Fermenta Biotech Limited.

CIN : U99999MH1986PLC134021

Regd. Office : 'dil' Complex, Ghodbunder Road, Majiwada,Thane (W) - 400 610. Maharashtra, India.
Tel. : +91-22-6798 0888 · Fax. : +91-22-6798 0899 · Email : info@fermentabiotech.com
Website. : www.fermentabiotech.com

ANNEXURE II

The financial details and capital evolution of the ~~transferee/resulting and~~ transferor/demerged companies for the previous 3 years as per the audited statement of Accounts:

Name of the Company: **Fermenta Biotech Limited**

(Rs. in Crores)

	As per last Audited Financial Year	**1 year prior to the last Audited Financial Year**	**2 years prior to the last Audited Financial Year**
	2017-18	**2016-17**	**2015-16**
Equity Paid up Capital	17.70	17.70	17.70
Reserves and surplus	154.96	82.83	72.81
Carry forward losses	0	0	0
Net Worth	172.66	100.53	90.51
Miscellaneous Expenditure	0	0	0
Secured Loans	30.38	39.31	32.99
Unsecured Loans	0	3.69	1.58
Fixed Assets	77.13	74.65	73.38
Income from Operations	292.02	160.78	147.09
Total Income	300.48	163.13	149.79
Total Expenditure	208.00	150.42	133.62
Profit before Tax	92.48	12.71	16.17
Profit after Tax	72.06	10.34	11.89
Cash profit	79.76	16.96	18.36
EPS in Rs.	39.61	5.69	6.54
Book value in Rs.	97.52	56.78	51.12

For **Fermenta Biotech Limited**

Varadvinayak Khambete

Company Secretary

Membership No. A33861

FERMENTA BIOTECH LTD. Thane

Date: September 12, 2018

Place: Thane

Factory : Village Takoli, P.O. Nagwain,
Dist. Mandi - 175 121, Himachal Pradesh, India.
Tel. : +91-1905-287246 / 48 / 49
Fax : +91-1905-287250
Email : info@fermentabiotech.com
Website : www.fermentabiotech.com

Factory : Z - 109 B & C, SEZ II, Dahej,
Taluka - Vagara, Dist: Bharuch - 392 130,
Gujarat, India.
Tel. : +91-2641-291440 / 444
Email : info@fermentabiotech.com
Website : www.fermentabiotech.com

CIN : L99999MH1951PLC008485
Regd. Office : A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) 400 610, Maharashtra, India
dil LIMITED Tel : +91-22-67980888, • Fax : +91-22-67980899, • Email : contact@dil.net, • Website : www.dil.net

ANNEXURE II

The financial details and capital evolution of the transferee/resulting ~~and transferor/demerged companies~~ for the previous 3 years as per the audited statement of Accounts:

Name of the Company: **DIL Limited**

(Rs. in Crores)

	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	2017-18	**2016-17**	**2015-16**
Equity Paid up Capital	2.29	2.29	2.29
Reserves and surplus	62.43	87.31	80.35
Carry forward losses	49.61	33.95	12.60
Net Worth	64.72	89.61	82.64
Miscellaneous Expenditure	0	0	0
Secured Loans	137.02	40.77	14.26
Unsecured Loans	5.72	3.50	2.44
Fixed Assets	95.87	94.92	93.94
Income from Operations	12.51	5.51	7.28
Total Income	12.89	5.96	7.28
Total Expenditure	36.35	23.94	16.49
Profit before Tax	(23.46)	(17.97)	(9.21)
Profit after Tax	(24.15)	(18.30)	(9.14)
Cash profit	(20.32)	(14.85)	(7.34)
EPS in Rs	(105.33)	(79.81)	(39.85)
Book value in Rs	282.23	390.76	360.37

For DIL Limited

DIL Limited Thane

Srikant N. Sharma

Company Secretary

Membership No. FCS No. 3617

September 12, 2018
Thane

dil LIMITED

CIN : L99999MH1951PLC008485
Regd. Office : A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) 400 610, Maharashtra, India
Tel : +91-22-67980888 , • Fax : +91-22-67980899 , • Email : contact@dil.net , • Website: www.dil.net

Ref: DIL:DIL/BSE/2018-19/F.No.:S-23/ DE05

August 14, 2018

Corporate Relations
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Fort,
Mumbai – 400 001

Dear Sir,

Sub.: Outcome of Board Meeting and Financial Results - Regulation 30 and 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Ref: Scrip Code: 506414

We write to inform you that the Board of Directors of the Company at its meeting held on August 14, 2018 has, inter alia:

1. **Regulation 33 - Un-audited Financial Results (Standalone and Consolidated):**

   (a) Approved the Un-audited Financial Results (Standalone and Consolidated) for the quarter ended June 30, 2018 as per Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   (b) Agreed to consider and submit consolidated financial results effective from quarter ended June 30, 2018, for the financial year 2018-19;

2. **<u>Regulation 30 - Revision in recommended final equity dividend per share in view of sub division and bonus issue:</u>**

Pursuant to the issue and allotment of split/ sub-division of shares (from face value of Rs. 10 to face value of Rs. 5 per share) and bonus equity shares (1:1) on August 10, 2018, the Board of Directors of the Company revised its earlier recommendation of May 15, 2018, of final equity dividend from 25% (Rs. 2.50 per equity share of Rs. 10 each) on 22,93,198 equity shares **<u>to</u>** 25% (Rs. 1.25 per equity share of Rs. 5/- each) on 91,72,792 equity shares of Rs. 5 each. (*Date of dispatch/payment of the aforesaid final equity dividend shall be announced separately).*

The Board meeting commenced at 1:00 p.m. and concluded at 2:05 p.m.

Thanking you,

Yours faithfully,
for **DIL LIMITED**

Srikant N Sharma
Company Secretary
CS Membership No: F3617
A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (W) 400610
Encl: As above

dil LIMITED
CIN:L99999MH1951PLC008485
Regd. Office: A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) 400 610, Maharashtra, India.
Tel:+91-22-67980888, Fax:+91-22-67980899,Email: contact@dil.net, Website: www.dil.net

(₹. in Lakhs)

STATEMENT OF STANDALONE AND CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2018

Sr.No.	Particulars	Standalone				Consolidated			
		Quarter Ended			Year ended	Quarter Ended			Year ended
		Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
		June 30, 2018	March 31, 2018 (Note 3)	June 30, 2017	March 31, 2018	June 30, 2018	March 31, 2018 (Note 3)	June 30, 2017	March 31, 2018
1	Income								
	a) Revenue from operations	452.93	457.35	190.06	1,250.83	8,011.97	9,707.06	4,395.68	30,297.58
	b) Other income	9.79	23.67	1.79	37.99	332.92	433.93	15.20	894.84
2	Total Income (a+b)	462.72	481.02	191.85	1,288.82	8,344.89	10,140.99	4,410.88	31,192.42
3	Expenses								
	a) Cost of materials consumed	-	-	-	-	2,622.50	2,509.35	1,643.98	8,490.24
	b) Purchases of stock-in-trade	-	-	-	-	71.20	3.11	(2.78)	28.80
	c) Change in inventories of finished goods, stock-in-trade and work in progress	-	-	-	-	(660.89)	(515.01)	447.39	(538.92)
	d) Excise duty on sale of goods	-	-	-	-	-	-	30.79	30.79
	e) Employee benefits expense	151.75	146.87	146.68	577.26	1,052.33	1,394.17	762.35	3,983.03
	f) Finance costs	387.87	377.13	161.17	1,063.43	438.98	443.36	266.45	1,363.38
	g) Depreciation and amortisation expense	101.60	100.63	92.95	382.64	281.37	362.22	276.17	1,236.31
	h) Commission on sales	-	-	-	-	543.48	502.38	66.21	2,022.98
	i) Provision for doubtful trade receivables	-	-	-	-	21.71	(9.94)	6.90	449.87
	j) Provision for impairment of non-current investment in a joint venture	-	601.06	-	601.06	-	-	-	-
	k) Other expenses	263.48	220.49	282.65	1,010.90	1,777.44	1,992.86	1,254.59	6,529.00
	Total expenses (a to k)	904.70	1,446.18	683.45	3,635.29	6,148.12	6,682.50	4,752.05	23,595.48
4	Profit/(Loss) before tax (2 - 3)	(441.98)	(965.16)	(491.60)	(2,346.47)	2,196.77	3,458.49	(341.17)	7,596.94
5	Tax expense								
	a) Current tax	-	-	-	-	567.64	757.67	33.69	2,108.35
	b) Deferred tax credit	-	-	-	-	(39.08)	(7.96)	(3.67)	(64.12)
	Add: MAT entitlement written off	-	69.00	-	69.00	-	69.00	-	69.00
	Total tax expense (a+b)	-	69.00	-	69.00	528.56	818.71	30.02	2,113.23
6	Profit / (Loss) for the period after tax before share of profit/(loss) of associates and a joint venture, and non-controlling interest (4-5)	(441.98)	(1,034.16)	(491.60)	(2,415.47)	1,668.21	2,639.78	(371.19)	5,483.71
7	Share of profit / (loss) of associates and a joint venture	-	-	-	-	(9.75)	(669.97)	(1.27)	(652.12)
8	Net Profit/ (Loss) after tax and share of profit/(loss) of associates and a joint venture but before non-controlling interest (6+7)	(441.98)	(1,034.16)	(491.60)	(2,415.47)	1,658.46	1,969.81	(372.46)	4,831.59
9	Non-controlling interest	-	-	-	-	(132.30)	(178.22)	(30.35)	(1,262.84)
10	Profit/ (Loss) for the period after tax, share of profit/(loss) of associates and a joint venture, and non-controlling interest (8+9)	(441.98)	(1,034.16)	(491.60)	(2,415.47)	1,526.16	1,791.59	(402.81)	3,568.75
11	Other Comprehensive Income								
(A)	Items that will not be reclassified to Profit or Loss	(2.49)	5.27	-	4.17	(2.49)	(1.60)	-	(2.70)
(B)	Items that will be reclassified to Profit or Loss	-	-	-	-	-	-	-	-
	Total other comprehensive Income (A+B)	(2.49)	5.27	-	4.17	(2.49)	(1.60)	-	(2.70)
12	Total Comprehensive Income for the period (8-11)	(439.49)	(1,039.43)	(491.60)	(2,419.64)	1,660.95	1,971.41	(372.46)	4,834.29
	Attributable to:								
	- Owners of the parent					1,528.65	1,793.19	(402.81)	3,571.45
	- Non-controlling interest					132.30	178.22	30.35	1,262.84
13	Paid-up equity share capital (Face value ₹ 10/- per share) [see note 7]	229.32	229.32	229.32	229.32	229.32	229.32	229.32	229.32
	- 22,93,198 number of equity shares								
14	Earnings per equity share of ₹ 5 each [Post split and Post bonus* (not annualised) - see note 7]								
	- *91,72,792 number of equity shares								
	a) ₹ Basic	(4.82)	(11.27)	(5.36)	(26.33)	16.64	19.53	(4.39)	38.91
	b) ₹ Diluted	(4.82)	(11.27)	(5.36)	(26.33)	16.64	19.53	(4.39)	38.91

See accompanying notes to the Standalone and Consolidated unaudited financial results

AH RKB

NOTES:

1 Segment Information				
Particulars	Consolidated			
	Quarter ended			Year ended
	Unaudited	Audited	Unaudited	Audited
	June 30, 2018	March 31, 2018 (Note 3)	June 30, 2017	March 31, 2018
Segment revenue				
- Bulk drugs/chemicals	7,650.72	9,329.31	4,232.49	29,202.01
- Property	457.43	441.02	188.89	1,230.82
- Unallocated	332.92	471.92	12.91	932.84
Total	8,441.07	10,242.25	4,434.29	31,365.67
Less : Inter-segment revenue	96.18	101.26	23.41	173.25
Total Income	8,344.89	10,140.99	4,410.88	31,192.42
Segment results				
- Bulk drugs/chemicals	2,686.26	3,712.40	242.09	9,466.54
- Property	201.94	200.97	(102.13)	198.50
- Unallocated (Net)	(252.01)	(180.08)	(219.25)	(854.56)
Total	2,636.19	3,733.29	(79.29)	8,810.48
Less: Inter-segment results	(0.44)	168.56	4.57	149.84
Total Profit/(Loss) before tax	2,635.75	3,901.85	(74.72)	8,960.32
Less : Finance costs	(438.98)	(443.36)	(266.45)	(1,363.38)
Total Profit/(Loss) before tax	2,196.77	3,458.49	(341.17)	7,596.94
Segment Assets				
- Bulk Drugs/chemicals	26,295.88	23,336.30	17,399.51	23,336.30
- Property	8,179.03	8,217.82	8,738.72	8,217.82
- Unallocated	8,159.39	7,107.40	4,355.64	7,107.40
Total Segment Assets	42,634.30	38,661.52	30,493.87	38,661.52
Segment liabilities				
- Bulk Drugs/chemicals	6,545.89	7,337.40	3,919.70	7,337.40
- Property	1,405.22	1,032.06	1,064.35	1,032.06
- Unallocated	19,281.63	16,551.56	8,835.59	16,551.56
Total Segment liabilities	27,232.74	24,921.02	13,819.64	24,921.02

Footnote:
The Company on standalone basis has only one primary business segment Viz. Renting of Properties.

2 DIL Limited ('the Company') is in the business of renting properties. The Company also has strategic investments in subsidiaries, associates and a joint venture which are engaged in manufacturing of bulk drugs, providing services of sporting and health awareness/education activities, and motion film production.

The above unaudited financial results are presented on a standalone basis as well as on a consolidated basis so as to include the operations of the Company's subsidiaries, associates and a joint venture.

The unaudited financial results included in the above statement of standalone and consolidated results includes the financial information of one subsidiary, one joint venture and two associates on the basis of unaudited financial information prepared by the Management which have not been reviewed or audited by their auditors. The said interim financial information is not material to the consolidated results.

3 The figures for the quarter ended 31st March, 2018 are the balancing figures between the audited figures in respect of the full financial year ended 31st March, 2018 and the unaudited published year to date figures upto nine months of the relevant financial year which were subject to limited review by the statutory auditors.

4 These unaudited standalone and consolidated financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 "Interim Financial Reporting" prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India.

5 The Company has not made any provision for impairment of its exposure in two associates whose aggregate carrying value as at 30th June, 2018 on a standalone basis is ₹ 1,046.86 lakhs [comprising of investments in equity instruments of ₹ 700.00 lakhs, share application money of ₹ 309.86 lakhs and inter corporate deposit (ICD) of ₹ 37.00 lakhs] and on a consolidated basis is ₹ 531.65 lakhs. In view of the fact that these investments have been made in the recent years, the management is confident that profitability will be achieved by these entities and hence no provision for impairment in respect of these investments is considered necessary. The Statutory auditors have modified their review report in respect of the foregoing matter.

6 The Company has not made any provision for share application money of ₹ 597.00 Lakhs given to Noble Explochem Ltd (Noble) whose total equity as at 31st March, 2018 is negative. One of the creditors of Noble has moved an application to the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016. The Company has also submitted its claim as financial creditors to Insolvency Resolution Professional (IRP) to protect its interest, which has been taken on the record by the NCLT. Considering the large asset value Noble holds, the management is confident of recovery of this amount, hence no provision for impairment is necessary. The Statutory auditors have modified their review report in respect of the foregoing matter.

7 Based on the recommendation of Board of Directors in its meeting held on 18th June,2018 the members of the Company through Postal Ballot approved on 25th July, 2018 the sub division of face value of equity shares of the Company from ₹ 10/- per share to ₹ 5/- per share and also approved issue of bonus shares in the ratio of one fully paid up equity share of ₹ 5/- each for every one existing fully paid up equity share of ₹ 5/- each held by the members. The Record date for implementation of above corporate events had been fixed at 9th August, 2018. In view of above as on 14th August, 2018, the Company's revised paid up share capital would be ₹ 458.64 lakhs consisting of 91,72,792 equity shares of ₹ 5/- each as against share capital of ₹ 229.30 lakhs consisting of 22,93,198 equity shares of ₹ 10/- each as on 30th June, 2018.

The earnings per share for the quarter ended 30th June, 2018 has been presented based on the revised number of shares and for all the corresponding periods have accordingly been restated in accordance with Ind AS 33 "Earnings per Share" prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.

8 The Board of Directors in its meeting held on 21st June, 2018 have approved the scheme of amalgamation of its subsidiary, namely, Fermenta Biotech Limited with the Company. The Company is in process of submission of applications to Bombay stock exchange and NCLT.

9 The Board of Directors of the Company in its meeting held on 15th May,2018 recommended the dividend at the rate of 25% on equity share having face value of ₹ 10 each (₹ 2.50 per share of ₹ 10 each).

Pursuant to the sub division and issue of bonus shares referred in note 7 above and approval of the shareholders dated 25th July, 2018 through postal ballot, for split/issue of bonus, Board of Directors at its meeting held on 14th August, 2018 recommended dividend of 25% on equity shares having face value of ₹ 5/- per share (₹ 1.25/- per equity share of ₹ 5/-) would be paid on enhanced equity share capital to the shareholders whose names appear in the register of members on the book closure / record date of the Company.

10 The above unaudited standalone and consolidated financial results of the Company for the quarter ended 30th June, 2018 have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 14th August, 2018. The statutory auditors of the Company have conducted a limited review of the above unaudited standalone and consolidated financial results for the quarter ended 30th June, 2018.

For DIL Limited

Krishna Datla
Managing Director

Place: Thane
August 14, 2018

Deloitte
Haskins & Sells LLP

Chartered Accountants
Indiabulls Finance Centre
Tower 3, 27th-32nd Floor
Senapati Bapat Marg
Elphinstone Road (West)
Mumbai - 400 013
Maharashtra, India

Tel: +91 22 6185 4000
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INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
DIL LIMITED

1. We have reviewed the Standalone Unaudited Financial Results and also the Consolidated Unaudited Financial Results of **DIL LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the loss of its joint venture and associates for the quarter ended June 30, 2018, included in the accompanying Statement of Standalone and Consolidated Unaudited Financial Results for the quarter ended June 30, 2018 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

   This Statement, which is the responsibility of the Management of Parent and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Parent's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

3. The Consolidated unaudited financial results in the Statement includes the results of the following entities:

   Parent
   1. DIL Limited

   Direct subsidiaries
   2. Aegean Properties Limited
   3. CC Square Films Limited
   4. Fermenta Biotech Limited

   Step down subsidiaries
   5. Fermenta Biotech (UK) Limited
   6. G. I. Biotech Private Limited

Regd. Office: Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013, Maharashtra, India.
(LLP Identification No. AAB-8737)

Deloitte
Haskins & Sells LLP

Associates

7. Health and Wellness India Private Limited
8. Zela Wellness Private Limited

Joint venture

9. Agastya Films LLP

4. (i) (a) The Parent has an exposure of ₹ 821.86 Lakhs [including share application money of ₹ 309.86 Lakhs and Inter Corporate Deposit (ICD) of ₹ 37.00 Lakhs] in an associate whose accumulated losses (other equity) at ₹ 1,184.46 Lakhs substantially exceed its equity share capital of ₹ 638.90 Lakhs, as at June 30, 2018, as per the management prepared financial information. This exposure on a consolidated basis amounts to ₹ 330.23 Lakhs. However, the Management of Parent has not made any detailed evaluation of impairment in the carrying value of these amounts for the purposes of ascertaining the provision for impairment, if any, that may be required to be made, both, in the standalone unaudited financial results and in the consolidated unaudited financial results.

(b) Further, in relation to another associate, the Parent has an investment of ₹ 225.00 Lakhs, where although the net worth, as at June 30, 2018, has not been eroded as per the management prepared financial information, this net worth includes a significant exposure by way of ICD of ₹ 323.72 Lakhs to the associate mentioned in para (i)(a) above which raises a doubt on the recoverability of the carrying value of this investment amounting to ₹ 225.00 Lakhs on standalone basis and ₹ 201.42 Lakhs on consolidated basis, and the consequential provision for impairment, if any, that may be required to be made, both, in the standalone unaudited financial results and in the consolidated unaudited financial results.

Considering the view of the Management of Parent that these are long-term investments and profitability will be achieved by the entities over a period of time, the Management of Parent believes that no impairment is deemed necessary [See note 5 of the Statement]. In the absence of sufficient appropriate information, we are unable to comment upon the matter including any consequential impact, if any, of such impairment, both, in the standalone unaudited financial results and in the consolidated unaudited financial results.

(ii) The Parent has given share application money of ₹ 597.00 Lakhs to an another entity whose accumulated losses (other equity) at ₹ 4,635.38 Lakhs substantially exceed its equity share capital of ₹ 1,920.55 Lakhs, as at March 31, 2018, as per the latest audited financial results for the quarter and year ended March 31, 2018. Further, the independent auditors of that entity, in their audit report dated May 30, 2018, on the aforesaid financial results, have *inter-alia* reported that the entity's operations have been suspended since December, 2006, and have also expressed their inability to comment whether that entity can be considered as a "Going Concern" and whether its assets would be adequate to meet its liabilities [See note 6 of the Statement]. For the reasons stated in the said note 6 of the Statement, the Management of Parent believes that no impairment is deemed necessary. Having regard to the foregoing and in the absence of sufficient appropriate information, we are unable to comment whether the aforesaid outstanding share application money would be recoverable including the consequential impact, if any, of such impairment that may be required to be made, both, in the standalone unaudited financial results and in the consolidated unaudited financial results.

5. Based on our review conducted as stated above and on the consideration of the review reports of other auditors referred to in paragraph 6 below and the interim financial information furnished to us by the Management of Parent referred to in paragraph 7 below, except for the possible effects of the matters described in paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying Statement has not been prepared in accordance with the aforesaid Indian Accounting Standards ("Ind AS") and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC /62/2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the interim financial information of 3 subsidiaries included in the consolidated unaudited financial results, included in the Statement, whose interim financial information reflect total revenues of ₹ 4.50 Lakhs, total profit after tax of ₹ 2.71 Lakhs and total comprehensive income of ₹ 2.71 Lakhs for the quarter ended June 30, 2018, as considered in the consolidated unaudited financial results, included in the Statement. The above figures are before giving effect of any consolidation adjustments. The interim financial information have been reviewed by other auditors whose reports have been furnished to us by the Management of Parent and our report on the consolidated unaudited financial results, included in the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

   Our review report on the consolidated unaudited financial results, included in the Statement, is not modified in respect of these matters.

7. The consolidated unaudited financial results, included in the Statement, includes the interim financial information of a subsidiary which have not been reviewed or audited by their auditors, whose interim financial information reflect total revenues of ₹ Nil, total loss after tax of ₹ 1.74 Lakhs and total comprehensive loss of ₹ 1.74 Lakhs for the quarter ended June 30, 2018, as considered in the consolidated unaudited financial results, included in the Statement. The consolidated unaudited financial results also includes the Group's share of loss after tax (net) of ₹ 9.75 Lakhs and total comprehensive loss (net) of ₹ 9.75 Lakhs for the quarter ended June 30, 2018, as considered in the consolidated unaudited financial results, included in the Statement, in respect of 2 associates and a joint venture, based on their interim financial information which have not been reviewed or audited by their auditors. The interim financial information in respect of this subsidiary, these associates and a joint venture have been furnished to us by the Management of Parent. According to the information and explanations given to us by the Management of Parent, these interim financial information are not material to the Group.

   Our review report on the consolidated unaudited financial results, included in the Statement, is not modified in respect of our reliance on the interim financial

Deloitte
Haskins & Sells LLP

information certified by the Management of Parent [Also see paragraph 4(i) which describes our modification in respect of the exposures in the 2 associates referred above].

8. The Comparative financial information of the Company for the quarter ended June 30, 2017, prepared in accordance with Ind AS, included in the Statement, has been reviewed by the predecessor auditors. The predecessor auditors have issued a modified review report dated September 14, 2017, on the comparative financial information, in respect of the matters referred in paragraphs 4(i) and 7 above, as applicable to the quarter ended June 30, 2017 and covered by their aforesaid review report.

   Our review report on the standalone and consolidated unaudited financial results, included in the Statement, is not modified in so far as it relates to the inclusion of comparative financial information for the quarter ended June 30, 2017 reviewed by the predecessor auditors as aforesaid.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Mumbai, August 14, 2018

DISCOVER. DEVELOP. DELIVER.

dil LIMITED

66th Annual Report, 2017-18

DISCLAIMER

IN THIS ANNUAL REPORT, WE HAVE DISCLOSED FORWARD-LOOKING INFORMATION TO ENABLE INVESTORS TO COMPREHEND OUR PROSPECTS AND TAKE INFORMED INVESTMENT DECISIONS. THIS REPORT AND OTHER STATEMENTS – WRITTEN AND ORAL – THAT WE PERIODICALLY MAKE, CONTAIN FORWARD-LOOKING STATEMENTS THAT SET OUT ANTICIPATED RESULTS BASED ON THE MANAGEMENT'S PLANS AND ASSUMPTIONS. WE HAVE TRIED, WHEREVER POSSIBLE, TO IDENTIFY SUCH STATEMENTS BY USING WORDS SUCH AS 'ANTICIPATES','ESTIMATES', 'EXPECTS', 'PROJECTS', 'INTENDS', 'PLANS', 'BELIEVES' AND WORDS OF SIMILAR SUBSTANCE IN CONNECTION WITH ANY DISCUSSION OF FUTURE PERFORMANCE. WE CANNOT GUARANTEE THAT THESE FORWARD-LOOKING STATEMENTS WILL BE REALISED, ALTHOUGH WE BELIEVE WE HAVE BEEN PRUDENT IN MAKING OUR ASSUMPTIONS. THE ACHIEVEMENT OF RESULTS IS SUBJECT TO RISKS, UNCERTAINTIES AND EVEN INACCURATE ASSUMPTIONS. SHOULD KNOWN OR UNKNOWN RISKS OR UNCERTAINTIES MATERIALISE, OR SHOULD UNDERLYING ASSUMPTIONS PROVE INACCURATE, ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE ANTICIPATED, ESTIMATED OR PROJECTED. WE UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

CONTENTS

This is the annual report of DIL Limited ('DIL'/the 'Company') for the financial year 2017-18 (FY2017-18). A dominant portion of the Company's revenues and profits are derived from its subsidiary Fermenta Biotech Ltd. (Fermenta). Even though the annual report is that of the holding company DIL, it has focused on the performance and prospects of Fermenta for enhanced transparency and better understanding.

This is what you need to know about DIL Limited, the holding company

Subsequent to the transfer of equity shares, DIL's holding in Fermenta has increased to 91.20%.

DIL Ltd. (earlier known as Duphar-Interfran Ltd.) is a respected publicly-listed company. It has built a distinctive reputation in the business of pharmaceuticals, biotechnology, environment solutions and other segments.

Presence

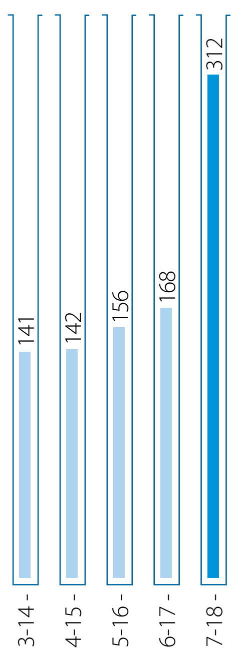
The Company is head-quartered in Thane with its registered office address at A-1601, Thane One, DIL Complex, Majiwade, Thane (West), 400 610, Maharashtra, India.

About DIL

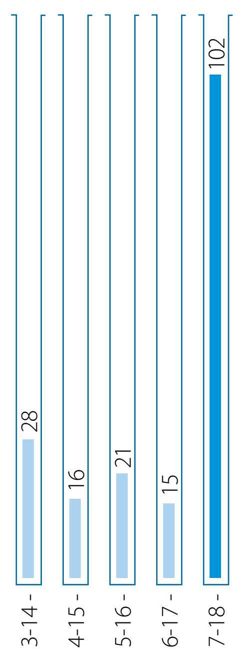
DIL Ltd. (earlier known as Duphar-Interfran Ltd.) is a respected public listed company. It has built a stellar reputation for itself in the arenas of pharmaceuticals, biotechnology, environment solutions and other segments. DIL purchased 38,30,072 equity shares from Evolvence India Life Science Fund LLC, representing 21.05% of the total paid-up equity share capital of Fermenta. Subsequent to the transfer of equity shares, DIL's holding in Fermenta has increased to 91.20%. DIL completed the construction of a corporate Information technology (IT) park in one of Thane's prime locations, a Mumbai suburb and one of the fastest-growing cities in India.

Financial credentials of DIL (consolidated)

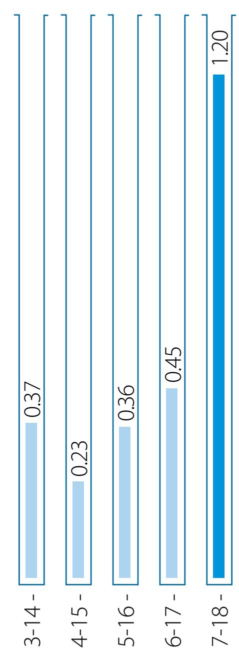
Revenue (Rs. crore)



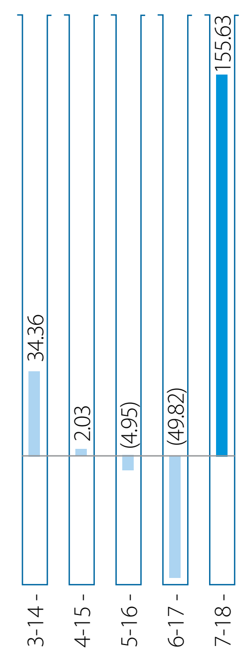
EBIDTA (Rs. crore)



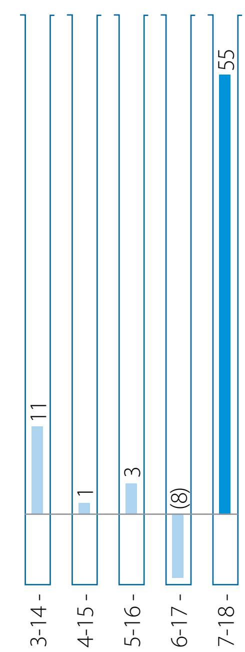
Debt-equity ratio (x)



Earnings per share (Rs.)



Profit after tax (Rs. crore)



Note: Financials of FY2016-17 and FY2017-18 are as per IND AS

Revenue

Why is this measured?

It highlights the service acceptance and reach of a company in the market.

What does it reveal?

Aggregate sales increased by 86% to reach Rs. 312 crore in FY2017-18 following increasing demand for existing products at higher prices and improved footprint.

EBIDTA

Why is this measured?

It is an index that showcases the Company's ability to optimise business operating costs despite inflation and can be easily compared with the retrospective averages of sectoral peers.

What does it reveal?

The Company reported a 591% increase in its EBIDTA in FY2017-18, primarily due to higher revenues.

Debt-equity ratio

Why is this measured?

A measure of a company's financial health, indicating the ability of a company to remunerate shareholders over debt providers.

What does it reveal?

The Company's gearing increased from 0.45 times in FY2016-17 to 1.20 times in FY2017-18. The primary reason for the increase was due to the debt taken for buying the additional stake in Fermenta.

Earnings per share

Why is this measured?

EPS serves as an indicator of the financial health of a company. Increasing EPS indicates better profitability.

What does it reveal?

The EPS of the Company improved from a (–) of Rs. 49.82 in 2016-17 to (+) of Rs. 155.63 in 2017-18.

Profit after tax

Why is this measured?

It highlights the strength in the business model in generating value for its shareholders.

What does it reveal?

The Company reported a (+) PAT of Rs. 54.84 crore in FY2017-18 over a loss of Rs. 8.23 crore in FY2016-17– reflecting the robustness of the business model in capitalising on trends and growing shareholder value.

Six things you need to know about Fermenta

Fermenta Biotech Ltd – An inclusive perspective

- Fermenta – a futuristic company, specialising in the knowledge-intensive niche of nutritive healthcare, bio-pharmaceuticals and environment solutions
- Fermenta – a progressive company, engaged in consistent stakeholder value creation through focused offerings in the healthcare sphere.

Fermenta was recognised as a 'Strategic Business Partner' by Abbott India in 2017 for supplying quality Active Pharmaceutical Ingredient(s) (API).

01 Fermenta – a pioneering player

Fermenta is a well-respected company that has established a distinctive reputation in the areas of nutraceuticals, pharmaceuticals, biotechnology and environment solutions. With decades of rich history, Fermenta 'thinks young' and 'moves with the times'.

02 Fermenta – innovation-oriented

Head-quartered in Thane (Maharashtra) with manufacturing facilities in Kullu (Himachal Pradesh) and Dahej (Gujarat), Fermenta is engaged in cutting-edge research that has enhanced process and product effectiveness. Fermenta has invested in a state-of-the-art R&D facility in Thane.

03 Fermenta – globally present

Fermenta continues to enjoy a global presence. Fermenta's quality and service capability is validated by its sales footprint in >50 countries in addition to being a dependable supplier to >200 companies in India.

04 Fermenta – a distinct front-runner

Fermenta is a leading manufacturer and global supplier of Vitamin D3. It adheres to the best global norms and quality control standards, certified by various international bodies for its products and manufacturing facilities. Fermenta produces a range of variants – crystalline, oil, resin in oil, cold water dispersible (CWD), and feed grade powder, that can be used in applications like injectables, soft gel capsules, premixes, as well as food and beverage fortification. It caters to requirements of major pharmaceutical, nutraceutical, food and animal feed manufacturers across the globe. Fermenta is a formidable producer of Penicillin G Amidase, CAL B Lipase and other enzyme technologies for manufacturing beta lactam antibiotics. Fermenta also provides customised sustainable environmental solutions, designed to tackle growing environment concerns.

05 Fermenta – Various business verticals

Biotechnology

Fermenta is a pioneer in developing immobilised enzyme catalysts. Some flagship enzyme products range from the classical 'white enzyme', Penicillin G Amidase (PA 850) to advanced enzyme variants like Novel Penicillin G Amidase (PS 250) and CAL B Lipase (CAL B 10000). The Company also offers enzyme immobilisation optimisation and supply services that cover multi-tonne quantities. Fermenta is a leader in providing immobilised enzymes, enzyme technologies and proprietary immobilisation platforms.

Pharmaceuticals

Fermenta is the only manufacturer and supplier of Vitamin D3 in India and among the largest global manufacturers.

Its fully-integrated Vitamin D3 API manufacturing facilities provide product superior quality and cost- effectiveness.

Fermenta has been manufacturing Vitamin D3 for

>50 years with a base of over 300+ customers, which can be used for various applications in human and animal nutrition.

Fermenta's manufacturing facilities are benchmarked with the best global standards, backed by dedicated professionals and accreditation from various regulatory agencies.

- The Company's strength lies in harnessing cutting-edge technology to manufacture world-class quality APIs.
- For over 25 years, Fermenta has been dedicated to manufacturing specialty APIs and bio-catalysts.

Fermenta is a trusted and reliable global source of specialty pharmaceutical products worldwide.

Environmental solutions

Fermenta possesses expertise in enzyme-based technologies, offering integrated environmental solutions. Fermenta's tailor-made solutions and platform technologies provide unique waste water management and treatment advantages. Fermenta's products span a range of applications: encompassing integrated solutions for sewage treatment plants and effluent treatment plants; from waste water to solid waste management; among others.

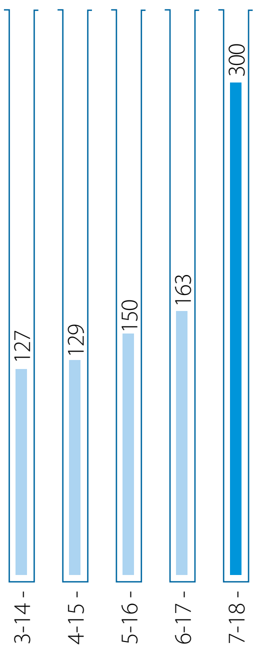
06 Fermenta – Globally accredited

AVA American Vegetarian Association	FDA*	OHSAS 18001 Certified	Intertek
BRC Certification Body	FSSC 22000	edqm	KLBD
NSF	HALAL	Vegetarian Society Approved	FAMI-QS

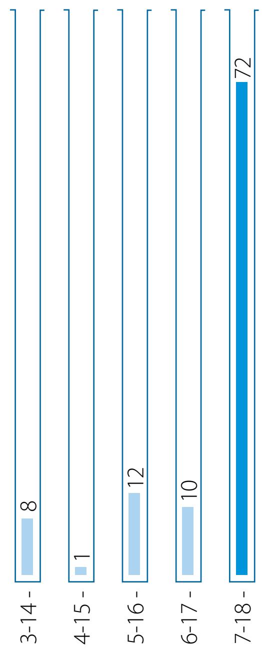
* For dietary supplements

This is how Fermenta has grown its business

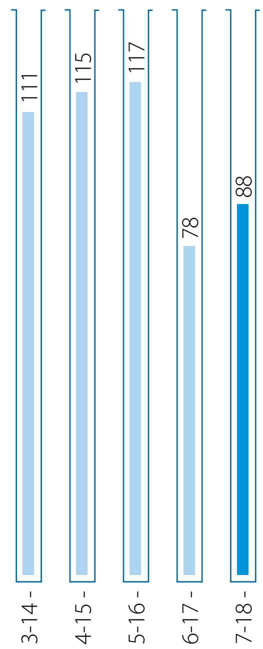
Turnover (Rs. crore)



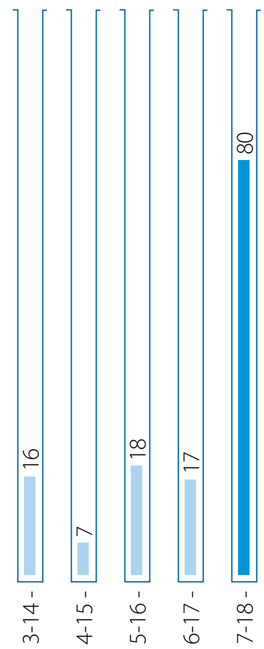
Profit after tax (Rs. crore)



Gross block (Rs. crore)



Cash profit (Rs. crore)



Note: Financials of FY2016-17 and FY2017-18 are as per IND AS

Why is this measured?

This assesses the effectiveness of our strategic presence in niche segments, the efficacy of our research-driven product portfolio, how strategic our potential market selection has been, how strong our brand equity is and how efficiently we have been able to widen our market share.

What does it reveal?

An 84% increase in turnover was the result of our enhanced capacity catalysed by a seamless access to raw materials.

Why is this measured?

This index depicts the ultimate measure of the success of the business while also measuring the effectiveness of managing business expenses.

What does it reveal?

A 620% increase in Fermenta's profitability was the result of our enhanced utilisation of capacity and resources, addition of customers and efficient cost management.

Why is this measured?

The gross block pertains to the sum total of all assets of Fermenta valued at their respective costs of acquisition.

What does it reveal?

A 13% increase in the gross block has been the result of the expansion in capacity of our Vitamin D3 business.

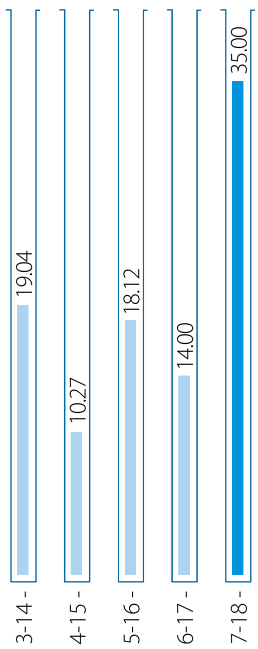
Why is this measured?

Cash profit is an index of our financial comfort to grow the business without risking the robustness of our Balance Sheet.

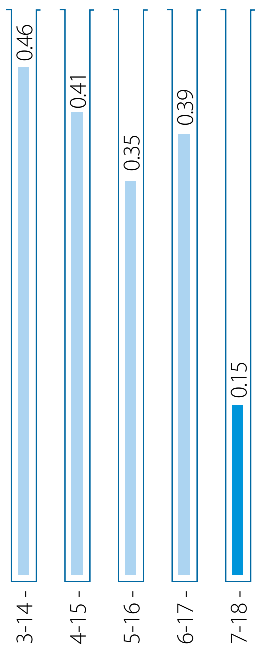
What does it reveal?

Fermenta's focus on margins expansion and enhanced working capital management are expected to drive additional cash generation.

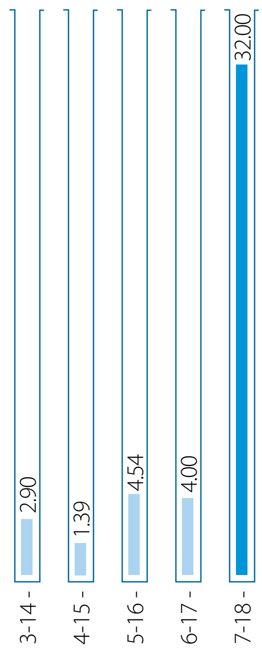
EBITDA margin (%)



Debt-equity ratio (x)



Interest cover



Note: Financials of FY2016-17 and FY2017-18 are as per IND AS

Why is this measured?
This index measures business efficiency in terms of an improvement in margins, thereby indicating our ability to deploy adequate surpluses for reinvestment.

What does it reveal?
This indicates the growing strength of Fermenta's business model.

Why is this measured?
This is a measure of Fermenta's financial health and indicates its ability to operate at a higher scale without relying overtly on borrowed funds.

What does it reveal?
The gradual decline in gearing is a validation of Fermenta's ability to sustain profitable growth.

Why is this measured?
This is used to determine Fermenta's ability to make interest payments in a timely manner.

What does it reveal?
The improvement in Fermenta's interest cover was a result of conversion of rupee loans to low-cost foreign currency loans on the one hand and business growth on the other.

Fermenta's journey

Fermenta pioneered the launch of immobilised penicillin G acylase catalyst (Fermase PAR 250) for beta lactam intermediates

1986

Established as Fermenta Pharma Biodil Limited, now known as Fermenta Biotech Limited

1987

Pioneered the launch of immobilised penicillin G acylase catalyst (Fermase PAR 250) for beta lactam intermediates

1988

Launched improved enzyme catalyst PGA white (Fermase PAR 250) for beta lactam intermediates

2004

Commenced manufacture of Cholecalciferol (Vitamin D3), Isoxsuprine Hydrochloride and Phenyramidol Hydrochloride

2005

Launched improved enzyme catalyst PGA white (Fermase PA R 750) for beta lactam intermediates

Introduced R-Oxynitrilase (Fermase OXR) for chiral synthesis

2006

Introduced Dilbeads, oxirane polymer beads for enzyme immobilisation

Launched PGA catalyst blend (Fermase PAR 450) for cephalosporin intermediates

2007

Enhanced Vitamin D3 capacities to enter export markets

Launched dimethicone powder

Received Kosher certification for Vitamin D3

2008

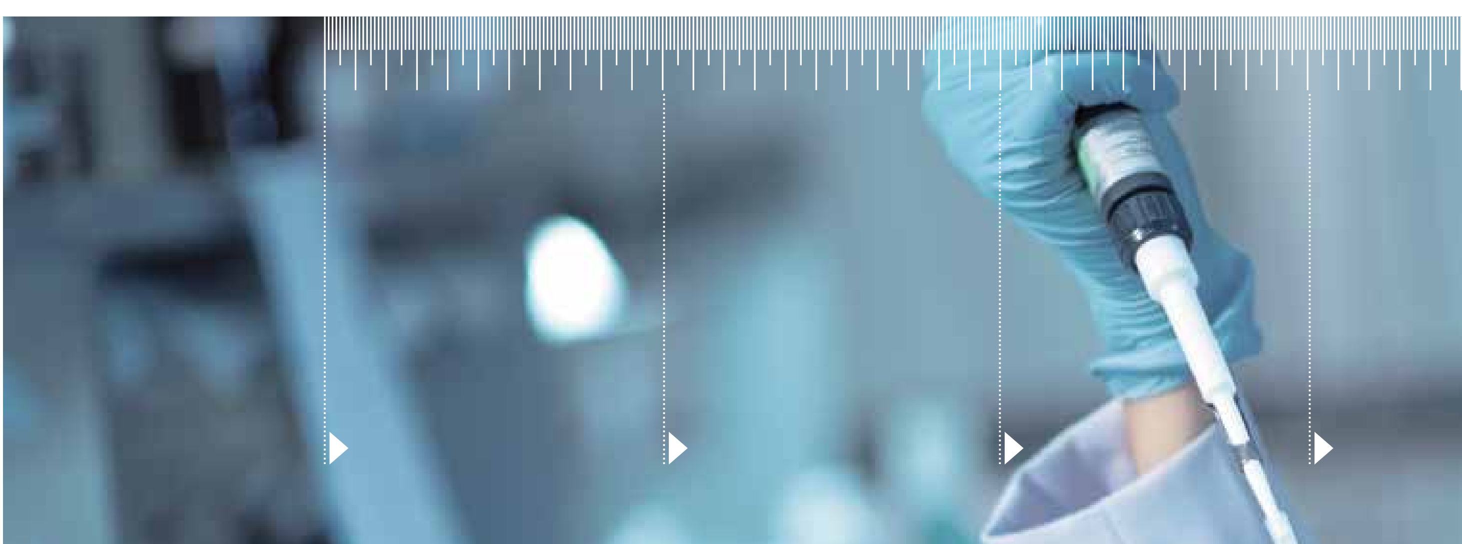
Received Halal certification for Vitamin D3

2009

Launched novel penicillin G acylase (NPGA) for beta lactam antibiotic synthesis (e.g. Amoxicillin)

Obtained CEP certification for Vitamin D3 from EDQM

Started exporting Vitamin D3



2011

Completed construction of the Dahej facility

Ventured into animal feed and oil supplements of Vitamin D3

Applied for Canadian DMF and US DMF

2012

Successfully cleared US FDA inspection for dietary supplements at Kullu

Commercialised Novel Penicillin G Acylase (NPGA) Fermase PS 150 for major global customers

Launched new and improved Penicillin G Acylase catalyst – Fermase PA 850

Augmented Vitamin D3 resin manufacturing capacity in Dahej

2013

Launched CAL B Enzyme catalyst Fermase CAL B series (immobilised and free enzymatic forms)

2014

Launched Vitamin D3 100 CWD to cater to the food and dietary nutraceutical supplements market

2016

Enhanced Vitamin D3 capacity at its new plant at Dahej

Launched new version of Vitamin D3 500 feed grade powder

2017

Received CEP from EDQM for its Dahej facility for Vitamin D

Received FSSC 22000 and BRC food safety approvals for both its plants for Vitamin D

2018

Received the Board's approval for the amalgamation of Fermenta with its holding company, DIL Limited

NPGA

Commercialised Novel Penicillin G Acylase (NPGA) Fermase PS 150 for major global customers.

Successfully cleared US FDA inspection for dietary supplements at Kullu

Commercialised Novel Penicillin G Acylase (NPGA) Fermase PS 150 for major global customers

Launched new and improved penicillin G acylase catalyst – Fermase PA 850

Augmented the Vitamin D3 resin manufacturing capacity in Dahej

"We believe that a successful addressal of the needs of all our stakeholders represents the basis of our sustainability."

Sanjay Buch, Chairman, DIL Limited

Sanjay Buch, Chairman

"Given the philosophy to constantly Discover, Innovate and Leverage new ideas for sustainable growth, a comprehensive business and capital restructuring was undertaken by the Board for rewarding our shareholders by recommending 25% equity dividend for FY 2017-18. Additionally the Board, in the current year, approved the split/sub-division of shares to a face value of Rs. 5 each, along with the issue of bonus equity shares in the proportion of 1:1.

The Board also approved the Scheme of Amalgamation between the Company and its subsidiary company Fermenta Biotech Limited, a subsidiary, on 21 June 2018, subject to necessary statutory approvals. With these important initiatives, it is the earnest belief of the Board that DIL will be onto a profitable and sustainable growth trajectory that caters to the needs of all its stakeholders."

Shareholders

The central aspiration of the Company is to be a distinctive game-changer in the areas of its presence. In doing so, we have consistently focused on scale and value-addition, derived through a prudent selection of business spaces, products, technologies and geographies, enhancing value for shareholders.

Customers

We provide our customers with globally benchmarked products at competitive prices, and customised services. Fermenta has reinforced this quality-quantity proposition translating into an overall price-value offering. The result is that Fermenta continues to engage with customers across geographies for decades.

Employees

We provide an inspiring workplace to all our employees across various locations. We believe in providing equal employment and growth opportunities. This diverse and participative environment has not only resulted in a low attrition rate, but also has reflected in superior productivity, strengthening overall profitability.

Community

We have been progressively investing in environment-protecting equipment and technologies benchmarked as per global standards. Besides, we invested in processes, practices and protocols woven around safety and responsibility. The result is that our operations are safe for the environment and neighbouring communities.

Social responsibility

Aligning with our corporate social responsibility objectives, we have been committed to the cause of social responsibility for years. We have invested in various initiatives that empower the visually-impaired and special children. We have contributed to education, rural development and environmental sustainability. These engagements are in conformity with our vision i.e., sustainable growth of communities at large.

We provide an inspiring workplace to all our employees across various locations.

The central aspiration of the Company is be a distinctive game-changer in the areas of its presence.

Krishna Datla, Managing Director

"Following a record year, the objective of your company is to build sustainable long-term growth and be future-prepared."

DIL focuses on the business of renting properties and a strategic investment in its subsidiary Fermenta, which is engaged in manufacturing and marketing APIs.

DIL's income on a consolidated basis for the year under review grew by 86% to Rs. 31,192.42 lakhs. Against a net loss of Rs. 1,142.42 lakhs in the previous financial year 2016-17, the net profit for the FY2017-18 stood at Rs. 3,568.75 lakhs. On a standalone basis, DIL's total income for the year under review stood at Rs. 1,288.82 lakhs (previous year: Rs. 596.48 lakhs), whereas the net loss for FY2017-18 aggregated Rs. 2,415.47 lakhs as against a net loss of Rs. 1,830.19 lakhs in the previous year. Continuing with the principle of rewarding shareholders, your Directors are pleased to recommend a dividend of Rs. 1.25 per equity share of Rs. 5 each (previous year: Rs. 2.50 per equity share of Rs. 10 each) for FY2017-18 on 91,72,792 equity shares of Rs. 5 each (i.e. post issue of split ad bonus shares). Based on the recommendations of your Directors, the members of the Company, on July 26, 2018, approved the split/sub-division of shares of the Company from face value of Rs. 10 each to face value of Rs. 5 each and issue of bonus equity shares in the proportion of 1:1 i.e. one new fully paid-up equity share of Rs. 5 each for every one existing fully paid-up equity share of Rs. 5 each held by the members. In addition to the above, your Directors in a meeting held on June 21, 2018 approved the Scheme of Amalgamation between the Company and its subsidiary company Fermenta Biotech Limited subject to necessary statutory approvals.

Fermenta put up an exemplary performance in 2017-18, the best in the Company's existence. Fermenta reported profitable growth: revenues increased by 84% from Rs. 163 crore in 2016-17 to Rs. 300 crore in 2017-18, profit after tax strengthened by 620% from Rs. 10 crore in 2016-17 to Rs. 72 crore in 2017-18.

Reasons for improvement

During the last few months, a number of observers have asked me for the reasons behind Fermenta's outperformance. My answer has been that even as the improvement in performance became visible during the course of the last financial year, the foundation had been patiently laid across the years. During the past few years, Fermenta had invested extensively in strengthening its business across the range of its operations and invested in capacity building across different market cycles as well.

It invested in cutting-edge technologies to enhance operating efficiency that reflected in higher product quality and lower costs.

It widened the product mix to address the growing needs of customers.

It trained its people extensively to shrink the gestation between commercial operations and stabilisation.

It widened its presence across a larger number of global markets to reduce its excessive dependence across a handful.

It strengthened compliances that enhanced assuredness of supply, quality and process integrity.

It addressed the growing need for our products across a wider range of downstream sectors, helping de-risk our sales profile.

It invested in CRM modules that enhanced informed decision-making; it also invested in a pan-company SAP-enabled ERP encompassing various operational areas including quality assurance and manufacturing. This extended Fermenta's focus to an outward market-driven perspective that enhanced the scale of its product and customer-orientation.

In doing so, Fermenta emerged future-ready: the right place at the right time with the right business complement. The result is that during the year under review, when feed grade Vitamin D3 realisations strengthened appreciably, Fermenta reported a handsome increase in turnover and profits, validating its business strategy and direction.

Review of businesses

The Vitamin D3 business posted 115 % revenue growth during the year under review. We achieved this by focusing on operational excellence, leveraging synergies and ramping up production. In the Phenyramidol segment, Fermenta's performance continued to be stable due to strong customer relationships, enduring commitments

Rationale for the amalgamation of Fermenta with DIL

- Value-accretive to the shareholders of DIL and access to the core business of Fermenta.
- Cost savings due to more focused operational efforts, simplification of business processes, and elimination of duplication of operations and regulatory compliance.
- Wider integration, greater financial strength and enhanced operational efficiency through stronger economies-of-scale, optimal resource utilisation, superior financials and the ability to mobilise additional resources.
- Improved organisational capability and leadership, arising from the pooling of human capital.
- Combined entities could lead to the efficient use of funds in growth opportunities and maximise shareholder value.

and relevant management initiatives. The environment business reported reasonable growth due to a focus on opportunities from the private sector in the operations and maintenance segment. The biotechnology business maintained its customer base despite increased Chinese competition. From a manufacturing perspective, the management was pleased with the performance during the year under review. Fermenta reported record API output in the Kullu and Dahej facilities; it worked closer with users in the food products and animal feed segments and plugged products/services gaps. It reported a year-end order book that has enhanced revenue visibility going ahead.

The road ahead

At Fermenta, we are aware that in a volatile world achieving an improvement in realisations could be complex and challenging. The objective within the circumstances would be to strengthen our business de-risking, limit our downside if realisations decline and maximise our upside if realisations stabilise or improve. DIL and Fermenta embarked on a number of relevant business-strengthening initiatives during the year under review.

One, your Company selected to buy out a private equity investor's 21.05% stake in Fermenta. The funds had been provided when your Company needed growth. Following Fermenta's outperformance and the creation of a robust financial foundation, the purchase of equity will consolidate ownership and facilitate the timely amalgamation.

Two, the proposed amalgamation of Fermenta into its parent company DIL Limited. The proposed amalgamation would be business-strengthening as DIL owns extensive monetisable assets while Fermenta has entered a growth phase where it would need to continuously reinvest in its business, resulting in a win-win proposition

Three, Fermenta intends to engage in vertical and horizontal expansion. The vertical expansion will make it possible to scale capacity that empowers us to address the growing needs of a wider customer basket, while increasing revenues from customers. The horizontal expansion will make it possible for Fermenta to engage in collaborations and extend into a range of value-added nutrition supplements – vitamins, supplements, pro-biotics and others – growing in importance in today's world. In doing so, Fermenta intends to exploit this optimism by building a

Global presence

- Growing number of multi-year accounts
- Among the world's largest Vitamin D3 makers and leading Phenyramidol manufacturer
- Among the few non-European companies with a CEP accreditation by EQDM for Vitamin D3

Operating platform

The Company's belief in the depth of its operating platform increases its confidence that the business is better equipped to address marketplace dynamics, enhancing long-term value-creation.

portfolio around vitamins, minerals and supplements, strengthening its positioning as a manufacturer of a wide range of ingredients used for various applications in human and animal nutrition. Fermenta plans to explore the nutrition space, currently experiencing a surge in demand, by expanding its offerings in the nutraceutical sector. It intends to capitalise on the global trends in nutrition and consumer preference for higher nutritional contents in food. We believe that these initiatives will help reinforce our business foundation around revenue growth, superior profitability and business sustainability.

Outlook

The outlook at Fermenta is optimistic, derived from downstream realities where growing Vitamin D3 co-prescription and widening applications (tablets, capsules and syrups) are expected to widen the market. We believe that there will be enhanced emphasis on food fortification by governments across the world, opening multiple opportunities for us. Fermenta possesses knowledge across the research, manufacturing and marketing functions to address emerging opportunities - that should translate into profitable and sustainable growth. The downstream businesses are performing well and enjoying Vitamin D leadership across application segments like pharmaceuticals, dietary and nutritional supplements, food, feed and veterinary science.

Our objective is to build sustainable long-term revenues and be future-prepared. At Fermenta, our performance ambition is to emerge as one of the most respected companies within the global industry space. Going ahead, we shall continue to focus on becoming the most reputed Vitamin D player in the world, further extending our product range and adhering to best-in-class practices to consistently improve yields and process efficiencies.

I must assure shareholders that the performance of Fermenta during the last financial year will not make us complacent; on the contrary, the performance will only reinforce our commitment, strengthening our business-building initiatives.

Krishna Datla
Managing Director

Group priorities

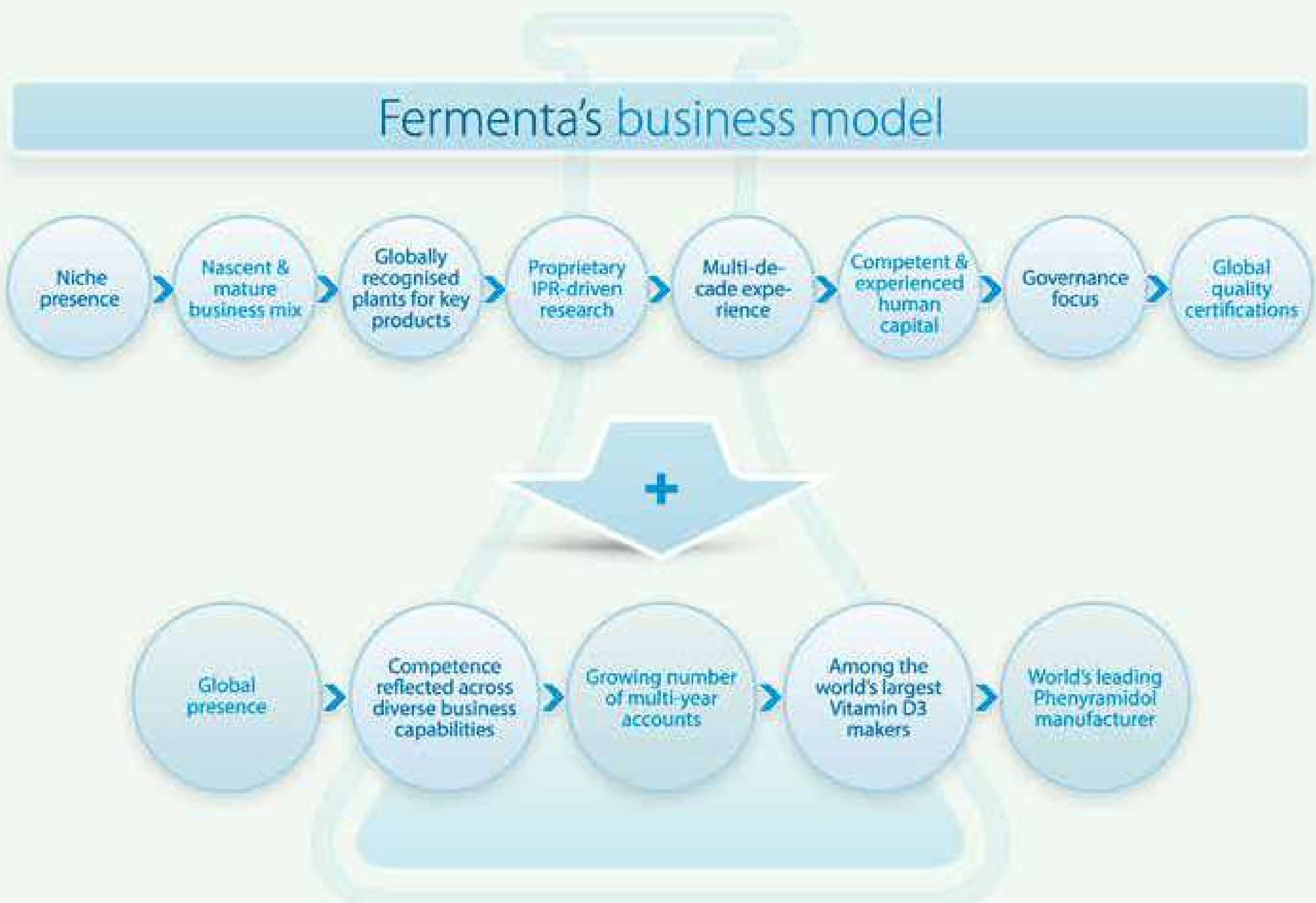
- Business restructuring to achieve operational efficiency
- Enhanced concentration on nutritive healthcare, biopharmaceuticals and environmental solutions
- Divestment from non-core businesses like entertainment, wellness and others

Quality assurance

- Implementation of quality systems and release of all manufactured products
- Audits including regulatory (domestic and international), customer and cGMP

Fermenta has consistently invested in enhancing competitiveness

- **Intellectual property:** Fermenta's rich experience in complex technologies translated into the development of improved products and processes.
- **Human capital:** Fermenta's team comprises 136 professionals with a demonstrated competence in manufacturing, chemistry, biotechnology, marketing planning, accounting, legal, management, supply chain and quality management.
- **Distinctive identity:** Fermenta is one of select non-European companies with a CEP accreditation issued by the EDQM for Vitamin D3 across both manufacturing facilities. It also possesses food safety approvals for the US market.



Biotechnology

Overview

Fermenta delivers proprietary specialised technologies through its enzyme portfolio across the biopharmaceutical product life-cycle. These services are offered across the complete life-cycle – pre-clinical stage to commercialisation – enhancing project ownership, quality and customer convenience.

Over the years, Fermenta invested in proprietary enzymatic technologies with growing potential in the production of beta lactam antibiotics like Amoxicillin, Ampicillin, Cephalexin and Cefadroxil. Fermenta is a dependable technology-driven partner, enjoying customer trust irrespective of project size, phase and complexity. It has developed and manufactured enzymes (Fermase PS 250, Penicillin G Acylase) used in manufacturing processes of various antibiotics. Fermenta is a pioneering developer of immobilised enzyme catalysts which has transformed the way the antibiotics are manufactured. Fermenta's enzyme technologies enable new and eco-friendly manufacturing practices, addressing sectors comprising the pharmaceutical industry, fine chemicals, bio-plastics and cosmetics, to mention a few.

Strengths

- **Cutting-edge:** Fermenta implemented next-generation automation; it offered complete technical support and expanded its enzymatic technology presence.
- **Innovative:** Fermenta possesses the ability to identify, express, gene-modify and enzyme-evolve, improve processes and create bio-organic applications that substitute long-standing chemical reactions.
- **Responsive:** Fermenta's business support and R&D teams address customer needs with speed.
- **Competence:** Fermenta is benchmarked with high proprietary standards (norms, quality, productivity and consistency); its domain knowledge extends from product development, to stabilisation and commercialisation, enhancing process robustness.
- **Compliance:** Fermenta complies with various international regulatory norms, covering applications for novel products and processes across countries.
- **Distinctive:** Fermenta is among a handful of global companies producing next-generation enzymes, leveraging patented processes and immobilisation materials.
- **Unique:** Fermenta's enzyme technologies for the synthesis of beta lactams and cephalosporin antibiotics offer unique advantages, which are not only scalable but also enable competitive transformation.
- **Flagship:** Fermenta's flagship enzyme products range from the classical 'white enzyme', Penicillin G Amidase-(PA 850) to the more advanced enzyme variants like Novel Penicillin G Amidase (PS 250) and CALB Lipase (CALB10000).
- **Service-oriented:** Fermenta offers enzyme immobilisation optimisation and supply services of various scale up to multi-tonne commercial quantities.

Outlook

The business support function for enzyme products is largely business-to-business, integrated with technical support around enzyme performance and other regulatory requirements. Fermenta strengthened its customer service, technical capabilities and support functions. The Biotechnology R&D team will continue to focus on streamlining and simplifying chemical and chemo-enzymatic processes with high technology saturation - from beta lactams to cephalosporins as well as other industrial bio-catalysis areas, strengthening productivity and value.

Pharmaceuticals & Vitamin D3

277

Revenue (Rs. crore) in 2017-18 against Rs. 151 crore in 2016-17

97%

Contribution to total revenues in 2017-18 against 96% in 2016-17

Phenyramidol and Silicon dioxide

Phenyramidol HCl: Phenyramidol Hydrochloride is a unique API, a potent muscle relaxant with analgesic effect, extensively marketed by popular brands.

The manufacture of silicon powder (activated dimethicone powder) was a conscious effort by Fermenta to offer a product that could replace dimethicone oil in anti-flatulent oral formulations. The Company derived 13% of its topline from this business, one of FBL's main revenue drivers. Fermenta is respected for its ability to optimise synthetic routes for pharmaceutical compounds. The overall consumption remained stable during the year under review.

Strengths

- **Leading:** Fermenta is the leading Phenyramidol supplier in the world.
- **Quality-conscious:** Fermenta is respected for compliance with GMP norms that translate into enhanced quality and consistency (products, processes and services).
- **Growth-oriented:** Fermenta continues to manufacture Phenyramidol and Silicon powder at higher purity levels. It pioneered reviving Phenyramidol hydrochloride as an API, successfully marketed in Turkey.

Outlook

The market for Phenyramidol indicates promising opportunities in view of a steady rise in the incidence of low back pain, neck and shoulder pain mainly due to the excessive time spent on electronic devices, compromising postures and seating habits. Fermenta's business is optimistic of relevance and prospects.

Vitamin D3

Fermenta has been manufacturing this product for five decades, supplying to 300-plus customers globally.

Fermenta's variants comprise pharmaceuticals, dietary and nutrition supplements, veterinary and feed supplements. A majority of Fermenta's topline is generated by this business. Its Vitamin D3 business grew significantly in FY2017-18.

Exports

The Vitamin D market witnessed a significant growth in the pharmaceutical, dietary and nutritional supplements, food, veterinary and feed applications. The food safety approvals received by Fermenta's facilities helped make inroads in the large and relatively untapped global food premix market.

Domestic

Vitamin D3 formulation was included in the National List of Essential Medicines; subsequently its price was capped through the Drug Price Control Order. This led to the emergence of challenges with respect to market growth. The concept of food fortification gained momentum with Fermenta entering the domain.

Strengths

Pioneering: Fermenta pioneered the use of proprietary technology to manufacture Vitamin D3 in India.

Knowledgeable: Fermenta has been manufacturing Vitamin D3 for over 50 years with a base of >300 customers.

Well-sized: Fermenta is among the world's three leading Vitamin D3 producers.

Natural: The cholesterol consumed by Fermenta is obtained from sheep wool derived from TSE/BSE risk-free countries

One-stop-shop: Fermenta manufactures Vitamin D3 for various applications (human and animal healthcare).

Standardised: Fermenta's manufacturing facilities (Kullu and Dahej) are benchmarked with the best global standards, backed by dedicated professionals and accreditations from a large number of global regulatory agencies.

Highlights, 2017-18

- Widened sales and marketing footprint of Vitamin D3 across geographies.
- Introduced offerings in the highly-competitive food pre-mixing segment in regulated markets.
- Sent a letter of intent to leading pharmaceutical manufacturers in the EU.
- Consolidated its base in the MENA and CIS regions.

Outlook

Fermenta has laid emphasis on growing the export markets for feed grade products, dietary and nutritional supplements. It plans to create a robust portfolio comprising value-added vitamins, minerals and nutrition segments. The outlook of the business is positive in the light of a growing focus on the food fortification segment.

Marketing

At the start of 2017-18, even as global realisations for value-added Vitamin D3 variants were at historical lows, Fermenta secured business from existing and new clients.

Fermenta took steps to increase awareness, channelising the medical fraternity's focus on Vitamin D3. It participated in celebrity endorsements for Vitamin D awareness, increasing its digital footprint through various social awareness initiatives. It leveraged the following strengths: consistent volume growth due to diligent business development activities, strong relationships that empowered Fermenta to emerge as a 'preferred supplier', as well as efficient real-time MIS reporting and coordination between cross-functional teams. The business is equipped to address growing Vitamin D demand from new customers, regions and segments. The ongoing engagement with distributor sales teams helped increase customer conversion.

Manufacturing

Strengths

Fermenta possesses robust manufacturing capabilities, reflected in its audit-preparedness, ability to address year-on-year production targets, manufacture of world-class products through globally validated plants and processes. Its manufacturing efficiency was reflected in cost optimisation and increased viability.

Highlights, 2017-18

Dahej

- Achieved production targets, moderated costs, maintained environment integrity as well as employee and asset safety
- Cleared global regulatory and customer audits.
- Strengthened safety through advanced fire-fighting responsive measures.

Kullu

- Achieved 100% capacity utilisation for all key products.
- Eliminated potential safety hazards through enhanced engineering controls.
- Cleared domestic and international audits.
- Strengthened GMP standards through process improvements and outlook.
- Sought improvements to enhance yields and reduce costs.

Supply chain management

The principal challenges comprised addressal of the complexities of various countries in line with ongoing changes. The implementation of GST from July 2017 warranted a change in distribution and documentation procedures. Besides, Fermenta also undertook the implementation of SAP. A major highlight comprised managing the vendor ecosystem along with timely global products delivery. With respect to the Vitamin D3 business, Fermenta focused on timely adaptation and product distribution. Operational efficiencies in planning, procurement and logistics were seamlessly orchestrated.

How does Vitamin D deficiency affect the human body?

Increased risk of depression: A study in the American Journal of Geriatric Psychiatry found that people with lower levels of Vitamin D are 10 times more likely to be depressed than those enjoying a healthy dose of the 'sunshine vitamin'.

Increased tendency of weight gain: A study published in the journal *Diabetes* found that exposure to UV rays can slow weight gain.

Increased risk of heart disease: As per a study by the Harvard School of Public Health, men with Vitamin D deficiencies were twice as likely to develop a heart condition.

Muscle pain and fatigue: What might be mistaken as arthritis or fibromyalgia in adults could actually be a Vitamin D deficiency.

Insomnia: If we skimp on the sun's rays by staying indoors, we can throw off our circadian rhythm (our body's internal clock), which could trigger insomnia.

Excessive sweating: Excessive sweating on our forehead, especially if we are not exercising or overheated, is one of the classic signs that we are not getting enough Vitamin D.

Increased risk of multiple sclerosis: Scientists have noted that exposure to sunlight in childhood appears to dramatically reduce the risk of developing multiple sclerosis.

Cavities: A dental study found that the prevalence of cavities was greater in children residing in areas with less than average sunshine.

(Source: Reader's Digest, The Mirror)

Growing demand for Vitamin D fortification across the world

- In Finland, milk and non-dairy alternatives such as soya and rice/oat drinks are fortified with 1 µg/100 g fluid milk and 20 µg/100 g)fat spreads.
- In Sweden, a daily supplementation of 10 µg of Vitamin D is recommended for all children aged 0–2 years. This is fully subsidised by the government and provided via child welfare centres.
- There are guidelines in Germany, Austria and Switzerland (German Nutrition Society 2012) for the administration of Vitamin D supplements to infants from the first week of life to the end of their first year, which should be continued in the second year during the winter months.
- Studies have found low Vitamin D levels in Asian women in the UK - particularly among those who cover most of their skin for cultural reasons.
- Recent studies have revealed that 65-70% of Indians are Vitamin D-deficient and another 15% are Vitamin D-insufficient.
- Results from a clinical review find ~1 billion people worldwide may have deficient or insufficient levels of Vitamin D due to chronic disease and inadequate sun exposure related to sunscreen use.
- The new advice from Public Health England is that adults and children over the age of one should consider taking a daily supplement containing 10 µg of Vitamin D, particularly during autumn and winter.

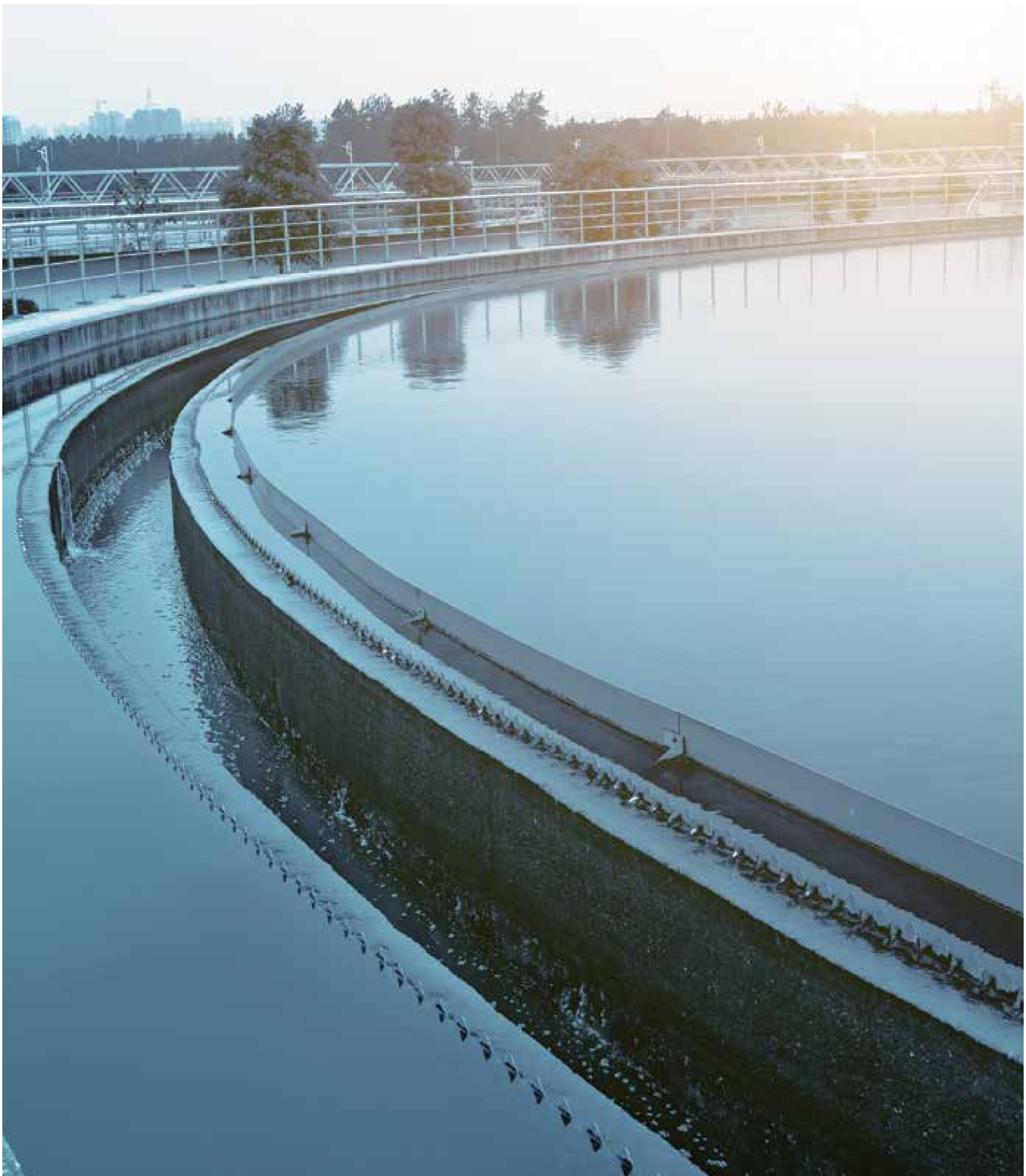
(Source: National Institute of Health, Daily Mail)

Countering Vitamin D3 deficiency

Guidelines from the Institute of Medicine increased the recommended dietary allowance of Vitamin D to 600 IU for everyone aged between1-70 years, and raised it to 800 IU for adults older than 70 to optimise bone health. The safe upper limit was also raised to 4,000 IU. Doctors may prescribe >4,000 IU to correct a Vitamin D deficiency.
(Source: WEBMD)

Quality
- Responsible for the implementation of quality systems and release of all manufactured products, as well as audits including regulatory (national and international), customer and cGMP
- Providing integrated solutions, processes and products for biotech and APIs
- Regulatory affairs ensures compliance with global regulatory requirements

Environmental solutions



Overview

Fermenta, a pioneer in enzyme solutions, offers integrated biotech solutions that address environmental issues.

The environmental solutions business addresses various national priorities viz., waste water and solid waste management, bio-remediation and fly ash management.

It addresses this opportunity through a blend of biotechnology and engineering solutions for industrial clients and government bodies - sewage treatment, effluent treatment, biogas enhancement, press mud composting, municipal solid waste composting and oil sludge treatment.

The environment solutions revenues grew 43% in FY2017-18 to Rs. 1.8 crore following a 12% volume increase in Fermsept sales during the year in addition to revenues derived from the operation and maintenance of sewage treatment plants.

Fermenta offers integrated biotech solutions in the field of environment. Our special micro-organisms, enzymes and platform technologies provide unique advantages in waste water treatment and management.

Fermenta's products span a range of applications, from treating private and municipal Sewage Treatment Plant (STP) to industrial Effluent Treatment Plant (ETP), from treating septic tanks to solid waste management and bio-remediation of oil sludge to lake / pond bio-remediation.

Our proprietary product, Fermsept® S was successfully demonstrated in the municipal STP to enable better plant performance, lower power input, better quality treated water and reduced capex/ opex, among others. Moreover, it entered into operations and maintenance of STPs. Fermenta also made inroads through its collaboration with KLARO, a leading German manufacturer of STPs.

Strengths

Eco-friendly: Fermenta's Fermsept is an environment-friendlier alternative over existing solutions.

Integrated: Fermenta's knowledge of wastewater treatment addresses design, monitoring, planning and managing projects.

Competent: Fermenta executes environmental projects of varying magnitudes across wastewater, solid waste, hazardous waste management and lake water remediation.

Validated: Fermenta's proprietary product Fermsept®S has proved successful in municipal STP applications, translating into superior plant performance, lower power consumption and reduced expenditure.

One-stop: Fermenta is capable of designing, monitoring, planning and managing projects. The business combines technical know-how, chemical engineers and environment scientists – an end-to-end solution (bio-remediation and engineering).

Quality-conscious: The team provides assured outlet quality that can be re-used for non-potable functions.

Integrated biotech solutions

Overview

Fermsept® has been a game changer in the municipal STP, which in turn has led to a better plant performance and a better treated water quality.

Highlights, FY2017-18

- The business altered its strategy, focusing on non-government institutions (privately owned) for the sale of Fermsept®, annual maintenance contracts of wastewater treatment plants and OEMs. The change was influenced by a defined decision-making mechanism among the new customers and multiple opportunities within the same customers
- The business was awarded its first annual maintenance contract, which comprised supply of Fermsept and manpower to provide treated water quality as per pollution control board norms.
- The business received its first order from a renowned developer for the design, supply, erection and commissioning of a packaged sewage treatment plant of 20-kilolitres per day capacity based on state-of-the-art technology.

Human resource management, FY2017-18

The Company enjoys cordial relation with its employees across all locations. Statutory disclosures pertaining to human resources are covered in other parts of this report.

Talent acquisition

- Fermenta inducted 88 professionals in the areas of finance, manufacturing, quality, procurement, research and environment management across locations.
- The Dahej facility expanded operations with 55 new recruits.
- Fermenta accessed professional networking sites to head-hunt talent.

Organisation development

- Fermenta continued personal profile analysis and human job analysis using behaviour assessment tools (from Thomas International), enhancing competence mapping.
- The operational excellence focus was strengthened through collaboration with a leading compliance training organisation to provide online technical training on cGMP and global pharma practices for three years (~500 training sessions completed in the last financial year).
- Team members were nominated for various technical conferences to enhance technical skills.
- Employees were nominated for additional certification programmes through reputed institutes.
- Sessions on achievement motivation were conducted across manufacturing locations.

Employee engagement and benefits

- Conducted children's programmes.
- Organised the annual sports event.
- Celebrated major festivals across locations.
- Arranged annual get-togethers at manufacturing facilities.
- Offered group insurance benefits with enhanced features to employees.

Performance appraisal

- Conducted compensation surveys with leading consulting companies, which helped the organisation study compensation and benefit trends.
- Conducted performance reviews coupled with revisions in compensation and job responsibilities.

Attrition management

- Rationalised attrition to lower than the industry standards.
- Increased overall retention by 200 bps across locations by taking measures like compensation reward programmes, role enhancements and additional certification programmes, among others.

Outlook, 2018-19

- Fermenta introduced SAP Success Factors, which is considered as a benchmark in the domain of performance management. This was implemented across all locations and will eventually help link individual goals to the organisational objective. Looking ahead, Fermenta intends to automate the employee database and performance management systems.

Fermenta inducted 88 professionals in the areas of finance, manufacturing, quality, procurement, research and environment management across locations.

Management discussion and analysis

Global economic overview

In 2017, a decade after the global economy spiralled into a meltdown, a revival in the global economy became visible. Consider the realities, every major economy expanded and a growth wave created jobs. This reality was marked by ongoing growth in the eurozone, modest growth in Japan, a late revival in China and improving conditions in Russia and Brazil leading to an estimated 3.7% growth in the global economy in 2017, 60 bps higher than the previous year. Crude oil prices increased in 2017, with a price of USD 54.13 per barrel at the beginning of the year, declining to a low of USD 46.78 per barrel in June 2017 and closing the year at USD 61.02 per barrel, the highest since 2013.

Review of key national economies

The US: The world's largest economy entered its ninth straight year of growth in 2017 (2.3% compared to 1.6% in 2016) catalysed by the spillover arising out of government spending by the previous administration coupled with USD 1.5 trillion worth of tax cuts stimulating investments. Private consumption continued to grow at a robust pace from 1.5% in 2016 to 2.2 in 2017 despite modest real income gains and moderate wage growth, as the personal savings rate fell further.

Eurozone: This region experienced the upside arising out of cheap money provided by the central bank. In 2017, eurozone is estimated to grow 2.4% compared with 1.8% in 2016, the broad-based growth visible in all Euro-zone economies and sectors. Unemployment declined to 8.8% in October 2017, the lowest since January 2009. *(Source: WEO January 2018, Focus Economics)*

China: The Chinese economy grew faster than expected in

Global economic growth for six years

Year	2014	2015	2016	2017 (e)	2018 (f)	2019 (f)
Real GDP Growth (%)	3.5	3.2	3.1	3.8	3.9	3.0

[Source: World Economic Outlook, January 2018] e: estimated f: forecasted the fourth quarter (October to December) of 2017 at 6.8%, aided by a recovery in exports. This helped China celebrate its first annual growth in seven years. For the full year, China's growth is estimated at 6.9% which is its highest economic growth since 2010. This growth easily beat the government estimates of 6.5% and the nation's slowest growth of 6.7% in 2016 (weakest pace in 26 years). Private firm investments rose grew at 6% in 2017 from 3.2% in 2016, a sign that private sector outlook is improving. Disposable income growth picked up to 7.3% in 2017 from 6.3% in 2016. Consumption should outpace investment and demand for services could remain strong (52% of economic output). China's exports rose 6.9% from the previous year to USD 188.98 billion in October 2017. In 2018, China's growth is projected at 6.6%. *(Source: WEO, NBS)*

Emerging Asia: Emerging Asia GDP is estimated at 6.5% in 2017. The region is being transformed by technologies and Internet, strengthening the digital economy. Cambodia, Laos and Myanmar are projected to grow the fastest in the ASEAN, while Philippines and Vietnam are expected to lead growth in ASEAN-5 (Indonesia, Malaysia, Philippines, Thailand and Vietnam). The region is being driven by infrastructure spending and stable economies.

GCC: Being highly oil dependent economies, GCC countries were affected by the oil price decline (~60% since 2013), resulting in macro-economic instability that affected job creation and growth. The GDP growth across the region remained subdued at 1.8% in 2017 despite efforts to boost the non-oil private sector economic activities. Regional growth is projected to increase steadily after 2017, to 3% in 2018 and 3.2% by 2020, following acceleration among oil exporters and importers, moderated geopolitical tension and rise in oil prices. (Source: World Bank)

Russia: The economy appeared to have exited a two-year recession that, thanks to the authorities' effective policy response and existence of robust buffers, proved shallower than past downturns. In 2017, Russia was estimated to grow 1.9% following negative growth of 0.6% in 2016 (WEO) and a projected GDP growth of 1.8% in 2018. (Source: MOMR)

Brazil: In 2017, Brazil grew at 1.1% following a deceleration of 3.5% in 2016. The recovery in the GDP was boosted mainly by the agricultural sector which grew by 13%. The services sector also registered a growth of 1.8%. According to the Brazilian Institute of Geography and Statistics (IBGE), a decline in inflation (inflation was 3.5% in 2017 as compared to 8.7% in 2016) also significantly contributed to the economic growth. According to IMF predictions, the nation is expected to clock a growth of 1.9% in 2018. In the next fiscal, manageable inflation and improvements in labour conditions are expected to boost consumer spending. There are also expectations of monetary easing and rising business confidence, which could revive fixed investments. *(Source: Focus Economics, Rio Times)*

Outlook

The outlook for advanced economies improved, notably for the eurozone, but in many countries inflation remained weak, indicating that prospects of GDP growth were being held back by weak productivity levels and rising dependency ratios. Prospects of emerging market and developing economies in sub-Saharan Africa, the Middle East, and Latin America remained lacklustre with several countries experiencing stagnant per capita incomes. Fuel exporters were particularly affected by protracted adjustments to lower commodity revenues. Global growth forecasts for 2018 and 2019 were revised upward by 20 bps to 3.9%, reflecting an improved momentum and the impact of tax policy changes in the US. *(Source: WEO, IMF)*.

Indian economic overview

After registering a GDP growth of over 7% for the third year in succession in 2016-17, the Indian economy headed for somewhat slower growth, estimated to be 6.7% in 2017-18. Even with this lower growth

FY2017-18 Versus FY 2016-17

	2017-18	2016-17
GDP growth	6.7%	7.1%
GVA growth	6.4%	9.0%
Farm growth	3%	9.0%
Manufacturing growth	5.1%	9.3%
Power and gas growth	7.3%	6.5%
Mining growth	3%	1.9%
Construction growth	4.3%	3.5%
Trade, hotel, transport, telecom growth	8.3%	9.8%
Financials, realty growth	7.2%	9.8%
Public, admin, defence growth	10.1%	16.6%
Per capita income growth	8.3%	9.7%

(Source: Press Information Bureau)

for 2017-18, GDP growth averaged 7.3% for the period from 2014-15 to 2017-18, the highest among the major economies. This was achieved on the back of lower inflation, an improved current account balance and a reduction in fiscal deficit-to-GDP ratio. The year under review was marked by various structural reforms being undertaken by the Central Government. In addition to GST introduction, the year witnessed significant steps towards resolution of problems associated with NPA levels, FDI liberalisation, bank recapitalisation and privatisation of coal mines. After remaining in the negative territory for a couple of years, export growth rebounded during 2016-17 and strengthened in 2017-18. Foreign exchange reserves rose to USD 414 billion as on January 2018. *(Source: CSO, Economic Survey 2017-18)*

Outlook

The World Bank projected India's economic growth to accelerate to 7.3% in 2018-19 and 7.5% in 2019-20. Strong private consumption and a growth in the services sector are expected to continue supporting economic activity. Private investments are expected to revive as the corporate sector adjusts to the GST. Over the medium-term, the introduction of the GST is expected to catalyse economic activity and fiscal sustainability by reducing the cost of tax compliance drawing informal activity into the formal sector and expanding the tax base. The recapitalisation package for public sector banks announced by the Government of India is expected to resolve banking sector balance sheets, enhance credit to the private sector and spur investment inflows. *(Source: IMF, World Bank)*

Global pharmaceutical sector overview

The global prescription drug market grew by 0.8% in 2017 vis-à-vis 2016 due to the depreciation of the USD against other currencies, especially Asian ones. The US is the largest pharmaceutical market in the world valued at USD 339,694 million followed by Japan (USD 94,025 million) and China (USD 86,774 million). North America, Europe and Japan jointly accounted for 82% of audited and unaudited drug sales. The annual growth in European Union slowed to 5.8%, 2.1% in Japan and 1.4% in North America. Impending policy changes, promoting the use of generics in these key markets are expected to affect revenues and profits of global pharmaceutical majors. *(Source: PwC, World Atlas, Investing News)*

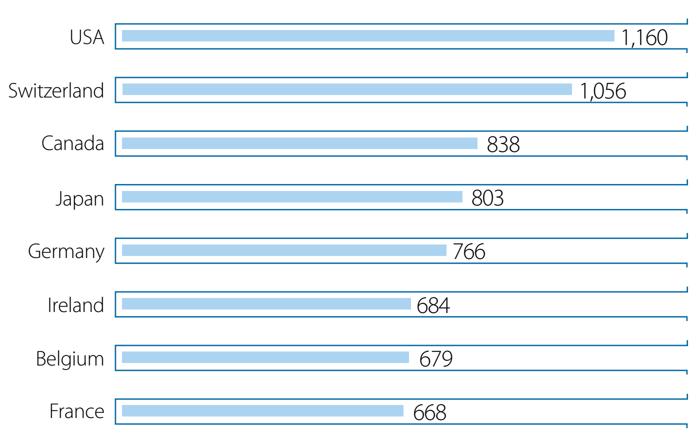
Demand drivers

- **Impact of globalisation:** Competition is global and emerging markets all are disrupting the industry. Government regulations (taxation, trade, approvals, market access and pricing) are rising.
- **Changing definitions of value and price:** There is an increasing pressure to lower drug prices and seeking non-traditional ways of serving patients (education, support and self-administration).
- **Rise in consumer accountability and power:** Patients are likely to control most of the power due to the growing impact of omni-channel communication between consumers and organisations. *(Source: Appian, Gartner)*

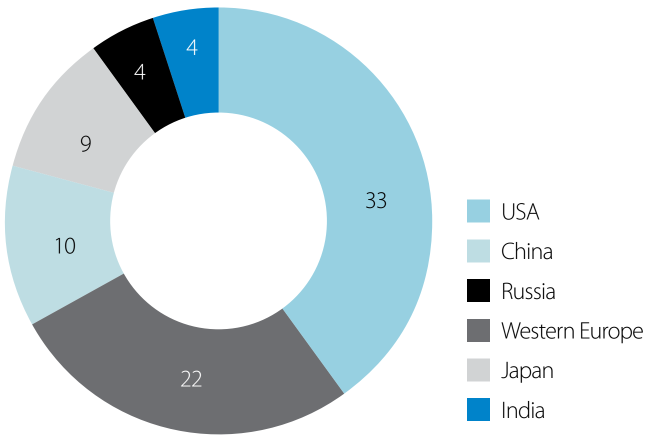
Outlook

The global pharmaceuticals market could reach USD 1.12 trillion in 2022, growing at CAGR of 6.3% till 2022. Prescription sales excluding generics will reach USD 1.006 trillion by then. This growth could come from market expansion in pharmerging countries and ageing populations in developed countries. Global brand spending is forecast to increase to ~USD 832 billion by 2021 while global generic spending is expected to increase to ~USD 505 billion by 2021. *(Source: Evaluate Group, Pharmaceutical Commerce, Quintiles-IMS Institute, IFPMA, Euler Hermes)*

Pharmaceutical spending per capita (USD)



Share of pharmaceutical revenues (%)



The Indian pharmaceutical industry overview

India's pharmaceutical sector is one of the most attractive proxies of national competitiveness. Over the last two decades, the sector has transformed an overhang of reverse engineering to patent-respecting processes, enhanced volumes to address global appetite, manufactured generic products at one of the lowest costs and enhanced quality in line with the best global standards (audited by demanding regulatory agencies).

The growth is reflected in the numbers: India retained its position as the largest-global provider of generic, accounting for 20% of global generic exports by volume. The industry is growing at ~10% y-o-y in a largely volume-led environment. The country accounts for a ~30% (by volume) and a ~10% (value) share of the ~USD 80 billion US generics market. *(Source: IBEF)*

The country's pharmaceutical sector revenues grew from USD 27.57 billion in 2016 to USD 29.61 billion in 2017. India's pharma exports during FY2018 (April 2017 – February 2018) were valued at USD 11.90 billion. During February 2018, major commodity groups of export showed positive growth over the corresponding month of the previous year, which included organic and inorganic chemicals (30.41%) and drugs and pharmaceuticals (13.92%).

Domestic pharmaceutical companies received more than 300 approvals by USFDA in 2017 to launch generic drugs in the US, which is an all-time high, which is among the highest number across any country. Indian companies received 304 ANDA approvals from USFDA in 2017, strengthening their ability to service some of the most demanding global markets.

Demand drivers

- **Rising population:** 1.5 million people are added every year to India's population and it is estimated that India will become the most populous country by 2022. Consequently, the patient pool is expected to increase at a rate of 20% over the next decade.
- **Governmental impetus:** Over 650 million people are expected to be covered by health insurance by 2020. Central Government-sponsored programmes provided health benefits to >380 million BPL people during 2017.
- **Medical tourism:** Serving >300,000 international patients annually, India's medical travel industry is growing at 25%. India welcomes most of its medical travellers from Bangladesh, the Turkic States, the Middle East and East Africa even as those from developed countries are also rising.
- **Rising incomes:** Increase in incomes could drive 73 million households to the middle-class over the next decade, accompanied by an increase in unhealthy lifestyles.
- **Chronic diseases:** Cardiovascular diseases (coronary heart disease, stroke, and hypertension) contribute to 45% of all non-communicable disease-related deaths in India, followed by chronic respiratory diseases (22%), cancer (12%) and diabetes (3%).
- **Health care sector:** Over 160,000 hospital beds expected to be added each year across the next decade; the hospital market size is expected to increase by USD 200 billion by 2024.
- **Generic drugs:** India's generic drugs account for 20% of global exports in terms of volume, making it the largest provider of generic medicines globally. The generics drug market accounts for ~70% of the Indian pharmaceutical industry and is expected to reach USD 279 billion by 2020.

(Source: Financial Express, Economic Survey, Livemint, IBEF, WHO)

Challenges and concerns

- **R&D investments:** One of the biggest constraints to advancing scientific research is the lack of sufficient funding and inadequate allocations by the Central Government towards R&D.
- **Inadequate infrastructure:** Revamping of infrastructure in terms of cold chains and advanced labs for drugs testing and development is acutely needed for APIs and formulations to compete at the same scale as China and Israel.
- **Healthcare expenditures:** Low medical and healthcare expenditure in rural areas despite specific projects (NRHM, DOTS, NSAIDS and Pulse Polio) has limited the growth of the domestic market.
- **Regulatory frameworks:** Biosimilars are regulated under the provisions of Environment Protection Act of 1970 and the Drugs and Cosmetics Act of 1940. A similar situation exists in the case of fixed drug combinations as well. The Drug Technical Advisory Board under the Drug Controller General of India needs to deploy representatives so as to ensure that these concerns are addressed speedily and unambiguously.
- **Labour arbitrage:** Rapidly increasing costs of skilled manpower (scientists, regulatory compliance personnel, lawyers and international business development personnel) are increasing the cost of innovation leading to a decline in the labour arbitrage opportunity compared to emerging countries.

Outlook

The Indian pharmaceutical industry is expected to grow from USD 29.61 billion in 2016-17 to USD 55 billion by 2020. The domestic generic drug market is expected to reach USD 27.9 billion by 2020 from USD 26.1 billion in 2016.

India is expected to emerge among the three leading pharmaceutical markets in terms of incremental growth. India's pharmaceutical exports stood at USD 16.8 billion in 2016-17 and could grow 30% over the next three years to reach USD 20 billion.

Increasing consumer expenditures, rapid urbanisation, increasing healthcare insurance coverage could combine to make India the ninth-largest market. The Government of India unveiled the Pharma Vision 2020 aimed at making India a global leader in end-to-end drug manufacture by reducing approval times for new facilities.

(Source: IBEF, ET, Pharmaceuticals Export Promotion Council of India)

Government initiatives

- In March 2018, the Drug Controller General of India announced plans to start a single-window facility to provide consents, approvals and other information.
- The Government of India invoked Drug Price Control Order and the National Pharmaceutical Pricing Authority to address the affordability and availability of medicines.

(Source: IBEF)

Increasing consumer expenditures, rapid urbanisation, increasing healthcare insurance coverage could combine to make India the ninth-largest market.

Global biotechnology industry overview

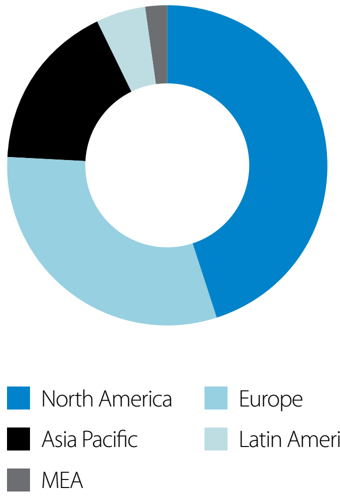
The global biotechnology market size was estimated at USD 369.62 billion in 2016. The biotechnology segment of the global pharmaceutical sector is one of the most exciting for its ability to find effective cures at lower costs without side-effects and without compromising environment integrity. The result is that the global biotechnology is expected to grow appreciably, attract investments and address a wider range of ailments. North America accounted for the largest market share attributed to increased research investments pertaining to new drug discovery, followed by Europe and Asia-Pacific.

There is a premium on the need to boost R&D efficiency, partly by embracing emerging technologies and partly through use of creative business models. There is a growing room for artificial intelligence and computer processing to streamline components of drug discovery, allowing rapid screening of huge numbers of molecules. Cloud-based, secure data-sharing platforms are facilitating greater research collaboration across geographies. The International Council of Biotech Associations (ICBA) announced the launch of www.internationalbiotech.org, a new website to support the organisation's mission of growing and connecting the innovative biotechnology industry worldwide. *(Source: Grand View Research, Ernst & Young)*

Outlook

The global biotechnology market is expected to reach USD 727.1 billion by 2025 from USD 216.5 billion in 2011.

Biotechnology market, by region, 2016 (%)



Indian biotechnology industry

The Indian biotechnology industry accounts for a ~2% share of global biotechnology revenues. The biotechnology sector in India, comprising ~800 companies, was valued at USD 11.6 billion in 2017. Bio-pharma was the largest sector contributing ~62% of the total revenue followed by bio-services (18%), bio-agro (15%), bio-industry (4%), and bio-informatics (1%).

India enjoys a marginal global share in the area of industrial enzymes. By leveraging focused R&D and knowledge-based innovation, India can innovatively replace polluting chemicals with eco-friendly variants. Another emerging field of study is the area of bio-markers and companion diagnostics that optimise the benefits of biotech drugs. India accounts for a ~8% share of the total global generics market, by volume, indicating a huge untapped opportunity in the sector. Outsourcing to India is projected to grow following the discovery and manufacture of formulations. India's biotech start-ups attracted investments worth USD 2.8 billion between 2012 and February 2017. In FY16, bio-services accounted for the second largest segment in India's biotechnology industry with 18% market share and a market size of USD 1.98 billion. *(Source: IBEF)*

Outlook

By 2024-25, India's biotech industry is estimated to increase to USD100 billion. India's indigenous biotech sector has risen rapidly in recent years, with the country's bio-pharmaceuticals industry leading the charge. Given increasing private investment in R&D and the sector's relatively low starting point, there remains immense potential for growth in bio-pharmaceuticals, bio-services and bio-agriculture. As per the 12th Five-Year Plan, the government aims to spend USD 3.7 billion on biotechnology compared to USD 1.1 billion in the 11th Five-Year Plan.

(Source: IBEF)

Government initiatives

- The Union Budget 2017-18 allocated Rs. 2,222.11 crore towards the Department of Biotechnology, an increase of 22%, to continue implementing the department's national biotech strategy and increase turnover from the sector to USD 100 billion by 2025 from USD 7 billion in 2016.
- The Telangana Government inked a MoU with Cerestra to create a sophisticated modular plug-and-play infrastructure for pharmaceuticals, biotech and medical devices industry with a corpus of Rs. 1,000 crore.

(Source: IBEF)

Global Active Pharmaceutical Ingredient (API) industry overview

North America dominates the API market, with the US accounting for the major share. This can be attributed to the increase in the increasing incidence of chronic diseases, increasing focus of governments on the adoption of generic drugs, rising demand for biologics and specialty drugs, and technological advances in API manufacturing in this region.

By end-2017, the worldwide demand for APIs reached USD 92 billion, split between captive production (USD 44 billion) and the merchant market (USD 48 billion). The merchant market is further divided into generics (USD 35 billion) and custom synthesis (USD 13 billion). Currently, >3,000 API manufacturing groups are operating across the globe. The majority of API groups, 64% or 1,955 corporations, are classified as local. These companies are focused on or may only be capable of supplying their domestic market or less regulated markets. There are currently 542 API manufacturers (18%) classified as established, which means that these companies are capable of catering to highly-regulated markets such as the US and the EU. *(Source: Markets and Markets, Clarivate, Reuters, EFCG)*

Growth drivers

The factors driving market growth include increasing incidence of chronic diseases, rising prevalence of cancer, technological advancements in API manufacturing, growing importance of generics, rapidly increasing geriatric population, increase in Abbreviated New Drug Applications (ANDAs) and increasing uptake of bio-pharmaceuticals. *(Source: PR News Wire, Markets and Markets)*

Challenges and concerns

Factors such as stringent regulatory requirements and unfavourable price control policies across various countries could restrain market growth. Generic companies are finding that mergers, acquisitions and regulatory issues have taken some facilities out of the running. Generic API manufacturers are challenged by the need to develop syntheses that don't infringe on patents while keeping costs low. Regulatory requirements are tightening and could continue to do so with a push for more transparency in the supply chain. This could result in requiring certification for good manufacturing practices for key intermediates and raw materials. Environmental regulations, especially in China, are putting a pressure on corporations to remedy pollution problems. Some plants are being shut or moved, causing capacity issues and supply chain interruptions from raw materials to intermediates and APIs. *(Source: Clarivate, Markets and Markets)*

Regulatory requirements are tightening and could continue to do so with a push for more transparency in the supply chain. This could result in requiring certification for good manufacturing practices for key intermediates and raw materials.

