

Price Waterhouse & Co Chartered Accountants LLP

Independent auditor's report

To the Members of Fairchem Organics Limited

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of Fairchem Organics Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the period from March 27, 2019 (date of incorporation) to March 31, 2020, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and total comprehensive income (comprising of loss and other comprehensive income), changes in equity and its cash flows for the period from March 27, 2019 to March 31, 2020.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

4. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the board report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



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Price Waterhouse & Co. (a Partnership Firm) converted into Price Waterhouse & Co Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-4362) with effect from July 7, 2014. Post its conversion to Price Waterhouse & Co Chartered Accountants LLP, its ICAI registration number is 304026E/E-300009 (ICAI registration number before conversion was 304026E)

Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Fairchem Organics Limited
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Responsibilities of management and those charged with governance for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
8. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.



Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Fairchem Organics Limited

Report on audit of the Financial Statements

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
9. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
11. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income)], the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.



Price Waterhouse & Co Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Fairchem Organics Limited
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- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
 - (g) With respect to the other matters to be included in the 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 does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2020.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period from March 27, 2019 to March 31, 2020.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
12. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

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



Arunkumar Ramdas
Partner
Membership Number: 112433
UDIN: 20112433AAAAGI7668

Place : Mumbai
Date : June 23, 2020

Price Waterhouse & Co Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Fairchem Organics Limited on the financial statements for the period from March 27, 2019 (date of incorporation) to March 31, 2020

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Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

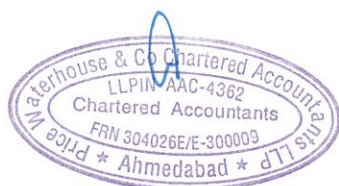
1. We have audited the internal financial controls with reference to financial statements of Fairchem Organics Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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



Price Waterhouse & Co Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 11(f) of the Independent Auditors' Report of even date to the members of Fairchem Organics Limited on the financial statements for the period from March 27, 2019 (date of incorporation) to March 31, 2020

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Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration Number: 304026E/ E-300009

Arun Ramdas

Partner

Membership Number: 112433

UDIN: 20112433AAAAGI7668

Place : Mumbai

Date : June 23, 2020

Price Waterhouse & Co Chartered Accountants LLP

Annexure B to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of Fairchem Organics Limited on the financial statements as of March 31, 2020 and for the period from March 27, 2019 (date of incorporation) to March 31, 2020

- i. Matters specified in clauses (i),(ii), (iii), (iv), (v), (vi), (vii), (viii), (ix), (xii), (xiv), (xv) and (xvi) of paragraph 3 of CARO, 2016 do not apply to the company.
- ii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- iii. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Also refer paragraph 13 of our main audit report.
- iv. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.

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



Arunkumar Ramdas
Partner
Membership Number: 112433
UDIN: 20112433AAAAGI7668

Place: Mumbai
Date: June 23, 2020

FAIRCHEM ORGANICS LIMITED
BALANCE SHEET AS AT MARCH 31, 2020
Amounts in Rupees, unless otherwise stated

	Notes	As at March 31, 2020
ASSETS		
Current Assets		
Financial Assets		
Cash and cash equivalents	3	99,100
TOTAL		99,100
EQUITY AND LIABILITIES		
EQUITY		
Equity Share Capital	4	1,00,000
Other Equity	5	(10,900)
		89,100
LIABILITIES		
Current Liabilities		
Financial Liabilities		
Trade Payables	6	
(a) Total outstanding dues of micro enterprises and small enterprises		-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		10,000
TOTAL		99,100

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

As per our report of even date attached

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No.: 304026E/ E-300009



Arunkumar Ramdas

Partner

Membership No. 112433

Place: Mumbai

Date: June 23, 2020

For and on behalf of the Board



Nahoosh Jariwala

Director

DIN: 00012412

Place: Ahmedabad

Date: June 23, 2020



Rajen Jhaveri

Director

DIN: 07546302

FAIRCHEM ORGANICS LIMITED**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD MARCH 27, 2019 (DATE OF INCORPORATION) TO MARCH 31, 2020**

