.70	-	144.56	78.35	5.26	-	83.61	60.95
Office equipments	132.93	7.40	-	140.33	111.12	1.78	-	112.90	27.43
Computers	304.55	15.23	-	319.78	245.87	14.99	-	260.86	58.92
Lab equipments	642.83	-	-	642.83	309.96	42.16	-	352.12	290.71
Lease plant & machinery	163.00	-	-	163.00	67.87	11.22	-	79.09	83.91
Vehicles	106.99	24.97	-	131.96	48.20	7.65	-	55.85	76.11
	38,014.86	8,075.40	-	46,090.26	15,557.01	2,175.01	-	17,732.02	28,358.24
Capital work -in- progress	5,690.21	3,994.86	8,064.50	1,620.57		-			1,620.57
	43,705.07	12,070.26	8,064.50	47,710.83	15,557.01	2,175.01	-	17,732.02	29,978.81

The Net block of tangible assets, amounting to Rs 26,015.09 (Previous period: 25,717.26) are pledged as first charge security to term lending banks and secound charges to working captial banks.

Plant and machinery includes an amount of INR Rs.51.45 lakhs (March 31, 2017 INR Rs. 59.41 lakhs) that represent borrowing cost capitalized @ 4.6% (previous period: 5.5%) during the period.

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Notes to the Standalone Financial Statements *(Continued)*

as at March 31, 2018

(Currency: Indian Rupees in lakhs)

5 Intangible assets

Description	Gross Block				Amortisation				Net Block
	As at April 01, 2017	Addition during the year	Deletion during the year*	As at March 31, 2018	As at April 01, 2017	For the year	Deletion during the year	As at March 31, 2018	As at March 31, 2018
Computers and software	450.48	0.49	-	450.97	396.26	20.57	-	416.83	34.14
Rights of sale of products	232.55	359.24	-	591.79	211.93	18.25	-	230.18	361.61
Development rights	184.43	-	-	184.43	168.55	9.76	-	178.31	6.12
Total intangible assets	867.46	359.73	-	1,227.19	776.74	48.58	-	825.32	401.87
Intangible assets under development	284.03	-	-	284.03	63.89	-	-	63.89	220.14
	1,151.49	359.73	-	1,511.22	840.63	48.58	-	889.21	622.01

Description	Gross Block				Amortisation				Net Block
	Aquired on account of Demerger as at 1 August 2016	Addition during the period	Deletion during the period*	As at March 31, 2017	Aquired on account of Demerger as at 1 August 2016	For the period	Deletion during the period	As at March 31, 2017	As at March 31, 2017
Computers and software	437.86	12.62	-	450.48	374.21	22.05	-	396.26	54.22
Rights of sale of products	256.08	-	23.53	232.55	179.16	34.10	1.33	211.93	20.62
Development rights	184.43	-	-	184.43	155.14	13.41	-	168.55	15.88
Intangible assets	878.37	12.62	23.53	867.46	708.51	69.56	1.33	776.74	90.72
Intangible assets under development	284.03	-	-	284.03	63.89	-	-	63.89	220.14
	1,162.40	12.62	23.53	1,151.49	772.40	69.56	1.33	840.63	310.86

(*) Deletion during the year represents write-back of provision on actualisation

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Notes to the Standalone Financial Statements *(Continued)*

as at March 31, 2018

(Currency: Indian Rupees in lakhs)

	As at March 31, 2018	As at March 31, 2017
6 Investments in subsidiaries and associates		
A. Investment in Subsidiaries (unquoted)		
18,274,728 (March 31, 2017: 2,66,000) equity shares of Rs. 10 of Privi Biotechnologies Private Limited	**2,471.70**	910.22
50,100 (March 31, 2017: 50,100) Equity shares of USD 1 each Privi Organics USA Inc	**30.61**	30.61
Total A	**2,502.31**	940.83
B. Investment in Associate (unquoted)		
87,340 equity shares of Rs. 100 each of Minar Organics Private Limited	-	14.39
Less: provision for impairment	-	(1.81)
Total B	-	12.58
Total (A+B)	**2,502.31**	953.41
Aggregate amount of unquoted investments	**2,502.31**	953.41
Aggregate amount of impairment in value of investments	-	(1.81)
7 Investments		
A. Non current investments		
Investment in equity instruments (quoted)		
Fair value through profit and loss		
5 equity shares of Rs. 10 each of Indusind Bank Ltd.	-	0.07
9,940 equity shares of Rs. 2 each of Bank of Baroda	-	15.93
5,000 equity shares of PNB Gilts Ltd. of Rs. 10 each	-	3.57
	-	19.57
B. Current investments		
Trade (unquoted)		
Investments in mutual funds		
Fair value through profit and loss		
Principal emerging bluechip fund-Growth 36,292.058 units and 199 fractions face value of Rs 10	-	32.83
Reliance equity fund 13,189 Units and 69 fractions face value of Rs 2.50	-	10.90
Reliance growth fund 1,063 units and 20 fractions face value of Rs 2.50	-	10.30
IDFC-Cash-DDR Fund 29,967 units and 50 fractions of face value of Rs 10	**300.17**	-
	300.17	54.03
Grand total (A+B)	**300.17**	73.60
Aggregate amount of quoted investments	-	19.57
Market value of quoted investments	-	19.57
Aggregate amount of unquoted investments	**300.17**	54.03

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	As at March 31, 2018	As at March 31, 2017
8 Loans		
(Unsecured, considered good unless otherwise stated)		
Non- current		
Loans to related parties (Refer Note 34)	-	245.31
	-	245.31
9 Other financial assets		
(Unsecured, considered good unless otherwise stated)		
Non-current		
Investments in term deposits (with remaining maturity of more than twelve months)	-	631.28
Security deposits	457.08	384.69
Total (A)	457.08	1,015.97
Current		
Loans and advances to employees	22.35	13.62
Unutilised Export Incentives Licences	936.69	733.78
Total (B)	959.04	747.40
Total (A+B)	959.04	1,763.37
10 Other non-current assets		
(Unsecured, considered good)		
Capital advances		
Considered good	163.63	1,041.30
Considered doubtful	36.15	-
Less: Allowance for bad and doubtful advances	(36.15)	-
	163.63	1,041.30
Deposits with custom authorities	6.00	6.00
Prepaid Expenses	98.39	106.69
Balance with excise authorities	15.95	284.21
Vat/Sales Tax Receivable	257.97	260.36
	541.94	1,698.56
11 Inventories		
(valued at lower of cost and net realisable value)		
Raw materials (including goods in transit Rs. 3,770.23 lakhs (P.Y. Rs 3,535.95 lakhs)	7,583.09	6,404.61
Finished goods (including goods in transit Rs. 1,805.74 lakhs (P.Y.: Rs. 730.31 lakhs)	4,339.90	3,745.31
Work-in-progress	6,578.23	10,359.86
Stores and spares	270.22	253.88
Packing material	64.07	78.14
Fuel	220.01	219.28
	19,055.52	21,061.08

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Notes to the Standalone Financial Statements *(Continued)*
as at March 31, 2018

(Currency: Indian Rupees in lakhs)

	As at March 31, 2018	As at March 31, 2017
12 Trade Receivables		
(Unsecured unless otherwise stated)		
Considered good	**20,824.57**	16,732.71
Considered doubtful	**10.86**	10.86
Less: Allowance for bad and doubtful debts	**(10.86)**	(10.86)
	20,824.57	16,732.71
Refer note 35 for information about credit risk and market risk of trade receivables.		
The movement in allowance for bad and doubtful debts is as follows:		
Balance as at beginning of the year	**10.86**	10.86
Allowance for bad and doubtful debts during the year	-	-
Trade receivables written off during the year	-	-
Balance as at the end of the year	**10.86**	10.86
13 Cash and cash equivalent		
Cash on hand	**3.67**	2.90
Remittance in transit	**282.12**	-
Balances with Banks		
In current accounts	**290.85**	53.96
Earner exchange Foreign Currency account	**134.92**	-
term deposits (with original maturity of less than three months)	**269.89**	450.97
	981.45	507.83
14 Bank balances other than cash and cash equivalents		
Earmarked balances with banks		
Unpaid dividend	-	0.27
Margin money deposits (with original maturity of more than three months but less than twelve months)	**1,129.37**	2,373.57
	1,129.37	2,373.84

Note : Margin money deposit amounting to Rs 303.92 Lakhs are pledged with banks for non cash limits and term deposit Rs.505.15 Lakhs are pledged as cash security with banks for the loans taken

	As at March 31, 2018	As at March 31, 2017
15 Other current assets		
(Unsecured, considered good)		
Receivable from government authorities	**2,396.00**	1,355.50
Advance for supply of goods and services	**638.44**	521.44
Prepaid Expenses	**43.20**	70.88
Vat / Sales Tax receivabe	**91.81**	57.08
	3,169.45	2,004.90

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	As at March 31, 2018	As at March 31, 2017
16 Share Capital		
Authorised:		
10,000 (as at March 31, 2017 : 10,000) equity shares of Rs. 10 each	1.00	1.00
Issued, Subscribed and Paid up:		
10,000 (as at March 31, 2017 : 10,000) equity shares of Rs. 10 each	1.00	1.00
	1.00	1.00

a) Reconciliation of the number of shares

Description	As at March 31, 2018 Number	Amount	As at March 31, 2017 Number	Amount
Shares outstanding at the beginning of the year	10,000	1.00	-	-
Add: Shares issued during the year	-	-	10,000	1.00
Shares outstanding at the end of the year	10,000	1.00	10,000	1.00

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 entilted 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 presenlty 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) Shares held by Holding Company

	As at March 31, 2018 Number	Amount	As at March 31, 2017 Number	Amount
Fairchem Speciality Limited	10,000	1.00	10,000	1.00

d) Details of shareholders holding more than 5% of shares

	As at March 31, 2018 Number	%	As at March 31, 2017 Number	%
Fairchem Speciality Limited	10,000	100%	10,000	100%

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Notes to the Standalone Financial Statements *(Continued)*

as at March 31, 2018

(Currency: Indian Rupees in lakhs)

	As at March 31, 2018	As at March 31, 2017
17 Other equity		
General reserve	35,573.76	35,573.76
Retained Earnings	4,520.38	1,933.75
	40,094.14	37,507.51

A Retained Earnings:-

Retained earnings represent the amount of accumulated earnings/ (losses) at each Balance Sheet date of the Group, prepared in accordance with the basis of preparation section.

B General Reserve

Refer Note 42

C Defined benefit plans actuarial gains/(losses) accumulated in retained earnings, net of tax

Particulars	Actuarial Gain/loss
Defined benefit plans actuarial gains/(losses)	(20.55)
As at March 31, 2017	(20.55)
Defined benefit plans actuarial gains/(losses)	(3.28)
As at March 31, 2018	(23.83)

D Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The company montiors capital using Debt-Equity ratio. For this purpose, debt is defined as total liabilities comprising interest bearing loans and borrowings less cash and cash equivalents (including current investments). Equity comprises all components of Equity.

The Company's debt equity ratio as at March 31, 2018 was as follows:

Particulars	March 31, 2018	March 31, 2017
Total Debt	23,556.38	23,010.36
Less: Cash and cash equivalents and short term investments	2,110.82	2,881.67
Net Liabilities (A)	21,445.56	20,128.69
Equity (B)	40,095.14	37,508.51
Debt - Equity Ratio	0.53	0.54

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18 Borrowings

A. Non-current borrowings

	Non-current portion		Current portion (*)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Term Loans from banks (secured)				
Term loan in Indian currency	4,197.22	347.87	166.00	166.00
Term loans in foreign currency	1,541.27	3,972.10	2,443.74	2,778.41
Vehicle loan (hypothecated with the lender)	2.14	7.77	5.63	10.94
Other (unsecured)				
Deferred Sales Tax Loan	150.42	235.97	85.63	93.84
Loan from Department of biotechnology	6.24	12.48	6.24	6.24
	5,897.29	4,576.19	2,707.24	3,055.43

a) Term loan are secured by a first mortgage on the Company's immovable properties both present and future ranking paripassu interest 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 .

b) Terms and repayment schedule

Terms and conditions of outstanding borrowings are as follows:

Name of the Bank	Currency	Interest Rate	Year of Maturity	Installment	Carrying amount as at March 31, 2018	Carrying amount as at March 31, 2017
Bank of Baroda	INR	11.20%	2020	The term loan is repayable in 20 quaterly installments of Rs.41.50 Lakhs Starting from June 2015	363.22	514.00
Stanadard Chartered Bank	USD	5.75%	2020	The term loan is repayable in 14 quarterly installments of USD 392,857.14 each starting from July 2016	2,044.00	3,056.68
DBS Bank	USD	6.10%	2018	The term loan is repayable in 14 quarterly installments of USD 500,000 each starting from September 2013	-	324.19
RBL Bank WCTL	USD	6.00%	2018	The term loan is repayable in 7 staggering quarterly installments of USD 205329.34 each till 2018.	383.00	782.58
RBL Bank FCTL	USD	3MLibor + 5.25%	2019	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	1,557.32	2,587.00
IDFC Bank	INR	8.60%	2024	The term loan is repayable in 20 quaterly installments of Rs.200 Lakhs Starting from Mar 2020	4,000.00	-

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(Currency: Indian Rupees in lakhs)

18 Borrowings

A. Non-current borrowings *(Continued)*

c) 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. 85.63 Lakhs is disclosed under "other current liabilities" (2017 : 93.84 lakhs)

d) This is towards Grant-in-aid and loan received from the Department of Biotechnology, Ministry of Science & Technology under Small Business Innovation Research Initiative (SBIRI) scheme for "Enzyme Catalyzed Manufacture of esters". The aid is received in the form of loan Rs. 18.72 lakhs for funding the man-power costs in relation to the research and development project. The loan is repayable to the Government in ten equal yearly instalments starting from March 2011.

B. Current borrowings (secured)

	March 31, 2018	March 31, 2017
Cash credit	7,840.47	8,837.87
Packing Credit from bank	6,432.75	6,907.99
Buyers credit	3,370.59	2,565.07
Book overdraft	15.28	123.24
Total	17,659.09	18,434.17

All the above loans are secured by first pari passu charge on all current assets of the Company both present and future.

Working Capital Loans from banks are secured by way of hypothecation of inventories both on hand and in transit and book debts and other receivables both present and future and also secured by way of second charge on fixed assets . Working capital loans carry interest rate @ 8.5% to 9.5% and are payable on demand.
Post shipment and packing credit from bank carry interest rate @ 1.50% to 4.08% and are due for payment within 180 days.