Outlook

The global API market is poised to grow at a CAGR of ~6.6% over the next decade to reach approximately USD 238.8 billion by 2025. New APIs may not be simple small molecules but more complex, potent APIs and biologics, which require specialised equipment and dedicated facilities. *(Source: EFCG. Clarivate, PR News Wire)*

Indian API industry overview

The Indian API industry has been witnessing remarkable growth owing to patent expiry of blockbuster drugs, increasing demand for low-cost generics and new-gen APIs. The Indian API domestic consumption market is forecast to grow at a CAGR of ~10% till 2022. India and China are the major suppliers of APIs to North America due to their large production capacities, low labour costs and presence of a large number of global and domestic players. In order to cut down on expenses and increase profits, more companies have begun outsourcing APIs to developing countries like India. *(Source: Mordor Intelligence, RNCOS)*

Global enzymes industry overview

Enzymes are macromolecular biological catalysts, it speeds up (catalyze) chemical reactions converting a specific set of reactants (called substrates) into specific products.

Food and beverages remain the largest application area for industrial enzymes and are expected to witness robust growth on account of rising disposable incomes coupled with a growing demand for nutritious diets. The increasing use of industrial enzymes in sugar, dairy and meat processing industries could catalyze growth. The industrial enzymes market was worth USD 6.107 billion in 2017. *(Source: Business Wire)*

Outlook

The industrial enzymes market is projected to witness a CAGR of 6.92% to reach USD 8.536 billion by 2022. Booming processed food and beverage industry is augmenting the demand for industrial enzymes to enhance the product's texture, taste, and flavour. Rising demand for cosmetics and personal care products due to growing global aging population and awareness are contributing to the global industrial enzymes market growth. *(Source: Grand View Research, Business Wire)*

Indian enzymes industry overview

India imports about 70% of its enzyme consumption. Pharmaceutical enzymes represent the bulk of the demand in India, covering ~50% of the total demand, followed by detergent enzymes (20%) and textile enzymes (20%). *(Source: SIS international, Pharmaion)*

Outlook

The Indian industrial enzymes market is forecast to surpass USD 361 million by 2020 on account of increasing food processing facilities, growing number of tanneries and rising textile manufacturing facilities in the country. The food enzymes market is expected to reach USD 2.7 billion by 2022, growing at a CAGR of 8.1% till 2022. *(Source: Mordor Intelligence, Pharmaion)*

Environmental solutions industry overview

Wastewater management

The global water management market for 2017 was estimated at >USD 652 billion, a growth rate of 5.7% in the industrial segment and 3.8% in the municipal segment. India's total water and sanitation sector is worth USD 420 million, growing at 18%. The wastewater treatment market in India is projected to grow at a CAGR of >12% till 2021 on account of increasing water pollution, rapid urbanisation and stringent regulation. Growing demand for smart water management solutions – including water reuse and zero liquid discharge technologies – in the industrial segment is increasing the growth of the wastewater management market. *(Source: World Bank, Techsci Research)*

Solid waste management

62 million tonnes of garbage is generated annually by 377 million people living in urban India. As the Indian economy expands and material consumption rises, a major challenge will be the management and containment of solid waste. By the year 2047, municipal solid waste generation in India, is expected to reach 300 million tonnes, entailing a land requirement of 169.6 square kilometres for disposing this waste. This also represents a significant increase in per capita waste generation from 1.2 kilograms to 1.42 kilograms per day over the next fifteen years. Effective waste management requires integrated systems that are efficient, sustainable, and socially-supported. Over the last few years, the scope for PPPs in municipal solid waste management has expanded. Different models with different approaches for the assessment of risks and responsibilities of stakeholders are being adopted. Cities such as Mumbai, Surat, Faridabad, Agra and Dhanbad have entered into

arrangements with private players. The municipal solid waste sector has a portfolio of 33 key PPP projects involving a combined investment of ~Rs. 60 billion. In terms of investments, 40% of the projects have been completed, 7% are at various stages of implementation, 42% have been recently awarded, 9% will be taken up in the future and the remaining 2% have been stalled. *(Source: World Bank)*

Government initiatives

- The Ministry of State for Housing and Urban Affairs allocated Rs.300-crore in procuring machines for collection, transport and storage of solid waste, establishment of decentralised treatment plans and operationalisation of special machines for the upkeep of drains and sewers.
- The Central Government allocated Rs. 620 billion towards the Swachh Bharat Mission for the construction of two crore toilets during the financial year.
- Under the Swachh Bharat Mission, a sum of Rs. 74.24 billion was allocated for solid waste management projects across 4,041 towns.
- Under the AMRUT scheme, 574 septage management and sewerage projects were planned for an investment of Rs. 205 billion.
- An investment of ~Rs. 40.14 billion was allocated towards solid waste management projects under the Smart Cities programme.

(Source: Livemint, Hindu Business Line)

Challenges and concerns

With rapid urbanisation, the country is facing massive waste management challenges. Increasing along with it is one of the more unpleasant by-products of urban living: municipal solid waste. Cities are centres of garbage generation, increasing faster than population growth. The waste generated by urban residents has nearly doubled in ten years: from 680 million tonnes per year to >1.3 billion tonnes per year. Increase in costs of dealing with waste poses especially significant problems for developing countries. Today it costs ~USD 205 billion to manage municipal waste worldwide and by 2025 that cost is expected to increase to >USD 375 billion.

(Source: World Bank)

Outlook

Overall, the municipal solid waste management sector offers opportunities. Urban local bodies will step up efforts to effectively develop and manage solid waste infrastructure. A number of waste-to-energy initiatives have been taken up and decentralised systems are being explored. Going forward, standalone and integrated solid waste projects will be undertaken. The services will expand to newer and smaller urban centres.

Business segment: Property rental

DIL entered the property development business in 2012, following the establishment of a state-of-the-art IT park in one of Thane's prime locations. The project, Thane One, is spread across ~200,000 square feet and is home to some of the marquee brands in the country including Tata Technologies Limited, Ashok Leyland Limited, Samsung India and Datamark BPO Services Limited among others. >90% of the space is occupied and the rent is subject to revision every few years. The total revenue (standalone) of the Company is generated from property rental which accounted to Rs. 13 crore in FY2017-18.

The year 2016 was a strong year for commercial real estate and the trend continued in 2017. Major cities like Bengaluru, Chennai, Hyderabad, Mumbai and Pune registered a positive absorption scenario > 40 million square feet, which resulting in a steady increase in commercial rental values.

The Thane real estate market offers several locational advantages. It is linked to Mumbai via the Eastern Express Highway and the Eastern Freeway, to Navi Mumbai via the Thane-Belapur Road, to the Central and Western suburbs via Ghodbunder Road and to areas in Gujarat via the Mumbai-Ahmedabad Highway.

The growth of flyovers, highways and wide roads has changed the image of Thane as an urban agglomeration. Besides, a proposed 32-kilometre Metro link from Wadala to Kasarvadavali will further ease the commute for Thane residents. Arterial roads like the Pokhran Road and the Ghodbunder Road offer road access to neighbouring localities.

Thane One - a visionary and state of the art Business & Corporate IT Park in one of Thane's prime locations, suburb of Mumbai.

Report of The Board of Directors

Dear members

Your Directors are pleased to present the 66th Annual Report along with the Audited financial statements for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS (As per IND-AS):

(Amount Rs. in Lakhs)

	Standalone results		Consolidated results	
	2017-18	2016-17	2017-18	2016-17
Total Revenue	**1,288.82**	596.48	**31,192.42**	16,847.09
Total Expenditure	**3,635.29**	2,393.92	**23,595.48**	17,399.94
Profit before tax ('PBT')	**(2,346.47)**	(1,797.44)	**7,596.94**	(552.85)
Less : Provision for tax (including deferred tax)	**69.00**	32.75	**2,113.23**	270.11
Profit after tax ('PAT')	**(2,415.47)**	(1,830.19)	**5,483.71**	(822.96)
Non Controling interest	-	-	**(1,262.84)**	(280.20)
Share of interest in profit/(loss) of associates	-	-	**(652.12)**	(39.26)
Profit for the year	**(2,415.47)**	(1,830.19)	**3,568.75**	(1,142.42)
Proposed Dividend*	(114.66)	(57.33)	(114.66)	(57.33)
Dividend Distribution Tax	(23.34)	(11.67)	(23.34)	(11.67)
Balance in Statement of Profit and Loss account	923.88	3,355.67	10,671.80	7,150.15

* Dividend at the rate of 25% (Rs. 1.25 per equity share of Rs. 5 each) as proposed by the Board of Directors, after close of balance sheet date, subject to approval of shareholders.

RESULTS FROM OPERATIONS

In financial year 2017-18 ('FY 2017-18'), the Company on a Standalone basis earned revenue of Rs. 1,288.82 Lakhs, compared to Rs. 596.48 Lakhs in the previous financial year 2016-17 ('FY 2016-17'). In 2017-18, the Company reported a loss of Rs. (2,415.47) Lakhs as against loss of Rs. 1,830.19 Lakhs in FY 2016-17.

On a consolidated basis, the Company recorded a revenue of Rs. 31,192.42 Lakhs in FY 2017-18 as compared to Rs. 16,847.09 Lakhs in FY 2016-17. Profit after tax for FY 2017-18 was Rs. 5,483.71 Lakhs, as against loss of Rs. 822.96 Lakhs in FY 2016-17.

DIVIDEND VIS-À-VIS CHANGE IN CAPITAL

At the meeting of the Board of Directors held on May 15, 2018, your Directors recommended an equity dividend of Rs. 2.50 per equity share (25%) on 22,93,198 equity shares of Rs. 10 each, for members' approval.

However, pursuant to members' approval by way of postal ballot including e-voting dated July 25, 2018 for (i) split/ sub-division of shares from face value of Rs. 10 each to face value of Rs. 5 each ('Split') and (ii) issue of bonus equity shares in a ratio of 1:1 i.e. 1 new fully paid-up equity share of Rs.5 each for every 1 existing fully paid-up equity share of Rs. 5 each ('Bonus'), the Board of Directors in its meeting held on August 10, 2018 approved issue of Split share certificates and allotment of Bonus equity shares. Accordingly, the: (a) new paid up share capital of the Company is Rs. 4,58,63,960 comprising of 91,72,792 equity shares of Rs. 5 each; and (b) revised authorised share capital of the Company is Rs. 5,00,00,000 comprising of 98,40,000 equity shares of Rs. 5 each and 1,60,000 unclassified shares of Rs. 5 each.

In view of revised paid up share capital, post Split and Bonus issue, the Board of Directors at its meeting held on August 14, 2018, revised its earlier recommendation of May 15, 2018, of final equity dividend from 25% (Rs. 2.50 per equity share) on 22,93,198 equity shares of Rs. 10 each to 25% (Rs. 1.25 per equity share) on 91,72,792 equity shares of Rs. 5 each, for members' approval at the 66th Annual General Meeting ('AGM'). The equity dividend, if approved by the Members at the 66th Annual General Meeting ('AGM'), will result in a cash outflow of Rs. 138 Lakhs including dividend distribution tax.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company for FY 2017-18 include financials of its subsidiaries, joint venture entity and associate companies (collectively referred as 'Subsidiaries/ Associates') i.e. Fermenta Biotech Limited, Fermenta Biotech (UK) Limited, G.I. Biotech Private Limited, Aegean Properties Limited, CC Square Films Limited (Subsidiaries), Agastya Films LLP (joint venture entity); Health and Wellness India Private Limited and Zela Wellness Private Limited (associate companies). The consolidated financial statements of the Company and its Subsidiaries/ Associates entities are prepared in accordance with the relevant Indian Accounting Standards (Ind AS) notified under the Company (Indian Accounting Standards) rules, 2015 together with the comparative period data as at and for the previous year ended March 31, 2017, along with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and the Companies Act, 2013 ('Act'), shall form part of this Annual Report.

SUBSIDIARY COMPANIES

The individual financial statements of the Company's Subsidiaries/ Associates have not been attached to the financial statements of the Company for FY 2017-18. The financial information of the Company's Subsidiaries/ Associates provided in this section may be read along with the information provided under the heading 'Consolidated Financial Statements' in this report. In accordance with the provisions of section 129 (3) of the Act, read with Rule 5 and Rule 8 of the Companies (Accounts) Rules, 2014 [as amended from time to time], a separate statement containing salient features of the financial statements of Company's Subsidiaries/ Associates in Form AOC I is attached to this Board's report as Annexure II and forms part of this Board's report.

The financial statements of the Company's Subsidiaries/ Associates will be kept open for inspection at the registered office of the Company, from 10.00 a.m. to 5.00 p.m. on all working days i.e. Monday to Friday, up to the date of the 66th AGM of the Company.

The standalone and consolidated financial statements of the Company, have been uploaded on the website of the Company (www.dil.net). Members interested in obtaining copies of the annual financial statements of each of the Company's Subsidiaries/ Associates, may write to the Company Secretary at the registered office address of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The operations of your Company during FY 2017-18 mainly include:

a. Pharmaceuticals; Research, development and product delivery across biotechnology and environmental solutions operations are pursued through its subsidiary, Fermenta Biotech Limited (FBL); and

b. Property rentals and production of motion pictures.

The detailed MD&A report forms part of this Board's Report as povided on page 25.

INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

Internal Controls Systems including internal financial control are an integral part of the risk management process. Major risks identified by the management and business functions are systematically addressed through mitigating actions on a continuing basis. In order to identify and mitigate risks, your Company has developed and implemented risk management policy and maintains adequate internal control systems, commensurate to its size, nature of operations, reporting(s) and compliance with applicable laws and Company's procedures. The Company's internal control systems are routinely tested and certified by Statutory as well as Internal Auditors. During the year under review, the Company's Internal auditors, M. M. Nissim & Co., Chartered Accountants, conducted and reported the effectiveness and efficiency of these systems including the adherence to procedures as per the policies of the Company.

The Company has a well-staffed, experienced and qualified finance department which plays an important role in implementing and monitoring the internal control procedures and compliance with statutory requirements. The Audit Committee and the Board of Directors review the report(s) of the independent Internal Auditor at regular intervals along with the adequacy and effectiveness of internal control systems and suggest improvements and corrective actions, wherever necessary.

HUMAN RESOURCES

The provisions of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules') read with Section 197(12) of the Act are not applicable, as no employee of the Company has received remuneration equal to or exceeding the limits specified therein, during the year under review.

The Company had a headcount of 31 employees during the year under review.

The information required under Rule 5(1) of the aforesaid Rules read with Section 197 (12) of the Act in respect of ratio of the remuneration of each director to the median employee's remuneration and other details (collectively referred as 'Employee Information') forms part of this report. However, in terms of Section 136 of the Act, this report including financial statements is being sent to the Members and others entitled thereto, excluding the Employees Information.

For the next financial year, the Company's main focus would be to enhance Human Resource automation pertaining to Performance & Employee Database Management. The organisation has subscribed for three modules of SAP Success Factors namely Employee Central, Performance Management & Compensation Management. The Objective Setting process would be revamped and uploaded on SAP Success Factors.

Members can inspect the said information at the Registered Office of the Company during business hours on any working day i.e. Monday to Friday up to the date of this 66th AGM or can obtain its copy by writing to the Company Secretary at the registered office address of the Company.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has formulated a code on 'Redressal of Grievances Regarding Sexual Harassment' in accordance with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013, with an objective to provide safe working environment to the employees. An 'Internal Complaints Committee' has been set up by the Company for redressal of grievances and to protect women against harassment of the employees.

No complaints/grievances were reported or pending during FY 2017-18.

SCHEME OF AMALGAMATION

The Board of Directors of the Company at its meeting held on June 21, 2018, has approved a Scheme of Amalgamation in terms of Sections 230 to 232 of the Companies Act, 2013, involving merger of Fermenta Biotech Limited (Transferor Company) with DIL Limited (Transferee Company). The said scheme is subject to the approval of the respective shareholders and creditors, National Company Law Tribunal and other regulatory and statutory approvals as applicable.

INFORMATION TECHNOLOGY

Information Technology (IT) acted as an enabler of productivity by implementing sophisticated application environments (e.g. SAP HANA, ITSM Platform for ERP) and will continue to invest in Cloud based CRM and HRIS Platform.

Your Company's IT Team manages Company's operations with state-of-the-art technology and has been incorporating new technologies into the system. In addition, mobility solution and support has played a key role in achieving improved deliverables in Company's operations and objectives. Your Company continues to drive excellence through a strong focus on managing the details, and a culture ingrained with continuous improvements.

Annual Application & Control Audits are undertaken to ensure consistent remediation of any business and process risks. Alongside the investment in technology, the Company is also improving its service management processes to prevent any defects in the IT environment and to enable faster resolution of any such incidents with minimum business disruption.

DEPOSITS

In FY 2017-18, your Company has not accepted any fixed deposits under Section 73 of the Act including rules framed thereunder, and no principal or interest remains unpaid or unclaimed as on March 31, 2018.

CREDIT RATING

During FY 2017-18, the Company has withdrawn its ratings from CARE, as it does not have any loans from banks. During FY 2017-18, the Company has not defaulted in payment of its obligations to any financial institutions.

DIRECTORS

Independent Directors:

Independent Directors have made declarations to the Company, confirming that the conditions of independence laid down in sub section 6 of section 149 of the Act and Regulation 25 of the SEBI Listing Regulations are duly complied.

Retirement by rotation:

Ms. Rajeshwari Datla (DIN – 00046864) retires by rotation at the 66th AGM and being eligible, offers herself for re-appointment. Brief profile of Ms. Rajeshwari Datla is provided on page no. 50 of this Annual Report.

Directors and Key Managerial Personnel:

No Director or Key Managerial Personnel resigned or was appointed during the year under review.

ANNUAL PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Details of the annual performance evaluation have been provided in the Corporate Governance Report attached as Annexure III to this Board's report.

AUDITORS

The members in the 65th AGM of the Company held on September 29, 2017 approved the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No: 117366W/W-100018) as Statutory Auditors of the Company and to hold office from the conclusion of 65th Annual General Meeting (AGM) until the conclusion of 70th AGM of the Company, subject to ratification of their appointment by the Members at every AGM of the Company during the above term, on such remuneration as may be mutually agreed between the Board of Directors and the Statutory Auditors.

However, with effect from May 07, 2018, the Companies (Amendment) Act, 2017 has dispensed with the requirement of the ratification of Statutory Auditor's appointment by the members of the Company at every AGM during their tenure.

Therefore, in view of the aforesaid amendment vide Companies (Amendment) Act, 2017, and to partially modify the members' approval at the 65th AGM for the appointment Statutory Auditors of the Company, the approval of the members is sought to ratify the appointment of Deloitte Haskins & Sells LLP as Statutory Auditors of the Company for their remaining term i.e. till the conclusion of 70th AGM of the Company.

Deloitte Haskins & Sells LLP has expressed its willingness and confirmed its eligibility and qualification to act as Statutory Auditors of the Company in terms of sections 139 and 141 of the Companies Act, 2013 and rules made thereunder.

The qualification(s) made by the Auditors in their report for the FY 2017-18 and the explanation(s) of the Board thereof is stated in page no. 55 of the Corporate Governance Report.

SECRETARIAL AUDIT REPORT

The Board of Directors has appointed Mr. V. N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries, as Secretarial Auditor of the Company for FY 2017-18 as per the provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Secretarial Auditor has submitted an unqualified report as annexed to this Board's report as Annexure IV and forms part of this Board's report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of sub-section 5 of Section 134 of the Act, with respect to Directors' Responsibility Statement for the year under review, it is hereby confirmed that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

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

(d) the directors have prepared the annual accounts on a going concern basis;

(e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

The extract of the annual return in form MGT-9 is enclosed to this Board's Report as Annexure I and forms part of this Board's Report.

CODE FOR PREVENTION OF INSIDER TRADING

Pursuant to provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, your Company has adopted (a) Code of Conduct to regulate, monitor and report trading by Insiders, applicable to Promoters, Promoter's Group, Directors and such Designated Employees who are expected to have access to unpublished price sensitive information of the Company; and (b) The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

The aforesaid Codes are displayed on the Company's website i.e. http://www.dil.net/Company-Policies.html.

NOMINATION AND REMUNERATION POLICY

Pursuant to Section 178(4) of the Act, the Nomination and Remuneration Policy ('Remuneration Policy') of the Company, including changes therein, if any, is available on Company's website at http:/ /www.dil.net/Company-Policies.html. The salient features of the Nomination and Remuneration Policy, inter alia, are: (a) Objectives, (b) Matters to be recommended by the Committee to the Board, (c) Criteria for appointment of Director / KMP / Senior management, (d) Additional Criteria for Appointment of Independent Directors, (e) Appointment and Remuneration of Directors, (f) Policy on Board Diversity, (g) Appointment and Remuneration of KMP / Senior management and other employees of the Company, (h) Criteria for Evaluation of Independent Director and the Board, (i) Removal, (j) Succession planning for appointment to the Board of Directors and Senior Management, (k) Directors' and Officers' (D & O) Liability Insurance.

COST RECORDS

Provisions of Section 148(1) of the Companies Act, 2013 are not applicable to the Company for the period under review.

CORPORATE ACTIONS

The Board of Directors, at its meeting held on June 18, 2018, has approved the following items, subject to members' and necessary statutory approvals:

a) Split/sub-division of shares of the Company from face value of Rs. 10 (Rupees Ten Only) each to face value of Rs. 5 (Rupees Five Only) each;

b) Issue of bonus equity shares in the proportion of 1:1 i.e. for 1 (One) new fully paid-up equity share of Rs. 5 (Rupees Five only) each for every 1 (One) existing fully paid-up equity share of Rs. 5 (Rupees Five only) each held by the members;

c) Amendment to the Capital Clause of the Company i.e. Clause V of the Memorandum of Association, consequent to the aforesaid split and bonus Issue;

d) Amendment to the Objects Clause of the Company.

The members accorded their consent to the above items on July 25, 2018. All Statutory approvals for the same have been obtained by the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or guarantees or made investments covered under the provisions of Section 186 of the Act during FY 2017-18.

RELATED PARTY TRANSACTIONS

All related party transactions entered into during FY 2017-18 were on an arm's length basis and in the ordinary course of business. During FY 2017-18, the Company has not entered into any material related party transaction. In view of this, disclosure in form AOC-2 is not applicable.

The brief details of the Company's policy on dealing with Related Party transactions (RPT Policy) are covered in Corporate Governance report. The RPT policy is available on Company's website at http:// www.dil.net/ Company-Policies.html

INFORMATION IN ACCORDANCE WITH PROVISIONS OF SECTION 134(3)(m) OF THE COMPANIES ACT, 2013

(A) Conservation of energy and Technology absorption -

Information with respect to conservation of energy and technology absorption is not applicable to the present activities of the Company.

(B) Foreign Exchange Earnings and Outgo -

During FY 2017-18, there were no foreign exchange earnings.

CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34 read with Schedule V of SEBI Listing Regulations, the Corporate Governance Report along with the Corporate Governance Certificate issued by Mr V. N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries, for the financial year 2017-18 is provided as Annexure III and forms part of this Report.

Details of number of Board meetings, composition of the Audit Committee and establishment of Vigil Mechanism as required under the Act are provided in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

No CSR spending was required in FY 2017-18 in terms of Section 135 of the Act. Hence, no disclosure is required as per Companies (Corporate Social Responsibility Policy) Rules, 2014.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in business and in the nature of business of your Company during the FY 2017-18

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There was no order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations during FY 2017-18.

SECRETARIAL STANDARDS

During FY 2017-18, the Company has complied with the provisions of applicable Secretarial Standards issued by the Council of the Institute of Company Secretaries of India and approved by the Central Government.

DETAILS OF SHARES IN DEMAT SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

Pursuant to Regulation 34 read with Schedule V of SEBI Listing Regulations, the details of the shares in the Dematerialisation Suspense Account/ Unclaimed Suspense Account are as follows:

Aggregate number of shareholders and the outstanding shares in the Suspense Account lying at the beginning of the year (01.04.2017)	Number of shareholders who approached the Company for transfer of shares from Suspense Account during the year	Number of shareholders to whom shares were transferred from Suspense Account during the year	Aggregate number of shareholders and the outstanding shares in the Suspense Account lying at the end of the year (31.03.2018)	That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.
NIL	2	NIL	237 number of shareholders and 10463 Equity Shares	10463 Equity Shares

ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation to the employees of the Company at all levels, members, bankers, financial institutions, regulatory bodies and other business associates for their support during the year under review.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions and/or in this report may be 'forward-looking statements' within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed in the statements.

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN: 00391436)

Thane
August 14, 2018
Registered Office:
A -1601, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.

Annexure I

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31.03.2018

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT – 9

I. REGISTRATION AND OTHER DETAILS:

1	CIN	L99999MH1951PLC008485
2	Registration Date	01/05/1951
3	Name of the Company	DIL LIMITED
4	Category / Sub-Category of the Company	Category: Company limited by shares Sub-category: Indian non-government company
5	Address of the Registered office and contact details	A – 1601, Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610, Maharashtra, India Tel: +91-22-6798 0800/888 Fax: +91-22-6798 0899 Email: contact@dil.net Website: www.dil.net
6	Whether listed company: Yes / No	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Maharashtra, India Tel No : +91 22 49186000 Fax No: +91 22 49186060 Email : rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. no	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Rental and leasing activities	68100	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. no	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section**
	Holding Company:				
1.	DVK Investments Private Limited #	U67120MH2003PTC141695	Holding Company	53.91%	Section 2(46)
	Direct Subsidiaries:				
2	Aegean Properties Limited #	U45200MH1995PLC084766	Subsidiary Company	100%	Section 2(87)
3	CC Square Films Limited #	U93000MH2011PLC212089	Subsidiary Company	100%	Section 2(87)
4	Fermenta Biotech Limited (FBL) A-1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W), Maharashtra - 400610	U99999MH1986PLC134021	Subsidiary Company	91.20% (refer Note below)	Section 2(87)

Sl. no	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section**
	Step down Subsidiaries:				
5.	Fermenta Biotech (UK) Limited Charter House 8-10 Station Road Manor Park London E12 5BT	Foreign Company Registration no: 03308303	Subsidiary Company [100% subsidiary of FBL]	-	Section 2(87)
6.	G. I. Biotech Private Limited A-1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W) - 400610, Maharashtra	U24230MH2004PTC148220	Subsidiary Company [62.50% i.e. subsidiary of FBL]	-	Section 2(87)
	Associate Entities:				
7	Health and Wellness India Private Ltd. Zela Health Clubs, No. 133 and No. 133/1, Residency Road, Bangalore - 560025, Karnataka	U85100KA2008PTC047190	Associate Company	47.15%	Section 2(6)
8	Zela Wellness Private Limited 9th Floor, The Residency, 2, Residency Road, Bangalore - 560025, Karnataka	U74900KA2012PTC063026	Associate Company	29.50%	Section 2(6)
9	Agastya Films LLP #	AAF-1964	Joint Venture Entity	50%	Section 2(6)

**: Under the Companies Act, 2013

Registered office address at A-1601, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W), Maharashtra – 400610

Note: Includes shares issued by FBL to FBL ESOP Trust pending implementation of ESOP plan.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity Share Capital)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (31.03.2017)				No. of Shares held at the end of the year (31.03.2018)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTERS									
(1) INDIAN									
a) Individual/ HUF	199085	-	199085	8.68	199085	-	199085	8.68	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	1236235	-	1236235	53.91	1236235	-	1236235	53.91	-
e) Banks / FI I)	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	**1435320**	**-**	**1435320**	**62.59**	**1435320**	**-**	**1435320**	**62.59**	**-**
(2) Foreign	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	**1435320**	**-**	**1435320**	**62.59**	**1435320**	**-**	**1435320**	**62.59**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	10	7	17	-	10	-	10	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year (31.03.2017)				No. of Shares held at the end of the year (31.03.2018)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Foreign Portfolio Investor	-	-	-	-	322	-	322	0.01	0.01
i) Others : Foreign Bank	-	157	157	0.01	-	157	157	0.01	-
Sub-total (B)(1):-	**10**	**164**	**174**	**0.01**	**332**	**157**	**489**	**0.02**	**0.01**
2. Non Institutions									
a) Bodies Corp.									
i) Indian	82336	1167	83503	3.64	72618	990	73608	3.21	(0.43)
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 Lakh	411230	72788	484018	21.11	398279	59909	458188	19.98	(1.13)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	242691	-	242691	10.58	254793	-	254793	11.11	0.53
c) Others:									
Clearing member	11231	-	11231	0.49	11615	-	11615	0.51	0.02
NRI (repat)	4553	82	4635	0.20	1601	70	1671	0.07	(0.13)
Non resident (non repatriable)	9915	-	9915	0.43	3689	-	3689	0.16	(0.27)
Hindu Undivided Family (HUF)	21711	-	21711	0.95	43362	-	43362	1.89	0.94
Investor Education and Protection Fund	-	-	-	-	10463	-	10463	0.46	0.46
Sub-total (B)(2):-	**783667**	**74037**	**857704**	**37.40**	**796420**	**60969**	**857389**	**37.39**	**(0.01)**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**783677**	**74201**	**857878**	**37.41**	**796752**	**61126**	**857878**	**37.41**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**2218997**	**74201**	**2293198**	**100**	**2232072**	**61126**	**2293198**	**100**	**-**

(ii) Shareholding of Promoters

Sr. no	Shareholder's Name	Shareholding at the beginning of the year (31.03.2017)			Shareholding at the end of the year (31.03.2018)			% change in shareholding during the year
		No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	DVK Investments Private Limited	12,36,235	53.91	-	12,36,235	53.91	-	-
2	Mr. Krishna Vasantkumar Datla	1,99,085	8.68	-	1,99,085	8.68	-	-
	TOTAL	**14,35,320**	**62.59**	**-**	**14,35,320**	**62.59**	**-**	**-**

(iii) Change in Promoters' Shareholding:

There is no change in the Promoters' shareholdings during the financial year 2017-18.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. no	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.17)/ end of the year (31.03.18)		Date	Increase/ Decrease	Reason Purchase (P)/ Transferred (T)	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1	RAKESH KANTILAL	85002	3.71	01.04.17	-			
	SHAH	85002	3.71	31.03.18	-		85002	3.71
2	NAJMUDDIN	22040	0.96	01.04.17				
	GULAMHUSEIN			13.10.17	7459	P	29499	1.29
	KHERAJ			20.10.17	1172	P	30671	1.34
				27.10.17	51	P	30722	1.34
		30722	1.34	31.03.18	-	-	30722	1.34
3	ANUPAMA DATLA	26499	1.16	01.04.17	-			
	DESAI	26499	1.16	31.03.18	-	-	26499	1.16
4	IMRAN S	24219	1.06	01.04.17	-			
	CONTRACTOR	24219	1.06	31.03.18	-	-	24219	1.06
5	GIRISH GULATI (HUF)	0	0	01.04.17	-			
				10.11.17	2005	P	2005	0.09
				24.11.17	7074	P	9079	0.40
				01.12.17	(700)	T	8379	0.37
				15.12.17	2280	P	10659	0.46
				22.12.17	6537	P	17196	0.75
				29.12.17	1290	P	18486	0.81
				05.01.18	3048	P	21534	0.94
				12.01.18	1022	P	22556	0.98
				09.02.18	387	P	22943	1.00
		22943	1.00	31.03.18	-	-	22943	1.00
6	MAHAVIR L MEHTA	32088	1.40	01.04.17	-			
				07.04.17	(110)	T	31978	1.39
				03.11.17	(3500)	T	28478	1.24
				12.01.18	(1489)	T	26989	1.18
				19.01.18	(2000)	T	24989	1.09
				26.01.18	(1000)	T	23989	1.05
				02.02.18	(370)	T	23619	1.03
				16.02.18	(1700)	T	21919	0.96
		18919	0.83	31.03.18	(3000)	T	18919	0.83
7	ASHMAVIR FINANCIAL	16626	0.73	01.04.17	-			
	CONSULTANTS			13.10.17	250	P	16876	0.74
	PRIVATE LIMITED	16876	0.74	31.03.18	-	-	16876	0.74

Sl. no	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.17)/ end of the year (31.03.18)		Date	Increase/ Decrease	Reason Purchase (P)/ Transferred (T)	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
8	POONAM ARORA	0	0	01.04.17	-			
				01.09.17	1040	P	1040	0.05
				22.09.17	1916	P	2956	0.13
				29.09.17	749	P	3705	0.16
				16.02.18	160	P	3865	0.17
				23.02.18	537	P	4402	0.19
				02.03.18	8535	P	12937	0.56
				09.03.18	210	P	13147	0.57
				16.03.18	1532	P	14679	0.64
				23.03.18	1088	P	15767	0.69
		15767	0.69	31.03.18	-	-	15767	0.69
9	PREETI THAKKAR	11057	0.48	01.04.17	-			
		11057	0.48	31.03.18	-	-	11057	0.48
10	DUPEN LABORATORIES	10364	0.45	01.04.17	-			
	PRIVATE LIMITED	10364	0.45	31.03.18	-	-	10364	0.45

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. no	For Each of the Directors and KMP	Shareholding at the beginning of the year (01.04.17)/ end of the year (31.03.18)		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the Company				No. of shares	% of total Shares of the Company
1.	KRISHNA DATLA	1,99,085	8.68	01.04.17	-	-		
		1,99,085	8.68	31.03.18	-	-	1,99,085	8.68
2.	RAJESHWARI DATLA	31,768	1.39	01.04.17	-	-		
		31,768	1.39	31.03.18	-	-	31,768	1.39

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (As per IND-AS)

(Rs. In Lakhs)

Indebtedness at the beginning of the financial year (01.4.17)	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	4,077.06	350.00	-	4,427.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	44.68	37.06	-	81.74
Total (i+ii+iii)	4,121.74	387.06	-	4,508.80
Change in Indebtedness during the financial year				
• Addition	14,328.36	30.76	-	14,359.12
• Reduction	(4,615.36)	-	-	(4,615.36)
Net Change	9,713.00	30.76	-	9,743.76
Indebtedness at the end of the financial year (31.3.18)				
i) Principal Amount	13,702.08	350.00	-	14,052.08
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	132.66	67.82	-	200.48
Total (i+ii+iii)	13,834.74	417.82	-	14,252.56

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager:

Sl. no.	Particulars of Remuneration	Name of Managing Director
		Mr. Krishna Datla
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2)Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	 8,075,000 315,086 -
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - as % of profit - others, specify…	 - -
5.	Others (Contribution to funds)	8,28,000
	Total (A)	92,18,086
	Ceiling as per the Act	The total remuneration paid to the Managing Director is within the limits prescribed under the Companies Act, 2013

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
	1. Independent Directors	Mr. Sanjay Buch	Mr. Vinayak Hajare	
	• Fee for attending board / committee meetings • Commission • Others	Rs. 2,20,000	Rs. 2,30,000	Rs. 4,50,000
	Total (1)	Rs. 2,20,000	Rs. 2,30,000	Rs. 4,50,000
	2. Other Non-Executive Directors	Ms. Rajeshwari Datla	Mr. Satish Varma	
	• Fee for attending board / committee meetings • Commission • Others	Rs. 1,90,000	Rs. 2,00,000	Rs. 3,90,000
	Total (2)	Rs. 1,90,000	Rs. 2,00,000	Rs. 3,90,000
	Total (B) = (1+2)	Rs. 4,10,000	Rs. 4,30,000	Rs. 8,40,000
	Total Managerial remuneration (A+B)			
	Ceiling as per the Act	The total fees to Directors payable for attending meetings are within the limits presented under the Companies Act, 2013		

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. no.	Particulars of Remuneration		Key Managerial Personnel	
1.		Mr. Srikant Sharma (Company Secretary)	Mr. Sumesh Gandhi (CFO)	Total
	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	47,54,811 32,400 --	53,24,752 -- --	1,00,79,563 32,400 --
2.	Stock Option	--	--	--
3.	Sweat Equity	--	--	--
4.	Commission - as % of profit - others, specify	--	--	--
5.	Others (Contribution to Funds)	1,78,091	2,36,873	4,14,964
	Total	49,65,302	55,61,625	1,05,26,927

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty		NIL	NA		
Punishment					
Compounding					
B.DIRECTORS					
Penalty		NIL	NA		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty		NIL	NA		
Punishment					
Compounding					

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN: 00391436)

Thane
August 14, 2018
Registered Office:
A -1601, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.

Annexure II

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint venture entities

Part "A": Subsidiaries

Sl. No.	Particulars	(Rs. In Lakhs)				
1.	Name of the subsidiary:	Fermenta Biotech Limited	Aegean Properties Limited	CC Square Films Limited	G I Biotech Private Limited	Fermenta Biotech (UK) Limited
2.	The date since when subsidiary was acquired	30.06.1988	01.02.2002	10.01.2011	25.08.2004	10.09.2002
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-	-	-	-	-
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	Pound Sterling £ (Exchange Rate: 1 GBP= 92.28 INR for Balance Sheet and 92.28 INR for Profit and Loss account as on 31.03.2018)
5.	Share capital	1,770.45	30.00	5.00	1.00	203.02
6.	Reserves & surplus	15,495.77	84.24	(5.03)	(1.81)	(165.08)
7.	Total assets	26,631.75	114.05	0.02	5.99	37.94
8.	Total Liabilities	9,365.52	(0.19)	0.05	6.79	-
9.	Investments	42.18	-	-	-	-
10.	Turnover	29,201.99	18.00	5.53	-	-
11.	Profit before taxation	9,248.38	16.11	5.42	(0.90)	(109.62)
12.	Provision for taxation	2,042.05	2.37	-	(0.19)	-
13.	Profit after taxation	7,206.33	13.74	5.42	(0.71)	(109.62)
14.	Proposed Dividend	-	-	-	-	-
15.	% of shareholding	91.20%	100%	100%	62.50% subsidiary of FBL	100% subsidiary of FBL

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates	Health and Wellness India Private Ltd.	Zela Wellness Private Limited	
Name of Joint Ventures	-	-	Agastya Films LLP
1. Latest audited Balance Sheet Date	31.03.2018	31.03.2018	31.03.2018
2. Date on which the Associate or Joint Venture was associated or acquired	02.02.2011	26.03.2012	20.11.2015

Name of Associates	Health and Wellness India Private Ltd.	Zela Wellness Private Limited	
3. Shares of Associate/Joint Ventures held by the Company on the year end			
Number	30,12,504 Equity Shares	1,03,234 Equity Shares	N.A
Amount of Investment in Associates/Joint Venture (Rs. In Lakhs)	475.00	225.00	-
Extent of Holding %	47.15%	29.50%	50%
4. Description of how there is significant influence	-	-	-
5. Reason why the associate/ joint venture is not consolidated	Being an Associate share of Profit and loss is consolidated	Being an Associate share of Profit and loss is consolidated	Being a Joint venture entity share of Profit and Loss Account and assets and liabilities are consolidated
6. Net worth attributable to Shareholding as per latest audited Balance Sheet	-	-	-
7. Profit / (Loss) for the year (Rs. in Lakhs)	(63.19)	(72.11)	(1,202.11)
• Considered in Consolidation (Rs. In Lakhs)	(29.79)	(21.27)	(601.06)
• Not considered in Consolidation (Rs. In Lakhs)	-	-	-

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN: 00391436)

Registered Office:
A – 1601, Thane One,
'DIL' Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610,
Maharashtra, India.
August 14, 2018

Annexure III

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company firmly believes that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence. The Company constantly strives towards betterment of aspects such as transparency, professionalism and accountability and thereby perpetuate it into generating long term economic value for its shareholders, customers, employees, other associated persons and the society at large. The Company is committed to good corporate governance in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and in keeping with corporate governance norms. The Board of Directors of your Company reviews company practices and recommends suggestion(s) for improvement to the management for implementation.

BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of executive and non-executive Directors as stipulated under Regulation 17 of the SEBI Listing Regulations. The Chairman of the Board is an Independent Director.

The composition of the Board as on March 31, 2018 is as follows:

Name of Director	Category	*Directorships in other companies	** Chairmanship in Committees	** Committee Memberships
Mr. Sanjay Buch (DIN: 00391436)	Chairman (Independent Director)	2	4	2
Ms. Rajeshwari Datla*** (DIN: 00046864)	Non Executive Director	NIL	NIL	1
Mr. Vinayak Hajare (DIN: 00004635)	Independent Director	NIL	NIL	2
Mr. Krishna Datla *** (DIN: 00003247)	Managing Director	3	NIL	3
Mr. Satish Varma (DIN: 00003255)	Non Executive Director	3	NIL	2

* Directorships in private limited companies, foreign companies, Section 8 companies and associations are excluded.

** Represents Memberships / Chairmanships of Audit Committee and Stakeholders Relationship Committee across all companies,

*** Mr. Krishna Datla is one of the Promoters of the Company. Ms. Rajeshwari Datla is a relative of Mr. Krishna Datla as per the provisions of Section 2(77) of the Companies Act, 2013.

BRIEF PROFILE OF DIRECTORS BEING REAPPOINTED, AS REQUIRED UNDER REGULATION 26(4), 36(3) OF THE SEBI LISTING REGULATIONS AND SECRETARIAL STANDARD ON GENERAL MEETINGS SPECIFIED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA AND APPROVED BY THE CENTRAL GOVERNMENT:

1) Mr. Krishna Datla

Managing Director

Mr. Krishna Datla aged 37 years, a Commerce Graduate from Mumbai University, has played a key role in the decision making process and also oversees new businesses of the Company. Mr. Krishna Datla, is also the Promoter Director of Fermenta Biotech Limited (FBL), subsidiary company of DIL Limited. Credited with the integration of businesses across the various group companies, Mr. Krishna Datla has infused a strong sense of global vision thereby opening the opportunities across international markets.

Mr. Krishna Datla was first appointed on the Board of the Company on 29/01/2005. Mr. Krishna Datla is also acting as a Director on the Board of Fermenta Biotech Limited, Aegean Properties Limited, CC Square Films Limited, DVK Investments Private Limited, G I Biotech Private Limited and Magnolia FNB Private Limited.

Mr. Krishna Datla is a member of the Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Investment Committee of DIL Limited. He is also a member of Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee of Fermenta Biotech Limited (a subsidiary of DIL Limited).

Details of remuneration sought to be paid and the remuneration last drawn by Mr. Krishna Datla is provided on page no. 45 of Annual Report. Mr. Krishna Datla holds 1,99,085 equity shares (8.68%) of the Company.

2) **Ms. Rajeshwari Datla**

Non Executive Director

Ms. Rajeshwari Datla, aged 68 years, a Science graduate has rich experience in the Pharmaceutical Industry. Ms. Datla has been associated with the Company as member of the Board of Directors since July 21, 2005.

During the Financial Year 2017-18, Ms. Datla was paid Rs. 1,90,000 towards sitting fees for attending Board and Committee meetings of the Company. She holds 31,768 equity shares (1.39%) of the Company.

Ms. Rajeshwari Datla is a relative of Mr. Krishna Datla as per the provisions of Section 2(77) of the Companies Act, 2013.

Ms. Datla is a Director on the Board of Dupen Laboratories Private Limited and Lacto Cosmetics (Vapi) Private Limited, respectively.

BOARD MEETINGS / PREVIOUS ANNUAL GENERAL MEETING

- During the financial year under review, eight Board Meetings were held on May 30, 2017, August 1, 2017, August 11, 2017, September 14, 2017, October 11, 2017, November 24, 2017, December 14, 2017 and February 6, 2018. The maximum gap between any two board meetings was less than 120 days, as stipulated under Regulation 17(2) of the SEBI Listing Regulations.

  Attendance at the eight Board meetings and previous Annual General Meeting (AGM) held on September 29, 2017 is as follows:

Name	Board Meetings attended	Attendance at previous AGM
Mr. Sanjay Buch	8	Yes
Ms. Rajeshwari Datla	8	Yes
Mr. Vinayak Hajare	8	Yes
Mr. Krishna Datla	8	Yes
Mr. Satish Varma	8	Yes

AUDIT COMMITTEE

During the year under review, six Audit Committee meetings were held on May 30, 2017, August 1, 2017, August 11, 2017, September 14, 2017, December 14, 2017 and February 6, 2018. The representatives of the Auditor(s), and Chief Financial Officer also attended the Audit Committee meeting(s).

The composition of the Audit Committee as on March 31, 2018 and the attendance of the Audit Committee members at the Committee meetings held during the financial year under review is as follows:

Name of the Director	Designation	Meetings attended
Mr. Sanjay Buch	Chairman	6
Ms. Rajeshwari Datla	Member	6
Mr. Vinayak Hajare	Member	6

The composition of the Audit Committee complies with the requirements laid down in Regulation 18 of the SEBI Listing Regulations. Mr. Sanjay Buch and Mr. Vinayak Hajare possess expertise in accounting and financial management.

The Company Secretary acts as Secretary to the Audit Committee.

- **Terms of reference:**

  The Powers, role and functions of the Audit Committee are as per the provisions of Section 177 of the Companies Act, 2013 and Regulation 18(3) read with Schedule II (Part C) of the SEBI Listing Regulations, which, inter alia include the following:

  1. Review company's financial reporting process and accounting policies and practices.
  2. Review and recommend to the Board, appointment, re-appointment and removal of Statutory and Internal Auditors and fixation of auditors remuneration and other fees, including terms of appointment.
  3. Review with management of quarterly, half-yearly and annual financial statements and auditors' report before submission to Board for approval with particular reference to:

     (a) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

(b) changes, if any, in accounting policies and practices and reasons for the same;

(c) major accounting entries involving estimates based on the exercise of judgment by management;

(d) significant adjustments made in the financial statements arising out of audit findings;

(e) compliance with listing and other legal requirements relating to financial statements;

(f) disclosure of any related party transactions;

(g) modified opinion(s) in the draft audit report;

4. Review adequacy of internal control systems (including internal financial controls) and risk management systems;
5. Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
6. Review reports and significant findings, if any, of the Internal and Statutory Auditor and to ensure that suitable follow-up action is taken;
7. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
8. Discussion with Statutory Auditors and Internal Auditors about nature and scope of audit and areas of concern;
9. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
10. Review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern;
12. Examination of disclosure aspects of related party transactions and approval or any subsequent modification of transactions of the Company with related parties;
13. Scrutiny of inter-corporate loans and investments;
14. Valuation of undertakings or assets of the Company, wherever it is necessary;
15. Monitoring the end use of funds raised through public offers and related matters;
16. Review of financial statements of subsidiary companies, joint venture and associate companies;
17. Review substantial defaults in payments to stakeholders and creditors;
18. Review the functioning of the Vigil mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Any other functions as may be statutorily required.

NOMINATION AND REMUNERATION COMMITTEE

- During the year under review, two Committee meetings were held on August 11, 2017 and February 6, 2018
- The Composition of the said Committee as on March 31, 2018 and the attendance of the Committee members in its meeting held during the financial year under review is as follows:

Name of the Director	Designation	Meetings attended
Mr. Vinayak Hajare	Chairman	2
Mr. Sanjay Buch	Member	2
Mr. Satish Varma	Member	2

The Company Secretary acts as Secretary to the Committee.

- **Terms of reference:**

  The terms of reference include:-

  Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board, their appointment and removal.

  Carry out evaluation of every director's performance.

  Devising a policy on diversity of Board of Directors

  Formulate the criteria for determining qualifications, positive attributes and independence of a director.

  Recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and other employees.

  Recommend whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

  Any other terms of reference, role, responsibility and powers as may be prescribed from time to time (i) under the Companies Act, 2013 and rules made thereunder and the SEBI Listing Regulations; and/or (ii) by the Board of Directors of the Company.

Nomination and Remuneration policy and performance evaluation of Board and individual Directors:

As per the Nomination and Remuneration policy of the Company ('Remuneration Policy'), the Director(s), KMP, Senior management personnel in addition to the criteria mentioned in the Act and SEBI Listing Regulations, should inter alia possess (a) relevant qualification, experience and expertise; (b) strong analytical and excellent communication skills; (c) collaborative and flexible style, with a high level of professionalism; and (d) leadership skills.

ANNUAL PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to provisions of the Act, SEBI Listing Regulations and Remuneration Policy, the Directors of the Company carried out annual performance evaluation of the Board as a whole, Committees of the Board and Individual Directors (excluding the Director being evaluated).

A meeting of Independent Directors of the Company was held to: (a) review the performance of Chairperson, Non Independent Directors and the Board as a whole; (b) assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

The evaluation was done through a structured process and forms, covering various aspects such as composition of Board, professional knowledge and expertise, performance of individual roles and duties including contribution in Board / Committee meetings, protection of interest of all stakeholders etc.

Details of remuneration of Directors for the financial year ended March 31, 2018 are as follows:

Name of Director	Sitting Fees * (Rs)	Salary (Rs)	Contribution to PF and other funds (Rs)	Benefits & Perquisites (Rs)	Total (Rs)	No. of shares held
Mr. Sanjay Buch Independent Director	2,20,000	-	-	-	2,20,000	NIL
Ms. Rajeshwari Datla Non-Executive Director	1,90,000	-	-	-	1,90,000	31,768
Mr. Vinayak Hajare Independent Director	2,30,000	-	-	-	2,30,000	NIL
Mr. Krishna Datla ** Managing Director	-	80,75,000	8,28,000	3,15,086	92,18,086	1,99,085
Mr. Satish Varma Non-Executive Director	2,00,000	-	-	-	2,00,000	NIL
TOTAL	8,40,000	80,75,000	8,28,000	3,15,086	1,00,58,086	2,30,853

* Sitting Fees include fees for Board and Committee Meetings @ Rs. 20,000 and Rs. 5,000 per meeting respectively. With effect from February 7, 2018, sitting fees include fees for Board and Committee Meetings @ Rs. 40,000 and Rs. 10,000 per meeting respectively.

** The agreement between the Company and the Managing Director is for a period of three years effective May 9, 2018. Either party is entitled to terminate the said agreement by giving not less than three month's notice in writing to the other party or such other period as may be mutually decided.

The Company has not granted any Stock Option to any Director. There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive / Independent Directors during the year under review, except as stated above.

The Non-Executive Directors receive sitting fees for attending the meetings of Board of Directors and its Committees.

STAKEHOLDERS RELATIONSHIP COMMITTEE

- During the year under review, four Stakeholders Relationship Committee meetings were held on May 30, 2017, August 11, 2017, September 14, 2017 and February 6, 2018. The composition of the Committee as on March 31, 2018 and the attendance at the said Committee meeting is as follows:

Name of the Director	Designation	Meetings attended
Mr. Sanjay Buch	Chairman	4
Mr. Krishna Datla	Member	4
Mr. Satish Varma	Member	4
Mr. Vinayak Hajare	Member	4

The Company Secretary acts as a Secretary to Stakeholders Relationship Committee.

- **Terms of Reference:**

  The Committee, inter alia, deals in matters relating to:

  i) Redressal of Members' grievances.

  ii) Issue of duplicate Share Certificates.

  iii) Review of Dematerialised shares.

  iv) Transfer and Transmission of shares.

  v) Non-receipt of Annual Reports and declared dividends.

  vi) Other matters related to shares and/or investor grievances.

SHAREHOLDER INFORMATION

- Name and designation of Compliance Officer: Mr. Srikant N. Sharma - Company Secretary.
  Investor Helpdesk:
  Mr. Srikant Sharma
  DIL Limited, A -1601, Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610, Maharashtra, India
  Tel No.022-67980800 Fax:-022-67980899
  e-mail: srikant.sharma@dil.net

Investor Complaints and their redressal

- The numbers of investor complaints received and resolved during the financial year 2017-18 were 2.
- Pending complaints as on March 31, 2018 were NIL.

GENERAL BODY MEETINGS

- Details of the last three Annual General Meetings of the Company and Special Resolution(s) passed are as follows:

Year	Date and Time	Venue	Special Resolution(s) passed
2014-15	September 30, 2015 at 3:00 p.m.	'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West) 400610.	1) Re-appointment of Mr. Krishna Datla as Managing Director for a period of three years commencing from May 9, 2015. 2) Adoption of revised Articles of Association of the Company to align with the form of Articles specified in Table F of Schedule I to the Companies Act, 2013. 3) Increase in Borrowing powers of the Company.
2015-16	September 27, 2016 at 3:00 p.m.	Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610.	1) Creation of mortgage and / or change under Section 180 (1) (a) of the Companies Act, 2013
2016-17	September 29, 2017 at 3:00 p.m.	Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610.	-

Postal Ballot

During the financial year 2017-18, the approval of the members was sought by way of Postal Ballot including e-voting vide Notice dated October 11, 2017, in respect of the following Special Resolutions:

(i) Loans, guarantees, securities and investments

(ii) Increase in borrowing powers of the Company

(iii) Creation of charges and sale, lease or otherwise disposal of assets

The Company had provided its members the facility to exercise their right to vote through the postal ballot including the Electronic Voting on all the resolutions as set out in the Notice of the Postal Ballot. The Company had engaged the services of Central Depository Services Limited ("CDSL") to provide the remote e-voting facility. The Company appointed Mr. V. N. Deodhar (Membership No.FCS 1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries as the Scrutinizer to scrutinize the entire Postal Ballot process. After due scrutiny of all the Postal Ballot Forms received up to Sunday, November 12, 2017 (5.00 p.m. IST), Mr. V. N. Deodhar, Practising Company Secretary (FCS –1880), submitted his report dated November 13, 2017 to the Chairman and stated that all the special resolutions set out in the Postal Ballot Notice were duly passed with the requisite majority.

The said results were displayed on the Notice Board of the Company on November 13, 2017 and other statutory intimation(s) of the said Postal Ballot results were completed within the stipulated timelines.

COMPANY POLICIES

VIGIL MECHANISM POLICY

The Company has adopted a Whistle Blower Policy as part of Vigil Mechanism for Directors and employees to report instances of unethical acts, actual or suspected fraud or violation of DIL's Code or other similar genuine concerns or grievances. The Vigil Mechanism Policy is displayed on the Company's website at http://www.dil.net/Company-Policies.html

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS ('RPT Policy')

The RPT Policy of the Company lays down the process to be adopted by the Company for: (a) identification of potential Related Party/ies; (b) materiality thresholds for RPT(s); (c) manner of dealing with and approving the transactions between the Company and its related parties. The RPT Policy also lays down the disclosure requirements of related party transactions, if any and the criteria for determining ordinary course of business and arm's length transactions.

The RPT Policy can be viewed at the Company's website at www.dil.net/ Company-Policies.html

During the year under review, there were no materially significant related party transactions entered by the Company with Promoters, Directors or Key Managerial Personnel or their relatives which may have a potential conflict with the interest of the Company at large. Except as otherwise provided in this Annual report, none of the Directors has any pecuniary relationships or transactions with the Company.

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

The Company has adopted a policy for determining material subsidiary as required by the SEBI Listing Regulations. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company. The policy is uploaded on the website of the Company and can be viewed at www.dil.net/Company-Policies.html.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has adopted 'Familiarisation Programme' for Independent Directors to ensure that the Independent Directors are familiarised with the Company's business operations, strategies, business model, nature of industry in which Company operates and role, duties and responsibilities of an Independent Director of the Company. The details of Familiarisation Programme are available at www.dil.net/Company-Policies.html.

DISCLOSURES

- The risk management reports are periodically placed before the Audit Committee and Board of Directors for review, based on the system and procedures devised.
- During the last three years, there were no instances of non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets.
- Pursuant to Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations, the Managing Director and the Chief Financial Officer have submitted a certificate to the Board of Directors for the financial year ended March 31, 2018. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.

- **Reconciliation of Share Capital Audit**

  Share Capital Audit for the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital of the Company has been done by a Practising Company Secretary on a quarterly basis and the Reconciliation of Share Capital Audit Reports were issued thereon during the year under review. The audit confirms that the total issued / paid – up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

- **Compliance with Mandatory Requirements**

  The Company has complied with all the mandatory requirements, as applicable, of the Code of Corporate Governance as stipulated under the SEBI Listing Regulations.

- **Compliance with Discretionary Requirements as per Part E of Schedule II of the SEBI Listing Regulations**

  The status of compliance with Discretionary Requirements as per Part E of Schedule II of the SEBI Listing Regulations is provided below:

- **Non-Executive Chairman's Office:** The Chairman's office and position is separate from that of the Managing Director.

- **Response of the Company's management in relation to the –**

  (a) **'Basis for qualified opinion'** and

  (b) **'Qualified opinion';**

  as mentioned in the Independent Auditor's Report in page no. 64 of this Annual report in:

  (i) (a) and (b), the Management is confident that profitability will be achieved by the referred associate entities and hence there is no permanent diminution in the valuation of these investments;

  (ii), in view of the proposed revival plan by promoter of Noble Expochem Limited and considering the large asset it holds, the management is confident of recovery of this amount. Hence no provision for impairment is deemed necessary.

- **Reporting of Internal Auditor:** The Internal Auditor reports to the Audit Committee in all functional matters.

- **Members' Rights**

  The Company publishes its financial results on its website at www.dil.net which is accessible by the public at large. These financial results are also available on the website of BSE Limited at www.bseindia.com. Extract of Consolidated Financial Results and Standalone Financial Summary of the Company for each quarter are published in an English newspaper and Marathi newspaper in the format prescribed under the SEBI Listing Regulations. Hence the results are not sent to the Members individually.

MEANS OF COMMUNICATION

- The Quarterly, Half Yearly and Annual results, published in the proforma prescribed under the SEBI Listing Regulations, are approved by the Audit Committee and taken on record by the Board of Directors of the Company within the prescribed time limit. The approved results are forthwith sent to BSE Limited in prescribed format where the Company's shares are listed.

• Newspapers wherein quarterly results are published:	Business Standard (English) & Sakal (Marathi)
• Any website, where displayed:	Yes, BSE website (www.bseindia.com) and the Company's website (www.dil.net)
• Online filing with BSE Corporate Compliance & Listing Centre:	All periodical compliances of the Company as per SEBI Listing Regulations are also being filed online with the BSE Corporate Compliance & Listing Centre.
• SEBI Complaints Redress System (SCORES) :	The investor complaints, if any, can be uploaded on the SCORES. These complaints are processed in a centralised web based complaints redress system of SEBI (SCORES). The salient features of this system are centralised database of all complaints, online upload of Action Taken Reports (ATRs) and online viewing by investors of actions taken on the complaint and its current status.
• Whether it also displays official news releases and presentations made to institutional investors or to analysts:	N.A
• Management discussion and analysis report (MD&A) is a part of the Annual report or not:	MD&A Report forms part of the Annual Report.

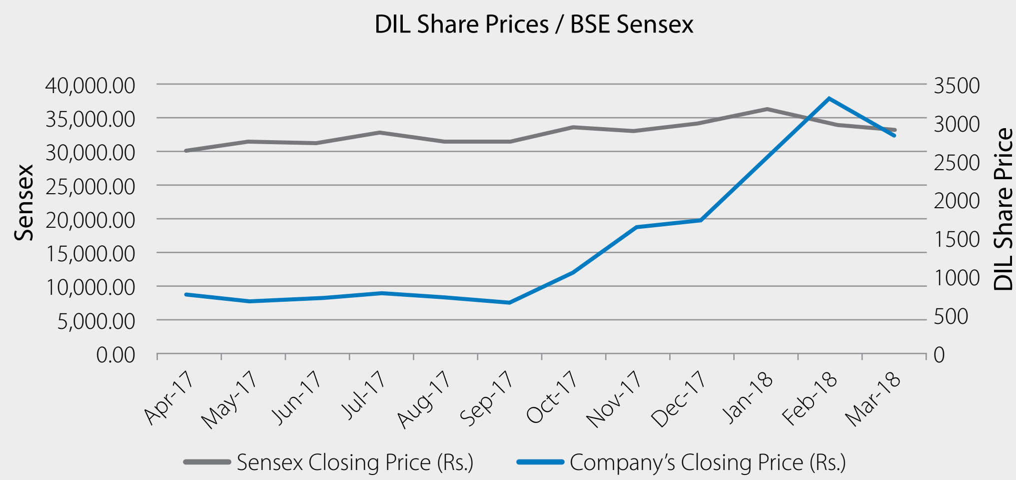
GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	: Friday, September 28, 2018 at 3:00 p.m. at Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610, Maharashtra, India.
• Financial Year	: April 1 to March 31
Financial reporting for the quarter ending June 30, 2018	: By August 14, 2018
Financial reporting for the quarter ending September 30, 2018	: By November 14, 2018
Financial reporting for the quarter ending December 31, 2018	: By February 14, 2019
Financial reporting for the year ending March 31, 2019	: By May 30, 2019
• Date of Book closure	: Saturday, September 22, 2018 to Friday, September 28, 2018 (both days inclusive)
• Dividend Payment Date	: Final dividend (2017-2018) of Rs 1.25 per equity share (25 %) of Rs. 5 each, if declared at this AGM, shall be paid on or after Wednesday, October 3, 2018
• Listing on Stock Exchanges	: BSE Limited (Listing fees for the year 2018-19 have been paid)
• Scrip Code on BSE Limited	: 506414
• Market Price Data	: High / low of the Company's Stock Price during each month in the financial year ended March 31, 2018

Month	DIL Limited	
	High (Rs.)	Low (Rs.)
April 2017	894	734
May 2017	770	650
June 2017	768	650
July 2017	785	650
August 2017	838	660.1
September 2017	718	590
October 2017	1152.2	670
November 2017	1650	1051
December 2017	1748.9	1463
January 2018	2737.65	1717
February 2018	3321.45	2394.45
March 2018	3321.45	2516.85

- Performance in comparison to broad-based indices such as BSE Sensex.

Month	Company's Closing Price (Rs.)	Sensex Closing Price (Rs.)	No. of shares of the Company traded
April 2017	750	29,918.4	3,545
May 2017	658	31,145.8	3,828
June 2017	702	30,921.61	5,766
July 2017	774.2	32,514.94	15,821
August 2017	696	31,730.49	46,615
September 2017	662.05	31,283.72	31,018
October 2017	1073.95	33,213.13	43,013
November 2017	1636.2	33,149.35	43,689
December 2017	1739	34,056.83	29,430
January 2018	2551	35,965.02	66,218
February 2018	3321.45	34,184.04	68,717
March 2018	2856.95	32,968.68	89,242



Registrar and Transfer Agents : Link Intime India Private Limited
C 101, 247 Park, L B S Marg, Vikhroli West,
Mumbai 400 083
Maharashtra, India
Tel No.: +91 22 49186000
Fax No: +91 22 49186060
Email : rnt.helpdesk@linkintime.co.in

- **Share Transfer System:**

  Shares are normally transferred within a period of 15 days from the date of receipt, provided the documentation is in order. In order to expedite the process of share transfers, the Board of Directors has delegated the powers of share transfer and/ or related matters to Mr. Sanjay Buch, Chairman of the Stakeholders Relationship Committee and/ or Mr. Vinayak Hajare, Member of the Stakeholders Relationship Committee and/or Mr. Srikant Sharma, Company Secretary, who attends the share transfer formalities at least once in a fortnight. The meeting of Stakeholders Relationship Committee is also held once in every three months. All transfers of shares in physical mode are registered and approved by authorised signatories of the Company.

- Distribution of the Company's equity shareholding as on March 31, 2018

Sr. No.	Range in no. of Shares	Holding (no. of shares)	Amount (Rs.)	% to Total Amount	No. of Holders	% to Total Holders
1	1 - 500	2,60,755	26,07,550	11.3708	3,947	95.7545
2	501 - 1000	58,855	5,88,550	2.5665	81	1.9651
3	1001 - 2000	58,365	5,83,650	2.5451	40	0.9704
4	2001 - 3000	32,182	3,21,820	1.4034	13	0.3154
5	3001 - 4000	27,963	2,79,630	1.2194	8	0.1941
6	4001 - 5000	23,130	2,31,300	1.0086	5	0.1213
7	5001 - 10000	81,189	8,11,890	3.5404	12	0.2911
8	10001 and above	17,50,759	1,75,07,590	76.3457	16	0.3882
	Total	**22,93,198**	**2,29,31,980**	**100**	**4,122**	**100**

- Equity Shareholding Pattern as on March 31, 2018

	Shareholding (no. of shares)	% of holding
Promoters	14,35,320	62.59
Hindu Undivided Family	43,362	1.89
Foreign Banks & NRIs	5,517	0.24
Banks and Financial Institutions	10	0.00
Other Bodies Corporate	84,393	3.68
General Public	7,12,981	31.09
Clearing Members	11,615	0.51
TOTAL	**22,93,198**	**100**

- **Dematerialisation of Shares:** The Company and Link Intime India Private Limited, has signed Tripartite Agreements with the National Securities Depository Ltd. and the Central Depository Services (India) Ltd. respectively. The shares of the Company are compulsorily traded in the dematerialised form in the Stock Exchange. Presently 97.33% of the equity shares of the Company have been dematerialised.

- **Address for Correspondence :**

Link Intime India Private Limited
C 101, 247 Park
L B S Marg, Vikhroli West,
Mumbai – 400 083.
Maharashtra, India
Tel No.: +91 22 49186000
Fax No.: +91 22 49186060
Email : rnt.helpdesk@linkintime.co.in

DIL Limited
A -1601, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.
ISIN: INE225B01021
Tel No.: + 91 22 66230800
Fax No.: + 91 22 6798 0899
Email: srikant.sharma@dil.net

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN: 00391436)

Registered Office:
A – 1601, Thane One,
'DIL' Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610,
Maharashtra, India.
August 14, 2018

CODE OF CONDUCT

Declaration as required under Regulation 26(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

All Directors and senior management of the Company have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2018

for **DIL LIMITED**

KRISHNA DATLA
Managing Director
DIN: 00003247

Thane
August 14, 2018

Annexure IV

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH,2018

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

To,
The Members,
DIL Ltd.
A -1601, Thane One,
DIL Complex,
Ghodbunder Road,
Majiwada, Thane (West),
Thane - 400610.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March,2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by DIL Limited ("the Company") for the financial year ended on 31st March,2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009 **(Not applicable to the Company during the Audit period)**,

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit period)**,

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit period)**,

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit period)**;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations,1998 **(Not applicable to the Company during the Audit period)**; and

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015.

(vi) During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. We have been informed that there are no laws applicable specifically to the Company. Additionally, we have been informed that compliance of various statues is monitored on monthly basis by the Compliance officer and necessary action is initiated for any non-compliance.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement entered into by the Company with BSE Ltd in respect of Issue and Listing of Securities;

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and its operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **V.N.DEODHAR & CO.**,

V.N.DEODHAR
PROP.
FCS NO.1880
C.P. No. 898

Place: Mumbai
Date: August 14, 2018

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this Report.

Annexure A

To,
The Members,
DIL Ltd.

Our Secretarial Audit Report of even date for the financial year ended 31st March,2018 is to be read along with this letter.

Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.

We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial Records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Wherever required, we have obtained the Management Representation about the Compliance of Laws, Rules & Regulations and happening of events, etc.

The Compliance of provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **V.N.DEODHAR & CO.**,

V.N.DEODHAR
PROP.
FCS NO.1880
C.P. No. 898

Place: Mumbai
Date: August 14, 2018

FINANCIAL SECTION

Independent Auditor's Report

To The Members of DIL Limited

Report on the Standalone Ind AS Financial Statements

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

Management's Responsibility for the Standalone Ind AS Financial Statements

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 financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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.

Auditor's Responsibility

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

In conducting 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 and the Order issued under section 143(11) of the Act.

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.

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

Basis for Qualified Opinion

(i) (a) The Company has: made an investment in equity shares of Rs. 475.00 Lakhs in; given share application money of Rs. 309.86 Lakhs to; and placed an inter-corporate deposit (ICD) of Rs. 22.50 Lakhs with, an associate whose accumulated losses (other equity) at Rs. 1,168.60 Lakhs substantially exceed its equity share capital of Rs. 638.90 Lakhs, as at 31st March, 2018, as per the management prepared financial information. However, the Management of Company has not made any detailed evaluation of impairment in the carrying value of these amounts for the purposes of ascertaining the provision for impairment, if any, that may be required to be made in the standalone Ind AS financial statements.

(b) Further, in relation to another associate, the Company has an investment in equity shares of Rs. 225.00 Lakhs, where although the net worth has not been eroded, as at 31st March, 2018, as per the management prepared financial information, this net worth includes a significant exposure by way of ICD of Rs. 330.52 Lakhs, to the associate mentioned in para (i)(a) above which raises a doubt on the recoverability of the carrying value of this investment amounting to Rs. 225.00 Lakhs, and the consequential provision for impairment, if any, that may be required to be made in the standalone Ind AS financial statements.

Considering the view of the Management of the Company that these are long term investments and profitability will be achieved by these entities over a period of time, the Management of the Company believes that no impairment is deemed necessary [See note 50 (b)]. In the absence of sufficient appropriate audit evidence, we are unable to comment upon the matters including the consequential impact, if any, of such impairment on the standalone Ind AS financial statements.

These matters were also qualified in the independent auditor's report issued by the predecessor auditors on the standalone financial statements for the year ended 31st March, 2017.

(ii) The Company has given share application money of Rs. 597.00 Lakhs to an another entity whose accumulated losses at Rs. 5,203.19 Lakhs, substantially exceed its equity share capital of Rs. 1,920.55 Lakhs, as at 31st March, 2017, as per the latest audited financial statements for the year ended 31st March, 2017 of that entity. Further, the independent auditors of that entity, in their audit report dated 30th May, 2017, on the aforesaid financial statements, have inter-alia reported that the entity's operations have been suspended since December, 2006, and have also expressed their inability to comment whether that entity can be considered as a "Going Concern" and whether its assets would be adequate to meet its liabilities [See note 50 (c)]. For the reasons stated in the said note 50 (c), the Management of the Company believes that no impairment is deemed necessary. Having regard to the foregoing and in the absence of sufficient appropriate audit evidence, we are unable to comment whether the aforesaid outstanding share application money would be recoverable including the consequential impact, if any, of such impairment that may be required to be made in the standalone Ind AS financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described under the 'Basis for Qualified Opinion' section above, 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its loss, its total comprehensive loss, its cash flows and its changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016, included in these standalone Ind AS financial statements have been prepared by the Management of the Company after adjusting the previously issued standalone financial statements, prepared in accordance with the Companies (Accounting Standards) Rules, 2006, to comply with Ind AS. The previously issued standalone financial statement were audited by the predecessor auditors whose reports for the years ended 31st March, 2017 and 31st March, 2016 dated 30th May, 2017 and 27th May, 2016, respectively, expressed a qualified opinion on those standalone financial statements in respect of the matters referred in paragraph (i) under the 'Basis for Qualified Opinion' section above. The adjustments made by the Management of the Company to comply with Ind AS to the previously issued standalone financial statements have been audited by us.

Our opinion on the standalone Ind AS financial statements is not modified in respect of the basis for preparation of the comparative financial information and the transition date opening balance sheet as referred above.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

   a) We have sought and except for the matters described under the 'Basis for Qualified Opinion' section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) Except for the possible effects of the matters described under the 'Basis for Qualified Opinion' section above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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

   d) Except for the possible effects of the matters described under the 'Basis for Qualified Opinion' section above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) The matters described under the 'Basis for Qualified Opinion' section above, in our opinion, may have an adverse effect on the functioning of the Company.

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

   g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated under the 'Basis for Qualified Opinion' section above.

   h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

i) 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, as amended, 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 52 to the standalone Ind AS financial statements.

  ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

  iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

2. 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 B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Place: Mumbai
Date: 15th May, 2018

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(h) under the 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 DIL Limited ("the Company") as of 31st 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. 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 internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 qualified audit opinion on the Company's internal financial controls system over financial reporting.

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.

Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, material weaknesses have been identified in the Company's internal financial controls over financial reporting as at 31st March, 2018 in respect of the assessment of impairment in the carrying value of investments, share application monies given and inter corporate deposits placed wherein the Company does not have relevant internal financial controls in place which could potentially result in recognising these financial assets at a value more than its recoverable amounts and consequential understatement of loss and overstatement of other equity.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weaknesses described under the 'Basis for Qualified Opinion' paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st 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.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company for the year ended 31st March, 2018, and the material weaknesses have affected our opinion on the said standalone Ind AS financial statements of the Company and we have issued a qualified opinion on the standalone Ind AS financial statements.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Place: Mumbai
Date: 15th May, 2018

Annexure B to the Independent Auditor's Report

(Referred to in paragraph 2 under the 'Report on Other Legal and Regulatory Requirements' section of 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 fixed assets were physically verified during the year by the Management of the Company in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered indenture of sale and other documents provided to us by the Management of the Company, we report that, the title deeds, comprising all the immovable properties of land and buildings, disclosed under 'Property, plant and equipment' in the standalone Ind AS financial statements, are held in the name of the Company as at the balance sheet date.

According to the information and explanations given to us, the following immovable properties of land and buildings, disclosed under 'Property, plant and equipment' in the standalone Ind AS financial statements, whose title deeds have been pledged as security for loans given to the Company are not held in the name of the Company based on the confirmations directly received by us from lenders and other documents provided by the Management of the Company and examined by us.

(Rs. In Lakhs)

Particulars	As at 31st March, 2018		Remarks
	Cost or deemed cost	Carrying amount	
Freehold land Located at Village Takwe (Budruk), Tal – Maval District - Pune admeasuring 21.39 Acres	8.06	8.06	The land is held in Trust in the name of the Managing Director and one of the directors of the Company and which has been confirmed by them as at the year end.

(ii) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Company has granted an unsecured interest free loan repayable on demand to a company covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loan are, in our opinion, prima facie, not prejudicial to the interest of the Company.

(b) The loan is interest free and schedule of repayment of the principal is not stipulated. In the absence of a repayment schedule, we are unable to comment on the regularity of the receipts of principal amounts.

(c) Having regard to the repayment term of the loan being on demand and representation made by the management of the Company that there is no demand made by the Company for repayment of the loan, there is no overdue amount remaining outstanding as at the balance sheet date.

According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of grant of loans. The Company has not given any guarantee and have not made any investments covered under section 186 of the Companies Act, 2013, and has not granted any loan covered under section 185 of the Companies Act, 2013.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit to which the provisions of sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are applicable and hence reporting under clause 3(v) of the Order is not applicable.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities, though there has been a slight delay in few cases.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value added Tax, Cess and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value Added Tax and cess on account of disputes as on 31st March, 2018 are given below:

Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved and unpaid (Rs. In Lakhs)
The Gujarat Sales Tax Act	Sales tax and penalty	Sales Tax Appellate Tribunal	1992-1994	4.34
Central Excise Act, 1944	Service tax and penalty	High Court, Bombay	2000-2001	18.75

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks. The Company has not issued any debentures and has not borrowed from the government.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised money by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties identified by the Management of the Company and the details of related party transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Place: Mumbai
Date: 15th May, 2018

Standalone Balance Sheet as at March 31, 2018

(Rs. In Lakhs)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS				
Non-current assets				
a) Property, plant and equipment	3	1,177.82	813.67	841.90
b) Capital work-in-progress		-	129.73	57.86
c) Investment property	4	8,409.48	8,548.58	8,494.35
d) Intangible assets	5	2.12	2.90	3.78
e) Investments	6			
i) Investments in subsidiaries		10,032.20	1,739.25	1,744.25
ii) Investments in associates		700.00	700.00	525.00
iii) Investments in joint ventures		-	530.00	268.00
(f) Financial assets				
i) Investments	7	7.57	6.45	2,647.20
ii) Loans	9	31.85	32.62	25.36
iii) Share application money	8	906.86	906.86	1,081.86
iv) Other financial assets	10	222.89	101.76	205.87
g) Deferred tax assets	11	-	69.00	-
h) Non-current tax assets (Net)	11A	98.32	28.40	305.14
i) Other non-current assets	12	161.53	139.43	23.52
Total non-current assets		**21,750.64**	**13,748.65**	**16,224.09**
Current assets				
a) Financial assets				
i) Investments	13	105.89	100.45	92.12
ii) Trade receivables	14	28.20	38.72	3.16
iii) Cash and cash equivalents	15	134.89	70.56	272.02
iv) Bank balances other than (iii) above	16	22.26	25.00	27.67
v) Loans	17	8.30	15.43	172.29
vi) Other financial assets	18	69.19	162.80	283.65
b) Other current assets	19	140.29	469.37	140.67
Total current assets		**509.02**	**882.33**	**991.58**
TOTAL ASSETS		**22,259.66**	**14,630.98**	**17,215.67**
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	20	229.32	229.32	229.32
b) Other equity	21	6,242.59	8,731.23	10,444.94
Total equity		**6,471.91**	**8,960.55**	**10,674.26**
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	22	13,201.79	3,425.50	1,381.19
ii) Other financial liabilities	23	533.73	232.64	46.15
b) Provisions	24	71.89	74.58	48.97
c) Other non-current liabilities	25	171.18	89.17	17.83
Total non-current liabilities		**13,978.59**	**3,821.89**	**1,494.14**
Current liabilities				
a) Financial liabilities				
i) Borrowings	26	572.50	350.00	244.24
ii) Trade payables	27	179.64	76.14	89.43
iii) Other financial liabilities	28	897.54	1,132.30	4,411.67
b) Provisions	29	16.48	13.18	16.09
c) Other current liabilities	30	143.00	276.92	285.84
Total current liabilities		**1,809.16**	**1,848.54**	**5,047.27**
TOTAL EQUITY AND LIABILITIES		**22,259.66**	**14,630.98**	**17,215.67**

See accompanying notes 1 to 54 to the standalone financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Mumbai, May 15, 2018

For and on behalf of the Board of Directors of DIL Limited

Sanjay Buch
Chairman

Krishna Datla
Managing Director

Rajeshwari Datla
Director

Satish Varma
Director

Vinayak Hajare
Director

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Thane, May 15, 2018

Standalone Statement of Profit and Loss for the year ended March 31, 2018

(Rs. In Lakhs)

Particulars	Notes	Year Ended March 31, 2018	Year Ended March 31, 2017
Income:			
Revenue from operations	31	1,250.83	551.53
Other income	32	37.99	44.95
Total Income		**1,288.82**	**596.48**
Expenses:			
Employee benefits expense	33	577.26	563.44
Depreciation and amortisation expense	34	382.64	344.82
Finance costs	35	1,063.43	648.97
Other expenses	36	1,611.96	836.69
Total expenses		**3,635.29**	**2,393.92**
Loss before tax		**(2,346.47)**	**(1,797.44)**
Tax expense:			
Current tax			
- for the year		-	69.00
- short provision of tax for earlier years		-	32.75
Deferred tax charge/(credit)		69.00	(69.00)
Total tax expense		**69.00**	**32.75**
Loss for the year		**(2,415.47)**	**(1,830.19)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plan		(5.29)	(6.44)
Fair value change in investment in equity instruments measured at fair value through other comprehensive income		1.12	191.92
Total other comprehensive income / (loss) for the year		**(4.17)**	**185.48**
Total comprehensive loss for the year		**(2,419.64)**	**(1,644.71)**
Earnings per equity share (nominal value per equity share Rs. 10 each)	37		
Basic (in Rs.)		(105.33)	(79.81)
Diluted (in Rs.)		(105.33)	(79.81)

See accompanying notes 1 to 54 to the standalone financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
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Mumbai, May 15, 2018

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Chief Financial Officer

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Company Secretary

Thane, May 15, 2018

Standalone Cash Flow Statement for the year ended March 31, 2018

(Rs. In Lakhs)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
A. Cash flows from operating activities		
Loss before tax	(2,346.47)	(1,797.44)
Adjustments for:		
Depreciation and amortisation expense	382.64	344.82
Loss on sale of property, plant and equipment	5.70	0.32
Provision for impairment of non-current investment in a joint venture	588.00	-
Provision for impairment of non-current investment in a subsidiary	-	5.00
Net gain on sale / fair valuation of investments through profit and loss	(5.45)	(1.48)
Provision for share of loss in a joint venture in excess of cost of investment	13.02	-
Finance costs	1,063.43	648.97
Interest income	(13.10)	(37.44)
Dividend income	(0.05)	(0.05)
Provision for doubtful debts and advances	5.52	-
Operating loss before working capital changes	**(306.76)**	**(837.30)**
Movements in working capital :		
Decrease/(increase) in trade receivables	6.18	(35.56)
(Increase)/decrease in other assets	160.59	(196.87)
Increase/(decrease) in trade payables	103.50	(13.29)
Increase/(decrease) in provisions	(17.70)	16.12
Increase in other liabilities	256.39	19.40
	202.20	**(1,047.50)**
Income taxes paid	(69.92)	134.54
Net cash generated from / (used in) operations (A)	**132.28**	**(912.96)**
B. Cash flows from investing activities		
Payments for purchase of property, plant and equipment and investment property including capital work-in-progress and intangible assets	(452.85)	(808.45)
Proceeds from disposal of property, plant and equipment	5.23	-
Interest received	6.75	101.37
Purchase of investments		
In a subsidiary	(8,292.95)	-
In a Joint venture	(58.00)	(262.00)
Other current investments		(100.00)
Proceeds from sale/redemption of investments		
Current investments	-	80.00
Non-current investments	-	2,832.67
Dividend received	0.05	0.05
Bank balances not considered as cash and cash equivalents	(107.26)	120.67
Net cash (used in) / generated from investing activities (B)	**(8,899.03)**	**1,964.31**

Standalone Cash Flow Statement for the year ended March 31, 2018

(Rs. In Lakhs)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
C. Cash flows from financing activities		
Proceeds from borrowings	14,592.50	4,298.76
Repayment of borrowings	(4,744.99)	(4,894.02)
Finance costs	(944.69)	(585.88)
Dividend paid	(60.07)	(60.00)
Dividend distribution tax paid	(11.67)	(11.67)
Net cash (used in) / generated from financing activities (C)	**8,831.08**	**(1,252.81)**
Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)	**64.33**	**(201.46)**
Cash and cash equivalents at the beginning of the year	70.56	272.02
Cash and cash equivalents at the end of the year	**134.89**	**70.56**
Components of cash and cash equivalents		
Cash on hand	1.65	2.03
Balances with banks in current account	133.24	68.53
Total cash and cash equivalents (Refer note 16)	**134.89**	**70.56**

See accompanying notes 1 to 54 to the standalone financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Mumbai, May 15, 2018

For and on behalf of the Board of Directors of DIL Limited

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Director

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Director

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Thane, May 15, 2018

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

(a) Equity share capital

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balance at the beginning and end of the year	229.32	229.32	229.32

(b) Other equity

(Rs. In Lakhs)

	Reserves and surplus			Items of Other comprehensive income	Total
	Capital reserve	General reserve	Retained earnings	Equity instruments through OCI	
Balance as at April 01, 2016	**1,140.00**	**4,171.15**	**2,853.10**	**2,280.69**	**10,444.94**
Loss for the year	-	-	(1,830.19)	-	(1,830.19)
Transfer from retained earnings	-	-	2,466.17	(2,466.17)	-
Payment of dividend (including dividend distribution tax)	-	-	(69.00)	-	(69.00)
Other comprehensive income for the year	-	-	(6.44)*	191.92	185.48
Balance as at March 31, 2017	**1,140.00**	**4,171.15**	**3,413.64**	**6.44**	**8,731.23**
Loss for the year	-	-	(2,415.47)	-	(2,415.47)
Other comprehensive income for the year	-	-	(5.29)*	1.12	(4.17)
Payment of dividend (including dividend distribution tax)	-	-	(69.00)	-	(69.00)
Balance as at March 31, 2018	**1,140.00**	**4,171.15**	**923.88**	**7.56**	**6,242.59**

* Represents remeasurement of defined benefit plan

(c) Total equity

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Total equity [(a)+(b)]	6,471.91	8,960.55	10,674.26

See accompanying notes 1 to 54 to the standalone financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Mumbai, May 15, 2018

For and on behalf of the Board of Directors of DIL Limited

Sanjay Buch
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Vinayak Hajare
Director

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Thane, May 15, 2018

Notes to Standalone Financial Statements for the year ended March 31, 2018

1. Corporate information

DIL Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1913. Its shares are listed on Bombay Stock Exchange. The registered office of the Company is located at A- 1601, Thane One, DIL Complex, Ghodhbunder Road, Majiwade, Thane (West) 400610. The Company is engaged in the business of renting properties, motion film production and distribution. The Company also has strategic investments in subsidiaries / associates / Joint venture companies primarily dealing in manufacturing and marketing of bulk drugs and providing services of sporting and health awareness/education activities and motion film production.

2. Significant accounting policies

2.1 Statement of compliance

These financial statements are separate financial statements of the Company. The Company has prepared financial statements for the year ended March 31, 2018 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2017. Further, the Company has prepared the opening balance sheet as at April 01, 2016 (the transition date) in accordance with the Ind AS.

For all periods up to and including the year ended March 31, 2017, the Company had prepared its financial statements in accordance with the requirements of previous GAAP, which includes Accounting Standards notified under the Companies (Accounting standards) Rules, 2006 (as amended) .

These are the Company's first Ind AS financial statements. Refer note 49 for the details of first-time adoption exemptions availed by the Company.

2.2 Basis of preparation and presentation

These financial statements for the year ended March 31, 2018 are the first financial statements the Company has prepared in accordance with Ind AS.

The financial statements have been prepared on the historical cost basis, except for: (i) certain financial instruments that are measured at fair values at the end of each reporting period; and (ii) defined benefit plans – plan assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(a) Fair Value Measurement

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

The Company has consistently applied accounting policies to all periods presented in these financial statements.

(b) Operating cycle

Based on the nature of activities of the Company, the Company has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

(c) Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non- monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non -monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowing relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

(d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(e) Employee Benefits

i) Short term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

ii) Long-term employee benefits:

Liabilities recognised in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

A) **Defined contribution plan:** The Company contributes towards state governed provident fund scheme, employee state insurance scheme (ESIC) and superannuation scheme for eligible employees. The Company has no further payment obligations once the contributions have been paid. Hence payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

B) **Defined benefit plans:** The employees' gratuity fund scheme represents defined benefit plans. The cost of providing benefits is determined using projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the assets (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

i) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

ii) net interest expenses or income; and

iii) remeasurement

The Company presents the first two components of defined benefit costs in Statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service cost.

Notes to Standalone Financial Statements for the year ended March 31, 2018

(f) Income Taxes

Income Tax expense represents the sum of the tax currently payable and deferred tax.

i) Current tax:

Current tax is the amount of income tax payable in respect of taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under the Income Tax Act, 1961.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognized for all the deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductable temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

iii) Presentation of current and deferred tax:

Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognised in Other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

(g) Revenue recognition

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Revenue includes only the gross inflows of economic benefits, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax, and goods and services tax are excluded from revenue.

Rental income from investment property

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are recognised over the lease term on the same basis as rental income.

Rendering of services:

Revenue from services rendered is recognized pro-rata over the period of the contract in the Statement of profit and loss as the underliying services are performed.

Revenue from licensing of motion film

Revenue from licensing of motion film is recognized in accordance with the terms of the licensing agreement or physical delivery of the motion film, whichever is later.

Interest and dividend:

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the life of the financial assets to that asset's net carrying amount on initial recognition.

Interest on income tax refund is recognized on receipt of the refund order.

Dividend income is recognized when the Company's right to receive payment is established which is generally when shareholders approve the dividend.

(h) Property, plant and equipment (PPE)

Items of property, plant and equipment are stated in balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, borrowing costs capitalised for qualifying assets in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of property, plant and equipment and is recognised in profit or loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and capital work-in-progress) less their residual values on straight-line method over their useful lives as indicated in Part C of Schedule II of the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the property, plant and equipment are as follows:

Asset Category	Estimated useful life (in years)
Building	
On freehold land	60
Roads/ hardscaping works	10
Leasehold improvements	30
Plant and equipment	15
Computers (included in plant and equipment)	3
Furniture and fixtures	6
Vehicles	8

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its tangible property, plant and equipment recognised as of April1, 2016 (transition date), measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Notes to Standalone Financial Statements for the year ended March 31, 2018

(i) **Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured-initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of Ind AS 16 as per the cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

For transition to Ind AS, the Company has elected to continue with the carrying value of its 'investment property recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

The estimated useful lives for Investment property are as follows:

Asset Category	Estimated useful life (in years)
Building	60
Plant and equipment	15

(j) **Intangible assets**

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from use or disposal. Any gain or loss arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of profit and loss when the assets is derecognised.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of the transition date, measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

The estimated useful lives of the intangible assets are as follows:

Asset Category	Estimated useful life (in years)
Computer Software	3-6

(k) **Impairment of tangible and intangible assets other than goodwill**

At the end of each reporting period, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the assets belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units on a reasonable and consistent allocation basis.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of the net selling price and the value in use; and

(ii) in the case of a cash generating unit (a Group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the Company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of profit and loss.

(l) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets

Initial recognition and measurement:

All financial assets are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial asset on initial recognition.Transaction costs directly attributable to the acquisition of financial assets as at fair value through profit or loss are recognised immediately in profit or loss. All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories -

1 Debt instruments at amortised cost

2 Debt instruments at fair value through other comprehensive income (FVTOCI)

3 Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

4 Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) 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.

After initial recognition, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Interest revenue calculated using the EIR is included in other income in the Statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Debt instrument at FVTOCI

A 'debt instrument' is measured as at FVTOCI if both of the following criteria are met:

(a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

(b) The contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses / reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Equity Instruments

All equity Instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading, are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument including foreign exchange gain or loss , excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition

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:

1) The contractual rights to receive cash flows from the asset have expired, or

2) The Company has transferred its rights to receive contractual 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. 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 accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

d) Trade receivables or any contractual right to receive cash or another financial asset

e) Loan commitments which are not measured as at FVTPL

f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or any contractual right to receive cash or another financial asset.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed

Financial liabilities and equity instruments

Classification as debts or equity:

Debts and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instruments is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue cost.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound financial instruments:

The components parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substances of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognized as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instruments as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognized in equity will be transferred to retain earnings. No gain or loss is recognized in the Statement of profit and loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity components are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial liabilities:

Initial recognition and measurement:

All financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities fair valued through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities fair valued through profit or loss are recognised immediately in profit or loss.

Subsequent measurement:

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Financial liabilities at FVTPL:
Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:
it has been incurred principally for the purpose of repurchasing it in the near term; or

on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit, or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit and loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at FVTPL are recognised in profit or loss.

Fair value is determined in the manner described in note 44.

Financial liabilities at amortised cost:
Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities:
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of profit and loss.

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.

(m) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor :

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee :

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the standalone balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs [see note 2.(d) above]. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(n) Investments in equity instruments of subsidiaries:

Investments in equity instruments of subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of profit and loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

(o) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow 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".

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Contingent assets are not recognized in the financial statements of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare case where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(p) Earnings per share

The Company presents basic and diluted earnings per shares data for its equity shares

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. The Company does not have any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

(q) Cash and cash equivalents:

Cash and cash equivalent in the balance sheet comprise cash with 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.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(r) Operating segments:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM") of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

(s) Use of estimates and Judgements

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

<u>Fair value measurement of financial instruments:</u>

When the fair values of financials assets and financial liabilities recorded in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgements and assumptions.

<u>Useful lives of property, plant and equipment and intangible assets :</u>

The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time when the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

<u>Assets and obligations relating to employee benefit:</u>

The employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of employment benefit obligations.

Tax expense : [refer note 2(f)]

The Company's tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes, if any, including amount expected to be paid/recovered for uncertain tax positions. Further, significant judgement is exercised to ascertain amount of deferred tax asset (DTA) that could be recognised based on the probability that future taxable profits will be available against which DTA can be utilized and amount of temporary difference in which DTA cannot be recognised on want of probable taxable profits.

Provisions: [refer note 2(o)]

Contingencies (refer note 52)

(t) Recent Accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Appendix B to Ind AS 21 is expected to be insignificant.

Ind AS 115

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 3 - Property, plant and equipment

(Rs. In Lakhs)

	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicle	Leasehold improvements	Total
Deemed cost as at April 01, 2016	**20.79**	**401.07**	**113.09**	**4.95**	**109.23**	**192.77**	**841.90**
Additions	-	10.94	17.49	7.89	1.08	-	37.40
Disposals	-	-	(0.32)	-	-	-	(0.32)
Balance as at March 31, 2017	**20.79**	**412.01**	**130.26**	**12.84**	**110.31**	**192.77**	**878.98**
Additions	-	196.88	110.72	166.70	-	-	474.30
Disposals	-	-	-	-	(10.93)	-	(10.93)
Balance as at March 31, 2018	**20.79**	**608.89**	**240.98**	**179.54**	**99.38**	**192.77**	**1,342.35**
Accumulated depreciation							
As at April 01, 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation expense	-	9.24	11.08	8.93	26.37	9.69	65.31
Balance as at March 31, 2017	**-**	**9.24**	**11.08**	**8.93**	**26.37**	**9.69**	**65.31**
Depreciation expense	-	12.34	24.12	28.40	24.67	9.69	99.22
Balance as at March 31, 2018	**-**	**21.58**	**35.20**	**37.33**	**51.04**	**19.38**	**164.53**
Carrying amount							
As at April 01, 2016	**20.79**	**401.07**	**113.09**	**4.95**	**109.23**	**192.77**	**841.90**
As at March 31, 2017	**20.79**	**402.77**	**119.18**	**3.91**	**83.94**	**183.08**	**813.67**
As at March 31, 2018	**20.79**	**587.31**	**205.78**	**142.21**	**48.34**	**173.39**	**1,177.82**

Note 4 - Investment property

(Rs. In Lakhs)

	Buildings	Plant and equipment	Total
Deemed cost as at April 01, 2016	**6,381.54**	**2,112.81**	**8,494.35**
Additions	232.54	100.32	332.86
Balance as at March 31, 2017	**6,614.08**	**2,213.13**	**8,827.21**
Additions	117.90	25.64	143.54
Balance as at March 31, 2018	**6,731.98**	**2,238.77**	**8,970.75**
Accumulated depreciation			
As at April 01, 2016	**-**	**-**	**-**
Depreciation expense	135.19	143.44	278.63
Balance as at March 31, 2017	**135.19**	**143.44**	**278.63**
Depreciation expense	138.04	144.60	282.64
Balance as at March 31, 2018	**273.23**	**288.04**	**561.27**
Carrying amount			
As at April 01, 2016	**6,381.54**	**2,112.81**	**8,494.35**
As at March 31, 2017	**6,478.89**	**2,069.69**	**8,548.58**
As at March 31, 2018	**6,458.75**	**1,950.73**	**8,409.48**

Also see note 47 to the standalone financial statements

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 5 - Intangible assets

(Rs. In Lakhs)

	Computer software	Total
Deemed cost as at April 01, 2016	3.78	3.78
Balance as at March 31, 2017	**3.78**	**3.78**
Balance as at March 31, 2018	**3.78**	**3.78**
Accumulated amortisation		
As at April 01, 2016	**-**	**-**
Amortisation expense	0.88	0.88
Balance as at March 31, 2017	**0.88**	**0.88**
Amortisation expense	0.78	0.78
Balance as at March 31, 2018	**1.66**	**1.66**
Carrying amount		
As at April 01, 2016	**3.78**	**3.78**
As at March 31, 2017	**2.90**	**2.90**
As at March 31, 2018	**2.12**	**2.12**

Note 6 - Investments-Unquoted (Non-current)

(Rs. In Lakhs)

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
i)	**Investments in subsidiaries- in equity instruments Unquoted (Fully paid up) (At cost less impairment in the value of investments, if any)**			
a)	Aegean Properties Limited.	30.00	30.00	30.00
	30,000 [(March 31, 2017 - 30,000) (April 01, 2016 - 30,000)] Equity shares of Rs. 100 each			
b)	Fermenta Biotech Limited.*	10,002.20	1,709.25	1,709.25
	1,65,92,536 [(March 31, 2017 - 1,27,62,464), (April 01, 2016 - 1,27,62,464)] Equity shares of Rs. 10 each			
c)	CC Square Films Limited	5.00	5.00	5.00
	50,000 [(March 31, 2017 - 50,000) (April 01, 2016 - 50,000)] Equity shares of Rs. 10 each.			
	Less: Impairment in the value of investment	(5.00)	(5.00)	-
		10,032.20	**1,739.25**	**1,744.25**
	Aggregate amount of unquoted investments before impairment	10,037.20	1,744.25	1,744.25
	Aggregate amount of impairment in value of investments	5.00	5.00	-

* During the current year, the Company has acquired 38,30,072 equity shares (Face Value of Rs 10 each) of FBL, representing 21.05% of the issued and paid up equity share capital of FBL from Evolvence for a consideration of Rs. 8,280.00 lakhs. Subsequent to transfer of equity shares, the Company's holding in FBL has increased to 91.20% of the total shareholding.

(Rs. In Lakhs)

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ii)	**Investment in associates - In equity instruments Unquoted (Fully paid up) (At cost less impairment in value of investments, if any)**			
a)	Health and Wellness India Private Limited (Refer note 50)	475.00	475.00	475.00
	30,12,504 [(March 31, 2017 - 30,12,504) (April 01, 2016 - 30,12,504)] Equity shares of Rs. 10 each			
b)	Zela Wellness Private Limited (Refer note 50)			
	1,03,234 [(March 31, 2017 - 1,03,234) (April 01, 2016 - 19,600)] Equity shares of Rs. 10 each	225.00	225.00	50.00
		700.00	700.00	525.00

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 6 - Investments-Unquoted (Non-current) (contd.)

(Rs. In Lakhs)

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
iii)	**Investment in joint ventures**			
a)	VasKo Glider s.r.o	-	188.51	188.51
b)	Agastya Films LLP	588.00	530.00	268.00
	Less: Impairment in the value of investment	(588.00)	(188.51)	(188.51)
		-	**530.00**	**268.00**
	Aggregate amount of investment before impairment	588.00	718.51	456.51
	Aggregate amount of impairment in value of investments	588.00	188.51	188.51

Note: the list of subsidiaries, joint ventures and associates along with proportion of ownership interest held and country of incorporation are disclosed in note 47 of the Consolidated Financial Statements

Note 7 - Investments (Non-current)

(Rs. In Lakhs)

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Equity instruments:				
	Unquoted Investment (all fully paid up)			
	Investments in equity instruments at FVTPL			
	Biodil Marsing Private Limited	5.90	5.90	5.90
	59,000 [(March 31, 2017 - 59,000) (April 01, 2016 - 59,000)] Equity shares of Rs. 10 each			
	Less: Provision for diminution in the value of investments	(5.90)	(5.90)	(5.90)
	Total aggregate unquoted Investment (A)	-	-	-
	Quoted Investment (all fully paid)			
	<u>Investments in equity instruments at FVTOCI</u>			
a)	Abbott India Limited	7.57	6.45	6.54
	139 [(March 31, 2017 - 139) (April 01, 2016 - 139)] Equity shares of Rs. 10 each			
b)	Syngene International Limited	-	-	2,640.66
	Nil [(March 31, 2017 - Nil) (April 01, 2016 - 6,87,224)] Equity shares of Rs. 10 each.			
	Total aggregate quoted investments (B)	**7.57**	**6.45**	**2,647.20**
	Total Non-current investments (A+B)	**7.57**	**6.45**	**2,647.20**
	Aggregate carrying value of unquoted investment before impairment	5.90	5.90	5.90
	Aggregate amount of impairment in value of investment	5.90	5.90	5.90
	Aggregate book value of quoted investments	7.57	6.45	2,647.20
	Aggregate market value of quoted investments	7.57	6.45	2,647.20

Note 8 - Share application money (Refer note 50)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Health and Wellness India Private Limited	309.86	309.86	309.86
Zela Wellness Private Limited	-	-	175.00
Noble Explochem Limited	597.00	597.00	597.00
	906.86	**906.86**	**1,081.86**

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 9 - Loans (Non-current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Loans to employees	31.85	32.62	25.36
	31.85	**32.62**	**25.36**

Note 10 - Other financial assets (Non-current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Security deposits	100.89	89.76	75.87
Bank deposits with remaining maturity of more than 12 months* (Refer note 16)	122.00	12.00	130.00
	222.89	**101.76**	**205.87**

* This includes deposits,			
held in the form of Debt Security Reserve (DSR) with Kotak Bank Limited	110.00	-	-
kept for fund based bank guarantee with Union Bank of India	12.00	12.00	-
held in the form of Debt Security Reserve (DSR) with Axis Bank Limited	-	-	130.00

Note 11 - Deferred tax asset

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
MAT credit entitlement	-	69.00	-
	-	**69.00**	**-**

Note 11A - Non-current tax assets (Net)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advance income-tax (Net of provision for taxation)	98.32	28.40	305.14
	98.32	**28.40**	**305.14**

Note 12 - Other non-current assets

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advance for supply of goods and services			
Unsecured, considered good*	23.07	28.52	19.77
Unsecured, considered doubtful	19.01	19.01	19.01
	42.08	**47.53**	**38.78**
Less: Allowance for doubtful advances	19.01	19.01	19.01
	23.07	**28.52**	**19.77**
Prepaid expenses	134.71	107.16	-
Balances with government authorities	3.75	3.75	3.75
	138.46	**110.91**	**3.75**
	161.53	**139.43**	**23.52**

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 13 - Investments (Current)

(Rs. In Lakhs)

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	In Mutual funds*			
	Unquoted investments (Unit of Rs. 10 each fully paid)			
a)	Union KBC Dynamic Bond Fund - Growth	-	-	33.27
	Nil [(March 31, 2017 -Nil) (April 01, 2016 - 2,27,324.392)] units			
b)	Union KBC Capital Protection Oriented Fund Series 5 - Regular Plan - Growth	-	-	58.85
	Nil [(March 31, 2017 - Nil) (April 01, 2016 - 5,00,000)] units			
c)	Union Capital Protection Oriented Fund - Series 7	105.89	100.45	-
	10,00,000 [(March 31, 2017 - 10,00,000) (April 01, 2016 - Nil)] units			
		105.89	**100.45**	**92.12**

* Investments in mutual funds have been fair valued at the closing net asset value (NAV).