Amounts in Rupees, unless otherwise stated

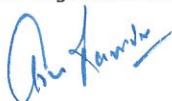
	Notes	For the period March 27, 2019 to March 31, 2020
Expenses		
Other expenses	7	10,900
		<u>10,900</u>
Loss Before Tax		(10,900)
Tax Expense		-
Loss After Tax		<u>(10,900)</u>
Other comprehensive income for the period, net of tax		-
Total comprehensive income for the period		<u>(10,900)</u>
Earnings Per Share		
Basic / Diluted earnings per share (in Rupees)	8	(1.09)
Nominal value per equity share (in Rupees)		10.00

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

As per our report of even date attached

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No.: 304026E/ E-300009

**Arunkumar Ramdas**

Partner

Membership No. 112433

Place: Mumbai

Date: June 23, 2020

For and on behalf of the Board**Nahoosh Jariwala**

Director

DIN: 00012412

Place: Ahmedabad

Date: June 23, 2020

**Rajen Jhaveri**

Director

DIN: 07546302

FAIRCHEM ORGANICS LIMITED**STATEMENT OF CASH FLOWS FOR PERIOD MARCH 27, 2019 (DATE OF INCORPORATION) TO MARCH 31, 2020**

Amounts in Rupees, unless otherwise stated

	Notes	For the period March 27, 2019 to March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Loss Before Taxation		(10,900)
Adjustments For Changes In Working Capital:		
Increase / (Decrease) In Trade and Other Payables		10,000
Cash Generated From Operations		(900)
Direct Taxes Refund / (Paid) (Net)		-
Net Cash Generated used in Operating Activities		(900)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
		-
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Net Proceeds from issue of share capital	4	1,00,000
Net Cash from Financing Activities		1,00,000
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)		99,100
Cash and Cash Equivalents as at March 27, 2019		-
Cash and Cash Equivalents as at the end of the period		99,100
Reconciliation of cash and cash equivalent as per the statement of cash flows		As at
		March 31, 2020
Cash and Cash Equivalents :		
Bank Balances :		
- In Current Accounts		99,100
		99,100

Note :

The above Statement of Cash flows has been prepared under the "Indirect Method" set out in Ind AS 7 - "Statement of Cash Flows"

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

As per our report of even date attached

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No.: 304026E/ E-300009



Arunkumar Ramdas
Partner
Membership No. 112433

Place: Mumbai
Date: June 23, 2020

For and on behalf of the Board



Nahoosh Jariwala
Director
DIN: 00012412

Place: Ahmedabad
Date: June 23, 2020



Rajen Jhaveri
Director
DIN: 07546302

FAIRCHEM ORGANICS LIMITED**STATEMENT OF CHANGES IN EQUITY FOR PERIOD MARCH 27, 2019 (DATE OF INCORPORATION) TO MARCH 31, 2020**

Amounts in Rupees, unless otherwise stated

A. Equity Share Capital

	Notes	
Balance as at March 27, 2019	4	-
Changes in Equity Share Capital during the period		1,00,000
Balance as at March 31, 2020	4	<u><u>1,00,000</u></u>

B. Other Equity

	Reserves and Surplus Retained Earnings
Balance as at March 27, 2019	-
Loss for the period	(10,900)
Other Comprehensive Income	-
Total Comprehensive Income for the period	<u><u>(10,900)</u></u>
Balance as at March 31, 2020	<u><u>(10,900)</u></u>

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

As per our report of even date attached

For Price Waterhouse & Co Chartered Accountants LLP

Firm Registration No.: 304026E/ E-300009

**Arunkumar Ramdas**

Partner

Membership No. 112433

Place: Mumbai

Date: June 23, 2020

For and on behalf of the Board**Nahoosh Jariwala**

Director

DIN: 00012412

Place: Ahmedabad

Date: June 23, 2020

**Rajen Jhaveri**

Director

DIN: 07546302

3. Subsequent Measurement

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

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

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

4. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115 only, the Company follows 'simplified approach' for recognition of impairment loss and always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109 i.e. expected credit loss allowance as computed based on historical credit loss experience.