19 Provisions

	Non-Current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Provisions for employee benefits				
Compensated absences	198.65	181.63	23.49	16.62
Gratuity	594.50	493.92	33.06	28.31
Other Provision				
Provision for wealth tax	-	-	0.20	0.20
Provision for fringe benefit tax (net of advance fringe benefit tax)		-	4.03	4.03
	793.15	675.55	60.78	49.16

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	Year ended March 31, 2018	Period ended March 31, 2017
20 Income Tax		
Amounts recognised in profit or loss		
The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:		
Current income tax:		
Current income tax expenses	999.68	465.03
Recognition of MAT credit entitlement		-
Deferred tax:		
Relating to origination and reversal of temporary differences	522.83	(131.37)
Income tax expense reported in the statement of profit or loss	1,522.51	333.66
Income tax recognised in other comprehensive income		
Tax expense related to items recognised in OCI during the year:		
Actuarial loss on defined benefit plan	(1.73)	(10.87)
Income tax charged to OCI	(1.73)	(10.87)
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017:		
Accounting profit before income tax	4,413.31	2,287.96
At India's statutory income tax rate of 34.61% (March 31, 2017: 34.61%)	1,527.36	791.82
MAT credit entitlement	-	(324.95)
Section 35(2AB) deduction	(103.42)	(137.79)
Exempt income	(21.46)	-
Non-deductible expenses for tax purposes	89.52	2.63
Others	28.78	(8.92)
	1,520.78	322.79
Income tax expense reported in the statement of profit and loss	1,520.78	322.79

	As at 1 April 2017	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	On account of Business Combination	As at 31 March, 2018
Deferred tax (assets)/liabilities					
Provision for post retirement benefits and other employee benefits					
Provision for doubtful debts and advances	(7.46)	(12.70)	-	-	(20.16)
Expenses allowable for tax purposes when paid	(268.40)	(26.79)	(1.73)	-	(296.92)
Tax Depreciation	1,690.33	256.36	-	-	1,946.69
Fair value (gains)/losses	8.96	(5.41)		-	3.55
Mat credit entitlement	(464.78)	311.37	-	-	(153.41)
	958.65	522.83	(1.73)	-	1,479.75

	As at 8th July 2016	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	On account of Business Combination	As at 31 March, 2017
Deferred tax (assets)/liabilities					
Provision for doubtful debts and advances	-	-	-	(7.46)	(7.46)
Expenses allowable for tax purposes when paid	-	27.66	(10.87)	(285.19)	(268.40)
Tax Depreciation	-	296.79	-	1,393.54	1,690.33
Fair value (gains)/losses	-	8.96	-	-	8.96
MAT credit entitlement	-	(464.78)	-	-	(464.78)
	-	(131.37)	(10.87)	1,100.89	958.65

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Privi Organics India Limited

Notes to the Standalone Financial Statements *(Continued)*
as at March 31, 2018

(Currency: Indian Rupees in lakhs)

	As at March 31, 2018	As at March 31, 2017
21 Trade Payables		
Trade payables		
Due to micro and Small enterprises *	-	-
To Others	12,100.26	10,065.66
	12,100.26	10,065.66

* On the basis of information and records available,there are no outstanding dues and outstanding intrest on dues to micro and small enterprise.

The Company's exposure to credit and currency and liquidity risk related to trade payables are disclosed in Note 37.

22 Other financial liabilities

	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due on borrowings	107.82	75.40
Payable for capital expenditure	2,255.44	860.82
Deposits	0.25	0.25
Payable for Expenses	2,297.84	1,422.76
Salaries, wages and bonus payable	615.57	313.24
Derivative Instruments	100.46	84.60
Current maturities of long term debt (Refer Note 18A)	2,707.24	3,055.43
	8,084.62	5,812.50

The Company's exposure to credit and currency and liquidity risk related to the above financial liabilities are disclosed in Note 37.

23 Other current Liabilities

	As at March 31, 2018	As at March 31, 2017
Statutory dues (including provident fund, tax deducted at source and others)	117.06	302.11
Advance from customers	79.30	-
	196.36	302.11

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		Year ended March 31, 2018	Period ended March 31, 2017
24	**Revenue from operations**		
	Sale of products		
	Domestic sales	23,091.20	13,702.13
	Export sales	53,917.04	28,583.51
		77,008.24	42,285.64
25	**Other operating revenue**		
	Export incentives	1,016.65	481.87
	Job work charges	-	38.30
		1,016.65	520.17
26	**Other income**		
	Interest income from fixed deposits	123.56	160.62
	Gain on write-back of Financial liabilities measured at amortised cost	21.04	92.75
	Dividend income	0.35	0.07
	Gain on sale of tangible assets	1.60	1.33
	Fair value changes in investments measured at FVTPL	3.87	52.86
	Miscellaneous income	41.98	15.39
	Foreign currency fluctuations gain, net	1,405.30	705.75
		1,597.70	1,028.77
27	**Cost of materials consumed**		
	Raw material consumed		
	Opening Stock	6,404.61	-
	Stock acquired on demerger	-	7,335.08
	Add: Purchases	47,206.67	25,367.47
	Less: Closing Stock	7,583.09	6,404.61
	Consumption	46,028.19	26,297.94
	Packing material consumed		
	Opening Stock	78.14	-
	Stock acquired on demerger	-	60.56
	Add: Purchases	1,351.56	868.81
	Less: Closing Stock	64.07	78.14
	Consumption	1,365.63	851.23
		47,393.82	27,149.17

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Notes to the Standalone Financial Statements *(Continued)*

for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

28 Changes in inventories of finished goods and work in progress

	Year ended March 31, 2018	Period ended March 31, 2017
Closing stock:		
Finished goods	4,339.90	3,745.31
Working in Process	6,578.23	10,359.86
	10,918.13	14,105.17
Opening stock:		
Finished goods	3,540.74	-
Working in Process	10,359.86	-
	13,900.60	-
Stock acquired on demerger		
Finished goods	-	4,503.15
Working in Process	-	8,837.97
	-	13,341.12
(Increase)/ decrease in inventories	2,982.47	(764.05)

29 Employee benefits expense

	Year ended March 31, 2018	Period ended March 31, 2017
Salaries, wages and bonus	3,555.95	1,958.16
Contribution to provident and other funds	242.80	109.95
Staff welfare expenses	328.65	184.46
	4,127.40	2,252.57

30 Finance cost

	Year ended March 31, 2018	Period ended March 31, 2017
Interest on term loans	445.91	370.17
Less: Interest capitalized	(51.45)	(59.41)
Net interest on term loans	394.46	310.76
Interest on working capital loans	1,299.88	693.20
Interest on other loans	1.58	121.08
Amortisation of premium on forward exchange contracts	-	-
Other Finance cost	84.08	73.78
Interest on delayed payment of income tax	38.42	27.32
	1,818.42	1,226.14

31 Depreciation and amortisation

	Year ended March 31, 2018	Period ended March 31, 2017
Depreciation on tangible assets	3,764.94	2,176.34
Amortisation of intangible assets	48.58	68.23
	3,813.52	2,244.57

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Notes to the Standalone Financial Statements *(Continued)*
for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

32 Other Expenses

	Year ended March 31, 2018	Period ended March 31, 2017
Consumption of stores and spares	624.08	385.27
Excise duty related to (decrease) / increase in inventory of finished goods	-	39.47
Power and fuel	5,359.07	2,672.19
Job work Charges	801.49	502.25
Repairs and maintenance of:		
Buildings	121.55	37.23
Plant and machinery	473.25	272.88
Others	151.56	55.37
Contract labour charges	629.43	428.01
Lease expense	45.22	27.50
Research and development	597.63	398.14
Pollution control expenses	196.78	82.28
Other factory expenses	328.12	145.58
Insurance	75.75	49.17
Postate and Telephone	50.89	40.67
Rates and taxes	44.32	20.38
Training Expenses	8.52	13.23
Auditors remuneration:		
Statutory audit	45.00	44.50
Other services	3.65	3.65
Out of pocket expenses	4.42	-
Brokerage & Commission	84.86	74.10
Printing and stationery	35.64	20.02
Freight outward	2,214.21	777.32
Selling and distribution	624.11	261.00
Legal and professional fees	468.34	222.81
Travelling and conveyance	413.84	247.04
Bank charges	335.97	279.90
CSR expenses	25.21	18.10
Sundry balances w/off	19.51	6.81
Provision for doubtful advances	36.15	-
Miscellaneous expenses (net)	385.25	270.89
	14,203.82	7,395.76

a) In-house research and development expenses

The details total revenue expenditure (net of recoveries) on Research and Development (R&D) eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961 are given below.

	Year ended March 31, 2018	Period ended March 31, 2017
Revenue Expenditure		
Salaries and wages	396.38	306.47
Material consumables/ spares	61.78	48.24
Other expenditures directly related to R&D	139.47	43.43
Total	597.63	398.14

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32 Other Expenses

b) Corporate social responsibility

The Company has spent Rs. 25.21 lakhs (Previous year : Rs. 18.10 lakhs) towards various schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013. The details are:

1 Gross amount required to be spent by the Company during the year: **Rs. 42.00 lakhs**(Previous period : Rs. 31.03 lakhs)

2 Amount spent during the year on:

	In cash/payable	Yet to be paid in cash
(i) Construction/Acquisition of any asset	-	-
(ii) For purposes other than (i) above	25.21	-
	(18.10)	-

(figures in brackets pertain to previous year)

c) Leases as lessee

i. Future minimum lease payments

At March 31, 2018 the future minimum lease payments under non-cancellable operating leases were as follows.

	Year ended March 31, 2018	Period ended March 31, 2017
Less than one year	49.56	-
Between one and five years	87.69	35.32
More than five years	-	251.27
	137.25	286.59

ii. Amounts recognised in profit or loss

	Year ended March 31, 2018	Period ended March 31, 2017
Lease expenses	45.22	27.50
	45.22	27.50

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(Currency: Indian Rupees in lakhs)

33 Segment Information

A. Factors used to identify the entity's reportable segments, including the basis of organisation

For managemnt purpose, the Company has determined its reportable segment s "Aromatic chemicals" since the chief operating decision maker (CODM) evaluates the Company's performance as a single segment.

B. Information about reportable segments

	Year ended March 31, 2018	Period ended March 31, 2017
Revenue	77,008.24	42,285.64
	77,008.24	42,285.64

C. Geographic information

The geographic information analyses the Company's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the respective non-current assets.
The product offerings which are part of the speciality chemicals portfolio of the Company are managed on a worldwide basis from India.

The amount of the group's revenue is shown in the table below.

	Year ended March 31, 2018	Period ended March 31, 2017
India	23,091.20	13,702.13
Outside India	53,917.04	28,583.51
Total	77,008.24	42,285.64

All the non-current assets of Company are located within India.

D. Information about major customers

Revenues from three major customers represented approximately RS 10,714.66Lakhs (Previous period :-Rs.9,623.69 lakhs), RS 5767.37 Lakhs.(Previous period :-5,060. 68 lakhs) and Rs 4,057.36(Previous period :-3,144..89 lakhs) of the Company's total revenues.

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34 Related party disclosures

a) List of Related Parties

<u>**Related parties where control exist:**</u>

Holding Company
Fairchem Speciality Limited

Subsidiary Company (Where control exists)
Privi Biotechnologies Private Limited
Privi Organics USA Inc.

Associate Company
Minar Organics Private Limited (up to 21-03-2018)

<u>**Enterprises owned or significantly influenced by key management personnel or their relatives**</u>
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

Key Management Personnel (KMP)
Mr. Mahesh P. Babani (Managing Director)
Mr. D. B. Rao (Executive Director)

Relatives of Key Management Personnel
Mr. D. Vinay Kumar

b) During the year, following transactions were carried out with the related parties :

	Holding Company		Subsidiaries and Associates		Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel and their relatives	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Transactions								
Purchase of raw materials								
Privi Life Science Pvt Ltd	-	-	-	-	22.40	6.56	-	-
Privi Organics USA Inc	-	-	1,315.84	952.30	-	-	-	-
Sale of finished goods								
Privi Organics USA Inc	-	-	10,820.75	7,143.08	-	-	-	-
Privi Life Science Pvt Ltd	-	-	-	-	21.78	15.19	-	-
Sale of Assets Machinery								
Privi Biotechnologies Pvt Ltd	-	-	5.08	-	-	-	-	-
Reimbursement of expenses	-	-	-	-	-	-	-	-
Fairchem Speciality Limited	16.75	-	-	-	-	-	-	-
Rent, lease and hire (expense)								
Minar Organics Pvt Ltd	-	-	15.00	6.00				
Vivira Chemicals Pvt Ltd	-	-	-	-	12.00	4.00	-	-
Rent, lease and hire (income)	-	-	-	-	-	-	-	-
Minar Organics Pvt Ltd	-	-	0.30	0.20				
Privi Life Science Pvt Ltd	-	-	-	-	12.00	8.00	-	-
Vivira Chemicals Pvt Ltd	-	-	-	-	0.30	0.20	-	-
Advance given						-	-	-
Privi Biotechnologies Pvt Ltd	-	-	-	231.29	-	-	-	-
Managerial reumeration								
D B Rao	-	-	-	-	-	-	90.00	53.50
Mahesh P Babani	-	-	-	-	-	-	108.00	61.85
Investment in shares								
Privi Biotechnologies Pvt Ltd	-	[illegible]	1,561.48	-	-	-	-	-
Sale of investment								
Mahesh P Babani	14.39		[illegible]	-	-	-	-	-
Salary paid							-	
D Vinaykumar	-	[illegible]	-	-	-	-	18.35	11.43

*Remuneration does not include charge for gratuity and leave encashment as employee-wise break up is not available

(Currency: Indian Rupees in lakhs)

34 Related party disclosures *(Continued)*

b) During the year, following transactions were carried out with the related parties : *(Continued)*

Particulars	Holding Company		Subsidiaries and Associates		Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Recievables /Other assets								
Privi Organics USA Inc	-	-	3,358.11	4,252.98	-	-	-	-
Vivira Chemicals Pvt Ltd	-	-	-	-	1.38	1.02	-	-
Vivira Chemicals Industries	-	-	-	-	0.51	0.51	-	-
Privi Life Science Private Limited	-	-	-	-	82.48	49.65	-	-
Minar Organics Pvt Ltd	-	-	0.84	0.49	-	-	-	-
Privi Biotechnologies Pvt Ltd	-	-	5.08	245.30	-	-	-	-
Trade Payables								
Privi Life Science Pvt Ltd	-	-	-	-	15.58	2.25		
Minar Organics Pvt Ltd	-	-	-	2.03	-	-	-	-
Privi Organics USA Inc	-	-	-	171.69	-	-	-	-

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35 Employee benefits - Post-employment benefit plans

a) Defined contribution plans

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

The Company has recognised the following amount as an expense and included in the Note 29 under "Contribution to provident & other funds":

	Year ended March 31, 2018	Period ended March 31, 2017
Contribution to employees provident fund	209.23	120.06
Contribution to ESI	1.09	0.27

b) Defined benefit plans

The Company operates one post-employment defined benefit plan that provides gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement. In case of employees completing longer service periods, the Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972.

	As at March 31, 2018	As at March 31, 2017
Amount recognised in the Balance Sheet in respect of Gratuity		
Present value of the defined benefit obligation at the end of the year	627.56	522.23
Fair value of the plan assets	-	-
Net liability	627.56	522.23

	Year ended March 31, 2018	Period ended March 31, 2017
Movement in present value of defined benefit obligation		
Liability on account of demerger	522.23	414.32
Opening Defined Benefit Obiligations	-	-
Current service cost	65.63	69.37
Interest cost	37.86	32.11
Actuarial /loss	5.01	31.42
Benefits paid	(31.78)	(24.99)
Past service cost	28.61	-
Closing defined benefit obligation	627.56	522.23
Expense recognised in statement of profit and loss		
Current service cost	65.63	69.37
Interest on defined benefit obligations	37.86	32.11
Past service cost	28.61	-
Total	132.10	101.48
Remeasurements recognised in Other comprehensive income		
Change in financial assumptions	(18.62)	-
Experience adjustments	23.63	31.42
Total	5.01	31.42
Total expense recognised	137.11	132.90

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35 Employee benefits - Post-employment benefit plans *(Continued)*

b) Defined benefit plans *(Continued)*

	As at **March 31, 2018**	As at March 31, 2017
Principal actuarial assumptions at the balance sheet date		
Discount rate (p.a.)	7.56%	7.25%
Expected rate of Salary increase (p.a.)	8.25%	8.25%
Attrition Rate	30 and Below : 12% 31 to 40 Years : 8% 41 to 50 Years : 5% 51 and above : 1%	30 and Below : 12% 31 to 40 Years : 8% 41 to 50 Years : 5% 51 and above : 1%
Mortality Tables	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)

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

Estimated rate of return on plan assets is based on average long term rate of return expected on investments of the Fund during the estimated term of the

A quantitative sensitivity analysis for significant assumption is as shown below:

	Discount rate		Future salary increase	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Impact on defined benefit obligation due to:				
a. 1% increase	(52.11)	(45.87)	59.06	52.03
b. 1% decrease	60.06	53.07	(52.25)	(45.87)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period, as calculated by Actuary.