Note 14 - Trade receivables (Current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
Due by a firm in which director is a partner	2.24	-	0.57
Due by others	25.96	38.72	2.59
Unsecured, considered doubtful	4.34	-	5.97
Less: Allowance for doubtful debts	(4.34)	-	(5.97)
	28.20	**38.72**	**3.16**
Movement of allowance for doubtful debts			
Balance at the beginning of the year	-	5.97	5.97
Addition during the year	4.34	-	-
Reversal during the year	-	5.97	-
Balance at the end of the year	4.34	-	5.97

Note 15 - Cash and cash equivalents

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with banks in current accounts	133.24	68.53	270.16
Cash on hand	1.65	2.03	1.86
	134.89	**70.56**	**272.02**

Note 16 - Bank balances other than cash and cash equivalents

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Earmarked balances with banks			
Unpaid dividend accounts	22.26	25.00	27.67
In deposit accounts with remaining maturity of more than 12 months * (Refer note below)	122.00	12.00	130.00
	144.26	**37.00**	**157.67**

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 16 - Bank balances other than cash and cash equivalents (contd.)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Amount disclosed under other non-current financial assets (Refer note 10)	(122.00)	(12.00)	(130.00)
	22.26	**25.00**	**27.67**
* This includes deposits			
- held in the form of Debt Security Reserve (DSR) with Kotak Bank Limited	110.00	-	-
- kept for fund based bank guarantee with Union Bank of India	12.00	12.00	-
- held in the form of Debt Security Reserve (DSR) with Axis Bank Limited	-	-	130.00

Note 17 - Loans (Current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
Loans to related parties (Refer notes 41 and below)	-	-	157.50
Loans to employees	8.30	15.43	14.79
	8.30	**15.43**	**172.29**
Loans to related parties include			
Amount outstanding as at the year end			
- Fermenta Biotech Limited	-	-	157.50
Maximum amount outstanding during the year			
- Fermenta Biotech Limited	-	157.50	232.50
- This loan has been granted to Fermenta Biotech Limited for the purpose of their business.			

Note 18 - Other financial assets (Current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Interest accrued	11.99	5.64	95.21
Advances recoverable in cash or kind			
Unsecured, considered good*	57.20	157.16	188.44
Unsecured, considered doubtful	1.18	-	-
	58.38	**157.16**	**188.44**
Less: Allowances for doubtful advances	(1.18)	-	-
	69.19	**162.80**	**283.65**
* includes amount given as an inter-corporate deposit to an associate			
Amount outstanding as at the year end [Refer note 50 (b)]			
- Health and Wellness India Private Limited	22.50	-	-
Maximum amount outstanding during the year			
- Health and Wellness India Private Limited	22.50	-	-
This loan has been granted to Health and Wellness India Private Limited for the purpose of their business.			

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 19 - Other current assets

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
Capital advances	50.13	292.07	133.20
Prepaid expenses	85.58	39.79	7.47
Balances with statutory / government authorities	4.58	137.51	-
	140.29	**469.37**	**140.67**

Note 20 - Equity share capital

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Authorised share capital:			
49,20,000 (March 31, 2017 - 49,20,000) (April 01, 2016 - 49,20,000) Equity shares of Rs. 10/- each	492.00	492.00	492.00
80,000 (March 31, 2017 - 80,000) (April 01, 2016 - 80,000) Unclassified shares of Rs. 10/- each	8.00	8.00	8.00
	500.00	**500.00**	**500.00**
Issued, subscribed and fully paid up shares:			
22,93,198 (March 31, 2017 - 22,93,198) (April 01, 2016 - 22,93,198) Equity shares of Rs. 10/- each.	229.32	229.32	229.32
	229.32	**229.32**	**229.32**

a) **Details of shareholders holding more than 5% equity shares in the Company**

Name of the shareholder	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
Equity shares of Rs. 10/- each fully paid	No of shares in lakhs	% holding in the class	No of shares in lakhs	% holding in the class	No of shares in lakhs	% holding in the class
DVK Investments Private Limited, the holding company	12.36	53.91%	12.36	53.91%	12.36	53.91%
Mr. Krishna Datla	1.99	8.68%	1.99	8.68%	1.99	8.68%

b) **Shares held by holding company**

Out of equity shares issued by the Company, shares held by its holding Company are as below. (Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
DVK Investments Private Limited			
12,36,235 (March 31, 2017 -12,36,235) (April 01, 2016 -12,36,235) Equity shares of Rs. 10/-each fully paid	123.62	123.62	123.62

c) **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2018, the amount of per share dividend recommended by the Board of Directors for distribution to equity shareholders is Rs. 2.50 (March 31, 2017: Rs. 2.50/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

Note 20 - Equity share capital (contd.)

d) **Reconciliation of shares outstanding at the beginning and at the end of the year**

There is no movement in the number of issued, subscribed and paid up equity shares at the beginning and at the end of the financial year.

Note 21- Other equity

(Rs. In Lakhs)

	Reserves and Surplus			Items of Other comprehensive income	Total
	Capital reserve	General Reserve	Retained Earnings	equity instruments through OCI	
Balance as at April 01, 2016	**1,140.00**	**4,171.15**	**2,853.10**	**2,280.69**	**10,444.94**
Loss for the year	-	-	(1,830.19)	-	(1,830.19)
Transfer from retained earnings	-	-	2,466.17	(2,466.17)	-
Payment of dividend (including dividend distribution tax)	-	-	(69.00)	-	(69.00)
Other comprehensive income for the year	-	-	(6.44)*	191.92	185.48
Balance as at March 31, 2017	**1,140.00**	**4,171.15**	**3,413.64**	**6.44**	**8,731.23**
Loss for the year	-	-	(2,415.47)	-	(2,415.47)
Other comprehensive income for the year	-	-	(5.29)*	1.12	(4.17)
Payment of dividend (including dividend distribution tax)	-	-	(69.00)	-	(69.00)
Balance as at March 31, 2018	**1,140.00**	**4,171.15**	**923.88**	**7.56**	**6,242.59**

* Represents remeasurement of defined benefit plan

Description of nature and purpose of each reserve

Capital reserve: Capital reserve was created in the financial year 1995-96 and 1996-97 pursuant to sale of the Company's brands for which non compete fees were received and treated as a capital receipt.

General reserve: General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes.

Retained earnings: Profits generated by the Company that are not distributed to shareholders as dividends but are reinvested in the business.

Equity instruments through other comprehensive income: This represents the cumulative gains / losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option.

Note 22 - Long-term borrowings

(Rs. In Lakhs)

Secured	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Non Current	Current	Non Current	Current	Non Current	Current
Secured						
Term loan						
From banks						
Loan against lease rental (Discounting Loan) for Ceejay House Property [Refer note below (a)]	-	-	-	-	1,368.95	93.24
For Thane One [Refer note below (b)]	-	-	3,421.84	643.00	-	-
For Thane One [Refer note below (c)]	-	-	-	-	-	3,450.00
For vehicles [Refer note below (d)]	-	3.66	3.66	8.57	12.24	11.16

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 22 - Long-term borrowings (contd.)

(Rs. In Lakhs)

Secured	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Non Current	Current	Non Current	Current	Non Current	Current
From others						
For business operations [Refer note below (e)]	3,736.87	172.00	-	-	-	-
For business operations [Refer note below (f)]	4,418.64	324.63	-	-	-	-
For business operations [Refer note below (g)]	5,046.28	-	-	-	-	-
Total	**13,201.79**	**500.29**	**3,425.50**	**651.57**	**1,381.19**	**3,554.40**
Amount disclosed under the head "other current financial liabilities" (Refer note 28)	-	(500.29)	-	(651.57)	-	(3,554.40)
Net amount	**13,201.79**	-	**3,425.50**	-	**1,381.19**	-

a) Loan under lease rental discounting (LRD) from Axis Bank Limited was taken during the earlier financial year by securitisation of Ceejay House rentals and carries interest @ 10.75% p.a. The loan was repayable in 111 monthly installments including interest (EMI). Further the said LRD Loan was also secured by way of first charge on Equitable Mortgage of Ceejay House owned by Aegean Properties Limited (APL). Further, the LRD Loan had been guaranteed by the personal guarantee of the managing director of the company and its subsidiary company (APL).

b) Term loans for Thane One Building at Majiwade Thane under "Union Liqui Property Scheme" was taken from Union Bank of India during the earlier financial year with interest rates (BR + 3.40%) 12.85% p.a [April 01, 2016 NIL] repayable after 12 months starting September 08, 2017 in seven yearly installments of Rs. 643 Lakhs each. The said term loans were secured by way of first charge on Equitable Mortgage of Land at Thane and Constructions there on. Further, the loan had been guaranteed by the personal guarantee of the managing director of the Company and the holding company, DVK Investment Private Limited.

c) Term loans for Thane One Building at Majiwade Thane was taken from Union Bank of India with interest rates (BR + 4.25%) 13.90% p a [April 01, 2016 (BR + 4.25%) 13.90% p.a] repayable in 12 months starting March 31, 2016 in four quarterly installments. The said term loans were secured by way of first charge on Equitable Mortgage of Land and Constructions there on. Further, the loan had been guaranteed by the personal guarantee of the managing director of the Company and the holding company, DVK Investment Private Limited.

d) Vehicle loans from banks were taken during the financial year 2010-11 to 2015–16 and carries interest ranging between @ 8.20% to 12.76% p.a. The loan is repayable in 36 / 60 monthly installments including interest. The loan is secured by hypothecation of vehicles.

e) Term loan from Kotak Mahindra Investments Limited under the loan against property (LAP) scheme of Rs. 4000 Lakhs at interest rate of 11.00% p.a. payable in 15 quarterly installments starting from March 31, 2019 and secured by way of equitable Mortgage of Ground, 14,15 and 16 floors of Thane One, land admeasuring approx. 45 acres located at Takwe, Pune (owned by DIL Limited 25 acres and balance 20 acres held in a trust by the managing director of the company and others), and pledge of 30% equity stake of the Company in Fermenta Biotech Limited. Further, the said loan has been guaranteed by the personal guarantee of the managing director of the Company and corporate guarantee of the holding company, DVK Investment Private Limited.

f) Term loan of Rs. 5000 Lakhs from Bajaj Finance Limited at the interest rate of 9.52% p.a of which Rs. 2500 Lakhs in the form of top up of LRD on Thane One property (consisting of rentals of 1st floor to 13th floor) and balance Rs. 2500 Lakhs as a term loan secured by equitable mortgage of the premises at Ceejay House owned by Aegean Properties Limited (APL), a wholly owned subsidiary of the Company. Further these loans have been guaranteed by the personal guarantee of the managing director of the Company and the corporate guarantee of the holding company, DVK Investment Private Limited.

g) Loan by way of discounting of lease rental of Thane One Building consisting of 1st floor to 13th floor from Bajaj Finance Limited of Rs. 5000 Lakhs carrying interest @ 9.05% p.a repayable after 156 months in one installment. The said loan is secured by hypothecation of the lease agreements of Thane One (consisting of 1st floor to 13th floor). Further the LRD Loan has been guaranteed by the personal guarantee of the managing director of the Company and the corporate guarantee of the holding company, DVK Investment Private Limited.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 23 - Other financial liabilities (Non-current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deposits from tenants	533.73	232.64	46.15
	533.73	**232.64**	**46.15**

Note 24 - Provisions (Non-current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for employee benefits			
Gratuity [Refer note 38]	35.75	32.88	12.75
Compensated absences	36.14	41.70	36.22
	71.89	**74.58**	**48.97**

Note 25 - Other non-current liabilities

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred rent	171.18	89.17	17.83
	171.18	**89.17**	**17.83**

Note 26 - Borrowings (Current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured			
From Banks			
Cash credit [Refer note (a) below]	-	-	44.24
From Others [Refer note (b) below]			
Inter corporate deposits (ICD) from DVK Investments Pvt Ltd., holding company	200.00	-	-
Inter corporate deposits (ICD) from Allegro Corporate Finance Advisors Pvt Ltd.	372.50	350.00	200.00
	572.50	**350.00**	**244.24**

Notes:

a) Cash credit are from Union Bank of India carrying an interest @16.75% (BR+6.85%) p.a.

b) ICD's from DVK Investments Pvt Ltd and Allegro Corporate Finance Advisors Pvt Ltd carrying interest at rate of 12% p.a. are repayable on demand.

Note 27 - Trade payables

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Total outstanding dues of micro and small enterprises	-	-	-
Total outstanding dues of creditors other than micro and small enterprises	130.23	34.64	50.59
Payable to subsidiary companies	49.41	41.50	38.84
	179.64	**76.14**	**89.43**

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 28 - Other financial liabilities (Current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current maturities of long-term borrowings (Refer note 22)	500.29	651.57	3,554.40
Current maturities of deposits from tenants	0.20	0.20	253.87
Liability for capital expenditure	89.39	296.08	503.53
Interest accrued but not due on borrowings	200.48	81.74	18.65
Unclaimed dividends	22.26	25.00	27.67
Due to others	84.92	77.71	53.55
	897.54	**1,132.30**	**4,411.67**

Note 29 - Provisions (Current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for employee benefits			
Compensated absences	3.46	13.18	16.09
	3.46	**13.18**	**16.09**
Other provisions			
Share of losses of a joint venture	13.02	-	-
	13.02	**-**	**-**
	16.48	**13.18**	**16.09**

Note 30 - Other current liabilities

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Statutory dues	50.15	24.83	40.02
Deferred rent	59.70	26.89	20.77
Advance from customer	33.15	225.20	225.05
	143.00	**276.92**	**285.84**

Note 31 - Revenue from operations

(Rs. In Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Rent Income	997.89	462.24
Amortised deferred rent	38.00	28.97
Service income (Infrastructure support services to tenants)	214.94	60.32
	1,250.83	**551.53**

Note 32 - Other income

(Rs. In Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest income on financial assets carried at amortised cost:		
Bank deposits	3.13	7.23
Loans	-	5.96
Other financial assets	9.97	4.57

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 32 - Other income (contd.)

(Rs. In Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest on income tax refund	-	25.64
Net gain arising on financial assets measured at fair value through profit and loss	5.45	0.45
Gain on sale of financial assets measured at fair value through profit and loss	-	1.03
Dividend income on investments in equity: instruments designated at fair value through other comprehensive income	0.05	0.05
Sale of scrap	0.18	0.02
Miscellaneous income	19.21	-
	37.99	**44.95**

Note 33 - Employee benefits expense

(Rs. In Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Salaries and wages	531.29	499.29
Contribution to provident and other funds (Refer note 38)	33.05	33.84
Gratuity expense (Refer note 38)	3.36	15.04
Staff welfare expenses	9.56	15.27
	577.26	**563.44**

Note 34 - Depreciation and amortization expense

(Rs. In Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Depreciation of property, plant and equipment (Refer note 3)	99.22	65.31
Depreciation of investment property (Refer note 4)	282.64	278.63
Amortisation of intangible assets (Refer note 5)	0.78	0.88
	382.64	**344.82**

Note 35 - Finance costs

(Rs. In Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest on		
Term loans and bank overdraft (other than those from related parties)	966.95	610.87
Loans from related parties	16.18	0.69
On liabilities carried at amortised cost (Unwinding of interest)	34.87	20.24
Other charges	45.43	17.17
	1,063.43	**648.97**

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 36 - Other expenses

(Rs. In Lakhs)

	Year Ended March 31, 2018		Year Ended March 31, 2017	
Electricity charges/fuel		237.90		144.93
Water charges		8.70		9.57
Rates and taxes		65.67		109.43
Rent		53.20		57.18
Insurance		12.19		10.27
Repairs and maintenance:				
Plant and machinery		49.24		46.06
Buildings		5.43		1.86
Others		257.96		148.45
Advertising and sales promotion expenses		14.81		23.23
Travelling and conveyance		21.59		32.47
Legal and professional charges		89.29		116.46
Payment to auditors (Refer note below)		21.07		17.49
Net loss on foreign currency transactions		0.13		-
Communication costs		12.45		11.03
Donation		3.46		5.30
Write-off of an investment	188.51			
Less: Provision for diminution in value of an investment	(188.51)	-		-
Provision for doubtful debts	4.34		5.97	
Bad debts written off	-	4.34	(5.97)	-
Provision for doubtful advances		1.18		-
Directors sitting fees		8.40		4.60
Provision for impairment of non-current investment in a joint venture		588.00		-
Impairment of non-current investment in a subsidiary		-		5.00
Provision for share of loss in a joint venture in excess of cost of investment		13.02		-
Printing and stationery		7.21		6.02
Staff recruitment expenses		0.35		14.99
Net loss on sale of property, plant and equipment		5.70		0.32
Initial cost for operating leases		38.43		9.49
Miscellaneous expenses		92.24		62.54
		1,611.96		**836.69**

(Rs. In Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Payment to auditors' (excluding statutory levy)		
For audit	8.00	8.00
For tax audit	2.25	2.25
For limited reviews	6.00	6.00
For other services	4.47	0.75
Reimbursement of expenses	0.35	0.49
	21.07 *	**17.49 #**

* Includes Rs. 8.92 Lakhs in respect of payments to predecessor auditors.

Includes Rs. 2.90 Lakhs in respect of payments to other than the predecessor auditors.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 37 - Earnings per share (EPS)

The following table sets forth the computation of basic and diluted earnings per share : (Rs. In Lakhs)

	For the year ended	
	March 31, 2018	March 31, 2017
Loss for the year used for computation of basic and diluted earnings per share (Rs. in Lakhs)	(2,415.47)	(1,830.19)
Weighted average number of equity shares used in calculating basic and diluted EPS	22,93,198	22,93,198
Basic earnings per equity share [nominal value of share Rs. 10 (2017: Rs. 10)]	(105.33)	(79.81)
Diluted earnings per equity share [nominal value of share Rs. 10 (2017: Rs. 10)]	(105.33)	(79.81)

Note 38 - Employee benefits

The Company operates following employee benefit plans

I Defined contribution plans: Provident fund, and employee state insurance scheme (ESIC)

II Defined benefit plan: gratuity (funded)

III Other long term benefit plan: long term compensated absences (unfunded)

A. (Rs. In Lakhs)

		For the year ended March 31, 2018	For the year ended March 31, 2017
I.	**Defined contribution plan**		
	The Company operates defined contribution retirement benefit plans for all qualifying employees of the Company. The contribution to defined contribution plan, recognised as expenses in the Statement of profit and loss for the year is as under (Refer note 33).		
	Employer's contribution to provident fund	31.21	30.79
	Employer's contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	1.83	3.03
	Employer's contribution to labour welfare fund	0.01	0.02
II.	**Defined benefit plan**		
	The Company operates a defined benefit plan, viz., gratuity.		
	In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age. Provision for Gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Company reviews the level of funding in gratuity fund.		

B. (a) **Movements in the present value of the defined benefit obligation are as follows:** (Rs. In Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening defined benefit obligation	94.38	67.04
Interest cost	3.45	2.77
Current service cost	4.73	4.19
Past service cost	1.96	12.19
Benefits paid	(27.64)	(1.05)
Other service cost	-	-
Actuarial (Gain)/Loss on obligations- due to changes in demographic assumptions	-	-
Actuarial (Gain)/Loss on obligations- due to changes in financial assumptions	(10.64)	8.81
Actuarial (Gain)/Loss on obligations- due to changes in experience adjustment	13.06	0.43
Closing defined benefit obligation	**79.30**	**94.38**

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 38 - Employee benefits (contd.)

(b) Movements in the fair value of the plan assets are as follows: (Rs. In Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening fair value of plan assets	61.50	54.29
Employer's contributions	5.79	2.40
Interest income	3.70	3.66
Remeasurement (gains)/losses:		
Return on plan assets (excluding amounts included in net interest expense)	0.20	2.20
Benefits paid	(27.64)	(1.05)
Closing fair value of plan assets	**43.55**	**61.50**

(c) Reconciliation of fair value of plan assets and defined benefit obligation:

The amount included in the financial statements arising from the Company's obligation in respect of its defined benefit obligation plan is as follows: (Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Fair value of plan assets	43.55	61.50	54.29
Present value of defined benift obligation	79.30	94.38	67.04
Amounts recognized in the balance sheet surplus/(deficit)	**(35.75)**	**(32.88)**	**(12.75)**

(d) The amount recognised in Statement of profit or loss in respect of this defined benefit plan is as follows: (Rs. In Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	4.73	4.19
Past service cost	1.96	12.19
Net interest cost	(0.25)	(0.89)
Other service cost	(3.08)	(0.45)
Components of defined benefit costs recognised in Statement of profit and loss	**3.36**	**15.04**

(e) The amount recognised in other comprehensive income in respect of this defined benefit plan is as follows: (Rs. In Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Return on plan assets (excluding amounts included in net interest expense)	(0.20)	(2.20)
Actuarial (gains) / losses arising from changes in other assumptions	3.07	0.54
Actuarial (gains) / losses arising from changes in financial assumptions	(10.64)	8.81
Actuarial (gains) / losses arising from changes in experience adjustments	13.06	0.43
Components of defined benefit costs recognised in other comprehensive income	**5.29**	**6.44**

Note 38 - Employee benefits (contd.)

C. The principal assumptions used for the purpose of the actuarial valuations were as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Discount rate (per annum)	7.85%	6.85%	7.80%
Salary escalation rate (per annum)	7.00%	7.00%	5.00%
Expected rate of return on plan assets (per annum)	7.50%	7.50%	7.50%
Mortality rate during employment (per annum)	Indian Assured lives Mortality (2006-08)		
Mortality rate after employment (per annum)	1% per annum	1% per annum	1% per annum
Retirement age	58 years	58 years	58 years

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, 'promotion and other relevant factors including supply and demand in the employment market. The above 'information is certified by the actuary.

The expected rate of return on plan assets is considered as per declaration from Life Insurance Corporation of India (LIC) .

The expected contributions for defined benefit plan for the next financial year will be in line with FY 2017-18.

D. Maturity analysis of projected benefit obligation (Rs. In Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
1st following year	20.02	14.93
2nd following year	1.81	0.78
3rd following year	1.90	1.36
4th following year	15.76	1.40
5th following year	1.33	12.74
6th following year	1.77	0.78
7th following year	18.37	0.82
8th following year	2.54	14.23
9th following year	3.05	1.82
10th following year and above	201.28	63.11

E. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Insurer managed funds	100%	100%	100%

F. Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of the assumptions occurring at end of the reporting period , while holding all other assumptions constant. The result of sensitivity analysis is given below:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Discount rate (- 0.50%)	6.42%	3.96%
Discount rate (+ 0.50%)	-5.89%	-3.68%
Salary escalation rate (- 0.50%)	-5.97%	-2.10%
Salary escalation rate (+ 0.50%)	6.44%	2.15%

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 38 - Employee benefits (contd.)

This plan typically exposes the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk : The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields on government bonds denominated in Indian rupees. If the actual return on plan assets is below this rate, it will create a plan deficit. However, the risk is mitigated by investment in LIC managed fund.

Interest rate risk : A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's investments.

Longevity risk : The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk : The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Note 39 - Leases

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Assets taken on operating lease		
The Company has entered into arrangements for taking on leave and license basis certain residential and office premises. The agreement has cancellable and 7.50% - 10% escalation clause and is not renewable.		
a) Lease payments recognised in the Statement of profit and loss for the year	53.20	57.18

(Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
b) Future minimum lease income under non cancellable leases in the aggregate and for each of the following periods:			
i) Not later than one year	41.14	10.05	23.11
ii) Later than one year and not later than five years	35.75	0.80	4.09
Assets given on operating lease			
The Company has entered into operating lease agreement for sublease of property in Worli, Mumbai with original lease periods expiring on December 31, 2022.			
The Company has also entered into various operating lease agreements for its properties in Thane with original lease periods expiring between 2016 and 2022. These agreements are cancellable/non-cancellable and have rent escalation provisions of 5% every year and 15% after 3 years.			

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
c) Rent income recognised in the Statement of profit and loss for the year	997.89	462.24
[Includes rentals on sub-lease of Rs. 46.79 lakhs (March 31, 2017 Rs. 140.22 lakhs)]		

Note 39 - Leases (contd.)

(Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
d) Future minimum lease payment under the non-cancellable leases in the aggregate and for each of the following periods:			
i) Not later than one year	1,409.73	463.93	394.46
ii) Later than one year and not later than five years	1,696.48	759.98	408.59
ii) More than five years	-	-	-

Note 40 - Segment reporting

The Company has only one reportable segment viz. Renting of properties. Therefore, no separate disclosure on segment information is given in these financial statements.

Note 41 - Related party disclosures as per Ind AS 24

A) Names of the related parties and related party relationships

	Country of Incorporation	Proportion of ownership interest as at		
		March 31, 2018	March 31, 2017	April 01, 2016
a) Names of the related parties were control exists and description of relationships				
Holding Company:				
DVK Investments Private Ltd.	India			
Subsidiaries:				
Aegean Properties Ltd	India	100%	100%	100%
CC Square Films Limited	India	100%	100%	100%
Fermenta Biotech Ltd	India	93.72%	72.09%	72.09%
Fermenta Biotech (UK) Limited	United Kingdom	93.72%	72.09%	72.09%
G.I. Biotech Pvt Limited	India	58.58%	45.06%	45.06%

b) Names of the related parties where there are transactions and description of relationships

Key Management Personnel	Designation
Mr. Krishna Datla	Managing Director
Mr. Satish Varma	Non-executive director
Ms. Rajeshwari Datla	Non-executive director
Mr. Sanjay Buch	Non-executive director
Mr. Vinayak Hajare	Non-executive director
Mr. Sumesh Gandhi - Chief Financial Officer (w.e.f. February 16, 2017)	Chief Financial Officer
Mr. Keshav H. Kashid - Chief Financial Officer (upto February 15, 2017), Thereafter designated as "President Finance" upto October 31, 2017	Chief Financial Officer
Mr. Srikant N. Sharma	Company Secretary

Joint Ventures

VasKo Glider s.r.o. (Refer footnote #)

Agastya Films LLP

Associates

Health and Wellness India Private Ltd

Zela Wellness Private Limited

Enterprises under significant influence of key management personnel or their relatives:

Magnolia FNB Private Limited

Footnote:

In view of the accumulated losses of this Joint Venture, there was complete erosion in the value of investment and accordingly, provision for diminution of Rs. 188.51 lakhs was made in the earlier year. During the current year, pursuant to an order dated June 12, 2017 passed by the High court in Prague, Czech Republic, for dissolution of Vaskoglider s.r.o., the Company has written off investment in its books with an intimation to the Reserve Bank of India.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 41 - Related party disclosures as per Ind AS 24

B) Related party transactions: (Rs. In Lakhs)

Sr. No.	Particulars	Holding company	Subsidiaries	Fellow subsidiary/ joint venture	Key management personnel*	Enterprises owned or significantly influenced by key management personnel or their relatives.	Associates
1	Loans received back						
	Fermenta Biotech Ltd.	-	-	-	-	-	-
		(-)	(157.50)	(-)	(-)	(-)	(-)
2	Loans received						
	DVK Investments Private Ltd.	200.00	-	-	-	-	-
		(75.00)	(-)	(-)	(-)	(-)	(-)
3	Loans paid back						
	DVK Investments Private Ltd.	-	-	-	-	-	-
		(75.00)	(-)	(-)	(-)	(-)	(-)
4	Share application money refunded by						
	Zela Wellness Private Limited	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(175.00)
5	Interest Income on loan						
	Fermenta Biotech Ltd.	-	-	-	-	-	-
		(-)	(5.96)	(-)	(-)	(-)	(-)
6	Remuneration						
	Mr. Krishna Datla				92.18		
					(92.07)		
	Mr. Keshav H Kashid				-		
					(73.39)		
	Mr. Sumesh Gandhi				55.61		
					(6.56)		
	Mr. Srikant N Sharma				49.64		
					(37.21)		
7	Provision for doubtful advance/trade receivable made						
	CC Square Films Limited.	-	5.52	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)
8	Provision for impairment in investment in a joint venture						
	Agastya Films LLP	-	-	588.00	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)
9	Provision for share of excess loss of a joint venture						
	Agastya Films LLP	-	-	13.02	-	-	-
		(-)	(-)	(-)	(-)	(-)	(-)
10	Directors sitting fees						
	Ms. Rajeshwari Datla	-	-	-	1.90	-	-
		(-)	(-)	(-)	(1.00)	(-)	(-)
	Mr. Satish Varma	-	-	-	2.00	-	-
		(-)	(-)	(-)	(0.90)	(-)	(-)

Note 41 - Related party disclosures as per Ind AS 24 (contd.)

(Rs. In Lakhs)

Sr. No.	Particulars	Holding company	Subsidiaries	Fellow subsidiary/ joint venture	Key management personnel*	Enterprises owned or significantly influenced by key management personnel or their relatives.	Associates
	Mr. Sanjay Buch	-	-	-	2.20	-	-
		(-)	(-)	(-)	(1.35)	(-)	(-)
	Mr. Vinayak Hajare	-	-	-	2.30	-	-
		(-)	(-)	(-)	(1.35)	(-)	(-)
11	Rent and service income						
	Aegean Properties Ltd.	-	0.30	-	-	-	-
		(-)	(1.23)	(-)	(-)	(-)	(-)
	DVK Investments Private Ltd.	0.30	-	-	-	-	-
		(1.23)	(-)	(-)	(-)	(-)	(-)
	Fermenta Biotech Ltd.	-	154.94	-	-	-	-
		(-)	(54.01)	(-)	(-)	(-)	(-)
	CC Square Films Limited.	-	0.15	-	-	-	-
		(-)	(0.98)	(-)	(-)	(-)	(-)
	Magnolia FNB Private Limited.	-	-	-	-	0.30	-
		(-)	(-)	(-)	(-)	(0.98)	(-)
12	Rent paid						
	Aegean Properties Ltd.	-	18.00	-	-	-	-
		(-)	(18.00)	(-)	(-)	(-)	(-)
13	Other reimbursements paid						
	Fermenta Biotech Ltd.	-	6.74	-	-	-	-
		(-)	(0.76)	(-)	(-)	(-)	(-)
	Aegean Properties Ltd.	-	16.63	-	-	-	-
		(-)	(16.63)	(-)	(-)	(-)	(-)
14	Other reimbursements received						
	Fermenta Biotech Ltd.	-	14.45	-	-	-	-
		(-)	(32.75)	(-)	(-)	(-)	(-)
	CC Square Films Ltd.	-	0.09	-	-	-	-
		(-)	(0.26)	(-)	(-)	(-)	(-)
15	Interest on loan						
	DVK Investments Private Ltd.	16.18	-	-	-	-	-
		(0.69)	(-)	(-)	(-)	(-)	(-)
16	Investment in equity share capital (Refer note 6)						
	Zela Wellness Private Limited	-	-	-	-	-	-
		(-)	(-)	(-)	(-)	(-)	(175.00)
17	Capital contribution						
	Agastya Films LLP	-	-	326.00	-	-	-
		(-)	(-)	(262.00)	(-)	(-)	(-)

(Figures in brackets are the corresponding figures in respect of the previous year.)

* Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 41 - Related party disclosures as per Ind AS 24 (contd.)

C) Balance outstanding as at the end of the year : (Rs. In Lakhs)

	Category of related party	March 31, 2018	March 31, 2017	April 01, 2016
a. Rent and reimbursement Payable				
Aegean Properties Ltd.	Subsidiary	42.14	41.28	28.90
Fermenta Biotech Ltd.	Subsidiary	7.38	0.22	9.95
b. Rent and reimbursement receivables				
Fermenta Biotech Ltd.	Subsidiary	6.76	3.08	3.24
G.I.Biotech Private Ltd.	Subsidiary	-	-	1.25
CC Square Films Ltd	Subsidiary	5.51	5.43	4.05
Agastya Films LLP	Joint Venture	-	-	0.58
c. Provision for doubtful debts				
G.I.Biotech Private Ltd.	Subsidiary	-	-	1.25
CC Square Films Ltd	Subsidiary	5.52	-	-
d. Provision for diminution in value of investments				
VasKo Glider s.r.o.	Joint Venture	-	188.51	188.51
Agastya Films LLP	Joint Venture	588.00	-	-
e. Loans to related parties				
Fermenta Biotech Ltd.	Subsidiary	-	-	157.50
Mr. Srikant N Sharma	Company Secretary	4.80	12.00	-
f. Loans from related parties				
DVK Investments Private Ltd.	Holding company	200.00	-	-
g. Interest accrued receivable				
Fermenta Biotech Ltd.	Subsidiary	-	-	2.83
h. Interest accrued payable				
DVK Investments Private Ltd.	Holding company	16.18	0.69	-
i. Remuneration Payable		-		
Mr. Srikant N Sharma	Company Secretary	9.72	-	4.38
j. Provision for share of excess loss of a joint venture				
Agastya Films LLP	Joint Venture	13.02	-	-

Note 42 - Categories of the financial instruments

(Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Financial assets			
Financial assets measured at fair value through Other comprehensive Income			
Investments in equity instruments - quoted	7.57	6.45	2,647.20
Financial assets measured at fair value through Statement of profit and loss			
Investments in mutual funds - unquoted	105.89	100.45	92.12
Financial assets measured at amortised cost			
(i) Trade receivables	28.20	38.72	3.16
(ii) Cash and cash equivalents	134.89	70.56	272.02
(iii) Bank balances other than (ii) above	22.26	25.00	27.67

Note 42 - Categories of the financial instruments (contd.)

(Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(iv) Share application money	906.86	906.86	1,081.86
(v) Loans to employees and others	40.15	48.05	197.65
(vi) Other financial assets	292.08	264.56	489.52
Total Financial assets	**1,537.90**	**1,460.65**	**4,811.20**
Financial liabilities measured at amortised cost			
(i) Borrowings	14,274.58	4,427.07	5,179.83
(ii) Trade payables	179.64	76.14	89.43
(iii) Other financial liabilities	930.98	713.37	903.42
Total Financial liabilities	**15,385.20**	**5,216.58**	**6,172.68**

Note 43 - Fair value

Fair value of financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required : (Rs. In Lakhs)

Particulars	Carrying value			Fair value		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Financial assets						
(i) Loans to employees and others	40.15	48.05	197.65	40.15	48.05	197.65
(ii) Share application money	906.86	906.86	1,081.86	906.86	906.86	1,081.86
(iii) Others financial assets	292.08	264.56	489.52	292.08	264.56	489.52
(iv) Trade receivables	28.20	38.72	3.16	28.20	38.72	3.16
(v) Cash and cash equivalents	134.89	70.56	272.02	134.89	70.56	272.02
(vi) Bank balances other than (v) above	22.26	25.00	27.67	22.26	25.00	27.67
Total assets	**1,424.44**	**1,353.75**	**2,071.88**	**1,424.44**	**1,353.75**	**2,071.88**
Financial liabilities						
(i) Borrowings	14,274.58	4,427.07	5,179.83	14,274.58	4,427.07	5,179.83
(ii) Trade payables	179.64	134.11	147.40	179.64	76.14	89.43
(iii) Other financial liabilities	930.98	713.37	903.42	932.07	717.96	912.70
Total liabilities	**15,385.20**	**5,274.55**	**6,230.65**	**15,386.29**	**5,221.17**	**6,181.96**

The financial assets above do not include investments in subsidiaries which are measured at cost, investments in mutual funds measured at fair value through profit and loss and investments in equity instruments measured at fair value through OCI.

Except as detailed in the above table, the Management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Note 44 - Fair value hierarchy

(Rs. In Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Fair Value	Fair value hierarchy	Fair Value	Fair value hierarchy	Fair Value	Fair value hierarchy
Financial assets measured at fair value through Other comprehensive income						
Investments	7.57	Level 1	6.45	Level 1	2,647.20	Level 1
Financial assets measured at fair value through Other comprehensive income						
Investments in mutual funds	105.89	Level 1	100.45	Level 1	92.12	Level 1

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 45 - Financial risk management objectives and policies

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Board of Directors.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the Board of Directors. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) **Market risk:**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk . Financial instruments are affected by market risk include loans and borrowings and investments in securities.

i) **Equity price risk**

The Company's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Company's Board of Directors review and approve all equity investments. The exposure to unlisted equity securities at fair value and sensitivity analysis of these investments is explained as below.

As at March 31, 2018, there was no investment in equity securities. During the year ended March 31, 2017, the exposure to equity securities at fair value listed on the BSE was Rs. 2,647.20 Lakhs Given that the changes in fair values of the equity investments held are strongly, positively correlated with changes of the BSE market index, the Company has determined that a decrease of 10% on the BSE market index could have an impact of approximately Rs. 264.72 Lakhs on the income or equity attributable to the Company, depending on whether the decline is significant or prolonged. An increase of 10% in the value of the listed securities would only impact equity, but would not have an effect on profit or loss.

ii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's policy is to keep between 80% and 90% of its borrowings at variable rates of interest.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows

(Rs. In Lakhs)

	Increase/decrease in basis points	Effect on profit before tax
2016	+0.50	25.90
	-0.50	(25.90)
2017	+0.50	22.14
	-0.50	(22.14)
2018	+0.50	71.37
	-0.50	(71.37)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Note 45 - Financial risk management objectives and policies (contd.)

b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

i) Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations as they fall due. The company's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and investment in liquid mutual funds to meet the Company's operating requirements with an appropriate level of headroom. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments. (Rs. In Lakhs)

As at March 31, 2018	Amount	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	14,274.58	1,072.79	5,913.60	7,288.19	14,274.58
Other financial liabilities	930.98	397.25	533.73	-	930.98
Trade payables	179.64	179.64	-	-	179.64
Total	**15,385.20**	**1,649.68**	**6,447.33**	**7,288.19**	**15,385.20**

(Rs. In Lakhs)

As at March 31, 2017	Amount	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	4,427.07	1,001.57	3,425.50	-	4,427.07
Other financial liabilities	713.37	480.73	232.64	-	713.37
Trade payables	134.11	134.11	-	-	134.11
Total	**5,274.55**	**1,616.41**	**3,658.14**	**-**	**5,274.55**

(Rs. In Lakhs)

As at April 01, 2016	Amount	Less than 1 year	1 to 5 years	More than 5 years	Total
Borrowings	5,179.83	3,863.47	644.54	671.82	5,179.83
Other financial liabilities	903.42	903.42	-	-	903.42
Trade payables	89.43	89.43	-	-	89.43
Total	**6,172.68**	**4,856.32**	**644.54**	**671.82**	**6,172.68**

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 46 - Capital management

The Company's capital management objectives are:

to ensure the Company's ability to continue as a going concern; and

to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

(i) **The gearing ratio at the end of the year was as follows:** (Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Debts (Long term and short term borrowings including current maturities of long term borrowings)	14,274.58	4,427.07	5,179.83
Less: Cash and cash equivalents (Note 15)	134.89	70.56	272.02
Net debt	**14,139.69**	**4,356.51**	**4,907.81**
Total equity	6,471.91	8,960.55	10,674.26
Net debt to equity ratio	218.48%	48.62%	45.98%

(ii) **Dividend on equity shares paid during the year** (Rs. In Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Dividend on equity shares		
Dividend for the year ended March 31, 2017 of Rs. 2.50 (previous year for year ended March 31, 2016 Rs.2.50) per fully paid share	57.33	57.33
Dividend distribution tax on above	11.67	11.67
Dividends not recognised at the end of the reporting period		

The Board of Directors at its meeting held on May 15, 2018 have recommended payment of final dividend of Rs. 2.50 per share on the face value of Rs. 10 each for the year ended March 31, 2018. The same amounts to Rs. 57.33 Lakhs excluding dividend distribution tax thereon amounting to Rs. 11.67 Lakhs.

This proposed dividend is subject to the approval of shareholders in the ensuing annual general meetings and hence not recoginsed as liability.

Note 47 - Investment properties

The Company's investment properties consist of Thane One Building Located at Majiwade Thane. Out of the 16 floors, 1 to 15 floors have been considered as Investment property by the Management.

Criteria used for classification of property as investment property

The Company has considered the following for classification of property as investment property:

(i) Investment property comprises building and other assets required to provide ancillary services to the occupants of the investment property.

(ii) The properties that are not occupied by the Company for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment property.

The Company has a building which is primarily meant for renting is classified as an investment property, except for the part of that building which is used for administrative purposes, and hence classified as owner-occupied property. The Company has apportioned the cost of the property between investment property and owner-occupied property in the ratio of area used, respectively, as a percentage of total area.

Note 47 - Investment properties (contd.)

Estimation of fair value

The fair value of investment property has been determined by external, independent property valuers, having appropriate recognized professional qualification and recent experience in the location and category of the property being valued. The Company obtains independent valuations for its investment property annually and fair value measurement has been categorised as Level 3. The fair value has been arrived at by using comparable market rate approach. The main inputs used are quantum, area, location, demand, restrictive entry to the complex,age of building and trend of fair market rent in village Majiwada area.

Amount recognised in Statement of profit and loss (Rs. In Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Rental income derived from investment properties	948.40	322.02
Less: Direct operating expenses (including repairs and maintenance) generating rental income	(139.78)	(177.88)
Income arising from investment properties before depreciation	808.62	144.14
Less: Depreciation	(282.64)	(278.63)
Income from investment properties (Net)	525.98	(134.49)

Operating lease arrangements and total future minimum lease rentals receivable (Refer note 39)

The existence of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal (Refer note 22)

Note 48 - Income tax

A **Income tax expense recognised in the Statement of profit and loss consists of:** (Rs. In Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax:		
- For the year	-	69.00
- Short tax provision for earlier years	-	32.75
Deferred tax charge/(credit)	69.00	(69.00)
Income tax expense reported in the Statement of profit and loss	**69.00**	**32.75**
Income tax recognised in other comprehensive income		
- Deferred Tax arising on items recognised in other comprehensive income	-	-
Total	**69.00**	**32.75**

B **A reconciliation of income tax expense to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarised below:** (Rs. In Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Loss before tax	(2,346.47)	(1,797.44)
Enacted income tax rate in India (%) #	33.063%	33.063%
Income tax expense calculated at enacted corporate tax rate	(775.81)	(594.29)
Effect of:		
- Tax on non-deductible expenses	26.98	6.08
Deferred tax assets on carry forward tax loss for the year not recognised.	748.83	588.21
Effect of brought forward unused tax losses of the past on which deferred tax assets were not recognised, offset during the year	-	-
Total income tax expense for the year	-	-
Short tax provision for earlier years	-	32.75
Current tax expense recognised during the year	-	**32.75**

The tax rate used for reconciliation above is the corporate tax rate of 33.063% at which the Company is liable to pay tax on taxable income under the Indian tax Laws.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 48 - Income tax (contd.)

C The major components of deferred tax (liabilities)/assets arising on account of timing differences are as follows: (Rs. In Lakhs)

Particulars	As at March 31, 2017	For the year ended March 31, 2018		As at March 31, 2018
		Statement of profit and loss	Other comprehensive income	
Deferred tax liabilities				
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	(321.86)	(203.95)	-	(525.81)
Deferred tax assets				
Expenses claimed for tax purpose on payment basis	18.52	6.54	-	25.06
Allowance for doubtful debts and advances	6.29	1.97	-	8.26
MAT credit entitlement	69.00	(69.00)	-	-
Unabsorbed depreciation/carried forward losses*	297.05	195.44	-	492.49
Deferred tax expense	-	**(69.00)**	-	
Deferred tax assets (Net)	*** 69.00**	-	-	-

(Rs. In Lakhs)

Particulars	As at April 01, 2016	For the year ended March 31, 2017		As at March 31, 2017
		Statement of profit and loss	Other comprehensive income	
Deferred tax liabilities				
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	(85.60)	(236.26)	-	(321.86)
Deferred tax assets				
Expenses claimed for tax purpose on payment basis	16.88	1.64	-	18.52
Allowance for doubtful debts and advances	8.26	(1.97)	-	6.29
MAT credit entitlement	-	69.00	-	69.00
Unabsorbed depreciation/carried forward losses*	60.46	236.59		297.05
Deferred tax credit		**69.00**	-	
Deferred tax assets (Net)	-			*** 69.00**

* Deferred tax asset has been recognised to the extent it is probabale that the taxable profit will be available in future against which the corresponding unused tax losses/tax credit will be utilised.

D Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following: (Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Tax losses	1,824.06	1,456.83	497.35
Deductible temporary differences			
Unabsorbed depreciation	2,644.74	1,640.72	579.81
Unused tax credits (MAT credit entitlement)			

Note 48 - Income tax (contd.)

E The unused tax credits and unused tax losses will expire as per table below

(Rs. In Lakhs)

Financial year wise break up unused tax credits and unused tax losses	Unused tax credits and unused tax losses (Rs.)	Year of expiry
Long Term Capital Losses		
2012-13	101.07	2022-23
2013-14	40.18	2023-24
2014-15	2.22	2024-25
Tax losses		
2016-17	865.72	2026-27
2017-18	814.87	2027-28
Unabsorbed depreciation		
2015-16	579.82	See note below
2016-17	1,060.90	
2017-18	1,004.02	

Note: The unused depreciation can be carried forward and utilised in future without any time limit.

Note 49 - First-time adoption of Ind AS

The Company has prepared the opening financial statements as per Ind AS as of April 01, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS and applying Ind AS in measurement of recognised assets and liabilities. However, this principal is subject to the certain exceptions and certain optional exemptions availed by the Company as detailed below:

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

1. **Property, plant and equipment, investment property and intangible assets**
   On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment, investment property and intangible assets recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment investment, property and intangible assets.

2. **Investment in subsidiaries, associates and joint ventures**
   On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment in subsidiaries, associates and joint ventures recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of its investment in subsidiaries, associates and joint ventures.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 49 - First-time adoption of Ind AS (contd.)

3. **Estimates**

   An entity's estimates in accordance with Ind AS, at the date of transition to Ind AS, shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies).

   Ind AS estimates made to prepare opening balance sheet as at April 01, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

   Impairment of financial assets based on expected credit loss model.

4. **Classification and measurement of financial assets**

   As required under Ind AS 101 the Company has assessed the classification and measurement of financial assets (investment in unquoted investment) on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

5. **Determining whether an arrangement contains a lease**

   The Company has applied Appendix C "Determining whether an Arrangement contains a Lease" of Ind AS 17 - Leases to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing as on that date.

6. **Equity investments at FVTOCI**

   The Company has designated investment in equity shares of Syngene International Limited and Abbott India Limited at FVTOCI on the basis of facts and circumstances that existed at the transition date.

C. **Transition to Ind AS - Reconciliations**

   The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS as required under Ind AS 101:

   I. A. Reconciliation of balance sheet as at March 31, 2017

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

   II. Reconciliation of equity as at April 01, 2016 and as at March 31, 2017

   III. Adjustments to Statement of cash flows

   IV. Reconciliation of balance sheet as at April 01, 2016 (Transition date)

Note 49 - First-time adoption of Ind AS (contd.)

C.I Effect of Ind AS adoption on the balance sheet as at March 31, 2017:

(Rs. In Lakhs)

	Notes	Regrouped previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
ASSETS				
Non-current assets				
a) Property, plant and equipment	1	813.67	-	813.67
b) Capital work-in-progress		129.73	-	129.73
c) Investment property	1	8,548.58	-	8,548.58
d) Intangible assets		2.90	-	2.90
e) Investments				
i) Investments in equity instruments of subsidiaries		1,739.25	-	1,739.25
ii) Investments in associates		700.00	-	700.00
iii) Investments in joint ventures		530.00	-	530.00
(f) Financial assets				
i) Investments	2	0.01	6.44	6.45
ii) Loans		32.62	-	32.62
iii) Share application money		906.86	-	906.86
iv) Other financial assets		101.76	-	101.76
g) Deferred tax assets		69.00	-	69.00
h) Non-current tax assets (Net)		28.40	-	28.40
i) Other non-current assets	12	32.27	107.16	139.43
Total non-current assets		13,635.05	113.60	13,748.65
Current assets				
a) Financial assets				
i) Investments	2a	100.00	0.45	100.45
ii) Trade receivables		38.72	-	38.72
iii) Cash and cash equivalents		70.56	-	70.56
iv) Bank balances other than (iii) above		25.00	-	25.00
v) Loans		15.43	-	15.43
vi) Other financial assets	11	221.85	(59.05)	162.80
b) Other current assets	12	446.77	22.60	469.37
Total current assets		918.33	(36.00)	882.33
TOTAL ASSETS		14,553.38	77.60	14,630.98
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital		229.32	-	229.32
b) Other equity	2, 3, 4, 5 and 10	8,497.48	233.75	8,731.23
Total equity		8,726.80	233.75	8,960.55
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	5	3,553.66	(128.16)	3,425.50
ii) Other financial liabilities	3	350.45	(117.81)	232.64
b) Provisions	10	42.84	31.74	74.58
c) Other non-current liabilities	3	-	89.17	89.17
Total non-current liabilities		3,946.95	(125.06)	3,821.89
Current liabilities				
a) Financial liabilities				
i) Borrowings		350.00	-	350.00
ii) Trade payables		134.11	(57.97)	76.14
iii) Other financial liabilities		1,132.30	-	1,132.30
b) Provisions		13.18	-	13.18
c) Other current liabilities (Net)	3	250.04	26.88	276.92
Total current liabilities		1,879.63	(31.09)	1,848.54
Total liabilities		5,826.58	(156.15)	5,670.43
TOTAL EQUITY AND LIABILITIES		14,553.38	77.60	14,630.98

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 49 - First-time adoption of Ind AS (contd.)

C.II Effect of Ind AS adoption on the Statement of profit and loss for the year ended March 31, 2017: (Rs. In Lakhs)

	Notes	Regrouped previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
Income				
Revenue from operations	3 and 11	581.61	(30.08)	551.53
Other income	2a	56.63	(11.68)	44.95
Total Income		**638.24**	**(41.76)**	**596.48**
Expenses				
Employee benefits expense	6	557.69	5.75	563.44
Depreciation and amortisation expense		344.82	-	344.82
Finance cost	3 and 5	710.09	(61.12)	648.97
Other expenses	12	980.14	(143.45)	836.69
Total expenses		**2,592.74**	**(198.82)**	**2,393.92**
Loss before exceptional item and tax		**(1,954.50)**	**157.06**	**(1,797.44)**
Exceptional item	2	2,466.17	(2,466.17)	-
Profit / (loss) after exceptional item, before prior period adjustment and tax		**511.67**	**(2,309.11)**	**(1,797.44)**
Prior period adjustment	10	16.15	(16.15)	-
Profit / (loss) after exceptional item, and before tax		**495.52**	**(2,292.96)**	**(1,797.44)**
Tax expense:				
Current tax				
- For the year		69.00	-	69.00
- Short provision for tax of earlier years		32.75	-	32.75
Deferred tax charge/(credit)		(69.00)	-	(69.00)
Total tax expense		**32.75**	**-**	**32.75**
Profit / (loss) for the year from continuing operations		**462.77**	**(2,292.96)**	**(1,830.19)**
Other comprehensive income				
(a) Items that will not be reclassified to profit or loss				
Remeasurements of post-employment benefit obligation		-	(6.44)	(6.44)
(b) Items that will be reclassified to profit or loss				
Change in fair value of FVOCI investments		-	191.92	191.92
Total other comprehensive income for the year		**-**	**185.48**	**185.48**
Total comprehensive loss for the year		**462.77**	**(2,107.48)**	**(1,644.71)**

Note 49 - First-time adoption of Ind AS (contd.)

C. IB Reconciliation of total comprehensive income for the year ended March 31, 2017: (Rs. In Lakhs)

Nature of adjustments	Notes	For the year ended March 31, 2017
Net profit as per previous GAAP		462.77
(a) Operating lease rental straight lining in the previous GAAP and initial costs for operating leases.	11	75.39
(b) Measurement of financial liabilities at amortised cost (including unwinding of discounts)	3 and 5	99.09
(c) Prior period adjustments under the previous GAAP	10	3.96
(d) Measurement of equity instrument at fair value through Other Comprehensive Income	2	(2,466.17)
(e) Others	2a and 6	(5.23)
Net loss as per Ind AS		**(1,830.19)**
Other comprehensive expenses		185.48
Total comprehensive income as per Ind AS		**(1,644.71)**

C.II Reconciliation of equity as at March 31, 2017 and April 01, 2016 : (Rs. In Lakhs)

Nature of adjustments	Notes	As at March 31, 2017	As at April 01, 2016
Equity as per previous GAAP (i)		8,726.80	8,264.03
(a) Operating lease rental straight lining in the previous GAAP and initial costs for operating leases.	10	75.39	-
(b) Measurement of financial liabilities at amortised cost (including unwinding of discounts)	3 and 5	129.93	30.83
(c) Prior period adjustments under the previous GAAP	10	57.97	41.82
(d) Measurement of equity instrument at fair value through Other Comprehensive Income	2	6.43	2,280.69
(e) Others	2a, 4 and 10	(35.96)	56.89
Total Effect of transition to Ind AS		**8,960.55**	**10,674.26**
Equity As per Ind AS		**8,960.55**	**10,674.26**

C.III Effect of Ind AS adoption on the Statement of cash flows for the year ended March 31, 2017 : (Rs. In Lakhs)

	Notes	Regrouped previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
Net cash flow from operating activities		(565.27)	(203.33)	(768.60)
Net cash flow from investing activities		1,742.22	235.24	1,977.46
Net cash flow from financing activities		(1,381.07)	(29.25)	(1,410.32)
Net increase in cash and cash equivalents		(204.12)	2.66	(201.46)
Cash and cash equivalents at the beginning of the year		299.69	(27.67)	272.02
Cash and cash equivalents at the end of the year		**95.57**	**(25.01)**	**70.56**

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 49 - First-time adoption of Ind AS (contd.)

C.IV Effect of Ind AS adoption on the balance sheet as at April 01, 2016: (Rs. In Lakhs)

	Notes	Regrouped previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
ASSETS				
Non-current assets				
a) Property, plant and equipment	1	841.90	-	841.90
b) Capital work-in-progress		57.86	-	57.86
c) Investment property	1	8,494.35	-	8,494.35
d) Intangible assets		3.78	-	3.78
e) Investments			-	-
i) Investments in equity instruments of subsidiaries	2a	1,744.25	-	1,744.25
ii) Investments in associates	2a	525.00	-	525.00
iii) Investments in joint ventures	2a	268.00	-	268.00
(f) Financial assets			-	-
i) Investments	2	366.51	2,280.69	2,647.20
ii) Loans		25.36	-	25.36
iii) Share application money		1,081.86	-	1,081.86
iv) Other financial assets		205.87	-	205.87
g) Deferred tax assets		-	-	-
h) Non-current tax assets (Net)	10	305.28	(0.14)	305.14
i) Other non-current assets		33.75	(10.23)	23.52
Total non-current assets		**13,953.77**	**2,270.32**	**16,224.09**
Current assets				
a) Financial assets				
i) Investments	2a	80.00	12.12	92.12
ii) Trade receivables		3.16	-	3.16
iii) Cash and cash equivalents		272.02	-	272.02
iv) Bank balances other than (iii) above		27.67	-	27.67
v) Loans		172.29	-	172.29
vi) Other financial assets	10	299.66	(16.01)	283.65
b) Other current assets		140.67	-	140.67
Total current assets		**995.47**	**(3.89)**	**991.58**
TOTAL ASSETS		**14,949.24**	**2,266.43**	**17,215.67**
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital		229.32	-	229.32
b) Other equity	2, 3, 4, 5 and 10	8,034.71	2,410.23	10,444.94
Total equity		**8,264.03**	**2,410.23**	**10,674.26**
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	5	1,414.90	(33.71)	1,381.19
ii) Other financial liabilities	3	51.88	(5.73)	46.15
b) Provisions	10	34.97	14.00	48.97
c) Other non-current liabilities		17.83	-	17.83
Total non-current liabilities		**1,519.58**	**(25.44)**	**1,494.14**
Current liabilities				
a) Financial liabilities				
i) Borrowings		244.24	-	244.24
ii) Trade payables	10	147.40	(57.97)	89.43
iii) Other financial liabilities	3 and 5	4,403.06	8.61	4,411.67
b) Provisions	4	85.09	(69.00)	16.09
c) Other current liabilities (Net)		285.84	-	285.84
Total current liabilities		**5,165.63**	**(118.36)**	**5,047.27**
Total liabilities		**6,685.21**	**(143.80)**	**6,541.41**
TOTAL EQUITY AND LIABILITIES		**14,949.24**	**2,266.43**	**17,215.67**

Note 49 - First-time adoption of Ind AS (contd.)

NOTES TO RECONCILIATIONS

Note 1: Investment Property

Under the previous GAAP, there was no requirement to present investment property separately and the same was included under property, plant and equipment and measured at cost less accumulated depreciation. Under Ind AS, investment property is required to be presented separately in the balance sheet and depreciation is charged on it. Accordingly the carrying value of investment property under the previous GAAP has been reclassified to a separate line item on the face of the balance sheet and depreciation provided based on the estimated useful life.

Note 2: Fair valuation of investments through other comprehensive income (FVOCI)

Under the previous GAAP, long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, these financial assets have been classified as FVOCI. On the date of transition to Ind AS, these financial assets have been measured at their fair value which is higher than the cost as per previous GAAP, resulting in an increase in the carrying amount. The effect of these changes is an increase in total equity as at April 01, 2016 and March 31, 2017. These changes do not affect profit before tax or total profit for the year ended March 31, 2017 because the investments in are classified as FVOCI.

Note 2a: Fair valuation of investments through profit and loss (FVTPL)

Under the previous GAAP, investments in mutual funds were classified as long-term investments or current investments based on the intended holding period and realisability. Fair value changes with respect to investments in mutual funds have been recognised in FVTPL.

Note 3: Security deposits

Under the previous GAAP, interest free security deposits are recorded at their transaction value. Under Ind AS, all financial liabilities are required to be recognised at their fair value. Accordingly, the Company has fair valued the security deposits under Ind AS and disclosed under the head "other current/non-current financial liabilities". The difference between fair value of security deposits and the carrying value (transaction value) as per previous GAAP has been recognised as "deferred rent" and disclosed under the heads "Other current liabilities" and "Other non-current liabilities". The amortisation of deferred rent over the period of lease is charged to the Statement of profit and loss under the head "deferred rent" which is grouped under "Revenue from operations". The notional interest calculated using effective interest method on the fair value of security deposits is debited to the Statement of profit and loss under the head "Finance Costs".

Note 4: Proposed dividend (including dividend distribution tax)

Under the previous GAAP, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under Ind AS, such dividends are recognised when declared by the members in a general meeting.

Note 5: Borrowings

Under the previous GAAP, transaction costs incurred towards origination of borrowings were charged off to the statement of profit and loss as incurred, and being classified under finance costs. As required under Ind AS 109, transaction costs incurred towards origination of borrowings have been deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit and loss over the tenure of the borrowing as interest expense, computed using the effective interest rate method corresponding effect being in Long term borrowings and to the extent attributable to current maturity of long term borrowings.

Note 6: Remeasurements of defined benefit obligation

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

Note 7: Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in Statement of profit and loss for the year, unless a standard require or permits otherwise. Items of income and expense that are not recognised in Statement of profit and loss but are shown in the Statements of profit and loss as 'other comprehensive income' included remeasurements of defined benefit obligation and net fair value changed in investments in equity instruments through. The concept of other comprehensive income did not exist under previous GAAP.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 49 - First-time adoption of Ind AS (contd.)

Note 8: Bank overdrafts

Under Ind AS, bank overdrafts which are repayable on demand and form an integral part of Company's cash management system are included in cash and cash equivalents for the purpose of presentation of Statement of cash flows. Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities.

Note 9: Statement of cash flows

The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flows for the year ended March 31, 2017 as compared with the previous GAAP.

Note 10: Restatement of prior period error

Under the previous GAAP, the Company had included a prior period item in the determination of profit for the year ended March 31, 2017. However, in accordance with the requirements of Ind AS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors" and Ind AS 101 – "First-time Adoption of Indian Accounting Standards", the same has been corrected by restating the retained earnings as at April 01, 2016.

Note 11: Operating lease rental straight-lining

Under the previous GAAP, the Company recognised lease rental income in the statement of profit and loss on a straight-line basis over the lease term. Under Ind AS, lease rentals are required to be recognised on a straight-line basis unless escalation clauses are structured in line with expected general inflation. In such case, lease rentals shall be recorded based on contractual terms. In case of the Company, since the purpose of escalations is to catch-up with inflation, there is no need to straight line the rental income.

Note 12: Brokerage expenses which are directly attributable to negotiating and arranging a lease

Under the previous GAAP, the Company recognised brokerage directly attributable to negotiating and arranging a lease in the statement of profit and loss under "other expenses" in the year in which such expenses are incurred. Under Ind AS, such costs are amortised over the lease period and disclosed under "other current assets" and "other non-current assets" as "prepaid expenses".

Note 50

a) During the year ended March 31, 2017, Zela Wellness Private Limited (Zela) cancelled the supplementary agreement and decided not to proceed with issue of Non-Cumulative Convertible Preference shares and refunded the Share Application Money of Rs. 175 Lakhs.

   During the year ended March 31, 2017, along with other/new investors the Company invested Rs. 175 Lakhs in Zela Wellness Private Limited (Zeal) and acquired 83,634 equity shares of Rs. 10 each, consequently the company's equity holding in Zela Wellness Private Limited (Zela) is 29.50% as against earlier 49%.

b) The Company has not made any provision for impairment of its exposure in two associates namely Health and Wellness India Private Limited and Zela Wellness Private Limited (Zela) whose aggregate carrying value in standalone financial statements is Rs. 1,032.36 lakhs [comprise of investments in equity instruments of Rs. 700.00 lakhs, share application money of Rs. 309.86 lakhs and other recoverable expenses (ICD) of Rs. 22.50 lakhs] as on 31st March, 2018. In view of the fact that these investments have been made in the recent years, the management is confident that profitability will be achieved by these entities and hence no provision for impairment in respect of these investments is considered necessary.

c) The Company has not made any provision for share application money of Rs. 597 Lakhs given to Noble Explochem Ltd whose networth has been negative. In View of the proposed revival plan by promoter of Noble Expochem Ltd and considering the large asset it holds, the management is confident of recovery of this amount, hence no provision for impairment is necessary.

Notes to Standalone Financial Statements for the year ended March 31, 2018

Note 51 - Commitments

(Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	364.25	640.71

Note 52 - Contingent liabilities

(Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Claims against the company not acknowledged as debts			
Service tax department raised demand of Rs. 22.50 Lakhs consisting of Service Tax of Rs. 7.50 Lakhs and penalty of Rs. 15.00 Lakhs in connection with services rendered post demerger of the pharmaceutical division. Commissioner of Service Tax Mumbai and CESTAT has upheld the order of Joint Commissioner of Service Tax. Company has preferred an appeal to Bombay High Court.	22.50	22.50	22.50
The Deputy Commissioner of sales tax has confirmed the order of the Asst. Commissioner of sales tax Vapi, Gujarat for year 1992-93 and 1993-94 for demand of interest and penalty due to shortfall in tax payment on account of computation of purchase tax setoff. Company has preferred an appeal to sales tax tribunal Ahmedabad, Gujarat and obtained stay against the order/demand of the Asstt. Commissioner pending final disposal.	4.63	4.63	4.63
	27.13	**27.13**	**27.13**

Note 53

The financial statements were approved for issue by the Board of Directors on May 15, 2018.

Note 54

Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with the financial statements prepared under Ind AS.

For and on behalf of the Board of Directors of DIL Limited

Sanjay Buch
Chairman

Krishna Datla
Managing Director

Rajeshwari Datla
Director

Satish Varma
Director

Vinayak Hajare
Director

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Thane, May 15, 2018

CONSOLIDATED
Financial Statements

Independent Auditor's Report

To The Members of DIL Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS Financial Statements of DIL Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), which includes Group's share of loss in its associates and its joint venture, comprising the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Associates and Joint venture in accordance with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associates and its joint venture 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 Ind AS Financial Statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under 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 Ind AS Financial Statements are free from material misstatement.

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 Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in paragraph (a) of the 'Other Matters' section below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Consolidated Ind AS Financial Statements.

Basis for Qualified Opinion

(i) (a) The Parent has an investment in equity shares of an associate whose accumulated losses (other equity) at Rs. 1,168.60 Lakhs substantially exceed its equity share capital of Rs. 638.90 Lakhs, as at 31st March, 2018, as per the management prepared financial statements and accordingly accounted at Nil value in the Consolidated Ind AS Financial Statements. The Parent has also given share application money of Rs. 309.86 Lakhs and placed an inter-corporate deposit (ICD) of Rs. 22.50 Lakhs in this associate. The share application money included in the Consolidated Ind AS Financial Statements, after making certain adjustments in respect of earlier years, amounts to Rs. 300.69 Lakhs. However, the Management of the Parent has not made any detailed evaluation of impairment in the carrying value of these amounts aggregating Rs. 323.19 Lakhs, for the purposes of ascertaining the provision for impairment, if any, that may be required to be made in the Consolidated Ind AS Financial Statements.

(b) Further, in relation to an another associate, the Parent has an investment in equity shares whose carrying value as per the consolidated financial statements amounts to Rs. 210.94 Lakhs, where although the net worth, as at 31st March, 2018, has not been eroded as per the management prepared financial statements, this net worth includes a significant exposure, by way of ICD of Rs. 330.52 Lakhs, to the associate mentioned in para (i)(a) above which raises a doubt on the recoverability of the carrying value of this investment amounting to Rs 210.94 lakhs, and the consequential provision for impairment, if any, that may be required to be made in the Consolidated Ind AS Financial Statements.

Considering the view of the Management of the Parent that these are long term investments and profitability will be achieved by these entities over a period of time, the Management of the Parent believes that no impairment is deemed necessary [See note 66(b)]. In the absence of sufficient appropriate audit evidence, we are unable to comment upon the matters including the consequential impact, if any, of such impairment on the Consolidated Ind AS Financial Statements.

These matters were also qualified in the independent auditor's report issued by the predecessor auditors on the Consolidated Financial Statements for the year ended 31st March, 2017.

(ii) The Parent has given share application money of Rs. 597.00 Lakhs to an another entity whose accumulated losses at Rs. 5,203.19 Lakhs, substantially exceed its equity share capital of Rs. 1,920.55 Lakhs, as at 31st March, 2017, as per the latest audited financial statements for the year ended 31st March, 2017 of that entity. Further, the independent auditors of that entity, in their audit report dated 30th May, 2017, on the aforesaid financial statements, have inter-alia reported that the entity's operations have been suspended since December, 2006, and have also expressed their inability to comment whether that entity can be considered as a "Going Concern" and whether its assets would be adequate to meet its liabilities [See note 66(c)]. For the reasons stated in the said note 66(c), the Management of the Parent believes that no impairment is deemed necessary. Having regard to the foregoing and in the absence of sufficient appropriate audit evidence, we are unable to comment whether the aforesaid outstanding share application money would be recoverable including the consequential impact, if any, of such impairment that may be required to be made in the Consolidated Ind AS Financial Statements.

Qualified 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 the other auditors on separate financial statements of the subsidiaries and a joint venture referred to in paragraph (a) under the 'Other Matters' section below, except for the possible effects of the matters described under the 'Basis for Qualified Opinion' section above, 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 Ind AS and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at 31st March, 2018, and their Consolidated profit, their Consolidated total comprehensive income, their Consolidated cash flows and their Consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of 3 subsidiaries whose financial statements reflect total assets of Rs. 120.05 Lakhs as at 31st March, 2018, and total revenues of Rs. 18.00 Lakhs, total profit after tax of Rs. 18.45 Lakhs, total comprehensive income of Rs. 18.45 Lakhs, and net cash inflows/ (outflows) amounting to Rs. Nil for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The above figures are before giving effect of any consolidation adjustments. The Consolidated Ind AS Financial Statements also include the Group's share of net loss of Rs. 601.06 Lakhs and total comprehensive loss of Rs. 601.06 Lakhs for the year ended 31st March, 2018, as considered in the Consolidated Ind AS Financial Statements, in respect of a joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management of the Parent and our opinion on the Consolidated Ind AS Financial Statements, and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid subsidiaries and a joint venture, is based solely on the reports of the other auditors.

Our opinion on the Consolidated Ind AS Financial Statements above and our report on the 'Other Legal and Regulatory Requirements' below is not modified in respect of the above matters with respect to our reliance on the work done by other auditors.

(b) We did not audit the financial information of a subsidiary, whose financial information reflect total assets of Rs. 38.05 Lakhs as at 31st March, 2018, and total revenues of Rs. Nil, total loss after tax of Rs. 76.40 Lakhs, total comprehensive loss of Rs. 76.40 Lakhs, and net cash outflows amounting to Rs. 3.18 Lakhs for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The above figures are before giving effect of any consolidation adjustments. The Consolidated Ind AS Financial Statements also include the Group's share of net loss of Rs. 51.06 Lakhs for the year ended 31st March, 2018, as considered in the Consolidated Ind AS Financial Statements, in respect of 2 associates, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management of the Parent and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and these associates is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management of the Parent, this financial information are not material to the Group.

Our opinion on the Consolidated Ind AS Financial Statements above is not modified in respect our reliance on this financial information certified by the Management of the Parent [Also see paragraph (i) under the 'Basis for Qualified Opinion' section above which describes our modification in respect of the exposures in the 2 associates referred above].

(c) (i) The comparative information for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 in respect of 3 subsidiaries and a joint venture included in the Consolidated Ind AS Financial Statements have been audited by other auditors, whose reports have been furnished to us by the Management of the Parent and in so far as it relates to the comparative amounts and disclosures included in respect of these subsidiaries and a joint venture made in the Consolidated Ind AS Financial Statements, is based solely on the reports of the other auditors.

(ii) The comparative financial information of the Group for the year ended 31st March, 2017, which includes its share of loss (net) in its associates and joint venture and the related transition date opening balance sheet as at 1st April, 2016, included in the Consolidated Ind AS Financial Statements, have been prepared by the Management of the Parent after adjusting the previously issued Consolidated financial statements, prepared in accordance with the Companies (Accounting Standards) Rules, 2006, to comply with Ind AS. The previously issued Consolidated financial statements were audited by the predecessor auditors whose reports, for the years ended 31st March, 2017 and 31st March, 2016, dated 30th May, 2017 and 27th May, 2016, respectively, expressed a qualified opinion on those financial statements in respect of matters referred in paragraph (i) under the 'Basis for Qualified Opinion' section above and matters referred in paragraph (b) under the 'Other Matters' section above. The adjustments made by the Management of the Parent to comply with Ind AS to the previously issued Consolidated financial statements, in so far as it relates to the financial information pertaining to the Parent and a subsidiary included in the aforesaid previously issued Consolidated financial statements, have been audited by us.

Our opinion on the Consolidated Ind AS Financial Statements is not modified in respect of the basis for preparation of the comparative financial information and the transition date opening balance sheet as referred above.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial statements of subsidiaries and joint venture companies incorporated in India, referred in the 'Other Matters' section above, we report, to the extent applicable, that:

(a) We have sought and except for the matters described under the 'Basis for Qualified Opinion' section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.

(b) In our opinion, except for the possible effects of the matters described under the 'Basis for Qualified Opinion' section above, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.

(d) In our opinion, except for the possible effects of the matters described under the 'Basis for Qualified Opinion' section above, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) The matters described under the 'Basis for Qualified Opinion' section above, in our opinion, may have an adverse effect on the functioning of the Parent.

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

(g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated under the 'Basis for Qualified Opinion' section above.

(h) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in the Annexure, which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses a qualified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Parent.

(i) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and a joint venture – See note 65 to the Consolidated Ind AS Financial Statements.

ii. The Group, its associates and a joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies, incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Place: Mumbai
Date: 15th May, 2018

Annexure to the Independent Auditor's Report

(Referred to in paragraph 1(h) under the 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of DIL Limited (hereinafter referred to as "the "Parent") and its subsidiary companies and joint venture (excluding 2 associates which are unaudited), which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies and joint venture, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies 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 their 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 internal financial controls over financial reporting of the Parent, its subsidiary companies and its joint venture, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 and the audit evidence obtained by the other auditors of the subsidiary companies and joint venture, which are companies incorporated in India, in terms of their reports referred under the 'Other Matters' paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies and its joint venture, which are companies incorporated in India.

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.

Basis for Qualified opinion

With respect to the Parent, according to the information and explanations given to us and based on our audit, material weaknesses have been identified in the Parent's internal financial controls over financial reporting as at 31st March, 2018 in respect of the assessment of impairment in the carrying value of investments, share application monies given and inter corporate deposits placed wherein the Parent does not have relevant internal financial controls in place which could potentially result in recognising these financial assets at a value more than its recoverable amount and consequential understatement of loss and overstatement of other equity.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred under the 'Other Matters' section below, the Parent and its subsidiary companies and joint venture which are companies incorporated in India have, in all material respects, except for the possible effects of the material weaknesses described under the 'Basis for Qualified Opinion' section above on the achievement of the objectives of the control criteria, maintained adequate internal financial controls over financial reporting as of 31st March, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies 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, and except for the possible effects of the material weaknesses described under the 'Basis for Qualified Opinion' section above on the achievement of the objectives of the control criteria, the Parent's and its subsidiary companies' and joint venture's internal financial controls over financial reporting were operating effectively as of 31st March, 2018.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated Ind AS financial statements of the Group for the year ended 31st March, 2018, and the material weaknesses have affected our opinion on the said consolidated Ind AS financial statements of the Group and we have issued a qualified opinion on the consolidated Ind AS financial statements.

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 in so far as it relates to 3 subsidiary companies and a joint venture (excluding 2 associates which are unaudited), which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India .

Our opinion is not modified in respect of the above matter.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Place: Mumbai
Date: 15th May, 2018

Consolidated Balance Sheet as at March 31, 2018

(Rs. In Lakhs)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS				
Non-current assets				
a) Property, plant and equipment	3	9,063.71	8,434.99	7,834.85
b) Capital work-in-progress		250.08	406.18	591.24
c) Investment property	4	8,049.53	8,182.68	8,130.77
d) Goodwill	5	412.79	413.33	413.33
e) Other intangible assets	6	211.04	132.79	185.31
f) Intangible assets under development		99.50	142.52	3.00
g) Investments				
i) Investments in associates	7	210.94	252.82	9.42
ii) Investments in joint ventures	8	-	529.82	268.00
h) Financial assets				
i) Investments	9	11.69	10.56	2,650.85
ii) Loans	10	38.10	61.86	35.36
iii) Share application money	11	897.68	906.86	1,081.86
iv) Others financial assets	12	479.97	87.87	288.46
i) Deferred tax assets [Refer note 62 (C) (II)]		-	69.00	-
j) Non-current tax assets (Net)	13	106.99	38.77	375.22
k) Other non-current assets	14	602.99	686.80	517.44
Total non-current assets		**20,435.01**	**20,356.85**	**22,385.11**
Current assets				
a) Inventories	15	5,117.88	3,891.38	2,502.05
b) Financial assets				
i) Investments	16	105.89	100.45	92.12
ii) Trade receivables	17	6,871.93	4,457.10	4,300.57
iii) Cash and cash equivalents	18	3,243.69	223.56	451.08
iv) Bank balances other than (iii) above	19	22.26	25.00	27.67
v) Loans	20	9.39	15.43	14.79
vi) Other financial assets	21	90.22	364.61	416.39
c) Other current assets	22	2,765.25	1,348.18	885.31
Total current assets		**18,226.51**	**10,425.71**	**8,689.98**
TOTAL ASSETS		**38,661.52**	**30,782.56**	**31,075.09**
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	23	229.32	229.32	229.32
b) Other equity	24	12,412.82	14,210.59	15,157.46
Equity attributable to owners of the Company		**12,642.14**	**14,439.91**	**15,386.78**
Non-controlling interests		1,098.36	2,847.11	2,566.91
Total equity		**13,740.50**	**17,287.02**	**17,953.69**
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	25	13,536.79	4,031.96	1,744.53
ii) Other financial liabilities	26	365.60	217.62	46.13
b) Provisions	27	272.97	267.03	192.73
c) Deferred tax liabilities (Net) [Refer note 62 (C)(I)]		218.93	273.88	400.58
d) Other non-current liabilities	29	171.18	89.17	17.83
Total non-current liabilities		**14,565.47**	**4,879.66**	**2,401.80**
Current liabilities				
a) Financial liabilities				
i) Borrowings	30	2,985.51	3,713.02	2,933.95
ii) Trade payables	31	4,008.60	2,748.93	1,908.92
iii) Other financial liabilities	32	2,332.07	1,686.79	5,275.83
b) Provisions	33	46.69	46.92	51.27
c) Other current liabilities	34	606.19	392.24	394.84
d) Current tax liabilities (Net)	35	376.49	27.98	154.79
Total current liabilities		**10,355.55**	**8,615.88**	**10,719.60**
TOTAL EQUITY AND LIABILITIES		**38,661.52**	**30,782.56**	**31,075.09**

See accompanying notes 1 to 69 to the consolidated financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Mumbai, May 15, 2018

For and on behalf of the Board of Directors of DIL Limited

Sanjay Buch
Chairman

Krishna Datla
Managing Director

Rajeshwari Datla
Director

Satish Varma
Director

Vinayak Hajare
Director

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Thane, May 15, 2018

Consolidated Statement of Profit and Loss for the year ended March 31, 2018

(Rs. In Lakhs)

Particulars	Notes	Year Ended March 31, 2018	Year Ended March 31, 2017
Income:			
Revenue from operations	36	30,297.58	16,568.83
Other income	37	894.84	278.26
Total Income		**31,192.42**	**16,847.09**
Expenses:			
Cost of materials consumed	38	8,490.24	8,187.58
Purchases of stock-in-trade		28.80	22.21
Changes in inventories of finished goods, stock-in-trade and work-in-progress	39	(538.92)	(1,377.72)
Excise duty on sale of goods		30.79	155.89
Employee benefits expense	40	3,983.03	3,084.05
Depreciation and amortisation expense	41	1,236.31	1,031.10
Finance costs	42	1,363.38	996.34
Other expenses	43	9,001.85	5,300.49
Total expenses		**23,595.48**	**17,399.94**
Profit/(Loss) before tax		**7,596.94**	**(552.85)**
Tax expense:			
Current tax			
- For the year		2,108.35	419.97
- Short provision of tax for earlier years		-	31.50
Deferred tax charge/(credit)		4.88	(181.36)
Total tax expense		**2,113.23**	**270.11**
Profit/(Loss) for the year before share of loss of associates and joint ventures		**5,483.71**	**(822.96)**
-Share of loss of associates		(51.06)	(39.17)
-Share of loss of joint ventures		(601.06)	(0.09)
Profit/(Loss) for the year before non-controlling interests		**4,831.59**	**(862.22)**
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
a) (i) Remeasurements of defined benefit plan		5.20	(48.14)
(ii) Income tax relating to remeasurements of defined benefit plan		(3.63)	14.43
b) (i) Net fair value change in investment in equity instruments through other comprehensive income		1.12	192.38
(ii) Income tax relating to fair value change in investment in equity instruments through other comprehensive income		-	(0.09)
Total other comprehensive income for the year		**2.69**	**158.58**
Total comprehensive income/(loss) for the year		**4,834.28**	**(703.64)**
Profit/(Loss) for the year attributable to:			
- Owners of the Company		3,568.75	(1,142.42)
- Non-controlling interests		1,262.84	280.20
		4,831.59	**(862.22)**
Total other comprehensive income/(loss) for the year			
- Owners of the Company		2.69	158.58
- Non-controlling interests		-	-
		2.69	**158.58**
Total comprehensive income/(loss) for the year attributable to:			
- Owners of the Company		3,571.45	(983.84)
- Non-controlling interests		1,262.84	280.20
		4,834.29	**(703.64)**
Earnings per equity share (nominal value per equity share Rs. 10 each)	44		
Basic (in Rs.)		155.63	(49.82)
Diluted (in Rs.)		155.63	(49.82)

See accompanying notes 1 to 69 to the consolidated financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Mumbai, May 15, 2018

For and on behalf of the Board of Directors of DIL Limited

Sanjay Buch
Chairman

Krishna Datla
Managing Director

Rajeshwari Datla
Director

Satish Varma
Director

Vinayak Hajare
Director

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Thane, May 15, 2018

Consolidated Cash Flow Statement for the year ended March 31, 2018

(Rs. In Lakhs)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
A. Cash flows from operating activities		
Profit/(loss) before tax as per Statement of profit and loss	7,596.94	(552.85)
Adjustments for:		
Depreciation and amortisation expense	1,236.31	1,031.10
Net unrealised foreign exchange gain	(261.02)	(50.50)
Loss/(Profit) on sale of Property, Plant and Equipment	(80.42)	9.37
Provision for doubtful debts	444.21	413.36
Provision for doubtful advances	11.18	12.18
Bad debts/Advances Written Off	(5.53)	-
Profit on sale / redemption of current investments	-	(1.03)
Changes in fair value of investment through profit or loss	(5.45)	(0.45)
Finance cost	1,363.38	996.34
Dividend income	(0.30)	(0.25)
Operating profit before working capital changes	**10,299.30**	**1,857.27**
Movements in working capital:		
Increase in trade receivables	(2,576.56)	(620.59)
Increase in inventories	(1,226.50)	(1,389.33)
Increase in other assets	(1,475.80)	(254.32)
Increase in trade payables	1,271.16	877.66
Increase/(decrease) in provisions	(2.11)	21.73
Increase/(decrease) in other liabilities	1,464.15	(76.80)
	7,753.64	**415.62**
Income tax paid	(1,828.06)	(224.60)
Net cash generated from operations (A)	**5,925.58**	**191.02**
B. Cash flows from investing activities		
Payments for purchase of property, plant and equipment and investment property including capital work-in-progress and intangible assets	(1,952.76)	(1,902.34)
Proceeds from disposal of property, plant and equipment	186.60	1.11
Purchase of investments		
In a joint venture	(58.00)	(262.00)
In a subsidiary	(8,292.95)	-
Proceeds from sale/redemption of investments		
Proceeds of current investments	-	80.00
Purchase of current investments		(100.00)
Proceeds of non current investments	-	2,832.67
Dividend received	0.30	0.25
Bank balances not considered as cash and cash equivalents	2.74	2.67
Net cash (used in) / generated from investing activities (B)	**(10,114.07)**	**652.36**

Consolidated Cash Flow Statement for the year ended March 31, 2018

(Rs. In Lakhs)

Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
C. Cash flows from financing activities		
Proceeds from borrowings	14,370.00	4,777.49
Net increase in short term borrowings	886.87	688.86
Repayment of borrowings	(5,056.51)	(5,671.60)
Finance costs	(1,246.69)	(933.96)
Dividend paid (including dividend distribution tax thereon)	(71.74)	(71.67)
Net cash (used in) / generated from financing activities (C)	**8,881.93**	**(1,210.88)**
Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)	**4,693.44**	**(367.50)**
Cash and cash equivalents at the beginning of the year	(1,449.75)	(1,082.25)
Cash and cash equivalents at the end of the year	**3,243.69**	**(1,449.75)**
Components of cash and cash equivalents		
Cash and cash equivalents (Refer note 18)		
Cash on hand	4.89	8.45
Balances with banks		
In current account	1,303.38	215.08
In deposits acccounts with original maturity for less than 3 months	1,006.14	0.03
In deposits account with original maturity for more than 3 months but less than 12 months	929.28	-
Cash Credit forming part of cash management (Refer note 30)	-	(1,673.31)
Total cash and cash equivalents considered for cash flows	**3,243.69**	**(1,449.75)**

See accompanying notes 1 to 69 to the consolidated financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Mumbai, May 15, 2018

For and on behalf of the Board of Directors of DIL Limited

Sanjay Buch
Chairman

Krishna Datla
Managing Director

Rajeshwari Datla
Director

Satish Varma
Director

Vinayak Hajare
Director

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Thane, May 15, 2018

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

(a) Equity share capital

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balance at the beginning and end of the year	229.32	229.32	229.32

(b) Other equity

(Rs. In Lakhs)

	Reserves and surplus						Items of Other comprehensive income	Total
	Capital reserve	Capital redemption reserve	Gain/ (loss) on dilution	Foreign currency translation reserve	General reserve	Retained earnings	Equity instruments through OCI	
Balance as at April 01, 2016	1,140.00	70.00	950.41	-	4,736.70	5,978.33	2,282.02	15,157.46
Loss for the year	-	-	-	-	-	(1,142.42)	-	(1,142.42)
Addition for the year	-	-	107.57	(1.60)	-	-	-	105.97
Transferred to retained earnings on sale of investment	-	-	-	-	-	2,466.17	(2,466.17)	-
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	(69.00)	-	(69.00)
Other comprehensive income for the year	-	-	-	-	-	(33.71)*	192.29	158.58
Balance as at March 31, 2017	1,140.00	70.00	1,057.98	(1.60)	4,736.70	7,199.37	8.14	14,210.59
Profit for the year	-	-	-	-	-	3,568.75	-	3,568.75
Addition for the year	-	-	(5,300.21)		-	-		(5,300.21)
Transfer to retained earnings [Refer note 47(i)]	-	-	-	1.60	-	(1.60)	-	-
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	(69.00)	-	(69.00)
Other comprehensive income for the year	-	-	-	-	-	1.57*	1.12	2.69
Balance as at March 31, 2018	1,140.00	70.00	(4,242.23)	-	4,736.70	10,699.09	9.26	12,412.82

*Represents remeasurement of defined benefits plan

(c) Total equity

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Total equity [(a)+(b)]	12,642.14	14,439.91	15,386.78

See accompanying notes 1 to 69 to the consolidated financial statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Mumbai, May 15, 2018

For and on behalf of the Board of Directors of DIL Limited

Sanjay Buch
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Satish Varma
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Vinayak Hajare
Director

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Thane, May 15, 2018

Notes to Consolidated Financial Statements for the year ended March 31, 2018

1. Corporate information

DIL Limited ('DIL' or 'the parent Company') is a public limited Company listed on the Bombay Stock Exchange, having its registered office at A-1601, Thane One's DIL Complex, Thane- 400610, together with its subsidiaries Fermenta Biotech Limited ('FBL'), Fermenta Biotech (UK) Limited ('FBLUK'), Aegean Properties Limited ('APL'), G.I. Biotech Private Limited ('GI BIO'), CC Square Films Limited (CCSL) collectively referred to as 'the Group', is in the business of manufacturing and selling of chemicals primarily bulk drugs and enzymes, renting property and entertainment. The Company's Joint Venture, Agastya Films LLP is in the business of film production.

2. Significant accounting policies

2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

Upto the year ended March 31, 2017, the Group prepared its financial statements in accordance with the requirements of previous GAAP, which includes standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Group's first Ind AS financial statements. The date of transition to Ind AS is April 01, 2016. Refer Note 63 for details of first-time adoption exemptions availed by the Group.

2.2 Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services

a) Fair Value Measurement

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee and

- has the ability to use its power to affect its returns.

- the Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

i) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

ii) potential voting rights held by the Company, other vote holders or other parties;

iii) rights arising from other contractual arrangements; and

iv) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

Consolidation of subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(c) Operating cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash and cash equivalents, the Group has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

(d) Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognised directly in 'Other equity' under 'Gain / (Loss) on dilution and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorata based on the carrying amount of each assets in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(f) Investments in associates and joint ventures

Associates are those entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as le, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. The carrying value of the Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. When the Group's share of losses of an associate or a joint venture exceeds its interest in that associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has obligations or has made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture and discontinues from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36, to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed off the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(g) Foreign currencies

Foreign currency transactions

In preparing the financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are translated at exchange rates at the dates of the transactions.

At the end of each reporting period monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange difference on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those currency borrowings;
- exchange difference on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of Group's foreign operations, are translated to the Indian Rupees at exchange rates at the end of each reporting period. The income and expenses of such foreign operations are translated at the average exchange rates for the period. Resulting foreign currency differences are recognised in other comprehensive income/(loss) and presented within equity as part of Foreign Currency Translation Reserve (and attributed to non-controlling interests as appropriate). When a foreign operation is disposed off, the relevant amount in the Foreign Currency Translation Reserve is reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss. Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed

Notes to Consolidated Financial Statements for the year ended March 31, 2018

through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

(h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Employee Benefits

i) Short term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

ii) Long-term employee benefits:

A) **Defined contribution plan:** The Group contributes towards state governed provident fund scheme, employee state insurance scheme (ESIC) and superannuation scheme for eligible employees. The Group has no further payment obligations once the contributions have been paid. Hence payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

B) **Defined benefit plans:** The employees' gratuity fund scheme represents defined benefit plans. The cost of providing benefits is determined using projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the assets (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with the charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

(1) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

(2) net interest expenses or income; and

(3) remeasurement

The Company presents the first two components of defined benefit costs in Statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service cost.

C) Liabilities recognised in respect of other long term employee benefits are actuarially measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

(j) Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

i) Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under the Income Tax Act, 1961. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognized for all the deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

ii) Presentation of current and deferred tax:

Current and deferred tax are recognized in the profit and loss, except when they relate to items that are recognised in Other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

(k) Revenue recognition

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Group in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Group. Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Group, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and Goods and Services Tax are excluded from revenue.

Rental income from investment in property

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are recognised over the lease term on the same basis as rental income.

Sale of Goods:

Revenue from sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the cost incurred or to be incurred in respect of the transactions can be measured reliably.

Rendering of services:
Revenue from services rendered is recognised pro-rata over the period of the contract as the underlying services are performed.

Infrastructure support services, consists of maintenance of common area in the investment property and supply of essential services. Revenue from such services is recognised in accordance with the terms of the agreement entered into with individual lessees.

Revenue from licensing of motion film
Revenue from licensing of motion film is recognized in accordance with the terms of the licensing agreement or on provision of the motion film rights, whichever is later.

Interest and dividend:
Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Dividend income is recognized when the Group's right to receive payment is established which is generally when shareholders approve the dividend.

Export Incentive:
The benefit under the Duty Drawback, Mercantile Export Incentive Scheme and other schemes as per the Import and Export policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head "Other Operating Revenue" in the Statement of profit and loss is accounted in the year of export.

Gain or loss on the sale of equity and redemption of mutual fund units are recognized on accrual basis.

Interest on income tax refund is recognized on receipt of the refund order.

(l) **Property, plant and equipment (PPE)**

Items of property, plant and equipment are stated in balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of property, plant and equipment and is recognised in profit or loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and capital work-in-progress) less their residual values on straight-line method over their useful lives as indicated in Part C of Schedule II of the Companies Act, 2013.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives of the property, plant and equipment are as follows:

Asset Category	Estimated useful life (in years)
Buildings	30-60
Lease hold improvements (included in buildings)	5-10
Plant & Equipment	5-20
Office equipment (included in plant and equipment)	5-6
Computers (included in plant and equipment)	3-6
Furniture and fixtures	10
Vehicles	8

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its tangible property, plant and equipment recognised as of the transition date, measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

(m) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured-initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of Ind AS 16 for cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

For transition to Ind AS, the Group has elected to continue with the carrying value of its 'investment property recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

(n) Intangible assets

(a) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(b) Internally-generated intangible assets - Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An Internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if, all the below stated conditions are fulfilled:

(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(ii) its intention to complete the asset and use or sell it;

(iii) its ability to use or sell the asset;

(iv) how the asset will generate probable future economic benefits;

(v) the availability of adequate resources to complete the development and to use or sell the asset; and

(vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible assets first meets the recognition criteria listed above. Where no internally-generated intangible assets can be recognised, development expenditure is recognised in the Statement of profit and loss in the period in which they incurred.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible as intangible assets that are acquired separately.

An intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from use or disposal. Any gain or loss arising from derecognition of an intangible assets, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of profit and loss when the assets is derecognised.

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as of the transition date, measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

The estimated useful lives of the intangible assets are as follows:

Asset Category	Estimated useful life (in years)
Computer softwares	3-6
Product know how	3-5

(o) **Impairment of tangible and intangible assets other than goodwill**

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for a reasonable and consistent allocation basis to be identified.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of the net selling price and the value in use; and

(ii) in the case of a cash generating unit (a Group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the Group suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or companies of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of profit and loss.

(p) **Inventories**

Inventories consisting of raw materials and packing materials, work-in-progress, stock-in-trade and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost of raw materials and packing materials and stock-in-trade comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

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

(q) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets

Initial recognition and measurement:

All financial assets are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial asset on initial recognition. Transaction costs directly attributable to the acquisition of financial assets as at fair value through profit or loss are recognised immediately in profit or loss. All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Subsequent measurement

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

1. Debt instruments at amortised cost
2. Debt instruments at fair value through other comprehensive income (FVTOCI)
3. Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
4. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) 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.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income of the Statement of profit and loss. The losses arising from impairment are recognised in the Statement of profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is measured as at FVTOCI if both of the following criteria are met:

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

-Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income, impairment losses and reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Equity Instruments

All equity Instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument including foreign exchange gain or loss , excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Derecognition

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:

1) The contractual rights to receive cash flows from the asset have expired, or

2) 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.

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 Group continues to recognise the transferred asset to the extent of the Group's continuing involvement; in that case the Group 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 Group 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 Group could be required to repay.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial assets, and guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Group estimates cash flow by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if the default occurs within the 12-months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12-months.

If the Group's measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risks has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

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 11 and Ind AS 18, the Group 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 Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Financial liabilities and equity instruments

Classification as debts or equity:

Debts and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue cost.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of profit and loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities:

Initial recognition and measurement:

All financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities as at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement:

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

a) it has been incurred principally for the purpose of repurchasing it in the near term; or

b) on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

c) it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit, or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit and loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the company that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in note 57.

<u>Financial liabilities at amortised cost:</u>
Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

<u>Derecognition of financial liabilities:</u>
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of profit and loss.

<u>Offsetting of financial instruments</u>
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.

(r) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

<u>The Company as lessor:</u>
Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee:

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Groups's general policy on borrowing costs (see note 2.(h) above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(s) Investments in subsidiaries:

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

Upon first-time adoption of Ind AS, the Group has elected to measure its investments in subsidiaries at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

(t) Provisions, contingent liabilities and contingent assets

Provision are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow 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".

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent assets are not recognized in the financial statements of the Group. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare case where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements.

(u) Earnings per share

The Group presents basic and diluted earnings per shares data for its equity shares

Basic earnings per share are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. The Group does not have any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

(v) Cash and cash equivalents:

Cash and cash equivalent in the balance sheet 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.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(w) Investments in equity instruments of subsidiaries:

Investments in equity instruments of subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of profit and loss.

Upon first-time adoption of Ind AS, the Group has elected to measure its investments in subsidiaries at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

(x) Operating segments:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. ("CODM") of the Parent Company. The chief operating decision maker of the Parent Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

(y) Cash Dividends to equity holders in the Group

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

(z) Use of estimates and judgements

The preparation of the Group's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

<u>Fair value measurement of financial instruments:</u>

When the fair values of financials assets and financial liabilities recorded in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgements and assumptions.

<u>Useful lives of property, plant and equipment and intangible assets:</u>

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time when the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

Assets and obligations relating to employee benefit:

The employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of employment benefit obligations.

Tax expense: [refer note 2(j)]

The Parent Company's tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes, if any, including amount expected to be paid/recovered for uncertain tax positions. Further, significant judgement is exercised to ascertain amount of deferred tax asset (DTA) that could be recognised based on the probability that future taxable profits will be available against which DTA can be utilized and amount of temporary difference in which DTA cannot be recognised on want of probable taxable profits.

Provisions: [refer note 2(t)]

Write down in value of inventories: (refer note 15)

Contingencies (refer note 65)

(aa) Recent Accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs (""MCA"") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 01, 2018. The Group is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant.

Ind AS 115

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after April 01, 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Group from April 01, 2018.