5. Derecognition

A financial asset is de-recognised only when the Company

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

6. Income recognition

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

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

d) Trade and other payables

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

e) Provisions and Contingencies

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

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

f) Segment reporting

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

g) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing:

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

(ii) Diluted earnings per share

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

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



1 Background of the Company

Fairchem Organics Limited (the Company) was incorporated on March 27, 2019. The financial statements of the Company have been prepared for the period from March 27, 2019 (date of incorporation) to March 31, 2020. Refer note 12.

2 Significant accounting policies

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

a) Basis of preparation

i) Compliance with Ind AS

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

As prescribed by the Ind AS, if the particular Ind AS is not in conformity with the applicable laws, the provisions of the said law shall prevail and financial statements shall be prepared in conformity with such laws. Consequently, the Company has applied this norm while preparing the financial statements.

ii) New standards or interpretations adopted by the Company

The Company has applied the following amendment for the first time for its annual reporting period from April 1, 2019:

Ind AS 116 – Leases

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards), 2019 on March 30, 2019 which includes Ind AS - 116 "Leases". The Company has applied Ind AS 116, Leases for the first time from April 01, 2019.

Other amendments:

On March 30, 2019, the Ministry of Corporate Affairs (MCA) notified certain other amendments to Indian Accounting Standards (Ind AS), as part of the Companies (Indian Accounting Standards) Second Amendment Rules, 2019.

- i) Ind AS - 12 "Income taxes", Appendix C - Uncertainty over income tax treatments
- ii) Amendment to Ind AS - 12 "Income taxes"
- iii) Ind AS - 19 "Employee benefits", Plan amendment, curtailment or settlement
- iv) Ind AS - 23 "Borrowing costs"
- v) Ind AS 28, "Investments in associates and Joint-Ventures", Long-term interests in Associates and Joint-ventures
- vi) Ind AS 109 "Financial Instruments", Prepayment Features with Negative Compensation
- vii) Ind AS 103, "Business Combination"
- viii) Ind AS 111, "Joint Arrangements"

The above other amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

iii) Historical cost convention

The Financial Statements have been prepared on a historical cost basis.

iv) Current versus non-current classification

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

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

A liability is current when:

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

b) Cash and cash equivalents

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

c) Financial assets

1. Classification

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

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

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

2. Initial Recognition and Measurement

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



	As at March 31, 2020
6 Trade Payables	
(a) Total outstanding dues of micro enterprises and small enterprises (Refer Note below)	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	10,000
	10,000
Total outstanding dues of Micro and Small Enterprises	
a) Principal Amount due to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and remaining unpaid as at the year end.	-
b) Interest due to suppliers registered under MSMED Act and remaining unpaid as at the year end.	-
c) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-
d) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	-
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-
	For the period March 27, 2019 to March 31, 2020
7 Other Expenses	
Remuneration to Auditors for: Statutory Audit	10,000
Legal and Professional Expenses	900
	10,900
8 Earnings per Share (EPS)	
(Loss) after Taxation	(10,900)
Number of Equity Shares	10,000
Nominal value per Equity Share (Rs.)	10.00
(Loss) per share [Basic and Diluted] (Rs.)	(1.09)



As at
March 31, 2020

3 Cash and cash equivalents

Balances with banks:
- In Current Accounts

99,100

99,100

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period.

4 Equity Share Capital

Authorised:

10,000 Equity Shares of Rs. 10 each

1,00,000

1,00,000

Issued, Subscribed and Paid-up:

10,000 Equity Shares of Rs. 10 each, fully paid-up

1,00,000

1,00,000

4.1 Movement in Equity Share Capital

Balance as at March 27, 2019

-

Add: Issued during the period

10,000

Balance as at the end of the period

10,000

4.2 Rights, preferences and restrictions attached to shares

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

4.3 Shares held by Holding Company

As at

March 31, 2020

	Nos	Amount
Fairchem Speciality Limited	10,000	1,00,000

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

As at

March 31, 2020

	Nos	(%)
Fairchem Speciality Limited	10,000	100.00%

As at

March 31, 2020

5 Other Equity

Retained Earnings

(10,900)

(10,900)

Retained Earnings

Balance as at March 27, 2019

-

Loss for the period

(10,900)

Other Comprehensive Income

-

Balance as at the end of the period

(10,900)



9 Fair value measurements

Financial instruments by category

	As at March 31, 2020	
	Carrying Value	Fair Value
Financial assets		
(Measured at amortised cost)		
Cash and cash equivalents	99,100	99,100
Total financial assets	99,100	99,100
Financial liabilities		
(Measured at amortised cost)		
Trade payables	10,000	10,000
	10,000	10,000

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

The categories used are as follows :

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

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

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

Valuation technique used to determine fair value

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

Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the Directors.