Experience adjustment for last two* years

	March 31, 2018	March 31, 2017
Defined benefit obligation	627.56	522.23
Plan assets	-	-
Surplus/(deficit)	(627.56)	(522.23)
Experience adjustment on plan liabilities	23.63	31.42
Experience adjustment on plan assets	-	-

(*) Company has been in existence for two years only.

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Chartered Accountants

(Currency: Indian Rupees in lakhs)

36 Financial instruments

a. Accounting classification and fair values

The Group is exposed to the risks of changes in fair value of its financial assets and liabilities. The following table summarises the fair values and carrying amounts of financial instruments.

	March 31, 2018		March 31, 2017	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets measured at fair value				
Investments	300.17	300.17	73.60	73.60
Financial assets measured at amortised cost				
Loans	-	-	245.31	245.31
Investments in term deposits	1,129.37	1,129.37	3,004.85	3,004.85
Security deposits	457.08	457.08	384.69	384.69
Other assets	959.04	959.04	747.40	747.40
	2,845.66	2,845.66	4,455.85	4,455.85
Financial liabilities measured at fair value				
Derivatives -forward contracts and Intrest Rate Swap	100.46	100.46	84.60	84.60
	100.46	100.46	84.60	84.60
Financial liability measured at amortised cost				
Borrowings	23,556.38	23,556.38	23,010.36	23,010.36

Note

Cash and cash equivalents, trade and other current receivables, trade payables and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

b. The fair value of financial instruments as referred to in note (a) above have been classified into a three categories depending on the inputs used in the valuation technique.

The categories used are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

There were no significant changes in classification of fair value of financial assets and financial liabilities. There were also no significant movements between the fair value hierarchy classifications.

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36 Financial instruments *(Continued)*

c. Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2017.

(i) The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

(ii) The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

(iii) Loans and borrowings have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

(iv) Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term

(Currency: Indian Rupees in lakhs)

37 Financial risk management

The Company has exposure to the following risks arising from the financial instruments:

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. The carrying amount of financial assets represent the maxmimum credit exposure.

Impairment of Trade receivables

At March 31, 2018, the ageing of trade and other receivables that were not impaired was as follows.

	Carrying amount	
	March 31, 2018	March 31, 2017
Neither past due nor impaired	15,943.88	12,317.47
Past due 0-90 days	4,785.81	3,786.24
Past due 90-180 days	53.09	505.77
Past due 180-270 days	10.58	87.30
Past due 270–360 days	12.26	15.77
More than 360 days	18.95	20.16
	20,824.57	16,732.71

Movement in impairment provision

	Amount
Aquired in the business combination	10.86
Impairment loss recognised	-
Amounts written off	-
Balance as at March 31, 2017	10.86
Impairment loss recognised	-
Amounts written off	-
Balance as at March 31, 2018	10.86

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk and the current provision for the bad debts represents the impacted credit loss it forsees in its

Financial assets other than trade receivables are not impaired and further, there are no amounts that are past due. Management believes that the amounts are collectible in full, based on historical payment behaviour.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

		Contractual cash flows				
March 31, 2018	**Carrying amount**	**Total**	**1 year or less**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Term loans from banks	8,604.53	8,604.53	2,707.24	2,066.03	2,431.26	1,400.00
Other borrowings	17,643.81	17,643.81	17,643.81	-	-	-
Trade payables	12,100.26	12,100.26	12,100.26	-	-	-
Other financial liabilities	5,276.92	5,276.92	5,276.92	-	-	-
Derivative financial liabilities						
Interest rate swaps	100.46	100.46	100.46	-	-	-
	43,725.98	**43,725.98**	**37,828.69**	**2,066.03**	**2,431.26**	**1,400.00**

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Notes to the Standalone Financial Statements *(Continued)*

for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

37 Financial risk management *(Continued)*

b) Liquidity risk *(Continued)*

Exposure to liquidity risk: *(Continued)*

			Contractual cash flows			
March 31, 2017	**Carrying amount**	**Total**	**1 year or less**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Borrowings	25,942.80	25,942.55	21,344.24	4,559.43	38.88	-
Trade payables	10,065.66	10,065.66	10,065.66	-	-	-
Other financial liaiblities	2,672.47	2,672.47	2,672.47	-	-	-
Derivative financial liabilities						
Interest rate swaps	84.60	84.60	84.60	-	-	-
	38,765.53	38,765.28	34,166.97	4,559.43	38.88	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

c) Currency Risk

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 are as below:

	March 31, 2018 USD Denominated	March 31, 2018 EURO Denominated	March 31, 2017 USD Denominated	March 31, 2017 EURO Denominated
Financial assets				
Trade Receivables	12,260.52	1,295.00	10,001.77	969.56
	12,260.52	1,295.00	10,001.77	969.56
Financial liabilities				
Borrowings	3,985.01	-	6,750.78	-
Trade payables and other financial liabilities	4,923.50	273.82	10,590.77	1.16
	8,908.51	273.82	17,341.55	1.16
Net exposure	3,352.01	1,021.18	(7,339.78)	968.40

Sensitivity analysis

A reasonably possible strengthening (weakening) of the foreign currencies against INR at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit before tax		Equity, net of tax	
	Strengthening	**Weakening**	**Strengthening**	**Weakening**
March 31, 2018				
USD (3 % movement)	100.56	100.56	65.76	65.76
EUR (3 % movement)	30.64	30.64	20.04	20.04
	131.20	131.20	85.80	85.80

	Profit before tax		Equity, net of tax	
Effect in INR	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
March 31, 2017				
USD (3 % movement)	(220.19)	220.19	(143.99)	143.99
EUR (3 % movement)	29.05	(29.05)	19.00	(19.00)

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(Currency: Indian Rupees in lakhs)

37 Financial risk management *(Continued)*

d) Interest risk

The group is exposed primarily to fluctuation in USD interest rates. Interest rate risk on financial debt is managed through interest rate swaps.

The interest rate profile of the Company's interest-bearing financial instruments is as follows.

	March 31, 2018	March 31, 2017
Fixed-rate instruments	6,790.91	3,770.39
Variable-rate instruments	19,216.41	21,928.16
Total borrowings	26,007.32	25,698.55

Financial assets classified at amortized cost have fixed interest rate. Hence, the group is not subject to interest rate risk on such financial assets.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would

	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2018				
Variable-rate instruments	192.16	(192.16)	125.66	(125.66)
March 31, 2017				
Variable-rate instruments	219.28	(219.28)	143.39	(143.39)

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Notes to the Standalone Financial Statements *(Continued)*

for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

38 Contingent Liabilities:

Claims against the Company not acknowledged as debts (including taken over under Business Transfer Agreement)

	As at March 31, 2018	As at March 31, 2017
Income Tax authorities	1,075.31	1,044.10
Excise duty	31.89	31.89
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	15.52

The claims against the Company comprise of pending litigations / proceedings pertaining to demands raised by Excise, Custom, Sales / VAT tax and other authorities / bodies. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

The Company does not expect any reimbursements in respect of the above contingent liabilities.

39 Commitments

	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of Rs. 199.78 lakhs, (March 31, 2017: Rs. 1041.30 lakhs)	1,782.15	647.81
LC's issued in favour of suppliers, but the material not dispatched	234.94	153.87

40 Earnings per share

	Year ended March 31, 2018	Period ended March 31, 2017
Profit after tax attributable to equity shareholders [A]	**2,890.80**	1,954.30
Number of equity shares at the beginning of the year [B]	**10,000**	10,000.00
Number of equity shares outstanding at the end of the year [C]	**10,000**	10,000.00
Weighted average number of equity shares outstanding during the year [D]	**10,000**	10,000.00
Basic and Diluted earnings per share of face value Rs. 10 [A]/[D]	**28,908.00**	19,543.00

41 Transfer Pricing

Transactions with related parties are governed by transfer pricing regulations of the Indian Income-tax Act, 1961. The Company's international and domestic transactions with related parties are at arm's length as per the independent accountants report for the year ended March 31, 2017. Management believes that the Company's international and domestic transactions with related parties post March 2017 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

(Currency: Indian Rupees in lakhs)

42 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 Adi Finechem 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 asPrivi 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.

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 , adjusted for the adjustments referred in Note 3

Particulars	Amount in lakhs
Liabilities	
Non-Current Liabilities	
Long-term borrowings	6,379.53
Deferred tax liability (Net)	1,100.89
Other long-term liabilities	0.25
Long-term provisions	635.75
Current Liabilities	
Short-term borrowings	20,485.22
Trade payables	15,558.03
Other current liabilities	8,783.81
Short-term provisions	1,138.21
Total Liabilities (A)	**54,081.69**
Assets	
Fixed Assets (Net)	28,538.06
Investments	
-Non-Current	959.17
-Current	15.01
Current Assets	
-Non-Current	
Long-term loans and advances (Refer note 3)	2,162.02
Other non current assets	1,450.14
-Current	
Inventories	21,437.22
Trade receivables	16,341.06
Cash and bank balance	1,851.81
Short-term loans and advances	2,372.74
	45,614.99
Total Assets(B)	**75,127.23**
Net Assets (B-A)	**21,045.54**

As mentioned under the Scheme, the excess of the value of assets over the value of liabilities will be treated as general reserve. Accordingly, the net assets of Rs 21,045.54 lakhs has been transferred to general reserve.
The Order also provides that all assets and liabilities accrued to POL after the appointed date and prior to the effective date in connection with the Demerged Undertaking shall stand transferred to and vested in the Resulting Company with effect from the effective date. Pursuant to the Scheme, money raised in POL towards shares subscribed by an existing shareholder, post the appointed date, of Rs 14,528.22 lakhs (net of expenses incurred of Rs 471.78 lakhs) has been transferred to the Resulting Company with a credit to the general reserve accordingly, Rs. 35,573.76 lakhs has been transferred to general reserves (in the aggregate).

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(Currency: Indian Rupees in lakhs)

43 Subsequent event

On April 26, 2018 a major fire broke out at the Company's Unit 2 Plant located at MIDC Mahad. There has been loss to assets comprising of Inventories, Buildings, Plant & Machinery and other Fixed Assets. The Company is not able to make a reliable estimate of the exact amount of loss, which would be estimated once the surveyors have completed their assessment. The Company is adequately insured and post the assessment, the Company will file a claim for reimbursement of loss with the insurance Company. Since this is a non-adjusting subsequent event, no adjustment has been made in the financial statements for the year ended March 31, 2018.

44 Dividend on equity shares

	Year ended March 31, 2018	Period ended March 31, 2017
Dividend on equity shares declared and paid during the year		
Dividend of Rs 2500 per share for the period ended March 31, 2017	250.00	-
Dividend distribution tax on dividend	50.89	-
	300.89	-
Proposed dividend on equity shares not recognised as liability		
Final dividend of Rs 3,750 per share for the year ended 31 March 2018 (31 March 2017 Rs 2500 per share)	375.00	250.00
Dividend distribution tax on dividend	77.08	50.89
	452.08	300.89

45 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115	Revenue from Contracts with Customers
Ind AS 21	The effect of changes in Foreign Exchange rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive standard for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying IND AS 115 is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

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

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

46 Previous year comparative

These financial statements have been prepared for the period from April 1, 2017 to March 31, 2018, whereas the previous period was from 8th July 2016 to March 31, 2017. The corresponding figures for the previous year are therefore not comparable with those for the current period.

(Currency: Indian Rupees in lakhs)

47 Disclosure on Specified Bank Notes (SBN's)

During the period ended March 2017, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R 308(E) dated March 31, 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			
(+) Permitted Cash Receipts	-	1,766,830	1,766,830
(-) Permitted Payments	-	1,680,908	1,680,908
(-) Amount deposited in Banks	242,500	-	-
Closing cash in hand as on December 30, 2016	-	**1,483,306**	**1,725,806**

* 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

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

A. S. Morwekar

Adwait Morwekar
Partner
Membership No: 110223

Mumbai
Date : May 08, 2018

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

Mahesh Babani
Managing Director
DIN: 00051162

D. B. Rao
Executive Director
DIN: 00356218

Narayan S Iyer
Chief Financial Officer

Ramesh Kathuria
Company Secretary

Privi Organics India Limited

Consolidated Ind AS Financial statements together with the Independent Auditors' Report for the year ended 31 March 2018

Privi Organics India Limited

Consolidated Ind AS financial statements together with the Independent Auditors' Report

for the year ended 31 March 2018

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Independent Auditor's Report

To the Members of Privi Organics India Limited

Report on the Audit of the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Privi Organics India Limited, ("the Holding Company") and its subsidiaries (together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Ind AS Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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 consolidated Ind AS 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.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group, are responsible for assessing the ability of the Group, to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, 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 Section 143 (10) 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.

B S R & Associates (a partnership firm with Registration No. BA69226) converted into B S R & Associates LLP (a Limited Liability, Partnership with LLP Registration No. AAB-8182) with effect from October 14, 2013

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Independent Auditor's Report *(Continued)*

Privi Organics India Limited

Auditor's Responsibility ***(Continued)***

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Group, to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group, to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2018, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

Emphasis of matter

We draw attention to Note 40 to the financial statements. During the period ended 31 March 2017, as per the accounting treatment prescribed in the Scheme approved by the National Company Law Tribunal (NCLT) Order, the Company has credited Rs 35,573.76 lakhs, being the excess of book value of assets over the book value of liabilities and consideration for equity shares issued, vested under the Scheme, to the general reserve. Had such accounting treatment not been specified under the NCLT Order, under the Indian Accounting Standards (Ind AS) adopted by the Company with effect from 1 April 2017, restated for the previous period's figures under Ind AS, the assets and liabilities would need to be fair valued and the excess of fair value of consideration directly discharged by the parent company (to be recognized as contribution from the parent directly in equity) over the fair value of net assets acquired (i.e fair value of assets acquired less fair value of liabilities (including consideration for equity shares issued)) would be recognised as goodwill and in reverse case would be recognised in equity as capital reserve. Our opinion is not modified in respect of this matter.

Independent Auditor's Report *(Continued)*

Privi Organics India Limited

Other Matters

a) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs. 7,234.92 lakhs (31 March 2017: Rs. 5,584.36 lakhs) and net assets of Rs. 3,256.80 lakhs as at 31 March 2018 (31 March 2017: Rs. 854.08 lakhs), total revenues of Rs. 13,784.42 lakhs (31 March 2017: 8,521.34 lakhs) and net cash inflows / (outflows) amounting to Rs. 117.51 lakhs (31 March 2017: Rs.(58.63) lakhs) for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

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

    c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

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

    e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies, is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

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

Independent Auditor's Report *(Continued)*

Privi Organics India Limited

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

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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries as noted in the 'Other matter' paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 36 to the consolidated financial statements.

ii. The Group has made provisions as required under the applicable law or accounting standards for any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2018.

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 incorporated in India during the year ended 31 March 2018.

iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However amounts as appearing in the audited consolidated financial statements for the period ended 31 March 2017 have been disclosed.

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

A.S. Morwekar

Adwait Morwekar
Partner
Membership No. 110223

Mumbai:
8 May 2018

Privi Organics India Limited

Annexure A to Independent Auditors' Report – 31 March 2018

(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 1 April 2017 and ending on 31 March 2018, 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, which is a company 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, which is 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

Annexure A to Independent Auditors' Report – 31 March 2018 *(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, 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 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountant of India.