The standard permits two possible methods of transition:

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The Group is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 3 - Property, plant and equipment

(Rs. In Lakhs)

	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Total
Deemed cost as at April 01, 2016	**56.83**	**3,003.78**	**4,297.72**	**76.02**	**207.73**	**192.77**	**7,834.85**
Additions	-	160.53	1,132.48	19.34	1.08	-	1,313.43
Disposal	-	(7.92)	(1.37)	-	(1.20)	-	(10.49)
Balance as at March 31, 2017	**56.83**	**3,156.39**	**5,428.83**	**95.36**	**207.61**	**192.77**	**9,137.79**
Additions	-	622.27	670.74	191.41	71.12	-	1,555.54
Disposal	(1.74)	-	(54.92)	(1.14)	(48.38)	-	(106.18)
Balance as at March 31, 2018	**55.09**	**3,778.66**	**6,044.65**	**285.63**	**230.35**	**192.77**	**10,587.15**
Accumulated depreciation							
As at April 01, 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation expense	-	140.39	478.10	22.34	52.28	9.69	702.80
Balance as at March 31, 2017	**-**	**140.39**	**478.10**	**22.34**	**52.28**	**9.69**	**702.80**
Depreciation expense	-	190.26	533.77	42.70	44.22	9.69	820.64
Balance as at March 31, 2018	**-**	**330.65**	**1,011.87**	**65.04**	**96.50**	**19.38**	**1,523.44**
Carrying amount							
As at April 01, 2016	**56.83**	**3,003.78**	**4,297.72**	**76.02**	**207.73**	**192.77**	**7,834.85**
As at March 31, 2017	**56.83**	**3,016.00**	**4,950.73**	**73.02**	**155.33**	**183.08**	**8,434.99**
As at March 31, 2018	**55.09**	**3,448.01**	**5,032.78**	**220.59**	**133.85**	**173.39**	**9,063.71**

Note: Land includes Rs.8.06 lakhs, being cost of land held in trust by the managing director and one of the directors of the Company

Note 4 - Investment property

(Rs. In Lakhs)

	Buildings	Plant and equipment	Total
Deemed cost as at April 01, 2016	**6,108.39**	**2,022.38**	**8,130.77**
Additions	222.58	96.03	318.61
Balance as at March 31, 2017	**6,330.97**	**2,118.41**	**8,449.38**
Additions	112.85	24.54	137.39
Balance as at March 31, 2018	**6,443.82**	**2,142.95**	**8,586.77**
Accumulated depreciation			
As at April 01, 2016	**-**	**-**	**-**
Depreciation expense	129.40	137.30	266.70
Balance as at March 31, 2017	**129.40**	**137.30**	**266.70**
Depreciation expense	132.13	138.41	270.54
Balance as at March 31, 2018	**261.53**	**275.71**	**537.24**
Carrying amount			
As at April 01, 2016	**6,108.39**	**2,022.38**	**8,130.77**
As at March 31, 2017	**6,201.57**	**1,981.11**	**8,182.68**
As at March 31, 2018	**6,182.29**	**1,867.24**	**8,049.53**

Also see note 61 to the consolidated Ind AS financial statements

Note 5 - Goodwill

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deemed cost	533.79	534.33	534.33
Accumulated impairment losses	(121.00)	(121.00)	(121.00)
	412.79	**413.33**	**413.33**

Note 6 - Other intangible assets

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deemed cost as at April 01, 2016	**40.89**	**144.42**	**185.31**
Additions	9.08	-	9.08
Balance as at March 31, 2017	**49.97**	**144.42**	**194.39**
Additions	220.38	3.00	223.38
Balance as at March 31, 2018	**270.35**	**147.42**	**417.77**
Accumlated amortisation			
As at April 01, 2016	**-**	**-**	**-**
Amortisation expense	16.66	44.94	61.60
Balance as at March 31, 2017	**16.66**	**44.94**	**61.60**
Amortisation expense	43.50	101.63	145.13
Balance as at March 31, 2018	**60.16**	**146.57**	**206.73**
Carrying amount			
As at April 01, 2016	**40.89**	**144.42**	**185.31**
As at March 31, 2017	**33.31**	**99.48**	**132.79**
As at March 31, 2018	**210.19**	**0.85**	**211.04**

Note 7- Investments in associates (Non- current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Investment in associates - In equity instruments Unquoted (Fully paid up) (At cost less impairment in value of investments, if any)			
a) Health and Wellness India Private Limited [Refer note 66(b)]	-	20.61	9.42
30,12,504 (March 31, 2017 - 30,12,504, April 01, 2016 -30,12,504) Equity shares of Rs. 10 each			
b) Zela Wellness Private Limited [Refer notes 66(a) and 66(b)]			
1,03,234 (March 31, 2017 - 1,03,234, April 01, 2016 - 19,600) Equity shares of Rs. 10 each	210.94	232.21	-
	210.94	**252.82**	**9.42**
Notes:			
The financial information in respect of these associates are not material to the group.			
Proportion of Group's ownership interest in the associates [Refer note 49]			
Accumulated unrecognised share of losses of associates			
Health and Wellness India Private Limited	66.82	-	-
Zela Wellness Private Limited	-	-	130.02
Unrecognised share of losses of associates for the year			
Health and Wellness India Private Limited	-	-	-
Zela Wellness Private Limited	-	-	21.83
Accumulated recognised share of losses of associates			
Health and Wellness India Private Limited	484.19	454.39	465.58
Zela Wellness Private Limited	14.06	-	75.00

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 8 - Investments in joint venture (Non- current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
VasKo Glider s.r.o [Refer note 47 (i)]	-	188.51	188.51
Agastya Films LLP [Refer note 47 (ii)]	588.00	529.82	268.00
Less: Impairment in the value of investments	(588.00)	(188.51)	(188.51)
	-	**529.82**	**268.00**
Notes:			
The financial information in respect of these joint ventures are not material to the group [Refer note 47].			
Aggregate amount of investments before impairment	588.00	718.33	456.51
Aggregate amount of impairment in value of investments	588.00	188.51	188.51

Note 9 - Investments (Non- current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Equity instruments:			
Unquoted Investments (all fully paid up)			
Investments in equity instruments at FVTPL			
Biodil Marsing Private Limited.	5.90	5.90	5.90
59,000 (March 31, 2017 - 59,000, April 01, 2016 - 59,000) Equity shares of Rs. 10 each			
Investments in equity instruments at FVOCI			
Shivalik Solid Waste Management Limited (unquoted)	4.11	4.11	3.65
20,000 (March 31, 2017 - 20,000, April 01, 2016 - 20,000) Equity shares of Rs. 10 each.			
	10.01	**10.01**	**9.55**
*Less: Provision for diminution in value of investments	(5.90)	(5.90)	(5.90)
Total aggregate unquoted Investments (A)	**4.11**	**4.11**	**3.65**
Quoted Investments (all fully paid)			
Investments in equity instruments at FVTOCI			
Abbott India Limited	7.58	6.45	6.54
139 (March 31, 2017 - 139, April 01, 2016 - 139) Equity shares of Rs. 10 each			
Syngene International Limited	-	-	2,640.66
Nil (March 31, 2017 - Nil, April 01, 2016 - 6,87,224) Equity shares of Rs. 10 each.			
Total aggregate quoted investments (B)	**7.58**	**6.45**	**2,647.20**
Total Non-current investments (A+B)	**11.69**	**10.56**	**2,650.85**
Aggregate carrying value of unquoted investments before impairment	10.01	10.01	9.55
Aggregate amount of impairment in value of investments	5.90	5.90	5.90
Aggregate book value of quoted investments	7.58	6.45	2,647.20
Aggregate market value of quoted investments	7.58	6.45	2,647.20

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 10 - Loans (Non- current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
Security deposits	-	22.98	-
Loans to employees	38.10	38.88	35.36
Unsecured, considered doubtful			
Inter corporate deposit	267.83	267.83	267.83
Less : provision for doubtful inter corporate deposit	(267.83)	(267.83)	(267.83)
	38.10	**61.86**	**35.36**

Note 11- Share application money

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Health and Wellness India Private Limited [Refer note 66(b)]	300.68	309.86	309.86
Zela Wellness Private Limited [Refer notes 66(a) and 66(b)]	-	-	175.00
Noble Explochem Limited [Refer note 66(c)]	597.00	597.00	597.00
	897.68	**906.86**	**1,081.86**

Note 12 - Others financial assets (Non current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deposits with remaining maturity of more than 12 months* (Refer note 19)	122.00	12.00	130.00
Security deposits	326.61	74.75	153.93
Assets for defined benefits plan	-	-	3.56
Others	31.36	1.12	0.97
	479.97	**87.87**	**288.46**
*This consists of deposits:			
- held in the form of Debt Security Reserve (DSR) with Kotak Bank Limited	110.00	-	-
- kept for fund based bank guarantee with Union Bank of India	12.00	12.00	-
- held in the form of Debt Security Reserve (DSR) with Axis Bank Limited	-	-	130.00

Note 13 - Non-current tax assets (Net)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advance income-tax (Net of provision for tax)	106.99	38.77	375.22
	106.99	**38.77**	**375.22**

Note 14 - Other non-current assets

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Capital advances	**186.66**	**248.63**	**250.94**
Advances recoverable in cash or kind			
Unsecured considered good	17.63	23.09	20.66
Unsecured, considered doubtful	19.01	19.01	24.09
	36.64	**42.10**	**44.75**

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 14 - Other non-current assets (contd.)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Less: Allowance for doubtful advances	19.01	19.01	24.09
	17.63	**23.09**	**20.66**
Unamortised lease premium	215.97	225.82	235.66
Deferred rent	44.27	8.38	4.33
Prepaid expenses	134.71	107.16	-
Balances with government authorities	3.75	3.75	3.75
Others	-	69.97	2.10
	398.70	**415.08**	**245.84**
	602.99	**686.80**	**517.44**

Note 15 - Inventories

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Raw materials and packing materials [includes stock in transit of Rs. Nil (as at March 31, 2017 Rs. 50.82 Lakhs and as at April 01, 2016 Rs. 78.51 Lakhs)]	1,814.48	1,091.95	1,123.91
Work-in-progress	2,225.09	2,281.79	1,045.33
Finished goods	914.98	319.36	178.10
Stores and spares	163.33	198.28	154.71
	5,117.88	**3,891.38**	**2,502.05**

Note 16 - Investments (Current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
In Mutual funds*			
Unquoted investments (Unit of Rs. 10 each fully paid)			
a) Union KBC Dynamic Bond Fund - Growth	-	-	33.27
Nil [(March 31, 2017 -Nil, April 01, 2016 - 2.27,324.392) units			
b) Union KBC Capital Protection Oriented Fund Series 5 - Regular Plan - Growth	-	-	58.85
Nil [(March 31, 2017 - Nil, April 01, 2016 - 5,00,000) units			
c) Union Capital Protection Oriented Fund - Series 7	105.89	100.45	-
10,00,000 (March 31, 2017 - 10,00,000, April 01, 2016 - Nil) units			
	105.89	**100.45**	**92.12**

* Investments in mutual funds have been valued at closing net asset value (NAV).

Note 17 - Trade receivables

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsceured, considered good	6,871.93	4,457.10	4,300.57
Unsceured, considered doubtful	1,033.63	589.42	182.03
	7,905.56	**5,046.52**	**4,482.60**
Less: Allowance for doubtful debts (expected credit loss allowance)	(1,033.63)	(589.42)	(182.03)
	6,871.93	**4,457.10**	**4,300.57**

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 17 - Trade receivables (contd.)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Movement in the expected credit loss allowance			
Balance at the beginning of the year	589.42	176.06	182.61
Addition during the year	475.99	413.36	5.99
Reversal during the year	31.78	-	6.57
Balance at the end of the year	**1,033.63**	**589.42**	**182.03**

Note 18 - Cash and cash equivalents

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with banks			
In current account	1,303.38	215.08	445.50
In deposits acccounts with original maturity for less than 3 months	1,006.14	0.03	0.03
In deposits account with original maturity for more than 3 months but less than 12 months	929.28	-	-
Cash on hand	4.89	8.45	5.55
	3,243.69	**223.56**	**451.08**

Note 19 - Bank balances other than cash and cash equivalents

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with banks			
Unclaimed dividend account	22.26	25.00	27.67
In deposit accounts * (Refer note below)	123.29	165.71	198.68
Out of deposit accounts:	**145.55**	**190.71**	**226.35**
Amount disclosed under other financial assets (non-current) (Refer note 12)	(122.00)	(12.00)	(130.00)
Amount disclosed under other financial assets (Current) (Refer note 21)	(1.29)	(153.71)	(68.68)
	22.26	**25.00**	**27.67**
*This includes deposits			
- held in the form of Debt Security Reserve (DSR) with Kotak Bank Limited	110.00	-	-
- kept for fund based bank guarantee with Union Bank of India	12.00	12.00	-
- held in the form of Debt Security Reserve (DSR) with Axis Bank Limited	-	-	130.00
- held under lien against guarantees and other commitments	1.29	153.71	68.68

Note 20 - Loans (Current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
Security deposits	1.09	-	-
Loans to employees	8.30	15.43	14.79
	9.39	**15.43**	**14.79**

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 21 - Other financial assets (Current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advances recoverable in cash or kind [Refer note 66(b)]	54.37	194.06	213.21
Loans and advances to employees			
Unsecured, considered good	-	11.20	2.51
Unsecured, considered doubtful	11.18	-	-
Less: Allowance for doubtful advances	(11.18)	-	-
Interest accrued	34.56	5.64	92.80
Insurance claim receivable	-	-	39.19
Deposit with remaining maturity upto 12 months* (Refer note 19)	1.29	153.71	68.68
	90.22	**364.61**	**416.39**
* held under lien against guarantees and other commitments	1.29	153.71	68.68

Note 22 - Other current assets

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advance for supply of goods and services			
Considered good	228.59	554.69	314.39
Considered doubtful	30.94	30.94	18.76
Less: Allowance for doubtful advances	(30.94)	(30.94)	(18.76)
	-	-	-
Deferred rent	14.27	0.22	1.35
Prepaid expenses	136.28	94.96	58.41
Travel advances to employee	4.78	12.77	13.98
Unamortised lease premium	9.85	9.85	9.85
Exports incentive receivable	838.95	326.30	216.67
Balances with government authorities	1,532.53	348.15	243.95
Others	-	1.24	26.71
	2,765.25	**1,348.18**	**885.31**

Note 23 - Equity share capital

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Authorised:			
49,20,000 (March 31, 2017 - 49,20,000, April 01, 2016- 49,20,000) Equity shares of Rs. 10/- each	492.00	492.00	492.00
80,000 (March 31, 2017 - 80,000, April 01, 2016-80,000) Unclassified shares of Rs. 10/- each	8.00	8.00	8.00
	500.00	**500.00**	**500.00**
Issued, subscribed and paid-up capital:			
22,93,198 (March 31, 2017 - 22,93,198, April 01, 2016-22,93,198) Equity shares of Rs. 10/- each.	229.32	229.32	229.32
	229.32	**229.32**	**229.32**

Note 23 - Equity share capital (contd.)

a) Details of shareholders holding more than 5% shares in the Company (Rs. In Lakhs)

Name of the shareholder	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
Equity shares of Rs. 10/- each fully paid	No of shares in lakhs	% holding in the class	No of shares in lakhs	% holding in the class	No of shares in lakhs	% holding in the class
DVK Investments Private Limited, holding company	12.36	53.91%	12.36	53.91%	12.36	53.91%
Mr. Krishna Datla	1.99	8.68%	1.99	8.68%	1.99	8.68%

b) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company are as below. (Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
DVK Investments Private Limited			
12,36,235 (March 31, 2017 -12,36,235, April 01, 2016- 12,36,235) Equity shares of Rs. 10/-each fully paid	123.62	123.62	123.62

c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

There is no movement in the number of issued, subscribed and paid up equity shares at the beginning and at the end of the financial year.

d) Rights, preference and restrictions

The Company has issued only one class of shares, namely, equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays the dividend in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to shareholders' approval in the ensuing Annual General Meeting. Refer note 60(ii) for dividend on equity shares paid by Parent Company during the year.

Note 24 - Other equity

(Rs. In Lakhs)

	Reserves and surplus						Items of Other comprehensive income	Total
	Capital reserve	Capital redemption reserve	Gain/ (loss) on dilution	Foreign currency translation reserve	General reserve	Retained earnings	Equity instruments through OCI	
Balance as at April 01, 2016	**1,140.00**	**70.00**	**950.41**	**-**	**4,736.70**	**5,978.33**	**2,282.02**	**15,157.46**
Loss for the year	-	-	-	-	-	(1,142.42)	-	(1,142.42)
Addition for the year	-	-	107.57	(1.60)	-	-	-	105.97
Transferred to retained earnings on sale of investment	-	-	-	-	-	2,466.17	(2,466.17)	-
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	(69.00)	-	(69.00)
Other comprehensive income for the year	-	-	-	-	-	(33.71)*	192.29	158.58
Balance as at March 31, 2017	**1,140.00**	**70.00**	**1,057.98**	**(1.60)**	**4,736.70**	**7,199.37**	**8.14**	**14,210.59**
Profit for the year	-	-	-	-	-	3,568.75	-	3,568.75
Addition for the year	-	-	(5,300.21)	-	-	-	-	(5,300.21)
Transfer to retained earnings [Refer note 47(i)]	-	-	-	1.60	-	(1.60)	-	-
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	(69.00)	-	(69.00)
Other comprehensive income for the year	-	-	-	-	-	1.57*	1.12	2.69
Balance as at March 31, 2018	**1,140.00**	**70.00**	**(4,242.23)**	**-**	**4,736.70**	**10,699.09**	**9.26**	**12,412.82**

*Represents remeasurement of defined benefits plan

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 24 - Other equity (contd.)

Description of nature and purpose of each reserve

Capital reserve: Capital reserve was created in the financial years 1995-96 and 1996-97 pursuant to sale of the Company's brands for which non compete fees were received and treated as a capital receipt.

Capital redemption reserve: This reserve was created for redemption of preference shares in the financial year 2010-2011 Rs. 70.00 lakhs.

Unrealised gain on dilution: This reserve represents unrealised gain/(loss) due to change in the shareholdings in a subsidiary and an associate.

General Reserve: General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes.

Retained earnings: Profits generated by the Group that are not distributed to shareholders as dividends but are reinvested in the business.

Equity instruments through other comprehensive income: This represents the cumulative gains / losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

Note 25 - Long-term borrowings

(Rs. In Lakhs)

Secured	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Non Current	Current	Non Current	Current	Non Current	Current
Secured						
Term loans						
From banks						
For R & D Thane / registered office [Refer note below (h)]	47.31	84.51	123.68	75.00	30.37	75.00
For Dahej facility [Refer notes below (f) and (g)]	269.04	200.00	472.62	222.19	295.57	466.67
For Loan against lease rentals (Discounting Loan) for Ceejay House Property [Refer note below (c)]	-	-	-	-	1,368.95	93.24
For Business operations [Refer note below (a)]	3,736.87	172.00	-	-	-	-
For Thane One [Refer note below (d)]	-	-	3,421.83	643.00	-	-
For Thane One [Refer note below (e)]	-	-	-	-	-	3,450.00
For Vehicle [Refer note below (j)]	18.65	9.35	4.10	15.55	19.29	19.84
From others						
For Business operations [Refer note below (b2)]	4,418.64	324.63	-	-	-	-
For Business operations [Refer note below (b1)]	5,046.28	-	-	-	-	-
For Dahej facility [Refer note below (i)]	-	-	-	-	-	33.49
For R & D Thane [Refer note below (i)]	-	-	9.51	26.09	30.11	22.75
For Vehicle [Refer note below (j)]	-	-	0.22	-	0.24	2.38
Total	**13,536.79**	**790.49**	**4,031.96**	**981.83**	**1,744.53**	**4,163.37**
Amount disclosed under the head "other current liabilities" (Refer note 32)	-	(790.49)	-	(981.83)		(4,163.37)
Net amount	**13,536.79**	-	**4,031.96**	-	**1,744.53**	-

a) Term loan of Rs. 4000 lakhs from Kotak Mahindra Investments Limited is taken under the loan against property (LAP) scheme at interest rate of 11.00% p.a. payable in 15 quarterly installments starting from March 31, 2019 and secured by way of equitable mortgage of Ground, 14,15 and 16 floors of Thane One, land admeasuring approx. 45 acres located at Takwe, Pune (owned by DIL Limited 25 acres and balance 20 acres held in a trust by the managing director of the Company and others), and pledge of 30% equity shares held by the Company in one of the subsidiaries viz. Fermenta Biotech Limited. Further, the said loan has been guaranteed by the personal guarantee of the managing director of the Company and corporate guarantee of DVK Investments Private Limited, the holding company.

b1) Loan of Rs. 5000 lakhs by way of discounting of lease rental of Thane One Building consisting of 1st floor to 13th floor taken from Bajaj Finance Limited carrying interest @ 9.05% p.a repayable after 156 months in one installment. The said loan is secured by hypothecation

Note 25 - Long-term borrowings (contd.)

of the lease agreements of Thane One (consisting of 1st floor to 13th floor) entered into by the Company. Further the LRD Loan has been guaranteed by the personal guarantee of the managing director of the Company and the corporate guarantee of DVK Investments Private Limited, the holding company.

b2) Term loan of Rs. 5000 lakhs from Bajaj Finance Limited is taken at the interest rate of 9.52% p.a of which Rs. 2500 lakhs is in the form of top up of LRD on Thane One property (consisting of rentals of 1st floor to 13th floor) and balance Rs. 2500 lakhs as a term loan secured by equitable mortgage of the premises at Ceejay House owned by one of the subsidiaries viz. Aegean Properties Limited (APL) of the Company. Further these loans have been guaranteed by the personal guarantee of the managing director of the Company and the corporate guarantee of DVK Investments Private Limited, the holding company.

c) Loan under lease rental discounting (LRD) from Axis Bank Limited was taken during the earlier financial year by securitisation of Ceejay House rentals and carries interest @ 10.75% p.a. The loan is repayable in 111 monthly installments including interest (EMI). Further the said LRD Loan is also secured by way of first charge on Equitable Mortgage of Ceejay House owned by one of the subsidiaries viz. Aegean Properties Limited (APL). Further, the LRD Loan was guaranteed by the personal guarantee of the managing director of the Company and its subsidiary company (APL).

d) Term loans for Thane One Building at Majiwade, Thane under "Union Liqui Property Scheme" was taken from Union Bank of India during the earlier financial year with interest rates (BR + 3.40%) 12.85% p.a [April 01, 2016 NIL] repayable after 12 months starting September 08, 2017 in seven yearly installments of Rs. 643 lakhs each. The said term loans were secured by way of first charge on Equitable Mortgage of Land at Thane and Constructions there on, both, owned by the Company. Further, the loan had been guaranteed by the personal guarantee of the managing director of the Company and the corporate guarantee of DVK Investments Private Limited, the holding company.

e) Term loans for Thane One Building at Majiwade, Thane was taken from Union Bank of India with interest rates (BR + 4.25%) 13.90% p a [April 01, 2016 (BR + 4.25%) p.a 13.90%] repayable in 12 months starting March 31, 2016 in four quarterly installments. The said term loans were secured by way of first charge on Equitable Mortgage of land and constructions there on at Thane, both, owned by the Company. Further, the loan had been guaranteed by the personal guarantee of the managing director of the Company and the corporate guarantee DVK Investments Private Limited, the holding company.

f) Term loan for setting up a new facility at Dahej SEZ is taken by one of the subsidiaries viz. Fermenta Biotech Limited from Union Bank of India with interest rates (BR + 4%) ranging from 13.30% to 13.60% repayable in 60 equal monthly instalments. The said term loan is secured by way of first charge on fixed assets procured with financial assistance of the said term loan and by equitable mortgage of factory land and building at Dahej and Kullu of the said subsidiary.

g) Term loan for expansion of Dahej facility is taken from Union Bank of India with interest rate MCLR + 2.15% (effective rate 10.55%) repayable in 48 equal monthly instalments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building at Dahej and Kullu of one of the subsidiaries viz. Fermenta Biotech Limited.

h) Term loan for relocation of R & D units / registered office is taken from Union Bank of India with interest rate MCLR + 2.15% (effective rate 10.55%) repayable in 48 equal monthly instalments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building of Dahej and Kullu of one of the subsidiaries viz. Fermenta Biotech Limited.

i) Term loans from financial institutions (secured) for financing the purchase of plant and machinery at Dahej SEZ and R & D Thane are taken from Siemens Financial Services Private Limited by one of the subsidiaries viz. Fermenta Biotech Limited at interest rates of 13.75%, repayable in 48 equal monthly instalments. The said term loans are secured by way of first charge on plant and machinery procured with financial assistance of the said term loans.

j) Vehicle loans are taken from the Banks and Financial Institutions against hypothecation of the vehicles purchased, repayable in monthly instalments ranging between 36 to 60 months with interest rates ranging from 10% to 14%.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 26 - Other financial liabilities (Non- current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deposits from tenants	365.60	217.62	46.13
	365.60	**217.62**	**46.13**

Note 27 - Provisions (Non- current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for employee benefits			
Gratuity [(Refer note 45(c)]	71.84	58.06	9.11
Compensated absences	201.13	208.97	183.62
	272.97	**267.03**	**192.73**

Note 28

a. Deferred tax liabilities (Net):

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred tax liabilities			
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	740.12	652.86	600.99
Fair value and other timing adjustments	5.96	0.42	-
Total deferred tax liabilities	**746.08**	**653.28**	**600.99**
Deferred tax assets			
Provision for doubtful debts and advances	(459.62)	307.39	150.11
Provision for gratuity and compensated absences	(67.53)	72.01	50.30
Total deferred tax asset	**(527.15)**	**379.40**	**200.41**
Deferred tax liability (Net)	**218.93**	**273.88**	**400.58**

b. Deferred tax assets

MAT credit entitlement	-	69.00	-

Note 29 - Other non-current liabilities

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred rent	171.18	89.17	17.83
	171.18	**89.17**	**17.83**

Note 30 - Borrowings (Current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Loans repayable on demand			
From banks (Secured)			
Cash credit from Union Bank of India	-	1,673.31	1,533.33
Packing credit from Union Bank of India	2,128.09	1,132.00	1,200.62
Buyers credit from bank	284.92	188.85	-

Note 30 - Borrowings (Current) (contd.)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
From banks (Unsecured)			
Buyers credit from bank	-	368.86	-
From others (Unsecured)			
Inter corporate deposits (ICD) from Allegro Corporate Finance Advisors Pvt. Ltd.	372.50	350.00	200.00
Inter corporate deposits (ICD) from DVK Investments Pvt. Ltd, the holding Company	200.00	-	-
	2,985.51	**3,713.02**	**2,933.95**

Cash credit are from Union Bank of India carrying an interest @16.75% (BR+6.85%) p.a.and ICD's from Allegro Corporate Finance Advisors Pvt. Ltd and ICD's from DVK Investments Pvt Ltd, the holding company carrying interest at rate of 12% p.a. repayable on demand.

Packing credit, post shipment credit, cash credit and buyers credit are from Union Bank of India and are secured against hypothecation of entire stocks of raw materials, semi-finished, and finished goods, consumable stores and spares and such other moveable assets including book-debts, bills, whether documentary or clean, outstanding monies, receivables, and also by way of first charge on all of the fixed assets both present and future of one of the subsidiaries, viz. Fermenta Biotech Limited. The packing credit, cash credit and buyers credit are repayable on demand. The interest rate for preshipment credit in foreign currency is (MCLR+1.4%, effective rate 10.55%) and interest rate for export credit in rupee and cash credit is (MCLR+2.5%, effective rate 10.55%).

Buyers credit is taken from DBS Bank secured by lien on the deposit of Rs. 100 Lakhs placed by one of the subsidiaries, viz. Fermenta Biotech Limited. The interest rate is (LIBOR+1.65%)

Note 31 - Trade payables (Current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Total outstanding dues of micro and small enterprises (Refer note 67)	38.33	20.20	5.14
Total outstanding dues of creditors other than micro and small enterprises	3,970.27	2,728.73	1,903.78
	4,008.60	**2,748.93**	**1,908.92**

Note 32 - Other financial liabilities (Current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current maturities of long-term borrowings (Refer note 25)	790.49	981.83	4,163.37
Current maturities of deposits from tenants	0.20	0.20	253.87
Payable to the employees / directors	1,084.39	68.33	148.63
Liability for capital expenditure	154.40	451.94	602.12
Interest accrued but not due on borrowings	201.03	84.34	21.96
Unclaimed dividends	22.26	25.00	27.67
Due to others	79.30	75.15	58.21
	2,332.07	**1,686.79**	**5,275.83**

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 33 - Provisions (Current)

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for compensated absences	33.67	46.92	51.27
Provision for share of loss in a joint venture in excess of cost of investment	13.02	-	-
	46.69	**46.92**	**51.27**

Note 34 - Other current liabilities

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Statutory dues	323.39	104.92	124.60
Advances from customers	130.80	260.43	249.46
Deferred rent	59.71	26.89	20.78
Others	92.29	-	-
	606.19	**392.24**	**394.84**

Note 35 - Other current liabilities

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for income tax (Net)	376.49	27.98	154.79
	376.49	**27.98**	**154.79**

Note 36 - Revenue from operations

(Rs. In Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Sale of products (Including excise duty)	28,316.10	15,725.13
Rent income	867.61	406.84
Amortised deferred rent	38.00	28.97
Sale of services	22.43	5.76
Service income (infrastructure support services to tenants)	189.97	53.59
Other operating revenues		
Exports incentive	852.32	341.65
Scrap sales	11.15	6.89
	30,297.58	**16,568.83**

Note 37 - Other income

(Rs. In Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest income on financial assets carried at amortised cost:		
Interest on bank deposits	28.31	15.96
Interest income on security deposits and others	13.72	19.39
Other financial assets	3.32	1.97
Dividend income on investments in equity instruments designated at fair value through other comprehensive income	0.30	0.25

Note 37 - Other income (contd.)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Entry tax refund	280.25	1.93
Foreign exchange gain (Net)	431.57	206.68
Net gain on sale of property, plant and equipment	86.12	-
Net gain arising on financial assets measured at fair value through profit and loss	5.45	0.45
Miscellaneous income	45.80	31.63
	894.84	**278.26**

Note 38 - Cost of materials consumed

(Rs. In Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Inventories of raw materials / packing materials at the beginning of the year	1,091.95	1,123.91
Add: Purchases	9,212.77	8,155.62
Less: Inventories of raw materials / packing materials at the end of the year	1,814.48	1,091.95
	8,490.24	**8,187.58**

NOTE 39 - Changes in inventories of finished goods, stock-in-trade and work-in-progres

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Inventory at the end of the year (Refer note 15)			
Work-in-progress	2,225.09	2,281.79	777.00
Finished goods	914.97	319.36	178.10
	3,140.06	**2,601.15**	**955.10**
Inventories at the beginning of the year			
Work-in-progress	2,281.78	777.00	810.41
Finished goods	319.36	178.10	91.63
	2,601.14	**955.10**	**902.04**
	(538.92)	**(1,646.05)**	**(53.06)**

Note 40 - Employee benefits expense

(Rs. In Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Salaries, wages and bonus	3,495.61	2,323.72
Contribution to provident and other fund	147.46	136.12
Gratuity expense [(Refer note 45(d)]	58.87	29.95
Employee welfare expenses	281.09	594.26
	3,983.03	**3,084.05**

Note 41 - Depreciation and amortisation expense

(Rs. In Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Depreciation of property, plant and equipment (Refer note 3)	820.64	702.80
Depreciation of investment property (Refer note 4)	270.54	266.70
Amortisation of intangible assets (Refer note 6)	145.13	61.60
	1,236.31	**1,031.10**

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 42 - Finance costs

(Rs. In Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest on		
Term loans	1,054.15	700.25
Working capital loans	150.49	233.42
Loans from related parties	16.18	0.69
Liabilities carried at amortised cost (Unwinding of interest)	34.87	20.24
Other charges	107.69	41.74
	1,363.38	**996.34**

Note 43 - Other expenses

(Rs. In Lakhs)

		Year Ended March 31, 2018	Year Ended March 31, 2017
Consumption of stores and spares		839.70	638.56
Processing charges		735.27	595.31
Electricity charges / fuel		1,086.30	974.54
Water charges		25.16	22.83
Excise duty / GST other than recovered on sales		61.11	10.59
Rates and taxes		142.03	199.20
Rent		78.87	118.73
Insurance		105.55	84.36
Repairs and maintenance:			-
Plant and machinery		151.69	122.26
Buildings		57.70	45.51
Others		483.50	302.23
Commission on sales		2,022.98	126.86
Advertising and sales promotion expenses		267.74	126.32
Freight and forwarding charge		398.93	294.31
Travelling and conveyance		420.13	364.86
Professional and legal fees		672.34	334.01
Payment to auditors (Refer note below)		47.29	45.02
Exchange loss (Net)		0.13	6.31
Communication costs		52.79	46.80
Donations		62.94	21.67
Write-off of an investment	188.51		
Less: Provision for diminution in value of an investment	(188.51)	-	-
Directors' sitting fees		13.85	6.60
Printing and stationery		41.43	75.55
Staff recruitment expenses		19.99	43.51
Loss on sale of property, plant and equipment (Net)		5.70	9.37
Provision for doubtful debts		444.21	413.36
Provision for doubtful advances		11.18	12.18
Labour charges		339.92	-
Initial cost for operating leases		38.43	9.49
Miscellaneous expenses		374.99	250.15
		9,001.85	**5,300.49**

Note 43 - Other expenses (contd.)

(Rs. In Lakhs)

	Year Ended March 31, 2018	Year Ended March 31, 2017
Payment to auditors (excluding statutory levy)		
For audit	21.75	21.35
For tax audit	5.25	6.85
For limited review	14.50	13.50
For other services	4.47	1.25
Reimbursement of expenses	1.32	2.07
	47.29 *	**45.02#**

* Includes Rs. 14.89 Lakhs in respect of payment to predecessor auditors.

Includes Rs. 6.85 Lakhs in respect of payment to other than the predecessor auditors.

Note 44 - Earnings per share (EPS)

The following table sets forth the computation of basic and diluted earnings per share :

	Year Ended March 31, 2018	Year Ended March 31, 2017
Profit / (loss) for the year used for computation of basic and diluted earnings per share (Rs. in lakhs)	3,568.75	(1,142.42)
Weighted average number of equity shares used in calculating basic and diluted EPS	22,93,198	22,93,198
Basic earnings per equity share [nominal value of share Rs. 10 (2017: Rs. 10)]	155.63	(49.82)
Diluted earnings per equity share [nominal value of share Rs. 10 (2017: Rs. 10)]	155.63	(49.82)

Note 45 - Employee benefits

The Group operates following employee benefit plans

I Defined contribution plans: provident fund, superannuation fund, Employee state insurance scheme (ESIC)

II Defined benefit plan: gratuity (funded)

III Other long term benefit plan: long term compensated absences (unfunded)

A. (Rs. In Lakhs)

		For the year ended March 31, 2018	For the year ended March 31, 2017
I.	**Defined Contribution Plans**		
	The Group operates defined contribution retirement benefit plans for all qualifying employees of the Group. The contribution to defined contribution plan recognised as expenses in the Statement of profit and loss for the year is as under (Refer note 40).		
	Employer's contribution to provident fund	137.82	131.85
	Employer's contribution to superannuation fund	0.91	1.18
	Employer's contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	8.69	3.03
	Employer's contribution to labour welfare fund	0.04	0.06
II)	**Defined benefit plan**		
	The Group operates a defined benefit plan, viz., gratuity.		
	In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination. Provision for Gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Group reviews the level of funding in gratuity fund.		

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 45 - Employee benefits (contd.)

B. (a) Movements in the present value of the defined benefit obligation are as follows: (Rs. In Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening defined benefit obligation	309.01	224.84
Interest cost	16.94	13.86
Current service cost	34.00	23.96
Past Service Cost	27.14	12.19
Benefits paid	(49.50)	(22.59)
Actuarial (Gain)/loss on obligations- due to change in financial assumptions	(24.65)	47.13
Actuarial (Gain)/loss on obligations- due to change in experience adjustment	9.38	9.62
Closing defined benefit obligation	**322.32**	**309.01**

(b) Movements in the fair value of the plan assets are as follows: (Rs. In Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening defined benefit obligation	250.95	215.74
Employer's contributions	39.88	30.18
Interest income	16.13	15.82
Remeasurement gain / (loss) :		
Return on plan assets (excluding amounts included in net interest expense)	(6.98)	11.80
Benefit paid	(49.50)	(22.59)
Closing fair value of plan assets	**250.48**	**250.95**

(c) Reconciliation of fair value of plan assets and defined benefit obligation:
The amount included in the financial statements arising from the Group's obligation in respect of its defined benefit obligation plan is as follows: (Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Fair value of plan assets	250.48	250.95	215.73
Present value of obligation	322.32	309.01	224.84
Amounts recognized in the balance sheet surplus/(deficit)	**(71.84)**	**(58.06)**	**(9.11)**

(d) The amount recognised in Statement of profit or loss in respect of the defined benefit plan are as follows: (Rs. In Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	34.00	23.96
Past service cost	27.14	12.19
Net interest expense / (income)	(2.27)	(6.20)
Components of defined benefit costs recognised in Statement of profit and loss	**58.87**	**29.95**

Note 45 - Employee benefits (contd.)

(e) **The amount recognised in other comprehensive income in respect of the defined benefit plan is as follows:** (Rs. In Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Remeasurement on the net defined benefits liability:		
Return on plan assets (excluding amounts included in net interest expense)	(6.98)	11.80
Actuarial (gains) / losses arising from changes in financial assumptions	(24.65)	47.13
Actuarial (gains) / losses arising from changes in experience adjustments	26.43	(10.79)
Components of defined benefit recognised as income / (expense) in other comprehensive income	**(5.20)**	**48.14**

f) **The principal assumptions used for the purpose of the actuarial valuations were as follows:**

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Discount rate (per annum)	7.75% to 7.85%	6.85% to 7.00%	7.00% to 7.85%
Salary escalation rate (per annum)	7.00%	7.00%	5.00% to 7.00%
Expected rate of return on plan assets (per annum)	7.50%	7.50%	7.50%
Mortality rate during employment (per annum)	Indian Assured lives Mortality (2006-08)		
Mortality rate after employment (per annum)	21-30 years - 10%	21-30 years - 10%	21-30 years - 10%
	31-40 years - 5%	31-40 years - 5%	31-40 years - 5%
	41-50 years - 3%	41-50 years - 3%	41-50 years - 3%
	Above 50 years - 2%	Above 50 years - 2%	Above 50 years - 2%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is considered as per declaration from Life Insurance Corporation of India (LIC) .

The expected contributions for defined benefit plan for the next financial year will be in line with financial year 2017-18.

g) **Maturity analysis of projected benefit obligation** (Rs. In Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
1st following year	71.58	58.72
2nd following year	17.05	8.21
3rd following year	14.33	14.81
4th following year	33.33	12.09
5th following year	38.50	27.13
6th following year	23.90	33.33
7th following year	31.26	25.98
8th following year	22.32	24.81
9th following year	33.04	18.94
10th and above	495.71	326.73

h. **The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:**

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Insurer Managed Funds	100%	96%	99%
Others	-	4%	1%
	100%	100%	100%

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 45 - Employee benefits (contd.)

i. **Sensitivity analysis**

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at end of year, while holding all other assumptions constant. The result of sensitivity analysis is given below:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Discount rate (- 0.50%)	3.77% to 6.42%	3.96% to 4.16%
Discount rate (+ 0.50%)	-3.52% to -5.89%	-3.68% to -3.87%
Salary Escalation Rate (- 0.50%)	-3.09 to -5.97%	-2.10% to -3.45%
Salary Escalation Rate (+ 0.50%)	3.29% to 6.44%	2.15% to 3.57%

This plans expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk : The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian rupees. If the actual return on plan asset is below this rate, it will create a plan deficit. However, the risk is partially mitigated by investment in LIC managed fund.

Interest risk : A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk : The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk : The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

III) **Other long term benefit plan**

Actuarial valuation for compensated absences is done as at the year end and the provision is made as per Group rules with corresponding charge to the Statement of profit and loss amounting to Rs. 25.50 Lakhs (Previous Year Rs. 54.59 Lakhs) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Note 46 - Leases

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
A. Assets taken on operating lease		
During the year the Group has entered into arrangements for taking on leave and license basis certain residential and office premises. The agreements are cancellable and the arrangements have 7.50% - 10% escalation clause and is not renewable.		
a) Lease payments recognised in the Statement of profit and loss for the year	78.87	118.73

(Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
b) Future minimum lease payment under non cancellable leases in the aggregate and for each of the following periods:			
i) Not later than one year	41.14	10.05	71.66
ii) Later than one year and not later than five years	35.75	0.80	76.93

B. **Assets given on operating lease**

The Parent Company has entered into operating lease agreement for sublease of property in Worli, Mumbai with original lease periods expiring December 2022.

The Parent Company has also entered into operating lease agreements for its properties in Thane with lease periods expiring upto 2022. These agreements are cancellable/non-cancellable and have rent escalation provisions of 5% every year and 15% after 3 years.

Note 46 - Leases (contd.)

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
c) Rent income recognised in the Statement of profit and loss for the year.	867.61	406.84
(includes rentals on sub-lease of Rs. 46.79 lakhs (March 31, 2017 Rs. 140.22 lakhs)		

(Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
d) Future minimum lease income under the non-cancellable leases in the aggregate and for each of the following periods:			
i) Not later than one year	1,182.30	463.93	394.46
ii) Later than one year and not later than five years	1,066.95	759.98	408.59
ii) More than five years	-	-	-

Note 47 - Interest in joint venture: (Refer Note 8 and 43)

(i) The Company has invested an aggregate of Rs. 188.51 Lakhs in VasKo Glider s.r.o. Czechoslovakia, a joint venture. Out of the above, Rs. 1.96 Lakhs (Czech Koruna 1 Lakh) is towards basic capital and Rs. 186.55 Lakhs (Czech Koruna 95.24 Lakhs) was towards voluntary additional contribution to capital. VasKo Glider was involved in manufacture of wheelchairs based on Levitation Movement Technology, acquired from the joint venture partner under the technology transfer agreement with effect from March 18, 2005 and the patent of which is registered in Czechoslovakia in the name of the joint venture partner.

The proportionate share, as disclosed below, in the assets, liabilities, income and expenditure of the above joint venture is based on accounts prepared as per Ind AS:

Name of joint venture	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
VasKo Glider s.r.o.	Czechoslovakia	50%	50%	50%

Summarised financial information in respect of (Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Percentage of holding	50%	50%	50%
Current assets	-	18.49	20.11
Non-current assets	-	0.82	0.88
Current liabilities	-	(0.83)	(0.90)
Net assets	**-**	**18.48**	**20.09**

The joint venture does not have any operations during the year ended March 31, 2018 and March 31, 2017.

In view of the accumulated losses of this Joint Venture there was substantial erosion in the value of investment and accordingly, provision for diminution of Rs. 188.51 lakhs was made in the earlier year. During the current year the High court in Prague, Czech Republic, passed an order dated June 12, 2017 for dissolution of Vasko Glider s.r.o. The Parent Company has written off investment in its books with intimation to Reserve Bank of India.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 47 - Interest in joint venture: (Refer Note 8 and 43) (contd.)

(ii) The proportionate share, as disclosed below, in the assets, liabilities, income and expenditure of the above joint venture is based on accounts prepared as per Ind AS:

Name of joint venture	Place of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Company		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Agastya Films LLP	India, Thane one, Dil complex, Thane (West)	50%	50%	50%

Summarised financial information in respect of (Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Percentage of holding	50%	50%	50%
Current assets	-	550.50	313.29
Current liabilities	(13.02)	(20.68)	(45.29)
Net assets	**(13.02)**	**529.82**	**268.00**
Income	-	0.01	0.01
Other expenses	601.06	0.10	0.10
Loss before tax	**(601.06)**	**(0.09)**	**(0.09)**
Expenses	-	-	
Loss after tax	**(601.06)**	**(0.09)**	**(0.09)**

The Joint Venture "Agastya Films LLP" released its movie to theatre on 23rd March, 2018 resulting in expensing of inventory cost of Rs. 1202.11 lakhs . As the flim did not do well the entire cost of production has resulted into loss. The share of loss attributable to the Parent Company works out to Rs. 601.06 lakhs which has resulted in erosion of investment of Rs. 588 lakhs in the said joint venture. The Parent Company has made provision for dimunition in the value of investment of Rs. 588 Lakhs and share of loss in excess of cost of investment of Rs. 13.02 lakhs in its consolidated Ind AS financial statements.

Note 48 - Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Parent Company. The Managing Director of the Parent Company, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CODM of the Parent Company. The Group has identified the following segments as reporting segments based on the information reviewed by CODM.

The business segments have been identified considering :

a) the nature of products and services

b) the differing risks and returns

c) the internal organisation and management structure, and

d) the internal financial reporting systems

The segment information presented is in accordance with the accounting policies adopted for preparing the consolidated financial statements of the Group. Segment revenues, expenses and results include inter-segment transfers.

A) The primary reporting of the Company has been performed on the basis of business segments, viz:

Property - Renting of properties

Chemicals/Bulk Drug- Manufacturing and selling of chemicals primarily bulk drugs and enzymes.

Note 48 - Segment information (contd.)

Segments have been identified and reported based on the nature of the services, the risk and returns, the organisation structure and the internal financial reporting systems.

(Rs. In Lakhs)

Particulars		2017-2018			2016-2017		
		Bulk Drug/ Chemicals	Property	Total	Bulk Drug/ Chemicals	Property	Total
a.	Revenue						
1	Segment revenue	29,202.01	1,230.82	30,432.83	16,078.41	540.55	16,618.96
	Less : Inter-segment revenue	-	173.25	173.25	-	80.18	80.18
	Unallocated revenue			932.84			308.31
2	Total			31,192.42			16,847.09
b.	Result						
1.	Segment profit / (loss)	9,466.54	198.50	9,665.04	1,363.42	(274.59)	1,088.83
2	Finance costs			1,363.38			996.34
3	Unallocable income/(expenditure) (net)			(704.72)			(641.92)
4	Profit/(loss) before tax			7,596.94			(552.85)
5	Provision for tax						
	- current tax			2,108.35			4.88
	- deferred tax charge/(credit)			451.47			(181.36)
6	Profit/(loss) after tax			5,483.71			(822.96)
c.	Other information						
1	Segment assets	23,336.30	9,755.59	33,091.89	17,690.63	9,891.58	27,582.21
2	Unallocated corporate assets			5,569.63			3,200.35
3.	Total assets			38,661.52			30,782.56
4	Segment liabilities	7,337.40	1,032.06	8,369.46	3,260.93	812.52	4,073.45
5	Unallocated corporate liabilities			16,551.56			9,490.50
6	Total liabilities			24,921.02			13,563.95
7	Cost incurred during the year to acquire						
	- segment tangible and intangible assets	1,238.73	341.98	1,580.71	1,093.89	622.50	1,716.39
	- unallocated segment tangible and intangible assets			110.89			185.96
8	Depreciation and amortization expense	852.59	339.90	1,192.49	689.12	313.35	1,002.47
9	Unallocated depreciation			43.82			28.63

B) **Geographical information**

Geographical information is reported on the basis of the geographical location of the customers. The management views the Indian market and export markets as distinct geographical markets.

Revenue by market – The following is the distribution of the Group's revenue by geographical market: (Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
India		
Bulk Drug/Chemicals	5,787.40	4,138.73
Property	1,230.82	540.55
Europe - Bulk Drug/Chemicals	15,063.55	9,093.69
Others countries - Bulk Drug/Chemicals	8,351.06	2,845.99
	30,432.83	**16,618.96**

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 48 - Segment information (contd.)

Assets by geographical area – The following is the carrying amount of segment assets by geographical area in which the assets are located:

(Rs. In Lakhs)

Particulars	Carrying amount of Segment Assets	
	As at March 31, 2018	As at March 31, 2017
India		
Bulk Drug/Chemicals	17,882.19	14,316.80
Property	9,755.59	9,891.58
Europe - Bulk Drug/Chemicals	2,620.63	2,385.83
Others countries - Bulk Drug/Chemicals	2,833.48	988.00
	33,091.89	**27,582.21**
Unallocated	5,569.63	3,200.35
	5,569.63	**3,200.35**
Total	**38,661.52**	**30,782.56**

Carrying amount of segment assets represents receivables from debtors and provisions of services.

The Group's operating facilities are located in India. Most of the assets are not identifiable separately to any reportable segment as these are used interchangeably between segments. In view of the interwoven / intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

Note 49 - List of entities included in the consolidated financial statements is as under

(Rs. In Lakhs)

	Country of Incorporation	Proportion of ownership interest as at		
		March 31, 2018	March 31, 2017	April 01, 2016
Parent Company:				
DIL Limited	India			
Direct Subsidiaries				
Fermenta Biotech Limited (FBL) #	India	93.72%	72.09%	72.09%
Aegean Properties Limited	India	100.00%	100.00%	100.00%
CC Square Films Limited	India	100.00%	100.00%	100.00%
Step down Subsidiaries				
Fermenta Biotech (UK) Limited (100% subsidiary of FBL)	United Kingdom	93.72%	72.09%	72.09%
G.I. Biotech Private Limited (62.50 % subsidiary of FBL)	India	58.58%	45.06%	45.06%
Name of the associates				
Health and Wellness India Private Ltd	India	47.15%	47.15%	47.15%
Zela Wellness Private Limited	India	29.50%	29.50%	49.00%
Name of the joint ventures				
VasKo Glider s.r.o. [Refer note 47 (i)]	Czech Republic	-	50.00%	50.00%
Agastya Films LLP. [Refer note 47 (ii)]	India	50.00%	50.00%	50.00%

The proportion of ownership interest upto December 15, 2017 was 72.09%

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 50 - Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint ventures as per Schedule III of Companies Act, 2013:

(Rs. In Lakhs)

Sr No	Particulars	Name of the Entity	March 31, 2018								March 31, 2017							
			Net assets, i.e., total assets minus total liabilities		Share in profit/(loss)		Share in other comprehensive income/(loss)		Share in total comprehensive income/(loss)		Net assets, i.e., total assets minus total liabilities		Share in profit/(loss)		Share in other comprehensive income/(loss)		Share in total comprehensive income/(loss)	
			% #	(Rs. In Lakhs)	% #	(Rs. In Lakhs)	% #	(Rs. In Lakhs)	% #	(Rs. In Lakhs)	% #	(Rs. In Lakhs)	% #	(Rs. In Lakhs)	% #	(Rs. In Lakhs)	% #	(Rs. In Lakhs)
I	Parent Company	DIL Limited	-27%	(3,442.05)	-54%	(1,927.47)	-154%	(4.17)	-54%	(1,931.62)	50%	7,229.02	165%	(1,881.44)	117%	185.48	172%	(1,695.96)
II	Subsidiary Companies																	
	a. India	Aegean Properties Limited	1%	72.52	-1%	(20.58)	-	-	-1%	(20.58)	0%	59.35	2%	(28.41)	-	-	3%	(28.41)
		CC Square Films Limited	0%	5.49	0%	5.42	-	-	0%	5.42	0%	(0.01)	0%	(0.45)	-	-	0%	(0.45)
		Fermenta Biotech Limited	134%	16,919.36	210%	7,503.08	254%	6.87	210%	7,509.93	68%	9,854.38	-98%	1,116.59	-17%	(26.90)	-111%	1,089.69
		G I Biotech Private Limited	0%	1.19	0%	(0.34)	-	-	0%	(0.34)	0%	1.52	0%	(0.52)	-	-	0%	(0.52)
	b. Foreign	Fermenta Biotech (Uk) Limited	1%	183.99	-2%	(76.40)	-	-	-2%	(76.40)	1%	124.29	3%	(28.73)	-	-	3%	(28.73)
III	Non-controlling interests		-9%	(1,098.36)	-35%	(1,262.84)	-	-	-35%	(1,262.84)	-20%	(2,847.12)	25%	(280.20)	-	-	28%	(280.20)
IV	Associates *																	
	India	Health And Wellness India Private Limited	0%	-	-1%	(29.79)	-	-	-1%	(29.79)	0%	-	1%	(14.14)	-	-	1%	(14.14)
		Zela Wellness Private Limited	0%	-	-1%	(21.27)	-	-	-1%	(21.27)	0%	-	2%	(25.03)	-	-	3%	(25.03)
V	Joint Ventures *																	
	a. India	Agastya Films LLP	0%	-	-17%	(601.06)	-	-	-17%	(601.06)	0%	0.00	0%	(0.09)	-	-	0%	(0.09)
	b. Foreign	Vasko Glider s.r.o	0%	-	0%	-	-	-	0%	-	0%	18.48	0%	-	-	-	0%	
		Total	100%	12,642.14	100%	3,568.75	100%	2.70	100%	3,571.45	100%	14,439.91	100%	(1,142.42)	100%	158.58	100%	(983.84)

* Investments accounted as per the equity method

Percentage (%) to the corresponding consolidated balances

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 51 - Related parties disclosures as per Ind AS 24 (contd.)

A) Names of the related parties and related party relationship

		Country of Incorporation
a)	**Person controling the holding company and the holding company:**	
	Person controling the holding company:	
	Mr. Krishna Datla - Managing Director of the Company and, a person controlling the holding company.	
	Holding company:	
	DVK Investments Private Limited	India

b)	**Related party relationships where transactions have taken place during the year :**	
	Key Management Personnel	**Designation**
	Mr. Krishna Datla (also a person controlling the holding company)	Managing Director
	Mr. Satish Varma	Non-Executive Director
	Mr. Sumesh Gandhi - Chief Financial Officer (w.e.f. February 16, 2017)	Chief Financial Officer
	Mr. Keshav H Kashid - Chief Financial Officer (upto February 15, 2017)	Chief Financial Officer
	Mr. Srikant N Sharma	Company Secretary
	Mr. Sanjay Buch	Non-Executive Director
	Ms. Rajeshwari Datla (also relative of the Managing Director)	Non-Executive Director
	Mr.Vinayak Hajare	Non-Executive Director
c)	**Joint Ventures**	
	VasKo Glider s.r.o. (Refer footnote #)	
	Agastya Films LLP	
d)	**Associates**	
	Health and Wellness India Private Limited	
	Zela Wellness Private Limited	
e)	**Enterprises under significant influence of key management personnel or their relatives:**	
	Magnolia FNB Private Limited	
	Dupen Laboratories Private Limited	
	Lacto Cosmetics (Vapi) Private limited	
	# Footnote:	
	In view of the accumulated losses of this joint venture, there was complete erosion in the value of investment and accordingly, provision for diminution of Rs. 188.51 lakhs was made in the earlier year. During the current year, pursuant to an order dated June 12, 2017 passed by the High court in Prague, Czech Republic, for dissolution of Vasko Glider s.r.o., the Company has written off investment in its books with an intimation to the Reserve Bank of India.	

Note 51 - Related party disclosures as per Ind AS 24 (contd.)

B) Related party transactions: (Rs. In Lakhs)

Sr. No.	Particulars	Refer A (a) above	Refer A (b) above	Refer A (e) above	Refer A (c) & (d) above
1	**Remuneration***				
	Mr. Krishna Datla	**92.18**	-	-	-
		(92.07)	-	-	-
	Mr. Keshav H Kashid	-	-	-	-
		-	(73.39)	-	-
	Mr. Sumesh Gandhi	-	**55.61**	-	-
		-	(6.56)	-	-
	Mr. Srikant N Sharma	-	**49.64**	-	-
		-	(37.21)	-	-
	Mr.Satish Varma (paid by Fermenta Biotech Limited)	-	**501.85**	-	
		-	(74.43)	-	
2	**Directors sitting fees**				
	Ms. Rajeshwari Datla	-	**1.90**	-	-
		(-)	(1.00)	(-)	(-)
	Mr. Satish Varma	-	**2.00**	-	-
		(-)	(0.90)	(-)	(-)
	Mr. Sanjay Buch	-	**4.10**	-	-
		(-)	(1.35)	(-)	(-)
	Mr. Vinayak Hajare	-	**2.30**	-	-
		(-)	(1.35)	(-)	(-)
	Mr. Krishna Datla (paid by Fermenta Biotech Limited)	**1.90**	-	-	-
		(0.85)	(-)	(-)	(-)
3	**Commission to directors (excluding statutory levy)**				
	Mr. Sanjay Buch	-	**10.77**	-	-
		(-)	(-)	(-)	(-)
	Mr. Krishna Datla	**86.19**	-	-	-
		(-)	(-)	(-)	(-)
4	**Share application money refunded by**				
	Zela Wellness Private Limited	-	-	-	-
		(-)	(-)	(-)	(175.00)
5	**Sale of products**				
	Dupen Laboratories Private Limited	-	-	**12.15**	-
		(-)	(-)	(-)	(-)
6	**Purchase of raw materials, packing material and spares**				
	Dupen Laboratories Private Limited	-	-	-	-
		(-)	(-)	(9.49)	(-)
	Lacto Cosmetics (Vapi) Private Limited	-	-	**2.16**	-
		(-)	(-)	(5.54)	(-)

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 51 - Related party disclosures as per Ind AS 24 (contd.)

(Rs. In Lakhs)

Sr. No.	Particulars	Refer A (a) above	Refer A (b) above	Refer A (e) above	Refer A (c) & (d) above
7	Processing charges				
	Lacto Cosmetics (Vapi) Private Limited	-	-	10.36	-
		(-)	(-)	(10.66)	(-)
8	Other reimbursements received				
	Lacto Cosmetics (Vapi) Private Limited	-	-	2.72	-
		(-)	(-)	(-)	(-)
9	Rental income				
	DVK Investments Private Limited	0.30	-	-	-
		(1.23)	(-)	(-)	(-)
	Magnolia FNB Private Limited	-	-	0.30	-
		(-)	(-)	(0.98)	(-)
10	Investment in equity share capital (Refer Note 6)				
	Zela Wellness Private Limited	-	-	-	-
		(-)	(-)	(-)	(175.00)
11	Loans received				
	DVK Investments Private Limited	200.00	-	-	-
		(75.00)	(-)	(-)	(-)
12	Loans paid back				
	DVK Investments Private Limited	-	-	-	-
		(75.00)	(-)	(-)	(-)
13	Interest on loan				
	DVK Investments Private Limited	16.18	-	-	-
		(0.69)	(-)	(-)	(-)

(Figures in brackets are the corresponding figures in respect of the previous year.)

*Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

Note 51 - Related party disclosures as per Ind AS 24 (contd.)

C) Balance outstanding as at the end of the year : (Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a. Trade Payables			
Enterprises under significant influence of key management personnel or their relatives			
Lacto Cosmetics (Vapi) Pvt Ltd	4.98	3.18	4.23
Dupen Laboratories Pvt Ltd	-	3.50	8.58
b. Trade receivables			
Enterprises under significant influence of key management personnel or their relatives			
Dupen Laboratories Pvt Ltd	6.33	-	4.14
Joint venture			
Agastya Films LLP	-	-	0.58
c. Other financial liabilities	-		
Key management personnel			
Mr. Srikant N Sharma	9.72	-	4.38
Mr.Satish Varma	430.93	-	23.33
Mr.Sanjay Buch	10.77	-	-
Mr. Krishna Datla (also person controling the holding company)	86.19	-	-
d. Write off diminution in value of investments			
Joint venture			
VasKo Glider s.r.o.	-	188.51	188.51
e. Provision for diminution in value of investments			
Joint venture			
Agastya Films LLP	588.00	-	-
f. Loans to related parties			
Key management personnel			
Mr. Srikant N Sharma	4.80	12.00	-
g. Loans taken			
Holding company			
DVK Investments Private Limited	200.00	-	-
h. Interest accrued payable			
Holding company			
DVK Investments Private Limited	16.18	0.69	-

Note 52

During the year, the Parent Company has acquired the stake of 21.05% in Fermenta Biotech Limited (Equivalent to 38,30,072 equity shares of Rs. 10 each fully paid) held by Evolvence Life Science Fund LLP for consideration of Rs. 8,292.95 Lakhs.

Note 53 - Research and development expenditure

During the year ended March 31, 2018, the research and development expenditure of Rs. 584.73 Lakhs (March 31, 2017 - Rs. 507.74 Lakhs) (excluding interest and depreciation) has been charged to the statement of profit and loss. The capital expenditure in the current year on research and development amounts to Rs. 91.60 Lakhs (March 31, 2017 - Rs. 195.65 Lakhs).

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 54

During the year ended March 31, 2018, commission aggregating to Rs. 754.12 Lakhs (March 31, 2017 - NIL) to executive and non-executive directors of one of the subsidiaries of the Company, viz. Fermenta Biotech Limited has been provided in the consolidated Ind AS financial statements.

Note 55 - Categories of the financial instruments

(Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Financial assets			
Financial assets measured at fair value through Other comprehensive income			
Investments in equity instruments - quoted	11.69	10.56	2,650.85
Financial assets measured at fair value through the Statement of profit and loss			
Investments in mutual funds - unquoted	105.89	100.45	92.12
Financial assets measured at amortised cost			
(i) Trade receivables	6,871.93	4,457.10	4,300.57
(ii) Cash and cash equivalents	3,243.69	223.56	451.08
(iii) Bank balances other than (ii) above	22.26	25.00	27.67
(iv) Share application money	897.68	906.86	1,081.86
(v) Loans	47.49	77.29	50.15
(vi) Other financial assets	570.19	452.48	704.85
Total Financial assets	**11,770.82**	**6,253.30**	**9,359.15**
Financial liabilities measured at amortised cost			
(i) Borrowings	17,312.79	8,726.81	8,841.85
(ii) Trade payables	4,008.60	2,748.93	1,908.92
(iii) Other financial liabilities	1,907.18	922.58	1,158.59
Total Financial liabilities	**23,228.57**	**12,398.32**	**11,909.36**

Note 56 - Reconciliation of Level 3 fair value measurements

(Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Opening balance	4.11	3.65	3.65
Total gains or losses			
in profit or loss	-	-	-
recognised through other comprehensive income	-	0.46	-
Closing balance	4.11	4.11	3.65

Note 57 - Fair Value

Fair value of financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required :

(Rs. In Lakhs)

Particulars	Carrying value			Fair value		
	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Financial assets						
(i) Loans	47.49	77.29	50.15	47.49	77.29	50.15
(ii) Share application money	897.68	906.86	1,081.86	897.68	906.86	1,081.86
(iii) Others financial assets	570.19	452.48	704.85	570.19	452.48	704.85
(iv) Trade receivables	6,871.93	4,457.10	4,300.57	6,871.93	4,457.10	4,300.57
(v) Cash and cash equivalents	3,243.69	223.56	451.08	3,243.69	223.56	451.08
(vi) Bank balances other than (v) above	22.26	25.00	27.67	22.26	25.00	27.67
Total assets	**11,653.24**	**6,142.29**	**6,616.18**	**11,653.24**	**6,142.29**	**6,616.18**
Financial liabilities						
(i) Borrowings	17,312.79	8,726.81	8,841.85	17,312.79	8,726.81	8,841.85
(ii) Trade payables	4,008.60	2,748.93	1,908.92	4,008.60	2,748.93	1,908.92
(iii) Other financial liabilities	1,907.18	922.58	1,158.59	1,907.18	922.58	1,158.59
Total liabilities	**23,228.57**	**12,398.32**	**11,909.36**	**23,228.57**	**12,398.32**	**11,909.36**

The financial assets above do not include investments in subsidiaries which are measured at cost and other investments measured at fair value through OCI.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Note 58 - Fair value hierarchy

(Rs. In Lakhs)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Fair Value	Fair value hierarchy	Fair Value	Fair value hierarchy	Fair Value	Fair value hierarchy
Financial assets measured at fair value through Other comprehensive income						
Investments -quoted	7.58	Level 1	6.45	Level 1	2,647.20	Level 1
Investment-unquoted	4.11	Level 3	4.11	Level 3	3.65	Level 3
Financial assets measured at fair value through profit or loss						
Investments in mutual funds	105.89	Level 1	100.45	Level 1	92.12	Level 1

Note 59 - Financial risk management objectives and policies

The Group's activities expose it to credit risk, liquidity risk and market risk. This note explains the sources of risks which the Group is exposed to and how it mitigates those risks.

a) **Market risk:**

FBL Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates, commodity prices and equity price risk). Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term borrowings.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 59 -Financial risk management objectives and policies (contd.)

The Group is exposed to market risks related to foreign exchange rate risk and interest rate risk. Thus, the Group's exposure to market risk is a function of borrowing activities, revenue generating and operating activities in foreign currencies.

i) Equity price risk

The Group's unlisted equity securities are susceptible to market price risk arising form uncertainties about future values of the investments in securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Group's Board of Directors reviews and approves, all investments in the equity investments.

As at March 31, 2016, the group had exposure to equity securities measured at fair value. The changes in fair values of the equity investments were strongly positively co-related with changes in market index. As at March 31, 2018 and March 31, 2017, the Group did not have material investments in / exposure to quoted or unquoted securities.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short term borrowings obligations with floating interest rates.

The Group manages it's interest rate risk by having a balanced portfolio of fixed and variable rate long term and short term borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the borrowings. With all other variables held constant, the Group's profit before tax will be affected as below due to change in interest rate: (Rs. In Lakhs)

Year ended	(+)Increase/(-) decrease in basis points	Effect on profit (decrease) / increase #
April 01, 2016	+0.50	(44.21)
	-0.50	44.21
March 31, 2017	+0.50	(43.63)
	-0.50	43.63
March 31, 2018	+0.50	(86.56)
	-0.50	86.56

Loss before tax will have an equal but opposite impact.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the observable market environment as at the respective year end.

ii) Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. The prices of the Group's raw materials generally are stable. Cost of raw materials forms the largest portion of the Group's cost of revenues. A large portion of the Group's sales are subject to commodity rate risk having a volatile pricing. The group monitors overall demand supply position and pricing movement to decide marketing strategies to overcome risk of changing prices of the products.

iv) Foreign currency risk

The Group's foreign exchange risk arises from its foreign currency revenues and expenses and foreign currency borrowings. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Group's revenues and expenses measured in Indian rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Group uses natural hedge by foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

Note 59 -Financial risk management objectives and policies (contd.)

The Group did not enter into any derivative instruments for hedge or speculation. The year end foreign currency exposures that have not been hedged (before giving effects of natural hedge) by derivative instrument or otherwise are given below:

A) **Significant foreign currency risk exposure relating to trade receivables, cash and cash equivalents :**

Particulars	As at March 31, 2018			As at March 31, 2017		As at April 01, 2016	
	Currency	Amount in foreign currency	Amount in Indian rupees	Amount in foreign currency	Amount in Indian rupees	Amount in foreign currency	Amount in Indian rupees
Financial assets							
Cash and cash equivalents	EURO	0.00*	0.30	0.00*	0.28	0.00*	0.30
Trade receivables	USD	64.61	4,018.27	16.06	1,039.72	8.66	572.99
	EURO	23.57	1,773.50	34.54	2,400.81	29.47	2,204.80

* Amount less than thousand

B) **Significant foreign currency risk exposure relating to borrowings and trade payables :**

Particulars	As at March 31, 2018			As at March 31, 2017		As at April 01, 2016	
	Currency	Amount in foreign currency	Amount in Indian rupees	Amount in foreign currency	Amount in Indian rupees	Amount in foreign currency	Amount in Indian rupees
Financial liabilities							
Trade payable	CAD	0.01	0.51	-	-	-	-
	CHF	0.02	1.51	-	-	-	-
	EURO	7.35	589.33	11.90	830.21	4.63	347.33
	GBP	-	-	-	0.72	0.01	0.69
	NZD5	0.01	0.62	-	-	-	-
	TRY	0.00*	0.06	-	-	-	-
	USD	4.87	316.85	1.10	74.34	3.69	244.97
Borrowings (PCFC)	EURO	26.55	2,128.09	16.29	1,132.00	8.03	601.09
Borrowings (Buyers credit)	USD	4.38	284.92	5.70	368.86	-	-
	EURO	-	-	2.72	188.85	-	-

* Amount less than thousand

C) **Foreign currency sensitivity**

For the years ended March 31, 2018 and March 31, 2017 and as on April 01, 2016, every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets / liabilities would increase the Group's profit and increase the Group's equity by approximately Rs. 128.23 Lakhs, Rs. 42.29 Lakhs and Rs. 79.20 Lakhs respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect. In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

b) **Credit risk**

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and loans. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counter party to which the Group grants credit terms in the normal course of business.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

i) **Trade receivables**

The Group has used expected credit loss (ECL) model for assessing the impairment loss. For this purpose, the Group uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 59 -Financial risk management objectives and policies (contd.)

and historical data of credit losses from various customers. The Group evaluates the concentration of risk with respect to trade receivables which is low, as its customers are widely spread with small outstanding amounts (For detailed movement in provision for trade receivables - Refer note 17)

(Rs. In Lakhs)

Trade receivables	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Not due	4,904.74	3,053.61	2,369.35
1 - 90 days	1,131.65	555.91	945.25
91 -180 days	-	285.00	284.00
Beyond 180 days	1,869.17	1,152.00	884.00
	7,905.56	**5,046.52**	**4,482.60**

ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counter parties and within credit limits assigned to each counter party. Counter party credit limits are reviewed by the Group's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations as they fall due. The Group's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and investment in liquid mutual funds to meet the Group's operating requirements with an appropriate level of headroom. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities outstanding as at the reporting date.

(Rs. In Lakhs)

As at March 31, 2018	Amount	Less than 1 year	1 to 5 years	More than 5 years
Borrowings	17,312.79	3,776.00	6,542.45	6,994.34
Other financial liabilities	1,907.18	1,541.58	365.60	-
Trade payables	4,008.60	4,008.60	-	-
Total	**23,228.57**	**9,326.18**	**6,908.05**	**6,994.34**

(Rs. In Lakhs)

As at March 31, 2017	Amount	Less than 1 year	1 to 5 years	More than 5 years
Borrowings	8,726.81	4,694.85	4,031.96	-
Other financial liabilities	922.58	704.96	217.62	-
Trade payables	2,748.93	2,748.93	-	-
Total	**12,398.32**	**8,148.74**	**4,249.58**	**-**

(Rs. In Lakhs)

As at April 1, 2016	Amount	Less than 1 year	1 to 5 years	More than 5 years
Borrowings	8,841.85	7,097.32	1,744.53	-
Other financial liabilities	1,158.59	1,112.46	46.13	-
Trade payables	1,908.92	1,908.92	-	-
Total	**11,909.36**	**10,118.70**	**1,790.66**	**-**

Note 60 - Capital management

The Group's capital management objectives are:

- to ensure the Groups's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Group monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Groups's objective for capital management is to maintain an optimum overall financial structure.

(i) The gearing ratio at the end of the year was as follows: (Rs. In Lakhs)

Trade receivables	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Debts (Long term and short term borrowings including current maturities of long term borrowings)	17,312.79	8,726.81	8,841.85
Less: Cash and cash equivalents (Refer note 18)	(3,243.69)	(223.56)	(451.08)
Net debt	**14,069.10**	**8,503.25**	**8,390.77**
Total equity	12,642.14	14,439.91	15,386.78
Net debt to equity ratio	111.29%	58.89%	54.53%

(ii) Dividend on equity shares paid during the year (Rs. In Lakhs)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Dividend on equity shares		
Dividend for the year ended March 31, 2017 of Rs. 2.50 (previous year for year ended March 31, 2016 Rs.2.50) per fully paid share of Rs. 10 each	57.33	57.33
Dividend distribution tax on above	11.67	11.67

Dividends not recognised at the end of the reporting period

The Board of Directors of the parent Company at its meeting held on May 15, 2018 have recommended payment of dividend of Rs. 2.50 per share on the face value of Rs. 10 each for the year ended March 31, 2018. The same amounts to Rs. 57.33 Lakhs excluding dividend distribution tax thereon amounting to Rs. 11.67 Lakhs.

This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and hence not recognised as a liability.

Note 61 - Investment properties

The Parent Company's investment properties consist of Thane One Building Located at Majiwade Thane. Out of the 16 floors, ground to 13 floors have been considered as Investment property by the Management. In addition to Thane One building, the Company has also leased the premises at Ceejay House, Worli, Mumbai.

Criteria used for classification of property as investment property

The Group has considered the following for classification of property as investment property:

(i) Investment property comprises building and other assets required to provide ancillary services to the occupants of the investment property.

(ii) The properties that are not occupied by the Group for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment property.

The Group has a building which is primarily meant for renting, is classified as an investment property, except for the part of that building which is used for administrative purposes, and hence classified as owner-occupied property. The Group has apportioned the cost of the property between investment property and owner-occupied property in the ratio of area used, respectively, as a percentage of total area.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 61 - Investment properties (contd.)

Estimation of fair value

The fair value of investment property has been determined by an external, independent property valuer, having appropriate recognized professional qualification and recent experience in the location and category of the property being valued. The Group obtains independent valuation for its investment property annually and fair value measurement has been categorised as Level 3. The fair value has been arrived at by using comparable market rate approach. The main inputs used are area, location, demand, restrictive entry to the complex, age of building and trend of fair market rent in nearby localities.

Amount recognised in statement of profit and loss (Rs. In Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Income from investment properties	1,230.82	540.55
Less: Direct operating expenses (including repairs and maintenance) generating income from investment properties	(1,032.32)	(815.14)
Income arising from investment properties	198.50	(274.59)
Less: Depreciation	(270.54)	(266.70)
Income/(loss) arising from investment properties after depreciation	**(72.04)**	**(541.29)**

Refer note 46 for operating lease arrangements and total future minimum lease rentals receivable.

Refer note 25 for the existence of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

Note 62 - Income tax

A **Tax expense recognised in the Statement of profit and loss and other comprehensive income consists of:** (Rs. In Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax:		
- For the year	2,108.34	419.97
- Short provision of tax for earlier years	-	31.50
Deferred tax charge/(credit)	4.88	(181.36)
Income tax expense reported in the Statement of profit and loss	**2,113.22**	**270.11**
Tax expense recognised in other comprehensive income	(3.63)	14.43
Tax expense	**2,109.59**	**284.54**

B **A reconciliation of income tax expense to the amount computed by applying the statutory income tax rate to the profit before income tax is summarised below:** (Rs. In Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit/(loss) before tax	7,596.94	(552.85)
Enacted income tax rate in India (%) #	0.33063	0.33063
Income tax expense calculated at enacted income tax rate	2,511.78	(182.79)
Effect of tax on:		
- non deductible expenses	38.92	15.51
- brought forward tax loss of the past year for which DTA is created	(195.44)	(164.44)
- carried forward tax loss / unabsorbed tax depreciation of the current year for which DTA is not created	941.01	749.16
- income exempted from tax	(1,918.58)	(100.62)
- incremental deduction allowed on account of research and development costs	(120.25)	(109.15)
Allowance for MAT credit entitlement recognised in previous year	69.00	-

Note 62 - Income tax (contd.)

(Rs. In Lakhs)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Short provision of tax for earlier years	-	31.50
Differential tax effect due to effective tax rate difference	786.78	30.95
Total income tax expense	**(398.56)**	**270.11**
Tax expense recognised in profit or loss	**2,113.22**	**270.11**
Tax expense recognised in other comprehensive income		
Total tax expense	**2,113.22**	**270.11**

The tax rate used for reconciliation above is the corporate tax rate of 33.063% at which the Parent Company is liable to pay tax on taxable income under the Indian tax Law.

C **The major components of deferred tax (liabilities)/assets arising on account of temporary differences are as follows:** (Rs. In Lakhs)

Particulars	As at April 01, 2017	For the year ended March 31, 2018		As at March 31, 2018
		Statement of profit and loss	Other comprehensive income	
(I) Components of deferred tax liabilities (Net)				
Deferred tax liabilities				
Property, Plant and Equipment: Impact of difference between written down value as per books of account and income tax	331.00	(116.69)	-	214.31
Deferred tax assets				
Expenses claimed for tax purpose on payment basis	(53.49)	7.39	-	(46.10)
Allowance for doubtful debts and advances	(301.10)	(150.26)	-	(451.36)
Difference in carrying value and tax base of investments in equity instruments measured at FVTOCI	0.42	-	-	0.42
Remeasurement benefit of the defined benefit plans through OCI	-	-	3.63	3.63
Unabsorbed depreciation/carried forward losses*	297.05	195.44	-	492.49
Others	-	-	-	5.54
		(64.12)	**3.63**	
Net deferred tax assets/ (liabilities)	**273.88**			**218.93**
(II) Components of deferred tax assets (Net)				
MAT credit entitlement	69.00	69.00	-	-
Deferred tax (benefit)/expense	**-**	**4.88**	**3.63**	**-**

(Rs. In Lakhs)

Particulars	As at April 01, 2016	For the year ended March 31, 2017		As at March 31, 2017
		Statement of profit and loss	Other comprehensive income	
(I) Components of deferred tax liabilities (Net)				
Deferred tax liabilities				
Property, Plant and Equipment: Impact of difference between written down value as per books of account and income tax	515.39	(184.39)	-	331.00
Deferred tax assets				
Expenses claimed for tax purpose on payment basis	(33.75)	(5.31)	(14.43)	(53.49)
Allowance for doubtful debts and advances	(141.85)	(159.25)	-	(301.10)

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 62 - Income tax (contd.)

(Rs. In Lakhs)

Particulars	As at April 01, 2016	For the year ended March 31, 2017		As at March 31, 2017
		Statement of profit and loss	Other comprehensive income	
Difference in carrying value and tax base of investments in equity instruments measured at FVTOCI	0.33	-	0.09	0.42
Unabsorbed depreciation/carried forward losses*	60.46	236.59	-	297.05
		(112.36)	**(14.34)**	
Net deferred tax liabilities	**400.58**			**273.88**
(II) Components of deferred tax assets (Net)				
MAT credit entitlement	-	(69.00)	-	69.00
Deferred tax (benefit)/expense	**-**	**(181.36)**	**(14.34)**	**-**

D **Details of unused tax losses and unabsorbed tax depreciation for which deferred tax assets have not been recognised:** (Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unused tax losses	2,605.05	1,348.79	640.84
Unabsorbed depreciation (can be used in future without any time limit)	2,643.56	1,639.54	579.81

E **The above unused tax losses will expire as per table below:** (Rs. In Lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Tax losses for financial year ended/ (benefit of tax losses expiring on:			
Long Term Capital Losses			
March 31, 2013 (Expiring on March 31, 2023)	101.07	101.07	101.07
March 31, 2014 (Expiring on March 31, 2024)	40.18	40.18	40.18
March 31, 2015 (Expiring on March 31, 2025)	2.22	2.22	2.22
Business losses			
March 31, 2016 (Expiring on March 31, 2026)	-	-	497.36
March 31, 2017 (Expiring on March 31, 2027)	614.21	1,205.32	-
March 31, 2018 (Expiring on March 31, 2028)	1,847.36	-	-
	2,605.05	**1,348.79**	**640.84**

Note 63 - First-time adoption of Ind AS

I. **Reconciliation of total comprehensive income for the year ended March 31, 2017:** (Rs. In Lakhs)

	Notes	For the year ended March 31, 2017
Net Profit as per previous GAAP		**1,009.80**
(a) Operating lease rental straight lining in the previous GAAP and initial costs for operating leases.	8 and 9	75.39
(b) Measurement of financial liabilities at amortised cost (including unwinding of discounts)	3 and 5	98.77
(c) Prior period adjustments under the previous GAAP	7	21.01
(d) Adjustments in respect of associates	7	108.32
(e) Measurement of equity instrument at fair value through Other Comprehensive Income	1	(2,466.17)
(f) Others	6	10.46

Note 63 - First-time adoption of Ind AS (contd.)

	Notes	For the year ended March 31, 2017
Net loss as per Ind AS		**(1,142.42)**
Other comprehensive income (Net of tax)	1	158.58
Total Comprehensive Income as per Ind AS		**(983.84)**

II. Reconciliation of equity as at March 31, 2017 and April 01, 2016 : (Rs. In Lakhs)

	Notes	As at March 31, 2017	As at April 01, 2016
Equity as per Previous GAAP (i)		**14,097.76**	**12,982.01**
(a) Operating lease rental straight lining in the previous GAAP and initial costs for operating leases.	8 and 9	75.39	-
(b) Measurement of financial liabilities at amortised cost (including unwinding of discounts)	3 and 5	129.46	30.68
(c) Prior period adjustments under the previous GAAP	7	32.00	35.19
(d) Adjustments in respect of associates	7	108.32	-
(e) Measurement of equity instrument at fair value through Other Comprehensive Income	1	8.12	2,282.01
(f) Others	6	(11.13)	56.89
Total Effect of transition to Ind AS		**14,439.91**	**2,404.77**
Equity As per Ind AS		**14,439.91**	**15,386.78**

III. Effect of Ind AS adoption on the Statement of Cash-flows for the year ended March 31, 2017: (Rs. In Lakhs)

	Notes	For the year ended March 31, 2017		
		Previous GAAP	Effect of transition to Ind AS	Ind AS
Net cash flow from operating activities	5 and 11	(93.93)	(284.95)	191.02
Net cash flow from investing activities	11	916.44	264.08	652.36
Net cash flow from financing activities	5 and 10	(1,381.07)	160.20	(1,210.88)
Net increase in cash and cash equivalents		**(228.17)**	**139.33**	**(367.50)**

The Ind AS adjustments are either non cash adjustments or are regrouping among the cash flows from operating, investing and financing activities. Consequently, Ind AS adoption has no impact on the net cash flow for the year ended March 31, 2017 as compared with the previous GAAP.

Under Ind AS, bank overdrafts which are repayable on demand and form an integral part of Groups' cash management system are included in cash and cash equivalents for the purpose of presentation of Statement of cash flows. Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 63 - First-time adoption of Ind AS (contd.)

(Rs. In Lakhs)

Notes to reconciliation:

Note 1: Fair valuation of investments through other comprehensive income (FVOCI)

Under the previous GAAP, long term investments were measured at cost less diminution in value which is other than temporary. Under Ind AS, these financial assets have been classified as FVOCI.

Note 2: Fair valuation of investments through profit and loss (FVTPL)

Under the previous GAAP, investments in mutual funds were classified as long-term investments or current based on the intended holding period and realisability and valued at cost less diminution in its value. Fair value changes with respect to investments in mutual funds have been recognised in FVTPL.

Note 3: Security deposits

Under the previous GAAP, interest free security deposits were recorded at their transaction value. Under Ind AS, all financial liabilities are required to be recognised at their fair value. Accordingly, the Company has fair valued the security deposits under Ind AS and disclosed under the head "other current" / "non-current financial liabilities". The difference between fair value of security deposits and the carrying value (transaction value) as per previous GAAP has been recognised as "deferred rent" and disclosed under the heads "Other current liabilities" and "Other non-current liabilities". The amortisation of deferred rent over the period of lease is charged to the Statement of profit and loss under the head "deferred rent" which is grouped under "Revenue from operations". The notional interest calculated using effective interest method on the fair value of security deposits is debited to the Statement of profit and loss under the head "Finance Costs".

Note 4: Proposed dividend (including dividend distribution tax)

Under the previous GAAP upto March 31, 2016, dividends on equity shares recommended by the Board of Directors after the end of the reporting period but before the financial statements were approved for issue were recognised in the financial statements as a liability. Under Ind AS, such dividends are recognised when declared by the members in the general meeting.

Note 5: Transaction cost for borrowings

Under the previous GAAP, transaction costs incurred towards origination of borrowings were charged off to the statement of profit and loss as incurred, and being classified under finance costs. As required under Ind AS 109, transaction costs incurred towards origination of borrowings have been deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit and loss over the tenure of the borrowing as interest expense, computed using the effective interest rate method corresponding effect being given in Long term borrowings and to the extent attributable to current maturity of long term borrowings.

Note 6: Remeasurements of defined benefit obligation

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

Note 7: Restatement of prior period adjustments

Under the previous GAAP, the Company had included a prior period item in the determination of profit for the year ended March 31, 2017. However, in accordance with the requirements of Ind AS 8 – "Accounting Policies, Changes in Accounting Estimates and Errors" and Ind AS 101 – "First-time Adoption of Indian Accounting Standards", the same has been corrected by restating the retained earnings as at April 01, 2016.

Note 8: Operating lease rental straight-lining

Under the previous GAAP, the Company recognised lease rental income in the statement of profit and loss on a straight-line basis over the lease term. Under Ind AS, lease rentals are required to be recognised on a straight-line basis unless escalation clauses are structured in line with expected general inflation. In such case, lease rentals shall be recorded based on contractual terms. In case of the Company, since the purpose of escalations is to catch-up with inflation, there is no need to straight line the rental income.

Note 63 - First-time adoption of Ind AS (contd.)

Note 9: Brokerage expenses which are directly attributable to negotiating and arranging a lease

Under the previous GAAP, the Company recognised brokerage directly attributable to negotiating and arranging a lease in the statement of profit and loss under "other expenses" in the year in which such expenses are incurred. Under Ind AS, such costs are amortised over the lease period and disclosed under "other current assets" and "other non-current assets" as "prepaid expenses".

Note 10: Cash Credit

Under Ind AS, cash credit which are repayable on demand and form an integral part of Group's cash management system are included in cash and cash equivalents for the purpose of presentation of Statement of cash flows. Under previous GAAP, cash credit were considered as part of borrowings and movements in cash credit were shown as part of financing activities.

Note 11: Accounting for interest in joint ventures

Under the previous GAAP, all assets, liabilities, income and expenditures pertaining to joint ventures were consolidated line by line in proportion of the ownership interest of the Company resulting in elimination of investments in the joint venture. Under Ind AS, the joint venture is accounted based on equity method, wherein only the share of profit/(loss) of joint venture is included in the consolidated Ind AS financial statements with the corresponding increase/(decrease) in the value of investments in the joint venture.

Note 64 - Commitments

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Estimated amount of contracts remaining to be executed on capital account (Net of advances)	1.57	660.71	1,167.23

Note 65 - Contingent liabilities

(Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Claims against the Company not acknowledged as debts;			
a) Tax matters			
- Excise duty - matter under appeal	-	-	8.00
- Service tax - matter under appeal	22.50	22.50	22.50
- Sales tax - matter under appeal	24.77	4.63	4.63
b) Other claims (legal claim not accepted by the Company)	-	94.26	54.99
	47.27	**121.39**	**90.12**

Note 66

a) During the year ended March 31, 2017, Zela Wellness Private Limited (Zela) cancelled the supplementary agreement to convert the additional share subscription money of Rs. 175.00 lakhs into Non-Cumulative Convertible Preference shares and refunded the Share Application Money of Rs. 175 Lakhs.

During the year ended March 31, 2017, along with other/new investors the Company invested Rs. 175 Lakhs in Zela Wellness Private Limited (Zela) and acquired 83,634 equity shares of Rs. 10 each, consequently the company's equity holding in Zela Wellness Private Limited (Zela) is reduced to 29.50% as against earlier 49%.

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 66 (contd.)

b) The Company has not made any provision for impairment of its exposure in two associates namely Health and Wellness India Private Limited and Zela Wellness Private Limited (Zela) whose aggregate carrying value in consolidated financial statements is Rs. 534.14 lakhs. In view of the fact that these investments have been made in the recent years, the management is confident that profitability will be achieved by these entities and hence no provision for impairment in respect of these investments is considered necessary.

c) The Company has not made any provision for share application money of Rs. 597 Lakhs given to Noble Explochem Ltd whose networth has been negative. In View of the proposed revival plan by promoter of Noble Expochem Ltd and considering the large asset it holds, the management is confident of recovery of this amount, hence no provision for impairment is necessary.

Note 67 - Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprise Development Act, 2006

(Rs. In Lakhs)

			As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a	i)	Principal amount remaining unpaid to any supplier at the end of the accounting year	38.33	20.20	5.14
	ii)	Interest due on above	0.33	0.57	0.10
	The Total of (i) and (ii)		38.66	20.77	5.24
b	The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		-	-	-
c	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006		-	-	-
d	The amount of interest accrued and remaining unpaid at the end of each accounting year; and		-	-	-
e	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006		-	-	-

The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

Note 68 - Capitalization of expenditure

The Group has capitalized the following expenses of revenue nature to the cost of fixed assets/capital work-in-progress (CWIP).

Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group. (Rs. In Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Finance costs	-	59.22	421.69
Total	**-**	**59.22**	**421.69**

Notes to Consolidated Financial Statements for the year ended March 31, 2018

Note 69

(a) The Consolidated Ind AS financial statements are approved for issue by the Board of Directors of the Parent Company at its meeting held on May 15, 2018.

(b) Previous GAAP figures have been reclassified/regrouped wherever necessary to conform with the financial statements prepared under Ind AS.

See accompanying notes 1 to 69 to the consolidated financial statements

For and on behalf of the Board of Directors of DIL Limited

Sanjay Buch
Chairman

Krishna Datla
Managing Director

Rajeshwari Datla
Director

Satish Varma
Director

Vinayak Hajare
Director

Sumesh Gandhi
Chief Financial Officer

Srikant N. Sharma
Company Secretary

Thane, May 15, 2018

DIL LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485
Registered Office: A -1601, Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610, Maharashtra, India
Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899
• Email: contact@dil.net • Website: www.dil.net

NOTICE

Notice is hereby given that the Sixty-Sixth Annual General Meeting of the Members of DIL LIMITED will be held at Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) - 400 610, Maharashtra on Friday, September 28, 2018 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. **To receive, consider and adopt:**
   (a) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018, Reports of the Board of Directors and the Auditors thereon; and
   (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 along with the Report of the Auditors thereon.
2. To declare dividend of Rs. 1.25 per equity share of Rs. 5 each for the financial year ended March 31, 2018.
3. To appoint a Director in place of Ms. Rajeshwari Datla (DIN: 00046864), who retires by rotation and being eligible offers herself for re-appointment.
4. To ratify the appointment of Statutory Auditors and to fix their remuneration and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** in accordance with the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) and pursuant to the resolution passed by the members at the 65th Annual General Meeting (AGM) of the Company, the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No: 117366W/W-100018) as the statutory auditors of the Company and to hold office from the conclusion of the 66th AGM until the conclusion of 70th AGM of the Company be and is hereby ratified, at such remuneration as may be mutually decided by the Board of Directors of the Company and Deloitte Haskins & Sells LLP".

SPECIAL BUSINESS

5. To consider, and if thought fit, pass with or without modification(s), the following resolution as a Special Resolution:

   Re-appointment of Mr. Krishna Datla as Managing Director

   "**RESOLVED THAT** pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof) ("Act"), in accordance to the provisions of the Articles of Association of the Company and the Nomination and Remuneration policy of the Company and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, consent of the Company be and is hereby accorded to the re-appointment of Mr. Krishna Datla (DIN: 00003247) as Managing Director of the Company (Managing Director) for a further period of 3 (three) years commencing from May 9, 2018 to May 8, 2021 as per the terms and conditions mentioned in the agreement dated February 6, 2018 ('Agreement') entered into between the Company and Managing Director, which inter alia, are set out in the Explanatory Statement.

   RESOLVED FURTHER THAT the total remuneration including perquisites payable to the Managing Director shall be subject to the overall ceilings laid down in Section 197 of the Act read with Schedule V of the Companies Act, 2013 as amended from time to time.

   RESOLVED FURTHER THAT notwithstanding anything contained hereinabove, where in any financial year during the tenure of the Managing Director, if the Company has no profits or its profits are inadequate, the Board of Directors is authorized to decide the payment of remuneration of the Managing Director in the following manner:

   a. Payment of remuneration by way of salary, perquisites and other allowances as set out above, subject to the provisions and applicable ceilings laid down in Section II of Part II of Schedule V to the Act including any amendment thereof; or

b. Payment of remuneration to the Managing Director by way of salary and perquisites as set out above, subject to prior approval of the Central Government (if applicable) and in accordance with the provisions of Section 197 read with Schedule V of the Act, as amended from time to time, in case the above remuneration exceeds the limits of Schedule V of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter or vary terms of remuneration of the Managing Director as it may deem fit from time to time so as not to exceed the remuneration limits stated in the Explanatory Statement and the Agreement.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.

By Order of the Board of Directors of
DIL Limited

SRIKANT N. SHARMA
Company Secretary
Membership No: FCS - 3617

Thane
August 14, 2018

Registered Office:
A-1601, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (W) – 400 610,
Maharashtra, India.

Notes:

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('Act') with respect to the special business set out in the Notice is annexed.

2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY, DULY STAMPED, COMPLETED, AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME FOR COMMENCEMENT OF THE 66TH ANNUAL GENERAL MEETING (AGM). A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten (10) percent of the total share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person cannot act as a proxy for any other member. Proxy submitted on behalf of any company, society, entity etc., must be supported by an appropriate resolution/ authority letter, as applicable.

3. During the period beginning 24 hours before the time fixed for the commencement of the AGM till the conclusion of the AGM, a member is entitled to inspect the proxies received by the Company, between 10.00 a.m. to 5.00 p.m., provided that not less than three (3) days' prior notice in writing is given to the Company.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 22, 2018 to Friday, September 28, 2018 (both days inclusive) for the purpose of 66th AGM and payment of final equity dividend for the financial year 2017-18.

5. Subject to the provisions of the Act, the final equity dividend as recommended by the Board of Directors, if declared at the AGM, will be paid on or after Wednesday, October 03, 2018 to those members whose names appear:

   (a) in the Register of members of the Company after giving effect to valid share transfers lodged with the Company on or before Friday, September 21, 2018 and

   (b) as beneficial owners as at the end of business hours on Friday, September 21, 2018 as per the list furnished by National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) in respect of shares held in dematerialized form.

6. Members are requested to avail National Electronic Clearing Service (NECS) facility for quick remittance of dividends in order to avoid postal delay and fraudulent interception of dividend warrants. NECS mandate form is available at the Company's Registrar and Transfer Agent (R&T Agent) website www.linkintime.co.in or Members may write to the R&T Agent for the same.

7. Unclaimed interim and final equity dividend for financial year 2010-11 has already been transferred to Investor Education and Protection Fund (IEPF). Members are hereby informed that pursuant to Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, as may be amended from time to time (IEPF Rules), dividends which are not encashed / claimed by shareholders for a period of seven consecutive years shall

be transferred to IEPF. IEPF Rules also mandate companies to transfer shares of shareholders whose dividends remain unpaid / unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. The details of unclaimed dividends and its due dates for transfer to IEPF are available on the website of the Company i.e. www.dil.net/Unpaid-Dividend.html. Members who have not claimed their dividend(s) so far in respect of the unclaimed dividend(s) and are due for transfer to IEPF, are requested to write to the Company's R&T Agent, well in advance of the respective due dates. The shareholders whose dividend(s)/ shares have been transferred to IEPF can now claim their dividend(s)/ shares from the IEPF Authority by following the 'Procedure to claim Refund' as detailed on the website of IEPF Authority http://iepf.gov.in/IEPFA/refund.html.

Further, pursuant to the provisions of Section 124 of the Act and IEPF Rules, all shares on which dividend has not been paid or claimed for seven consecutive years shall be transferred to "Investor Education And Protection Fund (Fund)" within thirty days of such shares becoming due for transfer to the Fund. Members whose shares, unclaimed dividend etc. have been transferred to the Fund and IEPF respectively, may claim the shares or apply for refund of dividend(s) by making an application to IEPF Authority in Form IEPF 5 (available on www.iepf.gov.in) along with requisite fee as decided by the Authority from time to time.

8. The profile of the Directors recommended for re-appointment at the AGM under item no. 3 and 5 of the Notice, as required by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings (SS-2) as specified by the Institute of Company Secretaries of India and approved by the Central Government, is furnished in the Corporate Governance Report.

9. (a) The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Act will be available for inspection at the venue of the AGM.

   (b) All documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on all working days i.e. Monday to Friday, up to the date of the 66th AGM of the Company.

10. Members holding shares in physical form can avail the nomination facility by filing Form SH-13 (in duplicate) prescribed under Section 72 of the Act and Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014 with the Company or with its R&T Agent. In case of shares held in dematerialized form, the nomination may be lodged with the member's Depository Participant. The above form is available at the R&T Agent's website or will be made available on request.

11. The 66th Annual Report along with the Notice of the AGM, Remote e-voting procedure, Ballot Form, Attendance Slip and Proxy Form is being sent: (a) by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless such Member has requested for a physical copy of the same; and (b) to those Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode(s). ***To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with the Company or with the R&T Agent.***

12. In order to improve ease, convenience and safety of transactions and in view of SEBI notification dated June 8, 2018 which mandate that request for effecting the transfer of listed securities shall not be processed unless the securities are held in demat form, effective December 5, 2018. Members are therefore advised to dematerialize their equity shares currently held in physical form, by contacting Depository Participant(s).

13. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, the Company is pleased to provide the Members with the facility of remote e-voting provided by Central Depository Services Limited (CDSL) through which the Members may exercise their votes electronically on all resolutions set forth in this Notice.

    The instructions for remote e-voting ('e-voting') are as under:

    (A) Members are requested to follow the steps as mentioned in point (i) to (xxi) on page no. viii of Annual Report and Other Instructions mentioned in point 12(B) below to cast their votes electronically (e-voting) and through ballot form.

    (B) Other instructions for e-voting:

        i. The e-voting period commences on Tuesday, September 25, 2018 (9.00 a.m. IST) and ends on Thursday, September 27, 2018 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on Friday, September 21, 2018, may cast their vote through remote e-voting facility. The facility for remote e-voting shall remain open for not less than three days and shall close at 5.00 p.m. on Thursday, September 27, 2018. Once the vote on a resolution is cast by the Member, the same shall not be allowed to change subsequently. A Member may participate in the AGM even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again.

ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on Friday, September 21, 2018.

iii. In case the members have any queries or issues regarding e-voting, they may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under 'Help Section' or write an email to helpdesk.evoting@cdslindia.com.

iv. Members who do not have access to remote e-voting facility may send duly completed Ballot Form (enclosed in page no. vii of the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. V. N. Deodhar (Membership No.FCS 1880), Proprietor of V.N. Deodhar & Co., Practising Company Secretaries, at the Registered Office of the Company not later than Thursday, September 27, 2018 (5.00 p.m. IST). Ballot Form received after the said date shall be treated as invalid.

v. A Member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot Form. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot Form shall be treated as invalid.

vi. Mr. V. N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process and Ballot forms in a fair and transparent manner.

vii. The facility for voting through Ballot Forms will be made available at the AGM. The Members attending the AGM and have not voted will be able to exercise their voting right at the AGM through Ballot Forms.

viii. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the AGM, a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.

ix. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.dil.net and on the website of CDSL www.cdslindia.com within 48 hours of passing of resolutions at the 66h AGM of the Company and communicated to BSE Limited, where the shares of the Company are listed.

14. Members seeking any information or clarification on the Annual Report are requested to send written queries to the Company Secretary at the Registered Office of the Company at least one week before the date of the 66th AGM, in order to make the information available at the AGM.

15. Members / proxies are requested to bring their copies of the Annual Report along with the attendance slip, duly filled in, for attending the AGM.

16. The route map (including the prominent landmark), for easy location of the AGM venue, is provided on page no xii of the Annual Report.

By Order of the Board of Directors of
DIL Limited

SRIKANT N. SHARMA
Company Secretary
Membership No: FCS - 3617

Thane
August 14, 2018

Registered Office:
A-1601, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (W) – 400 610,
Maharashtra, India.

Annexure to Notice

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013 ('Act')

Item no. 5:

Mr. Krishna Datla was re-appointed at the Annual General Meeting ('AGM') held on September 30, 2015 as Managing Director of the Company for a period of 3 (three) years effective May 9, 2015. Accordingly, the tenure of Mr. Krishna Datla as Managing Director of the Company has come to an end on May 8, 2018.

Subject to the approval of the members of the Company, the Nomination and Remuneration Committee and Board of Directors of the Company at their respective meeting(s) held on February 6, 2018 re-appointed Mr. Krishna Datla, as Managing Director of the Company ('Managing Director') for a period of 3 (three) years with effect from May 9, 2018.

The Managing Director shall act as a Key Managerial Personnel (KMP) of the Company pursuant to the provisions of Section 203(1), 203(2) read with Section 2(51) of the Act.

The material terms of the agreement entered into between the Company and Mr. Krishna Datla on February 6, 2018 ('Agreement') are as under:

I. **Salary:** Rs. 9,75,000 per month, in the scale of Rs. 9,75,000 - Rs. 11,75,000 and eligible for revision as and when deemed fit by the Nomination and Remuneration Committee / Board of Directors of the Company;

II. In addition to the aforesaid Salary, he shall also be entitled to the following perquisites:

   a. Furnished accommodation or house rent @ Rs. 1,50,000 per month;

   b. Reimbursement of gas, electricity and water for residence;

   c. Medical Reimbursement: Expenses incurred for self and family as per rules of the Company subject to ceiling of one month's basic salary;

   d. Leave travel concession for self and his family subject to ceiling of one month's basic salary;

   e. Club fees: Fees of clubs, subject to a maximum of two clubs;

   f. The Company shall provide two cars with drivers and telephone at residence. Provisions of car(s) and telephone(s) at residence for use on Company's business will not be considered as perquisites;

   g. Children Education Allowance as per rules of the Company;

   h. Personal Accident Insurance Premium as per rules of the Company;

   i. Reimbursement of Entertainment and all other expenses actually incurred in the course of legitimate business of the Company;

   j. Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors and the Managing Director.

III. **Commission:**

Subject to the provisions of Sections 197 and other applicable provisions, if any of the Act, the Managing Director shall be paid commission at such percentage of the net profits of the Company or such quantum as may be determined by the Board of Directors, from time to time.

IV. **Loss of Office:**

Subject to the provisions of Section 202 and other applicable provisions, if any, of the Act, the Managing Director shall be paid compensation for loss of office. However, such payment shall not exceed the remuneration which he would have earned if he had been in office for his remaining term, based on the remuneration as mentioned under the Agreement and calculated on the basis as provided in the Act.

V. Managing Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration under Schedule V to the Act:

   a) Contribution to Provident Fund to the extent not taxable under the Income tax Act, 1961;

   b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service in accordance with the terms of Payment of Gratuity Act, 1972;

   c) Encashment of leave at the end of the tenure as per rules of the Company;

   The total remuneration including perquisites payable to the Managing Director shall be subject to the provisions of Section 197 of the Act read with Schedule V to the Act (as amended from time to time);

   Notwithstanding anything contained hereinabove, where in any financial year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Board of Directors is authorized to decide the payment of remuneration of the Managing Director in the following manner:

   a. Payment of remuneration by way of salary, perquisites and other allowances as set out above, subject to the provisions and applicable ceilings laid down in Section II of Part II of Schedule V to the Act including any amendment thereof; or

   b. Payment of remuneration to the Managing Director by way of salary and perquisites as set out above, subject to prior approval of the Central Government (if applicable) and in accordance with the provisions of Section 197 read with Schedule V, as amended from time to time, in case the above remuneration exceeds the limits of Schedule V of the Companies Act, 2013.

A brief profile of Mr. Krishna Datla as required by SEBI Listing Regulations and Secretarial Standards on General Meetings (SS-2) as specified by Institute of Company Secretaries of India and approved by the Central Government, is provided in the Corporate Governance Report.

The Board members therefore recommend the resolution for approval of the Members, as Special Resolution.

The Agreement executed between the Company and Mr. Krishna Datla for the said appointment is available for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on all working days i.e. Monday to Friday, up to the date of the 66th AGM of the Company.

Except the following, none of the Directors and Key Managerial Personnel of the Company including their relatives is concerned or interested in the above appointment:

Interested Director	Nature of Interest/ concern	Shareholding in Company [as on March 31, 2018]
Mr. Krishna Datla	Being re-appointed	8.68%
Mrs. Rajeshwari Datla	Relative of Mr. Krishna Datla	1.39%

By Order of the Board of Directors of
DIL Limited

SRIKANT N. SHARMA
Company Secretary
Membership No: FCS - 3617

Thane
August 14, 2018

Registered Office:
A-1601, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (W) – 400 610,
Maharashtra, India.

DIL LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485

Registered Office: A -1601, Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610, Maharashtra, India

Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899

• Email: contact@dil.net • Website: www.dil.net

BALLOT FORM

(To be sent, duly filled and signed to the Scrutinizer appointed by the Company)

(Please read the instructions printed overleaf carefully before completing this form)

Name(s) of Member(s), including Joint holder(s), if any, (in block letters) :

....

Registered Address of the Sole / First named Member / Beneficial Owner :

....

Registered Folio No. / DP ID and Client ID No :

....

Number of Equity Shares held :

....

I / We hereby exercise my / our vote in respect of the Resolutions set out in the Notice of the Annual General Meeting dated August 14, 2018 by sending my / our assent or dissent to the said Resolutions by placing the tick (•) mark at the appropriate box below:

Resolution No.	Description	No. of shares	I/ We assent to the Resolution	I/ We dissent to the Resolution
1	To receive, consider and adopt: (a) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018, Reports of the Board of Directors and the Auditors thereon; and (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 along with Report of the Auditors thereon.			
2	To declare dividend of Rs. 1.25 per equity share of Rs. 5 each for the financial year ended March 31, 2018.			
3	To appoint a Director in place of Ms. Rajeshwari Datla (DIN: 00046864), who retires by rotation and being eligible offers herself for re-appointment.			
4	To ratify the appointment of Statutory Auditors and to fix their remuneration			
5	Re-appointment of Mr. Krishna Datla as Managing Director			

ELECTRONIC VOTING PARTICULARS

Place :

Date :

....

Signature of the Member

EVSN (Electronic Voting Sequence Number)	User ID	Password
180822051		

Note: For e-voting, please refer the instructions under "E-Voting Facility" in the Notice attached herewith.