Fair value of financial assets measured at amortised cost

The carrying amounts of cash and cash equivalents are considered same as their fair values, due to their current nature.

10 Capital management

The Company considers the following components of its Balance Sheet as managed capital:

Total equity as shown in the balance sheet includes share capital and retained earnings.

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

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The management monitors the return on capital as well as the level of dividends to shareholders. The Company's goal is to continue to be able to provide return to shareholders by continuing to distribute dividends in future periods.



FAIRCHEM ORGANICS LIMITED
NOTES TO THE FINANCIAL STATEMENTS

Amounts in Rupees, unless otherwise stated

11 Related party disclosures

(a) Relationships

Promoter Group

FIH Mauritius Investments Limited, Republic of Mauritius (FMIL)

FIH Private Investments Limited, Mauritius

(FMIL is wholly owned and controlled by Fairfax India Holdings Corporation, Canada)

Holding Company

Fairchem Speciality Limited

Key Management Personnel

Mr. Nahoosh Jariwala

Director

Mr. Rajen Jhaveri

Director

Mr. Kaushik Bhatt

Director

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

Transactions

Name of the related party and nature of the relationship

**For the period
March 27, 2019 to
March 31, 2020**

Holding Company

Issue of Share Capital

Fairchem Speciality Limited

1,00,000

Reimbursement of Expenses

Fairchem Speciality Limited

900

Terms and Conditions

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



12 Scheme of Arrangement and COVID 19 Impact

The Board of Directors of the Company, in its meeting held on May 22, 2019, had approved a Composite Scheme of arrangement and amalgamation ('the Scheme') amongst Fairchem Speciality Limited (FSL), the Company and Privi Organics India Limited (POIL) and their respective shareholders for Demerger of FSL's undertaking carrying on speciality oleo chemicals and nutraceuticals business and vesting the same into FOL and Amalgamation of POIL, manufacturers of aroma chemicals, into and with FSL, under Sections 230 to 232 read with Section 66 and other applicable provisions of the Companies Act, 2013. FSL has obtained approval of the said scheme from the stock exchanges. Pursuant to the directions of National Company Law Tribunal (NCLT), Mumbai Bench vide its Order dated January 22, 2020, FSL obtained the requisite approval of the Shareholders by convening and holding (physical) meeting of the equity shareholders on Tuesday, February 25, 2020. FSL has filed petition for approval of the Scheme with NCLT through electronic mode (e filing) on May 31, 2020 and is now awaiting its admission and subsequent hearing.

As mentioned above, the Company is awaiting approvals from NCLT for demerger of the speciality oleo chemicals and nutraceuticals business from its parent and vesting into it. It currently has no operations. Accordingly, there is no impact of COVID19 on financial position of Fairchem Organics Limited.

13 Previous Period Figures

The Company was incorporated on 27th March, 2019. The Statement of Profit and Loss has therefore been prepared for the period from 27th March, 2019 to 31st March, 2020. These being first financial statements of the company, prior period figures are not applicable.

14 Subsequent Event

The Company evaluated subsequent events through June 23, 2020, the date the financial statements were available for issuance, and determined that there were no additional material subsequent events requiring disclosure.

15 Segment Reporting

The Company does not have any revenue from operations in the current year. The Chief Operating Decision Maker (CODM) evaluates the Company's performance and applies the resources to whole of the Company business and hence the Company does not have any reportable segment as per Ind AS - 108 "Operating Segments".

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

As per our report of even date attached

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



Arunkumar Ramdas
Partner
Membership No. 112433

Place: Mumbai
Date: June 23, 2020

For and on behalf of the Board



Nahoosh Jariwala
Director
DIN: 00012412

Place: Ahmedabad
Date: June 23, 2020



Rajen Jhaveri
Director
DIN: 07546302