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 incorporated in India, is based on the corresponding reports of auditors of such company. 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

A.S. Morwekar

Adwait Morwekar
Partner
Membership No: 110223

Mumbai
8 May 2018

Privi Organics India Limited

Consolidated Balance Sheet
as at March 31, 2018

(Currency: Indian Rupees in lakhs)

	Note	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	32,891.30	29,287.37
Capital work-in-progress	4	4,577.36	1,848.07
Intangible assets	5	664.41	343.90
Financial assets			
Investments	6	-	19.57
Other financial assets	7	471.12	1,033.66
Non current tax assets (net)		1,210.51	1,180.75
Other non-current assets	8	565.20	1,814.24
Total non-current assets		40,379.90	35,527.56
Current assets			
Inventories	9	20,349.01	22,299.31
Financial assets			
Investments	6	300.17	54.03
Trade receivables	10	19,838.07	14,849.58
Cash and cash equivalents	11	1,210.39	649.58
Bank balances other than cash and cash equivalents mentioned above	12	1,159.68	2,373.84
Other financial assets	7	984.68	764.29
Other current assets	13	3,424.69	2,004.92
Total current assets		47,266.69	42,995.55
Total assets		87,646.59	78,523.11
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	1.00	1.00
Other equity	15	40,562.11	37,214.62
Total equity		40,563.11	37,215.62
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	6,044.29	4,723.19
Provisions	17	793.15	675.55
Deferred tax liabilities (net)	18	1,414.77	830.76
Total non-current liabilities		8,252.21	6,229.50
Current liabilities			
Financial liabilities			
Borrowings	16	17,659.09	18,434.17
Trade payables	19	11,975.92	9,920.48
Other financial liabilities	20	8,381.86	5,866.27
Other current liabilities	21	201.45	306.80
Provisions	17	56.55	44.93
Current tax liabilities (net)		556.40	505.34
Total current liabilities		38,831.27	35,077.99
Total equity and liabilities		87,646.59	78,523.11
Notes to the financial statements	3 to 47		
Significant accounting policies	2		

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

A.S. Morwekar

Adwait Morwekar
Partner
Membership No: 110223

Mumbai
Date : May 08, 2018

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

Mahesh Babani
Managing Director
DIN: 00051162

D. B. Rao
Executive Director
DIN: 00356218

Narayan S Iyer
Chief Financial Officer

Ramesh Kathuria
Company Secretary

Privi Organics India Limited

Consolidated Statement of Profit and Loss

for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

	Note	Year ended March 31, 2018	Period ended March 31, 2017
Revenue from operations	22	**78,650.36**	42,709.08
Other operating income	23	**1,016.65**	520.17
Other income	24	**1,601.39**	1,031.28
Total income		**81,268.40**	44,260.53
Expenses			
Cost of materials consumed	25	**47,466.57**	27,328.48
Changes in inventories of finished goods and work-in-progress	26	**2,927.21**	(599.88)
Excise duty		**869.83**	2,042.46
Employee benefits expense	27	**4,383.82**	2,387.18
Finance costs	28	**1,818.42**	1,228.26
Depreciation and amortisation expenses	29	**3,835.99**	2,260.44
Other expenses	30	**14,402.95**	7,542.15
Total expenses		**75,704.79**	42,189.09
Profit before tax		**5,563.61**	2,071.44
Tax expenses			
Current tax		**1,333.81**	524.11
Deferred tax charge / (credit)		**585.74**	(259.26)
Income tax expense		**1,919.55**	264.85
Profit for the year (A)		**3,644.06**	1,806.59
Other comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of the net defined benefit plans		**(5.01)**	(31.42)
Income tax related to above		**1.73**	10.87
Items that will be reclassified to profit or loss			
Exchange differences in translating finanical statements of foreign operations		**7.60**	(0.44)
Other comprehensive income for the year, net of tax (B)		**4.32**	(20.99)
Total comprehensive income for the year (A+B)		**3,648.38**	1,785.60
Earnings per equity share: nominal value of share Rs.10/- each (March 31, 2017: Rs. 10/-)			
Basic and diluted (Rs.)	38	**36,440.60**	18,065.90

Notes to the financial statements	3 to 47	
Significant accounting policies	2	

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

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

A.S. Morwekar

Adwait Morwekar
Partner
Membership No: 110223

Mumbai
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Narayan S Iyer

Narayan S Iyer
Chief Financial Officer

Ramesh Kathuria
Company Secretary

Privi Organics India Limited

Consolidated Statement of Cash Flows

for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

		Year ended March 31, 2018	Period ended March 31, 2017
A	**Cash flows from operating activities**		
	Profit before tax	5,563.61	2,071.44
	Adjustment for:		
	Depreciation and amortisation expenses	3,835.99	2,260.44
	Unrealised gain foreign exchange differences	(175.51)	510.18
	Dividend income	(0.35)	(0.07)
	Interest income	(126.95)	(163.14)
	Finance costs	1,694.34	1,153.09
	Provision for doubtful capital advances	36.15	-
	Profit on sale of fixed assets	(1.60)	(1.33)
	Fair valuation gain on investments	3.87	(52.79)
	Fair valuation of borrowings	15.68	(25.93)
	Operating cash flow before working capital changes	10,845.23	5,751.89
	Adjustment for:		
	(Increase) / decrease in trade receivables	(4,684.91)	255.45
	decrease in inventories	1,950.30	427.31
	(Increase) in other assets	(837.03)	(320.42)
	Increase / (decrease) in trade payables and other current liabilities and provisions	3,152.58	(3,466.92)
		(419.06)	(3,104.58)
	Cash generated from operations	10,426.17	2,647.31
	Income taxes paid	(1,312.71)	(1,390.58)
	Net cash generated from operating activities (A)	9,113.46	1,256.73
B	**Cash flows from investing activities**		
	Purchase of Property, Plant & Equipment	(7,827.81)	(5,114.17)
	Proceeds from sale of Property, Plant & Equipment	5.50	23.53
	Sale/(Purchase) of current investments (net)	(230.44)	-
	Maturity of fixed deposit	1,214.16	253.52
	Dividend income	0.35	0.07
	Interest received	126.95	163.14
	Net cash (used in) investing activities (B)	(6,711.29)	(4,673.91)
C	**Cash flows from financing activities**		
	Proceeds from issue of shares (including securities premium)	-	1.00
	Proceeds from long-term borrowings	4,000.00	-
	Repayment of long-term borrowings	(3,055.36)	(1,160.53)
	Repayment of short-term borrowings (net)	(861.03)	(8,189.48)
	Interest paid	(1,624.08)	(1,239.09)
	Dividend Paid (Inclusive of Dividend)	(300.89)	-
	Net cash (used in) financing activities (C)	(1,841.36)	(10,588.10)
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	560.81	(14,005.28)
	Cash and cash equivalents at the beginning end of the year	649.58	
	Cash and cash equivalents acquired on demerger pursuant to scheme of arrangement	-	126.86
	Cash acquired subsequent to demerger (Refer Note 40)	-	14,528.00
	Cash and cash equivalents at end of the year (refer Note 11)	1,210.39	649.58

B S R & Associates LLP
Chartered Accountants
5th Floor, Lodha Excelus, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai-400011, India

Privi Organics India Limited

Consolidated Statement of Cash Flows *(Continued)*
for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

Note A : The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

Note B : Reconcillation of net debts

Particulars	Long Term Borroowing	Short Term Borrowings
Balance as on 1 April 2017	7,778.62	18,434.17
Loan taken during the current year	4,000.00	-
Repayment during the current year	-3,055.36	-861.03
Foreign exchange gain or loss	12.59	85.95
Impact of effective interest rate	15.68	-
Closing balance	8,751.53	17,659.09

As per our report of even date attached

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

A.S. Morwekar

Adwait Morwekar
Partner
Membership No: 110223

Mumbai
Date : May 08, 2018

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

Mahesh Babani
Managing Director
DIN: 00051162

D. B. Rao
Executive Director
DIN: 00356218

Narayan S Iyer
Chief Financial Officer

Ramesh Kathuria
Company Secretary

Privi Organics India Limited

Consolidated Statement of Changes in Equity
for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

A. Equity share capital

	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the reporting period	1.00	-
Changes in equity share capital during the year	-	1.00
Balance at the end of the reporting period	**1.00**	**1.00**

B. Other equity

	Reserves and Surplus			Total
	Foregin Currency Translation Reserves	General Reserve	Retained Earnings	
Total comprehensive income for the period from 8th July 2016 to March 31,2017				
Profit for the year	-	-	1,806.59	1,806.59
Other comprehensive income (net of tax)	(0.44)	-	(20.55)	(20.99)
Total comprehensive income for the year	(0.44)	-	1,786.04	1,785.60
Transaction with owners directly recorded in equity				
Addition to general reserve on account of demerger as per NCLT- Refer note 40	-	35,573.76	-	35,573.76
Reserves acquired pursuant to demerger	-	-	(144.74)	(144.74)
	-	35,573.76	(144.74)	35,429.02
	-	-	-	-
Balance as at March 31,2017	(0.44)	35,573.76	1,641.30	37,214.62
Total comprehensive income for the year ended March 31,2018				
Profit for the year	-	-	3,644.06	3,644.06
Other comprehensive income (net of tax)	7.60	-	(3.28)	4.32
Total Comprehensive Income for the year	7.60	-	3,640.78	3,648.38
	-	-	-	-
Contribution and distribution to the owners	-	-	-	-
Dividend of Rs 2,500 per share for the period ended March 31,2017	-	-	250.00	250.00
Dividend distribution tax on dividend	-	-	50.89	50.89
Balance as at March 31,2018	7.16	35,573.76	4,981.19	40,562.11

As per our report of even date attached

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

A. S. Morwekar

Adwait Morwekar
Partner
Membership No: 110223

Mumbai
Date : May 08, 2018

For and on behalf of the Board of Directors of
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Managing Director
DIN: 00051162

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DIN: 00356218

Narayan S Iyer
Chief Financial

Ramesh Kathuria
Company Secretary

1 Corporate Information

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. These consolidated financial statements comprise the Company, its Subsidiaries (together referred to as the "Group ") and its associates. The Group is primarily engaged in the manufacture, supply and export of aroma chemicals. The Group'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

i. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Act.

The Group's consolidated financial statements up to and for the period ended March 31, 2017 were prepared in accordance with the Companies (Accounting standards) Rules, 2006, notified under Section 133 of the Act ('Indian GAAP' or 'IGAAP'). As these are the first consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101 'First -time Adoption of Indian Accounting Standards' has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Group is provided in Note 3. The consolidated financial statements under Ind AS were authorised for issue by the Company's board of Directors on 8 May 2018.

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments). These consolidated financial statements are presented in Lakhs of Indian rupees and rounded off to two decimal values unless otherwise stated.

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

ii. *Principles* of consolidation and equity accounting

a) Subsidiaries

Subsidiaries are entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The group combines the financial statements of the parent and its subsidiaries line by line by adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

2 Significant accounting policies *(Continued)*

ii *Principles of consolidation and equity accounting (Continued)*

b) Associates- Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in consolidated profit and loss, and the group's share of other comprehensive income of the investee in consolidated other comprehensive income.

Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

iii. *Use of estimates*

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

Information about critical judgements in applying accounting policies, as well as estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

(a) Measurement of defined benefit obligations for key actuarial assumptions – Note 33

(b) Recognition of deferred tax assets - Note 18

iv. *Current and non-current classification*

All assets and liabilities are classified into current and non-current.

<u>Assets</u>

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 balance sheet date; or

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

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

All other assets are classified as non-current

2 Significant accounting policies *(Continued)*

iv. Current and non-current classification (Continued)

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 balance sheet date; or

(d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Terms of a liability that could, at the option of the counter party, result in its settlement by 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 realization in cash or cash equivalents.

v. Functional Currency and foreign operation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated Financial Statements are presented in Indian Rupees 'INR', which is the presentation currency of the group. The functional currency of subsidiaries within the group include United States Dollar (USD) and Indian Rupee (INR)

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

vi. Property, Plant and Equipment ("PPE") and depreciation

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost, less accumulated depreciation/amortisation and impairments, if any. Historical cost includes taxes, duties, freight and other incidental expenses related to acquisition and installation. Indirect expenses during construction period, which are required to bring the asset in the condition for its intended use by the management and are directly attributable to bringing the asset to its position, are also capitalized.

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

(Currency: Indian Rupees in Lakhs)

2 Significant accounting policies *(Continued)*

vi Property, Plant and Equipment ("PPE") and depreciation (Continued)

Capital work-in-progress comprises cost of fixed assets that are not yet ready for their intended use at the year end.

Depreciation and amortization

Depreciation is calculated using the straight-line method to allocate cost of property plant and equipment, net of residual values, over their estimated useful lives as per the useful life prescribed in schedule II of the Companies Act, 2013 except in case of the following class of assets where the useful life is based on technical evaluation of the management:

Asset Class	Years
Plant and Machinery	10
Furniture & Fixtures	16
Office Equipment	10
Vehicle	11
Computer	6

Fixtures in leasehold premises are amortized over the primary period of the lease or useful life of the fixtures, whichever is lower.

Depreciation on additions / deletions during the year is provided from the month in which the asset is capitalized up to the month in which the asset is disposed off.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets required 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 Companies Act, 2013) unless it is reasonably certain that company will obtain ownership by the end of lease term, in which case the depreciation rates applicable for similar assets owned by the company are applied.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

vii. Intangible assets and amortisation

Intangible assets with finite useful life are stated at cost of acquisition, less accumulated depreciation/ amortisation and impairment loss, if any. Cost includes taxes, duties and other incidental expenses related to acquisition and other incidental expenses.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of respective intangible assets.

Asset Class	Years
Computers and Soft wares	3 to 6 Years
Rights of Sale of Products	5 Years
Development Rights	5 Years

2 Significant accounting policies *(Continued)*

vii Intangible assets and amortization (Continued)

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 capitalized and depreciated as per accounting policy mentioned above. Revenue expenditure is charged off 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.

Gains or losses arising from derecognition 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 or loss when the asset is derecognised.

viii. Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset or a group of assets.

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. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

ix. Borrowing costs

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate applicable to the respective borrowing. Borrowing costs include interest costs measured at EIR and exchange differences arising from foreign currency borrowings (other than long term

(Currency: Indian Rupees in Lakhs)

foreign currency borrowings) to the extent they are regarded as an adjustment to the interest cost.

2 Significant accounting policies *(Continued)*

ix Borrowing costs (Continued)

Borrowing costs, allocated to qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

All other borrowing costs are recognised as an expense in the period which they are incurred.

x. Foreign currency transactions

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of profit and loss of the year.

Monetary assets and liabilities in foreign currency, which are outstanding as at the balance sheet date are translated at the year-end at the closing exchange rate and the resultant exchange differences are recognized in the Statement of profit and loss.

xi. Financial Instruments

a. Financial assets

Initial recognition and initial measurement

All financial assets are initially recognised at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

Financial assets at amortised cost

A financial asset is classified as subsequently measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

(Currency: Indian Rupees in Lakhs)

2 Significant accounting policies *(Continued)*

xi ***Financial Instruments (Continued)***

a. Financial assets *(Continued)*

Financial assets at fair value through Other Comprehensive Income ("FVTOCI")

A financial asset is classified as subsequently measured at fair value through Other Comprehensive Income if both the following conditions are met :

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to P&L. The Group did not have any financial assets at FVTOCI during the current year as well as previous year.

Financial assets at fair value through Profit and loss ("FVTPL")

Financial assets at FVTPL is a residual category for financial assets. Any financial assets which does not meet the criteria of categorizing it at amortised cost or at FVTOCI is classified as at FVTPL.