INSTRUCTIONS

Process and manner for Members opting to vote by using the Ballot Form:

1. This Ballot Form is provided for the benefit of Members who do not have access to remote e-voting facility, to enable them to send their assent or dissent by post.
2. A Member can opt for only one mode of voting, i.e. either by Ballot Form or through remote e-voting. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot Form shall be treated as invalid.
3. For detailed instructions on remote e-voting, please refer to the Notes appended to the Notice of Annual General Meeting.
4. The Scrutinizer will collate the votes downloaded from the remote e-voting system and votes received through Ballot Form to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice
5. Please complete and sign the Ballot Form (no other form or photocopy thereof is permitted) and send it so as to reach the Scrutinizer appointed by the Board of Directors of the Company, i.e. Mr. V. N. Deodhar & Co. (Membership No.898), Practising Company Secretaries, at the Registered Office of the Company, not later than Thursday, September 27, 2018 (5.00 p.m. IST). (For this purpose, a self-addressed prepaid envelope is enclosed and postage will be paid by the Company. The envelope bears the name and address of the Registered Office of the Company, and is to the attention of the Scrutinizer. However, envelopes containing the Ballot Form(s), if deposited in person or sent by courier or registered/ speed post will be at the expense of the Member and will also be accepted. Ballot Form received after this date will be treated as invalid.)
6. The Form should be signed by the Member as per the specimen signature registered with the Company/ Depository Participants. In case of joint holding, the Form should be completed and signed by the first named Member and in his/ her absence, by the next named joint holder. There will be one Form for every Folio/ Client ID irrespective of the number of joint holders.
7. For shares held by companies/ entities duly completed Form should be accompanied by a certified true copy of the Board Resolution/ Authorization together with attested specimen signature(s) of the duly authorized representative(s).
8. Votes should be cast in case of each resolution, either in favour or against by putting the tick mark in the column provided for assent/ dissent. Members may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed the member's total shareholding. If the Member does not indicate either "FOR" or "AGAINST" in case of any resolution, it will be treated as "ABSTAIN" for that resolution and the shares held will not be counted under either head.
9. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on Friday, September 21, 2018 ("Cut Off Date") as per the Register of Members of the Company and as informed to the Company by the Depositories in case of Beneficial Owners.
10. A Member may request for a duplicate Ballot Form, if so required. However, the duly filled in and signed duplicate Form should reach the Scrutinizer not later than the date specified at Sr.No.5 above.
11. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Forms will be rejected. A Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or the number of votes or as to whether the votes are in favour or against or if the signature cannot be verified.
12. The Scrutinizer's decision on the validity of a Ballot will be final.
13. Except as otherwise mentioned herein, Members are requested not to send any other paper along with the Ballot Form in the enclosed self-addressed envelope as all such envelopes will be sent to the Scrutinizer and any other paper found in such envelope would be destroyed by him. They are also requested not to write anything on the Ballot Form except giving their assent or dissent and putting their signature.
14. The results of the voting shall be declared on or after the Annual General Meeting of the Company. The Results declared, along with the Scrutinizer's Report, shall be published in newspapers, placed on the Company's website www.dil.net and communicated to the Stock Exchange where the Company shares are listed viz. BSE Ltd.
15. Members may address any query to Mr. Srikant Sharma, Compliance Officer, at the Registered Office of the Company, Tel: 022 6623 0800 Fax: 022 6798 0899 or by e-mail to srikant.sharma@dil.net.

MEMBER/SHAREHOLDER INSTRUCTIONS FOR REMOTE E-VOTING ('E-VOTING')

The instructions for Members voting electronically are as under:

(i) The voting period begins on Tuesday, September 25, 2018 at 9.00 am [IST] and ends on Thursday, September 27, 2018 at 5.00 pm [IST]. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Friday, September 21, 2018 (record date) may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Members who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The Members should log on to the e-voting website of CDSL viz. www.evotingindia.com.

(iv) Click on Members.

(v) Now Enter your User ID

a. For Members having demat account with DP connected to CDSL: Please enter 16 digits beneficiary ID as your User ID,

b. For Members having demat account with DP connected to NSDL: Please enter 8 Characters DP ID followed by 8 Digits Client ID as your User ID,

c. For Members holding shares in physical form : Please enter Folio Number registered with the Company as your User ID.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user, please follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department. (Applicable for both demat Members as well as physical Members) • Members who have not updated their PAN with the Company/Depository Participant, are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	• Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • If both the details are not recorded with the depository or company please enter the Member ID / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the Electronic Voting Sequence Number (EVSN) 180822051 for DIL Limited on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

(xix) Members can also cast their votes using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting through your mobile.

(xx) Note for Non–Individual Members and Custodians

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

DIL LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485
Registered Office: A -1601, Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610, Maharashtra, India
Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899
• Email: contact@dil.net • Website: www.dil.net

ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

Folio No. .... DP ID No ....

Client ID No. .... No. of Shares ....

NAME OF THE MEMBER(s)/PROXY HOLDER (IN BLOCK LETTERS)

....

....

I hereby record my presence at the Sixty-Sixth Annual General Meeting of the Company held at Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) 400 610 on September 28, 2018 at 3.00 p.m.

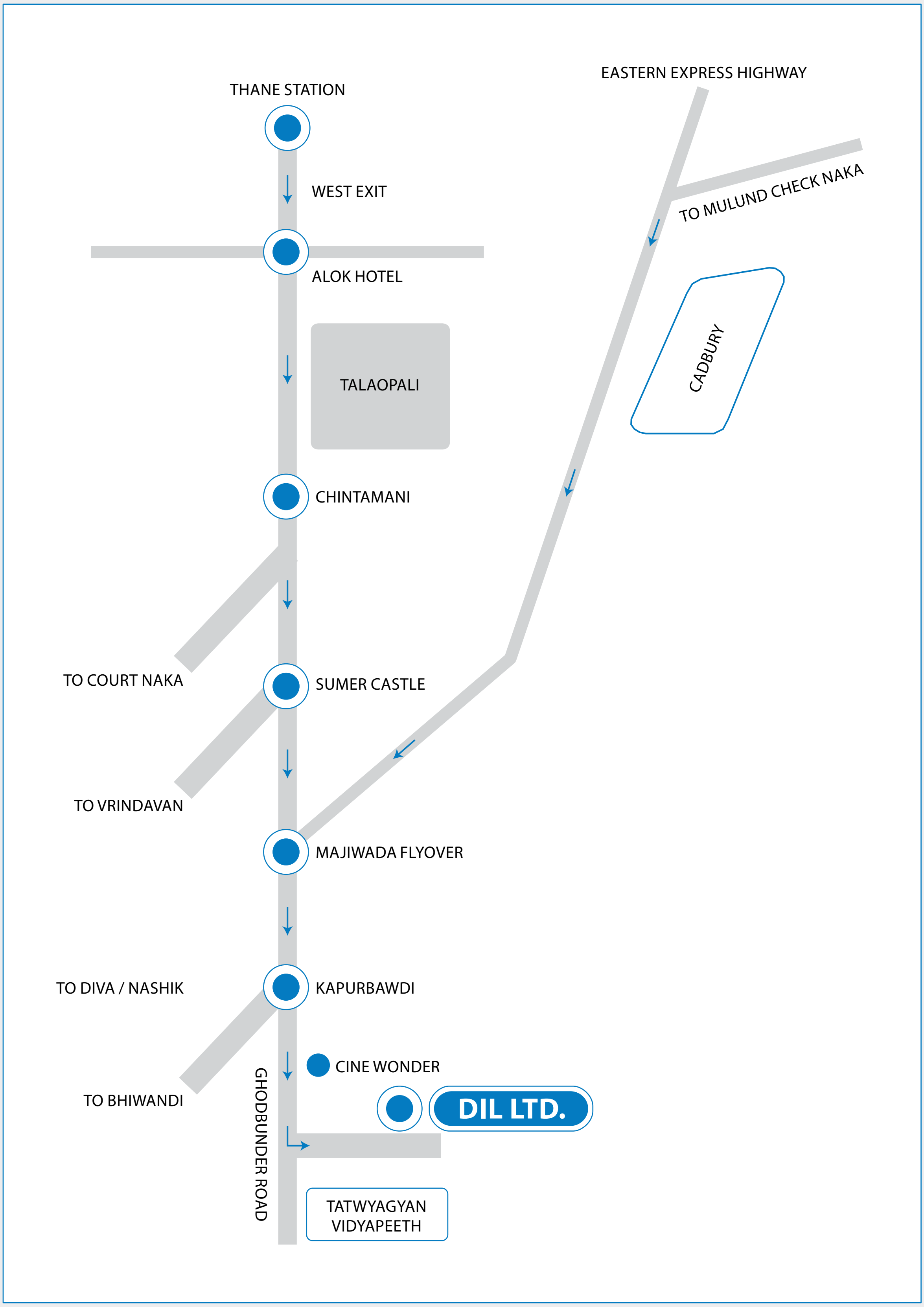
....
Member(s)/Proxy's Signature

Note:

(1) This meeting is of Members only. Members are requested not to bring along any person who is not a Member.

(2) Please carry this Attendance Slip with you and hand over the same at the entrance of place of meeting.

66TH AGM VENUE'S ROADMAP



DIL LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485
Registered Office: A -1601, Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610, Maharashtra, India
Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899
• Email: contact@dil.net • Website: www.dil.net

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the member (s): ....

Registered address: ....

E-mail Id: ....

Folio No/ Client Id:.. DP ID: ....

I/We, being the Member(s) of .... shares of the above named Company, hereby appoint

1. Name: .... E-mail ID: ....

   Address: ....

   Signature: .... or failing him / her

2. Name: .... E-mail ID: ....

   Address: ....

   Signature: .... or failing him / her

3. Name: .... E-mail ID: ....

   Address: ....

   Signature: .... or failing him / her

as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the Sixty Sixth Annual General Meeting of the Company, to be held on September 28, 2018 at 3.00 p.m. at Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (W) – 400 610 and at any adjournment thereof in respect of such resolutions as are indicated herein:

Resolution No.	Description
1	To receive, consider and adopt: (a) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018, Reports of the Board of Directors and the Auditors thereon; and (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 along with the Report of the Auditors thereon.
2	To declare dividend of Rs. 1.25 per equity share of Rs. 5 each for the financial year ended March 31, 2018.
3	To appoint a Director in place of Ms. Rajeshwari Datla (DIN: 00046864), who retires by rotation and being eligible offers herself for re-appointment.
4	To ratify the appointment of Statutory Auditors and to fix their remuneration
5	Re-appointment of Mr. Krishna Datla as Managing Director

Affix
Revenue
Stamp

Signed this ____________ day of ____________ 2018

Signature of Member: ....

Place:

Signature of Proxy(s): ....

Note:

This form of Proxy, to be effective, should be deposited at the Registered Office of the Company at A -1601, Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (W) – 400 610 not later than 48 hours before the commencement of the aforesaid meeting.

Notes

Notes

Corporate Information

CHAIRMAN EMERITUS
Mr. G. G Desai

BOARD OF DIRECTORS
Mr. Sanjay Buch
Chairman and Independent Director

Mr. Vinayak Hajare
Independent Director

Ms. Rajeshwari Datla
Non-Executive Director

Mr. Satish Varma
Non-Executive Director

Mr. Krishna Datla
Managing Director

COMPANY SECRETARY
Mr. Srikant N. Sharma

CHIEF FINANCIAL OFFICER
Mr. Sumesh Gandhi

SOLICITORS
Crawford Bayley & Co.
Mundkur Law Partners

AUDITORS
Deloitte Haskins & Sells LLP
Chartered Accountants

TAX AUDITORS
SRBC & Co. LLP
Chartered Accountants

INTERNAL AUDITORS
M. M. Nissim & Co.
Chartered Accountants

BANKERS
Standard Chartered Bank

The Hongkong and Shanghai Banking Corporation Limited

Bank of Baroda

Union Bank of India

Indusind Bank

Kotak Mahindra Bank

CORPORATE IDENTIFICATION NUMBER (CIN)
L99999MH1951PLC008485

INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN):
INE225B01021

REGISTERED OFFICE
A -1601, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.
Tel No : + 91 22 66230800
Fax No : + 91 22 6798 0899
E-mail : contact@dil.net

WEBSITES
www.dil.net
www.thaneone.com
www.fermentabiotech.com
www.whitestripes.biz
www.zelalife.com

REGISTRAR AND TRANSFER AGENTS
Link Intime India Private Limited
C 101, 247 Park,
L B S Marg, Vikhroli West,
Mumbai 400 083
Maharashtra, India
Tel No : +91 22 49186000
Fax No: +91 22 49186060
Email : rnt.helpdesk@linkintime.co.in
Website: www.linkintime.co.in

WEBSITE
www.dil.net

www.dil.net

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dil LIMITED

65th ANNUAL REPORT 2016-2017

CHAIRMAN EMERITUS

Mr. G.G. Desai

BOARD OF DIRECTORS

Mr. Sanjay Buch
Chairman and Independent Director

Mr. Vinayak Hajare
Independent Director

Ms. Rajeshwari Datla
Non-Executive Director

Mr. Satish Varma
Non-Executive Director

Mr. Krishna Datla
Managing Director

COMPANY SECRETARY
Mr. Srikant N. Sharma

CHIEF FINANCIAL OFFICER
Mr. Sumesh Gandhi
(appointed w.e.f. 16.02.2017)

SOLICITORS
Crawford Bayley & Co.
Mundkur Law Partners

AUDITORS
SRBC & Co. LLP
Chartered Accountants

INTERNAL AUDITORS
M M Nissim & Co.
Chartered Accountants

BANKERS
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited
Bank of Baroda
Union Bank of India
Axis Bank Limited

CORPORATE IDENTIFICATION NUMBER
L99999MH1951PLC008485

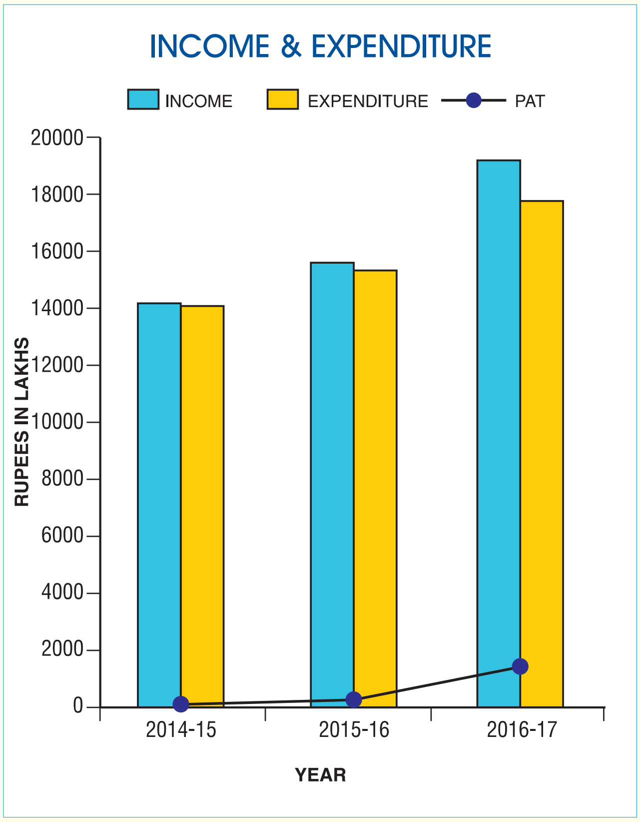
INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN) : INE225B01013

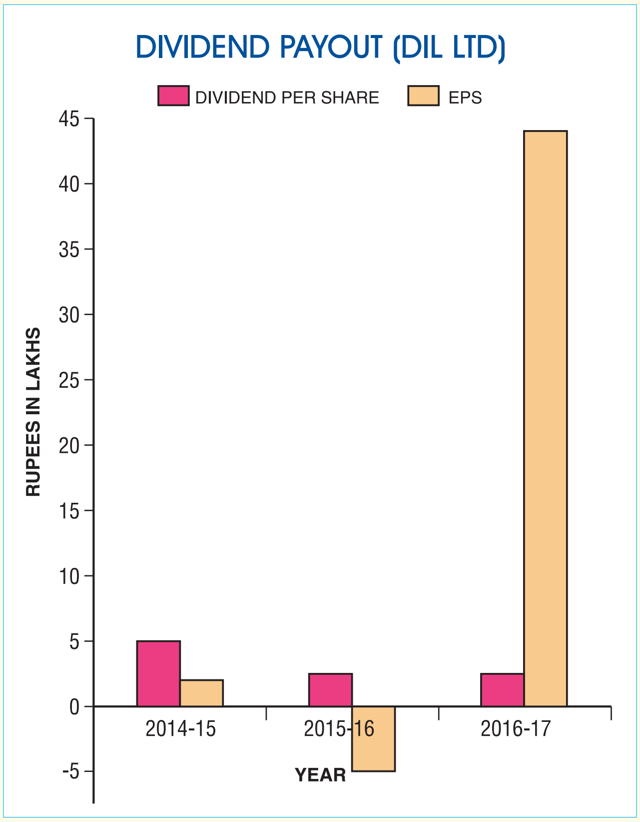
REGISTERED OFFICE
A-1601, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (West) – 400 610. Maharashtra, India.
Tel No : +91 22 66230800
Fax No : +91 22 6798 0899
E-mail : contact@dil.net

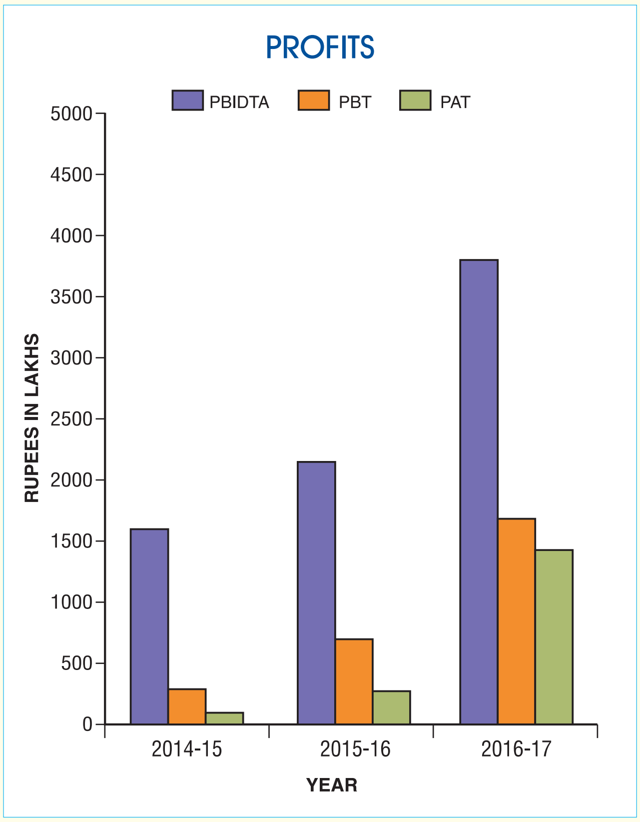
WEBSITES
www.dil.net
www.thaneone.com
www.fermentabiotech.com
www.whitestripes.biz
www.zelalife.com

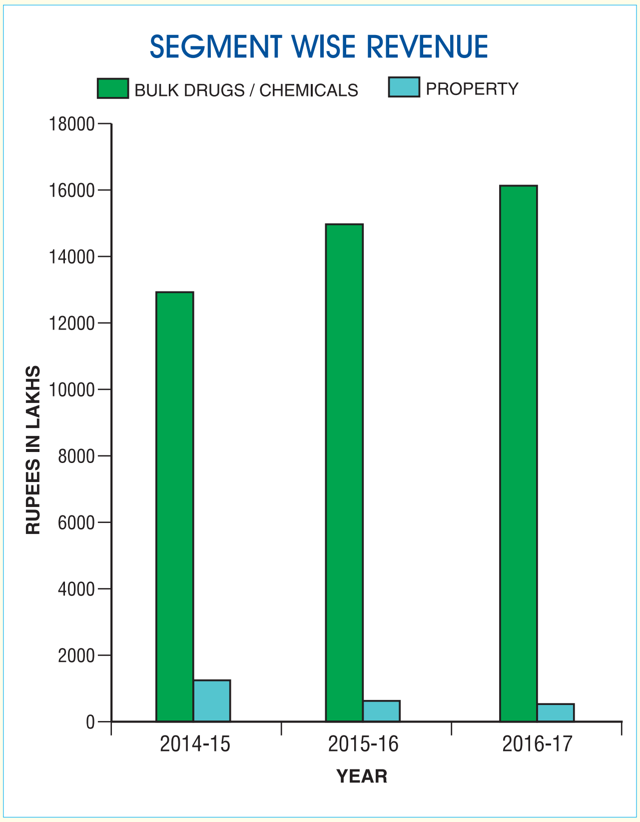
REGISTRAR AND TRANSFER AGENTS
Link Intime India Private Limited
C 101, 247 Park, L. B. S. Marg, Vikhroli (West),
Mumbai – 400 083. Maharashtra, India.
Tel No : +91 22 49186000
Fax No : +91 22 49186060
Email : rnt.helpdesk@linkintime.co.in
Website : www.linkintime.co.in

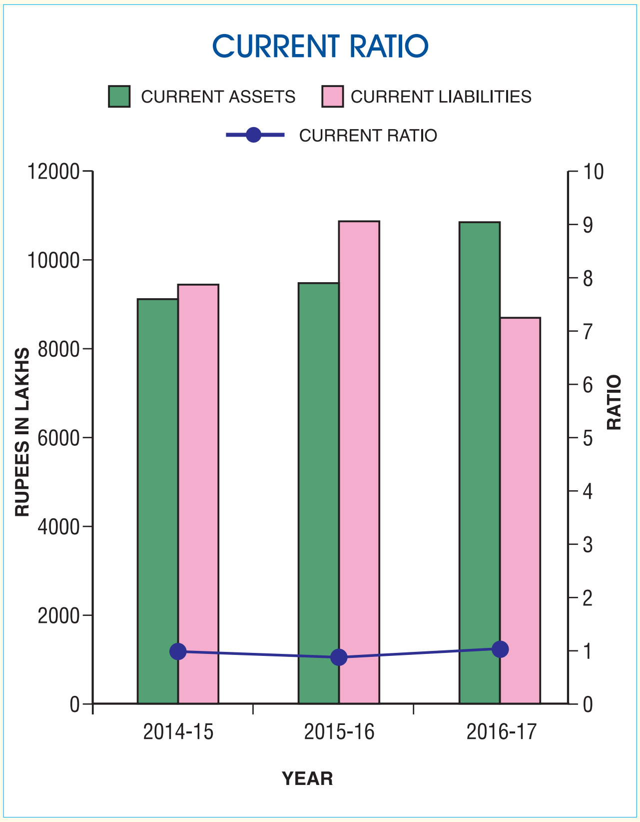
FINANCIAL HIGHLIGHTS - CONSOLIDATED

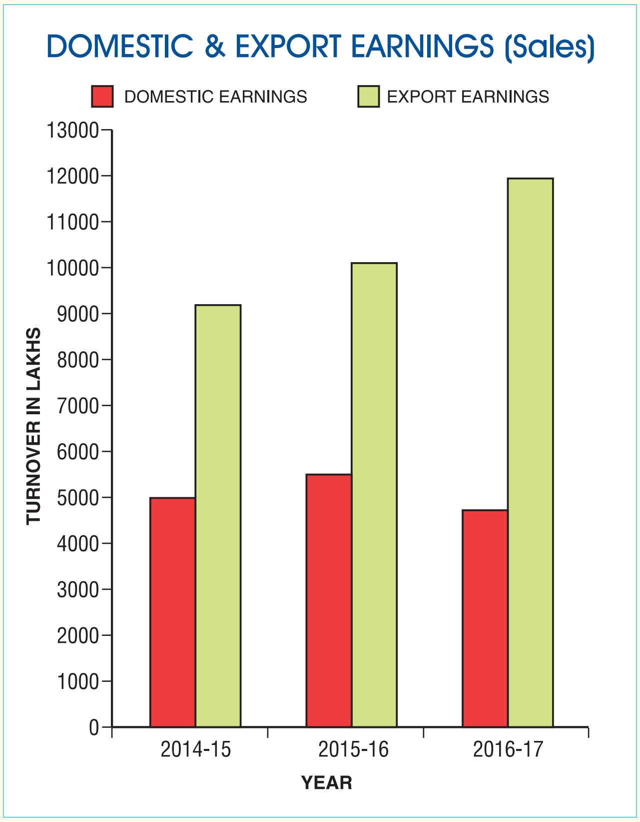


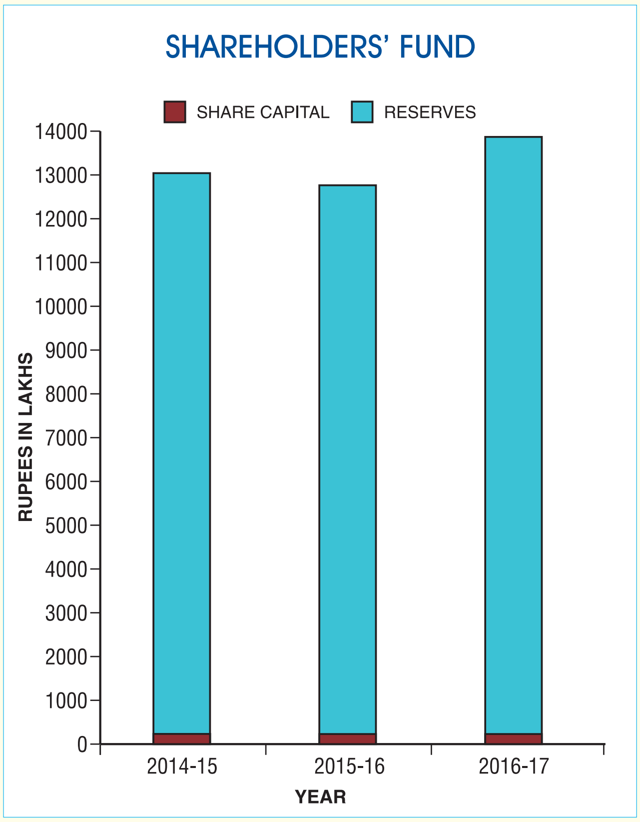







CURRENT RATIO
CURRENT ASSETS
CURRENT LIABILITIES
CURRENT RATIO
12000
10000
8000
6000
4000
2000
0
RUPEES IN LAKHS
10
9
8
7
6
5
4
3
2
1
0
RATIO
2014-15
2015-16
2016-17
YEAR


DOMESTIC & EXPORT EARNINGS (Sales)
DOMESTIC EARNINGS
EXPORT EARNINGS
13000
12000
11000
10000
9000
8000
7000
6000
5000
4000
3000
2000
1000
0
TURNOVER IN LAKHS
2014-15
2015-16
2016-17
YEAR


SHAREHOLDERS' FUND
SHARE CAPITAL
RESERVES
14000
13000
12000
11000
10000
9000
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7000
6000
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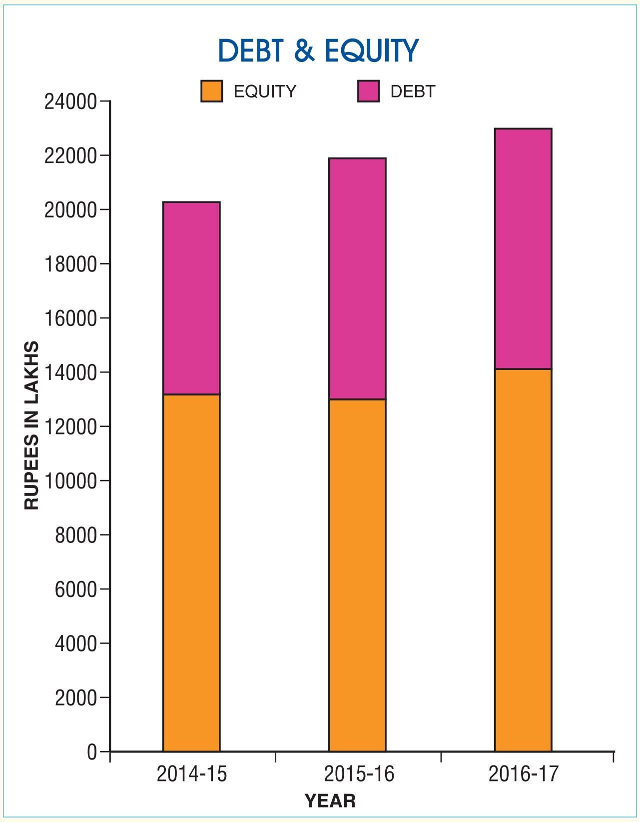
RUPEES IN LAKHS
2014-15
2015-16
2016-17
YEAR


DEBT & EQUITY
EQUITY
DEBT
24000
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20000
18000
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12000
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8000
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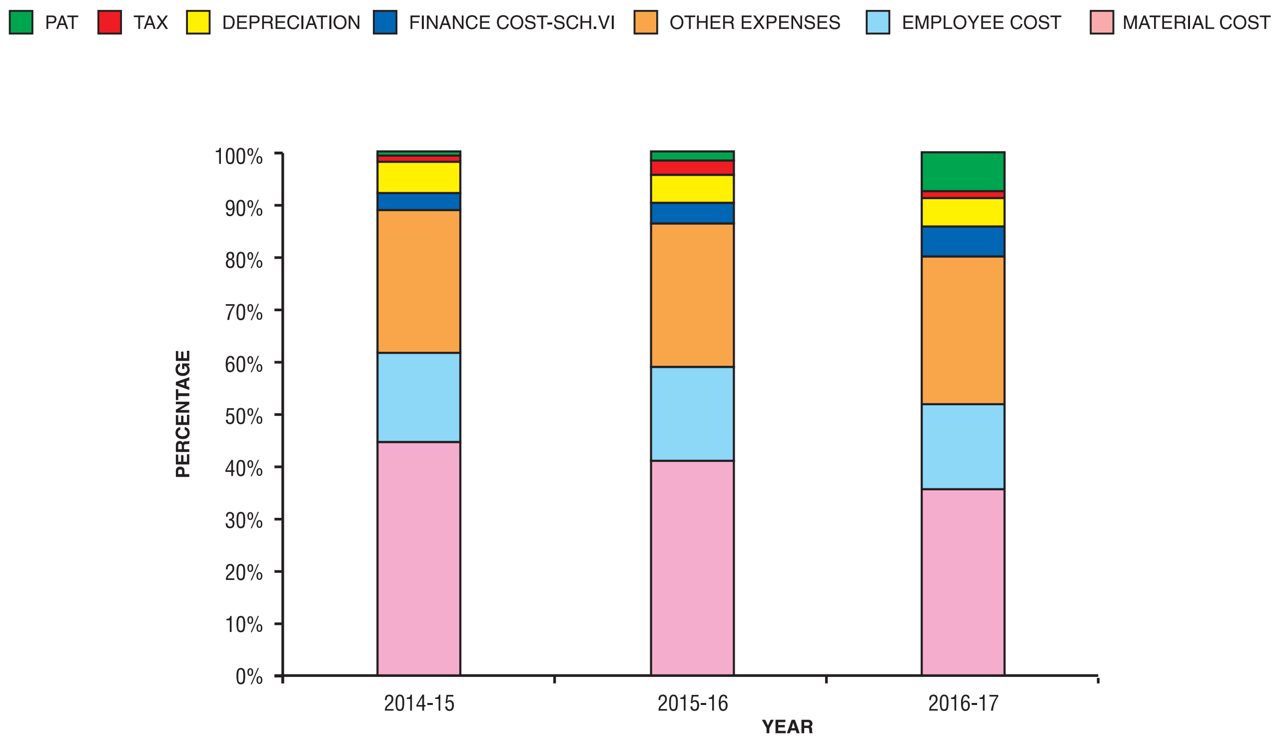
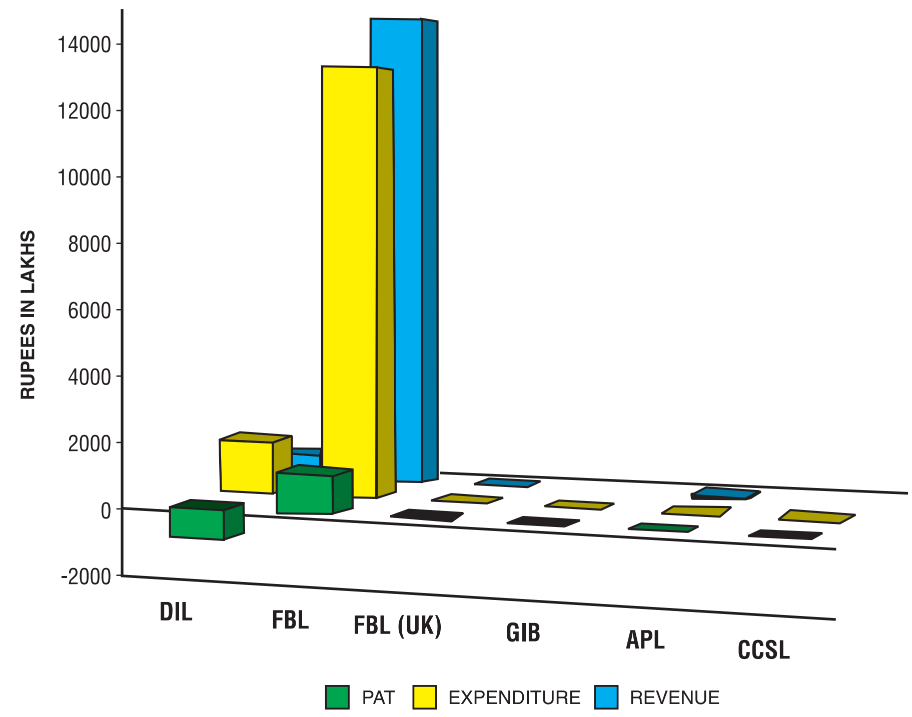
RUPEES IN LAKHS
2014-15
2015-16
2016-17
YEAR

DISTRIBUTION OF REVENUE 2016-17



PERFORMANCE OF DIL & ITS SUBSIDIARY COMPANIES 2016-17



CONTENTS

DIL LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485
Regd. Office: A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (W)-400 610, Maharashtra, India.
Tel: +91-22-6798 0800/888 Fax: +91-22-6798 0899 Email: contact@dil.net Website: www.dil.net

NOTICE

Notice is hereby given that the Sixty-Fifth Annual General Meeting of the Members of DIL LIMITED will be held at Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) - 400 610, Maharashtra on Friday, September 29, 2017 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt:

   (a) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2017, Reports of the Board of Directors and the Auditors thereon; and

   (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 along with Report of the Auditors thereon.

2. To declare dividend of ₹ 2.50 per equity share of ₹ 10 each for the financial year ended March 31, 2017.

3. To appoint a Director in place of Mr. Satish Varma (DIN – 00003255), who retires by rotation and being eligible offers himself for reappointment.

4. To appoint Statutory Auditors and to fix their remuneration and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No: 117366W/W-100018) be and is hereby appointed as Statutory Auditors of the Company to hold office for a term of 5 (five) years from the conclusion of 65th Annual General Meeting (AGM) till the conclusion of 70th AGM, in place of the retiring Auditors, SRBC & Co. LLP, Chartered Accountants (Firm Registration no. 324982E/E300003), subject to ratification of their appointment by the Members at every AGM of the Company during the above term, on such remuneration as may be mutually agreed between the Board of Directors and the Statutory Auditors.

By Order of the Board of Directors of DIL Limited

Srikant N. Sharma
Company Secretary
Membership No: FCS - 3617

Thane
August 11, 2017.

Registered Office:
A-1601, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (W) – 400 610,
Maharashtra, India.

NOTES:

1. No explanatory statement pursuant to section 102 of the Companies Act, 2013 ('Act') is annexed as there is no special business set out in the Notice.

2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY, DULY STAMPED, COMPLETED, AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME FOR COMMENCEMENT OF THE 65TH ANNUAL GENERAL MEETING (AGM). A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than ten (10) percent of the total share capital of the Company. A Member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person cannot act as a proxy for any other Member. Proxy submitted on behalf of any company/entities, must be supported by an appropriate resolution/ authority letter, as applicable.

3. During the period beginning 24 hours before the time fixed for the commencement of the AGM till the conclusion of the AGM, a Member would be entitled to inspect the proxies received by the Company, between 10.00 a.m. to 5.00 p.m., provided that not less than three (3) days' prior notice in writing is given to the Company.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 23, 2017 to Friday, September 29, 2017 (both days inclusive) for the purpose of payment of final equity dividend for the financial year 2016-17.

5. Subject to the provisions of the Act, the final equity dividend as recommended by the Board of Directors, if declared at the AGM, will be paid on or after Thursday, October 5, 2017 to those Members whose names appear:

   (a) in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company on or before Friday, September 22, 2017 and

   (b) as beneficial owners as at the end of business hours on Friday, September 22, 2017 as per the list furnished by National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) in respect of shares held in dematerialised form.

6. Members are requested to avail National Electronic Clearing Service (NECS) facility for quick remittance of dividends in order to avoid postal delay and fraudulent interception of dividend warrants. NECS mandate form is available at the Company's Registrar and Transfer Agent (R&T Agent) website www.linkintime.co.in or Members may write to the R&T Agent for the same.

7. Unclaimed final equity dividend (2008-09) and interim equity dividend (2009-10) have already been transferred to Investor Education and Protection Fund (IEPF). Members are hereby informed that pursuant to sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, as may be amended from time to time (IEPF Rules), dividends which are not encashed/ claimed by Members for a period of seven consecutive years shall be transferred to IEPF. IEPF Rules mandate the companies to transfer the shares of Members whose dividends remain unpaid / unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. The details of unclaimed dividends and its due dates for transfer to IEPF are available on the website of the Company i.e. www.dil.net/Unpaid-Dividend.html. Members who have not claimed their dividend so far in respect of the unclaimed dividend(s) due for transfer to IEPF are requested to write to the Company's R&T Agent, well in advance of the respective due dates. The Members whose dividend has been transferred to IEPF can now claim their dividend from the IEPF Authority by following the 'Procedure to claim Refund' as detailed on the website of IEPF Authority http://iepf.gov.in/IEPFA/refund.html.

In accordance with IEPF Rules, the Company has sent intimation to all the Members whose shares are due to be transferred to the IEPF Authority and has also published newspaper notice. The Company is required to transfer all the said shares to the demat account of the IEPF Authority in accordance with IEPF Rules as per the 'due date' as may be notified by the Ministry of Corporate Affairs in due course.

8. The profile of the Director recommended for reappointment at the AGM under item no. 3 of the Notice, as required by the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings (SS-2) as specified by the Institute of Company Secretaries of India and approved by the Central Government, is furnished in the Corporate Governance Report.

9. (a) The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Act will be available for inspection at the venue of the AGM.

   (b) All documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on all working days i.e. Monday to Friday, up to the date of the 65th AGM of the Company.

10. Members holding shares in physical form can avail the nomination facility by filing Form SH-13 prescribed under Section 72 of the Act read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014 with the Company or with its R&T Agent. In case of shares held in dematerialised form, the nomination may be lodged with the Member's Depository Participant. The above form is available at the R&T Agent's website or will be made available on request.

11. The 65th Annual Report along with the Notice of the AGM, Remote e-voting procedure, Ballot Form, Attendance Slip and Proxy Form is being sent: (a) by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories, unless such Member has requested for a physical copy of the same. (b) to those Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode(s). To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with the Company or with the R&T Agent.

12. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, read with Regulation 44 of SEBI Listing Regulations, the Company is pleased to provide the Members with the facility of remote e-voting provided by Central Depository Services Limited (CDSL) through which the Members may exercise their votes electronically on all resolutions set forth in this Notice.

    The instructions for remote e-voting ('e-voting') are as under:

    (A) Members are requested to follow the steps as mentioned in point (i) to (xxi) on page no. 141 and 142 of Annual Report and Other Instructions mentioned in point 12(B) below to cast their votes electronically (e-voting) and through ballot form.

    (B) Other instructions for e-voting:

       i. The e-voting period commences on Tuesday, September 26, 2017 (9.00 a.m. IST) and ends on Thursday, September 28, 2017 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on Friday, September 22, 2017, may cast their vote through remote e-voting facility. The facility for remote e-voting shall remain open for not less than three days and shall close at 5.00 p.m. on September 28, 2017. Once the vote on a resolution is cast by the Member, the same shall not be allowed to change subsequently. A Member may participate in the AGM even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again.

ii. The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on Friday, September 22, 2017.

iii. In case the Members have any queries or issues regarding e-voting, they may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under 'Help Section' or write an email to helpdesk.evoting@cdslindia.com.

iv. Members who do not have access to remote e-voting facility may send duly completed Ballot Form (enclosed in page no. 139 of the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. V. N. Deodhar (Membership No.FCS 1880), Proprietor of V.N. Deodhar & Co., Practising Company Secretaries, at the Registered Office of the Company not later than Thursday, September 28, 2017 (5.00 p.m. IST). Ballot Form received after the said date shall be treated as invalid.

v. A Member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot Form. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot Form shall be treated as invalid.

vi. Mr. V.N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process and Ballot forms in a fair and transparent manner.

vii. The facility for voting through Ballot Forms will be made available at the AGM. The Members attending the AGM and have not voted will be able to exercise their voting right at the AGM through Ballot Forms.

viii. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the AGM, a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.

ix. The results declared along with the Scrutinizer's Report will be placed on the Company's website www.dil.net and on the website of CDSL www.cdslindia.com within three days of passing of resolutions at the 65th AGM of the Company and communicated to BSE Limited, where the shares of the Company are listed.

13. Members seeking any information or clarification on the Annual Report are requested to send written queries to the Company Secretary at the Registered Office of the Company at least one week before the date of the 65th AGM, in order to make the information available at the AGM.

14. Members / proxies are requested to bring their copies of the Annual Report along with the attendance slip, duly filled in, for attending the AGM.

15. The route map (including the prominent landmark) for easy location of the AGM venue is provided on page no 138 of the Annual Report.

Thane
August 11, 2017.

By Order of the Board of Directors of DIL Limited

Registered Office:
A-1601, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (W) – 400 610, Maharashtra, India.

Srikant N. Sharma
Company Secretary
Membership No.: FCS - 3617

REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors are pleased to present the 65th Annual Report along with the Audited financial statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS **(Amount - ₹ in Lakhs)**

	STANDALONE RESULTS		CONSOLIDATED RESULTS	
	2016 - 2017	2015 - 2016	**2016 - 2017**	2015 - 2016
Total Revenue	**3,104.41**	728.14	**19,197.17**	15,606.22
Total Expenditure	**2,592.74**	1,649.48	**17,483.37**	14,910.14
Profit / (loss) before extraordinary items and tax	**511.67**	(921.34)	**1,713.80**	696.08
Prior period adjustment	**16.15**	—	**33.22**	—
Profit before tax ('PBT')	**495.52**	(921.34)	**1,680.58**	696.08
Less : Provision for tax (including deferred tax)	**(32.75)**	(7.62)	**255.67**	424.82
Profit after tax ('PAT')	**462.77**	(913.72)	**1,424.91**	271.26
Minority interest	**—**	—	**(267.64)**	(329.81)
Share of interest in profit/(loss) of associates	**—**	—	**(147.47)**	(54.87)
Profit for the year	**462.77**	(913.72)	**1,009.80**	(113.42)
Balance brought forward	**2,723.56**	3,706.28	**5,806.36**	5,988.78
Balance for appropriations	**3,186.33**	2,792.56	**6,816.16**	5,875.36
Appropriations				
Proposed Dividend	*	(57.33)	*	(57.33)
Dividend Distribution Tax	*	(11.67)	*	(11.67)
Balance in Statement of Profit and Loss account	**3,186.33**	2,723.56	**6,816.16**	5,806.36

* Dividend at the rate of 25% (₹ 2.50 per equity share of ₹ 10 each) after close of balance sheet date as proposed by the Board of Directors, subject to approval of shareholders.

RESULTS FROM OPERATIONS

In financial year 2016-17 ('FY 2016-17'), the Revenue on a Standalone basis showed a substantial growth, aggregating to ₹ 3,104.41 lakhs, compared to ₹ 728.14 lakhs in the previous financial year 2015-16 ('FY 2015-16'). Profit after tax grew to ₹ 462.77 lakhs in FY 2016-17 as against a loss of ₹(913.72) lakhs in FY 2015-16.

On a consolidated basis, the Company revenue increased by 23% to ₹ 19,197.17 lakhs in FY 2016-17 as compared to ₹ 15,606.22 lakhs in FY 2015-16. Profit after tax for FY 2016-17 was ₹ 1,424.91 lakhs, as against ₹ 271.26 lakhs in FY 2015-16.

Your Directors propose to retain ₹ 462.77 lakhs in the Statement of Profit and Loss as balance carried to the Balance sheet for the FY 2016-17. No amount was transferred to the General Reserve for the said financial year.

DIVIDEND

Your Directors are pleased to recommend an equity dividend of ₹ 2.50 per equity share (25%) of ₹ 10 each in FY 2016-17 (Previous year ₹ 2.50 per equity share). The equity dividend, if approved by the Members at the 65th Annual General Meeting ('AGM'), will result in a cash outflow of ₹ 69 lakhs including dividend distribution tax.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company for FY 2016-17 include financials of its subsidiaries, joint venture entities and associate companies (collectively referred as 'Subsidiaries/ Associates') i.e. Fermenta Biotech Limited, Fermenta Biotech (UK) Limited, G.I. Biotech Private Limited, Aegean Properties Limited, CC Square Films Limited (Subsidiaries), Vasko Glider s.r.o. and Agastya Films LLP (joint venture entities); Health and Wellness India Private Limited and Zela Wellness Private Limited (associate companies). The consolidated financial statements of the Company and its Subsidiaries/ Associates entities are prepared in accordance with the relevant Accounting Standards (AS) i.e. AS 21, AS 23 and AS 27, issued by the Institute of Chartered Accountants of India, provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and the Companies Act, 2013 ('Act'), shall form part of this Annual Report.

SUBSIDIARY COMPANIES

The individual financial statements of the Company's Subsidiaries/ Associates have not been attached to the financial statements of the Company for FY 2016-17. The financial information of the Company's Subsidiaries/ Associates provided in this section may be read along with the information provided under the heading 'Consolidated Financial Statements' in this report. In accordance with the provisions of section 129 (3) of the Act, read with Rule 5 and Rule 8 of the Companies (Accounts) Rules, 2014 [as amended from time to time], a separate statement containing salient features of the financial statements of Company's Subsidiaries/ Associates in Form AOC I is attached to this Board's report as **Annexure II** and forms part of this Board's report.

The financial statements of the Company's Subsidiaries/ Associates will be kept open for inspection at the registered office of the Company, from 10.00 a.m. to 5.00 p.m. on all working days i.e. Monday to Friday, up to the date of the 65th AGM of the Company.

During the year under review, no company has become or ceased to be a subsidiary, joint venture entity or associate company. However, the High Court in Prague, Czech Republic passed an order dated June 12, 2017 for dissolution of Vasko Glider s.r.o.

The standalone and consolidated financial statements of the Company, along with the financial statements of the Company's Subsidiaries/ Associates have been uploaded on the website of the Company (www.dil.net). Members interested in obtaining copies of the annual financial statements of each of the Company's Subsidiaries/ Associates, may write to the Company Secretary at the registered office address of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The operations of your Company during FY 2016-17 mainly include:

a. Ongoing Strategic investments in pharmaceuticals and wellness management;

b. Pharmaceuticals; Research, development and product delivery across biotechnology and environmental solutions operations are pursued through its subsidiary, Fermenta Biotech Limited (FBL); and

c. Property rentals and production of motion pictures.

This MD&A section as discussed below includes the management perspective and operational performance of the company & its subsidiary - Fermenta Biotech Limited (FBL).

FBL: PHARMACEUTICAL, BIOTECH AND ENVIRONMENTAL SOLUTIONS

Industry Perspective:

In terms of Gross Domestic Production, India's economic growth registered 7.10% in the FY 2016-17 as against 7.60% in the previous fiscal year, mainly due to overall economic conditions and demonetization. With the implementation of various economic measures and balanced budget of 2017-18 by the Government, the growth of Indian economy is poised to improve in due course.

India's pharmaceutical sector accounts approximately 2.40% of the global pharmaceutical industry by value and 10% by volume. By 2020, India is likely to be among the top leading pharmaceutical markets by incremental growth and in size globally. The global Vitamin D3 market is estimated at US$ 1.80 billion by 2017 -18, growing at CAGR of 11% till 2020.

Performance:

In FY 2016-17, FBL on a standalone basis, recorded a revenue of ₹ 16,131.33 lakhs, [₹ 14,973.46 lakhs in the previous year]. Profit after tax was ₹ 989.29 lakhs in FY 2016-17, compared to ₹ 1,188.92 lakhs for FY 2015-16.

FBL on a consolidated basis recorded revenue of ₹ 16,131.32 lakhs in FY 2016-17 (Previous year ₹ 14,974.60 lakhs). The profit after tax was ₹ 957.94 lakhs in FY 2016-17 as against ₹ 1,180.76 lakhs in the previous year.

Opportunities and Outlook:

Analysts forecast the API market in India to grow at a CAGR of 10.76% over the period 2014-19. Low cost of production and R&D expenditures, coupled with affordable health care, better health insurance coverage and increased number of drug master filings from India being registered in the US are positive indications for Indian APIs to emerge as a leading global player. The Vitamin D3 domestic formulation market reported double-digit growth in a market estimated more than ₹ 500 Crore. Various initiatives undertaken by countries globally to ensure Vitamin D fortification of essential food and beverage products, will lead to increase demand in terms of Vitamin D, sourced from globally recognized manufacturers such as FBL.

Between 2016 and 2021, the global biotechnology revenue is estimated to rise to US$ 314.7 billion, due to larger global investments in biotechnology and a growing geriatric population in developed economies. The biotechnology industry in India is growing at a CAGR of 20%. With the growth likely to continue, the Indian biotechnology industry is expected to touch to US$ 11.6 billion by 2017, driven by a range of factors such as growing demand, intensive R&D activities and strong government initiatives. India constitutes around 8% of the total global generics market, by volume, indicating a huge untapped opportunity in the sector.

Estimated at a market size of over $4 billion, the Indian water and wastewater market is growing at a steady rate of 10-12 percent every year. The waste management sector in India has the potential to be worth US$13 billion by 2025, driven by the initiatives of the government.

Challenges and concerns

India has the potential of becoming the leading global innovation hub for biotech and preferred outsourcing destination for contract research and manufacturing for the world market. However, various initiatives undertaken by our South Asian competitor is steering these advantages in their favour especially in terms of business friendly regulatory policies and infrastructure opportunities. Gaps in infrastructure, policy measures and funding are the primary challenges in the Indian biotechnology industry. Unless these shortcomings are addressed by the Government in a deft manner, the potential of India being a global biotech innovation hub, will not be achieved.

Export of APIs is often influenced by several factors like strict regulatory standards across countries, which sometimes result in moderating their production costs and improve competitiveness, high standards of plant and regulatory scrutiny. Besides, requirements of customers are increasingly demanding and matching with low priced APIs of our South Asian competitor are other challenges.

Flawed disposal system, unplanned structure and non-compliance of accepted specifications are the contributing factors for dismal waste water management system in India. Amongst other, weak enforcement of environmental laws, is a major concern for water pollution vis a vis waste water management.

In the backdrop of changing economic conditions, business opportunities and challenges, FBL is adapting to current market dynamics and positioning itself for growth through portfolio transformation, cost-optimisation measures, and sharpened focus on quality parameters and geographic markets.

DIL: PROPERTY DEVELOPMENT AND RENTALS

Industry Perspective:

Over the past few years, the real estate industry has been steadily contributing to the growth of Indian economy and has emerged as one of the largest employment provider. The real estate industry also witnessed a significant growth in the private equity investments especially in the year 2016-17 and the industry is expected to grow to US$ 180 billion in next three years. With the introduction of new legislation like the Real Estate (Regulation & Development) Act, 2016 ('RERA') and initiatives reflected in the Union budget 2017-18, the Government intentions are clear to achieve transparency, boost robust growth, to attract more foreign direct investments and to enhance operational efficiencies in this sector.

Performance:

The Directorate of Industries, District Industries Centre, Thane has granted IT/ITES registration certificate to your company's first IT/ITES building, Thane One on May 19, 2017. The recognition of Thane One as a registered IT/ ITES building is a reflection of your Company's perseverance and commitment to provide facilities to the occupants of Thane One to carry out their operations in a more efficient manner. As on the date of this report, your company has successfully completed registration of approximately 80% of the rental space of Thane One to various multi-national and leading Indian entities.

In FY 2016-17, your Company reported a rental income of ₹ 589.19 lakhs as against ₹ 613.31 lakhs in the previous year. Drawn out processes of finalization of prospective occupants and its successful closure of license agreements and no rent fit out period granted to new licensees in Thane One building were key reasons for the drop in the rental income in FY 2016-17.

Opportunities and Outlook:

The initiatives and development of IT/ITES industry undertaken by the Government of Maharashtra has been seen as decisive thrust area for Maharashtra and the IT/ITES sector. Infrastructure, fiscal incentives, supportive policies and industry friendly regulations are the driving factors for the growth of IT/ITES industry, thus making Maharashtra a preferred destination for investment in IT/ITES industry.

In the past few years, Mumbai's realty sector is facing 'high pricing and low sales' market conditions. As an off shoot, Thane is emerging as a preferred and viable alternative for back office service and technology entities. Proposed expansions of road infrastructure projects in Thane will further improve the connectivity between eastern and western highways (of Mumbai), and Navi Mumbai. Large working class population, better connectivity to Mumbai and Navi Mumbai, viable alternative to Mumbai's high realty cost, better infrastructures are the deciding factors for making Thane a preferred destination for IT/ITES including banking, financial services and insurance entities.

Challenges and Concerns:

The real estate industry faced temporary challenges to meet newly introduced legislations like the RERA and demonetization. Corporates opting for budget friendly locations is a concern to keep the office space sector buoyant in Thane. Due to rapid automation of office operations and co–working options, the demand for employees and office space is posing new challenges.

DIL: ENTERTAINMENT DIVISION

(WHITE STRIPES ENTERTAINMENT):

Industry Perspective:

In terms of revenue, the film industry had gross box office collections of $2.10 billion which is expected to grow at 11% Compound Annual Growth Rate (CAGR) reaching $3.7 billion by 2020. In 2016-17, the film sector saw a growth of 3% to reach Rs 142.3 billion.

Performance:

In FY 2016-17, White Stripes, the entertainment division of your Company completed the production of a Hindi film which is a joint venture with a leading production house. Your Company is in the process of collaborating with a distribution company to release the Hindi film by this year. Your Company continues to hold onto the strategic alliance with an international distribution company for the remake of a Hindi film project.

Opportunities and Outlook:

The Films segment is expected to bounce back and is forecasted to grow at a CAGR of 7.7 % between 2017 and 2021, as the revenue streams broaden, with the expansion of overseas markets, increase in the depth in regional content and rise in acquisitions of digital content by Over-the-Top (OTT) platforms which will offset this decline and is expected to drive growth in the future. The Company is mainly looking to produce films with good content and to expand itself in the digital space in order to expect good returns in the future.

Concerns and challenges:

Despite being the largest film industry in the world in terms of number of films produced every year, the Indian film industry lags behind other countries in terms of revenues. The Indian film industry needs to scale up film tourism, skill enhancement, updating current technology and countering piracy to achieve growth and profitability in the coming years.

INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

Internal Controls Systems including internal financial control are an integrated part of the risk management process. Major risks identified by the management and business functions are systematically addressed through mitigating actions on a continuing basis. In order to identify and mitigate risks, your Company has developed and implemented risk manangement policy and maintains adequate internal control systems, commensurate with its size, nature of operations, reporting(s) and compliance with applicable laws and Company's procedures. During the year under review, the Company's Internal auditors, M. M. Nissim & Co., Chartered Accountants, conducted and reported the effectiveness and efficiency of these systems including the adherence to procedures as per the policies of the Company.

The Company has a well-staffed, experienced and qualified finance department which plays an important role in implementing and monitoring the internal control procedures and compliance with statutory requirements. The Audit Committee and the Board of Directors review the report(s) of the independent Internal Auditor at regular intervals along with the adequacy and effectiveness of internal control systems and suggest improvements and corrective actions, wherever necessary.

HUMAN RESOURCES

The Company enjoys cordial relation with its employees across all locations.

The provisions of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules') read with Section 197(12) of the Act are not applicable, as no employee of the Company has received remuneration equal to or exceeding the limits specified therein, during the year under review.

The information required under Rule 5(1) of the aforesaid Rules read with Section 197 (12) of the Act in respect of ratio of the remuneration of each director to the median employee's remuneration and other details (collectively referred as 'Employee Information') forms part of this report. However, in terms of Section 136 of the Act, this report including financial statements is being sent to the Members and others entitled thereto, excluding the Employees Information. Members can inspect the said information at the Registered Office of the Company during business hours on any working day i.e. Monday to Friday up to the date of this 65th AGM or can obtain its copy by writing to the Company Secretary at the registered office address of the Company.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company continues to provide a safe working environment for its employees. The Company has framed a code on 'Redressal of Grievances Regarding Sexual Harassment' and has constituted an 'Internal Complaints Committee' for redressal of grievances as per the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. There were no cases / grievances reported or pending during the FY 2016-17.

INFORMATION TECHNOLOGY:

Information Technology (IT) continues to support business operations in the Company through continued investment in the enterprise wide ERP platform. The Company's IT Team manages Company's various locations with state-of-the-art technology and has been incorporating new technologies into the system. In addition, mobility solution and support has played a key role in achieving improved deliverables in Company's operations and objectives. Your Company continues to drive resilience through targeted remediation of high risk operating systems, applications and its related areas. Annual Application & Control Audits are undertaken to ensure consistent remediation of any business and process risks. Alongside the investment in technology, the Company is also improving its service management processes to prevent any defects in the IT environment and to enable faster resolution of any such incidents with minimum business disruption. Your Company has also ensured that the GST related readiness is complete on the technology before the scheduled date.

DEPOSITS

In FY 2016-17, your Company has not accepted any fixed deposits and no principal or interest remains unpaid or unclaimed as on March 31, 2017.

CREDIT RATING

During the year under review, the Company has received 'Long Term' Credit rating of 'CARE BB+/Stable' as reaffirmed by CARE. This rating reflects moderate risk of default regarding timely servicing of financial obligations.

DIRECTORS

Independent Directors:

Independent Directors have made declarations to the Company, confirming that the conditions of independence laid down in sub section 6 of section 149 of the Act and Regulation 25 of the SEBI Listing Regulations are duly complied.

Retirement by rotation:

Mr. Satish Varma (DIN – 00003255) retires by rotation at the 65th AGM and being eligible, offers himself for re-appointment. Brief profile of Mr. Satish Varma is provided on page no. 28 of this Annual Report.

Key Managerial Personnel:

Mr. Sumesh Gandhi (CA Membership no. 107491) has been appointed as Chief Financial Officer (Key Managerial Personnel) as per provisions of the Act, in place of Mr. Keshav H. Kashid (CA Membership no. 17362) who has been designated as President – Finance of the Company, both effective from February 16, 2017.

ANNUAL PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Details of the annual performance evaluation have been provided in the Corporate Governance Report attached as **Annexure III** to this Board's report.

AUDITORS

Under Section 139 of the Act and rules made thereunder, it is mandatory to rotate the Statutory Auditors of the Company on completion of the maximum term permitted under the said Section.

Provisions of section 139 of the Act read with rule 6 of the Companies (Audit and Auditors) Rules, 2014 restrict reappointment of SRBC & Co. LLP, Chartered Accountants (Firm Registration no. 324982E/E300003) as Statutory Auditors of the Company for the financial year 2017-18 i.e. in view of the restriction mentioned in rule 6 of the said Rules regarding number of consecutive years for which an audit firm has been functioning as statutory auditors of a company. Accordingly, SRBC & Co. LLP is not eligible for re-appointment as Statutory Auditors of the Company for the financial year 2017- 18.

Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No: 117366W/W-100018) has expressed its willingness to be appointed as Statutory Auditors of the Company and to hold office from the conclusion of this 65th AGM until the conclusion of 70th AGM of the Company, in place of the retiring Auditors, SRBC & Co. LLP subject to ratification of their appointment by the Members at every AGM of the Company during the above term.

SECRETARIAL AUDIT REPORT

The Board of Directors has appointed Mr. V. N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries, as Secretarial Auditor of the Company for FY 2016-17 as per the provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Secretarial Auditor has submitted an unqualified report as annexed to this Board's report as **Annexure IV** and forms part of this Board's report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of sub-section 5 of Section 134 of the Act, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

i) In the preparation of the annual accounts for the financial year ended March 31, 2017 the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates are made prudently and reasonably so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;

iii) Proper and sufficient care has been taken for the 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 fraud and other irregularities;

iv) The annual accounts for the financial year ended March 31, 2017 have been prepared on a 'going concern basis.

v) Proper internal financial controls are devised to ensure compliance with the provisions of all applicable laws and that such internal financial controls were adequate and operating effectively.

vi) Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

The extract of the annual return in form MGT-9 is enclosed to this Board's Report as **Annexure I** and forms part of this Board's Report.

CODE FOR PREVENTION OF INSIDER TRADING

Pursuant to provisions of SEBI (Prohibition of Insider Trading) Regulation, 2015, your Company has adopted (a) Code of Conduct to regulate, monitor and report trading by Insiders, applicable to Promoters, Promoter's Group, Directors and such Designated Employees who are expected to have access to unpublished price sensitive information of the Company; and (b) The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI).

The aforesaid Codes are displayed on the Company's website i.e. http://www.dil.net/Company-Policies.html.

NOMINATION AND REMUNERATION POLICY

In terms of Section 134 and 178 of the Act, Company's Nomination and Remuneration Policy ('Remuneration Policy') is annexed to this Board's report as **Annexure V** and is also available on Company's website at http://www.dil.net/Company-Policies.html.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or guarantees or made investments covered under the provisions of Section 186 of the Act during FY 2016-17.

RELATED PARTY TRANSACTIONS

All related party transactions entered into during FY 2016-17 were on an arm's length basis and in the ordinary course of business. During FY 2016-17, the Company has not entered into any material related party transaction. In view of this, disclosure in form AOC-2 is not applicable.

The brief details of the Company's policy on dealing with Related Party transactions (RPT Policy) are covered in Corporate Governance report. The RPT policy is available on Company's website at http:// www.dil.net/Company-Policies.html

INFORMATION IN ACCORDANCE WITH PROVISIONS OF SECTION 134(3)(m) OF THE COMPANIES ACT, 2013:

(A) Conservation of energy and Technology absorption-

Information with respect to Conservation of energy and technology absorption is not applicable to the present activities of the Company.

(B) Foreign Exchange Earnings and Outgo-

During FY 2016-17, there were no foreign exchange earnings. Details of foreign exchange outgoings are provided in Note no.38 to the Financial Statements.

CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34 read with Schedule V of SEBI Listing Regulations, the Corporate Governance Report along with the Corporate Governance Certificate issued by Mr V. N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries, is provided as **Annexure II** and forms part of this Report.

Details of number of Board meetings, composition of the Audit Committee and establishment of Vigil Mechanism as required under the Act are provided in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

No CSR spending was required in FY 2016-17 in terms of Section 135 of the Act. Hence, disclosure is not applicable as per Companies (Corporate Social Responsibility Policy) Rules, 2014.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in business and in the nature of business of your Company during the FY 2016-17.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There was no order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations during FY 2016-17.

SHIFTING OF THE REGISTERED OFFICE OF THE COMPANY

During the FY 2016-17, the Company shifted its registered office to A-1601, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwade, Thane (West) - 400 610, Maharashtra, India, along with all statutory registers, records and documents with effect from January 2, 2017.

ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation to the employees of the Company at all levels, Members, bankers, financial institutions, regulatory bodies and other business associates for their support during the year under review.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions and/or in this report may be 'forward-looking statements' within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed in the statements.

For and on behalf of the Board of Directors

Sanjay Buch
Chairman

Thane
August 11, 2017.

Registered Office :
A-1601, Thane One,
DIL Complex,
Ghodbunder Road, Majiwade,
Thane (West) – 400 610,
Maharashtra, India.

Annexure I:

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2017
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT – 9

I. REGISTRATION AND OTHER DETAILS:

1	CIN	L99999MH1951PLC008485
2	Registration Date	01/05/1951
3	Name of the Company	DIL LIMITED
4	Category / Sub-Category of the Company	Category: Company limited by shares Sub-category: Indian non-government company
5	Address of the Registered office and contact details	A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West), Maharashtra – 400 610, India Tel: +91-22-6798 0800/888 Fax: +91-22-6798 0899 Email: contact@dil.net Website: www.dil.net
6	Whether listed company: Yes / No	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083, Maharashtra, India Tel: 91 22 49186000 Fax: 91 22 49186060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Rental and leasing activities	68100	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section*
	Holding Company:				
1.	DVK Investments Private Limited #	U67120MH2003PTC141695	Holding Company	53.91%	Section 2(46)
	Direct Subsidiaries:				
2	Aegean Properties Limited #	U45200MH1995PLC084766	Subsidiary Company	100%	Section 2(87)
3	CC Square Films Limited #	U93000MH2011PLC212089	Subsidiary Company	100%	Section 2(87)
4	Fermenta Biotech Limited (FBL) A-1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwade, Thane (W), Maharashtra 400610	U99999MH1986PLC134021	Subsidiary Company	70.15% (refer Note below)	Section 2(87)
	Step down Subsidiaries:				
5.	Fermenta Biotech (UK) Limited Charter House, 8-10 Station Road, Manor Park, London-E12 5BT	Foreign Company Registration No.: 3308303	Subsidiary Company [100% subsidiary of FBL]	–	Section 2(87)
6.	G. I. Biotech Private Limited A-1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwade, Thane (W), Maharashtra 400 610	U24230MH2004PTC148220	Subsidiary Company [62.50% subsidiary of FBL]	–	Section 2(87)
	Associate Entities:				
7	Health and Wellness India Private Ltd. Zela Health Clubs, No. 133 & No. 133/1, Residency Road, Bangalore, Karnataka 560025	U85100KA2008PTC047190	Associate Company	47.15%	Section 2(6)
8	Zela Wellness Private Limited 9th Floor, The Residency, 2, Residency Road, Bangalore, Karnataka 560025	U74900KA2012PTC063026	Associate Company	29.50%	Section 2(6)
9	Vasko Glider s.r.o. Kladno, Cyrila Boudy 1444, Post code – 27201, Czech	Foreign Company ID: 27217027	Joint Venture Entity	50%	Section 2(6)
10	Agastya Films LLP#	AAF-1964	Joint Venture Entity	50%	Section 2(6)

* Under the Companies Act, 2013

Registered office address at A-1601, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwade, Thane (W), Maharashtra - 400610

Note: Includes shares issued by FBL to FBL ESOP Trust pending implementation of ESOP plan.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity Share Capital)

i) Category–wise Share Holding

Category of Members	No. of Shares held at the beginning of the year (01.04.16)				No. of Shares held at the end of the year (31.03.17)				% Change during the year
	Demat	Physi-cal	Total	% of total shares	Demat	Physi-cal	Total	% of total shares	
A. PROMOTERS									
(1) Indian									
a) Individual/ HUF	1,99,085	–	1,99,085	8.68	1,99,085	–	1,99,085	8.68	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	12,36,235	–	12,36,235	53.91	12,36,235	–	12,36,235	53.91	–
e) Banks / FII	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	**14,35,320**	**–**	**14,35,320**	**62.59**	**14,35,320**	**–**	**14,35,320**	**62.59**	**–**
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRIs – Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub–total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of 'Promoter (A)=(A)(1)+(A)(2)	**14,35,320**	**–**	**14,35,320**	**62.59**	**14,35,320**	**–**	**14,35,320**	**62.59**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	10	7	17	0	10	7	17	0	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others :Foreign Bank	–	157	157	0.01	–	157	157	0.01	–
Sub–total (B)(1)	**10**	**164**	**174**	**0.01**	**10**	**164**	**174**	**0.01**	**–**
2. Non Institutions									
a) Bodies Corp.									
i) Indian	92,490	1,167	93,657	4.08	82,336	1,167	83,503	3.64	(0.44)
ii) Overseas	–	–	–	–	–	–	–	–	–

Category of Members	No. of Shares held at the beginning of the year (01.04.16)				No. of Shares held at the end of the year (31.03.17)				% Change during the year
	Demat	Physi-cal	Total	% of total shares	Demat	Physi-cal	Total	% of total shares	
b) Individuals									
i) Individual Members holding nominal share capital upto ₹ 1 lakh	4,07,499	75,477	4,82,976	21.06	4,11,230	72,788	4,84,018	21.11	0.05
ii) Individual Members holding nominal share capital in excess of ₹ 1 lakh	2,36,391	–	2,36,391	10.31	2,42,691	–	2,42,691	10.58	0.27
c) Others:									
Clearing Member	13,231	–	13,231	0.58	11,231	–	11,231	0.49	(0.09)
NRI (repat)	988	82	1,070	0.05	4,553	82	4,635	0.20	0.15
Non resident (non repatriable)	7,547	–	7,547	0.32	9,915	–	9,915	0.43	0.11
Hindu Undivided Family (HUF)	22,832	–	22,832	1.00	21,711	–	21,711	0.95	(0.05)
Sub–total (B)(2)	**7,80,978**	**76,726**	**8,57,704**	**37.40**	**7,83,677**	**74,037**	**8,57,704**	**37.40**	**–**
Total Public Shareholding (B)=(B)(1) + (B)(2)	**7,80,988**	**76,890**	**8,57,878**	**37.41**	**7,83,677**	**74,201**	**8,57,878**	**37.41**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**22,16,308**	**76,890**	**22,93,198**	**100**	**22,18,997**	**74,201**	**22,93,198**	**100**	**–**

(ii) Shareholding of Promoters

Sr. No.	Member's Name	Shareholding at beginning of the year (01.04.16)			Shareholding at the end of the year (31.03.17)			
		No. of shares	% of total Shares of the com-pany	% of Shares Pledged/ encumb-ered to total shares	No. of shares	% of total Shares of the com-pany	% of shares Pledged/ encumb-ered to total shares	% Change in shareholding during the year
1	DVK Investments Private Limited	12,36,235	53.91	–	12,36,235	53.91	–	–
2	Mr. Krishna Vasantkumar Datla	1,99,085	8.68	–	1,99,085	8.68	–	–

(iii) Change in Promoters' Shareholding:

There is no change in the Promoters' shareholding during the financial year 2016-17.

(iv) Shareholding Pattern of top ten Members (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Members	Shareholding at the beginning of the year (01.04.16)/ end of the year (31.03.17)		Date	Increase/ (Decrease)	Reason: Purchased(P)/ Transferred(T)	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company				No . of shares	% of total Shares of the company
1	RAKESH KANTILAL SHAH	85,002	3.71	01.04.16				
		85,002	3.71	31.03.17	–	–	85,002	3.71
2	MAHAVIR L MEHTA	27,918	1.22	01.04.16				
				23.09.16	1,500	P	29,418	1.29
				30.09.16	2,670	P	32,088	1.40
		32,088	1.40	31.03.17	–	–	32,088	1.40
3	ANUPAMA DATLA DESAI	26,499	1.16	01.04.16				
		26,499	1.16	31.03.17	–	–	26,499	1.16
4	IMRAN S CONTRACTOR	24,219	1.06	01.04.16				
		24,219	1.06	31.03.17			24,219	1.06
5	NAJMUDDIN GULAMHUSEIN KHERAJ	22,040	0.96	01.04.16				
		22,040	0.96	31.03.17	–	–	22,040	0.96
6	ASHMAVIR FINANCIAL CONSULTANTS PRIVATE LIMITED	15,126	0.66	01.04.16				
				23.09.16	100	P	15,226	0.66
				09.12.16	1,400	P	16,626	0.73
		16,626	0.73	31.03.17	–	–	16,626	0.73
7	DOTCH SALES PRIVATE LIMITED	15,000	0.65	01.04.16				
		15,000	0.65	31.03.17	–	–	15,000	0.65
8	PREETI THAKKAR	11,057	0.48	01.04.16				
		11,057	0.48	31.03.17	–	–	11,057	0.48
9	DUPEN LABORATORIES PRIVATE LIMITED	10,364	0.45	01.04.16				
		10,364	0.45	31.03.17	–	–	10,364	0.45
10	RAHAT HASSAN THARANI WITH IMRAN SHAUKAT CONTRACTOR	11,151	0.49	01.04.16				
				23.09.16	(176)	T	10,975	0.48
				21.10.16	(612)	T	10,363	0.45
				28.10.16	(363)	T	10,000	0.44
		10,000	0.44	31.03.17	(363)	–	10,000	0.44

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (01.04.16)/end of the year (31.03.17)		Date	Increase/ (Decrease)	Reason: Purchased (P) / Transferred (T)	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company				No . of shares	% of total Shares of the company
1.	KRISHNA DATLA	1,99,085 1,99,085	8.68 8.68	01.04.16 31.03.17	– –	– –	– 1,99,085	– 8.68
2.	RAJESHWARI DATLA	28,665 31,768	1.25 1.39	01.04.16 20.01.17 31.03.17	– 3,103 –	– T –	– 31,768 31,768	– 1.39 1.39

V. INDEBTEDNESS

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

(₹ in Lakhs)

	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of of the financial year (01.4.16)				
i) Principal Amount	4,973.39	244.23	–	5,217.62
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	16.90	1.75	–	18.65
Total (i+ii+iii)	4,990.29	245.98	–	5,236.27
Change in Indebtedness during the financial year				
– Addition	4,193.00	150.00	–	4,343.00
– Reduction	4,933.38	8.92	–	4,942.30
Net Change	(740.38)	141.08	–	(599.30)
Indebtedness at the end of the financial year (31.03.17)				
i) Principal Amount	4,205.23	350.00	–	4,555.23
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	44.68	37.06	–	81.74
Total (i+ii+iii)	4,249.91	387.06	–	4,636.97

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager:

Sl. No.	Particulars of Remuneration	Name of Managing Director
		Mr. Krishna Datla
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	 ₹ 80,75,000 ₹ 3,04,127 –
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission – as % of profit – others	 – –
5.	Others (Contribution to funds)	₹ 11,59,731
	Total (A)	**₹ 95,38,858**
	Ceiling as per the Act	The total remuneration paid to the Managing Director is within the limits prescribed under the Companies Act, 2013

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors	Mr. Sanjay Buch	Mr. Vinayak Hajare	
	• Fee for attending board / committee meetings· • Commission • Others	₹1,35,000 – –	₹1,35,000 – –	₹2,70,000 – –
	Total (1)	**₹1,35,000**	**₹1,35,000**	**₹2,70,000**
2.	Other Non-Executive Directors	Ms. Rajeshwari Datla	Mr. Satish Varma	
	• Fee for attending board/ committee meetings • Commission • Others	₹1,00,000 – –	₹90,000 – –	₹1,90,000 – –
	Total (2)	**₹1,00,000**	**₹90,000**	**₹1,90,000**
	Total (B) = (1+2)			**₹4,60,000**
	Total Managerial remuneration (A+B)			**₹99,48,858**
	Ceiling as per the Act	The total fees to Directors payable for attending meetings are within the limits prescribed under the Companies Act, 2013		

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		Mr Srikant Sharma (Company Secretary	Mr Keshav Kashid (CFO up to February 15, 2017) *Salary Annualized	Mr Sumesh Gandhi (CFO w.e.f. February 16, 2017)	**Total**
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹35,32,563	₹69,64,843	₹6,28,179	**₹1,11,25,585**
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	₹28,800	₹39,600	–	**₹68,400**
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–
2.	Stock Option	–	–		–
3.	Sweat Equity	–	–		–
4.	Commission – as % of profit – others	 – –	 – –		 – –
5.	Others (Contribution to Funds)	₹2,24,437	₹4,69,509	₹42,039	**₹7,35,985**
	Total	**₹37,85,800**	**₹74,73,952***	**₹6,70,218**	**₹1,19,29,970**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT /COURT	Appeal made if any give details
A. COMPANY 1. Penalty 2. Punishment 3. Compounding		NIL	NA		
B. DIRECTORS 1. Penalty 2. Punishment 3. Compounding		NIL	NA		
C. OTHER OFFICERS IN DEFAULT 1. Penalty 2. Punishment 3. Compounding		NIL	NA		

For and on behalf of the Board of Directors of DIL Limited

Thane
August 11, 2017.

Sanjay Buch
Chairman

Registered Office :
A-1601, Thane One, DIL Complex, Ghodbunder Road,
Majiwade, Thane (West) – 400 610, Maharashtra, India.

Annexure II:

Form AOC–I

(Pursuant to first proviso to sub–section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint venture entities

Part "A": Subsidiaries

Sl. No.	Particulars	(₹ In Lakhs)				
1	Name of the subsidiary:	Fermenta Biotech Limited (FBL)	Aegean Properties Limited	CC Square Films Limited	G I Biotech Private Limited	Fermenta Biotech (UK) Limited
2	The date since when subsidiary was acquired	30.06.1988	01.02.2002	10.01.2011	25.08.2004	10.09.2002
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	–	–	–	–	–
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	Pound Sterling £ (Exchange Rate : 1 GBP = 80.8408 INR) for Balance Sheet and 83.3587 INR for Profit and Loss account as on 31.03.2017
5	Share capital	1,770.45	30.00	5.00	1.00	183.60
6	Reserves & surplus	8,269.90	70.49	(10.45)	(1.10)	(69.75)
7	Total assets	17,931.84	102.08	0.05	6.90	114.89
8	Total Liabilities	7,891.49	1.59	5.50	7.00	1.04
9	Investments	186.62	–	–	–	–
10	Turnover	16,154.86	18.06	–	–	–
11	Profit before taxation	1,211.63	6.37	(1.42)	(0.98)	(28.73)
12	Provision for taxation	222.35	0.66	–	(0.08)	–
13	Profit after taxation	989.28	5.71	(1.42)	(0.90)	(28.73)
14	Proposed Dividend	-	-	-	-	-
15	% of shareholding	70.15%	100%	100%	62.50% subsidiary of FBL	100% subsidiary of FBL

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates	Health and Well-ness India Pvt Ltd	Zela Wellness Private Limited	–	–
Name of Joint Ventures	–	–	Vasko Glider s.r.o.	Agastya Films LLP
1. Latest audited Balance Sheet Date	31.03.2017	31.03.2017	31.03.2017	31.03.2017
2. Date on which the Associate or Joint Venture was associated or acquired	02.02.2011	26.03.2012	15.04.2004	20.11.2015
3. Shares of Associate/Joint Ventures held by the company on the year end				
Number	30,12,504 Equity Shares	1,03,234 Equity Shares	N.A.	N.A.
Amount of Investment in Associates/Joint Venture (₹ in lakhs)	475.00	225.00	188.51	530.00
Extent of Holding %	47.15%	29.50%	50%	50%
4. Description of how there is significant influence	–	–	–	–
5. Reason why the associate/joint venture is not consolidated	Being an Associate share of Profit and Loss is consolidated	Being an Associate share of Profit and Loss is consolidated	Being a Joint venture entity share of Profit and Loss Account and assets and liabilities are consolidated	Being a Joint venture entity share of Profit and Loss Account and assets and liabilities are consolidated
6. Net worth attributable to Shareholding as per latest audited Balance Sheet	–	–	–	–
7. Profit / Loss for the year (₹ in Lakhs)	(159.99)	(37.26)	–	(0.19)
• Considered in Consolidation (₹ in Lakhs)	(72.08)	(75.38)	–	(0.10)
• Not considered in Consolidation (₹ in Lakhs)	–	–	–	–

For and on behalf of the Board of Directors of DIL Limited

Thane
August 11, 2017.

Sanjay Buch
Chairman

Registered Office :
A-1601, Thane One, DIL Complex, Ghodbunder Road,
Majiwade, Thane (West) – 400 610, Maharashtra, India.

Annexure III:

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company firmly believes that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence. The Company constantly strives towards betterment of aspects such as transparency, professionalism and accountability and thereby perpetuate it into generating long term economic value for its Members, customers, employees, other associated persons and the society at large. The Company is committed to good corporate governance in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and in keeping with corporate governance norms. The Board of Directors of your Company reviews company practices and recommends suggestion(s) for improvement to the management for implementation.

BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of executive and non-executive Directors as stipulated under Regulation 17 of the SEBI Listing Regulations. The Chairman of the Board is an Independent Director.

The composition of the Board as on March 31, 2017 is as follows:

Name of Director	Category	* Directorships in other companies	** Chairmanship in Committees	** Committee Memberships
Mr. Sanjay Buch (DIN:00391436)	Chairman (Independent Director)	2	4	2
Ms. Rajeshwari Datla *** (DIN:00046864)	Non Executive Director	Nil	Nil	1
Mr. Vinayak Hajare (DIN:00004635)	Independent Director	Nil	Nil	2
Mr. Krishna Datla *** (DIN:00003247)	Managing Director	3	Nil	3
Mr. Satish Varma (DIN:00003255)	Non Executive Director	3	Nil	2

* *Directorships in private limited companies, foreign companies, Section 8 companies and associations are excluded.*

** *Represents Memberships / Chairmanships of Audit Committee and Stakeholders Relationship Committee across all companies.*

*** *Mr. Krishna Datla is one of the Promoters of the Company. Ms. Rajeshwari Datla is a relative of Mr. Krishna Datla as per the provisions of section 2(77) of the Companies Act, 2013.*

BRIEF PROFILE OF DIRECTOR BEING REAPPOINTED, AS REQUIRED UNDER REGULATION 26(4), 36(3) OF THE SEBI LISTING REGULATIONS AND SECRETARIAL STANDARD ON GENERAL MEETINGS SPECIFIED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA AND APPROVED BY THE CENTRAL GOVERNMENT:

1) Mr. Satish Varma, Director

Mr. Satish Varma, aged about 48 years, has extensive and diverse operational, management and legal experience across DIL group of companies. He has been an integral part in framing strategies and management policies of the Company.

Mr. Varma has been associated with the Company as Member of the Board of Directors since 2003

Mr. Varma is a Member of the Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee of DIL Limited.

During the FY 2016-17, Mr. Varma was paid ₹ 90,000 toward sitting fees for attending Board and Committee meetings of the Company.

BOARD MEETINGS / PREVIOUS ANNUAL GENERAL MEETING

- During the financial year under review, six Board Meetings were held on May 27, 2016, August 12, 2016, November 14, 2016, and February 13, 2017. The maximum gap between any two board meetings was less than 120 days, as stipulated under Regulation 17(2) of the SEBI Listing Regulations.

  Attendance at the four Board meetings and previous Annual General Meeting (AGM) held on September 27, 2016 is as follows:

Name	Board Meetings attended	Attendance at Previous AGM
Mr. Sanjay Buch	4	Yes
Ms. Rajeshwari Datla	4	Yes
Mr. Vinayak Hajare	4	Yes
Mr. Krishna Datla	4	Yes
Mr. Satish Varma	3	Yes

AUDIT COMMITTEE

- During the year under review, four Audit Committee meetings were held on May 27, 2016, August 12, 2016, November 14, 2016 and February 13, 2017. The representatives of the Auditor(s) and Chief Financial Officer also attended the Audit Committee meeting(s).

  The composition of the Audit Committee as on March 31, 2017 and the attendance of the Audit Committee Members at the Committee meetings held during the financial year under review is as follows:

Name of the Director	Designation	Meetings attended
Mr. Sanjay Buch	Chairman	4
Ms. Rajeshwari Datla	Member	4
Mr. Vinayak Hajare	Member	4

  The composition of the Audit Committee complies with the requirements laid down in Regulation 18 of the SEBI Listing Regulations. Mr. Sanjay Buch and Mr. Vinayak Hajare have accounting and financial management expertise.

  The Company Secretary acts as Secretary to the Audit Committee.

- ***Terms of reference:***

  The Powers, role and functions of the Audit Committee are as per the provisions of Section 177 of the Companies Act, 2013 and Regulation 18(3) read with Schedule II (Part C) of the SEBI Listing Regulations, which, inter alia include the following :

1. Review company's financial reporting process and accounting policies and practices.

2. Review and recommend to the Board, appointment, re-appointment and removal of Statutory and Internal Auditors and fixation of auditors remuneration and other fees, including terms of appointment.
3. Review with management, quarterly, half-yearly and annual financial statements and auditors' report before submission to Board for approval with particular reference to:
   (a) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
   (b) changes, if any, in accounting policies and practices and reasons for the same;
   (c) major accounting entries involving estimates based on the exercise of judgment by management;
   (d) significant adjustments made in the financial statements arising out of audit findings;
   (e) compliance with listing and other legal requirements relating to financial statements;
   (f) disclosure of any related party transactions;
   (g) modified opinion(s) in the draft audit report.
4. Review adequacy of internal control systems (including internal financial controls) and risk management systems.
5. Review the adequacy of internal audit function, if any, including the structure of the internalaudit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
6. Review reports and significant findings, if any, of the Internal and Statutory Auditor and to ensure that suitable follow-up action is taken.
7. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
8. Discussion with Statutory Auditors and Internal Auditors about nature and scope of audit and areas of concern.
9. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
10. Review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
12. Examination of disclosure aspects of related party transactions and approval or any subsequent modification of transactions of the company with related parties;
13. Scrutiny of inter-corporate loans and investments;
14. Valuation of undertakings or assets of the company, wherever it is necessary;
15. Monitoring the end use of funds raised through public offers and related matters.
16. Review of financial statements of subsidiary companies, joint venture and associate companies.
17. Review substantial defaults in payments to stakeholders and creditors.
18. Review the functioning of the Vigil mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

20. Any other functions as may be statutorily required.

NOMINATION AND REMUNERATION COMMITTEE

- During the year under review two Committee meeting were held on August 12, 2016 and February 13, 2017.
- The composition of the said Committee as on March 31, 2017 and the attendance of the Committee Members in its meeting held during the financial year under review is as follows:

Name of the Director	Designation	Meetings attended
Mr. Vinayak Hajare	Chairman	2
Mr. Sanjay Buch	Member	2
Mr. Satish Varma	Member	2

The Company Secretary acts as the Secretary to the Committee.

- **Terms of reference:**

The terms of reference include:-

a. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board, their appointment and removal.

b. Carry out evaluation of every director's performance.

c. Devising a policy on diversity of Board of Directors

d. Formulate the criteria for determining qualifications, positive attributes and independence of a director.

e. Recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and other employees.

f. Recommend whether to extend or continue the term of appointment of the independent director on the basis of the report of performance evaluation of independent directors.

g. Any other terms of reference, role, responsibility and powers as may be prescribed from time to time, (i) under the Companies Act, 2013 and rules made thereunder and the SEBI Listing Regulations; and/ or (ii) by the Board of Directors of the Company.

Nomination and Remuneration policy and performance evaluation of Board and individual Directors:

As per the Nomination and Remuneration policy of the Company ('Remuneration Policy'), the Director(s), KMP, Senior management personnel in addition to the criteria mentioned in the Act and SEBI Listing Regulations, should *inter alia* possess (a) relevant qualification, experience and expertise; (b) strong analytical and excellent communication skills; (c) collaborative and flexible style, with a high level of professionalism; and (d) Leadership skills. A copy of the Nomination and Remuneration policy is attached to this Report as Annexure V.

ANNUAL PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to provisions of the Act, SEBI Listing Regulations and Remuneration Policy, the Directors of the Company carried out annual performance evaluation of the Board as a whole, Committees of the Board and individual Directors (excluding the Director being evaluated).

A meeting of Independent Directors of the Company was held to: (a) review the performance of Chairperson, Non Independent Directors and the Board as a whole; (b) assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

The evaluation was done through a structured evaluation process and forms, covering various aspects such as composition of Board, professional knowledge and expertise, performance of individual roles and duties including contribution in Board / Committee meetings, protection of interest of all stakeholders.

DETAILS OF REMUNERATION OF DIRECTORS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017 ARE AS FOLLOWS:

Name of Director	Sitting Fees * (₹)	Salary (₹)	Contribution to PF and other funds (₹)	Benefits & Perquisites (₹)	Total (₹)	No. of Shares held
Mr. Sanjay Buch Independent Director	1,35,000	—	—	—	1,35,000	NIL
Ms. Rajeshwari Datla Non-Executive Director	1,00,000	—	—	—	1,00,000	28,665
Mr. Vinayak Hajare Independent Director	1,35,000	—	—	—	1,35,000	NIL
Mr. Krishna Datla ** Managing Director	—	80,25,000	11,59,731	3,04,127	94,88,858	1,99,085
Mr. Satish Varma Non-Executive Director	90,000	—	—	—	90,000	NIL
TOTAL	**4,60,000**	**80,25,000**	**11,59,731**	**3,04,127**	**99,48,858**	**2,27,750**

* *Sitting Fees include fees for Board and Committee Meetings @ ₹20,000/- and ₹5,000/- per meeting respectively.*

** *The agreement between the Company and the Managing Director is for a period of three years effective May 9, 2015. Either party is entitled to terminate the said agreement by giving not less than three months notice in writing to the other party or such other period as may be mutually decided.*

The Company has not granted any Stock Option to any Director and there has been no pecuniary transaction or relationship between the Company and its Non-Executive / Independent Directors during the year under review, except as stated above.

The Non-Executive Directors receive only sitting fees for attending the meetings of Board of Directors and its Committees.

STAKEHOLDERS RELATIONSHIP COMMITTEE

- During the year under review four Stakeholders Relationship Committee meetings were held on May 27, 2016, August 12, 2016, November 14, 2016 and February 13, 2017. The composition of the Committee as on March 31, 2017 and the attendance at the said Committee meeting is as follows:

Name of the Director	Designation	Meetings attended
Mr. Sanjay Buch	Chairman	4
Mr. Krishna Datla	Member	4
Mr. Satish Varma	Member	3
Mr. Vinayak Hajare	Member	4

The Company Secretary acts as the Secretary to Stakeholders Relationship Committee Meetings.

- ***Terms of Reference:***

  The Committee, inter alia, deals in matters relating to:

  i) Redressal of Members' grievances.

  ii) Issue of duplicate Share Certificates.

  iii) Review of Dematerialised shares.

  iv) Transfer and Transmission of shares.

  v) Non-receipt of Annual Reports and declared dividends.

  vi) Other matters related to shares and/or investor grievances.

MEMBER INFORMATION

- Name and designation of Compliance Officer : Mr. Srikant N. Sharma - Company Secretary.
  Investor Helpdesk:
  Mr. Srikant Sharma
  DIL Limited, A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (W) – 400610, Maharashtra, India.
  Tel No.: +91-22-67980800 Fax: +91-22-67980899
  e-mail: srikant.sharma@dil.net

Investor Complaints and their redressal

- The numbers of investor complaints received and resolved during the FY 2016-2017 were 7.
- Pending complaints as on March 31, 2017 were NIL.

GENERAL BODY MEETINGS

- Details of the last three Annual General Meetings of the Company and Special Resolution(s) passed is as follows:

Year	Date and Time	Venue	Special Resolution(s) passed
2013-14	September 24, 2014 at 3.00 p.m.	'DIL' Complex, Ghodbunder Road, Majiwade, Thane (West) - 400610.	No Special Resolution was passed.
2014-15	September 30, 2015 at 3:00 p.m.	'DIL' Complex, Ghodbunder Road, Majiwade, Thane (West) 400610.	1) Re-appointment of Mr. Krishna Datla as Managing Director for a period of three years commencing from May 9, 2015. 2) Adoption of revised Articles of Association of the Company to align with the form of Articles specified in Table F of Schedule I to the Companies Act, 2013. 3) Increase in Borrowing powers of the Company.
2015-16	September 27, 2016 at 3.00 p.m.	Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) - 400610.	1) Creation of mortgage and/or change under Section 180(1)(a) of the Companies Act, 2013

Postal Ballot

No special resolution was passed by way of Postal Ballot during the financial year ended March 31, 2017.

COMPANY POLICIES

VIGIL MECHANISM POLICY

The Company has adopted a Whistle Blower Policy as part of Vigil Mechanism for Directors and employees to report instances of unethical acts, actual or suspected fraud or violation of DIL's Code or other similar genuine concerns or grievances. The Vigil Mechanism Policy is displayed on the Company's website at http://www.dil.net/Company-Policies.html.

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS (RPT Policy)

The RPT Policy of the Company lays down the process to be adopted by the Company for: (a) identification of potential Related Party/ies; (b) materiality thresholds for RPT(s); (c) manner of dealing with and approving the transactions between the Company and its related parties. The RPT Policy also lays down the disclosure requirements of related party transactions, if any and the criteria for determining ordinary course of business and arm's length transactions

The RPT Policy can be viewed at the Company's website at www.dil.net/ Company-Policies.html

During the year under review, there were no materially significant related party transactions entered by the Company with Promoters, Directors or Key Managerial Personnel or their relatives which may have a potential conflict with the interest of the Company at large. Except as otherwise provided in this Annual report, none of the Directors has any pecuniary relationships or transactions with the Company.

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

The Company has adopted a policy for determining material subsidiary as required by the SEBI Listing Regulations. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company. The policy is uploaded on the website of the Company and can be viewed at www.dil.net/Company-Policies.html

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has adopted 'Familiarisation Programme for Independent Directors' to ensure that the Independent Directors are familiarised with the Company's business operations, strategies, business model, nature of industry in which Company operates and role, duties and responsibilities of an Independent Director of the Company. The details of Familiarisation Programme are available at www.dil.net/Company-Policies.html.

DISCLOSURES

- The risk management reports are periodically placed before the Audit Committee and Board of Directors for review, based on the system and procedures devised.
- During the last three years, there were no instances of non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets.
- Pursuant to Regulation 17(8) read with Part B of Schedule II of the SEBI Listing Regulations, the Managing Director and the Chief Financial Officer have submitted a certificate to the Board of Directors for the financial year ended March 31, 2017. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.
- **Reconciliation of Share Capital Audit**

  Share Capital Audit for the total admitted capital with National Securities Depository Limited (NSDL) and

Central Depository Services (India) Limited (CDSL) and the total issued and listed capital of the Company has been done by a Practising Company Secretary on quarterly basis and the Reconciliation of Share Capital Audit Reports were issued thereon during the year under review. The audit confirms that the total issued / paid – up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

- **Compliance with Mandatory Requirements**

  The Company has complied with all the mandatory requirements, as applicable, of the Code of Corporate Governance as stipulated under the SEBI Listing regulations.

- **Compliance with Discretionary Requirements as per Part E of Schedule II of the SEBI Listing Regulations**

  The status of compliance with Discretionary Requirements as per Part E of Schedule II of the SEBI Listing Regulations is provided below:

- **Non-Executive Chairman's Office:** The Chairman's office is separate from the office of Managing Director.

- **Response of the Company's management in relation to the -**

  (a) 'Basis for qualified opinion' and

  (b) 'Qualified opinion';

  as mentioned in the Independent Auditor's Report in page no. 48 of this Annual Report is 'The Company's management is confident that profitability will be achieved by the referred associate entities and hence there is no permanent diminution in the valuation of these investments.

- **Reporting of Internal Auditor**: The Internal Auditor reports to the Audit Committee in all functional matters.

- **Member's Rights**

  The Company publishes its financial results on its website at www.dil.net which is accessible by the public at large. These financial results are also available on the website of BSE Limited at www.bseindia.com. Extracts of Consolidated Financial Results and Standalone Financial Summary of the Company for each quarter are published in an English newspaper and Marathi newspaper respectively in the format prescribed under the SEBI Listing Regulations. Hence the results are not sent to the Members individually.

MEANS OF COMMUNICATION

- The Quarterly, half yearly and Annual financial results, published in the format prescribed under the SEBI Listing Regulations, are approved by the Audit Committee and taken on record by the Board of Directors of the Company within the prescribed time limit. The financial results are forthwith sent to BSE Limited in prescribed format where the Company's shares are listed.

• Newspapers wherein quarterly results are published	:	Business Standard (English) & Sakal (Marathi)
• Any website, where displayed	:	Yes, BSE website (www.bseindia.com) and the Company's website (www.dil.net)
• Online filing with BSE Corporate Compliance & Listing Centre	:	All periodical compliances of the Company as per SEBI Listing Regulations are also being filed online with the BSE Corporate Compliance & Listing Centre.

• SEBI Complaints Redress System (SCORES)	:	The investor complaints, if any, can be uploaded on the SCORES. These complaints are processed in a centralised web based complaints redress system of SEBI (SCORES). The salient features of this system is centralised database of all complaints, online upload of Action Taken Reports (ATRs) and online viewing by investors of actions taken on the complaint and its current status.
• Whether it also displays official news releases and presentations made to institutional investors or to analysts	:	N.A.
• Management discussion and analysis report (MD&A) is a part of the Annual report or not	:	MD&A Report forms part of the Annual Report.

GENERAL INFORMATION FOR MEMBERS

• Annual General Meeting	:	Friday, September 29, 2017 at 3.00 p.m. at Thane One, 'DIL' Complex, Ghodbunder Road, Majiwade, Thane (W), 400610.

• Financial Year	:	April 1 to March 31
Financial reporting for the quarter ending June 30, 2017	:	By August 14, 2017
Financial reporting for the quarter ending September 30, 2017	:	By November 14, 2017
Financial reporting for the quarter ending December 31, 2017	:	By February 14, 2018
Financial reporting for the year ending March 31, 2018	:	By May 30, 2018

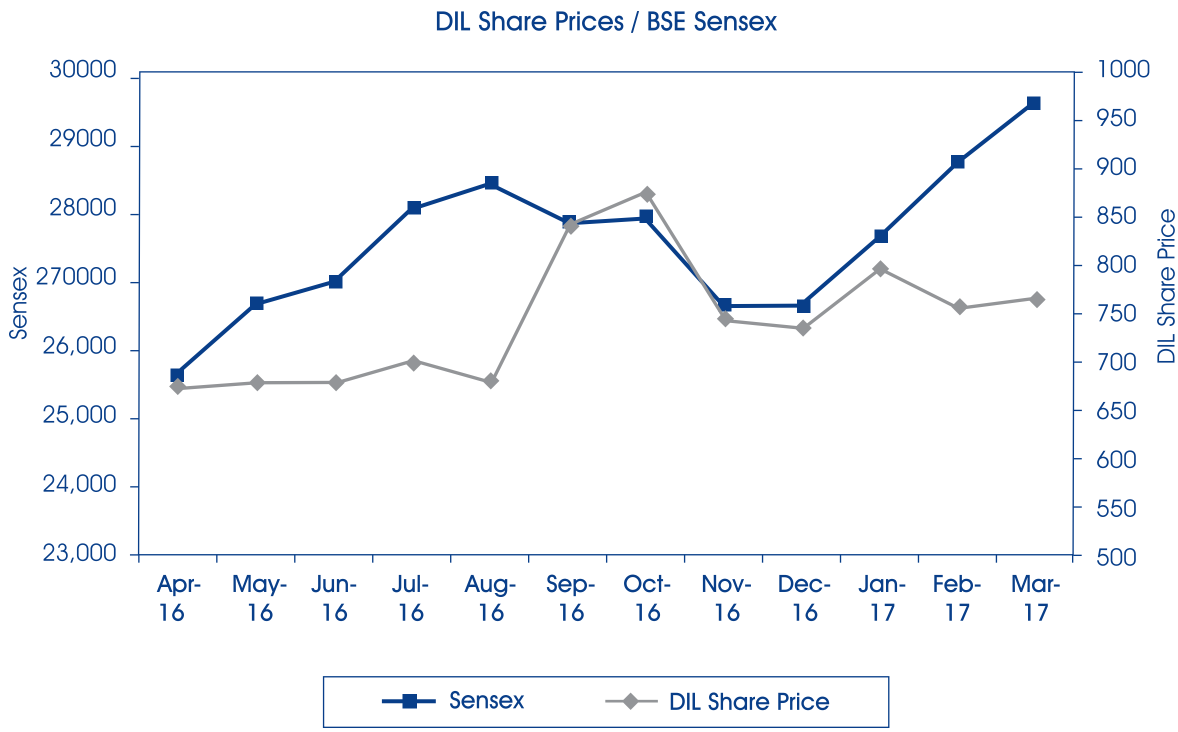
• Date of Book closure	:	Saturday, September 23, 2017 to Friday, September 29, 2017 (Both days inclusive)
• Dividend Payment Date	:	Final dividend (2016-2017) of ₹ 2.50 per equity share (25%) of ₹ 10 each, if declared at this AGM, shall be paid on or after October 5, 2017
• Listing on Stock Exchanges	:	BSE Limited (Listing Fees for the year 2017-18 has been paid)
• Scrip Code on BSE Limited	:	506414
• Market Price Data	:	High / low of the Company's stock price during each month in the financial year ended March 31, 2017.

Month	DIL Limited	
	High (₹)	Low (₹)
April 2016	773	671.50
May 2016	765	660.30
June 2016	720	651
July 2016	744	652.50
August 2016	711	663
September 2016	899	651
October 2016	899	795
November 2016	893.95	709
December 2016	775	701
January 2017	888	700
February 2017	889	722.10
March 2017	809	700.00

- Performance in comparison to broad-based indices such as BSE Sensex.

Month	Company's Closing Price (₹)	Sensex Closing Price (₹)	No. of shares of the Company traded
April 2016	672.75	25,606.62	6,447
May 2016	680	26,667.96	4,606
June 2016	679.80	26,999.72	9,487
July 2016	703.40	28,051.86	6,887
August 2016	680	28,452.17	6,769
September 2016	844	27,865.96	31,754
October 2016	880	27,930.21	9,516
November 2016	748.25	26,652.81	9,584
December 2016	735	26,626.46	3,315
January 2017	800.10	27,655.96	5,488
February 2017	759	28,743.32	7,979
March 2017	768.95	29,620.50	15,513

- DIL Limited's Share Price Movement / BSE Sensex



- Registrar and Transfer Agents : Link Intime India Private Limited
  C 101, 247 Park, L B S Marg,
  Vikhroli (West), Mumbai – 400 083.
  Maharashtra, India.
  Tel No: +91 22 4916 8000
  Fax No: +91 22 49186060
  Email: mt.helpdesk@linkintime.co.in

- **Share Transfer System:**

  Shares are normally transferred within a period of 15 days from the date of receipt, provided the documentation is in order. In order to expedite the process of share transfers, the Board of Directors has delegated the powers of share transfer and/ or related matters to Mr. Sanjay Buch, Chairman of the Stakeholders Relationship Committee and/ or Mr. Vinayak Hajare, Member of the Stakeholders Relationship Committee and/or Mr. Srikant Sharma, Company Secretary, who attends the share transfer formalities at least once in a fortnight. The meeting of Stakeholders Relationship Committee is also held once in every three months. All transfers of shares in physical mode are registered and approved by authorised signatories of the Company.