Financial assets included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2 Significant accounting policies *(Continued)*

xi Financial Instruments (Continued)

a. Financial assets *(Continued)*

De-recognition *(Continued)*

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of Financial Assets

In view of its past experience of having insignificant impairment bad-debts / write-offs and based on management's estimate considering its portfolio of customers, this trend would continue for the foreseeable future, the Company has determined that significant impairment of Financial assets is not required to be recognised based on Expected Credit Loss model.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost and financial liabilities at FVTPL. Derivative liabilities are classified as FVTPL. All financial liabilities are recognised initially at fair value. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at FVTPL

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

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2 Significant accounting policies *(Continued)*

xi Financial Instruments (Continued)

b. Financial liabilities

Financial liabilities at FVTPL *(Continued)*

Gains or losses on liabilities held for trading are recognised in the profit or loss. Except derivative instruments, the Company has not designated any financial liability as at FVTPL.

Financial liabilities at amortised cost

All financial liabilities except for derivatives are classified as measured at amortised cost. This category includes bank and other borrowings, trade payables and other financial liabilities.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c. Offsetting of Financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

xii. Cash and Cash equivalents

Cash and cash equivalent in the balance sheet and for the statement cash flow comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

xiii. Leases

Lease payments under an operating lease are recognized as expense in the Statement of Profit and Loss as per terms of lease agreement. Lease income under an operating lease are recognized as income in the statement of profit and loss as per the terms of lease agreement.

xiv. Inventories

Inventories include raw materials, consumable stores and spares and manufactured inventory. Inventory is valued at the lower of cost and net realisable value.

2 Significant accounting policies *(Continued)*

xiv Inventories (Continued)

Cost comprises the purchase price, costs of conversion and other related costs incurred in bringing the inventories to their present location and condition. Cost of raw materials and consumables packing materials are determined on first in first out basis. Cost of finished goods and work in progress are determined using the absorption costing principle. Cost include the cost of material consumed, labour and appropriate proportion of costs of conversion which include variable and fixed overheads.

Obsolete, defective and unserviceable inventories are duly provided for. The comparison of cost and net realisable value is made on an item to item basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. The net realisable value of work in progress is determined by reference to the selling prices of related finished products.

xv. Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods, recovery of consideration is probable, the associates costs and possible return of goods can be estimated reliably, there is no continuing effective control over or managerial involvement with the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates, sales tax, Goods and Service tax, value added tax except excise duty. The Company does not provide any warranties or maintenance contracts to its customers.

Insurance

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

Interest

Interest revenue is calculated by using the effective interest method for financial assets measured at amortised cost.

Dividend Income

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

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.

xvi. Employee Benefits

(a) 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, ex-gratia etc. These are recognised as an expense at an undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

2 Significant accounting policies *(Continued)*

xvi Employee Benefits (Continued)

(b) Post-employment Benefits

(i) Provident Fund

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.

(ii) Gratuity

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. Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the assets ceiling (if any, excluding interest), are recognised in OCI. All expenses related to defined benefit plan are recognised in employee benefits expense in the Statement of Profit and Loss.

(iii) Compensated Absences

The Company provides for encashment of leave or leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/ availment. The Company makes provision for compensated absences based on an independent external actuarial valuation carried out at the end of the year.

xvii. Taxation

Income tax expense comprises current tax and deferred tax charge or credit.

Current Income Tax

Provision for current tax is determined as the amount of tax payable in respect of taxable income for the year in accordance with the provisions of the Income Tax Act, 1961.Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the enacted or substantively enacted tax rates and tax laws. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2 Significant accounting policies *(Continued)*

xvii Taxation (Continued)

Current tax assets and current tax liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Deferred Tax

Deferred tax is recognized in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in equity. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

xviii. Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the net profit for the year attributable to equity shareholders.

3 Significant accounting policies *(Continued)*

xviii Earnings per share (Continued)

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares, except where the results would be anit-dilutive.

xix. Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provision in respect of loss contingencies relating to claims litigation, assessment, fines, penalties etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, probably will not, require an outflow of resources embodying economic benefits, 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 recognized nor disclosed in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic resources embodying economic benefits will arise, related income are recognized in the year in which the change occurs.

xx. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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Privi Organics India Limited

Notes to the consolidated financial statements (Continued)

for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

3 First time adoption of Ind AS

The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 1, 2017, with a transition date of 8th July 2016 i.e the incorporation date of the Company. These financial statements for the year ended 31st March, 2018 are prepared by the Company under Ind AS for the first time.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2018 and the comparative information presented in these financial statements for the year ended March 31, 2017 .Since the Company was incorporated on 8 July 2016, the opening Ind AS balance sheet does not apply to the Company. In preparing its Comparative Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

The following reconciliations provide the explanations and quantification of the differences arising from the transition from Previous GAAP to Ind AS in accordance with Ind AS 101:

A Reconciliation of equity

		As at March 31, 2017		
	Note	Indian GAAP	Adjustments on * transition to Ind	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment	7	29,299.29	(11.92)	29,287.37
Capital work-in-progress		1,848.07	-	1,848.07
Intangible assets		343.90	-	343.90
Goodwill	7	144.60	(144.60)	-
Financial assets			-	
Investments	1	5.76	13.81	19.57
Other financial assets		1,033.66	-	1,033.66
Non-current tax assets (net)		947.07	233.67 *	1,180.75
Other non-current assets		1,814.24	-	1,814.24
Current assets				
Inventories		22,299.31	-	22,299.31
Financial assets				
Investments	1	15.01	39.02	54.03
Trade receivables		14,849.58	-	14,849.58
Cash and cash equivalents		649.58	-	649.58
Bank balances other than cash and cash equivalents mentioned above		2,373.84	-	2,373.84
Other financial assets		764.29	-	764.29
Other current assets		2,004.92	-	2,004.92
Total assets		78,393.11	130.00	78,523.11
EQUITY AND LIABILITIES				
Equity				
Equity share capital		1.00	-	1.00
Other equity		36,629.81	584.81	37,214.62
Liabilities		-		
Non-current liabilities		-		
Financial liabilities		-		
Borrowings	2	4,749.08	(25.89)	4,723.19
Provisions		675.55	-	675.55
Deferred tax liabilities (net)	3	956.13	(125.37)	830.76
Current liabilities				
Financial liabilities				
Borrowings		18,434.17	-	18,434.17
Trade payables		9,920.48	-	9,920.48
Other financial liabilities		5,866.27	-	5,866.27
Other current liabilities		306.80	-	306.80
Provisions		44.93	-	44.93
Current tax liabilities (net)		808.89	(303.55)	505.34
Total equity and liabilities		78,393.11	130.00	78,523.11

Notes to the consolidated financial statements *(Continued)*

for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

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

	Note	Period ended March 31, 2017 Indian GAAP	Adjustments on transition to Ind AS	Ind AS
Revenue from operations	5	40,666.62	2,042.46	42,709.08
Other operating income		520.17	-	520.17
Other income	1,6	978.45	52.83	1,031.28
Total income		42,165.24	2,095.29	44,260.53
Expenses		-		
Cost of materials consumed		27,328.48	-	27,328.48
Changes in inventories of finished goods and work-in-progress		(599.88)		(599.88)
Excise duty	5	-	2,042.46	2,042.46
Employee benefits expense	4	2,418.60	(31.42)	2,387.18
Finance costs	2, 6	1,254.19	(25.93)	1,228.26
Depreciation and amortisation expenses		2,248.67	11.77	2,260.44
Other expenses		7,542.15	-	7,542.15
Total expenses		40,192.21	1,996.88	42,189.09
Profit before tax		1,973.03	98.41	2,071.44
Tax expenses				
Current tax		827.66	(303.55) *	524.11
Deferred tax credit/(charge)	3	(144.76)	(114.50) *	(259.26)
Income tax expense		682.90	(418.05)	264.85
Profit for the year (A)		1,290.13	516.46	1,806.59
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
Remeasurements of the net defined benefit plans	4	-	(31.42)	(31.42)
Income tax related to above	3	-	10.87	10.87
Exchange differences in translating finanical statements of foreign operations		(0.44)	-	(0.44)
Other comprehensive income for the year, net of tax (B)		(0.44)	(20.55)	(20.99)
		-		
Total comprehensive income for the year (A+B)		1,289.69	495.91	1,785.60

C Adjustments to Consolidated Statement of Cash Flow

There were no material diffrence between the Consolidated Statement of Cashflows presented under Ind AS and the previous year GAAP.

D Notes to the Reconciliations

1 Investments

In accordance with Ind AS, financial assets representing investment in equity shares of entities other than subsidaries have been recorded at fair value through profit or loss. Under the IGAAP, all the investments were measured at lower of the cost or market value.

2 Interest bearing loans and borrowings

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind-AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

3 Deferred Tax

Under Previous GAAP, deferred taxes are recognised for the tax effect of timing differences between accounting profit and taxable profit for the year using the income statement approach. Under Ind AS, deferred taxes are recognised using the balance sheet approach for future tax consequences of temporary differences between the carrying value of assets and liabilities and their respective tax bases. The above difference, together with the consequential tax impact of the other Ind AS transitional adjustments lead to temporary differences. For the purposes of the consolidated financial statements, Under Indian GAAP, no deferred tax assets was recognised on unrealised profit on the closing inventory. Under Ind As, the same is required to be recognised.

Privi Organics India Limited

Notes to the consolidated financial statements *(Continued)*
for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

D Notes to the Reconciliations *(Continued)*

4 **Provision for employee benefits expenses**
Both under IGAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under IGAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurement gain and loss (actuarial gains and losses on defined benefit obligation and the plan assets) are recognised immediately through OCI. Thus, the employee benefit cost is reduced and Remeasurement gains/ losses on defined benefit plans has been recognized in the OCI net of tax.

5 **Excise Duty**
Under IGAAP, sale of goods was presented as net of excise duty. However, under Ind AS, revenue from sale of goods is presented inclussive of excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss as an expense. Thus sale of goods under Ind AS has increased with a corresponding increase in other expense.

6 As discussed in Note 40, the assets and liabilities include those acquired pursuant to the demerger effective on 1 August 2016. Therefore, the adjustment on transition to Ind AS include the impact for the period from 1 August 2016 to March 31,2017 and also the impact of the assets and liabilities acquired by the demerged company prior to the acquisition date. This include the impact towards fair valuation of investment of Rs 36.46 Lakhs and fair valuation of borrowing by Rs 39.79 Lakhs, being for the period prior to the acquisition date of 1 August 2016.

7 As per Indian GAAP, the difference between the cost of the investment and the equity of the subsidiary on the acquisition date was disclosed as goodwill. Under Ind AS, since the assets acquired do not constitute a business, hence the acquisition is reported as an asset acquisition. Consequently, the reserves of the acquiree Company on the acquisition date has been considered as pre-acquisition reserves.

8 **Reconciliation of equity**

Particular	**Note**	**Amount**
Net worth under IGAAP (A)		**36,629.81**
Summary of Ind AS adjustments		
Investment recognised at fair value	1	**52.83**
Reversal of goodwill recognised under indian GAAP	7	**(144.60)**
Impactof depreciation on the revalued portion of the land and building	7	**(11.92)**
Loan arrangement fees amortised on EIR basis	2	**25.89**
Deferred tax on unrealised profit elimination	3	**123.82**
Rectification of error in the tax provision	*	**537.24**
Deferred tax on above adjustments	3	**1.55**
Total Ind AS adjustments (B)		**584.81**
Net worth under Ind AS (A+B)		**37,214.62**

* **Prior period error in tax provision**

During the current year, the Company has revised its return of income for the years ended 31 March 2016 (pertaining to Privi Organics Limited - the demerged company) and 2017 towards deduction under section 32 AC of the Income tax Act, 1961 not claimed by it in those years erroneously and other errors in the tax depreciation calculation. Consequent impact of Rs 303.55 lakhs has been credited to current tax and net impact of Rs 6.45 lakhs is credited to deferred tax for the year ended March 31,2017. Further, Rs 233.67 lakhs has been adjusted against the general reserve for the year 2016, pursuant to the requirements of the NCLT order dated 22 February 2017 relating to the Scheme of demerger (refer note 40). The corresponding impacts has been considered under current tax liabilities and deferred tax asset/ liability

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as at March 31, 2018

(Currency: Indian Rupees in lakhs)

4 Property, plant and equipment

Description	Gross Block				Depreciation				Net Block
	As at April 01, 2017	Addition during the year	Deletion during the year	As at March 31, 2018	As at April 01, 2017	For the year	Deletion during the year	As at March 31, 2018	As at March 31, 2018
At Cost :									
Leasehold land	1,426.54	473.94	-	1,900.48	40.84	23.44	-	64.28	1,836.20
Building	7,418.65	1,488.31	-	8,906.96	944.90	259.49	-	1,204.39	7,702.57
Staff Quarters	51.09	-	-	51.09	14.55	0.83	-	15.38	35.71
Leasehold Building /assets	547.20	-	-	547.20	342.78	39.71	-	382.49	164.71
Plant and equipment	34,055.18	5,029.83	13.30	39,071.71	14,679.73	3,159.82	9.40	17,830.15	21,241.56
Electrical installation	2,025.91	260.22	-	2,286.13	815.26	179.63	-	994.89	1,291.24
Furniture and fixtures	144.70	24.01	-	168.71	83.61	7.88	-	91.49	77.22
Office equipments	149.93	3.13	-	153.06	119.81	3.30	-	123.11	29.95
Computers	319.78	41.69	-	361.47	260.86	23.21	-	284.07	77.40
Lab equipments	642.83	69.71	-	712.54	352.12	56.84	-	408.96	303.58
Lease plant & machinery	163.00	-	-	163.00	79.09	16.85	-	95.94	67.06
Vehicles	131.96	-	9.76	122.20	55.85	12.01	9.76	58.10	64.10
	47,076.77	7,390.84	23.06	54,444.55	17,789.40	3,783.01	19.16	21,553.25	32,891.30
Capital work -in- progress	1,848.07	10,475.08	7,745.79	4,577.36	-	-	-	-	4,577.36
	48,924.84	17,865.92	7,768.85	59,021.91	17,789.40	3,783.01	19.16	21,553.25	37,468.66

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4 Property, plant and equipment *(Continued)*

Description	Gross Block				Depreciation				Net Block
	Aquired on account of Demerger as at 1 August 2016	Addition during the period	Deletion during the period	As at March 31, 2017	Depreciation on account of Demerger as at 1 August 2016	For the year	Deletion during the year	As at March 31, 2017	As at March 31, 2017
Leasehold land	1,426.54	-		1,426.54	24.96	15.88	-	40.84	1,385.70
Building	5,153.40	2,265.25	-	7,418.65	804.15	140.75	-	944.90	6,473.75
Staff Quarters	51.09	-	-	51.09	14.00	0.55	-	14.55	36.54
Leasehold Building /assets	547.20	-	-	547.20	316.34	26.44	-	342.78	204.42
Plant and equipment	28,829.09	5,226.09	-	34,055.18	12,861.25	1,818.48	-	14,679.73	19,375.45
Electrical installation	1,493.15	532.76	-	2,025.91	712.79	102.47	-	815.26	1,210.65
Furniture and fixtures	140.86	3.84	-	144.70	78.35	5.26	-	83.61	61.09
Office equipments	142.53	7.40	-	149.93	117.15	2.66	-	119.81	30.12
Computers	304.55	15.23	-	319.78	245.87	14.99	-	260.86	58.92
Lab equipments	642.83	-	-	642.83	309.96	42.16	-	352.12	290.71
Lease plant & machinery	163.00	-	-	163.00	67.87	11.22	-	79.09	83.91
Vehicles	106.99	24.97	-	131.96	48.20	7.65	-	55.85	76.11
	39,001.23	8,075.54	-	47,076.77	15,600.89	2,188.51	-	17,789.40	29,287.37
Capital work -in- progress	5,704.44	4,208.13	8,064.50	1,848.07	-	-			1,848.07
	44,705.67	12,283.67	8,064.50	48,924.84	15,600.89	2,188.51	-	17,789.40	31,135.44

The Net block of tangible assets, amounting to Rs 26,015.09 (Previous period: 25,717.26) are pledged as first charge security to term lending banks and secound charges to working captial banks.