- Distribution of the Company's equity shareholding as on March 31, 2017

Sr. No.	Range in no. of shares	Holding (No. of shares)	Amount (₹)	% to Total Amount	No. of Holders	% to Total Holders
1	1 - 500	279061	27,90,610	12.17	4172	95.77
2	501 - 1000	63431	6,34,310	2.77	87	2
3	1001 - 2000	60712	6,07,120	2.65	42	0.96
4	2001 - 3000	32128	3,21,280	1.40	13	0.30
5	3001 - 4000	30275	3,02,750	1.32	9	0.21
6	4001 - 5000	40203	4,02,030	1.75	9	0.21
7	5001 - 10000	67387	6,73,870	2.94	10	0.23
8	10001 and above	1720001	1,72,00,010	75.00	14	0.32
	Total	**2293198**	**2,29,31,980**	**100**	**4356**	**100**

- Equity Shareholding Pattern as on March 31, 2017

	Shareholding (no. of Shares)	% of Holding
Promoters	1435320	62.59
Hindu Undivided Family	21711	0.95
Foreign Banks & NRIs	14707	0.64
Banks and Financial Institutions	17	0.00
Other Bodies Corporate	83503	3.64
General Public	726709	31.69
Clearing Members	11231	0.49
Total	**2293198**	**100**

- **Dematerialisation of Shares:** The Company and Link Intime India Private Limited, has signed Tripartite Agreements with the National Securities Depository Ltd. and the Central Depository Services (India) Ltd. respectively. The shares of the Company are compulsorily traded in the dematerialized form in the Stock Exchanges. Presently 96.76% of the total equity shares of the Company have been dematerialized.

- **Address for Correspondence :**

Link Intime India Private Limited
C 101, 247 Park
L B S Marg, Vikhroli West,
Mumbai – 400 083.
Maharashtra, India

Tel No : +91 22 4918 6000
Fax No : +91 22 4918 6060
Email : rnt.helpdesk@linkintime.co.in

DIL LIMITED
A-1601, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (W) – 400 610.
Maharashtra, India

ISIN: INE225B01013
Tel No : +91 22 6798 0888
Fax No : +91 22 6798 0899
Email : srikant.sharma@dil.net

For and on behalf of the Board of Directors

Sanjay Buch
Chairman
(DIN - 00391436)

Thane
August 11, 2017

Registered Office :
A-1601, Thane One, DIL Complex,
Majiwade,
Ghodbunder Road,
Thane (W) - 400 610,
Maharashtra, India.

DECLARATION AS REQUIRED UNDER REGULATION 26(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

All Directors and senior management of the Company have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2017.

for DIL LIMITED

Thane
August 11, 2017.

KRISHNA DATLA
Managing Director
DIN: 00003247

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
DIL LIMITED

We have examined the compliance of conditions of Corporate Governance by DIL Limited (the Company) for the year ended 31st March, 2017, as stipulated in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C and D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

Managements' Responsibility:

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditors' Responsibility:

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Opinion:

Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and paragraph C and D of Schedule V of SEBI Listing Regulations during the year ended 31st March, 2017.

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

For **V N Deodhar & Co.**
Company Secretaries

V N DEODHAR
PROPRIETOR
FCS: 1880
CP: 898

Place: Mumbai
Date: 11th August, 2017.

Annexure IV:

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2017

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

To

The Members
DIL LIMITED
A-1601, Thane One,
DIL Complex,
Ghodbunder Road, Majiwade,
Thane (W)-400610.

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

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

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

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009 **(Not applicable to the Company during the Audit period),**

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations,2014 **(Not applicable to the Company during the Audit period),**

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit period),**

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit period)**;

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations,1998 **(Not applicable to the Company during the Audit period)**; and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015.

(vi) During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. We have been informed that there are no laws applicable specifically to the Company. Additionally, we have been informed that compliance of various statues is monitored on monthly basis by the Compliance officer and necessary action is initiated for any non-compliance.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement entered into by the Company with BSE Limited in respect of Issue and Listing of Securities;

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and its operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **V N Deodhar & Co.**

V N DEODHAR
PROPRIETOR
FCS No.: 1880
CP No. : 898

Mumbai
11th August, 2017

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this Report.

Annexure A

To

The Members
DIL Limited

Our Secretarial Audit Report of even date for the financial year ended 31st March, 2017 is to be read along with this letter.

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

For **V N Deodhar & Co.**

V N DEODHAR
PROPRIETOR
FCS No.: 1880
CP No. : 898

Mumbai
11th August, 2017

Annexure V:

DIL LIMITED
NOMINATION AND REMUNERATION POLICY

Introduction:

Pursuant to the provisions of Section 178 of the Companies Act, 2013 read with the applicable rules thereto and Regulation 19 of the newly Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as may be enacted or amended from time to time (Listing Regulations), the Nomination and Remuneration Committee of the Company's Board of Directors has formulated this revised Nomination and Remuneration Policy (in substitution of the existing Nomination and Remuneration Policy) ("Policy").

Effective Date:

This Policy shall be effective from December 01, 2015.

Objectives:

The objectives of this Policy are as follows:

(a) guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior management personnel.

(b) level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

(c) formulation of criteria for evaluation of Independent Director and the Board

(d) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(e) remuneration to Directors, Key Managerial Personnel and Senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Definitions:

- "Act" means Companies Act, 2013 and rules framed there under.
- "Board" means Board of Directors of the Company.
- "Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.
- "Company" means DIL Limited (CIN: L99999MH1951PLC008485)
- "Director" means member on the Board.
- "employees" means individuals on the payroll of the Company.
- "Independent Director" will have the same meaning as referred to in sub-section (6) of section 149 of the Companies Act, 2013 read with the relevant rules and Regulation 16 of the Listing Regulations.
- "Key Managerial Personnel (KMP)" means:
  (*i*) Chief Executive Officer, Managing Director, Manager;
  (*ii*) Company Secretary;
  (*iii*) Whole-time Director;
  (*iv*) Chief Financial Officer;
  (*v*) such other officer as may be prescribed, from time to time under the applicable statutory provisions / regulations
- "Listing Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- "Senior management" means personnel of the Company who are members of its core management team excluding Directors comprising all members of management one level below the Executive Directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act as may be amended from time to time shall have the meaning respectively assigned to them therein.

Matters to be recommended by the Committee to the Board

The Committee shall:

- Identify persons who are qualified to become Director including Independent Director and persons who may be appointed as KMP and Senior management personnel in accordance with the criteria laid down in this Policy and recommend their appointment to the Board.

- Make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director / KMP as an employee of the Company subject to the provisions of the law and their service contract.

Criteria for appointment of Director / KMP / Senior management.

The Company shall take into account following points, while proposing the appointment of Director / KMP / Senior management personnel:

i. The proposed Director / KMP / Senior management personnel must have relevant qualification, experience and expertise for the concerned position. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

ii. The proposed Director / KMP / Senior management personnel should possess the highest personal and professional ethics, integrity and values.

iii. The person so appointed as Director/ Independent Director/ KMP/ Senior management personnel shall not be disqualified under the Companies Act, 2013, rules made there under, Listing Regulations or any other enactment for the time being in force.

iv. The Director/ Independent Director/ KMP/ Senior management personnel shall be appointed as per the procedure laid down under the provisions of the Companies Act, 2013, rules made there under, Listing Regulations or any other enactment for the time being in force.

v. The Board of Directors shall have the optimum combination of Directors from the different areas /fields like production, Management, Quality Assurance, Finance, Sales and Marketing, Supply chain, Research and Development , Human Resources etc. or as may be considered appropriate.

vi. The Board shall have at atleast one Board member who has accounting or related financial management expertise and atleast three members who are financially literate.

vii. The proposed Director must be willing to devote sufficient time and energy in carrying out their duties and responsibilities.

viii. In addition, the proposed KMP / Senior management personnel shall also possess: (a) Strong analytical and excellent communication skills; (b) collaborative and flexible style, with a strong service mentality; (c) Leadership skills – ability to lead and motivate a team, supervise them and provide / suggest regular progress reviews and plans for improvement.

Additional Criteria for Appointment of Independent Directors:

The Committee shall ensure that (i) the Independent Director(s) proposed to be appointed on the Board shall meet all the criteria as prescribed in the Act and the Listing Regulations; and (ii) the Independent Director(s) has furnished necessary declarations / disclosures to the Board / Company on or before the date of proposed appointment.

Appointment and Remuneration of Directors:

i. The Independent Directors of the Company shall be entitled for sitting fees for attending meetings of the Board and Committee(s) Meetings either personally or through video conferencing or any audio visual means or teleconference, as may be approved by the Board.

ii. Based on the performance of the Company, the Committee may recommend payment of profit related commission to Non-Executive Directors as per limits laid down in Act, subject to approval of the Board and shareholders of the Company.

iii. The Independent Directors shall not be entitled to any stock option of the Company.

iv. The Company shall pay remuneration by way of salary, perquisites, allowances and Variable pay to Managing Director / Executive Director / Whole-time Director ('Executive Director'). The Committee shall review the performance of the Company and the Executive Director and may recommend the annual increment effective 1st April each year, for the approval of the Board. Remuneration including annual increment, if any, shall be paid within the limits of the Act and/or range approved by the Shareholders of the Company.

v. The remuneration paid to the Executive Director is determined keeping in view of the benchmark of the similar industry and the relative performance of the Company to the industry performance. Perquisites and retirement benefits are paid according to the Company's policy as applicable to other employees.

vi. The tenure of Directors (including Executive Directors and Independent Directors) shall be as per provisions of the Act and rules made there under and the Listing Regulations as amended from time to time.

Appointment and Remuneration of KMP / Senior management and other employees of the Company

i. The remuneration of KMP, Senior management and other employees shall largely consist of basic salary, perquisites, statutory benefits allowances and performance incentives (Variable pay). Perquisites and retirement benefits shall be paid according to the Company's policy, subject to prescribed statutory ceiling.

ii. The components of the total remuneration shall be governed by the industry pattern / benchmark, qualification and experience of each employee and governed by the limits, if any prescribed under the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

iii. The annual Variable pay of managers including KMPs and Senior management shall be linked to the performance of the Company in general and their individual performance for the relevant year measured against Company's objectives fixed in the beginning of the year.

Criteria for Evaluation of Independent Director and the Board:

The evaluation of Director(s) shall be done by the Board (excluding the Director being evaluated) as per the following criteria read with the provisions of the Act and the Listing Regulations.

1. **Executive Directors:**

   The Executive Directors shall be evaluated on the basis of (i) achievement of the targets / key performance areas given to Executive Directors by the Board from time to time; and/or (ii) performance of the Company for the relevant period.

2. **Non Executive Directors:**

   The Non Executive Directors shall be evaluated on the basis of the following criteria i.e. whether the Non Executive Director has:

   i. acted objectively and constructively while exercising his/her duties;

   ii. exercised his/her responsibilities in a bona fide manner in the interest of the Company;

   iii. devoted sufficient time and attention to their professional obligations for informed and balanced decision making;

   iv. taken unfair advantage of their position to the detriment of the Company or its shareholders or for the purpose of gaining direct or indirect personal advantage in any manner;

   v. informed the Board immediately when he/she failed to meet any criteria for Independent Director as prescribed in the Act and/or Listing Regulations,

   vi. provided necessary guidance to the Company in implementing the best corporate governance practices.

   vii. strived to attend all meetings of the Board / its Committees (of which he/ she is a Chairperson / Member) and general meetings of the Company;

   viii. participated constructively and actively in the Committees of the Board in which he/she is chairperson or member;

   ix. kept himself / herself well informed about the Company and the external environment / industry in which the Company operates;

   x. abided by Company's Memorandum and Articles of Association, Company's policies and procedures including Code of conduct, Insider trading guidelines etc.

Removal

Subject to the provisions of the Act read with rules made there under and Listing Regulations, the Committee may recommend (along with the reasons / justification) to the Board, removal of any Director, KMP or Senior management personnel, in case such Director / KMP / Senior management personnel (as the case may be) suffers from any disqualification mentioned in the Act, rules made there under, Listing Regulations, or under any other applicable law or on any other reasonable ground(s), as the Committee may deem appropriate.

Directors' and Officers' (D & O) Liability Insurance

Where any D & O Liability insurance policy is taken by the Company on behalf of its Directors, KMPs/ Senior management personnel etc., the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

For and on behalf of the Board of Directors

Sanjay Buch
Chairman

Thane
August 11, 2017.

Registered Office :
A-1601, Thane One, DIL Complex, Ghodbunder Road,
Majiwade, Thane (West) – 400 610, Maharashtra, India.

INDEPENDENT AUDITOR'S REPORT

To

The Members of DIL Limited

Report on the Standalone Financial Statements

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

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

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

Basis for qualified opinion

The Company has made investment in an associate where the net worth of this company has substantially been eroded. However, Company has not made any detailed evaluation of diminution in the value of this investment to the tune of Rs. 784.86 lakhs in the standalone financial statements. Further, in relation to another associate, though net worth as per management prepared financial statements has not been significantly eroded, this net worth includes a significant exposure to the associate mentioned earlier in this paragraph which raises a doubt on the recoverability of the investment in an associate amounting to Rs. 225 lakhs in standalone financial statements. Considering the view that this is long term investment and profitability will be achieved by the entity over a period of time, Company believes that no permanent diminution is deemed necessary. In the absence of sufficient appropriate audit evidence, we are unable to comment upon the matter including any consequential impact, if any, of such diminution on these results.

Qualified Opinion

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

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 of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 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, except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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

   (d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;

   (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013;

   (f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

   (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (h) 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 financial statements – Refer Note 35 to the financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

      iv. The Company has provided requisite disclosures in Note 39 to these standalone financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number : 324982E/E300003

per Vikram Mehta
Partner
Membership Number : 105938

Place of Signature : Mumbai
Date : May 30, 2017.

Annexure 1 – Statement on matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company except for the land held in trust by the directors of the Company and which has been confirmed by them as at the year end.

(ii) The nature of the business of the Company is such that it does not have inventory in tangible form. Accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.

(iii) (a) The Company has granted loans to a subsidiary covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

(b) The Company has granted loans that are re-payable on demand, to a firm covered in the register maintained under section 189 of the Companies Act, 2013. We are informed that the company has demanded repayment of such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular.

(c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)*	Period to which the amount relates	Forum where dispute is pending
The Bombay Sales Tax Act	Sales Tax	–	1995-1996	High Court, Bombay
The Gujarat Sales Tax Act	Sales Tax and Penalty	4.34	1992-1994	Sales Tax Appellate Tribunal
Central Excise Act, 1944	Service tax and Penalty	18.75	2000-2001	High Court, Bombay

* Net of payments made under protest

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank. The Company has not taken any loans or borrowings from the government or debenture holders.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number : 324982E/E300003

per Vikram Mehta
Partner
Membership Number : 105938

Place of Signature : Mumbai
Date : May 30, 2017.

Annexure 2 – To the independent auditor's report of even date on the standalone financial statements of DIL Limited

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 DIL Limited ("the Company") as of March 31, 2017, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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. 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 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an Audit of Internal Financial Controls and, both issued by the 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.

An 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 qualified audit opinion on the internal financial controls over financial reporting

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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2017:

The Company did not have an appropriate internal control system for review of recoverability of long term investments which could potentially result in the Company not recognising the diminution in the value of its long term investments on a timely basis.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria,the Company has in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India and the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2017.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of DIL Limited, which comprise the Balance Sheet as at March 31, 2017, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2017 standalone financial statements of DIL Limited and this report affects our report dated May 30, 2017 which expressed a qualified opinion on those financial statements.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number : 324982E/E300003

per Vikram Mehta
Partner
Membership Number : 105938

Place of Signature : Mumbai
Date : May 30, 2017.

BALANCE SHEET AS AT MARCH 31, 2017

	Notes	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	**229.32**	229.32
Reserves and surplus	4	**8,497.48**	8,034.71
		8,726.80	8,264.03
Non-current liabilities			
Long-term borrowings	5	**3,553.66**	1,414.90
Deferred tax liability (net)	6	**–**	–
Other long-term liabilities	7	**350.45**	69.72
Long-term provisions	8	**42.84**	34.97
		3,946.95	1,519.59
Current liabilities			
Short-term borrowings	9	**350.00**	244.24
Trade payables	10		
Total outstanding dues of micro and small enterprises		**–**	–
Total outstanding dues of creditors other than micro & small enterprises		**133.90**	137.46
Other current liabilities	10	**1,382.55**	4,698.83
Short-term provisions	8	**13.18**	85.09
		1,879.63	5,165.62
TOTAL		**14,553.38**	14,949.24
ASSETS			
Non-current assets			
Fixed assets			
Property, Plant & Equipment	11	**9,362.25**	9,336.25
Intangible assets	12	**2.90**	3.78
Capital work-in-progress		**129.73**	57.86
Non-current investments	13	**3,876.12**	3,985.62
Long-term loans and advances	14	**441.43**	268.17
Other non-current assets	15.2	**12.00**	–
		13,824.43	13,651.68
Current assets			
Current investments	16	**100.00**	80.00
Trade receivables	15.1	**38.72**	3.16
Cash and bank balances	17	**95.57**	299.69
Short-term loans and advances	14	**489.02**	673.49
Other current assets	15.2	**5.64**	241.22
		728.95	1,297.56
TOTAL		**14,553.38**	14,949.24
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 30, 2017.

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

VINAYAK HAJARE
Director

SUMESH GANDHI
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 30, 2017.

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

	Notes		March 31, 2017 ₹ in Lakhs		March 31, 2016 ₹ in Lakhs
INCOME:					
Revenue from operations	18		**586.21**		613.50
Other income	19		**52.03**		114.64
Total revenue (I)			**638.24**		728.14
EXPENSES:					
Employee benefits expense	20		**557.69**		510.57
Depreciation and amortization expense	21		**344.82**		179.52
Finance costs	22		**710.09**		195.72
Other expenses	23		**980.14**		763.67
Total (II)			**2,592.74**		1,649.48
Profit/(Loss) before extraordinary Items and tax			**(1,954.50)**		(921.34)
Exceptional item (Refer Note 13(a))			**2,466.17**		–
Profit/(Loss) before tax			**511.67**		(921.34)
Prior period adjustment			**16.15**		–
Profit/(Loss) before tax after prior period adjustment			**495.52**		(921.34)
Tax expense:					
Current tax			**69.00**		–
Less: MAT credit entitlement			**(69.00)**		–
Provision for tax in respect of earlier years:-					
Excess provision for tax written back		**(6.30)**		–	
Excess MAT credit entitlement written off		**39.05**	**32.75**	–	–
Deferred tax			**–**		(7.62)
Total tax expense			**32.75**		(7.62)
Profit/(Loss) for the year			**462.77**		(913.72)
Earnings per equity share [nominal value of share ₹10/-]	24				
Basic / Diluted (₹)			**20.18**		(39.85)
Summary of significant accounting policies	2.1				

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

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 30, 2017.

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

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Director

SATISH VARMA
Director

VINAYAK HAJARE
Director

SUMESH GANDHI
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 30, 2017.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

PARTICULARS		March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**495.52**	(921.34)
Adjustment to reconcile profit before tax to net cash flows :			
Depreciation and amortization expense		**344.82**	179.52
Loss/(Profit) on sale of Property, Plant & Equipment		**0.32**	48.50
Loss on deletion of fixed assets		**–**	4.91
Bad debts/Advances Written Off		**–**	10.00
Provision for diminution in long term investments		**5.00**	–
Loss/(Profit) on sale of equity shares		**(2,466.17)**	–
Interest expenses		**710.09**	195.72
Interest on income tax refund		**(25.64)**	–
Operating profit before working capital changes		**(936.06)**	(482.69)
Movements in working capital :			
Increase/(decrease) in trade payables		**(3.56)**	47.06
Increase/(decrease) in long-term provisions		**7.87**	3.54
Increase/(decrease) in short-term provisions		**(2.91)**	(0.10)
Increase/(decrease) in other current liabilities		**(262.33)**	(49.17)
Increase/(decrease) in other long-term liabilities		**280.73**	(295.95)
Decrease/(increase) in trade receivables		**(35.56)**	13.77
Decrease/(increase) in inventories		**–**	45.06
Decrease/(increase) in long-term loans and advances		**(14.39)**	(31.96)
Decrease/(increase) in short-term loans and advances		**42.82**	411.07
(Increase)/decrease in other current assets		**235.58**	(76.78)
(Increase)/decrease in other non-current assets		**(12.00)**	–
Cash generation from / (used in) operations		**(699.81)**	(416.15)
Direct taxes paid (net of refunds)		**134.54**	(80.76)
Net cash flow used in operating activities	(A)	**(565.27)**	(496.91)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets, including CWIP and capital advances		**(808.45)**	(2,223.45)
Proceeds of sale of fixed assets		**–**	101.19
Proceeds of non-current investments		**2,832.67**	–
Purchase of non-current investments		**(262.00)**	(281.00)
Proceeds of current investments		**80.00**	300.00
Purchase of current investments		**(100.00)**	(80.00)
Proceeds of bank deposits matured (having original maturity of more than three months		**–**	1,395.69
Net cash flow from/(used in) investing activities	(B)	**1,742.22**	(787.57)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

CASH FLOW STATEMENT (Contd.)

PARTICULARS		March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		**4193.00**	2,454.27
Repayment of long-term borrowings		**(4,961.16)**	(1,016.15)
Proceeds from short-term borrowings		**105.76**	244.24
Interest & finance cost paid		**(647.00)**	(177.07)
Dividend paid on equity shares		**(60.00)**	(117.23)
Tax on equity dividend paid		**(11.67)**	(23.34)
Net cash flow from / (used in) in financing activities	(C)	**(1,381.07)**	1,364.72
Net increase / (decrease) in cash and cash equivalents	**(A+B+C)**	**(204.12)**	80.24
Cash and cash equivalents at the beginning of the year		**299.69**	219.45
Cash and cash equivalents at the end of the year		**95.57**	299.69
Components of cash and cash equivalents			
Cash on hand		**2.03**	1.86
With scheduled banks on:			
Current account		**67.73**	269.29
Unclaimed dividend account*		**25.01**	27.67
With non-scheduled bank:			
Ceskoslovenska obchodini banka, a.s. Czech Republic		**0.80**	0.87
Total cash and cash equivalents (Refer Note 17)		**95.57**	299.69

* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities

Note

1) Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS-3) "Cash Flow Statements" as specified under the Companies (Accounts) Rules, 2014.
2) Previous year's figures have been regrouped/rearranged wherever necessary.

Summary of significant accounting policies (Refer Note 2.1)

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 30, 2017.

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

VINAYAK HAJARE
Director

SUMESH GANDHI
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 30, 2017.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. Corporate information

DIL Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1913. Its shares are listed on the BSE Limited. The Company is engaged in the business of renting properties, motion film production and distribution. The Company also has strategic investments in subsidiary / associate companies primarily dealing in manufacturing of bulk drugs and providing services of sporting and health awareness/education activities and in joint ventures dealing in manufacturing of wheelchairs based on Levitation Movement Technology and motion film production.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

a) Change in Accounting Policy (Accounting for Proposed Dividend)

As per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed/declared after the balance sheet date if dividend related to periods covered by the financial statements. Going forward, as per AS 4(R), the Company cannot create provision for dividend proposed/ declared after the balance sheet date unless a statute requires otherwise. Rather, Company will need to disclose the same in notes to the financial statements. Accordingly, the Company has disclosed dividend proposed by board of directors after the balance sheet date in the notes.

Had the Company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss account would have been lower by ₹ 69 Lakhs and current provision would have been higher by ₹ 69 Lakhs (including dividend distribution tax of ₹ 11.67 Lakhs).

(b) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(c) Property, Plant and Equipment (PPE)

Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

(d) Depreciation on Property, Plant and Equipment

Depreciation on PPE is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The Company has used the following rates to provide depreciation on its PPE.

	Estimated useful lives (in years)
Building	
On freehold land	60
Leased improvements/Facade	30
Roads/hardscaping works	10
Plant & Machinery	15
Computers	3
Furniture & Fixtures	6
Vehicles	8

(e) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

	Estimated useful lives (in years)
Computer software	6

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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 recognized in the statement of profit and loss when the asset is derecognized.

(f) Impairment of Fixed assets :

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(h) Retirement and other employee benefit

Retirement benefit in the form of provident fund is a defined contribution scheme. The contribution to the provident fund is charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

The Company operates defined benefit gratuity plan for its employees. Employees are entitled to benefits under the payment of Gratuity Act 1972, a defined benefit plan. The plan provides for a lump-sum payment to eligible employees at retirement, death, incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment. The gratuity liability and net periodic gratuity cost is actuarially determined at the year end based on the projected unit credit method after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains/losses are immediately recorded to the Statement of Profit and Loss and are not deferred. The Company makes contributions to a fund administered and managed by Life Insurance Corporation of India ('LIC') to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

The Company also provides other long term benefit for compensated absences. Liability for long term compensated absences are provided for based on actuarial valuation done as per projected unit credit method at the year end.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Rental income from operating leases (net of any incentives given to the lessees) is recognized on a straight-line basis over the lease term.

Interest income on loans and deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

Gain or loss on the sale of equity and redemption of mutual fund units are recognized on accrual basis.

Revenue from licensing of motion film is recognized in accordance with the licensing agreement or physical delivery of the motion film, whichever is later.

Interest on income tax refund is recognized on receipt of the refund order.

Company provides Infrastructure support services (Refer note 18) as per contractual obligation and the income from such services are recognized on proportionate basis as and when the services are rendered, in accordance with the arrangement entered into as per contracted rates. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

(j) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Exchange difference

All exchange differences are recognized as income or as expenses in the period in which they arise.

(k) Leases

As Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

As Lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in PPE. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, initial direct costs such as legal costs, brokerage costs, etc., are recognized as an expense in the statement of profit and loss.

(l) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

For recognition of deferred taxes, the timing differences which originate first are considered to reverse first. At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each reporting date.

The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(m) Provisions

A provision is recognized when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(n) Contingent liabilities

Contingent assets are not recognized in the financial statements of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare case where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(o) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company does not have any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

(p) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(q) Segment Reporting

Identification of segments :

The Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different services. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operates.

Allocation of common costs :

Common costs are treated as unallocable costs.

Unallocated items :

Includes general corporate income and expense items which are not allocated to any business segment.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Segment Policies :

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(r) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 3 - SHARE CAPITAL:		
Authorised Shares:		
49,20,000 (March 31, 2016 - 49,20,000) Equity shares of ₹10/- each	**492.00**	492.00
80,000 (March 31, 2016 - 80,000) Unclassified shares of ₹10/- each	**8.00**	8.00
	500.00	500.00
Issued, Subscribed and fully paid up shares:		
22,93,198 (March 31, 2016 - 22,93,198) Equity shares of ₹10/- each.	**229.32**	229.32
	229.32	229.32

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

There is no movement in the number of issued, subscribed and paid up equity shares at the beginning and at the end of the financial year.

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2017, the amount of per share dividend recognized as distributions to equity shareholders is ₹ 2.50/- (March 31, 2016: ₹2.50/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

c) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding Company are as below.

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
DVK Investments Private Limited		
12,36,235 (March 31, 2016 - 12,36,235) equity shares of ₹10/- each fully paid	**123.62**	123.62

d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	**March 31, 2017**		March 31, 2016	
Equity shares of ₹10/- each fully paid,	**No in Lakhs**	**% holding in the class**	No in Lakhs	% holding in the class
DVK Investments Private Limited, holding company	**12.36**	**53.91%**	12.36	53.91 %
Mr. Krishna Datla	**1.99**	**8.68%**	1.99	8.68 %

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

e) Proposed dividends on Equity shares:

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
The board proposed dividend on equity shares after the balance sheet date		
Proposed dividend on equity shares for the year ended on 31 March 2017: ₹ 2.50/-per share (31 March 2016: ₹ 2.50/- per share)	**57.33**	57.33
DDT on proposed dividend	**11.67**	11.67
	69.00	69.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 4 - RESERVES AND SURPLUS:		
Capital Reserve	**1,140.00**	1,140.00
General Reserve	**4,171.15**	4,171.15
Surplus in the statement of profit and loss		
Balance as per last financial statements	**2,723.56**	3,706.28
Profit/(Loss) for the year	**462.77**	(913.72)
Less: Appropriations		
Proposed final equity dividend	**–**	(57.33)
Tax on proposed equity dividend	**–**	(11.67)
Total appropriations	**–**	(69.00)
Net surplus in the statement of profit and loss	**3,186.33**	2,723.56
Total Reserves and surplus	**8,497.48**	8,034.71

	Non current		Current	
	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 5 - LONG-TERM BORROWINGS:				
From Bank (Secured Term Loan) for Thane One (Refer note c below)	**–**	–	**–**	3,450.00
From Bank (Secured Term Loan) for Thane One (Refer note d below)	**3,550.00**	–	**643.00**	–
From Bank (Secured Lease Rental Discounting Loan) for Ceejay House Property (Refer note b below)	**–**	1,402.66	**–**	97.33
Vehicle loan from banks (secured) (Refer note a below)	**3.66**	12.24	**8.57**	11.16
Total	**3,553.66**	1,414.90	**651.57**	3,558.49
The above amount includes				
Secured borrowings	**3,553.66**	1,414.90	**651.57**	3,558.49
Unsecured borrowings	**–**	–	**–**	–
Amount disclosed under the head "other current liabilities" (Refer Note 10)	**–**	–	**(651.57)**	(3,558.49)
Net amount	**3,553.66**	1,414.90	**–**	–

a) Vehicle loans from banks were taken during the financial year 2010-11 to 2015–16 and carries interest ranging between @ 8.20% to 12.76% p.a. The loan is repayable in 36/60 monthly instalments including interest. The loan is secured by hypothecation of vehicles.

b) Loan under lease rental discounting (LRD) from Axis Bank Limited was taken during the previous year by securitisation of Ceejay House rentals and carries interest @ 10.75% p.a. The loan is repayable in 111 monthly installments including interest (EMI). The said LRD Loan is also secured by way of first charge on Equitable Mortgage of Ceejay House owned by Aegean Properties Limited (APL). Further, the LRD Loan has been guaranteed by the personal guarantee of the managing director of the company and its subsidiary company (APL).

c) Term loans for Thane One Building at Majiwade Thane was taken from Union Bank of India with interest rates (BR + 4.25%) 13.90% [March 31, 2016 (BR + 4.25%) 13.90%] repayable in 12 months starting March 31, 2016 in four quarterly installments.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

The said term loans has been secured by way of first charge on Equitable Mortgage of Land at Thane and Constructions thereon. Further, the loan was been guaranteed by the personal guarantee of the managing director of the Company and the holding company.

d) Term loans for Thane One Building at Majiwade Thane under "Union Liqui Property Scheme" is taken from Union Bank of India during the financial year with interest rates (BR + 3.40%) 12.85% [March 31, 2016 NIL] repayable after 12 months starting September 08, 2017 in seven yearly installments of ₹ 6.43 crores each. The said term loans are secured by way of first charge on Equitable Mortgage of Land at Thane and Constructions thereon. Further, the loan has been guaranteed by the personal guarantee of the managing director of the Company and the holding company.

NOTE 6 - DEFERRED TAX LIABILITY (NET)*:

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	**321.86**	85.60
Gross deferred tax liability	**321.86**	85.60
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**18.52**	16.88
Provision for doubtful debts and advances	**6.29**	8.26
Gross deferred tax asset	**24.81**	25.14
Net deferred tax liability	**297.05**	60.46

* In absence of virtual certainty, the Company has not recognised deferred tax asset (DTA) / deferred tax liability (DTL) on timing differences arising from this allowance of accumulated depreciation and other item.

NOTE 7 - OTHER LONG-TERM LIABILITIES:

	Non current		**Current**	
	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	**March 31, 2017 ₹ in Lakhs**	March 31, 2016 ₹ in Lakhs
Liability for capital expenditure	**–**	–	**296.08**	503.53
Deposits from tenants	**350.45**	69.72	**0.20**	261.92
Amount disclosed under "other current liabilities" (Refer note 10)	**–**	–	**(296.28)**	(765.45)
	350.45	69.72	**–**	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 8 - PROVISIONS:

	Long Term		Short Term	
	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	**March 31, 2017 ₹ in Lakhs**	March 31, 2016 ₹ in Lakhs
Provision for employee benefits				
Long term compensated absences	**42.84**	34.97	**13.18**	16.09
	42.84	34.97	**13.18**	16.09
Other provisions				
Proposed dividend	–	–	–	57.33
Provision for tax on proposed equity dividend	–	–	–	11.67
	–	–	–	69.00
	42.84	**34.97**	**13.18**	85.09

NOTE 9 - SHORT TERM BORROWINGS:

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Cash credit (unsecured)	–	44.24
Inter corporate deposit (ICD) from Allegro Corporate Finance Advisors Pvt. Ltd. (unsecured)	**350.00**	200.00
	350.00	244.24

Note: Cash credit are from Union Bank of India carrying an interest @16.75% (BR+6.85%) p.a. & ICD's from Allegro Corporate Finance Advisors Pvt. Ltd carrying interest at rate of 12% p.a.

NOTE 10 - CURRENT LIABILITIES:

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Trade payables*		
Total outstanding dues of micro and small enterprises	–	–
Total outstanding dues of creditors other than micro and small enterprises	**133.90**	137.46
	133.90	137.46
Other current liabilities:		
Payable to subsidiary company - Fermenta Biotech Ltd.	**0.22**	9.95
Current maturities of long-term borrowings (Refer Note 5)	**651.57**	3,558.49
Current maturities of deposits from tenants (Refer Note 7)	**0.20**	261.92
Interest accrued but not due on borrowings	**81.74**	18.65
Unclaimed dividends	**25.00**	27.67
Others		
Statutory dues	**24.84**	40.02
Liability for capital expenditure (Refer Note 7)	**296.08**	503.53
Others	**302.90**	278.60
	1,382.55	4,698.83
	1,516.45	4,836.29

*** includes ₹41.28 lakhs (March 31, 2016 - ₹28.90) - Reimbursement of expenses to subsidiary company (Aegean Properties Limited)**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT:

₹ in Lakhs

	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicle	Leasehold improvements	Total
Cost							
At April 1, 2015	20.79	822.97	456.68	295.14	237.85	295.73	2,129.16
Additions	–	6,729.53	2,250.06	–	17.98	–	8,997.57
Disposal	–	(649.94)	(373.45)	(116.36)	(26.84)	–	(1,166.59)
At March 31, 2016	20.79	6,902.56	2,333.29	178.78	228.99	295.73	9,960.14
Additions	**–**	**243.48**	**117.81**	**7.89**	**1.08**	**–**	**370.26**
Disposal	**–**	**–**	**(0.35)**	**(101.13)**	**–**	**–**	**(101.48)**
At March 31, 2017	**20.79**	**7,146.04**	**2,450.75**	**85.54**	**230.07**	**295.73**	**10,228.92**
Depreciation							
At April 1, 2015	–	699.32	252.64	288.44	113.90	93.27	1,447.57
Charge for the year	–	70.57	68.47	1.74	27.87	9.69	178.34
Disposal	–	(649.94)	(223.69)	(116.35)	(22.01)	–	(1,011.99)
At March 31, 2016	–	119.95	97.42	173.83	119.76	102.96	613.92
Charge for the year	**–**	**144.43**	**154.52**	**8.93**	**26.37**	**9.69**	**343.94**
Disposal	**–**	**–**	**(0.03)**	**(101.13)**	**–**	**–**	**(101.16)**
At March 31, 2017	**–**	**264.38**	**251.91**	**81.63**	**146.13**	**112.65**	**856.70**
Impairment loss							
At April 1, 2015	–	–	9.97	–	–	–	9.97
Charge for the year	–	–	–	–	–	–	–
At March 31, 2016	–	–	9.97	–	–	–	9.97
Charge for the year	–	–	–	–	–	–	–
At March 31, 2017	**–**	**–**	**9.97**	**–**	**–**	**–**	**9.97**
Net Block							
At March 31, 2016	20.79	6,782.61	2,225.90	4.95	109.23	192.77	9,336.25
At March 31, 2017	**20.79**	**6,881.66**	**2,188.87**	**3.91**	**83.94**	**183.08**	**9,362.25**

Note:

1 Land includes ₹8.06 Lakhs (March 31, 2016 ₹8.06 Lakhs) being cost of land held in trust by Directors of the Company

2 Plant and equipment includes:

Assets held for disposal
- Gross block ₹26.53 Lakhs (March 31, 2016 - ₹26.53 Lakhs)
- Net block ₹Nil (March 31, 2016 - ₹Nil)

3 Vehicles includes hypothecated to banks
- Gross block ₹33.47 Lakhs (March 31, 2016 - ₹68.05 Lakhs)
- Depreciation charge for the year ₹3.97 Lakhs (March 31, 2016: ₹6.36 Lakhs)
- Accumulated depreciation ₹6.58 Lakhs (March 31, 2016: ₹21.34 Lakhs)
- Net block ₹26.89 Lakhs (March 31, 2016 - ₹46.71 Lakhs)

4 Leasehold improvements includes cost of construction of office premises for which the tenancy rights are with the Company and given on lease for part of the year.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 12 - INTANGIBLE ASSETS:

₹ in Lakhs

	Computer software	Total
Gross Block		
At April 1, 2015	25.23	25.23
Purchase	0.68	0.68
Disposal	(16.76)	(16.76)
At March 31, 2016	**9.15**	**9.15**
Purchase	–	–
Disposal	–	–
At March 31, 2017	**9.15**	**9.15**
Amortization		
At April 1, 2015	20.95	20.95
Charge for the year	1.18	1.18
Disposal	(16.76)	(16.76)
At March 31, 2016	5.37	5.37
Charge for the year	**0.88**	**0.88**
Disposal	**–**	**–**
At March 31, 2017	**6.25**	**6.25**
Net Block		
At March 31, 2016	3.78	3.78
At March 31, 2017	**2.90**	**2.90**

NOTE 13 - NON-CURRENT INVESTMENTS:

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Trade investments (valued at cost unless stated otherwise)		
Equity instruments:		
Biodil Marsing Private Limited. (unquoted)*	**5.90**	5.90
59,000 (March 31, 2016 - 59,000) Equity shares of ₹10 each fully paid up		
Abbott India Limited (AIL) (quoted)	**0.01**	0.01
139 (March 31, 2016 - 139) Equity shares of ₹10 each fully paid-up		
Syngene International Limited (quoted) (Refer Note (a) below)	**–**	366.50
Nil (March 31, 2016 - 6,87,224) Equity shares of ₹10 each fully paid-up.		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 13 - NON-CURRENT INVESTMENTS: (contd.)		
Investment in equity instruments		
Investment in subsidiaries		
Aegean Properties Ltd.	**30.00**	30.00
30,000 (March 31, 2016 - 30,000) Equity shares of ₹100 each fully paid-up		
Fermenta Biotech Ltd.	**1,709.25**	1,709.25
1,27,62,464 (March 31, 2016 - 1,27,62,464) Equity shares of ₹10 each fully paid-up		
CC Square Films Limited*	**5.00**	5.00
50,000 (March 31, 2016 - 50,000) Equity shares of ₹10 each fully paid-up		
Investment in associates		
Health and Wellness India Private Limited	**475.00**	475.00
30,12,504 (March 31, 2016 - 30,12,504) Equity shares of ₹10 each fully paid-up		
Zela Wellness Private Limited (Refer Note 33)		
1,03,234 (March 31, 2016 - 19,600) Equity shares of ₹10 each fully paid-up [83,634 Equity shares purchased during the year March 31, 2016 - Nil]	**225.00**	50.00
Investment in joint ventures		
VasKo Glider s.r.o * **(Refer Note 27(i))***	**188.51**	188.51
Agastya Films LLP **(Refer Note 27(ii))**	**530.00**	268.00
Subscription application money		
Health & Wellness India Pvt Ltd (Refer Note 33)	**309.86**	309.86
Zela Wellness Private Limited (Refer Note 33)	**–**	175.00
Noble Explochem Ltd	**597.00**	597.00
	4,075.53	4,180.03
Less: Provision for diminution in value of investments (Refer Note 27(a)(i))*	**199.41**	194.41
	3,876.12	3,985.62
Aggregate amount of quoted investments (Market value: ₹6.45 Lakhs (March 31, 2016 - ₹2,647.22 Lakhs))	**0.01**	366.51
Aggregate amount of unquoted investments	**3,876.11**	3,619.11
Aggregate provision for diminution in value of investments*	**199.41**	194.41

Note

a) During the year Company has sold its investment of 6,87,224 equity shares of ₹10 each of Syngene International Limited and recognised a profit of ₹2,466.17 Lakhs

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 14 - LOANS AND ADVANCES:

	Non current		Current	
	March 31, 2017	March 31, 2016	**March 31, 2017**	March 31, 2016
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
Capital advances				
Unsecured, considered good	**292.07**	133.20	**–**	–
	292.07	133.20	**–**	–
Security deposits				
Unsecured, considered good	**93.51**	79.62	**–**	–
	93.51	79.62	**–**	–
Loans to related parties (Refer Note 30) *				
Unsecured, considered good	**–**	–	**–**	157.50
Advances recoverable in cash or kind **				
Unsecured, considered good	**23.24**	29.99	**363.68**	188.44
Doubtful	**19.01**	19.01	**–**	–
	42.25	49.00	**363.68**	188.44
Less: Provision for doubtful advances	**19.01**	19.01	**–**	–
	23.24	29.99	**363.68**	188.44
Other loans and advances (unsecured)				
Advance income-tax (net of provision for taxation)	**–**	–	**28.40**	305.28
MAT credit entitlement	–	–	**69.00**	–
Prepaid expenses	**–**	–	**12.51**	7.48
Loans to employees	**32.61**	25.36	**15.43**	14.79
	32.61	25.36	**125.34**	327.55
	441.43	268.17	**489.02**	673.49
Loans and advances to related parties include*				
Fermenta Biotech Ltd.	**–**	–	**–**	157.50
[Maximum amount outstanding during the year ₹157.50 Lakhs (March 31, 2016 - ₹232.50 Lakhs)]				
Advances recoverable in cash or kind include **				
CC Square Films Limited	**–**	–	**1.15**	0.89
[Maximum amount outstanding during the year ₹1.15 Lakhs (March 31, 2016 - ₹0.89 Lakhs)]				

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	Non current		Current	
	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	**March 31, 2017 ₹ in Lakhs**	March 31, 2016 ₹ in Lakhs
NOTE 15 - TRADE RECEIVABLES AND OTHER CURRENT ASSETS:				
15.1. Trade receivables				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	–	–	**3.85**	2.48
Considered doubtful	–	–	–	5.97
	–	–	**3.85**	8.45
Less: Provision for doubtful debts	–	–	–	5.97
	–	–	**3.85**	2.48
Other receivables				
Considered good	–	–	**34.87**	0.68
	–	–	**38.72**	3.16

	Non current		Current	
	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	**March 31, 2017 ₹ in Lakhs**	March 31, 2016 ₹ in Lakhs
15.2. Other current assets				
Unsecured, considered good unless stated otherwise				
Non-current bank deposit balances (Refer note 17)	**12.00**	–	–	130.00
Interest accrued	–	–	**5.64**	111.22
	12.00	–	**5.64**	241.22

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 16 - CURRENT INVESTMENTS:		
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Unquoted		
Union Capital Protection Oriented Fund - Series 7 10,00,000 (March 31, 2016 - Nil) units of ₹10 each	**100.00**	–
Union KBC Dynamic Bond Fund - Growth Nil (March 31, 2016 - 2,27,324.392) units of ₹10 each	–	30.00
Union KBC Capital Protection Oriented Fund - Series 5 - Regular Plan - Growth Nil (March 31, 2016 - 5,00,000) units of ₹10 each	–	50.00
	100.00	80.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	Non current		Current	
	March 31, 2017	March 31, 2016	**March 31, 2017**	March 31, 2016
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
NOTE 17 - CASH AND BANK BALANCES:				
Cash and cash equivalents				
Balances with banks:				
With scheduled banks on:				
Current account	**–**	–	**67.73**	269.29
Unclaimed dividend account	**–**	–	**25.01**	27.67
With non-scheduled bank:				
Ceskoslovenska obchodini banka, a.s. Czech Republic- on Current account	**–**	–	**0.80**	0.87
Cash on hand	**–**	–	**2.03**	1.86
	–	–	**95.57**	299.69
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months *	**12.00**	–	**95.57**	429.69
	12.00	**–**	**95.57**	429.69
Amount disclosed under non-current assets (Refer note 15.2)	**(12.00)**	–	**–**	(130.00)
	–	–	**95.57**	299.69

* Deposit in the form of Debt Security Reserve (DSR) with Axis Bank Limited is reclassified under other assets (Refer note 15.2)

		March 31, 2017		March 31, 2016
		₹ in Lakhs		₹ in Lakhs
NOTE 18 - REVENUE FROM OPERATIONS:				
Rent Income		**521.30**		608.25
Service income (Infrastructure support service to tenant)		**60.32**		–
Security deposits and others	**4.57**	**4.57**	5.16	5.16
Sale of scrap		**0.02**		0.09
		586.21		613.50

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 19 - OTHER INCOME:

		March 31, 2017 ₹ in Lakhs		March 31, 2016 ₹ in Lakhs
Profit on sale/redemption of current investments - other than trade	**13.15**		46.75	
Less: Loss on sale/redemption of current investments - other than trade	**–**	**13.15**	(5.07)	41.68
Dividend Income from investments:				
Current - other than trade		**0.05**		6.92
Interest income on:				
Inter-corporate deposits	**–**		16.01	
Bank deposits	**7.23**		33.13	
Loans to subsidiary	**5.96**	**13.19**	16.90	66.04
Interest on income-tax refunds		**25.64**		–
		52.03		114.64

NOTE 20 - EMPLOYEE BENEFITS EXPENSE:

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Salaries, wages and bonus	**499.29**	457.96
Contribution to provident and other fund	**33.85**	33.54
Gratuity expense (Refer note 25(iv))	**9.28**	3.51
Employee welfare expenses	**15.27**	15.56
	557.69	510.57

NOTE 21 - DEPRECIATION AND AMORTIZATION EXPENSE:

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Depreciation of Property, Plant and Equipment	**343.94**	178.34
Amortization of intangible assets	**0.88**	1.18
	344.82	179.52

NOTE 22 - FINANCE COST:

Interest on term loans	**519.07**	155.84
Interest on intercorporate deposits	**39.93**	1.99
Interest on Cash credit	**2.92**	0.09
Interest on Others	**4.74**	–
Other Charges	**143.43**	37.80
	710.09	195.72

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

		March 31, 2017 ₹ in Lakhs		March 31, 2016 ₹ in Lakhs
NOTE 23 - OTHER EXPENSES:				
Electricity charges/Fuel		**144.93**		76.08
Water Charges		**9.57**		3.80
Rates and taxes		**118.44**		68.85
Rent		**57.18**		60.56
Insurance		**10.27**		12.21
Repairs and maintenance:				
Plant and machinery		**46.06**		30.07
Buildings		**1.86**		2.63
Others		**148.45**		74.36
Advertising and sales promotion expenses		**23.23**		64.14
Travelling and conveyance		**32.47**		56.36
Legal and professional charges		**116.46**		129.53
Payment to auditors (Refer note below)		**17.49**		16.69
Exchange loss (net)		**–**		0.45
Communication costs		**11.03**		13.58
Donation		**5.30**		17.65
Bad debts/Advances written Off	**5.97**	**–**	10.00	–
Less: Provision for doubtful debts	**(5.97)**	**–**	–	10.00
Directors' sitting fees		**4.60**		6.35
Provision for diminution in value of long term investments		**5.00**		–
Printing and stationery		**6.02**		6.79
Staff recruitment expenses		**14.99**		0.08
Loss on sale of fixed assets (net)		**0.32**		48.50
Loss on deletion of fixed assets (net)		**–**		4.91
Brokerage		**143.93**		1.15
Miscellaneous expenses		**62.54**		58.93
	**	**980.14**	**	763.67

** net of recovery of ₹33.82 Lakhs (March 31, 2016 - ₹45.57 Lakhs) from subsidiary companies.

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Payment to auditors'		
As auditor		
Audit fee	**8.00**	8.00
Tax audit fees	**2.25** *	1.60 *
Limited review	**6.00**	6.00
In other capacity in respect of:		
Other services (certification fees)	**0.75**	0.25
Reimbursement of expenses	**0.49** *	0.84 *
	17.49	16.69

* includes amount payable to another auditor

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	March 31, 2017	March 31, 2016
	₹ in Lakhs	₹ in Lakhs
NOTE 24 - EARNINGS PER SHARE (EPS):		
Profit/(Loss) after tax	**462.77**	(913.72)
	No. in Lakhs	No. in Lakhs
Weighted average number of equity shares in calculating basic/diluted EPS	**22.93**	22.93
Earnings per share (₹ per share):	**20.18**	(39.85)

NOTE 25 - EMPLOYEE BENEFITS:

The Company operates employee benefit plan namely i) defined contribution plan, which includes Provident fund and ii) defined benefit plan which includes contribution to gratuity fund (funded).

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

	March 31, 2017	March 31, 2016
	₹ in Lakhs	₹ in Lakhs
a) Defined Contribution Plan		
Contribution to Defined Contribution Plan, recognised in the statement of profit and loss account under employee benefits expense, provident and other funds on note 20 for the year are as under:		
- Provident fund	**33.85**	33.54

b) Defined Benefit Plan

Gratuity - As per actuarial valuation

	March 31, 2017	March 31, 2016
	₹ in Lakhs	₹ in Lakhs
	Gratuity (Funded)	
i) Changes in the present value of the defined benefit obligation		
Opening	**42.82**	36.05
Interest cost	**3.07**	2.67
Current service cost	**3.89**	3.65
Benefits paid	**(1.05)**	(3.99)
Actuarial (gains) / losses on obligation	**9.24**	4.44
Closing	**57.97**	42.82
ii) Changes in fair value of plan assets		
Opening	**54.29**	51.16
Expected return on plan assets	**3.76**	4.15
Acturial gains / (losses) on obligation:	**2.11**	1.24
Employer's contribution	**2.39**	1.73
Benefits paid	**(1.05)**	(3.99)
Closing	**61.50**	54.29

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 25 - EMPLOYEE BENEFITS: (contd.)

iii)	Amounts recognised in balance sheet		
	Present value of defined benefit obligation	**57.97**	42.83
	Fair value of plan assets	**(61.50)**	(54.29)
	Amount not recognised as assets	**–**	1.06
	Net Asset / (liability) recognised in balance sheet	**(3.53)**	(10.40)
iv)	Amounts recognised in statement of profit and loss		
	Current service cost	**3.89**	3.65
	Interest cost	**3.07**	2.67
	Expected return on plan assets	**(3.76)**	(4.15)
	Net actuarial (gain) / loss recognised	**7.14**	3.20
	Amount not recognised as Assets	**(1.06)**	(1.86)
	Total expense	**9.28**	3.51
v)	Actual return on plan assets	**5.86**	5.39
vi)	Principal assumptions used in actuarial valuation		
	Discount rate	**6.85%**	7.80%
	Expected return on plan assets	**7.50%**	8.00%
	Salary escalation rate	**7%**	5%
	Employee turnover	**1% at all ages**	1% at all ages
vii)	The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
	Investments with insurer	**100%**	100%

		Gratuity (Funded)				
		March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs	March 31, 2014 ₹ in Lakhs	March 31, 2013 ₹ in Lakhs
viii)	Amounts for the current and previous four periods					
	Defined benefit obligation	**57.97**	**44.24**	**36.05**	**39.31**	**36.50**
	Plan assets	**61.50**	**55.71**	**51.16**	**47.49**	**43.52**
	Surplus/(deficit)	**3.53**	**11.47**	**15.11**	**8.18**	**7.02**
	Experience adjustments on plan liabilities	**0.43**	**4.15**	**0.24**	**(0.66)**	**1.38**
	Experience adjustments on plan assets	**2.11**	**1.25**	**0.42**	**(0.59)**	**0.35**

ix) a) The discount rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations.

b) Expected rate of return on assets assumed by the Insurance Company is generally based on their investment pattern as stipulated by the Government of India.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 25 - EMPLOYEE BENEFITS: (contd.)

c) The estimates of rate escalation in salary considered in the actuarial valuation takes into account inflation, seniority promotion and other relevant factors including supply demand in the employment market.

d) The Company is expected to contribute to the Gratuity fund during 2017-18 ₹Nil (March 31, 2016 ₹Nil)

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 26 - LEASES:		
Assets taken on operating lease		
During the year the Company has entered into arrangements for taking on leave and license basis certain residential and office premises. The agreement has cancellable and 7.50% - 10% escalation clause and is not renewable.		
1. Lease payments recognised in the statement of profit and loss for the year.	**57.18**	60.56
2. Future minimum lease payment under non cancellable leases in the aggregate and for each of the following periods:		
i) Not later than one year	**10.05**	23.11
ii) Later than one year and not later than five years.	**0.80**	4.09
Assets given on operating lease		
The Company has entered into operating lease agreement for sublease of property in Worli, Mumbai with original lease periods expiring on September 30, 2018. However the agreement got terminated w.e.f 31.07.2016, have rent escalation provisions of 15% after 3 years.		
The Company has also entered into operating lease agreements for its properties in Thane with original lease periods expiring between 2016 and 2021. These agreements are cancellable/non-cancellable and have rent escalation provisions of 5% every year & 15% after 3 year.		
1. Rent income recognised in the statement of profit and loss for the year.	**521.30**	608.25
(includes rentals on sub-lease of ₹140.22 lakhs (March 31, 2016 ₹420.67 Lakhs) which is terminated w.e.f. 31.07.2016)		
2 Future minimum lease payment under the non-cancellable leases in the aggregate and for each of the following periods:		
i) Not later than one year	**463.93**	394.46
ii) Later than one year and not later than five years	**759.98**	408.59
iii) More than five years	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 27 INTEREST IN JOINT VENTURE: (Refer Note 13)

(i) The Company has invested an aggregate of Rs. 188.51 Lakhs in VasKo Glider s.r.o. Czechoslovakia, a joint venture. Out of the above, Rs. 1.96 Lakhs (Czech Koruna 1 Lakh) is towards basic capital and Rs. 186.55 Lakhs (Czech Koruna 95.24 Lakhs) is towards voluntary additional contribution to capital. VasKo Glider is involved in manufacture of wheelchairs based on Levitation Movement Technology, acquired from the joint venture partner under the technology transfer agreement with effect from March 18, 2005 and the patent of which is registered in Czechoslovakia in the name of the joint venture partner. The joint venture partner has applied for registration of patent in various countries and the same has been registered in USA, India and Australia.

The proportionate share in the assets, liabilities, income and expenditure of the above joint venture is based on accounts prepared as per local laws as amended and issued by the Ministry of Finance of the Czech Republic, governing financial statement for business and translated by the Management as per Indian GAAP, is as follows:-

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Percentage of holding	**50%**	50%
Current asset	**18.49**	20.11
Non-current assets	**0.82**	0.88
Current liabilities	**(0.83)**	(0.90)
Non-current liabilities	**–**	–
Equity	**18.48**	20.09
Revenue	**–**	–
Cost of material consumed	**–**	–
Depreciation of plant and machinery	**–**	–
Employee benefit expenses	**–**	–
Other expenses	**–**	–
Profit before tax	**–**	–
Income tax expenses	**–**	–
Profit after tax	**–**	–
Commitments and contingent liabilites	**–**	–

In view of the accumulated losses of Joint Venture there is substantial erosion in the value of investment and accordingly, provision for diminution of ₹188.51 lakhs has been made in the earlier year.

(ii) The company holds 50% interest in Agastya Films LLP, a joint controlled entity which is involved in business of film production.

The proportionate share in the assets, liabilities, income and expenditure of the above joint venture is based on accounts prepared as per Indian GAAP, is as follows:-

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Percentage of holding	**50%**	50%
Current assets	**550.50**	333.21
Non-current assets	**–**	–
Current liabilities	**(20.68)**	(45.29)
Non-current liabilities	**–**	–
Equity	**529.82**	287.92

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 27 INTEREST IN JOINT VENTURE: (contd.)

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Income	**0.01**	0.01
Other expenses	**0.10**	0.10
Profit before tax	**(0.09)**	(0.09)
Income tax expenses	**–**	–
Profit after tax	**(0.09)**	(0.09)
Commitments and contingent liabilites	**–**	–

NOTE 28 - SEGMENT INFORMATION

(A) Primary Segments - Business Segments

The primary reporting of the Company has been performed on the basis of business segment namely:

Property - Renting of properties

Entertainment - Production and distribution of motion films, providing services for event management and film production.

Segments have been identified and reported based on the nature of the services, the risk and returns, the organisation structure and the internal financial reporting systems.

₹ in Lakhs

	2016-2017 *2015-2016* **Property**	**Entertainment**	**Total**
a. Revenue			
1. Segment revenue - External sales / income from operations	**586.21**	**–**	**586.21**
	613.41	*–*	*613.41*
Unallocated revenue			**52.05**
			114.73
2. Total			**638.24**
			728.14
b. Result			
1. Segment result / operating profit / (loss)	**(302.36)**	**(85.46)**	**(387.82)**
	274.50	*(91.98)*	*182.52*
2 Finance Cost			**710.09**
			195.72
3 Unallocable income/(expenditure) (net)			**(856.59)**
			(908.14)
Exceptional Items			**–**
Profit on sale of shares			**2,466.17**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 28 - SEGMENT INFORMATION (contd.):

₹ in Lakhs

	2016-2017 *2015-2016* Property	Entertainment	Total
4 Profit before tax			**511.67** *(921.34)*
Prior period adjustment			**16.15** *–*
5 Provision for tax			
- current tax			**32.75** *–*
- deferred tax			**–** *(7.62)*
6 Profit after tax			**462.77** *(913.72)*
c. Other information			
1. Segment assets	**9,897.40** *9,501.27*	**223.69** *226.99*	**10,121.09** *9,728.26*
2 Unallocated corporate assets			**4,432.29** *5,220.98*
3. Total assets			**14,553.38** *14,949.24*
4. Segment liabilities	**869.35** *965.91*	**227.22** *227.00*	**1,096.57** *1,192.91*
5. Unallocated corporate liabilities			**4,730.01** *5,492.30*
6. Total liabilities			**5,826.58** *6,685.21*
7. Cost incurred during the year to acquire			
- segment Property, Plant and Equipment	**627.15** *2,167.94*	**–** *0.59*	**627.15** *2,168.53*
- unallocated segment Property, Plant and Equipment			**181.30** *54.92*
8. Depreciation and amortization expense	**312.26** *141.69*	**3.93** *4.00*	**316.19** *145.69*
9 Unallocated depreciation			**28.63** *33.83*

(Figures in italics are the corresponding figures in respect of the previous year.)

B) Secondary Segments

The Company has revenue / assets in India and accordingly, there is only one reportable geographical segment.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 29 - RELATED PARTY DISCLOSURES

a. Parties where control exists

Mr. Krishna Datla - Managing Director, Party controlling holding company.

Holding company
DVK Investments Private Ltd

Subsidiaries

1. Aegean Properties Ltd.
2. CC Square Films Limited
3. Fermenta Biotech Ltd.
4. Fermenta Biotech (UK) Ltd. (100% subsidiary of Fermenta Biotech Ltd.)
5. G. I. Biotech Private Ltd. (62.50% subsidiary of Fermenta Biotech Ltd.)

b. Other related party relationships where transactions have taken place during the year

Fellow Subsidiary
V M Café De Art Private Ltd. (strike off w.e.f. 15.09.2015)

I) Key Management Personnel

1. Mr. Krishna Datla - Managing Director
2. Mr. Keshav H Kashid - Chief Financial Officer (upto 15.02.2017). Thereafter designated as "President Finance"
3. Mr. Srikant N Sharma - Company Secretary
4. Mr. Sumesh Gandhi - Chief Financial Officer (w.e.f. 16.02.2017)

II) Relative of Key Management Personnel

1. Ms. Rajeshwari Datla
2. Ms. Anupama Datla Desai

c. Joint Venture

VasKo Glider s.r.o.*

Agastya Films LLP (w.e.f. 20.11.2015)*

d. Associates

1. Health and Wellness India Private Ltd
2. Zela Wellness Private Limited

e. Enterprises owned or significantly influenced by key management personnel or their relatives
Magnolia FNB Private Limited

f. Related party relationship is identified by the Company on the basis of available information.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 29 - RELATED PARTY DISCLOSURES (contd.):

g. **Transactions with related parties.**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(₹ in Lakhs)

	Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture*	Key Manage-ment Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associates
1	Loans recovered						
	- Fermenta Biotech Ltd.		**157.50** (65.00)				
2	Share application money refunded by Zela Wellness Private Limited					**175.00** –	
3	Bad debts/Advances written Off						
	- Fermenta Biotech Ltd.		**–** (10.00)				
4	Interest Income on loan						
	- Fermenta Biotech Ltd.		**5.96** (16.90)				
5	Remuneration						
	- Mr. Krishna Datla				**92.07** (70.29)		
	- Mr. Keshav H Kashid				**73.39** (52.58)		
	- Mr. Sumesh Gandhi				**6.56** –		
	- Mr. Srikant N Sharma				**37.21** (25.55)		

Note: The remuneration to the key managerial personnel does not include the provisions made for grauity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

	Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture*	Key Manage-ment Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associates
6	Directors sitting fees						
	- Ms. Rajeshwari Datla				**1.00** (1.45)		
7	Rent income						
	- Aegean Properties Ltd.		**1.23** (1.49)				
	- DVK Investments Private Ltd.	**1.23** (1.49)					
	- Fermenta Biotech Ltd.		**53.20** (82.13)				

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 29 - RELATED PARTY DISCLOSURES (contd.):

(₹ in Lakhs)

Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture*	Key Manage-ment Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associates
- CC Square Films Limited		**0.98** (1.20)				
- Magnolia FNB Private Limited					**0.98** (1.20)	
8 Rent paid						
- Aegean Properties Ltd.		**18.00** (18.00)				
9 Other reimbursements paid						
- Fermenta Biotech Ltd.		**0.76** (11.66)				
- Aegean Properties Ltd.		**16.63** (14.41)				
- Agastya Films LLP			**–** (0.58)			
10 Other reimbursements received						
- Fermenta Biotech Ltd.		**33.56** (45.27)				
- CC Square Films Ltd		**0.26** (0.30)				
11. Investment in equity share capital (Refer Note 13)						
- Zela Wellness Private Limited						**175.00** –
- Agastya Films LLP			**262.00** (268.00)			
12 Balance outstanding as at the year end						
i. Rent and reimbursement Payable						
- Aegean Properties Ltd.		**41.28** (28.90)				
- Fermenta Biotech Ltd.		**0.22** (9.94)				
ii. Rent and reimbursement receivables						
- Fermenta Biotech Ltd.		**3.08** (3.24)				

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 29 - RELATED PARTY DISCLOSURES (contd.):

(₹ in Lakhs)

Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture*	Key Manage-ment Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associates
- G.I.Biotech Private Ltd.		**1.25** (1.25)				
- CC Square Films Ltd		**5.43** (4.05)				
- Agastya Films LLP *			– (0.58)			
iii. Provision for doubtful debts						
- G.I.Biotech Private Ltd.		**1.25** (1.25)				
iv. Provision for diminution in value of investments*			**188.51** * (188.51) *			
v. Loans						
- Fermenta Biotech Ltd.		– (157.50)				
vi. Interest accrued						
- Fermenta Biotech Ltd.		– (2.83)				

(Figures in brackets are the corresponding figures in respect of the previous year.)

NOTE 30 - DETAILS OF LOANS & INVESTMENT AS REQUIRED U/S 186 OF COMPANIES ACT, 2013

Particulars	**March 31, 2017**		March 31, 2016	
	Loan Given ₹ in Lakhs	**Outstanding ₹ in Lakhs**	Loan Given ₹ in Lakhs	Outstanding ₹ in Lakhs
Loan given to subsidiary for working capital/business operations				
- Fermenta Biotech Ltd.	–	–	–	157.50

Note: Rate of interest charged on loan given is 8% p.a to 12% p.a.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 31 - CAPITALIZATION OF EXPENDITURE

During the year, the Company has capitalized the following expenses of revenue nature to the cost of fixed assets/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

Particulars	**March 31, 2017 ₹ in Lakhs**	March 31, 2016 ₹ in Lakhs
Finance costs	–	412.76
Total	–	412.76

Note 32 - During the previous year, Company has received a notice from the private equity investor/shareholder in Company's subsidiary, Fermenta Biotech Limited ("Fermenta"). In this notice, investor has notified the Company that it proposes to exercise its "Drag Along Right" with respect to the shares of Fermenta asking DIL either to acquire shares of Fermenta from the investor or drag along DIL to sell the shares of Fermenta held by investor and DIL to a third party, pursuant to the Shareholders' Agreement dated December 10, 2010 entered into by the Company, Fermenta and investor. The Company has been advised that such claim is not legally tenable and the management has concluded that there is no obligation on the Company with reference to the aforesaid alleged notice from the investor. Accordingly, no impact has been considered in the financial statement.

Note 33 - During the Previous year, Company has entered into an agreement with other investors to invest additional amount in the operations of Health & Wellness India Private Limited (H&W) & Zela Wellness Private Limited (Zela) (associate companies) and also agreed to merge the operations of these two associates into one single entity. Pursuant to this agreement the outstanding Loans and advances, of ₹309.86 Lakhs with H&W & ₹75 Lakhs with Zela given by the Company has been converted into share application money. Post the completion of merger operations and shareholding alignment, the Company will own 50.94% stake in the combined operations. In addition to the above, during the previous year the Company has invested ₹100 Lakhs towards additional share subscription money in Zela.

During the previous year, Company has entered into supplementary agreement with other investors in Zela Wellness Private Limited (Zela) to convert the said additional share subscription money of ₹175 Lakhs invested in Zela Wellness Private Limited (Zela) into 0.001% Non Cumulative Compulsory Convertible Preference shares. On consolidation/merging of operations of Health & Wellness India Private Limited (H&W) & Zela Wellness Private Limited (Zela) into resultant unified Company. Post completion of unification of operations and conversion of preference shares into equity shares of the unified entity and on shareholding alignment, the Company will own 53.67% stake in the combined entity.

However during the current year Zela Wellness Private Limited (Zela) cancelled the said supplementry agreement and decided not to proceed with issue of Non-Cummulative Convertible Preference shares and refunded the Share Application Money of ₹175 Lakhs.

During the current year along with other/new investors the company invested ₹175 Lakhs in Zela Wellness Private Limited (Zela) and aquired 83,634 equity shares of ₹10 each, consquently the companys equity holding in Zela Wellness Private Limited (Zela) is 29.50% as against eariler 49%.

NOTE 34 - CAPITAL AND OTHER COMMITMENTS:

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Estimated amount of contracts remaining to be executed on capital account.	**364.25**	640.71

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 35 - CONTINGENT LIABILITIES:

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Claims against the company not acknowledged as debts : Service tax department raised demand of ₹ 22.50 Lakhs consisting of Service Tax of ₹ 7.50 Lakhs and penalty of ₹ 15.00 Lakhs in connection with services rendered post demerger of the pharmaceutical division. Commissioner of Service Tax Mumbai and CESTAT has upheld the order of Joint Commissioner of Service Tax. Company has preferred an appeal to Bombay High Court.	**22.50**	22.50
The Deputy Commissioner of sales tax has confirmed the order of the Asst. Commissioner of sales tax Vapi, Gujarat for year 1992-93 and 1993-94 for demand of interest and penalty due to shortfall in tax payment on account of computation of purchase tax setoff. Company has preferred an appeal to sales tax tribunal Ahmedabad, Gujarat and obtained stay against the order/demand of the Asstt. Commissioner pending final disposal.	**4.63**	4.63
	27.13	27.13

NOTE 36 - UN-HEDGED FOREIGN CURRENCY EXPOSURE:

Particulars	**March 31, 2017**		March 31, 2016	
	Foreign Currency in Lakhs	**₹ in Lakhs**	Foreign Currency in Lakhs	₹ in Lakhs
Cash and bank balance	**Kc 0.31**	**0.80**	Kc 0.31	0.87

NOTE 37 - EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS):

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Legal fees	**–**	1.90
Remittances to branch office	**–**	43.90
Others	**1.85**	–
	1.85	45.80

NOTE 38 - SPECIFIED BANK NOTES :

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA Notification, G.S.R 308 (E), dated March 30, 2017. The details of the SBNs held and transacted during the period from November 08, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

(Amt in Rupees)

	SBNs #	Other denomination notes	Total
Closing Cash in hand as on 8.11.2016	46,000	2,888	48,888
Cash received back	–	–	–
(–) Amount deposited in banks	46,000	–	46,000
Staff Advance given	–	409,500	409,500
Cash withdrawal from bank	–	1,380,000	1,380,000
Expenditure	–	791,118	791,118
Closing Cash in hand as on 30.12.2016	–	182,270	182,270

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of Government of India, in the Ministory of Finance, Department of Economic Affairs number S.O. 3407 (E), dated November 08, 2016.

NOTE 39 - Previous year's figures have been regrouped/reclassfied wherever necessary to conform with current year's classification.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No: 105938

Mumbai
Date: May 30, 2017

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

VINAYAK HAJARE
Director

SUMESH GANDHI
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 30, 2017

Independent Auditor's Report

To
The Members of DIL Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of DIL Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and jointly controlled entities, comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its associates and jointly controlled entities in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. 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 of the assets of the Group and of its associates and jointly controlled entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for qualified opinion

a) The accompanying consolidated financial statements include total assets of Rs. 134.20 lakhs as at March 31, 2017, total revenues of Rs. Nil and net loss of Rs. 20.71 lakhs for the year ended on that date, in respect of one subsidiary and one jointly controlled entity, which have not been audited and have been consolidated in the consolidated financial statements based solely on the unaudited separate financial statement certified by the management. The consolidated financial statements also include the Company's share of net loss of Rs. 147.46 lakhs for the year ended March 31, 2017, in respect of two associates, which have not been audited and have been consolidated in the consolidated financial statements based solely on the unaudited separate financial statement certified by the management. Accordingly we are unable to comment on the impact of the same on the consolidated financial statements if the same had been audited and corresponding impact on paragraph 1 under the report on other legal and regulatory requirements below.

b) The Company has made investment in an associate where the net worth of this company has substantially been eroded. However, Company has not made any detailed evaluation of diminution in the value of this investment in financial statements to the tune of Rs. 247.20 Lakhs. Further, in relation to another associate, though net worth as per management prepared financial statements has not been significantly eroded, this net worth includes a significant exposure to the associate mentioned earlier in this paragraph which raises a doubt on the recoverability of the investment in an associate amounting to Rs. 207.17 Lakhs in financial statements. Considering the view that this is long term investment and profitability will be achieved by the entity over a period of time, Company believes that no permanent diminution is deemed necessary. In the absence of sufficient appropriate audit evidence, we are unable to comment upon the matter including any consequential impact, if any, of such diminution on these results.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2017, of their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, to the extent applicable, we report that:

(a) Except for the matter described in Basis for Qualified Opinion paragraph, we/the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) Except for the matter described in Basis for Qualified Opinion paragraph, 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 Company so far as appears from our examination of those books and the reports of the other auditors;

(c) Except for the matter described in Basis for Qualified Opinion paragraph above, the consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group's companies, its associates and jointly controlled companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act except in relation to one subsidiary, one jointly controlled entity and two associates where the auditors' report is not available as noted in our paragraph of qualified opinion above.

(f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;

(g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India, refer to our separate report in "Annexure 1" to this report;

(h) 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. Except for the possible effect of the matter described in Basis of Qualified Opinion paragraph above, the consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and jointly controlled entities – Refer Note 36 to the consolidated financial statements;

   ii. Except for the possible effect of the matter described in the Basis of Qualified Opinion paragraph above, the Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts;

   iii. Except for the possible effect of the matter described in the Basis of Qualified Opinion paragraph above, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and jointly controlled companies incorporated in India during the year ended March 31, 2017.

   iv. Except for the possible effect of the matter described in the Basis of Qualified Opinion above, the Holding Company, subsidiaries, its associates and jointly controlled entities incorporated in India have provided requisite disclosures in Note 41 to these consolidated financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group including its associates and jointly controlled entities and as produced to us by the Management of the Holding Company.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of three subsidiaries, and one jointly controlled entity, whose financial statements include total assets of Rs. 83.62 lakhs and net assets of Rs. 60.68 lakhs as at March 31, 2017, and total revenues of Rs. 0.06 lakhs for the year ended on that date. These financial statement and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. 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 jointly controlled entity, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and jointly controlled entity, is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, 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 and the financial statements and other financial information certified by the Management.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number : 324982E/E300003

per Vikram Mehta
Partner
Membership Number : 105938

Place of Signature : Mumbai
Date : May 30, 2017.

Annexure 1 – To the independent auditor's report of even date on the consolidated financial statements of DIL Limited

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

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

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, "the internal financial 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, specified 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 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 Holding Company's internal financial controls system over financial reporting.

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.

Qualified Opinion

According to the information and explanations given to us and based on the report issued by other auditors on internal financial controls system over financial reporting in case of its subsidiary companies and its associate companies, which are companies incorporated in India, the following material weakness have been identified as at March 31, 2017:

The Holding Company did not have an appropriate internal financial control system for review of recoverability of long term investments which could potentially result in the Company not recognising the diminution in the value of its long term investments on a timely basis.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Holding Company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria in respect of the Holding Company, its subsidiary companies, and its associate companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on "the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Other Matters

Our 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 three subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies and in case of two associate companies incorporated in India whose reports of auditors are not furnished to us.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2017, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 30, 2017 expressed a qualified opinion thereon.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta
Partner
Membership Number : 105938

Place of Signature : Mumbai
Date : May 30, 2017.

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

	Notes	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	**229.32**	229.32
Reserves and surplus	4	**13,868.44**	12,752.69
		14,097.76	12,982.01
Minority interest		**2,834.54**	2,566.91
Non-current liabilities			
Long-term borrowings	5	**4,160.14**	1,778.25
Deferred tax liability (net)	6	**273.46**	400.25
Other long-term liabilities	7	**335.44**	69.71
Long-term provisions	8	**235.29**	178.73
		5,004.33	2,426.94
Current liabilities			
Short-term borrowings	9	**3,713.02**	2,933.95
Trade payables			
Total outstanding dues of micro and small enterprises	10	**20.20**	5.14
Total outstanding dues of creditors other than micro and small enterprises		**2,816.34**	1,972.19
Other current liabilities	10	**2,053.62**	5,662.01
Short-term provisions	8	**74.90**	275.07
		8,678.08	10,848.36
TOTAL		**30,614.71**	28,824.22
ASSETS			
Non-current assets			
Goodwill		**413.33**	413.33
Fixed assets			
Property, Plant and Equipment	11	**16,852.35**	16,211.12
Intangible assets	12	**132.80**	185.31
Capital work-in-progress		**406.18**	591.24
Intangible assets under development		**142.52**	3.00
Non-current investments	13	**1,048.38**	1,459.79
Long term loans and advances	14	**779.02**	619.81
Other non-current assets	15.2	**12.00**	0.70
		19,373.25	19,070.97
Current assets			
Current investments	16	**100.00**	80.00
Inventories	17	**4,439.85**	2,796.74
Trade receivables	15.1	**4,457.10**	4,300.56
Cash and bank balances	18	**250.59**	478.76
Short-term loans and advances	14	**1,093.70**	1,080.77
Other current assets	15.2	**486.89**	603.09
		10,828.13	9,339.92
TOTAL		**30,614.71**	28,824.22
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 30, 2017.

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

VINAYAK HAJARE
Director

SUMESH GANDHI
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 30, 2017.

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

	Notes		**March 31, 2017 ₹ in Lakhs**		March 31, 2016 ₹ in Lakhs
INCOME					
Revenue from operations (net)	19		**16,809.13**		15,775.15
Less: Excise duty			**155.89**		294.77
			16,653.24		15,480.38
Other income	20		**77.76**		125.84
Total revenue (I)			**16,731.00**		15,606.22
EXPENSES					
Cost of raw material and components consumed	21.1		**7,599.31**		6,284.83
Purchase of traded goods			**22.21**		160.11
(Increase) in Inventories	22		**(789.44)**		(53.06)
Employee benefits expense	23		**3,119.99**		2,796.74
Depreciation and amortization expense	24		**1,041.93**		835.00
Finance costs	25		**1,066.48**		614.69
Other expenses	26		**5,422.89**		4,271.83
Total (II)			**17,483.37**		14,910.14
Profit/(Loss) before exceptional item and tax			**(752.37)**		696.08
Exceptional item (Refer Note 13(a))			**2,466.17**		–
Profit/(Loss) before tax			**1,713.80**		696.08
Prior period item			**33.22**		–
Profit/(Loss) before tax after prior period adjustment			**1,680.58**		696.08
Tax expense:					
Current tax			**419.97**		349.10
Less: MAT credit entitlement			**(69.00)**		–
Provision for tax in respect of earlier years:-					
Excess provision for tax written back		**(7.56)**		–	
Excess MAT credit entitlement written off		**39.05**	**31.49**	–	–
Deferred tax (credit)/charge			**(126.79)**		75.72
Total tax expense			**255.67**		424.82
Profit after tax			**1,424.91**		271.26
Share of minority interest in (profit)/loss			**(267.64)**		(329.81)
Share of interest in profit/(loss) of associates			**(147.47)**		(54.87)
Profit for the year			**1,009.80**		(113.42)
Earnings per equity share [nominal value of share ₹10/-]	27				
Basic / Diluted (₹in Lakhs)			**44.04**		(4.95)
Summary of significant accounting policies	2.1				

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

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 30, 2017.

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

VINAYAK HAJARE
Director

SUMESH GANDHI
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 30, 2017.

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

PARTICULARS		March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**1,680.58**	696.08
Non-cash adjustment to reconcile profit before tax to net cash flows :			
Depreciation		**1,041.93**	835.00
Loss on sale of fixed assets (net)		**0.32**	48.50
Loss on deletion of assets		**9.05**	4.91
Profit on sale of fixed asset		**–**	(0.70)
Unrealised foreign exchange (gain)/loss (net)		**(50.52)**	(50.55)
Provision for doubtful debts and advances		**425.54**	19.63
Profit on sale of equity shares		**(2,466.17)**	–
Interest expenses		**1,066.48**	614.69
Operating profit before working capital changes		**1,707.21**	2,167.55
Movements in working capital :			
Increase/(decrease) in trade payables		**896.86**	343.44
Increase/(decrease) in long-term provisions		**56.56**	12.57
Increase/(decrease) in short-term provisions		**(4.35)**	4.16
Increase/(decrease) in other current liabilities		**(332.29)**	(17.27)
Increase/(decrease) in other long-term liabilities		**265.73**	(183.01)
Decrease/(increase) in trade receivables		**(620.60)**	(690.74)
Decrease/(increase) in inventories		**(1,643.11)**	(633.29)
Decrease/(increase) in long-term loans and advances		**(2.64)**	109.16
Decrease/(increase) in short-term loans and advances		**(297.60)**	36.69
(Increase)/decrease in other current assets		**116.20**	(415.02)
(Increase)/decrease in other non-current assets		**(11.30)**	(13.36)
Cash generation from operations		**130.67**	720.89
Direct taxes paid (net of refunds)		**(224.60)**	(276.68)
Net cash flow from / (used in) operating activities	(A)	**(93.93)**	444.21
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets, including CWIP and capital advances		**(1,902.35)**	(3,042.61)
Proceeds from sale of fixed assets		**1.11**	102.13
Proceeds of non-current investments		**2,837.68**	(13.00)
Proceeds of current investments		**80.00**	300.00
Purchase of current investments		**(100.00)**	(80.00)
Redemption/maturity of bank deposits (having original maturity of more than three months)		**–**	1,395.68
Net cash flow from / (used in) investing activities	(B)	**916.44**	(1,337.80)

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

CASH FLOW STATEMENT (Contd.)

PARTICULARS		March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		**4,688.37**	2,928.14
Repayment of long-term borrowings		**(5,492.12)**	(1,577.72)
Proceeds from short-term borrowings		**828.84**	429.19
Interest paid		**(1,004.10)**	(597.08)
Dividend paid on equity shares		**(60.00)**	(117.23)
Tax on equity dividend paid		**(11.67)**	(23.34)
Net cash flow from / (used in) financing activities	(C)	**(1,050.68)**	1,041.96
Net increase/(decrease) in cash and cash equivalents	**(A+B+C)**	**(228.17)**	148.37
Add: Effect of exchange difference on Cash and Equivalents held in foreign currency		**–**	–
Cash and cash equivalents at the beginning of the year		**478.76**	330.39
Cash and cash equivalents at the end of the year		**250.59**	478.76
Components of cash and cash equivalents			
Cash on hand		**8.50**	5.56
With scheduled banks on:			
Current account		**181.49**	400.64
Deposits with original maturity of less than three months		**0.03**	0.03
Unclaimed dividend account*		**25.00**	27.67
With non-scheduled bank		**35.57**	44.86
Total cash and cash equivalents (note 18)		**250.59**	478.76

* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities

Note

1) Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS-3) "Cash Flow Statements" as specified in Companies (Accounts) Rules, 2014.

2) Previous year's figures have been regrouped/rearranged wherever necessary.

Summary of significant accounting policies (Refer Note 2.1)

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 30, 2017.

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

VINAYAK HAJARE
Director

SUMESH GANDHI
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 30, 2017.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. (a) Corporate information

DIL Limited ('DIL' or 'the Company') together with its subsidiaries Fermenta Biotech Limited ('FBL'), Fermenta Biotech (UK) Limited ('FBLUK'), Aegean Properties Limited ('APL'), G.I. Biotech Private Limited ('GI BIO'), CC Square Films Limited (CCSL) collectively referred to as 'the Group', is in the business of manufacturing and selling of chemicals primarily bulk drugs and enzymes, renting property, entertainment. The Company's Joint Ventures, VasKo Glider s.r.o.Czechoslovakia is in the business of development and manufacture of wheelchairs and Agastya Films LLP is in the business of film production.

In accordance with notified Accounting Standard (AS) 27 "Financial reporting of interest in joint venture" the operations of owned joint venture are proportionately consolidated.

(b) The proportionate share in the assets, liabilities, income and expenditure of VasKo Glider s.r.o. and Agastya Films LLP Joint Ventures of the Company, based on accounts certified by the management is as follows:-

		VasKo Glider s.r.o.		Agastya Films LLP	
		31-Mar-17	31-Mar-16	**31-Mar-17**	31-Mar-16
		₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
i)	Percentage of holding	**50%**	50%	**50%**	50%
ii)	Assets	**19.31**	20.99	**550.50**	333.21
iii)	Liabilities	**0.83**	0.90	**20.68**	45.29
iv)	Income	**–**	–	**0.01**	0.01
v)	Expenditure	**–**	–	**0.10**	0.10
vi)	Capital commitment	–	–	**–**	–
vii)	Contingent liabilities	–	–	**–**	–

(c) The Financial statements of the associates and joint ventures used in the consolidation are drawn upto the same reporting date as of the Company. The Joint venture's financial statements have been consolidated on the basis of unaudited financial statements prepared and certified by the management.

The financial statements of the group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standard (AS) Notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(d) Basis of consolidation

These consolidated financial statements include the financial statements of DIL Limited, its subsidiaries and proportionate share in joint venture as at March 31, 2017.

The following subsidiaries, associates and joint venture have been considered:

Name of the subsidiaries	**Country of Incorporation**	**2016-17 % shareholding**	2015-16 % shareholding
Fermenta Biotech Limited *	India	**72.09%**	72.09%
Fermenta Biotech (UK) Limited (100% subsidiary of FBL)	United Kingdom	**72.09%**	72.09%
G.I. Biotech Private Limited (62.50% Subsidiary of FBL)	India	**45.06%**	45.06%
Aegean Properties Limited	India	**100.00%**	100.00%
CC Square Films Limited	India	**100.00%**	100.00%
Name of the associates			
Health and Wellness India Private Ltd	India	**47.15%**	47.15%
Zela Wellness Private Limited	India	**29.50%**	49.00%
Name of the joint venture			
VasKo Glider s.r.o.	Czech Republic	**50.00%**	50.00%
Agastya Films LLP	India	**50.00%**	50.00%

* excludes shares issued to ESOP Trust but not allotted to employee as per guidance note on Accounting for Employee Share based payments issued by the Institute of Chartered Accountants of India.

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed by Accounting Standard - 21 'Consolidated Financial Statements' ('AS - 21'), Accounting Standard - 23 'Accounting for investment in Associates in 'Consolidated Financial Statements' ('AS - 23') and Accounting Standard - 27 'Financial Reporting of Interest in Joint Ventures' ('AS- 27') as per Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013 for the purpose of preparation and presentation of financial statements.

The financial statements of the Group have been combined on a line-by-line basis by adding together the book values of items like assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealized profits in full for subsidiaries. The 50% share in assets, liabilities, income and expenses as appearing in the financial statements of joint ventures have been combined on line-by-line basis after eliminating intra-group balances/transactions and resulting unrealized profits on proportionate basis. The amounts shown in respect of accumulated reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase / (decrease) in the relevant reserve, accumulated deficit of its subsidiaries.

Share of minority interest is adjusted against the profit to arrive at the net profit attributable to shareholders. Minority interest in share of net assets is presented separately in the balance sheet.

The cost of investment in associates, over the net assets at the time of acquisition of the investment in the associates is recognized in the financial statements as goodwill or capital reserve, as the case may be. Goodwill is tested for impairment annually. The carrying amount of investment is adjusted thereafter in the post acquisition change in the group's share of net assets of the associates. The consolidated statement of profit and loss includes the group's share of results of the operations of the associates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its independent financial statements.

2.1 Summary of significant accounting policies

(a) (i) Change in Accounting Policy (Accounting for Proposed Dividend)

As per the requirements of pre-revised AS 4, the Company used to create a liability for dividend proposed/ declared after the balance sheet date if dividend related to periods covered by the financial statements. Going forward, as per AS 4(R), the company cannot create provision for dividend proposed/ declared after the balance sheet date unless a statute requires otherwise. Rather, company will need to disclose the same in notes to the financial statements.

Accordingly, the company has disclosed dividend proposed by board of directors after the balance sheet date in the notes.

Had the company continued with creation of provision for proposed dividend, its surplus in the statement of profit and loss account would have been lower by ₹ 69 Lakhs and current provision would have been higher by ₹ 69 Lakhs (including dividend distribution tax of ₹ 11.67 Lakhs)

(a) (ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Property, Plant and Equipment (PPE)

Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Subsequent expenditure related to an item of Property, Plant and Equipment asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing Property, Plant and Equipment assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

(c) Depreciation on Property, Plant and Equipment

Depreciation on Property, Plant and Equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Company has used the following rates to provide depreciation on its Property, Plant and Equipment.

	Estimated useful lives (in years)
Lease hold land	30
Building	
On freehold land	30-60
Leased improvements/Facade	9-30
Roads/hardscaping works	10
Plant & Machinery	10-20
Office Equipment	5
Computers	3-6
Furniture & Fixtures	6-10
Vehicles	8-10

(d) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

	Estimated useful lives (in years)
Computer software	6
Development cost	3-5

Research and Development Costs

Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the asset and use or sell it; (iii) its ability to use or sell the asset; (iv) how the asset will generate probable future economic benefits; (v) the availability of adequate resources to complete the development and to use or sell the asset; and (vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure so capitalized is amortized over their estimated useful lives of three to five years on a straight line basis.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS-5 'Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies'.

Gains or losses arising from derecognition of an intangible asset are measured as the difference

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(e) Impairment of fixed assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(f) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(g) Inventories

Inventories are stated at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or

Cost is determined as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

a) Stores and spare parts: - First-in-first-out method. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

b) Raw materials and packing materials: - Cost is determined on a weighted average basis.

c) Intermediate raw materials, work-in-process and finished goods:- Cost includes direct materials determined on the basis of weighted average method and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

d) Inventory of under production film is valued at actual cost incurred. The cost of production is charged to revenue at the time of first release of film.

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

(h) Retirement and other employee benefit

Retirement benefit in the form of provident fund and superannuation fund is a defined contribution scheme. The contributions to the provident fund and superannuation fund is charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund and superannuation fund.

The Company operates defined benefit plan for its employees viz. gratuity. Employees are entitled to benefits under the Payment of Gratuity Act, 1972, a defined benefit plan. The plan provides for a lump-sum payment to eligible employees at retirement, death, incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment. The gratuity liability and net periodic gratuity cost is actuarially determined at the year end based on the projected unit credit method after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains/losses are immediately recorded to the statement of profit and loss and are not deferred. The Company makes contributions to a fund administered and managed by Life Insurance Corporation of India ('LIC') to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

The Company also provides other long term benefit for compensated absences. Liability for long term compensated absences are provided for based on actuarial valuation done as per projected unit credit method at the year end.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Interest income

Interest income on loans and deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognized on a straight-line basis over the lease term.

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Export Incentive

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and net benefit / obligation is accounted by making suitable adjustments in raw material consumption. The benefit accrued under the Duty Drawback, Merchantile Export Incentive Scheme and other schemes as per the Import and Export policy in respect of exports made under the said schemes is included as 'Export Incentives' under the note "other operating revenue" in the statement of profit and loss.

Dividend income

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

Other Operating Income

Gain or loss on the sale of equity and redemption of mutual fund units are recognized on accrual.

Revenue from licensing of motion film is recognized in accordance with the licensing agreement or physical delivery of the motion film, whichever is later.

Interest on income tax refund is recognized on receipt of the refund order.

Income from services are recognized on proportionate basis as and when the services are rendered, in accordance with the arrangement entered into as per contracted rates. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

(j) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange difference

All exchange differences are recognized as income or as expenses in the period in which they arise.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Translation Reserve".

(k) Leases

As Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

As Lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, initial direct costs such as legal costs, brokerage costs, etc., are recognized as an expense in the statement of profit and loss.

(l) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

For recognition of deferred taxes, the timing differences which originate first are considered to reverse first. At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each reporting date.

The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

The bulk drugs production facility of the Company's subsidiary (FBL) in Kullu, Himachal Pradesh, is eligible for deduction of 100% of profits until March 31, 2008 and 30% of profits from April 1, 2008 to March 31, 2013, under section 80IB of the Income Tax Act, 1961. Secondly FBL's bulk drug facility at Dahej, Gujarat, is eligible for deduction of 100% of profit until March 31, 2016 and 50% of the profits from April 1, 2016 to March 31, 2021, under section 10(AA) of the Income Tax Act, 1961. In view of such deduction, no asset has been recognized in respect of the Minimum Alternate Tax (MAT) credit available. In the year in which MAT credit becomes eligible to be recognized as an asset in accordance with recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the statement of profit and loss and shown as MAT credit entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal tax under specified period.

(m) Provisions

A provision is recognized when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(n) Contingent liabilities

Contingent assets are not recognized in the financial statements of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare case where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(o) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company does not have any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

(p) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(q) Segment Reporting

Identification of segments :

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate/sell its products.

Allocation of common costs :

Common costs are treated as unallocable costs.

Unallocated items :

Includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies :

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(r) Excise Duty

Excise duty on turnover is reduced from turnover. Excise duty relating to the difference between the opening stock and closing stock is recognized as income/expense as the case may be, separately in the statement of profit and loss.

(s) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 3 - SHARE CAPITAL:		
Authorised Shares:		
49,20,000 (March 31, 2016 - 49,20,000) Equity shares of ₹10/- each	**492.00**	492.00
80,000 (March 31, 2016 - 80,000) Unclassified shares of ₹10/- each	**8.00**	8.00
	500.00	500.00
Issued, subscribed and fully paid up shares:		
22,93,198 (March 31, 2016 - 22,93,198) Equity shares of ₹10/- each	**229.32**	229.32
	229.32	229.32

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

There is no movement in the number of issued, subscribed and paid up equity shares at the beginning and at the end of the financial year.

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2017, the amount of per share dividend recognized as distributions to equity shareholders was ₹ 2.50/- (March 31, 2016: ₹ 2.50/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

c) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding Company are as below.

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
DVK Investments Private Limited		
12,36,235 (March 31, 2016 - 12,36,235) equity shares of ₹10/- each fully paid	**123.62**	123.62

d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	March 31, 2017		March 31, 2016	
Equity shares of ₹10/- each fully paid	No in Lakhs	% holding in the class	No in Lakhs	% holding in the class
DVK Investments Private Limited, holding company	**12.36**	**53.91%**	12.36	53.91%
Mr. Krishna Datla	**1.99**	**8.68%**	1.99	8.68%

As per records of the Company, including its register of shareholders and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 3 - SHARE CAPITAL:(Contd)

e) Proposed dividends on Equity shares:	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
The board proposed dividend on equity shares after the balance sheet date		
Proposed dividend on equity shares for the year ended on 31 March 2017: ₹ 2.50/- per share (31 March 2016: ₹ 2.50/- per share)	**57.33**	57.33
Dividend distribution tax on proposed dividend	**11.67**	11.67
	69.00	69.00

NOTE 4 - RESERVES AND SURPLUS:

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Capital Reserve:		
Balance as per the last financial statements	**1,140.00**	1,140.00
Capital redemption reserve:		
Balance as per the last financial statements	**70.00**	70.00
Unrealised gain on dilution:		
Balance as per the last financial statements	**950.41**	950.41
Less: Change during the year	**107.57**	–
	1,057.98	950.41
General Reserve:		
Balance as per the last financial statements	**4,736.70**	4,736.70
Foreign Currency Translation Reserve:		
Balance as per the last financial statements	**49.22**	46.99
Add: Change during the year	**(1.62)**	2.23
	47.60	49.22
Surplus in the statement of profit and loss:		
Balance as per last financial statements	**5,806.36**	5,988.78
Profit for the year	**1,009.80**	(113.42)
Less: Appropriations		
Proposed final equity dividend	**–**	(57.33)
Tax on proposed equity dividend	**–**	(11.67)
Total appropriations	**–**	(69.00)
Net surplus in the statement of profit and loss	**6,816.16**	5,806.36
Total Reserves and surplus	**13,868.44**	12,752.69

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	Non current		Current	
	March 31, 2017	March 31, 2016	**March 31, 2017**	March 31, 2016
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
NOTE 5 - LONG-TERM BORROWINGS:				
From Bank (secured) for R & D Thane	**123.69**	30.37	**75.00**	75.00
From financial institutions (secured) for R & D Thane	**9.52**	30.11	**26.09**	22.75
From Bank (secured) for Dahej facility	**472.62**	295.57	**222.19**	466.67
Vehicle loan from Bank (secured) (secured against hypothecation of vehicles)	**4.31**	19.29	**15.34**	19.84
From Bank (Secured LRD Loan) for Ceejay House Property	**–**	1,402.67	**–**	97.33
Vehicle loan financial institutions (secured) (secured against hypothecation of vehicles)	**–**	0.24	**0.22**	2.38
From financial institutions (secured) for Dahej facility	**–**	–	**–**	33.49
From Bank (secured) for Thane One (ULPS)	**3,550.00**	–	**643.00**	–
From Bank (secured) for Thane One	–	–	**–**	3,450.00
	4,160.14	1,778.25	**981.84**	4,167.46
The above amount includes				
Secured borrowings	**4,160.14**	1,778.25	**981.84**	4,167.46
Unsecured borrowings	**–**	–	**–**	–
Amount disclosed under the head "other current liabilities" (Refer Note 10)	**–**	–	**(981.84)**	(4,167.46)
Net amount	**4,160.14**	1,778.25	**–**	–

Vehicle loans from banks were taken during the financial year 2010-11 to 2016–17 and carry interest ranging between @ 8.20% to 12.76% p.a. The loan is repayable in 36 / 60 monthly installments including interest. The loan is secured by hypothecation of vehicles.

Loan under lease rental discounting (LRD) from Axis Bank Limited was taken during the previous year by securitisation of Ceejay House rentals and carries interest @ 10.75% p.a. The loan is repayable in 111 monthly installments including interest (EMI). The said LRD Loan is also secured by way of first charge on Equitable Mortgage of Ceejay House owned by Aegean Properties Limited (APL). Further, the LRD Loan has been guaranteed by the personal guarantee of the managing director of the company and its subsidiary company (APL).

Term loans for Thane One Building at Majiwade Thane under "Union Liqui Property Scheme" (ULPS) is taken from Union Bank of India during the financial year with interest rates (BR + 3.40%) 12.85% [March 31, 2016 NIL] repayable after 12 months starting September 08, 2017 in seven yearly installments of ₹6.43 crores each. The said term loans are secured by way of first charge on Equitable Mortgage of Land and Constructions thereon. Further, the loan has been guaranteed by the personal guarantee of the managing director of the Company and the holding company.

Term loans for Thane One Building at Majiwade Thane is taken from Union Bank of India with interest rates (BR + 4.25%) 13.90% [March 31, 2015 (BR + 4.25%) 13.90%] repayable in 12 months starting March 31, 2016 in four quarterly installments. The said term loans are secured by way of first charge on Equitable Mortgage of Land and Constructions thereon. Further, the loan has been guaranteed by the personal guarantee of the managing director of the company and the holding company

Term loans for setting up a new facility at Dahej SEZ is taken from Union Bank of India with interest rates (BR + 4%) ranging from 13.30% to 13.60% repayable in 60 equal monthly installments. The said term loans is secured by way of first charge on fixed assets procured with financial assistance of the said term loan and by equitable mortgage of factory land and building at Dahej/Kullu.

Term Loan for expansion of Dahej facility is taken from Union Bank of India with interest rate (BR+3.75%) i.e.@13.05% to 13.30% repayable in 48 equal monthly installments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building of Dahej/Kullu.

Term Loan for relocation of R & D units / Thane Head office is taken from Union Bank of India with interest rate (BR+3.75%) i.e.@13.05% to 13.30% repayable in 48 equal monthly installments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building of Dahej and Kullu.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Term loans from financial institutions (secured) for financing the purchase of plant and machinery at Dahej SEZ and R & D Thane are taken from Siemens Financial Services Private Limited with interest rates at 13.75%, repayable in 48 equal monthly installments. The said term loans is secured by way of first charge on plant and machinery procured with financial assistance of the said term loan.

Vehicle loans are taken from the Banks and Financial Institutions against hypothecation of the vehicles repayable in monthly installments ranging between 36 to 60 months with interest rates ranging from 10% to 14%.

		March 31, 2017 ₹ in Lakhs		March 31, 2016 ₹ in Lakhs
NOTE 6 - DEFERRED TAX LIABILITY (NET):				
Deferred tax liability				
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	974.72		686.59	
	(321.86) #	652.86	(85.60) #	600.99
Gross deferred tax liability		652.86		600.99
Deferred tax asset				
Provision for gratuity and long term compensated absences	90.53		67.51	
	(18.52) #	72.01	(16.88) #	50.63
Provision for doubtful debts and advances	313.68	–	158.37	–
	(6.29) #	307.39	(8.26) #	150.11
Gross deferred tax asset		379.40		200.74
Net deferred tax liability		273.46		400.25

In absence of virtual certainty the Company has not recognized deferred tax assets (DTA)/deferred tax liability (DTL) on timing differences arising from disallowance of accumulated depreciation and other items.

	Non current		Current	
	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 7 - OTHER LONG-TERM LIABILITIES:				
Liability for capital expenditure	–	–	451.95	602.13
Deposits from tenants	335.44	69.71	0.20	261.92
Amount disclosed under "other current liabilities" (Refer Note 10)	–	–	(452.15)	(864.05)
	335.44	69.71	–	–

	Long Term		Short Term	
	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 8 - PROVISIONS:				
Provision for employee benefits				
Gratuity	25.18	–	–	–
Long term compensated absences	210.11	178.73	46.92	51.27
	235.29	178.73	46.92	51.27
Other provisions				
Proposed dividend	–	–	–	57.33
Provision for tax on proposed equity dividend	–	–	–	11.67
Taxation, net of advance taxes (other than deferred tax)	–	–	27.98	154.80
	–	–	27.98	223.80
	235.29	178.73	74.90	275.07

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 9 - SHORT TERM BORROWINGS:		
Cash credit from banks (Secured/Unsecured) from Union Bank of India	**1,673.31**	1,533.33
Packing Credit (Secured) from Union Bank of India	**1,132.00**	1,200.62
Inter corporate deposit (ICD) from Allegro Corporate Finance Advisors Pvt. Ltd. (Unsecured)	**350.00**	200.00
Buyers Credit from bank (Secured)	188.85	–
Buyers Credit from bank (Unsecured)	368.86	–
	3,713.02	2,933.95
The above amount includes		
Secured borrowings	**2,994.16**	2,689.71
Unsecured borrowings	**718.86**	244.24

Packing credit, post shipment credit, buyers credit, and cash credit are from Union Bank of India and are secured against hypothecation of Company's entire stocks of raw materials, semi-finished, and finished goods, consumable stores and spares and such other moveable including book-debts, bills, whether documentary or clean, outstanding monies, receivables, and also by way of first charge on all of the Company's fixed assets both present and future. The packing credit, buyers credit and cash credit are repayable on demand.

Buyers credit is taken from DBS Bank secured by lien on deposit of ₹100 Lakhs.

The buyers credit from Union Bank of India & DBS Bank is at interest rate Libor+1.75% and Libor+1.65% respectively & ICD from Allegro Corporate Finance Advisors Pvt. Ltd carries interest rate of 12% p.a.

The interest rate for preshipment credit in foreign currency is at Libor+3.5% and interest rate for export credit in rupee and cash credit is 10.80% and 13.3% respectively.