Plant and machinery includes an amount of INR Rs.51.45 lakhs (March 31,2017 INR Rs. 59.41 lakhs) that represent borrowing cost capitalized @ 4.6% (previous period: 5.5%) during the period.

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Notes to the Consolidated Financial Statements *(Continued)*
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(Currency: Indian Rupees in lakhs)

5 Intangible assets

Description	Gross Block				Amortisation				Net Block
	As at April 01, 2017	Addition during the year	Deletion during the year	As at March 31, 2018	As at April 01, 2017	For the year	Deletion during the year	As at March 31, 2018	As at March 31, 2018
Computers and software	450.48	0.49	-	450.97	396.26	20.57	-	416.83	34.14
Rights of sale of products	232.55	359.24	-	591.79	211.93	18.25	-	230.18	361.61
Development rights	223.95	13.76	-	237.71	175.03	14.16	-	189.19	48.52
Total intangible assets	906.98	373.49	-	1,280.47	783.22	52.98	-	836.20	444.27
Intangible assets under development	284.03	-	-	284.03	63.89	-	-	63.89	220.14
	1,191.01	373.49	-	1,564.50	847.11	52.98	-	900.09	664.41

Description	Gross Block				Amortisation				Net Block
	Aquired on account of Demerger as at 1 August 2016	Addition during the period	Deletion during the period	As at March 31, 2017	Depreciation on account of Demerger as at 1 August 2016	For the period	Deletion during the period	As at March 31, 2017	As at March 31, 2017
Computers and software	437.86	12.62	-	450.48	374.21	22.05	-	396.26	54.22
Rights of sale of products	256.08	-	23.53	232.55	179.16	34.10	1.33	211.93	20.62
Development rights	218.01	5.94	-	223.95	159.24	15.79	-	175.03	48.92
Intangible assets	911.95	18.56	23.53	906.98	712.61	71.94	1.33	783.22	123.76
Intangible assets under development	284.03	-	-	284.03	63.89	-	-	63.89	220.14
	1,195.98	18.56	23.53	1,191.01	776.50	71.94	1.33	847.11	343.90

(*) Deletion during the year represents write-back of provision on actualisation.

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		As at March 31, 2018	As at March 31, 2017
6	**Investments**		
	A. Non current investments		
	Investment in equity instruments (quoted)		
	Fair value through profit and loss		
	5 equity shares of Rs. 10 each of Indusind Bank Ltd.	-	0.07
	9,940 equity shares of Rs. 2 each of Bank of Baroda	-	15.93
	5,000 equity shares of PNB Gilts Ltd. of Rs. 10 each	-	3.57
		-	19.57
	B. Current investments		
	Trade (unquoted)		
	Investments in mutual funds;		
	Principal emerging bluechip fund-Growth	-	32.83
	36292.058 units and 199 fractions face value of Rs 10		
	Reliance equity fund	-	10.90
	13,189 Units and 69 fractions face value of Rs 2.50		
	Reliance growth fund	-	10.30
	1063 units and 20 fractions face value of Rs 2.50		
	IDFC-Cash-DDR Fund	300.17	-
	29967 units and 50 fractions of face value of Rs 10		
		300.17	54.03
	Total (A+B)	300.17	73.60
	Aggregate amount of quoted investments	-	19.57
	Market value of quoted investments	-	19.57
	Aggregate amount of unquoted investments	300.17	54.03
7	**Other financial assets**		
	(Unsecured, considered good unless otherwise stated)		
	Non-current		
	Investments in term deposits (with remaining maturity of more than twelve months)	-	631.28
	Security deposits	471.12	402.38
	Total (A)	471.12	1,033.66
	Current		
	Loans and advances to employees	47.99	30.51
	Unutilised export incentives licences	936.69	733.78
	Total (B)	984.68	764.29
	Total (A+B)	1,455.80	1,797.95

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		As at March 31, 2018	As at March 31, 2017
8	**Other non-current assets**		
	(Unsecured, considered good)		
	Capital advances		
	Considered good	**184.68**	1,156.98
	Considered doubtful	**36.15**	-
	Less: Allowance for bad and doubtful advances	**(36.15)**	-
		184.68	1,156.98
	Deposit with custom authority	**55.37**	6.00
	Prepaid Expenses	**40.75**	106.69
	Balance with excise authority	**15.95**	284.21
	Vat/Sales Tax Receivable	**268.45**	260.36
		565.20	1,814.24
9	**Inventories**		
	(valued at lower of cost and net realisable value)		
	Raw materials (including goods in transit Rs. 3,770.23 lakhs (P.Y. Rs 3,535.95 lakhs)	**7,583.09**	6,404.61
	Finished goods (including goods in transit Rs. 1,805.74 lakhs (P.Y.: Rs. 730.31 lakhs)	**5,633.39**	4,983.54
	Work-in-progress	**6,578.23**	10,359.86
	Stores and spares	**270.22**	253.88
	Packing material	**64.07**	78.14
	Fuel	**220.01**	219.28
		20,349.01	22,299.31
10	**Trade Receivables**		
	(Unsecured unless otherwise stated)		
	Considered good	**19,838.07**	14,849.58
	Considered doubtful	**10.86**	10.86
	Less: Allowance for bad and doubtful debts	**(10.86)**	(10.86)
		19,838.07	14,849.58
	Refer note 35 for information about credit risk and market risk of trade receivables.		
	The movement in allowance for bad and doubtful debts is as follows:		
	Balance as at beginning of the year	**10.86**	10.86
	Allowance for bad and doubtful debts during the year	-	-
	Trade receivables written off during the year	-	-
	Balance as at the end of the year	**10.86**	10.86
11	**Cash and cash equivalent**		
	Cash on hand	**3.76**	3.19
	Remittance in transit	**282.12**	-
	Balances with Banks		
	In current accounts	**519.70**	195.42
	Earner exchange foreign currency account	**134.92**	-
	Term deposits (with original maturity of less than three months)	**269.89**	450.97
		1,210.39	649.58

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(Currency: Indian Rupees in lakhs)

		As at March 31, 2018	As at March 31, 2017
12	**Bank balances other than cash and cash equivalents**		
	Margin money deposits (with original maturity of more than three months but less than twelve months)	**1,159.68**	2,373.57
	Earmarked balances with banks		
	-Unpaid dividend	-	0.27
		1,159.68	2,373.84

Note : Margin money deposit amounting to Rs 303.92 Lakhs are pledged with banks for non cash limits and term deposit Rs.505.15 Lakhs are pledged as cash security with banks for the loans taken by the Company.

		As at March 31, 2018	As at March 31, 2017
13	**Other current assets**		
	(Unsecured, considered good)		
	Receivable from government authorities	**2,575.17**	1,355.51
	Advance for supply of goods and services	**638.44**	521.44
	Prepaid Expenses	**119.27**	70.89
	Vat / Sales Tax receivabe	**91.81**	57.08
		3,424.69	2,004.92

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(Currency: Indian Rupees in lakhs)

		As at March 31, 2018	As at March 31, 2017
14	**Share Capital**		
	Authorised:		
	10,000 (as at March 31, 2017 : 10,000) equity shares of Rs. 10 each	**1.00**	1.00
	Issued, Subscribed and Paid up:		
	10,000 (as at March 31, 2017 : 10,000) equity shares of Rs. 10 each	**1.00**	1.00
		1.00	1.00

a) Reconciliation of the number of shares

Description	As at March 31, 2018		As at March 31, 2017	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	**10,000**	**1.00**	-	-
Add: Shares issued during the year	-	-	10,000	1.00
Shares outstanding at the end of the year	**10,000**	**1.00**	10,000	1.00

b) Rights, preferences and restrictions attached to equity shares

The Company has a single class of eqüity shares. Accordingly, all equity shares rank equally with regards to dividends and share in the company's residual assets. The equity shares are entilted 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 presenlty 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) Shares held by Holding Company

	As at March 31, 2018		As at March 31, 2017	
	Number	Amount	Number	Amount
Fairchem Speciality Limited	**10,000**	**1.00**	10,000	1.00
(Formerly known as Adi Finechem Limited)				

d) Details of shareholders holding more than 5% of shares

	As at March 31, 2018		As at March 31, 2017	
	Number	%	Number	%
Fairchem Speciality Limited	**10,000**	**100%**	10,000.00	100%

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		As at March 31, 2018	As at March 31, 2017
15	**Other equity**		
	General reserve	**35,573.76**	35,573.76
	Retained Earnings	**4,981.19**	1,641.30
	Foreign Currency translation reserve	**7.16**	(0.44)
		40,562.11	37,214.62

A Retained Earnings:-

Retained earnings represent the amount of accumulated earnings/ (losses) at each Balance Sheet date of the Group, prepared in accordance with the basis of preparation section.

B General Reserve

Refer Note : 40

C Defined benefit plans actuarial gains/(losses) accumulated in retained earnings, net of tax

Particulars	Actuarial Gain/loss
Defined benefit plans actuarial gains/(losses)	(20.55)
As at March 31,2017	(20.55)
Defined benefit plans actuarial gains/(losses)	(3.28)
As at March 31,2018	(23.83)

D Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

The company montiors capital using Debt-Equity ratio. For this purpose, debt is defined as total liabilities comprising interest bearing loans and borrowings less cash and cash equivalents (including current investments). Equity comprises all components of Equity.

The Company's debt equity ratio as at March 31, 2018 was as follows:

Particulars	March 31, 2018	March 31, 2017
Total Debt	26,410.62	23,157.36
Less: Cash and cash equivalents and short term investments	2,370.07	3,023.42
Net Liabilities (A)	24,040.55	20,133.94
Equity (B)	40,563.11	37,215.62
Debt - Equity Ratio	0.59	0.54

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16 Borrowings

A. Non-current borrowings

	Non-current portion		Current portion (*)	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Term Loans from banks (secured)				
Term loan in Indian currency	**4,197.22**	307.10	**166.00**	166.00
Term loans in foreign currency	**1,541.27**	4,012.87	**2,443.74**	2,778.41
Vehicle loan (hypothecated with the lender)	**2.14**	7.77	**5.63**	10.94
Others (unsecured)				
Deferred Sales Tax Loan	**150.42**	235.97	**85.63**	93.84
Loan from Department of biotechnology and Other (Refer Note d below)	**153.24**	159.48	**6.24**	6.24
	6,044.29	4,723.19	**2,707.24**	3,055.43

a) Term loan are secured by a first mortgage on the Company's immovable properties both present and future ranking paripassu interse and a first charge by way of hypothecation of all the Company's assets (save and except book debts and inventories) including movable machinery (save and except spares tools and accessories) both present and future subject to charges created in favour of the Company's bankers for inventories, book debts and other specified movable assets for securing the borrowings of Working Capital .

b) **Terms and repayment schedule**

Terms and conditions of outstanding borrowings are as follows:

Name of the Bank	Currency	Interest Rate	Year of Maturity	Installment	Carrying amount as at	
					March 31, 2018	March 31, 2017
Bank of Baroda	INR	11.20%	2020	Repayable in 20 quaterly installments of Rs.41.50 lakhs Starting from June 2015	**373.50**	514.00
Stanadard Chartered Ban	USD	5.75%	2020	Repayable in 14 quarterly installments of USD 392,857.14 each starting from July 2016	**2,044.24**	3,056.67
DBS Bank	USD	6.10%	2018	Repayable in 14 quarterly installments of USD 500,000 each starting from September 2013	-	324.19
RBL Bank WCTL	USD	6.00%	2018	Repayable in 7 staggering quarterly installments of USD 205329.34 each starting from October 2016	**383.40**	782.57
RBL Bank FCTL	USD	3MLibor+5.25%	2019	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.	**1,547.32**	2,587.00
IDFC Bank	INR	8.60%	2024	Repayable in 20 quaterly installments of Rs.200 lakhs Starting from Mar 2020	**4,000.00**	-

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(Currency: Indian Rupees in lakhs)

16 Borrowings *(Continued)*

A. Non-current borrowings *(Continued)*

c) 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. 85.63 lakhs as disclosed under "Other current laibilities" (2017 : 93.84 lakhs)

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

B. Current borrowings (secured)

	As at March 31, 2018	As at March 31, 2017
Cash credit	**7,840.47**	8,837.87
Packing credit	**6,432.75**	6,907.99
Buyers credit	**3,370.59**	2,565.07
Book overdraft	**15.28**	123.24
Total	**17,659.09**	18,434.17

All the above loans are secured by first pari passu charge on all current assets of the Company both present and future.

Working Capital Loans from banks are secured by way of hypothecation of inventories both on hand and in transit and book debts and other receivables both present and future and also secured by way of second charge on fixed assets. Working capital loans carry interest rate @ 8.5% to 9.5% and are payable on demand.
Post shipment and packing credit from bank carry interest rate @ 1.50% to 4.08% and are due for payment within 180 days.

17 Provisions

	Non-Current		Current	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Provisions for employee benefits				
Compensated absences	198.65	181.63	23.49	16.62
Gratuity	594.50	493.92	33.06	28.31
	793.15	675.55	56.55	44.93

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		Year ended March 31, 2018	Period ended March 31, 2017
18	**Income Tax**		
	Amounts recognised in profit or loss		
	The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are:		
	Current income tax:		
	Current	**1,333.81**	524.11
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**585.74**	(259.26)
	Income tax expense reported in the statement of profit or loss	**1,919.55**	264.85
	Income tax recognised in other comprehensive income		
	Tax expense related to items recognised in OCI during the year:		
	Actuarial loss on defined benefit plan	**(1.73)**	(10.87)
	Income tax charged to OCI	**(1.73)**	(10.87)
	Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017:		
	Accounting profit before income tax	**5,563.61**	2,071.44
	At India's statutory income tax rate of 34.61% (March 31, 2017: 34.61%)	**1,925.57**	716.93
	MAT credit entitlement	-	(324.95)
	Section 35 (2 AB)	**(103.42)**	(137.79)
	Exempt income	**(21.46)**	-
	Non deductible expenses	**89.52**	2.63
	Others	**27.61**	(2.84)
	Total	**1,917.82**	253.98
	Income tax expense reported in the statement of profit and loss	**1,917.82**	253.98

	As at 1 April 2017	**Credit/(charge) in the Statement of Profit and Loss**	**Credit/(charge) in Other Comprehensive Income**	**On account of Business Combination**	**As at 31 March, 2018**
Deferred tax (assets)/liabilities					
Provision for doubtful debts and advances	(7.46)	-	-	-	(7.46)
Expenses allowable for tax purposes when paid	(268.40)	(26.79)	(1.73)	-	(296.92)
Tax depreciation	1,690.33	256.36	-	-	1,946.69
Fair value (gains)/losses	8.96	(5.41)	-	-	3.55
Mat credit entitlement	(464.78)	311.37	-	-	(153.41)
Unrealised profit on stock	(123.82)	55.91	-	-	(67.91)
Revaluation reversal	(4.07)	(5.70)	-		(9.77)
	830.76	**585.74**	**(1.73)**	-	1,414.77

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(Currency: Indian Rupees in lakhs)

18 Income Tax *(Continued)*

	As at 8th July 2016	Credit/(charge) in the Statement of Profit and Loss	Credit/(charge) in Other Comprehensive Income	On account of Business Combination	As at 31 March, 2017
Deferred tax (assets)/liabilities					-
Provision for doubtful debts and advances	-			(7.46)	(7.46)
Expenses allowable for tax purposes when paid	-	27.66	(10.87)	(285.19)	(268.40)
Tax depreciation	-	296.79	-	1,393.54	1,690.33
Fair value (gains)/losses	-	8.96	-	-	8.96
Mat credit entitlement	-	(464.78)	-	-	(464.78)
Unrealised profit on stock	-	(123.82)	-	-	(123.82)
Revaluation reversal	-	(4.07)	-	-	(4.07)
	-	(259.26)	(10.87)	1,100.89	830.76

19 Trade Payables

	As at March 31, 2018	As at March 31, 2017
Trade payables		
To Micro, Small and Medium Enterprises *	-	-
To Others	11,975.92	9,920.48
	11,975.92	9,920.48

* On the basis of information and records available,there are no outstanding dues and outstanding intrest on dues to micro and small enterprise.

The Company's exposure to credit and currency and liquidity risk related to trade payables are disclosed in Note 35.

20 Other financial liabilities

	As at March 31, 2018	As at March 31, 2017
Interest accrued but not due on borrowings	113.70	43.44
Payable for capital expenditure	2,546.53	860.82
Salaries, wages and bonus payable	615.84	313.24
Deposits	0.25	0.25
Payable for Expenses	2,297.84	1,508.49
Derivative Instruments	100.46	84.60
Current maturities of long term debt (Refer Note 16 A)	2,707.24	3,055.43
	8,381.86	5,866.27

The Company's exposure to credit and currency and liquidity risk related to the above financial liabilities are disclosed in Note 35.

21 Other Current Liabilities

	As at March 31, 2018	As at March 31, 2017
Statutory dues (including provident fund, tax deducted at source and others)	121.65	306.80
Advance from customers	79.80	-
	201.45	306.80

(Currency: Indian Rupees in lakhs)

		Year ended March 31, 2018	Period ended March 31, 2017
22	**Revenue from operations**		
	Sale of Products	78,650.36	42,709.08
		78,650.36	42,709.08
23	**Other operating revenue**		
	Export incentives	1,016.65	481.87
	Job work charges	-	38.30
		1,016.65	520.17
24	**Other income**		
	Interest income from fixed deposits	126.95	163.14
	Gain on write-back of Financial liabilities measured at amortised cost	21.04	92.75
	Dividend income	0.35	0.07
	Gain on sale of tangible assets	1.60	1.33
	Fair value changes in investments measured at FVTPL	3.87	52.79
	Miscellaneous income	42.28	15.39
	Foreign currency fluctuations gain, net	1,405.30	705.81
		1,601.39	1,031.28
25	**Cost of materials consumed**		
	Raw material consumed		
	Opening Stock	6,404.61	-
	Stock acquired on demerger	-	7,335.08
	Add: Purchases	47,279.42	25,546.78
	Less: Closing Stock	7,583.09	6,404.61
	Consumption	46,100.94	26,477.25
	Packing material consumed		
	Opening Stock	78.14	-
	Stock acquired on demerger	-	60.56
	Add: Purchases	1,351.56	868.81
	Less: Closing Stock	64.07	78.14
	Consumption	1,365.63	851.23
		47,466.57	27,328.48

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Notes to the Consolidated Financial Statements *(Continued)*
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(Currency: Indian Rupees in lakhs)

		Year ended March 31, 2018	Period ended March 31, 2017
26	**Changes in inventories of finished goods and work-in- progress**		
	Closing stock:		
	Finished goods	5,633.39	4,983.54
	Working in Process	6,578.23	10,359.86
		12,211.62	15,343.40
	Opening stock:		
	Finished goods	4,778.97	-
	Working in Process	10,359.86	-
		15,138.83	-
	Stock acquired on demerger		
	Finished goods	-	5,905.55
	Working in Process	-	8,837.97
		-	14,743.52
	(Increase)/ decrease in inventories	2,927.21	(599.88)
27	**Employee benefits expense**		
	Salaries, wages and bonus	3,799.72	2,080.22
	Contribution to provident and other funds	254.31	121.92
	Staff welfare expenses	329.79	185.04
		4,383.82	2,387.18
28	**Finance cost**		
	Interest on term loans	445.91	370.13
	Less: Interest capitalized	(51.45)	(59.41)
	Net interest on term loans	394.46	310.72
	Interest on working capital loans	1,299.88	693.20
	Interest on other loans	1.58	123.24
	Other Finance cost	84.08	73.78
	Interest on delayed payment of income tax	38.42	27.32
		1,818.42	1,228.26
29	**Depreciation and amortisation**		
	Depreciation on tangible assets	3,783.01	2,188.50
	Amortisation of intangible assets	52.98	71.94
		3,835.99	2,260.44

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Notes to the Consolidated Financial Statements *(Continued)*
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(Currency: Indian Rupees in lakhs)

		Year ended March 31, 2018	Period ended March 31, 2017
30	**Other expenses**		
	Consumption of stores and spares	**624.08**	385.27
	Excise duty related to (decrease) / increase in inventory of finished goods	-	39.47
	Power and fuel	**5,359.07**	2,672.19
	Job work Charges	**801.49**	502.25
	Repairs and maintenance of:		
	Buildings	**121.55**	37.23
	Plant and machinery	**473.25**	272.88
	Others	**160.17**	60.28
	Contract labour charges	**629.43**	428.01
	Lease expense	**45.22**	27.50
	Research and development	**597.63**	398.14
	Pollution control expenses	**196.78**	82.28
	Other factory expenses	**328.12**	145.58
	Insurance	**75.85**	49.26
	Postate and Telephone	**62.87**	47.47
	Rates and taxes	**63.35**	28.72
	Training Expenses	**8.52**	13.23
	Auditors remuneration:		
	Statutory audit	**45.50**	44.74
	Out of pocket expenses	**4.42**	-
	Other services	**3.65**	3.65
	Brokerage & Commission	**84.86**	74.10
	Printing and stationery	**40.70**	22.04
	Freight outward	**2,214.19**	777.32
	Selling and distribution	**624.11**	261.00
	Legal and professional fees	**546.84**	275.11
	Travelling and conveyance	**448.74**	261.18
	Bank charges	**345.60**	296.34
	CSR expenses	**25.21**	18.10
	Sundry balances w/off	**20.41**	19.06
	Provision for doubtful advances	**36.15**	-
	Miscellaneous expenses (net)	**415.19**	299.75
		14,402.95	7,542.15

a) In-house research and development expenses

The details total revenue expenditure (net of recoveries) on Research and Development (R&D) eligible for weighted deduction under section 35(2AB) of the Income Tax Act, 1961 are given below.

	Year ended March 31, 2018	Period ended March 31, 2017
Revenue Expenditure		
Salaries and wages	**396.38**	306.47
Material consumables/ spares	**61.78**	48.24
Other expenditures directly related to R&D	**139.47**	43.43
Total	**597.63**	398.14

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30 Other expenses *(Continued)*

b) Corporate social responsibility

The Company has spent Rs. 25.21 lakhs (Previous year : Rs. 18.10 lakhs) towards various schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013. The details are:

1 Gross amount required to be spent by the Company during the year: **Rs. 42.00 lakhs** (Previous period : Rs. 31.03 lakhs)

2 Amount spent during the year on:

	In cash/payable	Yet to be paid In cash
(i) Construction/Acquisition of any asset	-	-
	-	-
(ii) For purposes other than (i) above	25.21	-
	(18.10)	-

(figures in brackets pertain to previous year)

c) Leases as lessee

The future minimum lease payments and payment profile of non-cancellable operating leases are as under:

i. Future minimum lease payments

At March 31, 2018 the future minimum lease payments under non-cancellable operating leases were as follows.

	Year ended March 31, 2018	Period ended March 31, 2017
Less than one year	49.56	-
Between one and five years	87.69	35.32
More than five years	-	251.27
	137.25	286.59

ii. Amounts recognised in profit or loss

	Year ended March 31, 2018	Period ended March 31, 2017
Lease expenses	45.22	27.50
	45.22	27.50

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31 Segment Information

A. Factors used to identify the entity's reportable segments, including the basis of organisation

For managemnt purposes, the Company has determined its reportable segment s "Aromatic chemicals" since the chief operating decision maker (CODM) evaluates the Company's performance as a single segment.

	Year ended March 31, 2018	Period ended March 31, 2017
B. Information about reportable segments		
Revenue	**78,650.36**	42,709.08
	78,650.36	42,709.08

C. Geographic information

The geographic information analyses the Company's revenue and non-current assets by the Company's country of domicile and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the respective non-current assets.
The product offerings which are part of the speciality chemicals portfolio of the Company are managed on a worldwide basis from India.

The amount of the group's revenue is shown in the table below.

	Year ended March 31, 2018	Period ended March 31, 2017
India	**23,091.20**	13,702.13
Outside India	**55,559.16**	29,006.95
Total	**78,650.36**	42,709.08

All the non-current assets of Company are located within India.

D. Information about major customers

Revenues from thee major customers represented approximately RS 5767.37 lakhs.(Previous period :-5,060. 68 lakhs) and Rs 4,057.36 lakhs (Previous period :-3,144,.89 lakhs) and Rs.2690.97 (Previous period 2411.39 lakhs) of the Company's total revenues.

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(Currency: Indian Rupees in lakhs)

32 Related party disclosures

a) List of Related Parties

Related parties where control exist:

Holding Company
Fairchem Speciality Limited

Associate Company
Minar Organics Private Limited (up to 21-03-2018)

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

Key Management Personnel (KMP)
Mr. Mahesh P. Babani (Managing Director)
Mr. D. B. Rao (Executive Director)

Relatives of Key Management Personnel
Mr. D. Vinay Kumar

b) During the year, following transactions were carried out with the related parties :

	Holding Company		Associates		Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel and their relatives	
	March 31,2018	March 31,2017	March 31,2018	March 31,2017	March 31,2018	March 31,2017	March 31,2018	March 31,2017
Transactions								
Purchase of raw materials								
Privi Life Science Pvt Ltd	-	-	-	-	**22.40**	6.56	-	-
Sale of finished goods								
Privi Life Science Pvt Ltd	-	-	-	-	**21.78**	15.19	-	-
Rent, lease and hire (expense)								
Minar Organics Pvt Ltd	-	-	**15.00**	6.00				
Vivira Chemicals Pvt Ltd	-	-	-	-	**12.00**	4.00	-	-
Rent, lease and hire (income)			-	-	-	-	-	-
Minar Organics Pvt Ltd	-	-	**0.30**	0.20				
Privi Life Science Pvt Ltd	-	-	-	-	**12.00**	8.00	-	-
Vivira Chemicals Pvt Ltd	-	-	-	-	**0.30**	0.20	-	-
Managerial reumeration								
D.B Rao	-	-	-	-	-	-	**90.00**	53.50
Mahesh P Babani	-	-	-	-	-	-	**108.00**	61.85
Sale of Investment	-	-	-	-	-	-	-	-
Mahesh P Babani	-	-	-	-	-	-	**14.39**	-
Reimbursement of expenses								
Fairchem Speciality Limited	**18.75**	-	-	-	-	-	-	-
Salary paid								
D Vinaykumar	-	-	-	-	-	-	**18.35**	11.43

*Remuneration does not include charge for gratuity and leave encashment as employee-wise break up is not available

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Notes to the Consolidated Financial Statements *(Continued)*

for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

32 Related party disclosures *(Continued)*

b) During the year, following transactions were carried out with the related parties : *(Continued)*

Particulars	Holding Company		Associates		Enterprises owned or significantly influenced by key management personnel or their relatives		Key Management Personnel	
	March 31,2018	March 31,2017	March 31,2018	March 31,2017	March 31,2018	March 31,2017	March 31,2018	March 31,2017
Recievables / Other current assets								
Vivira Chemicals Pvt Ltd	-	-	-	-	1.38	1.02	-	-
Vivira Chemicals Industries	-	-	-	-	0.51	0.51	-	-
Privi Life Science Private Limited	-	-	-	-	82.48	49.65	-	-
Minar Organics Pvt Ltd	-	-	0.84	0.49	-	-	-	-
	-	-						
Trade Payables	-	-						
Privi Life Science Pvt Ltd	-	-	-	-	15.58	2.25		
Minar Organics Pvt Ltd	-	-	-	2.03	-	-	-	-

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33 Employee benefits - Post-employment benefit plans

a) Defined contribution plans

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

The Company has recognised the following amount as an expense and included in the Note 27 under "Contribution to provident & other

	Year ended March 31, 2018	Period ended March 31, 2017
Contribution to employees provident fund	**220.74**	120.06
Contribution to ESI	**1.09**	0.27

b) Defined benefit plans

The Company operates one post-employment defined benefit plan that provides gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement. In case of employees completing longer service periods, the Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972.

Amount recognised in the Balance Sheet in respect of Gratuity

	As at March 31, 2018	As at March 31, 2017
Present value of the funded defined benefit obligation at the end of the year	**627.56**	522.23
Fair value of the plan assets	-	-
Net liability	**627.56**	522.23

	Year ended March 31, 2018	Period ended March 31, 2017
Movement in present value of defined benefit obligation		
Liability on account of demerger	**522.23**	414.32
Opening Defined Benefit Obiligations	-	-
Current service cost	**65.63**	69.37
Interest cost	**37.86**	32.11
Actuarial loss	**5.01**	31.42
Benefits paid	**(31.78)**	(24.99)
Past service cost	**28.61**	-
Closing defined benefit obligation	**627.56**	522.23

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Notes to the Consolidated Financial Statements *(Continued)*

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(Currency: Indian Rupees in lakhs)

33 Employee benefits - Post-employment benefit plans *(Continued)*

b) Defined benefit plans *(Continued)*

	Year ended March 31, 2018	Period ended March 31, 2017
Expense recognised in statement of profit and loss		
Current service cost	**65.63**	69.37
Interest on defined benefit obligations	**37.86**	32.11
Past service cost	**28.61**	-
Total	**132.10**	101.48
Remeasurements recognised in Other comprehensive income		
Change in financial assumptions	**(18.62)**	-
Experience adjustments	**23.63**	31.42
Actual return on plan assets less interest on plan	-	-
Total	**5.01**	31.42
Total expense recognised	**137.11**	132.90

	As at March 31, 2018	As at March 31, 2017
Principal actuarial assumptions at the balance sheet date		
Discount rate (p.a.)	**7.56%**	7.25%
Expected rate of Salary increase (p.a.)	**8.25%**	8.25%
Attrition Rate	**30 and Below : 12% 31 to 40 Years : 8% 41 to 50 Years : 5% 51 and above : 1%**	30 and Below : 12% 31 to 40 Years : 8% 41 to 50 Years : 5% 51 and above : 1%
Mortality Tables	**Indian Assured Lives Mortality (2006-08)**	Indian Assured Lives Mortality (2006-08)

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

Estimated rate of return on plan assets is based on average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

A quantitative sensitivity analysis for significant assumption is as shown below:

	Discount rate		Future salary increase	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Impact on defined benefit obligation due to:				
a. 1% increase	**(52.11)**	(45.87)	**59.06**	52.03
b. 1% decrease	**60.06**	53.07	**(52.25)**	(45.87)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period, as calculated by Actuary.

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(Currency: Indian Rupees in lakhs)

33 Employee benefits - Post-employment benefit plans *(Continued)*

b) Defined benefit plans *(Continued)*

Experience adjustment for last two* years

	March 31, 2018	March 31, 2017
Defined benefit obligation	**627.56**	522.23
Plan assets	-	-
(deficit)	**(627.56)**	(522.23)
Experience adjustment on plan liabilities	-	-
Experience adjustment on plan assets	**23.63**	31.42

(*) Company has been in existence for two years only.