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 10 - CURRENT LIABILITIES:		
Trade payables		
Total outstanding dues of micro and small enterprises	**20.20**	5.14
Total outstanding dues of creditors other than micro and small enterprises	**2,816.34**	1,972.19
	2,836.54	1,977.33
Other current liabilities:		
Current maturities of long-term borrowings (Refer Note 5)	**981.84**	4,167.46
Current maturities of deposits from tenants (Refer Note 7)	**0.20**	261.92
Advance from customers	**35.24**	29.27
Interest accrued and due on borrowings	**84.34**	21.96
Unclaimed dividends	**25.00**	27.67
Others		
Statutory dues	**106.40**	124.60
Liability for capital expenditure (Refer Note 7)	**451.95**	602.13
Others	**368.65**	427.00
	2,053.62	5,662.01

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT: (₹ in Lakhs)

	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicle	Leasehold improvements	Total
At April 1, 2015	56.83	308.93	3,768.40	7,688.68	494.44	456.52	295.73	13,069.53
Additions	–	–	6,744.71	2,383.29	0.72	27.46	–	9,156.18
Disposal	–	–	(649.94)	(391.47)	(116.36)	(26.84)	–	(1,184.61)
At March 31, 2016	56.83	308.93	9,863.17	9,680.50	378.80	457.14	295.73	21,041.10
Additions	**–**	**–**	**383.11**	**1,228.51**	**19.34**	**1.08**	**–**	**1,632.04**
Disposal	**–**	**–**	**(40.92)**	**(3.07)**	**(101.13)**	**(23.91)**	**–**	**(169.03)**
At March 31, 2017	**56.83**	**308.93**	**10,205.36**	**10,905.94**	**297.01**	**434.31**	**295.73**	**22,504.11**
Depreciation								
At April 1, 2015	–	52.58	1,227.94	3,108.03	405.04	213.82	93.27	5,100.68
Adjustment refer note (7)	–	–	–	–	–	–	–	–
Charge for the year	–	10.83	173.01	483.88	14.09	57.60	9.69	749.10
Disposal	–	–	(649.93)	(241.48)	(116.35)	(22.01)	–	(1,029.77)
At March 31, 2016	–	63.41	751.02	3,350.43	302.78	249.41	102.96	4820.01
Adjustment refer Note (7)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Charge for the year	**–**	**10.84**	**269.78**	**615.40**	**22.34**	**52.28**	**9.69**	**980.33**
Disposal	**–**	**–**	**(33.00)**	**(1.70)**	**(101.14)**	**(22.71)**	**–**	**(158.55)**
At March 31, 2017	**–**	**10.84**	**236.78**	**613.70**	**(78.80)**	**29.57**	**9.69**	**821.78**
Impairment loss								
At April 1, 2015	–	–	–	9.97	–	–	–	9.97
Charge for the year	–	–	–	–	–	–	–	–
At March 31, 2016	–	–	–	9.97	–	–	–	9.97
Charge for the year	–	–	–	–	–	–	–	–
At March 31, 2017	**–**	**–**	**–**	**9.97**	**–**	**–**	**–**	**9.97**
Net Block								
At March 31, 2016	56.83	245.52	9,112.15	6,320.10	76.02	207.73	192.77	16,211.12
At March 31, 2017	**56.83**	**234.68**	**9,217.56**	**6,931.84**	**73.03**	**155.33**	**183.08**	**16,852.35**

Note:

1 Land includes ₹8.06 Lakhs being cost of land held in trust by Directors of the Company.

2 Consequent upon receipt of Occupancy Certificate on 31.12.2015, the Company has capitalised ₹8,977.43 lakhs on 01.01.2016 for "Thane One Building" along with its infrastructure and utilities including capitalisation of interest (net) on borrowed funds ₹767.72 lakhs and soft cost of ₹1,039.05 lakhs. As a result the incremental depreciation is ₹83.42 lakhs.

3 Plant and equipment includes:

Assets held for disposal:	–	Gross block ₹26.53 Lakhs (March 31, 2016 - ₹26.53 Lakhs)
	–	Net block ₹Nil (March 31, 2016 - ₹Nil)

4

Share in joint venture assets	–	Gross Value ₹4.21 Lakhs (March 31, 2016 - ₹4.21 Lakhs)
	–	Accumulated depreciation ₹4.21 Lakhs (March 31, 2016: ₹4.21 Lakhs)
	–	Net block ₹Nil (March 31, 2016 - ₹Nil)
		Depreciation ₹Nil (March 31, 2016) - ₹Nil)

5

Vehicles includes hypothecated to banks:	–	Gross block ₹63.27 Lakhs (March 31, 2016 - ₹108.25 Lakhs)
	–	Depreciation charge for the year ₹8.02 Lakhs (March 31, 2016: ₹8.24 Lakhs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 11 - TANGIBLE ASSETS: (contd.)

– Accumulated depreciation ₹10.11 Lakhs (March 31, 2016: ₹25.79 Lakhs)
– Net block ₹49.11 Lakhs (March 31, 2016 - ₹80.59 Lakhs)

6 Leasehold improvements include cost of construction of office premises for which the tenancy rights are with the Company and given on lease.

NOTE 12 - INTANGIBLE ASSETS:

(₹ in Lakhs)

	Computer software	Product Know-how	Total
Gross Block			
At April 1, 2015	144.13	442.76	586.89
Purchase	12.12	160.12	172.24
Disposal	(16.76)	–	(16.76)
At March 31, 2016	139.49	602.88	742.37
Purchase	**9.09**	**–**	**9.09**
Disposal	**–**	**–**	**–**
At March 31, 2017	**148.58**	**602.88**	**751.46**
Amortization			
At April 1, 2015	92.69	395.23	487.92
Charge for the year	19.47	66.43	85.90
Disposal	(16.76)	–	(16.76)
At March 31, 2016	95.40	461.66	557.06
Charge for the year	**16.66**	**44.94**	**61.60**
Disposal	**–**	**–**	**–**
At March 31, 2017	**112.06**	**506.60**	**618.66**
Net Block			
At March 31, 2016	44.09	141.22	185.31
At March 31, 2017	**36.52**	**96.28**	**132.80**

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 13 - NON-CURRENT INVESTMENTS:		
Trade investments (valued at cost unless stated otherwise)		
Equity instruments:		
Biodil Marsing Private Limited. (unquoted)*	**5.90**	5.90
59,000 (March 31, 2016 - 59,000) Equity shares of ₹10 each fully paid up		
Abbott India Limited (AIL). (quoted)	**0.01**	0.01
139 (March 31, 2016 - 139) Equity shares of ₹10 each fully paid-up		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 13 - NON-CURRENT INVESTMENTS: (contd.)		
Shivalik Solid Waste Management Limited (unquoted) 20,000 (March 31, 2016 - 20,000) Equity shares of ₹10/- each fully paid-up	**2.00**	2.00
Syngene International Limited (unquoted) (Refer Note (a) below) Nil (March 31, 2016 - 6,87,224) Equity shares of ₹10/- each fully paid-up	**–**	366.50
Non-trade investments (valued at cost unless stated otherwise) (unquoted)		
Health and Wellness India Private Limited (Refer Note (b) below)	**–**	9.42
30,12,504 (March 31, 2016 - 30,12,504) Equity shares of ₹10 each fully paid-up (includes goodwill of ₹244.82 Lakhs (March 31, 2016 ₹244.82 Lakhs)		
Zela Wellness Private Limited (Refer Note (b) below)	**207.17**	–
1,03,234 (March 31, 2016 - 19,600) Equity shares of ₹10 each fully paid-up	**–**	–
Subscription/application money		
Health and Wellness India Private Limited (Refer Note 31)	**247.20**	309.86
Zela Wellness Private Limited (Refer Note 31)	**–**	175.00
Noble Explochem Ltd	**597.00**	597.00
	1,059.28	1,465.69
Less: Provision for diminution in value of investments *	**10.90**	5.90
	1,048.38	1,459.79
Aggregate amount of quoted investments (Market value: ₹6.45 Lakhs (March 31, 2016 - ₹2647.22 Lakhs))	**0.01**	366.51
Aggregate amount of unquoted investments	**1,048.38**	1,093.28
Aggregate provision for diminution in value of investments	**10.90**	5.90

Note: (a) During the year Company has sold its investment of 6,87,224 equity shares of ₹ 10 each of Syngene International Limited and recognised a profit of ₹ 2,466.17 Lakhs,

(b) The share of losses in HWIPL of ₹ 537.66 Lakhs of HWIPL and in Zela of ₹ 17.83 Lakhs have been adjusted against the value of respective investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	Non current		Current	
	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	**March 31, 2017 ₹ in Lakhs**	March 31, 2016 ₹ in Lakhs
NOTE 14 - LOANS AND ADVANCES:				
Capital advances				
Unsecured, considered good	**540.71**	384.14	**–**	–
	540.71	384.14	**–**	–
Security deposit				
Unsecured, considered good	**180.45**	163.50	**–**	–
Advances recoverable in cash or kind				
Unsecured, considered good	**24.39**	34.79	**663.22**	394.41
Doubtful	**24.09**	24.09	**25.86**	13.68
	48.48	58.88	**689.08**	408.09
Provision for doubtful advances	**24.09**	24.09	**25.86**	13.68
	24.39	34.79	**663.22**	394.41
Other loans and advances (unsecured)				
Inter corporate deposit	**267.83**	267.84	**–**	–
Advance income-tax (net of provision for taxation)	**–**	–	**38.13**	391.80
MAT credit entitlement	**–**	–	**69.64**	0.64
Prepaid expenses	**–**	–	**72.68**	58.41
Loans to employees	**33.47**	35.36	**39.40**	31.28
Balances with statutory/government authorities	**–**	–	**210.63**	204.23
Others	**–**	2.01	**–**	–
	301.30	305.21	**430.48**	686.36
Less:Provision for doubtful inter corporate deposit	**267.83**	267.83	**–**	–
	33.47	37.38	**430.48**	686.36
	779.02	619.81	**1,093.70**	1,080.77

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 15 - TRADE RECEIVABLES AND OTHER ASSETS:

	Non current		Current	
	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	**March 31, 2017 ₹ in Lakhs**	March 31, 2016 ₹ in Lakhs
15.1. Trade receivables				
Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	**–**	–	**836.68**	709.79
Considered doubtful	**589.42**	176.06	**–**	5.97
	589.42	176.06	**836.68**	715.76
Less: Provision for doubtful debts	**589.42**	176.06	**–**	5.97
	–	–	**836.68**	709.79
Other receivables				
Considered good	**–**	–	**3,620.42**	3,590.77
	–	–	**4,457.10**	4,300.56

	Non current		Current	
	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	**March 31, 2017 ₹ in Lakhs**	March 31, 2016 ₹ in Lakhs
15.2. Other assets				
Unsecured, considered good unless stated otherwise				
Non-current bank deposit balances (Refer Note 18)	**12.00**	15.04	**153.71**	198.68
Interest accrued (Refer Note 30 (iii))	**–**	–	**6.88**	187.74
Export Incentive receivable	**–**	–	**326.30**	216.67
	12.00	15.04	**486.89**	603.09

NOTE 16 - CURRENT INVESTMENTS:

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Quoted		
Union KBC Capital Protection Oriented Fund - Series 5 Nil (March 31, 2016 - 5,00,000) units of ₹ 10 each	**–**	50.00
Union KBC Dynamic Bond Fund Nil (March 31, 2016 - 2,27,324.392) units of ₹ 10 each	**–**	30.00
Union Capital Protection Oriented Fund - Series 7 10,00,000 (March 31, 2016 - Nil) units of ₹ 10 each	**100.00**	–
	100.00	80.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 17. INVENTORIES (valued at lower of cost and net realizable value):		
Raw materials and components (includes in transit of ₹ 50.82 Lakhs (March 31, 2016: ₹78.51 Lakhs))	**1,950.90** *	1,394.79
Work-in-progress - Motion Film production (Refer note no. 30(ii))	**548.47** *	294.71
Work-in-progress	**1,435.22** *	787.91
Finished goods	**323.77**	182.89
Stores and spares	**181.49**	136.44
	4,439.85	2,796.74

	Non current		**Current**	
	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	**March 31, 2017 ₹ in Lakhs**	March 31, 2016 ₹ in Lakhs
NOTE 18. CASH AND BANK BALANCES:				
Cash and cash equivalents				
Balances with banks:				
With scheduled banks on:				
Current account	**–**	–	**181.49**	400.64
Unclaimed dividend account	**–**	–	**25.00**	27.67
Deposits with original maturity of less than three months	**–**	–	**0.03**	0.03
With non-scheduled bank on:				
Current account #	**–**	–	**35.57**	44.86
Cash on hand	**–**	–	**8.50**	5.56
	–	–	**250.59**	478.76
Other bank balances				
Deposits with original maturity for more than 12 months	**–**	0.70	**–**	–
Margin money deposit ##	**12.00**	14.34	**153.71**	184.34
	12.00	15.04	**153.71**	184.34
Amount disclosed under non-current assets (Refer note 15.2)	**(12.00)**	(15.04)	**(153.71)**	(184.34)
	–	–	**250.59**	478.76

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

# includes	Maxmimum balance outstanding during the year		Balance as on	
	March 31, 2017	March 31, 2016	**March 31, 2017**	March 31, 2016
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
Ceskoslovenska obchodini banka, a.s. Czech Republic	**0.80**	14.92	**0.87**	0.87
Komercni banka, a.s. Czech Republic	**0.01**	0.01	**0.01**	0.01
National Westminster Bank Plc. London	**34.69**	42.89	**34.69**	43.98
			35.57	44.86

Margin money deposits with a carrying amount of ₹153.71 Lakhs (March 31, 2016 ₹ 68.68 Lakhs) are subject to first charge to secure the letters of credit facilities availed by the Company.

Deposit in the form of Debt Security Reserve (DSR) with Axis Bank Limited is reclassified under other assets. (Refer note 15.2) ₹Nil Lakhs (March 31, 2016 ₹130 Lakhs)

	March 31, 2017	March 31, 2016
	₹ in Lakhs	₹ in Lakhs
NOTE 19 - REVENUE FROM OPERATIONS:		
Sale of products		
Finished goods	**15,689.37**	14,419.08
Traded goods	**35.76**	218.52
Rent Income	**465.89**	523.43
Service Income	**65.27**	19.78
Interest Income on Security Deposit and others	**4.58**	5.16
Other Operating Revenue		
Exports Incentive	**341.65**	303.04
Exchange gain (net)	**200.75**	242.20
Insurance Claim	**–**	39.19
Sales of Scrap	**5.86**	4.75
Revenue from Operation (gross)	**16,809.13**	15,775.15
Less: Excise Duty	**155.89**	294.77
Revenue from Operation (net)	**16,653.24**	15,480.38

NOTE 20 - OTHER INCOME:

Profit on sale/redemption of current investments - other than trade	**13.15**		46.75	
Less: Loss on sale/redemption of current investments - other than trade	**–**	**13.15**	(5.07)	41.68
Dividend Income from investments:		**0.25**		7.12
Interest income on:				
Bank deposits	**15.96**		36.28	
Inter-corporate deposits	**–**		16.01	
Income-tax refunds	**25.64**		–	
Security deposits and others	**14.81**		7.68	
		56.41		59.97
Other non operating Income		**7.95**		17.07
		77.76		125.84

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 21.1 - COST OF RAW MATERIAL AND COMPONENTS CONSUMED:		
Inventories of raw material / packing material at the beginning of the year	**1,392.24**	1,035.12
Add: Purchases	**8,155.63**	6,641.95
Less : Inventories of raw material / packing material at the end of the year	**1,948.56**	1,392.24
	7,599.31	6,284.83

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 22 - (INCREASE)/DECREASE IN INVENTORIES:		
Inventory at the end of the year (Refer Note 17)		
Work-in-progress	**1,425.18**	777.00
Finished goods	**319.36**	178.10
	1,744.54	955.10
Inventories at the beginning of the year (Refer Note 17)		
Work-in-progress	**777.00**	810.41
Finished goods	**178.10**	91.63
	955.10	902.04
	(789.44)	(53.06)

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 23 - EMPLOYEE BENEFITS EXPENSE:		
Salaries, wages and bonus	**2,626.65**	2,419.46
Contribution to provident and other funds	**136.13**	126.89
Gratuity expenses (Refer Note 28 (b) (iv))	**65.89**	24.85
Employee welfare expenses	**291.32**	225.54
	3,119.99	2,796.74

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 24 - DEPRECIATION AND AMORTIZATION EXPENSE:		
Depreciation of tangible assets	**980.33**	749.10
Amortization of intangible assets	**61.60**	85.90
	1,041.93	835.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 25 - FINANCE COST:

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Interest on term loans	**617.45**	245.75
Interest on intercorporate deposits	**34.87**	1.99
Interest on Working Capital	**9.80**	302.49
Interest on others	**220.82**	45.41
Loan Processing Fees	**183.54**	19.05
	1,066.48	614.69

NOTE 26 - OTHER EXPENSES:

		March 31, 2017 ₹ in Lakhs		March 31, 2016 ₹ in Lakhs
Consumption of stores and spares		**638.56**		468.07
Processing charges		**595.31**		445.12
Power and fuel		**974.54**		850.81
Water		**22.83**		16.43
Rates and taxes		**199.20**		152.98
Excise duty expenses		**10.59**		59.39
Rent		**108.89**		72.20
Insurance		**84.36**		74.76
Repairs and maintenance:				
Plant and machinery		**122.26**		94.24
Buildings		**45.51**		55.23
Others		**302.23**		140.81
Commission and discounts on sales		**126.86**		147.33
Advertising and sales promotion expenses		**126.32**		168.72
Packing, freight and distribution expenses		**294.31**		255.19
Travelling and conveyance		**364.86**		388.23
Legal and professional charges		**334.01**		382.54
Payment to auditors (Refer Note below)		**45.02**		43.38
Exchange loss (net)		**6.31**		–
Communication costs		**46.80**		44.59
Donation		**21.67**		31.66
Directors' sitting fees		**6.60**		10.60
Printing and stationery		**75.55**		60.02
Staff recruitment expenses		**43.51**		16.25
Provision for doubtful advances		**–**		4.24
Provision for doubtful debts		**425.54**		5.39
Bad debts	**5.97**		10.00	
Less: Provision for doubtful debts	**(5.97)**	**–**	–	10.00
Provision for diminution in long term investments		**5.00**		–
Loss on sale of fixed assets (net)		**0.32**		48.50
Loss on deletion of fixed assets		**9.05**		4.91
Miscellaneous expenses		**386.88**		220.24
		5,422.89		4,271.83

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 26 - OTHER EXPENSES: (Contd..)

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Payment to auditors'		
As auditor		
Audit fee	**21.35**	22.35
Tax audit fees	**6.85** *	4.70 *
Limited review	**13.50**	13.50
In other capacity in respect of:		
Other services (certification fees)	**1.25**	0.75 *
Reimbursement of expenses	**2.07** *	2.08 *
	45.02	43.38

* includes amount payable to another auditor

NOTE 27 - EARNINGS PER SHARE (EPS):

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Profit/(loss) after tax	**1,009.80**	(113.42)
	No. in Lakhs	No. in Lakhs
Weighted average number of equity shares in calculating basic EPS	**22.93**	22.93
Earnings per share (₹ Per share):	**44.04**	(4.95)

NOTE 28 - EMPLOYEE BENEFITS:

The Company operates two employee benefit plans namely i) defined contribution plan, which includes Provident fund and Superannuation ii) Defined benefit plan which includes contribution to gratuity fund (funded).

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
a) Defined Contribution Plan		
Contribution to Defined Contribution Plan, recognised in the statement of profit and loss account under employee benefit expense, provident and other funds on note 23 for the year are as under:		
- Provident fund	**134.99**	125.75
- Superannuation scheme	**1.14**	1.14

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 28 - EMPLOYEE BENEFITS: (contd.)

b) Defined Benefit Plan

Gratuity - As per actuarial valuation

		March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
		Gratuity (Funded)	
i)	Changes in the present value of the defined benefit:		
	Opening	**200.62**	164.46
	Interest cost	**15.61**	13.66
	Current service cost	**22.22**	20.75
	Benefits paid	**(22.59)**	(8.47)
	Actuarial (gains) / losses on obligation	**56.75**	10.22
	Closing	**272.61**	200.62
ii)	Changes in fair value of plan assets		
	Opening	**215.74**	186.04
	Expected return on plan assets	**16.16**	16.35
	Actuarial (gains) / losses on obligation	**11.47**	1.56
	Employer's contribution	**30.18**	20.26
	Benefits paid	**(22.59)**	(8.47)
	Closing	**250.96**	215.74
iii)	Amounts recognised in balance sheet		
	Present value of defined benefit obligation	**(272.61)**	(200.62)
	Fair value of plan asset	**250.96**	215.74
	Amount not recognised as Asset	**–**	(1.06)
	Net Asset / (liability) recognised in balance sheet	**(21.64)**	14.07
iv)	Amounts recognised in profit and loss account		
	Current service cost	**22.22**	20.75
	Interest cost	**15.61**	13.66
	Expected return on plan assets	**(16.16)**	(16.35)
	Net actuarial (gain) / loss recognised	**45.28**	8.66
	Amount not recognised as Asset	**(1.06)**	(1.87)
	Total expense	**65.89**	24.85
v)	Actual return on plan assets	**27.63**	27.16

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 28 - EMPLOYEE BENEFITS: (contd.)

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
	Gratuity (Funded)	
vi) Principal assumptions used in actuarial valuation		
Discount rate	**6.85 % - 7 %**	7.85 %
Expected return on plan assets	**7.50 %**	8.00 %
Salary escalation rate	**7 %**	5 %
Withdrawal rate	**21 to 30 - 10 %**	21 to 30 - 10 %
	31 to 40 - 5 %	31 to 40 - 5 %
	41 to 50 - 3 %	41 to 50 - 3 %
	51 to 57 - 2 %	51 to 57 - 2 %

vii) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	DIL	**FBL**	DIL	FBL
Investments with insurer	**100%**	**99%**	100%	99%
Investments with others	**Nil**	**4%**	Nil	1%

	Gratuity (Funded)				
	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs	March 31, 2014 ₹ in Lakhs	March 31, 2013 ₹ in Lakhs
viii) Amounts for the current and previous three periods					
Defined benefit obligation	**272.61**	202.03	164.46	190.59	180.89
Plan Assets	**250.96**	217.16	186.04	189.28	176.33
Surplus/(deficit)	**(21.65)**	15.13	21.58	(1.31)	(4.56)
Experience Adjustments on plan liabilities	**9.63**	9.38	2.92	(12.23)	(11.24)
Experience Adjustments on plan assets	**11.47**	1.56	(1.74)	(3.16)	1.15

ix) a) The discount rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations.

b) Expected rate of return on assets assumed by the Insurance Company is generally based on their investment pattern as stipulated by the Government of India.

c) The estimates of rate escalation in salary considered in the actuarial valuation takes into account inflation, seniority promotion and other relevant factors including supply demand in the employment market.

d) The Group (consisting of parent Company and Fermenta Biotech Limited only) is expected to contribute to the Gratuity fund during 2017-18 ₹ 20 Lakhs (March 31, 2017 ₹ 20 Lakhs).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
NOTE 29 - LEASES:		
Assets taken on operating lease		
During the year the Company has entered into arrangements for taking on leave and license basis certain residential and office premises. The agreement has cancellable and 7.50% - 10% escalation clause and is not renewable.		
1 Lease payments recognised in the statement of profit and loss for the year.	**108.89**	72.20
2 Future minimum lease payment under non cancellable leases in the aggregate and for each of the following periods:		
i) Not later than one year	**43.05**	70.86
ii) Later than one year and not later than five years.	**28.30**	66.79
Assets given on operating lease		
The Company has entered into operating lease agreement for sublease of property in Worli, Mumbai with original lease periods expiring on September 30, 2018. However the agreement got terminated w.e.f 31.07.2016, have rent escalation provisions of 15% after 3 years.		
The Company has also entered into operating lease agreements for its properties in Thane with original lease periods expiring between 2010 and 2016. These agreements are cancellable/non-cancellable and have rent escalation provisions of 5% every year.		
1 Rent income recognised in the statement of profit and loss for the year.	**465.89**	523.43
(includes rentals on sub-lease of ₹140.22 lakhs (March 31, 2016 ₹420.67 lakhs which is terminated w.e.f. 31.07.2016)		
2 Future minimum lease payment under the non-cancellable leases in the aggregate and for each of the following periods:		
i) Not later than one year	**463.93**	394.46
ii) Later than one year and not later than five years	**759.98**	408.59
iii) More than five years	–	–

NOTE 30 (i) INTEREST IN JOINT VENTURE:

Company has invested an aggregate of ₹188.51 Lakhs in VasKo Glider s.r.o. Czechoslovakia, a joint venture. Out of the above, ₹1.96 Lakhs (Czech Koruna 1 Lakh) is towards basic capital and ₹186.55 Lakhs (Czech Koruna 95.24 Lakhs) is towards voluntary additional contribution to capital. VasKo Glider is involved in manufacture of wheelchairs based on Levitation Movement Technology, acquired from the joint venture partner under the Technology transfer agreement with effect from March 18, 2005 and the patent of which is registered in Czechoslovakia in the name of the joint venture partner. The joint venture partner has applied for registration of patent in various countries and the same has been registered in USA, India and Australia.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 30 (i) INTEREST IN JOINT VENTURE: (contd.)

The proportionate share in the assets, liabilities, income and expenditure of the above joint venture is based on accounts prepared as per local laws as amended and issued by the Ministry of Finance of the Czech Republic, governing financial statement for business and translated by the Management as per Indian GAAP, is as follows:-

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Percentage of holding	**50%**	50%
Current assets	**18.49**	20.11
Non-current assets	**0.82**	0.88
Current liabilities	**(0.83)**	(0.90)
Non-current liabilities	**–**	–
Equity	**18.48**	20.09
Income	**–**	–
Other expenses	**–**	–
Profit before tax	**–**	**–**
Income tax expenses	**–**	–
Profit after tax	**–**	**–**
	–	–
Commitments and contingent liabilites	**–**	–

In view of the accumulated losses of Joint Venture there is substantial erosion in the value of investment and accordingly, provision for diminution of ₹188.51 lakhs has been made in the earlier year.

(ii) The company holds 50% interest in Agastya Films LLP, a joint controlled entity which is involved in business of film production.

The proportionate share in the assets, liabilities, income and expenditure of the above joint venture is based on accounts prepared as per Indian GAAP, is as follows:-

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Percentage of holding	**50%**	50%
Current assets	**550.50**	333.21
Current liabilities	**(20.86)**	(45.29)
Equity	**529.82**	**287.92**
Income	**0.01**	0.01
Other expenses	**0.10**	0.10
Profit before tax	**(0.09)**	**0.09**
Income tax expenses	**–**	–
Profit after tax	**(0.09)**	**(0.09)**
Commitments and contingent liabilites	**–**	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 31 - During the previous year, Company has entered into supplementary agreement with other investors in Zela Wellness Private Limited (Zela) to convert the said additional share subscription money of ₹175 Lakhs invested in Zela Wellness Private Limited (Zela) into 0.001% Non Cumulative Compulsory Convertible Preference shares. On consolidation/merging of operations of Health & Wellness India Private Limited (H&W) & Zela Wellness Private Limited (Zela) into resultant unified entity, the said preference shares of Zela Wellness Private Limited (Zela) to be converted in to equity shares of resultant unified Company. Post completion of unification of operations and conversion of preference shares into equity shares of the unified entity and on shareholding alignment, the Company will own 53.67% stake in the combined entity.

However during the current year Zela Wellness Private Limited (Zela) cancelled the said supplementry agreement and decided not to proceed with issue of Non-Cummulative Convertible Preference shares and refunded the Share Application Money of ₹175 Lakhs

During the current year along with other/new investors the company invested ₹175 Lakhs in Zela Wellness Private Limited (Zeal) and acquired 83,634 equity shares of ₹10 each, consequently the company's equity holding in Zela Wellness Private Limited (Zela) is 29.50% as against earlier 49%.

NOTE 32 - RELATED PARTY DISCLOSURES:

a. **Parties where control exists**

Mr. Krishna Datla - Managing Director, Party controlling holding company.

Holding company

DVK Investments Private Ltd.

b. **Other related party relationships where transactions have taken place during the year**

Fellow Subsidiary

VM Café De Art Private Ltd. (Strike off w.e.f. 15.09.2015)

c. **Key Management Personnel**

1. Mr. Krishna Datla - Managing Director
2. Mr. Satish Varma - Managing Director (FBL).
3. Ms. Anupama Datla Desai - Executive Director (FBL).
4. Mr. Keshav H Kashid - Chief Financial Officer (upto 15.02.2017). Thereafter designated as "President Finance"
5. Mr. Prashant Nagre - Chief Executive Officer (FBL).
6. Mr. Srikant N Sharma - Company Secretary (FBL)
7. Mr. Sumesh Gandhi - Chief Financial Officer (w.e.f. 16.02.2017)
8. Mr. Kapil Gohil - Chief Financial Officer
9. Mr. Sanjay Basantani - Company Secretary (FBL) (upto 08.02.2017)
10. Mr. Varadvinayak Khambete - Company Secretary (FBL) (w.e.f. 27.02.2017)

d. **Associates**

1. Health and Wellness India Private Ltd.
2. Zela Wellness Private Ltd.

e. **Enterprises owned or significantly influenced by key management personnel or their relatives**

Magnolia FNB Private Ltd.

Dupen Laboratories Pvt Ltd.

Lacto Cosmetic (Vapi) Pvt. Ltd.

f. **Related party relationship is identified by the Company on the basis of available information.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 32 - RELATED PARTY DISCLOSURES (contd.):

g. Transactions with related parties.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(₹ in Lakhs)

	Particulars	Holding Company	Fellow Subsidiary/ Joint venture	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate/ Others
1	Remuneration					
	- Mr. Satish Varma			**74.43** (88.44)		
	- Mr. Krishna Datla			**92.07** (70.29)		
	- Mr. Keshav H Kashid			**73.39** (52.58)		
	- Mr. Prashant Nagre			**89.16** (87.27)		
	- Mr. Sumesh Gandhi			**6.56** (–)		
	- Mr. Srikant N Sharma			**37.21** (25.55)		
	- Ms. Anupama Datla Desai			**58.55** (75.02)		
	- Mr. Varadvinayak Khambte			**0.91** –		
	- Mr. Kapil Gohil			**39.31** (31.45)		
	- Mr. Sanjay Basantani			**16.45** (16.94)		
	Directors sitting fees					
	DIL Limited			**1.00** (1.45)		
	Fermenta Biotech Limited			**0.85** (1.55)		
2	Share application money refunded by Zela Wellness Private Ltd					**175.00** (–)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 32 - RELATED PARTY DISCLOSURES (contd.):

(₹ in Lakhs)

	Particulars	Holding Company	Fellow Subsidiary/ Joint venture	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate/ Others
3	Sales					
	- Dupen Laboratories Private Ltd.				– (14.16)	
4	Purchase of raw material					
	- Dupen Laboratories Private Ltd.				**9.49** (7.64)	
	- Lacto Cosmetics (Vapi) Private Ltd.				**5.54** (5.54)	
5	Processing Charges paid					
	- Lacto Cosmetics (Vapi) Private Ltd.				**10.66** (7.20)	
6	Rent income					
	- DVK Investment Private Ltd.	**1.23** (1.49)				
	- Magnolia FNB Private Ltd.				**0.98** (1.20)	
7	Investment in equity share capital (Refer Note 13)					
	- Agastya Films LLP					**262.00** (268.00)
	- Zela Wellness Private Ltd.					**175.00** (–)
8	Balance outstanding as at the year end					
	a. Trade payable					
	- Lacto Cosmetics (Vapi) Pvt. Ltd.				**3.18** (4.23)	
	- Dupen Laboratories Private Ltd.				**3.50** (8.58)	
	- Mr. Prashant Nagre			**7.91** (14.39)		
	- Ms. Anupama Datla Desai			– (23.33)		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 32 - RELATED PARTY DISCLOSURES (contd.):

(₹ in Lakhs)

Particulars	Holding Company	Fellow Subsidiary/ Joint venture	Key Manage-ment Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate/ Others
- Mr. Satish Varma			– (23.33)		
- Mr. Kapil Gohil			**1.65** (3.00)		
- Mr. Sanjay Basantani			– (1.60)		
b. Trade receivables					
- Dupen Laboratories Private Ltd.				– (4.14)	

(Figures in brackets are the corresponding figures in respect of the previous year.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 33 - SEGMENT INFORMATION:

Primary Segments - Business Segments

The primary reporting of the Company has been performed on the basis of business segment

Property - Renting of properties

Entertainment - Production and distribution of motion films, providing services for event management and film production.

Chemicals - Manufacturing and selling of chemicals primarily bulk drugs and enzymes.

Segments have been identified and reported based on the nature of the services, the risk and returns, the organisation structure and the internal financial reporting systems.

(₹ in Lakhs)

	2016-2017 *2015-2016*			
	Bulk Drugs/ Chemicals	**Property**	**Entertainment**	**Total**
a. Revenue				
1. Segment revenue	**16,129.21**	**604.19**	**–**	**16,733.40**
	14,969.05	*631.41*	*–*	*15,600.46*
Less: Inter-segment revenue	**–**	**80.18**	**–**	**80.18**
	–	*119.72*	*–*	*119.72*
Unallocated revenue				**77.78**
				125.48
2. **Total**				**16,731.00**
				15,606.22
b. Result				
1. Segment result / operating profit / (loss)	**1,612.40**	**(373.45)**	**(86.00)**	**1,152.95**
	2,168.45	*159.42*	*(92.56)*	*2,235.31*
2 Finance costs				**1,066.48**
				614.69
3 Unallocable income/(expenditure) (net)				**(838.84)**
				(924.54)
Execeptional Items				
Profit on sale of shares				**2,466.17**
				–
4 Profit before tax				**1,713.80**
				696.08
5 Prior period amortization adjustment				**(33.22)**
				–
6 Provision for tax				
- current tax				**382.46**
				349.10
- deferred tax				**(126.79)**
				75.72
7. Profit after tax				**1,424.91**
				271.26

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 33 - SEGMENT INFORMATION (contd.):

(₹ in Lakhs)

	2016-2017 / *2015-2016*			
	Bulk Drugs/ Chemicals	**Property**	**Entertainment**	**Total**
c. Other information				
1. Segment assets	**17,848.36** *15,650.27*	**9,950.63** *9,560.79*	**243.15** *290.87*	**28,042.14** *25,501.93*
2 Unallocated corporate assets				**2,572.57** *3,322.29*
3. Total assets				**30,614.71** *28,824.22*
4. Segment liabilities	**6,123.02** *4,912.99*	**814.28** *937.11*	**247.96** *292.35*	**7,185.26** *6,142.45*
5. Unallocated corporate liabilities				**9,331.69** *9,699.76*
6. Total liabilities				**16,516.95** 15,842.21
7. Cost incurred during the year to acquire				
- segment tangible and intangible assets	**1,093.89** *819.19*	**627.15** *2,167.91*	**–** *0.59*	**1,721.04** *2,987.69*
- unallocated segment tangible and intangible assets				**181.31** *54.92*
8. Depreciation and amortization expense	**696.02** *654.39*	**313.35** *142.87*	**3.93** *4.00*	**1,013.30** *801.26*
9. Unallocated depreciation				**28.63** *33.74*

(Figures in italics are the corresponding figures in respect of the previous year.)

Secondary Segments - Geographical Segments

Secondary segmental reporting is performed on the basis of the geographical location of customers. The management views the Indian market and export markets as distinct geographical segments.

Sales by market – The following is the distribution of the Company's sale by geographical market:

	2016-17 **₹ in Lakhs**	2015-16 ₹ in Lakhs
India	**4,713.55**	5,381.84
Europe	**9,093.69**	8,010.70
Other countries	**2,845.98**	2,087.84
	16,653.22	15,480.38

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 33 - SEGMENT INFORMATION (contd.):

Assets and additions to fixed assets by geographical area – The following is the carrying amount of segment assets and additions to tangible and intangible assets by geographical area in which the assets are located:

	Carrying amount of Segment Assets		Additions to tangible and intangible assets	
	2016-2017 ₹ in Lakhs	2015-2016 ₹ in Lakhs	**2016-2017 ₹ in Lakhs**	2015-2016 ₹ in Lakhs
India	**27,183.57**	25,343.32	**1,902.35**	3,042.61
Outside India	**3,431.14**	3,480.90	**–**	–
	30,614.71	28,824.22	**1,902.35**	3,042.61

Carrying amount of segment assets outside India represents receivables from export debtors, assets at branch office and proportionate share in the assets of joint venture.

NOTE 34 - INFORMATION REQUIRED FOR CONSOLIDATED FINANCIAL STATEMENT PURSUANT TO SCHEDULE II OF THE COMPANIES ACT, 2013.

₹ in Lakhs

Sl No.	Particulars	Name of the Entity	March 31, 2017				March 31, 2016			
			Net Asset as a % of Consolidated		% of share in profit and loss		Net Asset as a % of Consolidated		% of share in profit and loss	
			%	Amount	%	Amount	%	Amount	%	Amount
1	Parent	DIL Limited	**49%**	**6,887.12**	**41%**	**411.52**	48%	6,278.78	896%	–1016.64
2	Subsidiaries									
	Indian	Aegean Properties Limited	**0%**	**59.35**	**-3%**	**(28.41)**	1%	65.89	22%	(24.90)
		CC Square Films Ltd	**0%**	**(0.11)**	**0%**	**(0.45)**	0%	0.03	0%	(0.50)
		Fermenta Biotech Limited	**70%**	**9,852.17**	**106%**	**1,071.59**	70%	9,030.75	-1163%	1,319.47
		G I Biotech Private Limited	**0%**	**1.52**	**0%**	**(0.52)**	0%	2.04	1%	(0.59)
	Foreign	Fermenta Biotech (UK) Limited	**1%**	**113.85**	**-3%**	**(28.73)**	1%	142.58	5%	(5.49)
	Joint Ventures	VasKo Glider s.r.o.	**0%**	**18.48**	**0%**	**–**	0%	20.09	0%	–
		Agastya Films LLP	**0%**	**(0.18)**	**0%**	**(0.10)**	0%	(0.66)	0%	(0.09)
3	Minority Interest		**-20%**	**(2,834.54)**	**-27%**	**(267.64)**	-20%	(2,566.91)	291%	(329.81)
4	Associates	Health And Wellness India Private Limited	**0%**	**–**	**-7%**	**(72.09)**	0%	9.42	48%	(54.87)
		Zela Wellness Private Limited	**0%**	**–**	**-7%**	**(75.38)**	0%	–	0%	–
	Total		**100%**	**14,097.76**	**100%**	**1,009.80**	100%	12,982.01	100%	–113.42

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 35 - CAPITAL AND OTHER COMMITMENTS:

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Estimated amount of contracts remaining to be executed on capital account.		
DIL Limited	**364.25**	640.71
Fermenta Biotech Limited	**296.46**	526.52

NOTE 36 - CONTINGENT LIABILITIES:

	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Contingent liabilities not probable and hence not provided by the Company in respect of;		
a) Tax matters		
– Excise Duty - matter under appeal	–	8.00
– Service tax - matter under appeal	**22.50**	22.50
– Sales tax - matter under appeal	**4.63**	4.63
b) Other Claims	**94.26**	54.99
	121.39	90.12

NOTE 37 - DERIVATIVE INSTRUMENTS:

a) The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company does not use forward contracts for speculative purposes. There are no foreign exchange forward contracts outstanding as at March 31, 2017 and as at March 31, 2016.

b) Un-hedged foreign currency exposure:

Particulars	March 31, 2017 Foreign Currency in millions	March 31, 2017 ₹ in Lakhs	March 31, 2016 Foreign Currency in millions	March 31, 2016 ₹ in Lakhs
DIL Limited				
a) Cash and bank balance	**Kc 0.03**	**0.80**	Kc 0.03	0.87
Fermenta Biotech Limited				
a) Trade receivables	**USD 1.61**	**1,039.72**	USD 0.87	572.99
	EURO 3.45	**2,400.81**	EURO 2.95	2,204.80
b) Trade payables	**USD 0.11**	**74.34**	USD 0.37	244.97
	EURO 1.19	**830.21**	EURO 0.46	347.33
	GBP 0.00	**0.72**	GBP 0.00	0.69
c) Short Term Borrowing (PCFC)	**EURO 1.63**	**1,132.00**	EURO 0.80	601.09
d) Cash and Bank Balances (EEFC)	**EURO 0.00**	**0.28**	EURO 0.00	0.30
e) Buyers Credit	**USD 0.57**	**368.86**	–	–
	EURO 0.27	**188.85**	–	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 38 - DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS PER MSMED ACT, 2006

		Particulars	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
a	i)	Principal amount remaining unpaid to any supplier at the end of the accounting year	**20.20**	5.14
	ii)	Interest due on above	**0.57**	0.10
		The Total of (i) & (ii)	**20.77**	5.24
b		The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**Nil**	Nil
c		The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006	**–**	–
d		The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**–**	–
e		The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	**Nil**	Nil

Note 39 - During the previous year, Company has received a notice from the private equity investor/member in Company's subsidiary, Fermenta Biotech Limited ("Fermenta"). In this notice, investor has notified the Company that it proposes to exercise its "Drag Along Right" with respect to the shares of Fermenta asking DIL either to acquire shares of Fermenta from the investor or drag along DIL to sell the shares of Fermenta held by investor and DIL to a third party, pursuant to the Shareholders' Agreement dated December 10, 2010 entered into by the Company, Fermenta and investor. The Company has been advised that such claim is not legally tenable and the management has concluded that there is no obligation on the Company with reference to the aforesaid alleged notice from the investor. Accordingly, no impact has been considered in the financial statement.

Note 40 - Capitalization of expenditure

During the year, the Company has capitalized the following expenses of revenue nature to the cost of fixed assets/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

Particulars	March 31, 2017 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs
Finance costs	**59.22**	421.69
Total	**59.22**	**421.69**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Note 41 - SPECIFIED BANK NOTES :

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA Notification, G.S.R 308 (E), dated March 30, 2017. The details of the SBNs held and transacted during the period from November 08, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

(Amt in Rupees)

	SBNs #	Other denomination notes	Total
Closing Cash in hand as on 8.11.2016	12,57,000	94,295	13,51,295
Cash Received back	–	–	–
(-) Amount deposited in banks	1,257,000	–	1,257,000
Staff Advance given	–	409,500	409,500
Cash withdrawal from bank	–	2,588,000	2,588,000
Expenditure	–	1,989,140	1,989,140
Closing Cash in hand as on 30.12.2016	–	2,83,655	2,83,655

For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated November 08, 2016.

NOTE 42 – Previous year's figures have been regrouped/classified wherever necessary to conform with current year's classification.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 27, 2017.

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

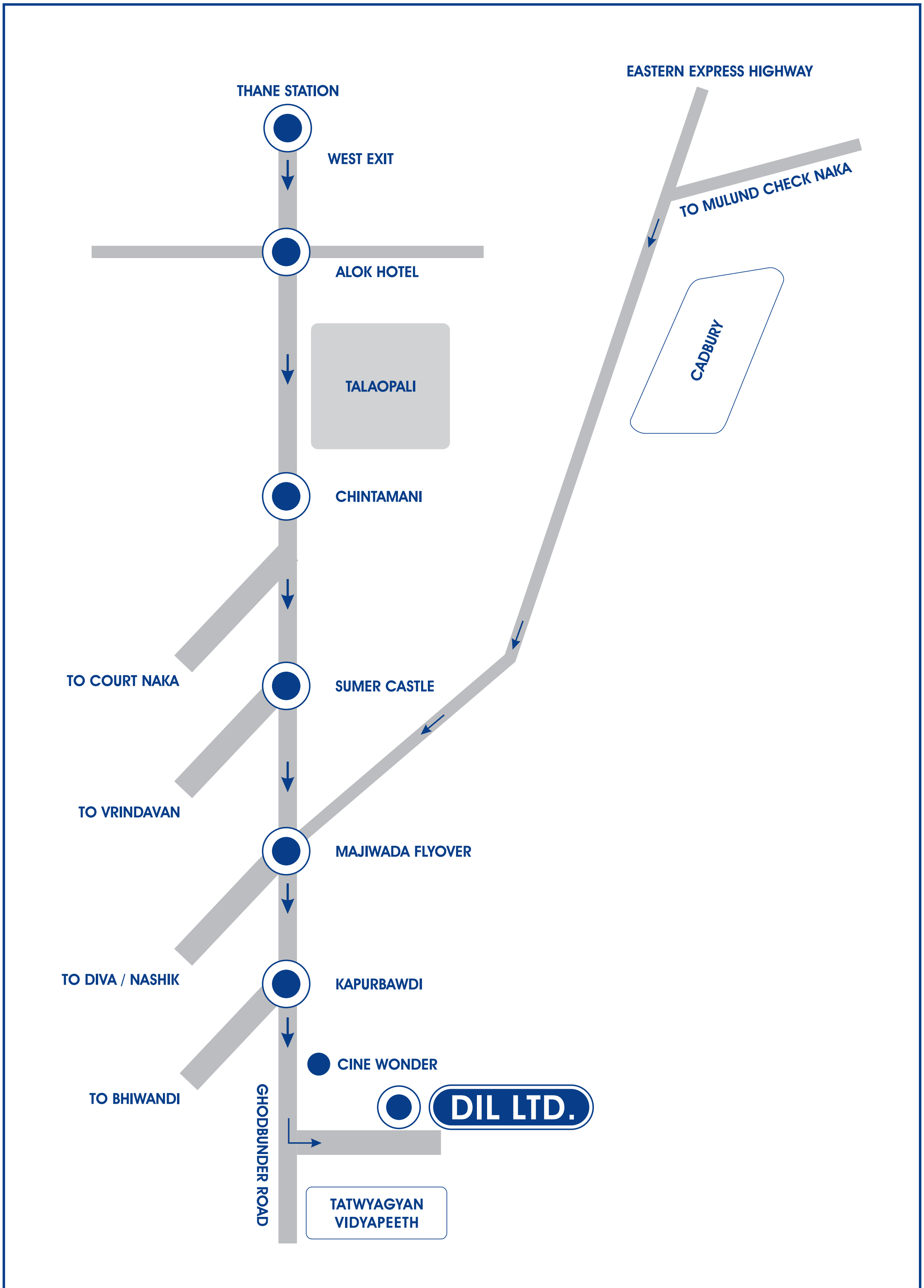
VINAYAK HAJARE
Director

SUMESH GANDHI
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 27, 2017.

65th AGM Venue's Roadmap



Corporate Identification Number (CIN): L99999MH1951PLC008485
Regd Office: A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (W) 400 610, Maharashtra, India.
Tel: +91-22-6798 0800/888 Fax: +91-22-6798 0899 Email: contact@dil.net Website: www.dil.net

BALLOT FORM

(To be sent, duly filled and signed to the Scrutinizer appointed by the Company)

(Please read the instructions printed overleaf carefully before completing this form.)

1. Name(s) of Member(s), including Joint holder(s), if any, (in block letters) :
2. Registered Address of the Sole / First named Member / Beneficial Owner :
3. Registered Folio No. / DP ID and Client ID No. :
4. Number of Equity Shares held :

I / We hereby exercise my / our vote in respect of the Resolutions set out in the Notice of the Annual General Meeting dated September 29, 2017 by sending my / our assent or dissent to the said Resolutions by placing the tick (✓) mark at the appropriate box below:

Resolution No.	Description	No. of shares	I/ We assent to the Resolution	I/We dissent to the Resolution
1.	To receive, consider and adopt: (a) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2017, Reports of the Board of Directors and the Auditors thereon; and (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 along with Report of the Auditors thereon.			
2.	To declare dividend of ₹ 2.50 per equity share of ₹ 10 each for the financial year ended March 31, 2017.			
3.	To appoint a Director in place of Mr. Satish Varma (DIN: 00003255), who retires by rotation and, being eligible, offers himself for reappointment.			
4.	To appoint Statutory Auditors and to fix their remuneration.			

Place :

Date :

Signature of the Member

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	User ID	Password
170814001		

Notes:

For e-voting, please refer the instructions under "E-Voting Facility" in the Notice attached herewith.

INSTRUCTIONS

Process and manner for Members opting to vote by using the Ballot Form:

1. This Ballot Form is provided for the benefit of Members who do not have access to remote e-voting facility, to enable them to send their assent or dissent by post.
2. A Member can opt for only one mode of voting, i.e. either by Ballot Form or through remote e-voting. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot Form shall be treated as invalid.
3. For detailed instructions on remote e-voting, please refer to the Notes appended to the Notice of Annual General Meeting.
4. The Scrutinizer will collate the votes downloaded from the remote e-voting system and votes received through Ballot Forms to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice.
5. Please complete and sign the Ballot Form (no other form or photocopy thereof is permitted) and send it so as to reach the Scrutinizer appointed by the Board of Directors of the Company, i.e. Mr. V. N. Deodhar & Co. (Membership No.898), Practising Company Secretaries, at the Registered Office of the Company, not later than September 28, 2017 (5.00 p.m. IST). For this purpose, a self-addressed prepaid envelope is enclosed and postage will be paid by the Company. The envelope bears the name and address of the Registered Office of the Company, and is to the attention of the Scrutinizer. However, envelopes containing the Ballot Form(s), if deposited in person or sent by courier or registered/ speed post will be at the expense of the Member and will also be accepted. Ballot Form received after this date will be treated as invalid.
6. The Form should be signed by the Member as per the specimen signature registered with the Company/ Depository Participants. In case of joint holding, the Form should be completed and signed by the first named Member and in his/ her absence, by the next named joint holder. There will be one Form for every Folio/ Client ID irrespective of the number of joint holders.
7. For shares held by companies/ entities, duly completed Form should be accompanied by a certified true copy of the Board Resolution together with attested specimen signature(s) of the duly authorized representative(s).
8. Votes should be cast in case of each resolution, either in favour or against by putting the tick mark in the column provided for assent/ dissent. Members may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed the Member's total shareholding. If the Member does not indicate either "FOR" or "AGAINST" in case of any resolution, it will be treated as "ABSTAIN" for that resolution and the shares held will not be counted under either head.
9. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on September 22, 2017 ("Cut Off Date") as per the Register of Members of the Company and as informed to the Company by the Depositories in case of Beneficial Owners.
10. A Member may request for a duplicate Ballot Form, if so required. However, the duly filled in and signed duplicate Form should reach the Scrutinizer not later than the date specified at Sr. No. 5 above.
11. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Forms will be rejected. A Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or the number of votes or as to whether the votes are in favour or against or if the signature cannot be verified.
12. The Scrutinizer's decision on the validity of a Ballot will be final.
13. Except as otherwise mentioned herein, Members are requested not to send any other paper along with the Ballot Form in the enclosed self-addressed envelope as all such envelopes will be sent to the Scrutinizer and any other paper found in such envelope would be destroyed by him. They are also requested not to write anything on the Ballot Form except giving their assent or dissent and putting their signature.
14. The results of the voting shall be declared on or after the Annual General Meeting of the Company. The Results declared, along with the Scrutinizer's Report, shall be published in newspapers, placed on the Company's website www.dil.net and communicated to the Stock Exchange where the Company shares are listed viz. BSE Ltd.
15. Members may address any query to Mr. Srikant Sharma, Compliance Officer, at the Registered Office of the Company, Tel: 022 6623 0800 • Fax: 022 6798 0899 or by e-mail to srikant.sharma@dil.net.

MEMBER/SHAREHOLDER INSTRUCTIONS FOR REMOTE E-VOTING ('E-VOTING')

The instructions for Members voting electronically are as under :

(i) The voting period begins on September 26, 2017 and ends on September 28, 2017. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 22, 2017 (record date) may cast their votes electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Members who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The Members should log on to the e-voting website of CDSL viz. www.evotingindia.com.

(iv) Click on Members.

(v) Now Enter your User ID

a. For Members having demat account with DP connected to CDSL: Please enter 16 digits beneficiary ID as your User ID,

b. For Members having demat account with DP connected to NSDL: Please enter 8 Characters DP ID followed by 8 Digits Client ID as your User ID,

c. For Members holding shares in physical form : Please enter Folio Number registered with the Company as your User ID.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user, please follow the steps given below :

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department. (Applicable for both demat Members as well as physical Members) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the sequence number in the PAN field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	• Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the Member ID / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company Selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the Electronic Voting Sequence Number (EVSN) 170814001 for DIL Limited on which you choose to vote.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

(xix) Members can also cast their votes using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting through your mobile.

(xx) Note for Non–Individual Members and Custodians

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

DIL LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485

Regd. Office: A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (W) 400 610, Maharashtra, India.
Tel: +91-22-6798 0800/888 Fax: +91-22-6798 0899 Email: contact@dil.net Website: www.dil.net

Folio No. .... DP ID No .... Client ID No. .... No. of Shares ....

NAME OF THE MEMBER(s)/PROXY HOLDER (IN BLOCK LETTERS) ....

....

I hereby record my presence at the Sixty-Fifth Annual General Meeting of the Company held at Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) 400 610 on Friday, September 29, 2017 at 3.00 p.m.

_ _

Member(s)/Proxy's Signature

Note :

(1) This meeting is of Members only. Members are requested not to bring along any person who is not a Member.
(2) Please carry this Attendance Slip with you and hand over the same at the entrance of place of meeting.

TEAR HERE

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

DIL LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485

Regd. Office: A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (W) 400 610, Maharashtra, India.
Tel: +91-22-6798 0800/888 Fax: +91-22-6798 0899 Email: contact@dil.net Website: www.dil.net

Name of the Member (s): ....

Registered address: ....

E-mail Id: ....

Folio No/ Client Id: .... DP ID: ....

I/We, being the Member(s) of .... shares of the above named Company, hereby appoint

1. Name: .... E-mail ID: ....
   Address: ....
   .... Signature: .... or failing him/her
2. Name: .... E-mail ID: ....
   Address: ....
   .... Signature: .... or failing him/her
3. Name: .... E-mail ID: ....
   Address: ....
   .... Signature: ....

p.t.o.

as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the Sixty Fifth Annual General Meeting of the Company, to be held on Friday, September 29, 2017 at 3.00 p.m. at Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (W) 400 610 and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Resolution No.	**Description**
1	To receive, consider and adopt: (a) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2017, Reports of the Board of Directors' and the Auditors thereon and (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 along with Report of the Auditors thereon.
2	To declare dividend of ₹ 2.50 per equity share of ₹ 10 each for the financial year ended March 31, 2017.
3	To appoint a Director in place of Mr. Satish Varma (DIN – 00003255), who retires by rotation and being eligible offers himself for reappointment.
4	To appoint Statutory Auditors and to fix their remuneration

Signed this ....day of 2017

Place:

Signature of Member:..

Signature of Proxy(s):...

Affix Revenue Stamp

Notes:

This form of Proxy, to be effective, should be deposited at the Registered Office of the Company at A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (W) - 400 610 not later than 48 hours before the commencement of the aforesaid meeting.

dil LIMITED

64th ANNUAL REPORT 2015-2016

CHAIRMAN EMERITUS

Mr. G.G. Desai

BOARD OF DIRECTORS

Mr. Sanjay Buch
Chairman and Independent Director

Mr. Vinayak Hajare
Independent Director

Ms. Rajeshwari Datla
Non-Executive Director

Mr. Satish Varma
Non-Executive Director

Mr. Krishna Datla
Managing Director

COMPANY SECRETARY
Mr. Srikant N. Sharma

CHIEF FINANCIAL OFFICER
Mr. K. H. Kashid

SOLICITORS
Crawford Bayley & Co.
Mundkur Law Partners

AUDITORS
SRBC & Co. LLP
Chartered Accountants

INTERNAL AUDITORS
M M Nissim & Co.
Chartered Accountants

BANKERS
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited
Bank of Baroda
Union Bank of India
Axis Bank Limited

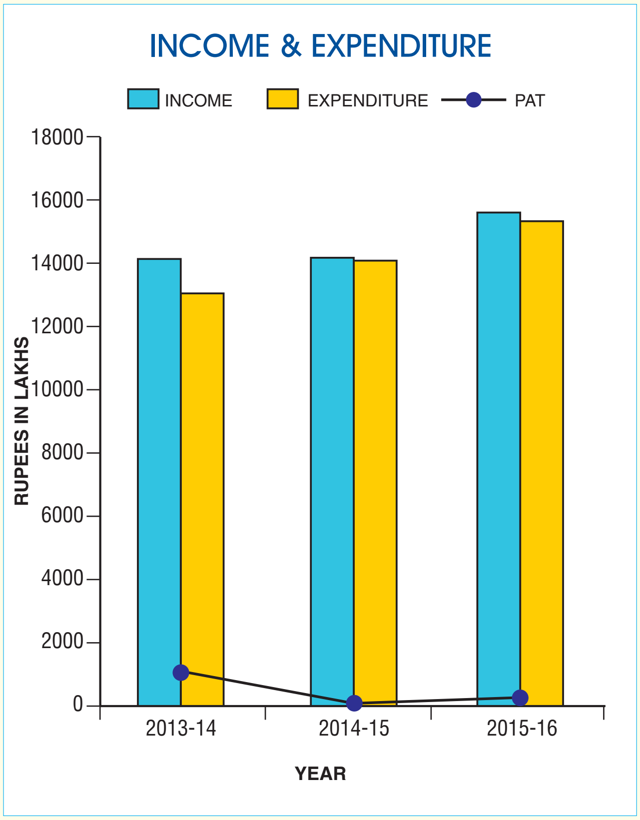
CORPORATE IDENTIFICATION NUMBER
L99999MH1951PLC008485

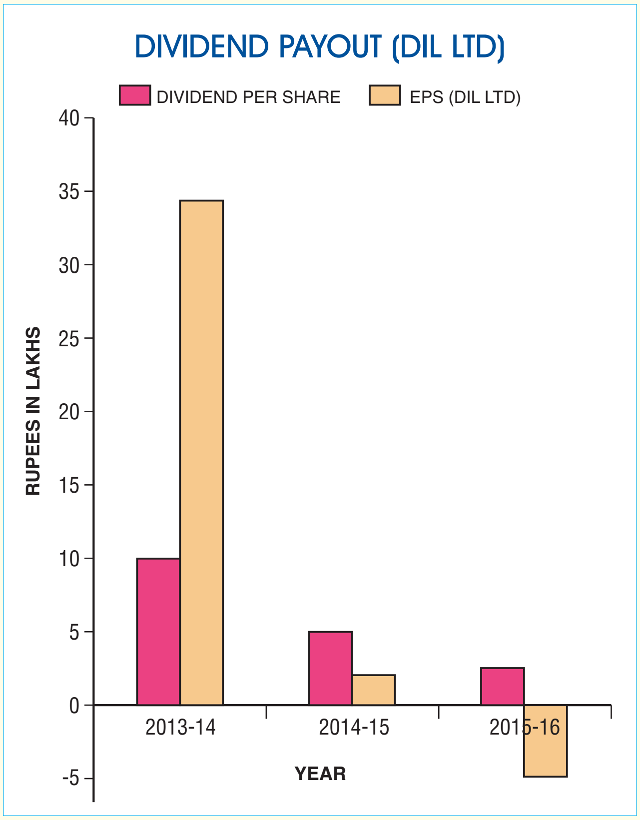
REGISTERED OFFICE
'DIL' Complex, Ghodbunder Road,
Majiwada, Thane (West) – 400 610.
Maharashtra, India.
Tel No : +91 22 6798 0800/888
Fax No : +91 22 6798 0899
E-mail : contact@dil.net

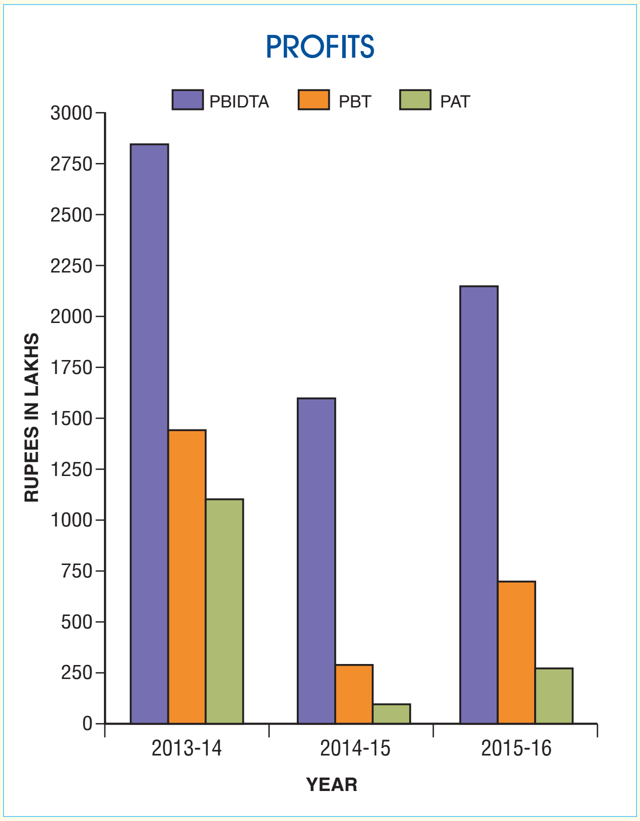
WEBSITES
www.dil.net
www.thaneone.com
www.fermentabiotech.com
www.whitestripes.biz
www.zelalife.com

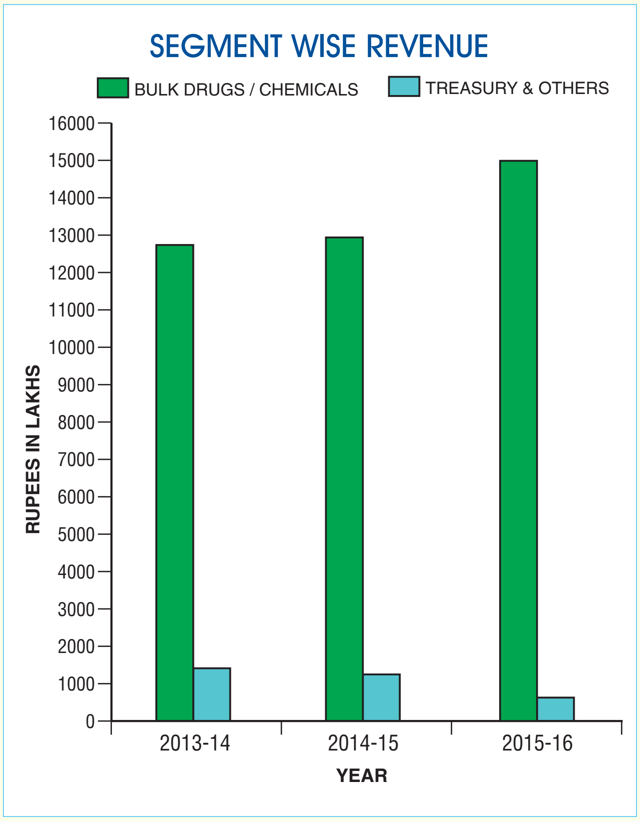
REGISTRAR AND TRANSFER AGENTS
Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai – 400 078. Maharashtra, India.
Tel No : +91 22 2594 6970
Fax No : +91 22 2594 6969
Email : rnt.helpdesk@linkintime.co.in

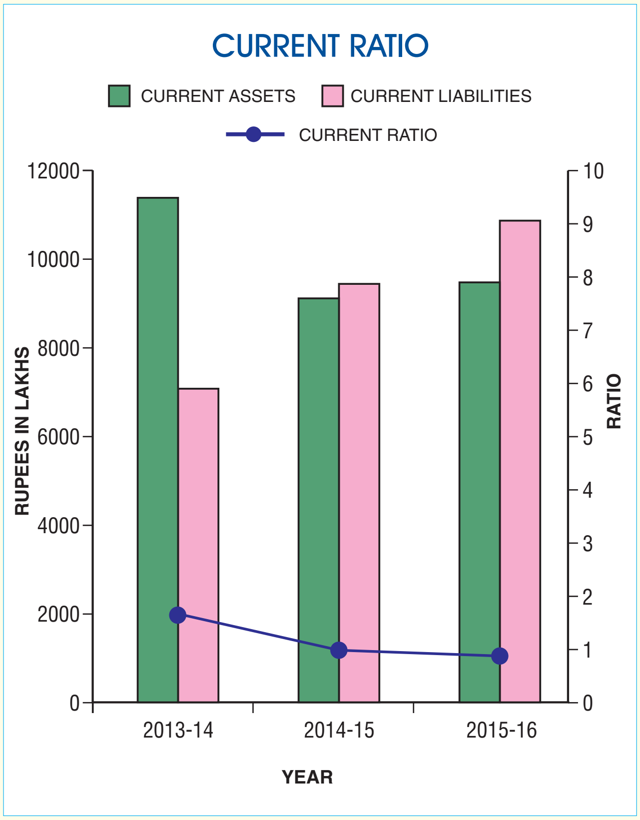
FINANCIAL HIGHLIGHTS - CONSOLIDATED

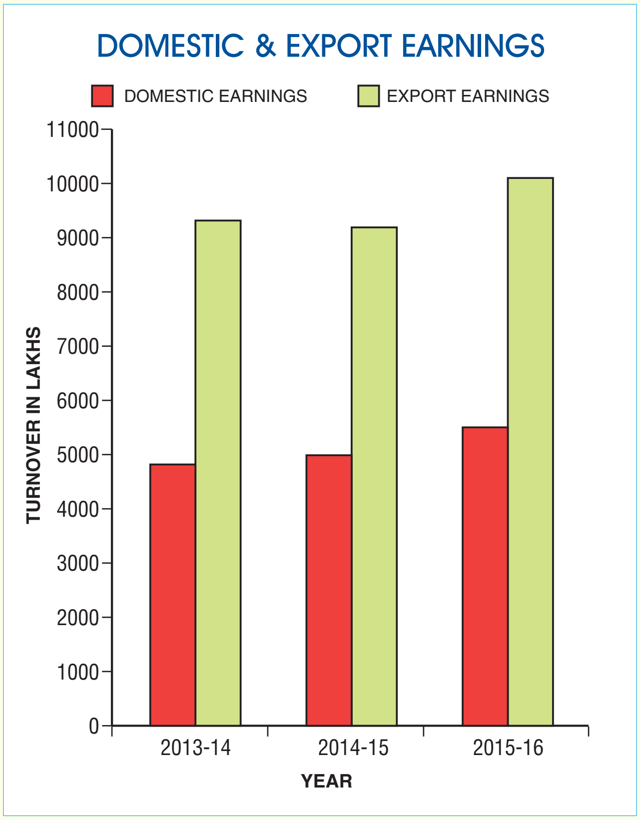


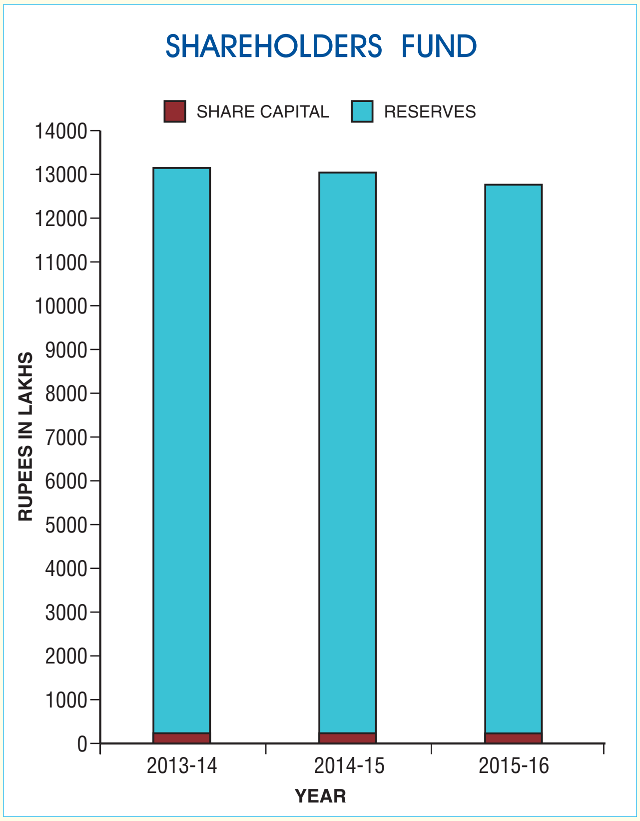







CURRENT RATIO
CURRENT ASSETS
CURRENT LIABILITIES
CURRENT RATIO
RUPEES IN LAKHS
RATIO
YEAR
2013-14
2014-15
2015-16
0
2000
4000
6000
8000
10000
12000
0
1
2
3
4
5
6
7
8
9
10


DOMESTIC & EXPORT EARNINGS
DOMESTIC EARNINGS
EXPORT EARNINGS
TURNOVER IN LAKHS
YEAR
2013-14
2014-15
2015-16
0
1000
2000
3000
4000
5000
6000
7000
8000
9000
10000
11000


SHAREHOLDERS FUND
SHARE CAPITAL
RESERVES
RUPEES IN LAKHS
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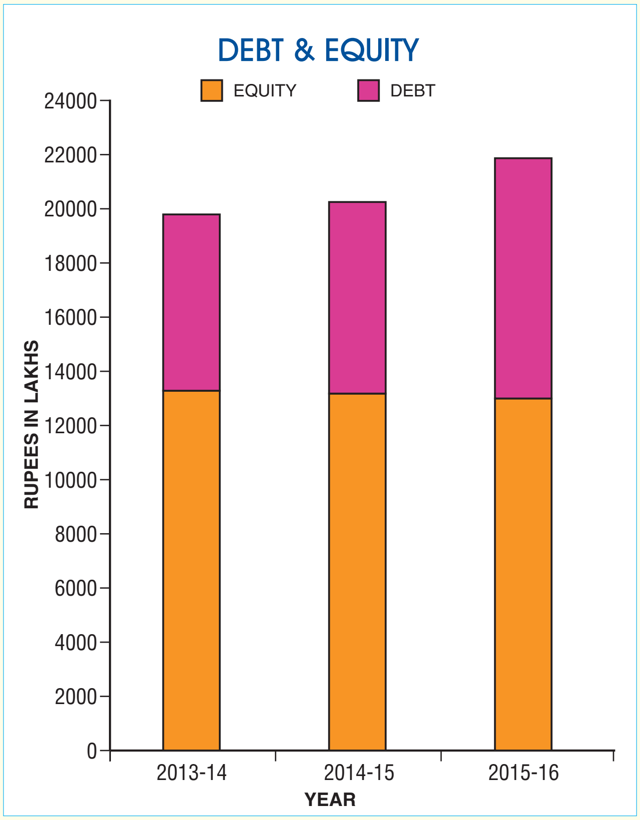
DEBT & EQUITY
EQUITY
DEBT
RUPEES IN LAKHS
YEAR
2013-14
2014-15
2015-16
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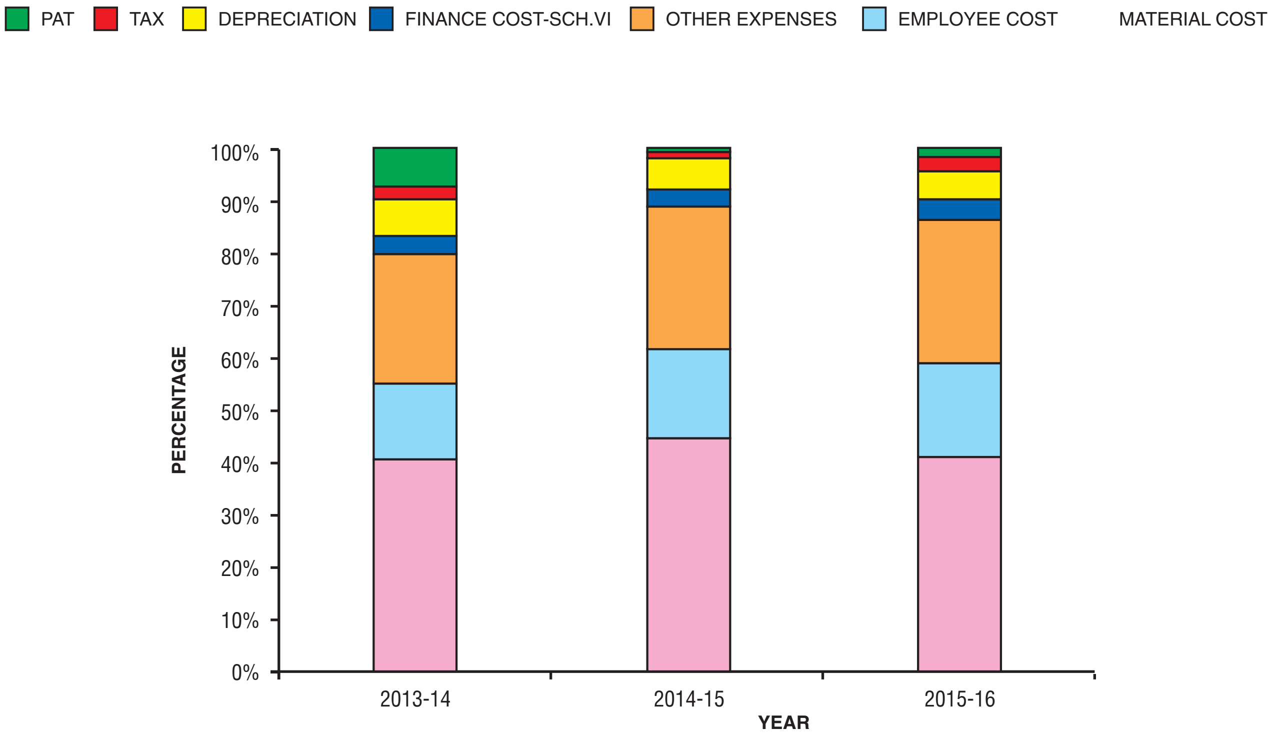
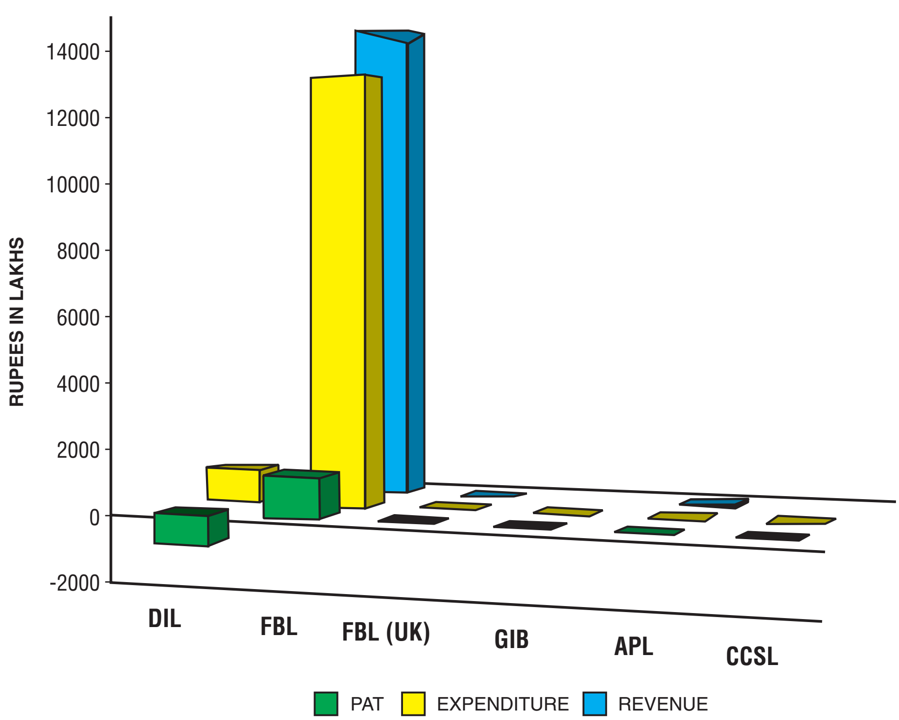
DISTRIBUTION OF REVENUE 2015-16



PERFORMANCE OF DIL & ITS SUBSIDIARY COMPANIES 2015-16



CONTENTS

DIL LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485
Regd. Office: 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W)-400 610, Maharashtra, India.
Tel: +91-22-6798 0800/888 Fax: +91-22-6798 0899 Email: contact@dil.net Website: www.dil.net

NOTICE

Notice is hereby given that the Sixty-Fourth Annual General Meeting of the members of DIL LIMITED will be held at its registered office at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West) - 400 610, Maharashtra on Tuesday, September 27, 2016 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt:

   (a) the audited Financial Statements (Standalone) of the Company for the financial year ended March 31, 2016, Reports of the Board of Directors and the Auditors thereon; and

   (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016 along with Report of the Auditors thereon.

2. To declare final dividend on equity shares (₹ 2.50 per equity share) of ₹ 10 each for the financial year ended March 31, 2016.

3. To appoint a Director in place of Ms. Rajeshwari Datla (DIN – 000046864), who retires by rotation and being eligible offers herself for reappointment.

4. To ratify the appointment of Statutory Auditors and to fix their remuneration and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) and in furtherance of the resolution passed by the members in 62nd Annual General Meeting of the Company, the appointment of SRBC & Co. LLP, Chartered Accountants (ICAI Firm Registration No: 324982E/E300003) to hold office from the conclusion of this 64th Annual General Meeting (AGM) be and is hereby ratified until the conclusion of 65th AGM of the Company, at such remuneration as may be mutually decided by the Board of Directors of the Company and SRBC & Co. LLP".

SPECIAL BUSINESS

5. To consider, and if thought fit, pass with or without modification(s), the following as a Special Resolution

   "**RESOLVED THAT** pursuant to provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or any re-enactment thereof) and the Articles of Association of the Company and subject to such other approvals and permissions as may be required, consent of the Company be and is hereby accorded to pledge, mortgage or create charge in addition to mortgage/charge created by the Company including sale or other modes of disposal of all or any part of the movables and/or immovable properties of the Company, both present and future, and on such terms and conditions as may be deemed fit and appropriate by the Board in favour of Bank(s), Financial Institution(s) and/or any other lender(s) to secure the borrowings of the Company, from time to time, upto ₹100,00,00,000 (Rupees One Hundred Crores), for the due payment / repayment of the principal amount borrowed by the Company together with its interest, charges, costs, expenses and all other monies payable by the Company;

   RESOLVED FURTHER THAT the Board of Directors including any committee thereof (hereinafter referred to as the 'Board') be and is hereby authorised to take such steps as may be necessary and to settle all matters arising out of and incidental thereto, sign and execute deeds, applications and documents that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

6. To consider, and if thought fit, pass with or without modification(s), the following resolution as an Ordinary Resolution

   "**RESOLVED THAT** pursuant to provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules prescribed thereunder, the consent of the Company be and is hereby accorded to deliver the documents to a member through a particular mode, by charging from such member, an amount equivalent to the actual expenses of documents pursuant to request made by such member for delivery of such document to him / her through such mode of service and other reasonable incidental expenses as may be incurred by the company, provided such request along with the requisite fee / expenses has been duly received by the Company at least two weeks in advance of the dispatch of the document by the Company;

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors of DIL Limited

Srikant N. Sharma
Company Secretary
Membership No: FCS - 3617

Registered Office:
'DIL' Complex, Ghodbunder Road,
Majiwada, Thane (W) – 400 610,
Maharashtra, India.

August 12, 2016.

NOTES:

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('Act') with respect to the special business set out in the Notice is annexed.

2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY, DULY STAMPED, COMPLETED, AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME FOR COMMENCEMENT OF THE 64TH ANNUAL GENERAL MEETING (AGM). A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten (10) percent of the total share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person cannot act as a proxy for any other member. Proxy submitted on behalf of any company, society, entity etc., must be supported by an appropriate resolution/ authority letter, as applicable.

3. During the period beginning 24 hours before the time fixed for the commencement of the AGM till the conclusion of the AGM, a member would be entitled to inspect the proxies received by the Company, between 9 a.m. to 6 p.m., provided that not less than three (3) days notice in writing is given to the Company.

4. The Register of members and Share Transfer Books of the Company will remain closed from Wednesday, September 21, 2016 to Tuesday, September 27, 2016 (both days inclusive) for the purpose of payment of final equity dividend for the financial year 2015-16.

5. Subject to the provisions of the Act, the final equity dividend as recommended by the Board of Directors, if declared at the AGM will be paid on or after October 3, 2016 to those members whose names appear:

   (a) in the Register of members of the Company after giving effect to valid share transfers lodged with the Company on or before Tuesday, September 20, 2016 and

   (b) as beneficial owners as at the end of business hours on Tuesday, September 20, 2016 as per the list furnished by National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) in respect of shares held in dematerialised form.

6. Members are requested to avail National Electronic Clearing Service (NECS) facility for quick remittance of dividends in order to avoid postal delay and fraudulent interception of dividend warrants. NECS mandate forms are available at the Company's Registrar and Transfer Agent (R&T Agent) website or the members may write to the R&T Agent for the same.

7. Unclaimed final dividends (2007-08) and Interim Dividend (2008-09) have already been transferred to Investor Education and Protection Fund (IEPF). Members are hereby informed that dividend, which remain unclaimed/ unencashed over a period of seven (7) years from the date of declaration, will be transferred to the IEPF as per Section 124 of the Act. Members are hereby informed that no claims will be entertained by the Company for any unclaimed dividend transferred to IEPF. The details of unclaimed dividends and its due dates for transfer to IEPF are available on the website of the Company i.e http://www.dil.net/Unpaid-Dividend.html. Members who have not claimed their dividend so far in respect of the unclaimed dividend(s) due for transfer to IEPF are requested to write to the Company's R&T Agent, well in advance of the respective due dates.

8. The profile of the Director recommended for reappointment at the AGM under item no. 3 of the Notice, as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) as specified by the Institute of Company Secretaries of India and approved by the Central Government, is furnished in the Corporate Governance Report.

9. (a) The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, and the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Act will be available for inspection at the venue of the AGM.

   (b) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on any working day excluding Saturdays, up to the date of the 64th AGM of the Company.

10. Members holding shares in physical form can avail the nomination facility by filing Form SH-13 (in duplicate) prescribed under Section 72 of the Act and Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014 with the Company or with its R & T Agent. In case of shares held in dematerialised form, the nomination may be lodged with the Depository Participant. The above form is available at the R&T Agent's website or will be made available on request.

11. The 64th Annual Report along with Notice of the AGM, 'remote e-voting procedure', Ballot Form, Attendance Slip and Proxy Form is being sent by electronic mode to those members whose e-mail addresses are registered with the Company/Depositories, unless any member has requested for a physical copy of the same. Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. To support the 'Green Initiative', members who have not registered their e-mail addresses are requested to register the same with the Company or with the R&T Agent.

12. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the Company is pleased to provide the members with the facility through which the members may exercise their vote electronically, through remote e-voting services provided by Central Depository Services Limited (CDSL), on all resolutions set forth in this Notice.

    The instructions for remote e-voting ('e-voting') are as under:

    (A) Members are requested to follow the steps as mentioned in point (i) to (xx) on page no. 139 and 140 of Annual Report and Other Instructions mentioned in point 12(B) below to cast their vote electronically (e-voting) and through ballot form.

    (B) Other instructions for e-voting:

    i. The e-voting period commences on September 24, 2016 (9.00 a.m. IST) and ends on September 26, 2016 (5.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialised form, as on September 20, 2016, may cast their vote through remote e-voting facility. The facility for remote e-voting shall remain open for not less than three days and shall close at 5.00 p.m. on September 26, 2016. Once the vote on a resolution is cast by the member, the same shall not be allowed to change it subsequently. A member may participate in the AGM even after exercising his/her right to vote through remote e-voting but shall not be allowed to vote again.

    ii. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on September 20, 2016.

    iii. In case the members have any queries or issues regarding e-voting, they may refer the 'Frequently Asked Questions' ("FAQs") and e-voting manual available at www.evotingindia.com under 'Help Section' or write an email to helpdesk.evoting@cdslindia.com.

    iv. Members who do not have access to remote e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. V. N. Deodhar (Membership No. FCS 1880), Proprietor of V.N. Deodhar & Co., Practising Company Secretaries, at the Registered Office of the Company not later than September 26, 2016 (5.00 p.m. IST). Ballot Form received after the said date shall be treated as invalid.

v. A member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot Form. If a member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot Form shall be treated as invalid.

vi. Mr. V.N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process and Ballot Forms in a fair and transparent manner.

vii. The facility for voting through Ballot Forms will be made available at the AGM. The members attending the AGM and have not voted will be able to exercise their voting rights at the AGM through Ballot Forms.

viii. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the AGM, a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.

ix. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.dil.net and on the website of CDSL, www.cdslindia.com within three days of passing of resolutions at the 64th AGM of the Company and communicated to the Bombay Stock Exchange Limited, where the shares of the Company are listed.

13. Members seeking any information or clarification on the Annual Report are requested to send written queries to the Company Secretary at the Registered Office of the Company at least one week before the date of the 64th AGM, in order to make the information available at the AGM.

14. Members / proxies are requested to bring their copies of the Annual Report along with the attendance slip, duly filled in, for attending the AGM.

15. The route map (including the prominent landmark) for easy location of the AGM venue is provided on page no 136 of the Annual report.

By Order of the Board of Directors of DIL Limited

Srikant N. Sharma
Company Secretary
Membership No.: FCS - 3617

Registered Office:
'DIL' Complex, Ghodbunder Road,
Majiwada, Thane (W) – 400 610,
Maharashtra, India.

August 12, 2016.

ANNEXURE TO NOTICE

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013 ('Act')

Item No. 5:

As per section 180(1)(a) of the Companies Act, 2013, the Board of Directors of a company shall exercise the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings, only with the consent of the Company by special resolution.

In order to meet the Company's existing and future financial requirements, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or such other Lenders as may be considered fit. The members, in the Annual General meeting of the Company held on September 30, 2015 has approved the borrowing limit of ₹100,00,00,000 (Rupees One Hundred Crores) as per the provisions of Section 180(1)(c) of the Companies Act, 2013.

In connection with the loan/credit facilities availed or to be availed by the Company, the Lenders have/ may have certain rights in respect of the Company's movable and immovable properties including the rights to sell/ dispose thereof as per the terms and conditions as may be mutually agreed between the Company and the Lender. In view of this, it is necessary to obtain approval of members pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013

The Board members recommend the resolution for approval of the members, as Special Resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in this resolution.

Item no. 6:

As per the provisions of Section 20(2) of the Companies Act, 2013, a document may be served on any member by sending it by post or by registered post or by speed post or by courier or by delivery at his/her address registered in company's records or electronic mail or other mode as may be prescribed. Further, proviso to sub-section (2) of Section 20 states that a member may request for delivery of any document through a particular mode, for which the member shall pay such fees in advance as may be determined by the members at the Annual General Meeting.

The cost of providing the documents may vary as per the mode of dispatch, weight of the document and the place of delivery of the document. Hence it is proposed that actual expenses of delivery of the documents through a particular mode and other reasonable incidental expenses as may be incurred by the Company be paid in advance by the member to the Company.

The Board recommends the Ordinary Resolution as set out in the Notice for approval of the members. None of the Directors and Key Managerial Personnel of the Company including their relatives are in any way concerned or interested in the said resolution.

By Order of the Board of Directors of DIL Limited

Srikant N. Sharma
Company Secretary
Membership No.: FCS - 3617

Registered Office:
'DIL' Complex,
Ghodbunder Road,
Majiwada,
Thane (West) – 400 610,
Maharashtra, India.

August 12, 2016.

REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors are pleased to present the 64th Annual Report along with the Audited financial statements for the financial year ended March 31, 2016.

FINANCIAL HIGHLIGHTS **(Amount - ₹ in Lakhs)**

	STANDALONE RESULTS		CONSOLIDATED RESULTS	
	2015 - 2016	2014 - 2015	**2015 - 2016**	2014 - 2015
Total Revenue	**728.14**	1,352.39	**15,606.22**	14,181.80
Total Expenditure	**1,292.99**	1,062.79	**13,460.45**	12,585.48
Profit before Interest, Depreciation, Amortization Expense and Tax ('EBIDTA')	**(564.85)**	289.60	**2,145.77**	1,596.32
Financial Cost	**176.97**	2.87	**614.69**	450.16
Depreciation and Amortization Expense	**179.52**	181.63	**835.00**	857.85
Profit before tax ('PBT')	**(921.34)**	105.10	**696.08**	288.31
Less : Provision for tax (including deferred tax)	**(7.62)**	32.24	**424.82**	192.93
Profit after tax ('PAT')	**(913.72)**	72.86	**271.26**	95.38
Minority interest	**—**	—	**(329.81)**	(7.29)
Share of interest in profit/(loss) of associates	**—**	—	**(54.87)**	(41.71)
Profit for the year	**(913.72)**	72.86	**(113.42)**	46.38
Balance brought forward *	**3,706.28**	3,771.42	**5,988.78**	6,080.40
Balance for appropriations	**2,792.56**	3,844.28	**5,875.36**	6,126.78
Appropriations				
Proposed Dividend	**(57.33)**	(114.66)	**(57.33)**	(114.66)
Dividend Distribution Tax	**(11.67)**	(23.34)	**(11.67)**	(23.34)
Balance in Statement of Profit and Loss account	**2,723.56**	3,706.28	**5,806.36**	5,988.78

* Net of adjustment of effect of depreciation

RESULTS FROM OPERATIONS

RESULTS FROM OPERATIONS

During the year under review, the Company on a Standalone basis earned revenue of ₹728.14 lakhs, (Previous year ₹1,352.39 lakhs). In 2015-16, the Company reported a loss of ₹(913.72) as against a profit after tax of ₹72.86 lakhs in the previoius year.

The Company on a consolidated basis recorded revenue of ₹15,606.22 lakhs in the financial year 2015-2016 (Previous year ₹14,181.80 lakhs). In the financial year 2015-16, the profit after tax was ₹ 271.26 lakhs as against ₹95.38 lakhs in the previous year.

DIVIDEND

Your Directors are pleased to recommend a final equity dividend of ₹2.50 per equity share of ₹10 each (25%) [previous year ₹5 per equity share] for the year ended March 31, 2016. Total cash outflow in relation to the equity share dividend will be ₹69 Lakhs (previous year ₹138 Lakhs), including dividend distribution tax of ₹11.67 Lakhs (previous year ₹23.34 Lakhs).

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the financial year 2015-16 includes financials of its subsidiaries, joint venture entities and associate entities (collectively referred as 'Subsidiaries/ Associates') i.e. Fermenta Biotech Limited, Fermenta Biotech (UK) Limited, G.I. Biotech Private Limited, Aegean Properties Limited, CC Square Films Limited (Subsidiaries), Vasko Glider s.r.o. and Agastya Films LLP (joint venture entities); Health and Wellness India Private Limited and Zela Wellness Private Limited (associate entities). The consolidated financial statements of the Company and its Subsidiaries/ Associates entities are prepared in accordance with the relevant Accounting Standards (AS) i.e. AS 21, AS 23 and AS 27, issued by the Institute of Chartered Accountants of India, provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 ('Act'), shall form part of this Annual Report.

SUBSIDIARY COMPANIES

The individual financial statements and other reports of the Company's Subsidiaries/ Associates have not been attached to the financial statements of the Company for the financial year 2015-16. Any member seeking information on the annual financial statements of the Company's Subsidiaries/ Associates may write to the Company Secretary at the registered office of the Company.

The financial information of the Company's Subsidiaries/ Associates provided in this section may be read along with the information provided under the heading 'Consolidated Financial Statements' of this report. In accordance with the provisions of section 129 (3) of the Act, read with Rule 5 and Rule 8 of the Companies (Accounts) Rules, 2014 [as amended from time to time], the Company has attached a separate statement, containing salient features of the financial statements of Company's Subsidiaries/ Associates in Form AOC I on page no. 30, of this report.

Agastya Films LLP, a film production entity, was incorporated on November 20, 2015 under the Limited Liability Partnership Act, 2008. Your Company is a partner in Agastya Films LLP, holding 50% of the total capital in Agastya Films LLP.

During the year under review, no company has become or ceased to be a subsidiary, joint venture entity or associate entity, except as mentioned above.

The financial statements of the Company's Subsidiaries/ Associates will be kept open for inspection at the registered office of the Company, from 9.00 a.m. to 5.00 p.m. on all working days, except Saturdays and Sundays, up to the date of the 64th AGM of the Company.

The standalone and consolidated financial statements of the Company, along with the financial statements of the Company's Subsidiaries/ Associates and its related information as attached to this report, have been uploaded on the website of the Company (www.dil.net).

Members interested in obtaining copies of the annual financial statements of each of the Company's Subsidiaries/ Associates, may write to the Company Secretary at the registered office address of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The operations of your Company during the financial year 2015-16 mainly include:

a. Ongoing Strategic investments in pharmaceuticals and wellness management;

b. Pharmaceuticals; Research, development and product delivery across biotechnology and environmental solutions are pursued through its subsidiary, Fermenta Biotech Limited (FBL); and

c. Property rentals, treasury operations and production of motion pictures.

This MD&A section as discussed below, includes the management perspective and operational performance of the Company and its subsidiary, FBL.

The MD&A pertaining to pharmaceutical, biotech and environmental solutions are as follows:

Industry perspective:

In the backdrop of reforms initiated by the new government, interspersed with improved economic scenario, the Indian pharmaceutical sector is poised to consolidate its position as a key contributor to the global pharmaceutical industry. The Indian pharmaceutical sector accounts 2.4% of the global pharmaceutical industry in terms of value and 10% in terms of volume, including 20% contribution in global generics export. Factors like increased incidence of lifestyle and age related diseases have propelled the market demand dynamics while the improved technology in Active Pharmaceutical Ingredients (API) manufacturing processes with integrated novel processes including enzymatics have helped greatly to bridge the supply demand gap. The global API market is expected to touch US$ 2051.51 billion by 2020 from US$ 150 billion in 2015, with an expected Compound Annual Growth Rate (CAGR) of 6.5% during the forecasted period.

Indian biotechnology space is on a growth trajectory and has competitive advantage to expand across different business verticals in the ensuing years. Presently, the Indian biotech sector accounts 2% of the global biotech business. The Indian biotechnology industry, is valued at US$ 7 billion and growing at a CAGR of 30%.

The active participation of the Government in effectively implementing the waste water discharge norms across municipal bodies, industrial, commercial and residential users has been the proactive driver for expanding the environmental solution segment. The above initiatives combined with public awareness and the accessibility to new age remediation technologies have nurtured a conducive environment for public-private participations as well as large scale corporate commitment in this segment.

Performance:

Despite the sustained business challenges, FBL stood its ground to post a standalone gross revenue of ₹14,973.46 lakhs, (Previous year ₹12,931.10 lakhs). The profit before tax for the year under review was ₹1,617.54 lakhs (previous year ₹189.40 lakhs) and profit after tax was ₹1,188.92 lakhs for the year under review as against ₹32.60 lakhs in the previous year.

FBL's consolidated financials recorded revenue of ₹14,974.60 lakhs in the financial year 2015-2016 (Previous year ₹12,931.10 lakhs). The profit after tax was ₹1,180.76 lakhs as against ₹25.43 lakhs in the previous year.

Opportunities and Outlook:

The Indian pharmaceutical sector is growing at CAGR of 16.5%. Sustained and balanced growth is driven by various market demands like more prevalent lifestyle diseases, prolonged diseases management, affordable health care coupled with health insurance spectrum and preventive medicines. Cost advantages and availability of technical and skilled personnel in India are the key factors in projecting India as a major manufacturing hub for generic. India's generic accounts 20% of global exports in terms of volume, making our country as the largest provider of generic medicines globally.

The global industrial enzyme market is growing at a CAGR of 5%, which spans across various segments like food, pharma, textiles, feed and fine chemicals. The Indian enzyme players are experiencing a critical business momentum towards focused R&D and knowledge based innovation efforts in providing novel, eco-efficient enzymatic solutions to enable competitively sustainable processes. The industrial biocatalysis using enzymes for various antibiotics as well as valued added products is at a tipping point, which has already gone as a mainstream process and the commitment of more players into this new age manufacturing platform adds fillip to business competitiveness.

Stringent implementation of waste disposal standards across various industries, in combination with increased government participation on water reuse and recycling, is widening the business horizon for water & waste management and recycling segments. With a market size of over US$ 4 billion, the Indian water and wastewater market is growing at 10-12 % a year.

Moving forward, FBL's increased production capacity combined with process efficiency will help to consolidate and to sustain its competitiveness advantages, amortize fixed cost effectively and will enhance the confidence of clients seeking long term supply arrangements. FBL continues to improve its innovation, overall operational efficiency, widen its distribution network and to achieve increased market footprints, globally.

Threats and Concerns:

The Indian pharmaceutical industry has been facing stiff competitions from its Asian competitors which may be a constant feature going forward. Indian APIs manufacturers are working on various methods to mitigate the competitive strategies of the Asian competitors and one such major attempt is to reduce its dependency in relation to import of bulk drugs from Asian competitors.

Aggressive marketing strategy from principal competitors could affect short term realizations of FBL. Volatile price fluctuations of key raw materials may affect the overall pricing in general and more specifically of enzymatic products.

Implementation of environment projects with stringent regulatory norms and adherence to timelines has been challenging. Procuring and executing customized projects with specific requirements would be the key to stay competitive in environment business.

PROPERTY DEVELOPMENT AND RENTALS

Industry Perspective:

As reported earlier, the Government of Maharashtra introduced its new Information Technology/ Information Technology Enabled Services (IT/ITES) Policy in 2015. Further, in 2016, the Maharashtra Government has substantially broadened the definition of 'back office operation' by amending the IT/ITES Policy, 2015. The new back office operation definition includes administrative and support services of banks, insurance companies, mutual fund and non-banking finance companies and other support services.

With the introduction of the Real Estate (Regulation and Development) Act, 2016; this sector will witness regulated protection of interests of stakeholders and promote overall growth of the real estate sector in India.

The Union Budget 2016 has been reasonably conducive to real estate segment by taking into consideration some of the sector's requirement though not in entirety. Fast growth of infrastructure, competitive rentals, better connectivity and proximity to important commercial and industrial areas in the Mumbai Metropolitan region, Thane's commercial office sector expects significant gains in the coming years.

Performance:

In 2015-16, your Company reported a decrease in rental income from ₹1,065.54 lakhs in the previous year to ₹613.31 lakhs in the year under review. Low revenue earnings in this segment are mainly due to the impact of no rent fit out period in Thane One, non renewal/termination of existing Licence agreements and stagnancy in rental income from Company's property.

The Occupation certificate for the Company's IT/ITES project, Thane One was issued by the Thane Municipal Corporation on December 31, 2015.

Opportunities and Outlook:

Planned developments, easy connectivity, good infrastructural supports and working class residents have projected Thane as a viable option to corporate houses to relocate their offices in and around Thane. Competitive rentals and minimizing commuting time between office and home – walk to work concept – in Thane are viewed positively by the business entities. These developments, coupled with overall improvement in the office space rentals and the convenient location of Thane One, would contribute to yield better rentals in Thane One office space activities.

Challenges and Concerns:

Delays in government approvals process and lack of a single-window clearance system mainly hinder completion of projects as per the planned time schedule. Delay in completion of projects leads to escalation of total project cost *vis a vis* interest cost. High cost of borrowings is also a major challenge to the real estate sector. Matching needs of demanding and cost conscious clients and to close such transactions is challenging in the growing and competitive office rental space.

ENTERTAINMENT DIVISION

(WHITE STRIPES ENTERTAINMENT):

Industry Perspective:

The Indian media and entertainment sector grew 12% to reach $25.13 billion (₹1.68 trillion) in 2015, according to Pricewaterhouse Coopers (PwC)'s Global Entertainment and Media Outlook 2016-20. This industry is expected to exceed US$ 40 billion by 2020 growing at an average annual rate of 10.3% between 2016 and 2020. In terms of admission, India will remain the largest cinema market in the world till 2020 , with a CAGR of 6.6%.

Performance:

In 2015-16, the Company has entered into a strategic partnership with an Indian entity to produce a hindi film which is currently under production. Creating good content and owning intellectual rights are the areas identified by the company to meet the future industry requirement and to mitigate the challenges of the industry in order to expect good returns in the future.

Opportunities and Outlook:

The Indian film industry is expected to touch US$3.4 billion by 2019, at a CAGR of 11.2 per cent. Increasing digital screens and innovative screening of films are expected to propel the growth of the industry. Government's policies like ease of doing business and amending regulations to suit the requirements of the entertainment industry will foster the growth of the sector. With these changing industry landscapes, White Stripes would evaluate projects, including the strategic partnership with an international production house for the Company's remake rights.

Concerns and challenges:

Considering the population and appetite for cinema, India remains underserved in terms of multiplexes and screens in the country. Screen growth, high tax structure and real estate prices are impacting the growth of the entertainment industry. Increased competition from regional and foreign films and menace of piracy has been affecting the revenues of this industry. Unless the film fraternities join hand, piracy shall remain a nagging problem.

Treasury Operations:

As reported earlier, the Company has been divesting its mutual funds and fixed deposits investments on need basis to meet the project cost of Thane One. In the year under review, the investment committee evaluated investment proposals in terms of the approved principles and statutory regulation governing such investments. In 2015-16, the revenue earned from treasury operations dropped to ₹114.64 lakhs (Previous year ₹281.25 lakhs), mainly due to divestment of investment corpus.

INTERNAL CONTROL SYSTEMS

The Company maintains appropriate internal control systems, commensurating to its size, nature of operations, reporting(s) and compliance with applicable laws and Company's procedures. The Company's internal control systems are routinely tested and certified by Statutory as well as Internal Auditors. During the year under review, the Company's Internal auditors, M. M. Nissim & Co., Chartered Accountants, conducted and reported the effectiveness and efficiency of these systems including the adherence of procedures as per the policies of the Company.