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34 Financial instruments

a. Accounting classification and fair values

The Group is exposed to the risks of changes in fair value of its financial assets and liabilities. The following table summarises the fair values and carrying amounts of financial instruments.

	March 31,2018		March 31,2017	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets measured at fair value				
Investments	300.17	300.17	73.60	73.60
Financial assets measured at amortised cost				
Investments in term deposits	1,159.68	1,159.68	3,004.85	3,004.85
Security deposits	471.12	471.12	402.38	402.38
Other assets	984.68	984.68	764.29	764.29
	2,915.65	2,915.65	4,245.12	4,245.12
Financial liabilities measured at fair value				
Derivatives - forward contracts and interest swaps	100.46	100.46	84.60	84.60
	100.46	100.46	84.60	84.60
Financial liability measured at amortised cost				
Borrowings	23,703.38	23,703.38	23,157.36	23,157.36

Note

Cash and cash equivalents, trade and other current receivables, trade payables and other financial liabilities have fair values that approximate to their carrying amounts due to their short-term nature.

b. The fair value of financial instruments as referred to in note (a) above have been classified into a three categories depending on the inputs used in the valuation technique.

The categories used are as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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

There were no significant changes in classification of fair value of financial assets and financial liabilities. There were also no significant movements between the fair value hierarchy classifications.

(Currency: Indian Rupees in lakhs)

34 Financial instruments *(Continued)*

c. Calculation of fair values

The fair values of the financial assets and liabilities are defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31,2017.

(i) The fair values of the derivative financial instruments has been determined using valuation techniques with market observable inputs. The models incorporate various inputs including the credit quality of counter-parties and foreign exchange forward rates.

(ii) The fair values of investments in mutual fund units is based on the net asset value ('NAV') as stated by the issuers of these mutual fund units in the published statements as at Balance Sheet date. NAV represents the price at which the issuer will issue further units of mutual fund and the price at which issuers will redeem such units from the investors.

(iii) Loans and borrowings have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

(iv) Cash and cash equivalents, trade receivables, investments in term deposits, other financial assets (except derivative financial instruments), trade payables, and other financial liabilities (except derivative financial instruments) have fair values that approximate to their carrying amounts due to their short-term

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(Currency: Indian Rupees in lakhs)

35 Financial risk management

The Company has exposure to the following risks arising from the financial instruments:

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. The carrying amount of financial assets represent the maxmimum credit exposure.

Impairment of Trade receivables

At March 31, 2018, the ageing of trade and other receivables that were not impaired was as follows.

	Carrying amount	
	March 31, 2018	**March 31, 2017**
Neither past due nor impaired	15,036.68	10,434 34
Past due 0-90 days	4,730.68	3,786 24
Past due 90-180 days	51.03	505 77
Past due 180-270 days	9.74	87 30
Past due 270--360 days	9.94	15 77
More than 360 days	-	20 16
	19,838.07	14,849 58

Movement in the impairment provisions

	Amount
Aquired in the business combination	10 86
Impairment loss recognised	
Amounts written off	-
Balance as at March 31,2017	10 86
Impairment loss recognised	-
Amounts written off	-
Balance as at March 31,2018	**10.86**

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk and the current provision for the bad debts represents the impacted credit loss it forsees in its recievables.

Financial assets other than trade receivables are not impaired and further, there are no amounts that are past due. Management believes that the amounts are collectible in full, based on historical payment behaviour.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk:

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

			Contractual cash flows			
March 31, 2018	**Carrying amount**	**Total**	**1 year or less**	**1-2 years**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Term loans from banks	8,751.53	8,751.53	2,608.52	2,055.23	2,687.78	1,400.00
Short Term borrowings	17,659.09	17,659.09	17,659.09			
Trade payables	11,975.92	11,975.92	11,975.92			
Other financial liabilities	5,574.16	5,574.16	5,574.16			
Derivative financial						
Forward contracts and interest rate swaps	100.46	100.46	100.46			
	44,061.16	44,061.16	37,918.15	2,055.23	2,687.78	1,400.00

(Currency: Indian Rupees in lakhs)

35 Financial risk management *(Continued)*

b) Liquidity risk *(Continued)*

March 31, 2017	Carrying amount	Total	Contractual cash flows 1 year or less	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Long term borrowings	8,751.53	8,751.53	2,940.01	2,833.86	2,930.66	47.00
Short term borrowings	18,434.17	18,434.17	18,434.17			
Trade payables	9,920.48	9,920.48	9,920.48	-	-	-
Other financial liabilities	2,726.24	2,726.24	2,726.24	-	-	-
Derivative financial						
Forward contracts and interest rate swaps	84.60	84.60	84.60	-	-	-
	39,917.02	39,917.02	34,105.50	2,833.86	2,930.66	47.00

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

c) Currency Risk

The Company is exposed to currency risk on account of its borrowings and other payables in foreign currency. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at March 31, 2018 and March 31, 2017 are as below:

	March 31, 2018 USD Denominated	March 31, 2018 EURO Denominated	March 31, 2017 USD Denominated	March 31, 2017 EURO Denominated
Financial assets				
Trade Receivables	12,260.52	1,295.00	10,001.77	969.56
	12,260.52	1,295.00	10,001.77	969.56
Financial liabilities				
Borrowings	3,985.01	-	6,750.78	-
Trade payables and other financial liabilities	4,923.50	273.82	10,590.77	1.16
	8,908.51	273.82	17,341.55	1.16
Net exposure	3,352.01	1,021.18	(7,339.78)	968.40

Sensitivity analysis

A reasonably possible strengthening (weakening) of the foreign currencies against INR at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit before tax Strengthening	Profit before tax Weakening	Equity, net of tax Strengthening	Equity, net of tax Weakening
March 31, 2018				
USD (3 % movement)	100.56	(100.56)	65.76	(65.76)
EUR (3 % movement)	30.64	(30.64)	20.04	(20.04)
	131.20	(131.20)	85.80	(85.80)

Effect in INR	Profit before tax Strengthening	Profit before tax Weakening	Equity, net of tax Strengthening	Equity, net of tax Weakening
March 31, 2017				
USD (3 % movement)	(220.19)	220.19	(143.99)	143.99
EUR (3 % movement)	29.05	(29.05)	19.00	(19.00)
	(191.14)	191.14	(124.99)	124.99

(Currency: Indian Rupees in lakhs)

35 Financial risk management *(Continued)*

d) Interest risk

The group is exposed primarily to fluctuation in USD interest rates. Interest rate risk on financial debt is managed through interest rate swaps.

The interest rate profile of the Company's interest-bearing financial instruments is as follows.

	March 31, 2018	March 31, 2017
Fixed-rate instruments	6,790.91	3,770.39
Variable-rate instruments	19,216.41	21,928.16
Total borrowings	26,007.32	25,698.55

Financial assets classified at amortized cost have fixed interest rate. Hence, the group is not subject to interest rate risk on such financial assets.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have

	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
March 31, 2018				
Variable-rate instruments	192.16	(192.16)	125.66	(125.66)
March 31, 2017				
Variable-rate instruments	219.28	(219.28)	143.39	(143.39)

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(Currency: Indian Rupees in lakhs)

36 Contingent Liabilities:

Claims against the Company not acknowledged as debts (including taken over under Business Transfer Agreement)

	As at 31-Mar-2018	As at 31-Mar-2017
Income Tax authorities	1,075.31	1,044.10
Excise duty	31.89	31.89
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	15.52

The claims against the Company comprise of pending litigations / proceedings pertaining to demands raised by Excise, Custom, Sales / VAT tax and other authorities / bodies. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/authorities.

The Company does not expect any reimbursements in respect of the above contingent liabilities.

37 Commitments

	Year ended March 31, 2018	Period ended March 31, 2017
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances of Rs. 184.68 lakhs, (March 31, 2017: Rs. 1156.98 lakhs,)	1,724.95	647.81
LC's issued in favour of suppliers, but the material not dispatched	234.94	153.87

38 Earnings per share

	Year ended March 31, 2018	Period ended March 31, 2017
Profit after tax attributable to equity	3,644.06	1,806.59
Number of equity shares at the beginning of the year [B]	10,000	10,000.00
Number of equity shares outstanding at the end of the year [C]	10,000	10,000.00
Weighted average number of equity shares outstanding during the year [D]	10,000	10,000.00
Basic & Diluted earnings (in rupees) per share of face value Rs. 10 [A]/[D]	36,440.60	18,065.90

39 Transfer Pricing

Transactions with related parties are governed by transfer pricing regulations of the Indian Income-tax Act, 1961. The Company's international and domestic transactions with related parties are at arm's length as per the independent accountants report for the year ended March 31, 2017. Management believes that the Company's international and domestic transactions with related parties post March 2016 continue to be at arm's length and that the transfer pricing legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

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(Currency: Indian Rupees in lakhs)

40 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 asPrivi 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.

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 , adjusted for the adjustments referred to in Note 3

Particulars	Amount in lakhs
Liabilities	
Non-Current Liabilities	
Long-term borrowings	6,379.53
Deferred tax liability (Net)	1,100.89
Other long-term liabilities	0.25
Long-term provisions	635.75
Current Liabilities	
Short-term borrowings	20,485.22
Trade payables	15,558.03
Other current liabilities	8,783.81
Short-term provisions	1,138.21
Total Liabilities (A)	**54,081.69**
Assets	
Fixed Assets (Net)	28,538.06
Investments	
-Non-Current	959.17
-Current	15.01
Current Assets	
-Non-Current	
Long-term loans and advances (refer note 3)	2,162.02
Other non current assets	1,450.14
-Current	
Inventories	21,437.22
Trade receivables	16,341.06
Cash and bank balance	1,851.81
Short-term loans and advances	2,372.74
	45,614.99
Total Assets(B)	**75,127.23**
Net Assets (B-A)	**21,045.54**

As mentioned under the Scheme, the excess of the value of assets over the value of liabilities will be treated as general reserve. Accordingly, the net assets of Rs 21,045.54 lakhs has been transferred to general reserve.
The Order also provides that all assets and liabilities accrued to POL after the appointed date and prior to the effective date in connection with the Demerged Undertaking shall stand transferred to and vested in the Resulting Company with effect from the effective date. Pursuant to the Scheme, money raised in POL towards shares subscribed by an existing shareholder, post the appointed date, of Rs 14,528.22 lakhs (net of expenses incurred of Rs 471.78 lakhs) has been transferred to the Resulting Company with a credit to the general reserve accordingly, Rs. 35,573.76. lakhs has been transferred to general reserves (in the aggregate).

(Currency: Indian Rupees in lakhs)

	Year ended March 31, 2018	Period ended March 31, 2017
41 Dividend on Equity shares		
Dividend on equity shares declared and paid during the year		
Dividend of Rs 2500 per share for the period ended March 31,2017	250.00	-
Dividend distribution tax on dividend	50.89	-
	300.89	-
Proposed dividend on equity shares not recognised as liability		
Final dividend of Rs 3,750 per share for the year ended 31 March 2018 (31 March 2017 Rs 2500 per share)	375.00	250.00
Dividend distribution tax on dividend	77.08	50.89
	452.08	300.89

42 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018.

Ind AS 115	Revenue from Contracts with Customers
Ind AS 21	The effect of changes in Foreign Exchange rates

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive standard for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 Revenue, Ind AS 11 Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company has completed its evaluation of the possible impact of Ind AS 115 and will adopt the standard with all related amendments to all contracts with customers retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Under this transition method, cumulative effect of initially applying IND AS 115 is recognised as an adjustment to the opening balance of retained earnings of the annual reporting period. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

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

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

43 Subsequent event

On April 26, 2018 a major fire broke out at the Company's Unit 2 Plant located at MIDC Mahad. There has been loss to assets comprising of Inventories, Buildings, Plant & Machinery and other Fixed Assets. The Company is not able to make a reliable estimate of the exact amount of loss, which would be estimated once the surveyors have completed their assessment. The Company is adequately insured and post the assessment, the Company will file a claim for reimbursement of loss with the insurance Company. Since this is a non-adjusting subsequent event, no adjustment has been made in the financial statements for the year ended March 31, 2018.

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Privi Organics India Limited

Notes to the consolidated financial statements *(Continued)*

for the year ended 31 March 2018

(Currency: Indian Rupees in lakhs)

44 Additional information required by schedule III

Name of entity in group	Net assets (total assets minus total liabilities)		Share in profit of (loss)		Share in other comprehensive income		Share in total other comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount	As % of consolidated net assets	Amount
Parent								
Privi Organics India Limited								
March 31, 2018	98.85%	40,095.14	79.33%	2,890.80	-75.93% -	3.28	79.15%	2,887.52
March 31, 2017	100.79%	37,508.51	108.18%	1,954.30	97.90% -	20.55	108.30%	1,933.75
Subsidiaries								
Privi Biotechnologies Private Limited (Indian)								
March 31, 2018	6.08%	2,466.46	-0.22% -	8.19	0.00%	-	-0.22% -	8.19
March 31, 2017	2.45%	913.18	-1.05% -	19.05	0.00%	-	-1.07% -	19.05
Privi Organics USA, Corporation ('Foreign)								
March 31, 2018	1.95%	790.34	23.10%	841.84	175.93%	7.60	23.28%	849.44
March 31, 2017	-0.16% -	59.10	3.58%	64.75	2.10% -	0.44	3.60%	64.31
Adjustments arising out of consolidation								
March 31, 2018	-6.88% -	2,788.83	-2.21% -	80.38	0.00%	-	-2.20% -	80.39
March 31, 2017	-3.08% -	1,146.98	-10.71% -	193.42	0.00%	-	-10.83% -	193.41
Total								
March 31, 2018	**100.00%**	**40,563.11**	**100.00%**	**3,644.07**	**100.00%**	**4.32**	**100.01%**	**3,648.38**
March 31, 2017	100.00%	37,215.61	100.00%	1,806.58	100.00% -	20.99	100.00%	1,785.60

Notes to the Consolidated Financial Statements *(Continued)*
for the year ended March 31, 2018

(Currency: Indian Rupees in lakhs)

45 Disclosure on Specified Bank Notes (SBN's)

During the period ended March 31,2017, the Company had specified bank notes or other denomination notes as defined in the MCA notification G.S.R 308(E) dated March 31,2017 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			
(+) Withdrawal from Bank	-	1,811,830	1,811,830
(-) 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.

46 Interests in Other Entities

a) Subsidiaries

The group's subsidiaries at March 31, 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of the entity	Country of incorporation	Ownership interest held by the Group	
		March 31,2018	March 31,2017
Privi Biotechnologies Private Limited	India	100	100
Privi organics USA Corporation	USA	100	100

b) Associates

Name of the entity	Accounting Method	Carrying value		Share in profit/(loss)	
		March 31,2018	March 31,2017	March 31,2018	March 31,2017
Minar Organics Private Limited	Equity acounting	*	-	-	-

*Investment in associate company was sold during the year.

47 Previous year comparative

These financial statements have been prepared for the period from 1 April 2017 to March 31,2018, whereas the previous period was from 8th July 2016 to March 31,2017. The corresponding figures for the previous year are therefore not comparable with those for the current period.

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

A.S. Morwekar

Adwait Morwekar
Partner
Membership No: 110223

Mumbai
Date : May 08, 2018

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

Mahesh Babani
Managing Director
DIN: 00051162

D. B. Rao
Executive Director
DIN: 00356218

Narayan S Iyer
Chief Financial Officer

Ramesh Kathuria
Company Secretary