The Company has a well staffed, experienced and qualified Finance Department who plays an important role in implementing and monitoring the internal control procedures and compliance with statutory requirements. The Audit Committee and the Board of Directors reviews the report(s) of the independent Internal Auditor at regular intervals along with the adequacy and effectiveness of Internal Control systems and suggest improvements and corrective actions.

HUMAN RESOURCES

The Company continues to focus on-the-job trainings, competency building, reward and retention programmes. Mapping competencies and performance management of employees are conducted through various innovative programmes for development and operational growth of the employees and the Company.

The Company conducts various relation building activities outside of routine job responsibilities with an objective to improve employees' motivation and to reinforce employer and employees trusting relationship.

Your Company in the financial year 2015-2016 closed with a stable headcount of 43 personnel across all levels.

The provisions of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules') read with Section 197 (12) of the Act is not applicable, as no employee of the Company has received remuneration equivalent or exceeding the limits specified therein, during the year under review.

The information required under Rule 5(1) of the aforesaid Rules read with Section 197 (12) of the Act in respect of ratio of the remuneration of each director to the median employee's remuneration and other details (collectively referred as 'Employee Information') forms part of this report. However, in terms of Section 136 of the Act, this report including financial statements is being sent to the members and others entitled thereto, excluding the Employees Information. Members can inspect the said information at the Registered Office of the Company during business hours on any working day (excluding Saturdays) up to the date of this 64th Annual General Meeting (AGM) or can obtain its copy by writing to the Company Secretary at the registered office address of the Company.

Your Company continues to provide a safe working environment for its employees. The Company has framed a code on 'Redressal of Grievances regarding sexual harassment' and has constituted an 'Internal Complaints Committee' for redressal of grievances as per the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made there under. There were no cases / grievances reported or pending during the year under review.

INFORMATION TECHNOLOGY:

Information Technology (IT) continues to support business operations in the Company, through continued investment in the enterprise wide ERP platform including Data Reporting. The Company's IT Team manages various locations with state-of-the-art technology and has been incorporating new technologies into the system. In addition, mobility solution and support has played a key role in achieving improved deliverables in Company's operations and objectives. Your Company continues to drive resilience through targeted remediation of high risk operating systems, applications and its related areas. Annual Application & Control audits are undertaken to ensure consistent remediation of any business and process risks. Alongside the investment in technology, the Company is also improving its service management processes to prevent any defects in the IT environment and to enable faster resolution of any such incidents with minimum business disruption.

DEPOSITS

In 2015-16, your Company has not accepted any fixed deposits and no principal or interest is due to the public as on March 31, 2016.

CREDIT RATING

During the year under review, the Company has received 'Long Term' Credit rating of 'CRISIL BB+/Stable' as reaffirmed by CRISIL. This rating reflects moderate risk of default regarding timely servicing of financial obligations.

DIRECTORS

Independent Directors:

The Independent Directors have made declarations to the Company, confirming that the conditions of independence laid down in sub section 6 of section 149 of the Act and Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 are duly complied.

Retirement by rotation:

Ms. Rajeshwari Datla (DIN – 00046864), retires by rotation at the Annual General Meeting and being eligible, offers herself for re-appointment. Brief profile of Ms. Rajeshwari Datla is provided on page no. 33 of this Annual Report.

Directors and Key Managerial Personnel:

No Director or Key Managerial Personnel resigned or was appointed during the year under review.

AUDITORS

The members in the 62nd AGM of the Company held on September 24, 2014 approved the appointment of SRBC & Co. LLP, Chartered Accountants (ICAI Firm Registration No: 324982E/E300003) as Statutory Auditors of the Company to hold office from the conclusion of 62nd Annual General Meeting (AGM) until the conclusion of 65th AGM of the Company in place of the retiring Auditors, S.R. Batliboi& Associates LLP, Chartered Accountants (Firm Registration no. 101049W), subject to ratification by the members at every AGM of the Company. SRBC & Co. LLP has expressed its willingness and confirmed its eligibility to act as Statutory Auditors of the Company for the financial year 2016-17. The qualifications made by the Auditors in their report and the justification of the Board is provided in Page No. 39 of this Annual Report.

SECRETARIAL AUDIT REPORT

The Board of Directors has appointed Mr. V. N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries as Secretarial Auditor of the Company for the financial year 2015-16 as per the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Secretarial Auditor has submitted an unqualified report and is annexed to this Board's report as Annexure IV. The Secretarial Audit report forms part of this Board's report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of sub-section 5 of Section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

i) In the preparation of the annual accounts for the financial year ended March 31, 2016 the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates are made prudently and reasonably so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;

iii) Proper and sufficient care has been taken for the 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 fraud and other irregularities;

iv) The annual accounts for the financial year ended March 31, 2016 have been prepared on a 'going concern' basis.

v) Proper internal financial controls are devised to ensure compliance with the provisions of all applicable laws and that such internal financial controls were adequate and operating effectively.

vi) Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2016

The details forming part of the extract of the annual return is enclosed as Annexure II to this Report and forms part of this Report.

INSIDER TRADING CODE

Pursuant to provisions of SEBI (Prohibition of Insider Trading) Regulation, 2015, your Company has adopted (a) Code of Conduct to regulate, monitor and report trading by Insiders, applicable to Promoters, Promoter's Group, Directors and such Designated Employees who are expected to have access to unpublished price sensitive information of the Company; and (b) 'The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)' .

The aforesaid Codes are displayed on the Company's website i.ehttp://www.dil.net/Company-Policies.html

NOMINATION AND REMUNERATION POLICY

The Nomination and Remuneration policy of the Company ('Remuneration Policy') *inter alia*, lays down the criteria for (a) appointment and payment of remuneration to Directors, Key Managerial Personnel and senior management of the Company; (b) criteria for appointment of Independent Director; and (c) evaluation of performance of Directors.

The brief details of the Remuneration Policy including the manner in which evaluation of Directors is conducted are provided in the Corporate Governance report, as annexed to this report. The Remuneration Policy can be viewed at Company's website at http://www.dil.net/Company-Policies.html.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013, as on March 31, 2016 are as follows:

Particulars	Amount (₹ in lakhs)
Loans given	13
Investment made	268
Corporate Guarantee given	-

RELATED PARTY TRANSACTIONS

All related party transactions entered into during the year under review were on arms length basis and in the ordinary course of business. During the year under review, the Company has not entered into any material related party transaction. In view of this, disclosure in form AOC-2 is not applicable to the Company.

The brief details of the Company's policy on dealing with Related Party transactions (RPT Policy) are covered in Corporate Governance report. The RPT policy can be viewed at the Company's website at http:// www.dil.net/ Company-Policies.html

INFORMATION IN ACCORDANCE WITH PROVISION OF SECTION 134(3)(m) OF THE COMPANIES ACT, 2013:

(A) Conservation of energy and Technology absorption

Information in accordance with provision of Section 134(3)(m) of the Act, with respect to Conservation of energy and technology absorption is not applicable to the present activities of the Company.

(B) Foreign Exchange Earnings and Outgo

During the year under review, there were no Foreign Exchange earnings. Foreign Exchange outgoings are provided in Note No. 38 to the Financial Statements.

CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 4 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Corporate Governance Report along with the Corporate Governance Certificate issued by Mr V. N. Deodhar (Membership No. FCS-1880), Proprietor of V.N. Deodhar & Co, Practising Company Secretaries is provided in Annexure III and forms part of their Report.

Details of number of Board meetings, composition of the Audit Committee, details of risk management policy and establishment of Vigil Mechanism as required under the Companies Act, 2013 are provided in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Annual Report on CSR as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure - 1 and forms an integral part of this Report.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in business and in the nature of business of your Company during the year under review.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There was no significant and material order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations during the year under review.

ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation to the employees of the Company at all levels, members, bankers, financial institutions, regulatory bodies and other business associates for their support during the year under review.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions and/or in this report may be 'forward-looking statements' within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed in the statements.

For and on behalf of the Board of Directors

Sanjay Buch
Chairman

Registered Office :
'DIL' Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610,
Maharashtra, India.

August 12, 2016.

Annexure I :

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

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

   Continuing with the legacy of practicing CSR activities of our founder members, the Company has been committed to the cause of CSR for many years. Over the years, CSR activities of the Company have diversified and expanded into new communities and in turn benefitted more and more stakeholders. Today our Company firmly believes that corporate citizens have a vital role to play in empowering and enriching the communities and its stakeholders.

   Brief of the CSR activities for financial year 2015-16, as was approved by the CSR Committee and Board of Directors of the Company:

   (a) Contribution to Prime Minister's National Relief Fund as relief measures

   (b) Supported infrastructure facilities for orphanage in Thane.

   CSR policy of the Company can be viewed at http://www.dil.net/Company-Policies.html

2. The composition of CSR Committee as on March 31, 2016 is as follows :

   Mr. Sanjay Buch - Chairman
   Mr. Vinayak Hajare - Member
   Mr. Krishna Datla - Member
   Mr. Satish Varma - Member

3. The role of CSR Committee is as follows:

   a. Formulating and recommending to the Board the CSR Policy and activities to be undertaken by the Company.
   b. Recommending the amount of expenditure to be incurred on CSR activities of the Company.
   c. Reviewing the performance of Company in the area of CSR,
   d. Providing external and independent oversight and guidelines on the environmental and social impace of how the Company conducts its business,
   e. Monitoring CSR Policy of the Company from time to time,
   f. Monitoring the implementation of the CSR projects or programs or activities undertaken by the Company,

4. Average net profit of the company for last three financial years: ₹325.31 lakhs

5. Prescribed CSR Expenditure (two per cent of the amount as in item 4 above): Budgeted amount of ₹ 6.51 lakhs towards CSR activities including administrative expenditure not exceeding 5% of the CSR expenditure as actually incurred in the financial year 2015-2016.

6. Details of CSR spent during the financial year: ₹ 5.15 lakhs

   (a) Total amount to be spent for the financial year: ₹ 6.51 lakhs

   (b) Amount unspent, if any: ₹1.36 lakhs*

   * As on the date of this report, there is no unspent amount, as ₹ 1.36 lakhs has been contributed to the Prime Minister's National Relief Fund.

(c) Manner in which the amount spent during the financial year 2015-16 is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Sector in which the Project is covered	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency
1	Contribution to the Prime Minister's National Relief Fund as relief measures	New Delhi	Contribution to the Prime Minister's National Relief Fund set up by the Central Government	₹ 2,00,000	Direct expenditure on projects	₹ 2,00,000	Direct
2	Supported infrastructure facilities for orphanage in Thane	Thane	Support for infrastructure facilities for an orphanage	₹ 3,14,650	Direct expenditure on projects	₹3,14,650	Direct

7. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

   As on the date of this report, there is no unspent amount as ₹1.36 lakhs has been contributed to the Prime Minister's National Relief Fund.

8. The Chairman of the CSR Committee has given the responsibility statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Krishna Datla (Managing Director)

Sanjay Buch (Chairman CSR Committee)

Thane, August 12, 2016.

Annexure: II

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2016
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT – 9

I. REGISTRATION AND OTHER DETAILS:

1	CIN	L99999MH1951PLC008485
2	Registration Date	01/05/1951
3	Name of the Company	DIL LIMITED
4	Category / Sub-Category of the Company	Category: Company limited by shares Sub-category: Indian non-government company
5	Address of the Registered office and contact details	DIL Complex, Ghodbunder Road, Majiwada, Thane (West), Maharashtra – 400 610, India Tel: +91-22-6798 0800/888 Fax: +91-22-6798 0899 Email: contact@dil.net Website: www.dil.net
6	Whether listed company: Yes / No	Yes
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai – 400 078, Maharashtra, India Tel: 91 22 25946970 Fax: 91 22 25946969 Email: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Rental and leasing activities	77	84.25%
2	Treasury operations	66	15.75%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
	Holding Company:				
1.	DVK Investments Private Limited #	U67120MH2003PTC141695	Holding Company	53.91%	Section 2(46)
	Direct Subsidiaries:				
2	Aegean Properties Limited #	U45200MH1995PLC084766	Subsidiary Company	100%	Section 2(87)
3	CC Square Films Limited #	U93000MH2011PLC212089	Subsidiary Company	100%	Section 2(87)
4	Fermenta Biotech Limited (FBL) #	U99999MH1986PLC134021	Subsidiary Company	70.15% (refer Note below)	Section 2(87)
	Step down Subsidiaries:				
5.	Fermenta Biotech (UK) Limited Charter House, 8-10 Station Road, Manor Park, London-E12 5BT	Foreign Company Registration No.: 3308303	Subsidiary Company [100% subsidiary of FBL]	–	Section 2(87)
6.	G. I. Biotech Private Limited #	U24230MH2004PTC148220	Subsidiary Company [62.50% subsidiary of FBL]	–	Section 2(87)
	Associate Entities:				
7	Health and Wellness India Private Ltd. Zela Health Clubs, No. 133 & No. 133/1, Residency Road, Bangalore - 560025	U85100KA2008PTC047190	Associate Company	47.15%	Section 2(6)
8	Zela Wellness Private Limited 9th Floor, The Residency, 2, Residency Road, Bangalore – 560025	U74900KA2012PTC063026	Associate Company	49%	Section 2(6)
9	Vasko Glider s.r.o. Kladno, Cyrila Boudy 1444, Post code – 27201, Czech	Foreign Company ID: 27217027	Joint Venture Entity	50%	Section 2(6)
10	Agastya Films LLP#	AAF-1964	Joint Venture Entity	50%	Section 2(6)

\# All having their registered office address at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane(W), Maharashtra - 400610

Note: Includes shares issued by FBL to FBL ESOP Trust pending implementation of ESOP plan.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity Share Capital)

i) Category–wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physi-cal	Total	% of total shares	Demat	Physi-cal	Total	% of total shares	
A. PROMOTERS									
(1) Indian									
a) Individual/ HUF	1,99,085	–	1,99,085	8.68	1,99,085	–	1,99,085	8.68	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	12,36,235	–	12,36,235	53.91	12,36,235	–	12,36,235	53.91	–
e) Banks / FII	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	**14,35,320**	**–**	**14,35,320**	**62.59**	**14,35,320**	**–**	**14,35,320**	**62.59**	**–**
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRIs – Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub–total (A)(2)	**0**		**0**	**0**	**0**		**0**	**0**	**0**
Total shareholding of 'Promoter (1+2)	**14,35,320**	**-**	**14,35,320**	**62.59**	**14,35,320**	**-**	**14,35,320**	**62.59**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	10	7	17	0	10	7	17	0	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others :Foreign Bank	–	157	157	0.01	–	157	157	0.01	–
Sub–total (B)(1)	**10**	**164**	**174**	**0.01**	**10**	**164**	**174**	**0.01**	**–**
2. Central Government/ State Government(s)/ President of India	–	–	–	–	–	–	–	–	–
Sub–total (B)(2)	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
3. Non Institutions									
a) Bodies Corp.									
i) Indian	1,00,155	1,167	1,01,322	4.42	92,490	1,167	93,657	4.08	(0.34)
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	4,43,073	77,058	5,20,131	22.68	4,07,499	75,477	4,82,976	21.06	(1.62)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,31,491	-	2,31,491	10.09	2,36,391	-	2,36,391	10.31	0.22
c) Others:									
Clearing member	847	-	847	0.04	13,231	-	13,231	0.58	0.54
NRI (repatriable)	1,134	82	1,216	0.05	988	82	1,070	0.05	–
Non resident (non repatriable)	2,697	-	2,697	0.12	7,547	-	7,547	0.32	0.20
Hindu Undivided Family (HUF)	-	-	-	-	22,832	-	22,832	1.00	1.00
Sub–total (B)(3)	**7,79,397**	**78,307**	**8,57,704**	**37.4**	**7,80,978**	**76,726**	**8,57,704**	**37.4**	**–**
Total Public Shareholding (B)=(B)(1) + (B)(2) + (B)(3)	**7,79,407**	**78,471**	**8,57,878**	**37.41**	**7,80,988**	**76,890**	**8,57,878**	**37.41**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**22,14,727**	**78,471**	**22,93,198**	**100**	**22,14,727**	**78,471**	**22,93,198**	**100**	**–**

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at beginning of the year			Shareholding at the end of the year			
		No. of shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of shares	% of total Shares of the company	% of shares Pledged/ encumbered to total shares	% Change in shareholding during the year
1	DVK Investments Private Limited	12,36,235	53.91	–	12,36,235	53.91	–	–
2	Mr. Krishna Vasantkumar Datla	1,99,085	8.68	–	1,99,085	8.68	–	–

(iii) Change in Promoters' Shareholding:

There is no change in the Promoters' shareholding during the financial year 2015-16.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.15)/ end of the year (31.03.16)		Date	Increase/ (Decrease)	Reason: Purchased(P)/ Transfered(T)	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company				No . of shares	% of total Shares of the company
1	RAKESH KANTILAL SHAH	85002	3.71	01.04.15				
		85002	3.71	31.03.16			85002	3.71
2	MAHAVIR L MEHTA	25058	1.09	01.04.15				
				04.12.15	1500	P	26558	1.16
				29.01.16	100	P	26658	1.16
				05.02.16	100	P	26758	1.17
				19.02.16	1050	P	27808	1.21
		27918	1.22	31.03.16	110	P	27918	1.22
3	ANUPAMA DATLA DESAI	26499	1.16	01.04.15				
		26499	1.16	31.03.16			26499	1.16
4	IMRAN S CONTRACTOR	24219	1.06	01.04.15				
		24219	1.06	31.03.16			24219	1.06
5	NAJMUDDIN GULAMHUSEIN KHERAJ	20000	0.87	01.04.15				
				05.06.15	1500	P	21500	0.94
				19.06.15	100	P	21600	0.94
				17.07.15	150	P	21750	0.95
				20.09.15	40	P	21790	0.95
				19.02.16	111	P	21901	0.96
				26.02.16	139	P	22040	0.96
		22040	0.96	31.03.16	-	-	22040	0.96
6	ASHMAVIR FINANCIAL CONSULTANTS PRIVATE LIMITED	15126	0.66	01.04.15				
		15126	0.66	31.03.16	-	-	15126	0.66
7	DOTCH SALES PRIVATE LIMITED	15000	0.65	01.04.15				
		15000	0.65	31.03.16	-	-	15000	0.65
8	RAHAT HASSAN THARANI WITH IMRAN SHAUKAT CONTRACTOR	11151	0.49	01.04.15				
		11151	0.49	31.03.16	-	-	11151	0.49
9	PREETI THAKKAR	11057	0.48	01.04.15				
		11057	0.48	31.03.16	-	-	11057	0.48
10	DUPEN LABORATORIES PRIVATE LIMITED	10364	0.45	01.04.15				
		10364	0.45	31.03.16	-	-	10364	0.45

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Date	Increase/ (Decrease)	Reason: Purchased (P) / Transfered (T)	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company				No . of shares	% of total Shares of the company
1.	KRISHNA DATLA	1,99,085	8.68	01.04.15				
		1,99,085	8.68	31.03.16	–	–	1,99,085	8.68
2.	RAJESHWARI DATLA	28,665	1.25	01.04.15				
		28,665	1.25	31.03.16	–	–	28,665	1.25

V. INDEBTEDNESS

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

(₹ in Lakhs)

Indebtedness at the beginning of of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	3,535.27	–	–	3,535.27
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	9.76	–	–	9.76
Total (i+ii+iii)	3,545.03	–	–	3,545.03
Change in Indebtedness during the financial year				
– Addition	2,454.27	244.23	–	2,698.50
– Reduction	1,016.14	–	–	1,016.14
Net Change	1,438.13	244.23	–	1,682.36
Indebtedness at the end of the financial year				
i) Principal Amount	4,973.39	244.23	–	5,217.62
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	16.90	1.75	–	18.65
Total (i+ii+iii)	4,990.29	245.98	–	5,236.27

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager:

Sl. No.	Particulars of Remuneration	Name of Managing Director
		Mr. Krishna Datla
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	 ₹ 66,72,836 ₹ 3,56,414
2.	Stock Option	–
3.	Sweat Equity	–
4.	Commission – as % of profit – others	 – –
5.	Others (Contribution to funds)	₹ 9,46,715
	Total (A)	**₹ 79,75,965**
	Ceiling as per the Act	The total remuneration paid to the Managing Director is within the limits prescribed under the Companies Act, 2013

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors	Mr. Sanjay Buch	Mr. Vinayak Hajare	
	• Fee for attending board / committee meetings· • Commission • Others	₹1,80,000 – –	₹1,80,000 – –	₹3,60,000 – –
	Total (1)	**₹1,80,000**	**₹1,80,000**	**₹3,60,000**
2.	Other Non-Executive Directors	Ms. Rajeshwari Datla	Mr. Satish Varma	
	• Fee for attending board/ committee meetings • Commission • Others	₹1,45,000 – –	₹1,30,000 – –	₹2,75,000 – –
	Total (2)	**₹1,45,000**	**₹1,30,000**	**₹2,75,000**
	Total (B) = (1+2)			**₹6,35,000**
	Total Managerial remuneration (A+B)			**₹86,10,965**
	Ceiling as per the Act	The total fees to Directors payable for attending meetings are within the limits prescribed under the Companies Act, 2013		

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	**Total**
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	₹25,26,308	₹52,17,900	**₹77,44,208**
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	₹28,800	₹39,600	**₹68,400**
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	**–**
2.	Stock Option	–	–	**–**
3.	Sweat Equity	–	–	**–**
4.	Commission			
	– as % of profit	–	–	**–**
	– others	–	–	**–**
5.	Others (Contribution to Funds)	₹2,09,002	₹4,29,160	**₹6,38,162**
	Total	**₹27,64,110**	**₹56,86,660**	**₹84,50,770**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding imposed	Authority [RD/NCLT /COURT	Appeal made if any give details
A. COMPANY 1. Penalty 2. Punishment 3. Compounding		NIL	NA		
B. DIRECTORS 1. Penalty 2. Punishment 3. Compounding		NIL	NA		
C. OTHER OFFICERS IN DEFAULT 1. Penalty 2. Punishment 3. Compounding		NIL	NA		

Form AOC–I

(Pursuant to first proviso to sub–section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint venture entities

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sl. No.	Particulars	(₹ In Lakhs)				
1	Name of the subsidiary:	Fermenta Biotech Limited	Aegean Properties Limited	CC Square Films Limited	G I Biotech Private Limited	Fermenta Biotech (UK) Limited
2	The date since when subsidiary was acquired	30.06.1988	01.02.2002	10.01.2011	25.08.2004	10.09.2002
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	–	–	–	–	–
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	Pound Sterling £ (Exchange Rate : 1 GBP = 95.43840 INR) for Balance Sheet and 98.44100 INR for Profit and Loss account as on 31.03.2016
5	Share capital	1,770.45	30.00	5.00	1.00	183.60
6	Reserves & surplus	7,280.62	64.78	(9.03)	(0.20)	(41.02)
7	Total assets	5,775.38	94.89	0.09	7.87	145.04
8	Total Liabilities	6,724.31	0.11	4.12	7.07	2.46
9	Investments	186.62	–	–	–	–
10	Turnover	14,979.11	18.00	-	-	1.14
11	Profit before taxation	1,617.52	9.91	(1.70)	(1.02)	(5.50)
12	Provision for taxation	428.61	3.89	-	(0.06)	-
13	Profit after taxation	1,188.92	6.02	(1.70)	(0.96)	(5.50)
14	Proposed Dividend	-	-	-	-	-
15	% of shareholding	70.15%	100%	100%	62.50% subsidiary of FBL	100% subsidiary of FBL

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates	Health and Well-ness India Pvt Ltd	Zela Wellness Limited	–	–
Name of Joint Ventures	–	–	Vasko Glider s.r.o.	Agastya Films LLP
1. Latest audited Balance Sheet Date	31.03.2016	31.03.2016	31.03.2016	31.03.2016
2. Date on which the Associate or Joint Venture was associated or acquired	02.02.2011	26.03.2012	15.04.2004	20.11.2015
3. Shares of Associate/Joint Ventures held by the company on the year end				
Number	30,12,504 Equity Shares	19,600 Equity Shares	N.A.	N.A.
Amount of Investment in Associates/Joint Venture (₹ in lakhs)	475.00	50.00	188.51	268.00
Extent of Holding %	47.15%	49%	50%	50%
4. Description of how there is significant influence				
5. Reason why the associate/joint venture is not consolidated	Being an Associate share of Profit and Loss is consolidated	Being an Associate share of Profit and Loss is consolidated	Being a Joint venture entity share of Profit and Loss Account and assets and liabilities are consolidated	Being a Joint venture entity share of Profit and Loss Account and assets and liabilities are consolidated
6. Net worth attributable to Shareholding as per latest audited Balance Sheet	–	–	–	–
7. Profit / Loss for the year (₹ in Lakhs)	(72.90)	(44.53)	–	(0.17)
• Considered in Consolidation (₹ in Lakhs)	(54.87)	–	–	(0.09)
• Not considered in Consolidation (₹ in Lakhs)	–	–	–	–

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company firmly believes that corporate governance is a key element in improving efficiency and growth as well as enhancing investor confidence. The Company constantly strives towards betterment of aspects such as transparency, professionalism and accountability and thereby perpetuate it into generating long term economic value for its shareholders, customers, employees, other associated persons and the society at large. The Company is committed to good corporate governance in line with the Listing Agreement and in keeping with Corporate governance norms. The Board of Directors of your Company reviews company practices and recommends suggestions for improvement to the management for implementation.

BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of executive and non-executive Directors as stipulated under Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"). The Chairman of the Board is an Independent Director.

The Composition of the Board as on March 31, 2016 is as follows:

Name of Director	Category	* Directorships in other companies	** Chairmanship in Committees	** Committee Memberships
Mr. Sanjay Buch (DIN:00391436)	Chairman (Independent Director)	2	4	2
Ms. Rajeshwari Datla *** (DIN:00046864)	Non Executive Director	Nil	Nil	1
Mr. Vinayak Hajare (DIN:00004635)	Independent Director	Nil	Nil	2
Mr. Krishna Datla *** (DIN:00003247)	Managing Director	3	Nil	3
Mr. Satish Varma (DIN:00003255)	Non Executive Director	3	Nil	2

* *Directorships in private limited companies, foreign companies, Section 8 companies and associations are excluded.*

** *Represents Memberships / Chairmanships of Audit Committee and Stakeholders Relationship Committee across all companies.*

*** *Mr. Krishna Datla is one of the Promoters of the Company. Ms. Rajeshwari Datla is a relative of Mr. Krishna Datla as per the provisions of section 2(77) of the Companies Act, 2013.*

BRIEF PROFILE OF DIRECTOR BEING REAPPOINTED, AS REQUIRED UNDER REGULATION 36(3) OF THE SEBI REGULATIONS AND SECRETARIAL STANDARD ON GENERAL MEETINGS SPECIFIED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA AND APPROVED BY THE CENTRAL GOVERNMENT:

1) **Ms. Rajeshwari Datla,** Non-Executive Director

Ms. Rajeshwari Datla, aged about 66 years, a B.Sc graduate has rich experience in the Pharmaceutical Industry. Ms. Datla has been associated with the Company as member of the Board of Directors since July 21, 2005.

Ms. Rajeshwari Datla is a member of the Audit Committee of DIL Limited. Ms. Rajeshwari Datla was paid ₹1,45,000 during the financial year 2015-16 by way of sitting fees towards attending Board and Audit Committee meetings of the Company. She holds 28,665 equity shares (1.25%) of the Company.

Ms. Rajeshwari Datla is a relative of Mr. Krishna Datla as per the provisions of Section 2(77) of the Companies Act, 2013.

Ms. Datla is a Director on the Board of Dupen Laboratories Private Limited and Lacto Cosmetics (Vapi) Private Limited, respectively.

BOARD MEETINGS / PREVIOUS ANNUAL GENERAL MEETING

- During the financial year under review, six Board Meetings were held on May 29, 2015, August 14, 2015, September 30, 2015, November 9, 2015, February 11, 2016 and March 18, 2016. The maximum gap between any two board meetings was less than 120 days, as stipulated under Regulation 17(2) of the SEBI Regulations.

  Attendance at the six Board meetings and previous Annual General Meeting (AGM) held on September 30, 2015 is as follows:

Name	Board Meetings attended	Attendance at Previous AGM
Mr. Sanjay Buch	6	Yes
Ms. Rajeshwari Datla	6	Yes
Mr. Vinayak Hajare	6	Yes
Mr. Krishna Datla	6	Yes
Mr. Satish Varma	5	Yes

AUDIT COMMITTEE

- During the year under review, five Audit Committee meetings were held on May 29, 2015, August 14, 2015, November 9, 2015, February 11, 2016 and March 18, 2016. The representatives of the Auditor(s) and Chief Financial Officer also attended the Audit Committee meeting(s).

  The composition of the Audit Committee as on March 31, 2015 and the attendance of the Audit Committee members at the Committee meetings held during the financial year under review is as follows:

Name of the Director	Designation	Meetings attended
Mr. Sanjay Buch	Chairman	5
Ms. Rajeshwari Datla	Member	5
Mr. Vinayak Hajare	Member	5

The composition of the Audit Committee complies with the requirements laid down in Regulation 18 of the SEBI Regulations. Mr. Sanjay Buch and Mr. Vinayak Hajare have accounting and financial management expertise.

The Company Secretary acts as Secretary to the Audit Committee.

- ***Terms of reference:***

The Powers, role and functions of the Audit Committee are as per the provisions of Section 177 of the Companies Act, 2013 and Regulation 18(3) read with Schedule II (Part C) of the SEBI Regulations, which, inter alia include the following :

1. Review company's financial reporting process and accounting policies and practices.
2. Review and recommend to the Board, appointment, re-appointment and removal of Statutory and Internal Auditors and fixation of auditor's remuneration and other fees, including terms of appointment.
3. Review with management, quarterly, half-yearly and annual financial statements and auditors' report before submission to Board for approval with particular reference to:
   (a) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
   (b) changes, if any, in accounting policies and practices and reasons for the same;
   (c) major accounting entries involving estimates based on the exercise of judgment by management;
   (d) significant adjustments made in the financial statements arising out of audit findings;
   (e) compliance with listing and other legal requirements relating to financial statements;
   (f) disclosure of any related party transactions;
   (g) modified opinion(s) in the draft audit report.
4. Review adequacy of internal control systems (including internal financial controls) and risk management systems.
5. Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
6. Review reports and significant findings, if any, of the Internal and Statutory Auditor and to ensure that suitable follow-up action is taken.
7. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
8. Discussion with Statutory Auditors and Internal Auditors about nature and scope of audit and areas of concern.
9. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
10. Review with management, performance of statutory and internal auditors, adequacy of the internal controls.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. Examination of disclosure aspects of related party transactions and approval or any subsequent modification of transactions of the company with related parties.
13. Scrutiny of inter-corporate loans and investments.
14. Valuation of undertakings or assets of the company, wherever it is necessary.
15. Monitoring the end use of funds raised through public offers and related matters.

16. Review of financial statements of subsidiary companies, joint venture and associate companies.
17. Review substantial defaults in payments to stakeholders and creditors.
18. Review the functioning of the Vigil mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Any other functions as may be statutorily required.

NOMINATION AND REMUNERATION COMMITTEE

- During the year under review one Committee meeting was held on August 14, 2015.
- The Composition of the said Committee as on March 31, 2016 and the attendance of the Committee members in its meeting held during the financial year under review is as follows:

Name of the Director	Designation	Meetings attended
Mr. Vinayak Hajare	Chairman	1
Mr. Sanjay Buch	Member	1
Mr. Satish Varma	Member	1

The Company Secretary acts as the Secretary to the Committee.

- **Terms of reference:**

The terms of reference include:-

a. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board, their appointment and removal.

b. Carry out evaluation of every director's performance.

c. Devising a policy on diversity of Board of Directors

d. Formulate the criteria for determining qualifications, positive attributes and independence of a director.

e. Recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel (KMP) and other employees.

f. Recommend whether to extend or continue the term of appointment of the independent director on the basis of the report of performance evaluation of independent directors.

g. Any other terms of reference, role, responsibility and powers as may be prescribed from time to time (i) under the Companies Act, 2013 and rules made thereunder and the SEBI Regulations; and/or (ii) by the Board of Directors of the Company.

Nomination and Remuneration policy and performance evaluation of Board and individual Directors:

As per the Nomination and Remuneration policy of the Company ('Remuneration Policy'), the Director(s), KMP, Senior management personnel in addition to the criteria mentioned in the Act and SEBI Regulations, should *inter alia* possess (a) relevant qualification, experience and expertise; (b) strong analytical and excellent communication skills; (c) collaborative and flexible style, with a high level of professionalism; and (d) Leadership skills.

The Independent Directors and Non-Executive Directors of the Company shall be entitled for sitting fees for attending Board meetings and Committee(s) Meetings. The Independent Directors shall not be entitled to any stock option of the Company.

Based on the performance of the Company, the Committee may recommend payment of profit related commission to directors. The remuneration to Managerial Personnel is paid by way of salary, perquisites, commission and allowances. The Committee shall review the performance of the Company and the Managerial Personnel and may recommend the annual increment effective 1st April each year, for the approval of the Board. Remuneration including commission / annual increment, if any, shall be paid within the limits of the Act and/or salary range approved by the members. The remuneration paid to the Managerial Personnel is determined keeping in mind the benchmark of the industry and the performance of the Company as compared to the industry performance.

The remuneration of KMP, Senior management and other employees largely consist of basic salary, perquisites, statutory benefits, allowances and performance incentives. The remuneration components are governed by the industry pattern / benchmark, qualification and experience of each employee. The annual variable remuneration is linked to the performance of the Company and their individual performance. Perquisites and retirement benefits are paid according to the Company's policy.

ANNUAL PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to provisions of the Act, SEBI Regulations and Remuneration Policy, the Directors of the Company carried out annual performance evaluation of the Board as a whole, Committees of the Board and the Independent Directors (excluding the Director being evaluated).

A meeting of Independent Directors of the Company was held to: (a) review the performance of Chairperson, Non Independent Directors and the Board as a whole; (b) assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

The evaluation was done through a structured evaluation process and forms, covering various aspects such as composition of Board, professional knowledge and expertise, performance of individual roles and duties including contribution in Board / Committee meetings, protection of interest of all stakeholders etc.

- **Details of remuneration of Directors for the financial year ended March 31, 2016 are as follows:**

Name of Director	Sitting Fees * (₹)	Salary (₹)	Contribution to PF and other funds (₹)	Benefits & Perquisites (₹)	Total (₹)	No. of Shares held
Mr. Sanjay Buch Independent Director	1,80,000	—	—	—	1,80,000	NIL
Ms. Rajeshwari Datla Non-Executive Director	1,45,000	—	—	—	1,45,000	28,665
Mr. Vinayak Hajare Independent Director	1,80,000	—	—	—	1,80,000	NIL
Mr. Krishna Datla ** Managing Director	—	66,72,836	9,46,715	3,56,414	79,75,965	1,99,085
Mr. Satish Varma Non-Executive Director	1,30,000	—	—	—	1,30,000	NIL
TOTAL	**6,35,000**	**66,72,836**	**9,46,715**	**3,56,414**	**86,10,965**	**2,27,750**

* *Sitting Fees include fees for Board and Committee Meetings @ ₹20,000/- and ₹5,000/- per meeting respectively.*

** *The agreement between the Company and the Managing Director is for a period of three years effective May 9, 2015. Either party is entitled to terminate the said agreement by giving not less than three months notice in writing to the other party or such other period as may be mutually decided.*

The Company has not granted any Stock Option to any Director and there has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive / Independent Directors during the year under review, except as stated above.

The Non-Executive Directors receive sitting fees for attending the meetings of Board of Directors and its Committees (i.e. Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee).

STAKEHOLDERS RELATIONSHIP COMMITTEE

- During the year under review four Stakeholders Relationship Committee meetings were held on May 29, 2015, August 14, 2015, November 9, 2015 and February 11, 2016. The composition of the Committee as on March 31, 2016 and the attendance at the said Committee meeting is as follows:

Name of the Director	Designation	Meetings attended
Mr. Sanjay Buch	Chairman	4
Mr. Krishna Datla	Member	4
Mr. Satish Varma	Member	3
Mr. Vinayak Hajare	Member	4

The Company Secretary acts as the Secretary to Stakeholders Relationship Committee Meetings.

- ***Terms of Reference:***

  The Committee, inter alia, deals in matters relating to:

  i) Redressal of Shareholders' grievances.

  ii) Issue of duplicate Share Certificates.

  iii) Review of Dematerialised shares.

  iv) Transfer and Transmission of shares.

  v) Non-receipt of Annual Reports and declared dividends.

  vi) Other matters related to shares and/or investor grievances.

SHAREHOLDER INFORMATION

- Name and designation of Compliance Officer : Mr. Srikant N. Sharma - Company Secretary.
  Investor Helpdesk:
  Mr. Srikant Sharma
  DIL Limited , 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W) – 400610, Maharashtra, India.
  Tel No.: +91-22-67980800 Fax: +91-22-67980899
  e-mail: srikant.sharma@dil.net

Investor Complaints and their redressal

- The number of investor complaints received and resolved during 2015-2016 were 16.

- Pending complaints as on March 31, 2016 were nil.

GENERAL BODY MEETINGS

- Details of the last three Annual General Meetings of the Company and Special Resolution(s) passed is as follows:

Year	Date and Time	Venue	Special Resolution(s) passed
2012-2013	September 27, 2013 at 3.00 p.m.	'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West) - 400610.	Payment of remuneration to Mr. Krishna Datla, Managing Director of the Company in case of absence or inadequacy of profits
2013-2014	September 24, 2014 at 3.00 p.m.	'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West) - 400610.	No Special Resolution was passed.
2014-2015	September 30, 2015 at 3:00 p.m.	'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West) 400610.	1) Re-appointment of Mr. Krishna Datla as Managing Director for a period of three years commencing from May 9, 2015. 2) Adoption of revised Articles of Association of the Company to align with the form of Articles specified in Table F of Schedule I to the Companies Act, 2013. 3) Increase in Borrowing powers of the Company.

Postal Ballot

No special resolution was passed by way of Postal Ballot during the financial year ended March 31, 2016.

COMPANY POLICIES

VIGIL MECHANISM POLICY

The Company has adopted a Whistle Blower Policy as part of Vigil Mechanism for Directors and employees to report instances of unethical acts, actual or suspected fraud or violation of DIL's Code or other similar genuine concerns or grievances. The Vigil Mechanism Policy is displayed on the Company's website at http://www.dil.net/Company-Policies.html.

POLICY ON DEALING WITH RELATED PARTY TRANSACTIONS (RPT Policy)

The RPT Policy of the Company lays down the process to be adopted by the Company for: (a) identification of potential Related Party/ies; (b) materiality thresholds for RPT(s); (c) manner of dealing with and approving the transactions between the Company and its related parties. The RPT Policy also lays down the disclosure requirements of related party transactions, if any and the criteria for determining ordinary course of business and arm's length transactions

The RPT Policy can be viewed at the Company's website at www.dil.net/ Company-Policies.html

During the year under review, there were no materially significant related party transactions entered by the Company with Promoters, Directors or Key Managerial Personnel or their relatives which may have a potential conflict with the interest of the Company at large. Except as otherwise provided in this Annual report, none of the Directors has any pecuniary relationships or transactions with the Company.

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

The Company has adopted a policy for determining material subsidiary as required by the SEBI Regulations. The objective of this policy is to lay down criteria for identification and dealing with material subsidiaries and to formulate a governance framework for subsidiaries of the Company. The policy is uploaded on the website of the Company and can be viewed at www.dil.net/Company-Policies.html

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company has adopted 'Familiarisation Programme for Independent Directors' to ensure that the Independent Directors are familiarised with the Company's business operations, strategies, business model, nature of industry in which Company operates and role, duties and responsibilities of an Independent Director of the Company. The details of Familiarisation Programme are available at www.dil.net/Company-Policies.html.

DISCLOSURES

- The risk management reports are periodically placed before the Audit Committee and Board of Directors for review, based on the system and procedures devised.
- During the last three years, there were no instances of non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets.
- Pursuant to Regulation 17(8) read with Part B of Schedule II of the SEBI Regulations, the Managing Director and the Chief Financial Officer have submitted a certificate to the Board of Directors for the financial year ended March 31, 2016. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.
- **Reconciliation of Share Capital Audit**

  Share Capital Audit for the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital of the Company has been done by a Practising Company Secretary on quarterly basis and the Reconciliation of Share Capital Audit Reports were issued thereon during the year under review. The audit confirms that the total issued / paid – up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.
- **Compliance with Mandatory Requirements**

  The Company has complied with all the mandatory requirements, as applicable, of the Code of Corporate Governance as stipulated under the SEBI regulations.
- **Compliance with Discretionary Requirements as per Part E of Schedule II of the SEBI Regulations**

  The status of compliance with Discretionary Requirements as per Part E of Schedule II of the SEBI Regulations is provided below:
- **Non-Executive Chairman's Office:** The Chairman's office is separate from the office of Managing Director.
- **Audit Qualifications & Board's justification:** The Company's Standalone and Consolidated financial statements for the year ended March 31, 2016 stated that the Company has not made provision for diminution in value of investments of two associates whose carrying value in standalone financial statements is ₹1,009 lakhs. In view of the fact that these investments have been made in the recent years and inspite of erosion of net worth. Management is confident that profitability will be achieved by these entities and hence there

is no permanent diminution in the valuation of these investments. Auditors have qualified their opinion in this regard.

- **Reporting of Internal Auditor**: The Internal Auditor reports to the Audit Committee in all functional matters.

- **Shareholder's Rights**

  The Company publishes its financial results on its website at www.dil.net which is accessible by the public at large. These financial results are also available on the website of the Bombay Stock Exchange Limited at www.bseindia.com. The Company's extracts of Standalone results for each quarter are published in an English newspaper and Marathi newspaper respectively in the format prescribed under the SEBI regulations. Hence the results are not sent to the members individually.

MEANS OF COMMUNICATION

- The Quarterly, half yearly and Annual results, published in the proforma prescribed under the SEBI Regulations, are approved by the Audit Committee and taken on record by the Board of Directors of the Company within the prescribed time limit. The approved results are forthwith sent to the Bombay Stock Exchange Limited where the Company's shares are listed.

• Newspapers wherein quarterly results are published	:	Business Standard (English) & Sakal (Marathi)
• Any website, where displayed	:	Yes, BSE website (www.bseindia.com) and the Company's website (www.dil.net)
• Online filing with BSE Corporate Compliance & Listing Centre	:	All periodical compliances of the Company as per SEBI Regulations are also being filed online with the BSE Corporate Compliance & Listing Centre.
• SEBI Complaints Redress System (SCORES)	:	The investor complaints, if any, can be uploaded on the SCORES. These complaints are processed in a centralised web based complaints redress system of SEBI (SCORES). The salient features of this system is centralised database of all complaints, online upload of Action Taken Reports (ATRs) and online viewing by investors of actions taken on the complaint and its current status.
• Whether it also displays official news releases and presentations made to institutional investors or to analysts	:	Not Applicable
• Management discussion and analysis report (MD&A) is a part of the Annual report or not	:	MD&A Report forms part of the Annual Report.

GENERAL SHAREHOLDER INFORMATION

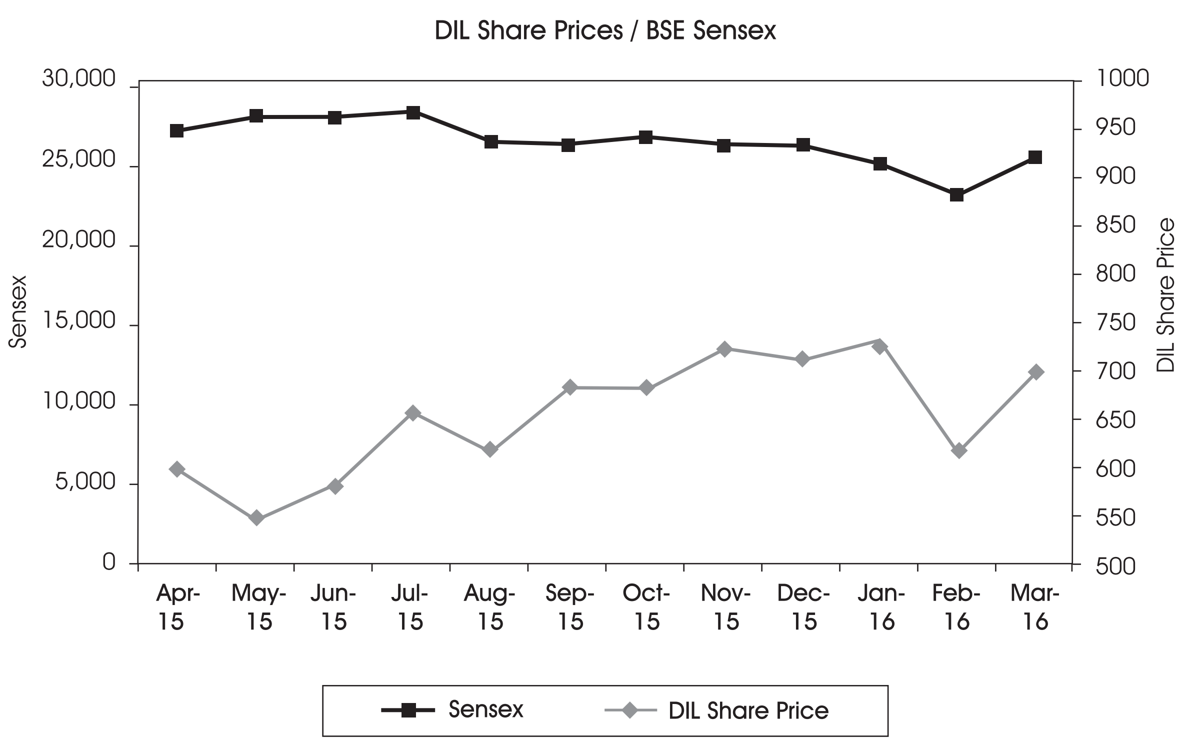
- Annual General Meeting : Tuesday, September 27, 2016 at 3.00 p.m. at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W), 400610.
- Financial Year : April 1 to March 31
  Financial reporting for the quarter ending June 30, 2016 : By August 14, 2016
  Financial reporting for the quarter ending September 30, 2016 : By November 14, 2016
  Financial reporting for the quarter ending December 31, 2016 : By February 14, 2017
  Financial reporting for the year ending March 31, 2017 : By May 30, 2017
- Date of Book closure : Wednesday, September 21, 2016 to Tuesday, September 27, 2016 (Both days inclusive)
- Dividend Payment Date : Final dividend (2015-2016) of ₹ 2.50 per equity share (25%) of ₹ 10 each, if declared at this AGM, shall be paid on or after October 3, 2016
- Listing on Stock Exchanges : The Bombay Stock Exchange Limited
  (i) Listing Fees for the year 2016-17 has been paid
  (ii) SEBI introduced the new Listing Regulations w.e.f. December 01, 2015. The Company executed a new listing agreement with the Bombay Stock Exchange Limited on November 30, 2015, to comply with the requirements of the SEBI Regulations.
- Scrip Code on the Bombay Stock Exchange Limited : 506414
- Market Price Data : High / low of the Company's stock price during each month in the financial year ended March 31, 2016.

Month	DIL Limited	
	High (₹)	Low (₹)
April 2015	691	575
May 2015	605.75	520.25
June 2015	628.75	542.5
July 2015	777	566.25
August 2015	768.75	585
September 2015	695	583
October 2015	747	629.25
November 2015	736	652
December 2015	750	673.25
January 2016	877	615
February 2016	735	612
March 2016	747	664

- Performance in comparison to broad-based indices such as BSE Sensex.

Month	Company's Closing Price (₹)	Sensex Closing Price (₹)	No. of shares of the Company traded
April 2015	599	27011.31	14911
May 2015	547.5	27828.44	6340
June 2015	580.25	27780.83	7586
July 2015	657	28114.56	13997
August 2015	621	26283.09	10592
September 2015	682.25	26154.83	6974
October 2015	683.25	26656.83	10751
November 2015	724.25	26145.67	11651
December 2015	713	26117.54	7613
January 2016	728	24870.69	19633
February 2016	618	23002	3491
March 2016	698	25341.86	8443

- DIL Limited's Share Price Movement / BSE Sensex



- Registrar and Transfer Agents : Link Intime India Private Limited
  C-13, Pannalal Silk Mills Compound,
  L. B. S. Marg, Bhandup (West),
  Mumbai – 400 078.
  Maharashtra, India.
  Tel No : +91 22 2594 6970

- **Share Transfer System:**

  Shares are normally transferred within a period of 15 days from the date of receipt, provided the documentation is in order. In order to expedite the process of share transfers, the Board of Directors has delegated the powers of share transfer and/ or related matters to Mr. Sanjay Buch, Chairman of the Stakeholders Relationship Committee and/ or Mr. Vinayak Hajare, Member of the Stakeholders Relationship Committee and/or Mr. Srikant Sharma, Company Secretary, who attends the share transfer formalities at least once in a fortnight. The meeting of Stakeholders Relationship Committee is also held once in every three months. All transfers of shares in physical mode are registered and approved by authorised signatories of the Company.

- Distribution of the Company's equity shareholding as on March 31, 2016

Sr. No.	Range in no. of shares	Holding (No. of shares)	Amount (₹)	% to Total Amount	No. of Holders	% to Total Holders
1	1 - 500	297011	29,70,110	12.95	4348	96
2	501 - 1000	64729	6,47,290	2.82	87	1.92
3	1001 - 2000	61111	6,11,110	2.67	42	0.93
4	2001 - 3000	34570	3,45,700	1.51	14	0.31
5	3001 - 4000	20121	2,01,210	0.88	6	0.13
6	4001 - 5000	41700	4,17,000	1.82	9	0.20
7	5001 - 10000	61755	6,17,550	2.69	9	0.20
8	10001 and above	1712201	1,71,22,010	74.66	14	0.31
	Total	**2293198**	**2,29,31,980**	**100**	**4529**	**100**

- Equity Shareholding Pattern as on March 31, 2016

	Shareholding (no. of Shares)	% of Holding
Promoters	1435320	62.59
Hindu Undivided Family	22832	0.99
Foreign Banks & NRIs	8774	0.39
Banks and Financial Institutions	17	0.00
Other Bodies Corporate	93657	4.08
General Public	719367	31.37
Clearing Members	13231	0.58
TOTAL	**2293198**	**100**

- **Dematerialisation of Shares:** The Company and Link Intime India Private Limited, has signed Tripartite Agreements with the National Securities Depository Limited and the Central Depository Services Limited. respectively. The shares of the Company are compulsorily traded in the dematerialised form on the Stock Exchanges. Presently 96.65% of the equity shares of the Company have been dematerialised.

- **Address for Correspondence :**

Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400 078. Maharashtra, India	DIL LIMITED 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W) – 400 610. Maharashtra, India
Tel No : +91 22 2594 6970 Fax No : +91 22 2594 6969 Email : rnt.helpdesk@linkintime.co.in	Tel No : +91 22 6798 0888 Fax No : +91 22 6798 0899 Email : srikant.sharma@dil.net

For and on behalf of the Board of Directors

Sanjay Buch

Chairman
(DIN - 00391436)

Registered Office :
'DIL' Complex,
Ghodbunder Road,
Majiwada,
Thane (W) - 400 610,
Maharashtra, India.

August 12, 2016.

DECLARATION AS REQUIRED UNDER REGULATION 26(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

All Directors and senior management of the Company have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2016.

for DIL LIMITED

KRISHNA DATLA
Managing Director
DIN: 00003247

Thane
August 12, 2016.

PRACTISING COMPANY SECRETARIES' CERTIFICATE ON COMPLIANCE OF THE CONDITIONS OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH, 2016

To The members of
DIL Limited

We have examined the compliance of regulations of Corporate Governance by DIL Limited ('the Company') for the year ended on March 31, 2016, as stipulated in Regulations Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the management, we certify that the Company has complied with the regulations of Corporate Governance as stipulated in the above mentioned Listing Regulations.

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

For **V N Deodhar & Co.**
Company Secretaries

V N DEODHAR
PROPRIETOR
FCS: 1880
CP: 898

Thane, August 12, 2016.

SECRETARIAL AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2016

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

To

The Members
DIL LIMITED
'DIL' Complex,
Ghodbunder Road, Majiwada,
Thane (W)-400610.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by DIL Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by DIL Limited ("the Company") for the financial year ended on 31st March, 2016 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines (as amended from time to time) prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 notified with effect from May 15, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (**Not applicable to the Company during the Audit Period**);

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**Not applicable to the Company during the Audit period**);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (**Not applicable to the Company during the Audit Period**);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (**Not applicable to the Company during the Audit Period**);

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (**Not applicable to the Company during the Audit Period**); and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified with effect from December 1, 2015.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India notified with effect from July 1, 2015.

(ii) The Listing Agreement entered into by the Company with The Bombay Stock Exchange Limited in respect of Issue and Listing of Securities;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test-check basis and the information provided by the Company, its officers, agents and authorized representatives there are no laws applicable specifically to the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and its operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **V N Deodhar & Co.**
Company Secretaries

V N DEODHAR
PROPRIETOR
FCS No.: 1880
CP No. : 898

Thane
12th August, 2016.

Independent Auditor's Report

To

The Members of DIL Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of DIL Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

The Company has made investments in two associates to the tune of ₹1,009 lakhs, where the networth of these companies have substantially been eroded. However, Company has not made any detailed evaluation of diminution in the value of these investments in the standalone financial statements considering the view that these are long term investments and profitability will be achieved by these entities over a period of time and hence no permanent diminution is deemed necessary. In the absence of sufficient appropriate audit evidence, we are unable to comment upon the impact, if any, of such diminution on the financial statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, of its loss and its cash flows for the year ended on that date.

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 of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 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, except for the matter described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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

(d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013;

(f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(h) 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 financial statements – Refer Note 36 to the financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number : 324982E/E300003

per Vikram Mehta
Partner
Membership Number : 105938

Place of Signature : Mumbai
Date : May 27, 2016.

Annexure 1 – Statement on matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company except for the land held in trust by the directors of the Company.

(ii) The nature of the business of the Company is such that it does not have inventory in tangible form. Accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.

(iii) (a) According to the information and explanations given to us, we are of the opinion that the terms and conditions of loans granted by the Company to a subsidiary covered in the register maintained under section 189 of the Companies Act, 2013, having maximum balance during the year and year-end balance of ₹157 lakhs, are prejudicial to the interest of the Company since the interest rate charged is significantly lower than interest rate at which the Company is borrowing.

(b) The Company has granted loans that are re-payable on demand, to a firm covered in the register maintained under section 189 of the Companies Act, 2013. The loans granted are re-payable on demand. We are informed that the Company has not demanded repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular.

(c) There is no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are outstanding for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits from the public.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, value added tax, cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount (₹ in Lakhs)*	Period to which the amount relates	Forum where dispute is pending
The Bombay Sales Tax Act	Sales Tax	–	1995-1996	High Court, Bombay
The Gujarat Sales Tax Act	Sales Tax and Penalty	4.34	1992-1994	Sales Tax Appellate Tribunal
Central Excise Act, 1944	Service tax and Penalty	18.75	2000-2001	High Court, Bombay

* Net of payments made under protest

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number : 324982E/E300003

per Vikram Mehta
Partner
Membership Number : 105938

Place of Signature : Mumbai
Date : May 27, 2016.

Annexure 2 – To the independent auditor's report of even date on the standalone financial statements of DIL Limited

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 DIL Limited ("the Company") as of March 31, 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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, specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an Audit of Internal Financial Controls and, both issued by the 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.

An 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 qualified audit opinion on the internal financial controls over financial reporting.

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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2016:

We report that the Company did not have an appropriate internal control system for review of recoverability of long term investments which could potentially result in the Company not recognising the diminution in the value of its long term investments on a timely basis.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016, 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, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of DIL Limited, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 standalone financial statements of DIL Limited and this report affects our report dated May 27, 2016 which expressed a qualified opinion on those financial statements.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number : 324982E/E300003

per Vikram Mehta
Partner
Membership Number : 105938

Place of Signature : Mumbai
Date : May 27, 2016.

BALANCE SHEET AS AT MARCH 31, 2016

	Notes	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	**229.32**	229.32
Reserves and surplus	4	**8,034.71**	9,017.43
		8,264.03	9,246.75
Non-current liabilities			
Long-term borrowings	5	**1,414.90**	10.95
Deferred tax liability (net)	6	**–**	7.62
Other long-term liabilities	7	**69.72**	365.67
Long-term provisions	8	**34.97**	31.43
		1,519.59	415.67
Current liabilities			
Short-term borrowings	9	**244.24**	–
Trade payables	10		
Total outstanding dues of micro and small enterprises		**–**	–
		137.46	90.40
Total outstanding dues of creditors other than micro & small enterprises			
Other current liabilities	10	**4,698.83**	4,413.29
Short-term provisions	8	**85.09**	154.19
		5,165.62	4,657.88
TOTAL		**14,949.24**	14,320.30
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	**9,336.25**	671.62
Intangible assets	12	**3.78**	4.28
Capital work-in-progress		**57.86**	6,298.35
Non-current investments	13	**3,985.62**	3,704.62
Long-term loans and advances	14	**134.97**	486.06
		13,518.48	11,164.93
Current assets			
Current investments	16	**80.00**	300.00
Inventories	17	**–**	45.06
Trade receivables	15.1	**3.16**	16.93
Cash and bank balances	18	**299.69**	1,615.14
Short-term loans and advances	14	**806.69**	1,013.80
Other current assets	15.2	**241.22**	164.44
		1,430.76	3,155.37
TOTAL		**14,949.24**	14,320.30
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 27, 2016.

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

VINAYAK HAJARE
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 27, 2016.

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Notes	**March 31, 2016 ₹ in Lakhs**	March 31, 2015 ₹ in Lakhs
INCOME:			
Revenue from operations (Net)	19	**728.05**	1,351.53
Other operating income	20.1	**0.09**	0.86
Total revenue (I)		**728.14**	1,352.39
EXPENSES:			
Employee benefits expense	21	**510.57**	464.40
Other expenses	22	**782.42**	598.39
Total (II)		**1,292.99**	1,062.79
Earnings before interest, tax, depreciation and amortization expense (EBITDA) (I) – (II)		**(564.85)**	289.60
Depreciation and amortization expense	23	**179.52**	181.63
Finance costs	24	**176.97**	2.87
Profit/(Loss) before tax		**(921.34)**	105.10
Tax expense:			
Current tax		**–**	45.16
Deferred tax		**(7.62)**	(12.92)
Total tax expense		**(7.62)**	32.24
Profit/(Loss) for the year		**(913.72)**	72.86
Earnings per equity share [nominal value of share ₹10/-]	25		
Basic / Diluted (₹)		**(39.85)**	3.18
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 27, 2016.

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

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Director

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Director

VINAYAK HAJARE
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 27, 2016.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

PARTICULARS		March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**(921.34)**	105.10
Adjustment to reconcile profit before tax to net cash flows :			
Depreciation and amortization expense		**179.52**	181.63
Loss/(Profit) on sale of fixed assets (net)		**48.50**	–
Loss on deletion of fixed assets		**4.91**	–
Bad debts/Advances Written Off		**10.00**	–
Interest expenses		**176.97**	2.87
Operating profit before working capital changes		**(501.44)**	289.60
Movements in working capital :			
Increase/(decrease) in trade payables		**47.06**	14.04
Increase/(decrease) in long-term provisions		**3.54**	2.01
Increase/(decrease) in short-term provisions		**(0.10)**	1.27
Increase/(decrease) in other current liabilities		**(49.17)**	609.09
Increase/(decrease) in other long-term liabilities		**(295.95)**	(421.25)
Decrease/(increase) in trade receivables		**13.77**	20.63
Decrease/(increase) in inventories		**45.06**	–
Decrease/(increase) in long-term loans and advances		**(31.96)**	(2.65)
Decrease/(increase) in short-term loans and advances		**411.07**	(219.78)
(Increase)/decrease in other current assets		**(76.78)**	(42.27)
(Increase)/decrease in other non-current assets		**–**	2.80
(Increase)/decrease in non-current investments		**(281.00)**	(136.75)
(Increase)/decrease in current investments		**220.00**	–
Cash generation from / (used in) operations		**(495.90)**	116.74
Direct taxes paid (net of refunds)		**(80.76)**	(155.33)
Net cash flow from / (used in) operating activities	(A)	**(576.66)**	(38.59)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets, including CWIP and capital advances		**(2,223.45)**	(2,805.54)
Proceeds from sale of fixed assets		**101.19**	–
Investments in bank deposits (having original maturity of more than three months)		**–**	(1,395.69)
Proceeds of bank deposits matured (having original maturity of more than three months)		**1,395.69**	3,089.94
Net cash flow from / (used in) investing activities	(B)	**(726.57)**	(1,111.29)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

CASH FLOW STATEMENT (Contd.)

PARTICULARS		March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		**2,454.27**	1,012.99
Repayment of long-term borrowings		**(1,016.15)**	(23.89)
Proceeds from short-term borrowings		**244.24**	–
Interest & finance cost paid		**(158.32)**	(2.87)
Dividend paid on equity shares		**(117.23)**	(56.06)
Tax on equity dividend paid		**(23.34)**	(9.74)
Net cash flow from / (used in) in financing activities	(C)	**1,383.47**	920.43
Net increase in cash and cash equivalents	**(A+B+C)**	**80.24**	(229.45)
Cash and cash equivalents at the beginning of the year		**219.45**	448.90
Cash and cash equivalents at the end of the year		**299.69**	219.45
Components of cash and cash equivalents			
Cash on hand		**1.86**	2.59
Cheque(s) on hand		**–**	20.47
With scheduled banks on:			
Current account		**269.29**	155.99
Unclaimed dividend account*		**27.67**	30.24
With non-scheduled bank:			
Ceskoslovenska obchodini banka, a.s. Czech Republic		**0.87**	10.16
Total cash and cash equivalents (Refer Note 18)		**299.69**	219.45

* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities

Note

1) Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS-3) "Cash Flow Statements" as specified under Companies (Accounts) Rules, 2014.
2) Previous year's figures have been regrouped/rearranged wherever necessary.

Summary of significant accounting policies (Refer Note 2.1)

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 27, 2016.

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

VINAYAK HAJARE
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 27, 2016.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. Corporate information

DIL Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange. The Company is engaged in the business of renting properties, motion film production and distribution and in treasury operation. Treasury operation mainly includes investment of surplus funds. The Company also has strategic investments in subsidiary / associate companies primarily dealing in manufacturing of bulk drugs and providing services of sporting and health awareness/education activities and in joint ventures dealing in manufacturing of wheelchairs based on Levitation Movement Technology and Motion Films Production.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

(c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Company has used the following rates to provide depreciation on its fixed assets.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Estimated useful life (in years)
Building	
On freehold land	60
Leased improvements/Facade	30
Roads/hardscaping works	10
Plant & Machinery	15
Computers	3
Furniture & Fixtures	6
Vehicles	8

(d) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

	Estimated useful life (in years)
Film rights	5
Computer software	6

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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 recognized in the statement of profit and loss when the asset is derecognized.

(e) Impairment of tangible and intangible asset

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(f) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(g) Inventories

Work-in-progress is valued at lower of cost and net realizable value. Cost is determined based on actual expenditure incurred.

(h) Retirement and other employee benefit

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the provident fund is charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund.

The Company operates defined benefit gratuity plan for its employees. Employees are entitled to benefits under the payment of Gratuity Act 1972, a defined benefit plan. The plan provides for a lump-sum payment to eligible employees at retirement, death, incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment. The gratuity liability and net periodic gratuity cost is actuarially determined at the year end based on the projected unit credit method after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains/losses are immediately recorded to the Statement of Profit and Loss and are not deferred. The Company makes contributions to a fund administered and managed by Life Insurance Corporation of India ('LIC') to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

The Company also provides other long term benefit for compensated absences. Liability for long term compensated absences are provided for based on actuarial valuation done as per projected unit credit method at the year end.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Rental income from operating leases (net of any incentives given to the lessees) is recognized on a straight-line basis over the lease term.

Interest income on loans and deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

Gain or loss on the sale of equity and redemption of mutual fund units are recognized on accrual basis.

Revenue from licensing of motion film is recognized in accordance with the licensing agreement or physical delivery of the motion film, whichever is later.

Interest on income tax refund is recognized on receipt of the refund order.

Company provides Infrastructure support services (Refer note 19) as per contractual obligation and the income from such services are recognized on proportionate basis as and when the services are rendered, in accordance with the arrangement entered into as per contracted rates. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

(j) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange difference

All exchange differences are recognized as income or as expenses in the period in which they arise.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(k) Leases

As Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

As Lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, initial direct costs such as legal costs, brokerage costs, etc., are recognized as an expense in the statement of profit and loss.

(l) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

For recognition of deferred taxes, the timing differences which originate first are considered to reverse first. At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each reporting date.

The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(m) Provisions

A provision is recognized when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(n) Contingent liabilities

Contingent assets are not recognized in the financial statements of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare case where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(o) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company does not have any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

(p) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(q) Segment Reporting

Identification of segments :

The Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different services. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operates.

Allocation of common costs :

Common costs are treated as unallocable costs.

Unallocated items :

Includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies :

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(r) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Company does not include depreciation and amortization expense, finance costs, interest income and tax expense.

(s) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 3 - SHARE CAPITAL:		
Authorised Shares:		
49,20,000 (March 31, 2015 - 49,20,000) Equity shares of ₹10/- each	**492.00**	492.00
80,000 (March 31, 2015 - 80,000) Unclassified shares of ₹10/- each	**8.00**	8.00
	500.00	500.00
Issued, Subscribed and fully paid up shares:		
22,93,198 (March 31, 2015 - 22,93,198) Equity shares of ₹10/- each.	**229.32**	229.32
	229.32	229.32

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

There is no movement in the number of issued, subscribed and paid up equity shares at the beginning and at the end of the financial year.

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2016, the amount of per share dividend recognized as distributions to equity shareholders was ₹2.50/- (March 31, 2015: ₹5/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

c) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding Company are as below.

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
DVK Investments Private Limited		
12,36,235 (March 31, 2015 - 12,36,235) equity shares of ₹10/- each fully paid	**123.62**	123.62

d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	**March 31, 2016**		March 31, 2015	
Equity shares of ₹10/- each fully paid,	**No in Lakhs**	**% holding in the class**	No in Lakhs	% holding in the class
DVK Investments Private Limited, holding company	**12.36**	**53.91%**	12.36	53.91 %
Mr. Krishna Datla	**1.99**	**8.68%**	1.99	8.68 %

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 4 - RESERVES AND SURPLUS:		
Capital Reserve	**1,140.00**	1,140.00
General Reserve	**4,171.15**	4,171.15
Surplus in the statement of profit and loss		
Balance as per last financial statements	**3,706.28**	3,771.42
Profit/(Loss) for the year	**(913.72)**	72.86
Less: Appropriations		
Proposed final equity dividend [amount per share ₹2.50/- (March 31, 2015: ₹5)]	**(57.33)**	(114.66)
Tax on proposed equity dividend	**(11.67)**	(23.34)
Total appropriations	**(69.00)**	(138.00)
Net surplus in the statement of profit and loss	**2,723.56**	3,706.28
Total Reserves and surplus	**8,034.71**	9,017.43

	Non current		Current	
	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 5 - LONG-TERM BORROWINGS:				
From Bank (Secured Term Loan) for Thane One (Refer note c below)	**–**	–	**3,450.00**	3,509.23
From Bank (Secured Lease Rental Discounting Loan) for Ceejay House Property (Refer note b below)	**1,402.66**	–	**97.33**	–
Vehicle loan from banks (secured) (Refer note a below)	**12.24**	10.95	**11.16**	15.09
Total	**1,414.90**	10.95	**3,558.49**	3,524.32
The above amount includes				
Secured borrowings	**1,414.90**	10.95	**3,558.49**	3,524.32
Unsecured borrowings	**–**	–	**–**	–
Amount disclosed under the head "other current liabilities" (Refer Note 10)	**–**	–	**(3,558.49)**	(3,524.32)
Net amount	**1,414.90**	10.95	**–**	–

a) Vehicle loans from banks were taken during the financial year 2010-11 to 2015–16 and carries interest ranging between @ 8.20% to 12.76% p.a. The loan is repayable in 36 / 60 monthly instalments including interest. The loan is secured by hypothecation of vehicles.

b) Loan under lease rental discounting (LRD) from Axis Bank Limited was taken during the financial year by securitisation of Ceejay House rentals and carries interest @ 10.75% p.a. The loan is repayable in 111 monthly instalments including interest (EMI). The said LRD Loan is also secured by way of first charge on Equitable Mortgage of Ceejay House owned by Aegean Properties Limited (APL). Further, the LRD Loan has been guaranteed by the personal guarantee of the managing director of the company and its subsidiary company (APL).

c) Term loans for Thane One Building at Majiwade Thane is taken from Union Bank of India with interest rates (BR + 4.35%) 13.90% [March 31, 2015 (BR + 4.25%) 14.25%] repayable in 12 months starting March 31, 2016 in four quarterly instalments. The said term loans are secured by way of first charge on Equitable Mortgage of Land and Constructions there on. Further, the loan has been guaranteed by the personal guarantee of the managing director of the Company and the holding Company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 6 - DEFERRED TAX LIABILITY (NET):		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	–	31.18
Gross deferred tax liability	–	31.18
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	–	15.45
Provision for doubtful debts and advances	–	8.11
Gross deferred tax asset	–	23.56
Net deferred tax liability	–	7.62

	Non current		Current	
	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 7 - OTHER LONG-TERM LIABILITIES:				
Liability for capital expenditure	–	112.95	503.53	106.11
Deposits from tenants	69.72	252.72	261.92	64.11
Amount disclosed under "other current liabilities" (Refer note 10)	–	–	(765.45)	(170.22)
	69.72	365.67	–	–

	Long Term		Short Term	
	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 8 - PROVISIONS:				
Provision for employee benefits				
Long term compensated absences	34.97	31.43	16.09	16.19
	34.97	31.43	16.09	16.19
Other provisions				
Proposed dividend	–	–	57.33	114.66
Provision for tax on proposed equity dividend	–	–	11.67	23.34
	–	–	69.00	138.00
	34.97	31.43	85.09	154.19

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 9 - SHORT TERM BORROWINGS:		
Cash credit from banks from Union Bank of India (unsecured)	**44.24**	–
Inter corporate deposit (ICD) from Allegro Corporate Finance Advisors Pvt. Ltd. (unsecured)	**200.00**	–
	244.24	–
The above amount includes		
Unsecured borrowings	**244.24**	–

Cash credit are from Union Bank of India carrying an interest @16.75% (BR+6.85%) p.a. & ICD from Allegro Corporate Finance Advisors Pvt. Ltd carries interest at rate of 12% p.a.

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 10 - CURRENT LIABILITIES:		
Trade payables*		
Total outstanding dues of micro and small enterprises	**–**	–
Total outstanding dues of creditors other than micro and small enterprises	**137.46**	90.40
	137.46	90.40
Other current liabilities:		
Payable to subsidiary company - Fermenta Biotech Ltd.	**9.95**	1.34
Current maturities of long-term borrowings (Refer Note 5)	**3,558.49**	3,524.32
Current maturities of deposits from tenants (Refer Note 7)	**261.92**	64.11
Interest accrued and due on borrowings	**18.65**	–
Unclaimed dividends	**27.67**	30.24
Others		
Statutory dues	**40.02**	21.53
Liability for capital expenditure (Refer Note 7)	**503.53**	106.11
Others	**278.60**	665.64
	4,698.83	4,413.29
	4,836.29	4,503.69

*** includes ₹28.90 lakhs (March 31, 2015 - NIL) - Reimbursement of expenses to subsidiary company (Aegean Properties Limited)**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 11 - TANGIBLE ASSETS: ₹ in Lakhs

	Freehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicle	Leasehold improvements	Total
Cost							
At April 1, 2014	20.79	784.82	453.82	292.48	208.04	295.73	2,055.68
Additions	–	38.15	2.86	2.66	29.81	–	73.48
Disposal	–	–	–	–	–	–	–
At March 31, 2015	20.79	822.97	456.68	295.14	237.85	295.73	2,129.16
Additions	**–**	**6,729.53**	**2,250.06**	**–**	**17.98**	**–**	**8,997.57**
Disposal	**–**	**(649.94)**	**(373.45)**	**(116.36)**	**(26.84)**	**–**	**(1,166.59)**
At March 31, 2016	**20.79**	**6,902.56**	**2,333.29**	**178.78**	**228.99**	**295.73**	**9,960.14**
Depreciation							
At April 1, 2014	–	601.76	209.01	285.40	88.49	83.58	1,268.24
Charge for the year	–	97.56	43.63	3.04	25.41	9.69	179.33
Disposal	–	–	–	–	–	–	–
At March 31, 2015	–	699.32	252.64	288.44	113.90	93.27	1,447.57
Charge for the year	**–**	**70.57**	**68.47**	**1.74**	**27.87**	**9.69**	**178.34**
Disposal	**–**	**(649.94)**	**(223.69)**	**(116.35)**	**(22.01)**	**–**	**(1,011.99)**
At March 31, 2016	**–**	**119.95**	**97.42**	**173.83**	**119.76**	**102.96**	**613.92**
Impairment loss							
At April 1, 2014	–	–	9.97	–	–	–	9.97
Charge for the year	–	–	–	–	–	–	–
At March 31, 2015	–	–	9.97	–	–	–	9.97
Charge for the year	–	–	–	–	–	–	–
At March 31, 2016	**–**	**–**	**9.97**	**–**	**–**	**–**	**9.97**
Net Block							
At March 31, 2015	20.79	123.65	194.07	6.70	123.95	202.46	671.62
At March 31, 2016	**20.79**	**6,782.61**	**2,225.90**	**4.95**	**109.23**	**192.77**	**9,336.25**

Note:

1 Land includes ₹8.06 Lakhs (March 31, 2015 ₹8.06 Lakhs) being cost of land held in trust by Directors of the Company

2 Plant and equipment includes:

Assets held for disposal
- Gross block ₹26.53 Lakhs (March 31, 2015 - ₹26.53 Lakhs)
- Net block ₹Nil (March 31, 2015 - ₹Nil)

3 Vehicles includes hypothecated to banks
- Gross block ₹68.05 Lakhs (March 31, 2015 - ₹158.69 Lakhs)
- Depreciation charge for the year ₹6.36 Lakhs (March 31, 2015: ₹17.34 Lakhs)
- Accumulated depreciation ₹21.34 Lakhs (March 31, 2015: ₹76.38 Lakhs)
- Net block ₹46.71 Lakhs (March 31, 2015 - ₹82.30 Lakhs)

4 Leasehold improvements includes cost of construction of office premises for which the tenancy rights are with the Company and given on lease.

5. Consequent upon receipt of Occupancy Certificate on 31.12.2015. The Company has capitalised ₹8,977.43 lakhs on 01.01.2016 for "Thane One Building" along with its infrastructure and utilities including capitalisation of interest (net) on borrowed funds ₹767.72 lakhs and soft cost of ₹1,039.05 lakhs. As a result, the incremental depreciation is ₹83.42 lakhs.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 12 - INTANGIBLE ASSETS:

₹ in Lakhs

	Computer software	Total
Gross Block		
At April 1, 2014	21.07	21.07
Purchase	4.16	4.16
At March 31, 2015	25.23	25.23
Purchase	**0.68**	**0.68**
Disposal	**(16.76)**	**(16.76)**
At March 31, 2016	**9.15**	**9.15**
Amortization		
At April 1, 2014	18.65	18.65
Charge for the year	2.30	2.30
At March 31, 2015	20.95	20.95
Charge for the year	**1.18**	**1.18**
Disposal	**(16.76)**	**(16.76)**
At March 31, 2016	**5.37**	**5.37**
Net Block		
At March 31, 2015	4.28	4.28
At March 31, 2016	**3.78**	**3.78**

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 13 - NON-CURRENT INVESTMENTS:		
Trade investments (valued at cost unless stated otherwise)		
Equity instruments:		
Biodil Marsing Private Limited. (unquoted)*	**5.90**	5.90
59,000 (March 31, 2015 - 59,000) Equity shares of ₹10 each fully paid up		
Abbott India Limited (AIL) (quoted)	**0.01**	0.01
139 (March 31, 2015 - 139) Equity shares of ₹10 each fully paid-up		
Syngene International Limited (quoted) (March 31, 2015-unquoted)	**366.50**	366.50
6,87,224 (March 31, 2015 - 96,448) Equity shares of ₹10 each fully paid-up. Includes 5,90,776 (March 31,2015-Nil) Bonus Equity shares of ₹10 each received during the year		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 13 - NON-CURRENT INVESTMENTS: (contd.)		
Investment in equity instruments		
Investment in subsidiaries		
Aegean Properties Ltd.	**30.00**	30.00
30,000 (March 31, 2015 - 30,000) Equity shares of ₹100 each fully paid-up		
Fermenta Biotech Ltd.	**1,709.25**	1,709.25
1,27,62,464 (March 31, 2015 - 1,27,62,464) Equity shares of ₹10 each fully paid-up		
CC Square Films Limited	**5.00**	5.00
50,000 (March 31, 2015 - 50,000) Equity shares of ₹10 each fully paid-up		
Investment in associates		
Health and Wellness India Private Limited	**475.00**	475.00
30,12,504 (March 31, 2015 - 30,12,504) Equity shares of ₹10 each fully paid-up		
Zela Wellness Private Limited		
19,600 (March 31, 2015 - 19,600) Equity shares of ₹10 each fully paid-up	**50.00**	50.00
Investment in joint ventures (Refer Note 28 (a) (i))		
VasKo Glider s.r.o * **(Refer Note 28 (a) (i))**	**188.51**	188.51
Agastya Films LLP **(Refer Note 28 (a) (ii))**	**268.00**	–
Subscription application money		
Health & Wellness India Pvt Ltd (Refer Note 34)	**309.86**	309.86
Zela Wellness Private Limited (Refer Note 34)	**175.00**	175.00
Noble Explochem Ltd	**597.00**	584.00
	4,180.03	3,899.03
Less: Provision for diminution in value of investments (Refer Note 28(a)(i))*	**194.41**	194.41
	3,985.62	3,704.62
Aggregate amount of quoted investments (Market value: ₹2,647.22 Lakhs (March 31, 2015 - ₹5.49 Lakhs))	**366.51**	0.01
Aggregate amount of unquoted investments	**3,619.11**	3,704.61
* Aggregate provision for diminution in value of investments	**194.41**	194.41

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Non current		Current	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
NOTE 14 - LOANS AND ADVANCES:				
Capital advances				
Unsecured, considered good	**–**	383.05	**133.20**	–
	–	383.05	**133.20**	–
Security deposits				
Unsecured, considered good	**79.62**	62.21	**–**	–
	79.62	62.21	**–**	–
Loans to related parties (Refer Note 30) *				
Unsecured, considered good	**–**	–	**157.50**	232.50
Advances recoverable in cash or kind				
Unsecured, considered good	**29.99**	12.19	**188.44**	216.17
Doubtful	**19.01**	19.01	**–**	–
	49.00	31.20	**188.44**	216.17
Less: Provision for doubtful advances	**19.01**	19.01	**–**	–
	29.99	12.19	**188.44**	216.17
Other loans and advances (unsecured)				
Inter corporate deposit (Refer Note 28(b))	**–**	–	**–**	325.00
Advance income-tax (net of provision for taxation)	**–**	–	**305.28**	224.52
Prepaid expenses	**–**	–	**7.48**	5.47
Loans to employees	**25.36**	28.61	**14.79**	10.14
	25.36	28.61	**327.55**	565.13
	134.97	486.06	**806.69**	1,013.80
*** Loans and advances to related parties include**				
Fermenta Biotech Ltd.	**–**	–	**157.50**	232.50
[Maximum amount outstanding during the year ₹232.50 Lakhs (March 31, 2015 - ₹232.50 Lakhs)]				
*** Advances recoverable in cash or kind include**				
CC Square Films Limited	**–**	–	**0.89**	0.59
[Maximum amount outstanding during the year ₹0.89 Lakhs (March 31, 2015 - ₹0.59 Lakhs)]				

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 15 - TRADE RECEIVABLES AND OTHER CURRENT ASSETS:

	Non current		Current	
	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs	**March 31, 2016 ₹ in Lakhs**	March 31, 2015 ₹ in Lakhs
15.1. Trade receivables				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	**–**	–	**2.48**	–
Considered doubtful	**–**	–	**5.97**	5.97
	–	–	**8.45**	5.97
Less: Provision for doubtful debts	**–**	–	**5.97**	5.97
	–	–	**2.48**	–
Other receivables				
Considered good	**–**	–	**0.68**	16.93
	–	–	**3.16**	16.93

	Non current		Current	
	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs	**March 31, 2016 ₹ in Lakhs**	March 31, 2015 ₹ in Lakhs
15.2. Other current assets				
Unsecured, considered good unless stated otherwise				
Non-current bank deposit balances (Refer note 18)	**–**	–	**130.00**	–
Interest accrued (Refer Note 28(b))	**–**	–	**111.22**	164.44
	–	–	**241.22**	164.44

NOTE 16 - CURRENT INVESTMENTS:

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Unquoted		
Union KBC Small & Midcap Fund - Growth NIL (March 31, 2015 -20,00,000) units of ₹10 each	**–**	200.00
Union KBC Dynamic Bond Fund - Growth 2,27,324.392 (March 31, 2015 - Nil) units of ₹10 each	**30.00**	–
Union KBC Capital Protection Oriented Fund - Series 5 - Regular Plant - Growth 5,00,000 (March 31, 2015 - 5,00,000) units of ₹10 each	**50.00**	50.00
Union KBC Equity Fund - Growth NIL (March 31, 2015 - 3,35,570.470) units of ₹10 each	**–**	50.00
	80.00	300.00

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 **₹ in Lakhs**	March 31, 2015 ₹ in Lakhs
NOTE 17 - INVENTORIES (valued at lower of cost and net realizable value):		
Work-in-progress - Motion film production	**–**	45.06
	–	45.06

	Non current		Current	
	March 31, 2016 **₹ in Lakhs**	March 31, 2015 ₹ in Lakhs	**March 31, 2016** **₹ in Lakhs**	March 31, 2015 ₹ in Lakhs
NOTE 18 - CASH AND BANK BALANCES:				
Cash and cash equivalents				
Balances with banks:				
With scheduled banks on:				
Current account	**–**	–	**269.29**	155.99
Unclaimed dividend account	**–**	–	**27.67**	30.24
With non-scheduled bank: Ceskoslovenska obchodini banka, a.s. Czech Republic- on Current account	**–**	–	**0.87**	10.16
Cheque(s) on hand	**–**	–	**–**	20.47
Cash on hand	**–**	–	**1.86**	2.59
	–	–	**299.69**	219.45
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months*	**–**	–	**130.00**	1,395.69
Amount disclosed under non-current assets (Refer note 15.2)	**–**	–	**(130.00)**	–
	–	–	**299.69**	1,615.14

*Deposit in the form of Debt Security Reserve (DSR) with Axis Bank Limited is reclassified under other assets. (Refer note 15.2)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs		March 31, 2015 ₹ in Lakhs	
NOTE 19 - REVENUE FROM OPERATIONS:				
Rent Income		**608.25**		1,065.54
Service income (Infrastructure support service to tenant)		**–**		0.08
Profit on sale/redemption of current investments - other than trade	**46.75**		30.53	
Less: Loss on sale/redemption of current investments - other than trade	**(5.07)**	**41.68**	–	30.53
Dividend Income from investments:				
Current - other than trade		**6.92**		0.03
Interest income on:				
Inter-corporate deposits	**16.01**		134.34	
Bank deposits	**33.13**		91.63	
Loans to subsidiary	**16.90**		22.72	
Security deposits and others	**5.16**		4.66	
Bonds	**–**	**71.20**	2.00	255.35
		728.05		1,351.53

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 20.1 - OTHER OPERATING INCOME:		
Sale of Scap	**0.09**	0.86
	0.09	0.86

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 21 - EMPLOYEE BENEFITS EXPENSE:		
Salaries, wages and bonus	**457.96**	423.36
Contribution to provident and other fund	**33.54**	26.44
Gratuity expense (Refer note 26)	**3.51**	(3.03)
Employee welfare expenses	**15.56**	17.63
	510.57	464.40

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

		March 31, 2016 ₹ in Lakhs		March 31, 2015 ₹ in Lakhs
NOTE 22 - OTHER EXPENSES:				
Electricity charges/Fuel		**76.08**		45.11
Water Charges		**3.80**		3.72
Rates and taxes		**68.85**		40.89
Rent		**60.56**		46.11
Insurance		**12.21**		12.63
Repairs and maintenance:				
Plant and machinery		**30.07**		29.07
Buildings		**2.63**		0.36
Others		**74.36**		94.60
Advertising and sales promotion expenses		**64.14**		32.77
Travelling and conveyance		**56.36**		52.27
Legal and professional charges		**148.28**		106.38
Payment to auditors (Refer note below)		**16.69**		15.73
Exchange loss (net)		**0.45**		2.26
Communication costs		**13.58**		15.66
Donation		**17.65**		2.57
Bad debts/Advances written Off		**10.00**		–
Directors' sitting fees		**6.35**		7.10
Printing and stationery		**6.79**		5.28
Staff recruitment expenses		**0.08**		0.42
Loss on sale of fixed assets (net)		**48.50**		–
Loss on deletion of fixed assets (net)		**4.91**		–
Miscellaneous expenses		**60.08**		85.46
	**	**782.42**	**	598.39

** net of recovery of ₹45.57 Lakhs (March 31, 2015 - ₹45.54 Lakhs) from subsidiary companies.

	March 31, 2016 ₹ in Lakhs		March 31, 2015 ₹ in Lakhs	
Payment to auditors'				
As auditor				
Audit fee	**8.00**		7.25	
Tax audit fee	**1.60**	*	1.60	*
Limited review	**6.00**		6.00	
In other capacity in respect of:				
Other services (certification fees)	**0.25**		0.25	
Reimbursement of expenses	**0.84**	*	0.63	*
	16.69		15.73	

* includes amount payable to another auditor

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 23 - DEPRECIATION AND AMORTIZATION EXPENSE:		
Depreciation of tangible assets	**178.34**	179.33
Amortization of intangible assets	**1.18**	2.30
	179.52	181.63
NOTE 24 - FINANCE COST:		
Interest on term loans	**155.84**	2.87
Interest on intercorporate deposits	**1.99**	–
Interest on Cash credit	**0.09**	–
Loan Processing Fees	**19.05**	–
	176.97	2.87

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 25 - EARNINGS PER SHARE (EPS):		
Profit after tax	**(913.72)**	72.86
	No. in Lakhs	No. in Lakhs
Weighted average number of equity shares in calculating basic/diluted EPS	**22.93**	22.93
Earnings per share (₹ per share):	**(39.85)**	3.18

NOTE 26 - EMPLOYEE BENEFITS:

The Company operates employee benefit plan namely i) defined contribution plan, which includes Provident fund and ii) defined benefit plan which includes contribution to gratuity fund (funded).

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
a) Defined Contribution Plan		
Contribution to Defined Contribution Plan, recognised in the statement of profit and loss account under employee benefits expense, provident and other funds on note 21 for the year are as under:		
- Provident fund	**33.54**	26.44

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 26 - EMPLOYEE BENEFITS: (contd.)

b) Defined Benefit Plan

Gratuity - As per actuarial valuation

		March 31, 2016	March 31, 2015
		₹ in Lakhs	₹ in Lakhs
		Gratuity (Funded)	
i)	Changes in the present value of the defined benefit obligation		
	Opening	**36.05**	39.31
	Interest cost	**2.67**	3.48
	Current service cost	**3.65**	3.85
	Benefits paid	**(2.57)**	(2.02)
	Actuarial (gains) / losses on obligation	**4.44**	(8.57)
	Closing	**44.24**	36.05
ii)	Changes in fair value of plan assets		
	Opening	**51.16**	47.49
	Expected return on plan assets	**4.15**	3.80
	Acturial gains / (losses) on obligation:	**1.24**	0.42
	Employer's contribution	**1.73**	1.47
	Benefits paid	**(2.57)**	(2.02)
	Closing	**55.71**	51.16
iii)	Amounts recognised in balance sheet		
	Present value of defined benefit obligation	**(44.24)**	(36.05)
	Fair value of plan assets	**55.71**	51.16
	Amount not recognised as assets	**(1.06)**	(2.92)
	Net Asset / (liability) recognised in balance sheet	**10.41**	12.19
iv)	Amounts recognised in profit and loss		
	Current service cost	**3.65**	3.85
	Interest cost	**2.67**	3.48
	Expected return on plan assets	**(4.15)**	(3.80)
	Net actuarial (gain) / loss recognised	**3.20**	(8.99)
	Amount not recognised as Assets	**(1.86)**	2.43
	Total expense	**3.51**	(3.03)
v)	Actual return on plan assets	**5.39**	4.22
vi)	Principal assumptions used in actuarial valuation		
	Discount rate	**7.80%**	7.90%
	Expected return on plan assets	**8.00%**	9.15%
	Salary escalation rate	**5%**	5%
	Employee turnover	**1% at all ages**	1% at all ages

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 26 - EMPLOYEE BENEFITS: (contd.)

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
	Gratuity (Funded)	
vii) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:		
Investments with insurer	**100%**	100%

	Gratuity (Funded)				
	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs	March 31, 2014 ₹ in Lakhs	March 31, 2013 ₹ in Lakhs	March 31, 2012 ₹ in Lakhs
viii) Amounts for the current and previous four periods					
Defined benefit obligation	**44.24**	36.05	39.31	36.50	28.56
Plan assets	**55.71**	51.16	47.49	43.52	39.87
Surplus/(deficit)	**11.47**	15.11	8.18	7.02	11.31
Experience adjustments on plan liabilities	**4.15**	0.24	(0.66)	1.38	(12.55)
Experience adjustments on plan assets	**1.25**	0.42	(0.59)	0.35	(1.79)

ix) a) The discount rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations.

b) Expected rate of return on assets assumed by the Insurance Company is generally based on their investment pattern as stipulated by the Government of India.

c) The estimates of rate escalation in salary considered in the actuarial valuation takes into account inflation, seniority promotion and other relevant factors including supply demand in the employment market.

d) The Company is expected to contribute to the Gratuity fund during 2016-17 ₹Nil (March 31, 2016 ₹Nil)

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 27 - LEASES:		
Assets taken on operating lease		
During the year the Company has entered into arrangements for taking on leave and license basis certain residential and office premises. The agreement has cancellable and 7.50% - 10% escalation clause and is not renewable.		
1. Lease payments recognised in the statement of profit and loss for the year.	**60.56**	45.02
2. Future minimum lease payment under non cancellable leases in the aggregate for each of the following periods:		
i) Not later than one year	**23.91**	23.11
ii) Later than one year and not later than five years.	**14.23**	4.09

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 27 - LEASES: (contd.)		
Assets given on operating lease		
The Company has entered into operating lease agreement for sublease property in Worli, Mumbai with original lease periods expiring on September 30, 2018. However the agreement got terminated w.e.f July 31, 2016, have rent escalation provisions of 15% after 3 years.		
The Company has also entered into operating lease agreement for its properties in Thane with original lease periods expiring between 2010 and 2021. These agreements are cancellable/ non-cancellable and have rent escalation provisions of 5% every year.		
1. Rent income recognised in the statement of profit and loss for the year.	**608.25**	1,065.54
(includes rentals on sub-lease of ₹420.67 Lakhs (March 31, 2015 ₹420.67 Lakhs) which is terminated w.e.f. July 31, 2016)		
2 Future minimum lease payment under the non-cancellable leases in the aggregate and for each of the following periods:		
i) Not later than one year	**394.46**	219.77
ii) Later than one year and not later than five years	**408.59**	–
iii) More than five years	–	–

NOTE 28 (a) - INTEREST IN JOINT VENTURE: (Refer Note 13)

(i) The Company has invested an aggregate of ₹188.51 Lakhs in VasKo Glider s.r.o. Czechoslovakia, a joint venture. Out of the above, ₹1.96 Lakhs (Czech Koruna 1 Lakh) is towards basic capital and ₹186.55 Lakhs (Czech Koruna 95.24 Lakhs) is towards voluntary additional contribution to capital. VasKo Glider is involved in manufacture of wheelchairs based on Levitation Movement Technology, acquired from the joint venture partner under the technology transfer agreement with effect from March 18, 2005 and the patent of which is registered in Czechoslovakia in the name of the joint venture partner. The joint venture partner has applied for registration of patent in various countries and the same has been registered in USA, India and Australia.

The proportionate share in the assets, liabilities, income and expenditure of the above joint venture is based on accounts prepared as per local laws as amended and issued by the Ministry of Finance of the Czech Republic, governing financial statement for business and translated by the Management as per Indian GAAP, is as follows:-

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
Percentage of holding	**50%**	50%
Current asset	**20.11**	17.89
Non-current assets	**0.88**	0.79
Current liabilities	**0.90**	0.80
Non-current liabilities	**–**	–
	21.89	19.48

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 28 (a) - INTEREST IN JOINT VENTURE: (contd.)

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
Revenue	**–**	–
Cost of material consumed	**–**	–
Depreciation of plant and machinery	**–**	–
Employee benefit expenses	**–**	–
Other expenses	**–**	–
Profit before tax	**–**	–
Income tax expenses	**–**	–
Profit after tax	**–**	–
Commitments and contingent liabilites	**–**	–

In view of the accumulated losses of Joint Venture there is substantial erosion in the value of investment and accordingly, provision for diminution of ₹188.51 lakhs has been made in the earlier year.

(ii) The company holds 50% interest in Agastya Films LLP, a joint controlled entity which is involved in business of film production.

The proportionate share in the assets, liabilities, income and expenditure of the above joint venture is based on accounts prepared as per as per Indian GAAP, is as follows:-

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
Percentage of holding	**50%**	50%
Current asset	**333.21**	–
Non-current assets	**–**	–
Current liabilities	**45.29**	–
Non-current liabilities	**–**	–
	378.50	–
Revenue	**0.01**	–
Cost of material consumed	**–**	–
Depreciation of plant and machinery	**–**	–
Employee benefit expenses	**–**	–
Other expenses	**0.10**	–
Profit before tax	**(0.09)**	–
Income tax expenses	**–**	–
Profit after tax	**(0.09)**	–
Commitments and contingent liabilites	**–**	–

Note 28 (b) - During the previous year ending March 31, 2015, the Company has reached a commercial settlement of its Certificate of investment in Allegro of ₹ 325 Lakhs and agreed to convert this investment into Inter corporate deposit of ₹ 325 lakhs @ 12% p.a. Accordingly, company has accrued interest of ₹ 16.01 lakhs (March 31, 2015 - ₹ 132.17 lakhs).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 29 - SEGMENT INFORMATION

(A) Primary Segments - Business Segments

The primary reporting of the Company has been performed on the basis of business segment namely:

Property - Renting of properties

Treasury - Investment in shares, securities and mutual funds

Entertainment - Production and distribution of motion films, providing services for event management and film production.

Segments have been identified and reported based on the nature of the services, the risk and returns, the organisation structure and the internal financial reporting systems.

₹ in Lakhs

	2015-2016 *2014-2015*			
	Property	**Treasury**	**Entertainment**	**Total**
a. Revenue				
1. Segment revenue - External sales / income from operations	**613.41**	**114.64**	**–**	**728.05**
	1,070.40	*281.25*	*–*	*1,351.65*
Unallocated revenue				**0.09**
				0.74
2. Total				**728.14**
				1,352.39
b. Result				
1. Segment result / operating profit / (loss)	**274.50**	**114.54**	**(91.98)**	**297.06**
	718.85	*266.24*	*(90.05)*	*895.04*
2 Finance Cost				**176.97**
				2.87
3 Unallocable income/(expenditure) (net)				**(1,041.43)**
				(787.07)
4 Profit before tax				**(921.34)**
				105.10
5 Provision for tax				
- current tax				**–**
				45.16
- deferred tax				**(7.62)**
				(12.92)
6 Profit after tax				**(913.72)**
				72.86
c. Other information				
1. Segment assets	**9,501.27**	**4,453.70**	**226.99**	**14,181.96**
	7,289.17	*6,123.39*	*267.43*	*13,679.99*
2 Unallocated corporate assets				**767.28**
				640.31
3. Total assets				**14,949.24**
				14,320.30

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 29 - SEGMENT INFORMATION (contd.):

₹ in Lakhs

	2015-2016			
	2014-2015			
	Property	**Treasury**	**Entertainment**	**Total**
4. Segment liabilities	**965.91**	**–**	**227.00**	**1,192.91**
	648.71	*366.50*	*227.17*	*1,242.38*
5. Unallocated corporate liabilities				**5,492.30**
				3,831.17
6. Total liabilities				**6,685.21**
				5,073.55
7. Cost incurred during the year to acquire				
-segment tangible assets	**2,167.94**	**–**	**0.59**	**2,168.53**
	2,936.96	*–*	*0.82*	*2,937.78*
-unallocated segment tangible assets				**54.92**
				36.51
8. Depreciation and amortization expense	**141.69**	**–**	**4.00**	**145.69**
	136.08	*–*	*4.64*	*140.72*
9 Unallocated depreciation				**33.83**
				40.91

(Figures in italics are the corresponding figures in respect of the previous year.)

B) Secondary Segments

The Company has revenue / assets in India and accordingly, there is only one reportable geographical segment.

NOTE 30 - RELATED PARTY DISCLOSURES

a. Parties where control exists

Mr. Krishna Datla - Managing Director, Party controlling holding company.

Holding company

DVK Investments Private Ltd

Subsidiaries

1. Aegean Properties Ltd.
2. CC Square Films Limited
3. Fermenta Biotech Ltd.
4. Fermenta Biotech (UK) Ltd. (100% subsidiary of Fermenta Biotech Ltd.)
5. G. I. Biotech Private Ltd. (62.50% subsidiary of Fermenta Biotech Ltd.)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 30 - RELATED PARTY DISCLOSURES (contd.):

b. **Other related party relationships where transactions have taken place during the year**

Fellow Subsidiary
V M Café De Art Private Ltd. (strike off w.e.f. 15.09.2015)

I) Key Management Personnel

1. Mr. Krishna Datla - Managing Director
2. Mr. Keshav H Kashid - Chief Financial Officer
3. Mr. Srikant N Sharma - Company Secretary

II) Relative of Key Management Personnel

1. Ms. Rajeshwari Datla
2. Ms. Anupama Datla Desai

c. **Joint Venture**

VasKo Glider s.r.o.*

Agastya Films LLP (w.e.f. 20.11.2015)

d. **Associates**

1. Health and Wellness India Private Ltd
2. Zela Wellness Private Limited

e. **Enterprises owned or significantly influenced by key management personnel or their relatives**
Magnolia FNB Private Limited

f. **Related party relationship is identified by the Company on the basis of available information.**

g. **Transactions with related parties.**

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(₹ in Lakhs)

	Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture	Key Manage-ment Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associates
1	Loans and advances given						
	- Fermenta Biotech Ltd.		– (25.00)				
2	Loans recovered						
	- Fermenta Biotech Ltd.		**65.00** (25.00)				
3	Bad debts/Advances written Off						
	- Fermenta Biotech Ltd.		**10.00** –				

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

NOTE 30 - RELATED PARTY DISCLOSURES (contd.):

(₹ in Lakhs)

	Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture	Key Manage-ment Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associates
4	Interest Income on loan						
	- Fermenta Biotech Ltd.		**16.90** (22.72)				
5	Remuneration						
	- Mr. Krishna Datla				**70.29** (68.97)		
	- Mr. Keshav H Kashid				**52.58** (61.99)		
	- Mr. Srikant N Sharma				**25.55** (29.54)		

Note: The remuneration to the key managerial personnel does not include the provisions made for grauity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

	Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture	Key Manage-ment Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associates
6	Directors sitting fees						
	- Ms. Rajeshwari Datla				**1.45** (1.00)		
7	Rent income						
	- Aegean Properties Ltd.		**1.49** (1.42)				
	- DVK Investments Private Ltd.	**1.49** (1.42)					
	- Fermenta Biotech Ltd.		**82.13** (80.87)				
	- CC Square Films Limited		**1.20** (1.20)				
	- Magnolia FNB Private Limited					**1.20** (1.20)	
8	Rent paid						
	- Aegean Properties Ltd.		**18.00** (18.00)				
9	Other reimbursements paid						
	- Fermenta Biotech Ltd.		**11.66** (0.98)				
	- Aegean Properties Ltd.		**14.41** (15.46)				
	- Agastya Films LLP			**0.58** –			

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 30 - RELATED PARTY DISCLOSURES (contd.):

(₹ in Lakhs)

	Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture	Key Manage-ment Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associates
10	Other reimbursements received						
	- Fermenta Biotech Ltd.		**45.27** (45.26)				
	- CC Square Films Ltd		**0.30** (0.28)				
11.	Investment in equity share capital (Refer Note 13)						
	- Zela Wellness Private Limited						**–** (100.00)
	- Agastya Films LLP			**268.00** –			
12	Balance outstanding as at the year end						
	i. Rent and reimbursement Payable						
	- Aegean Properties Ltd.		**28.90** –				
	- Fermenta Biotech Ltd.		**9.94** (1.34)				
	ii. Rent and reimbursement receivables						
	- Fermenta Biotech Ltd.		**3.24** (29.18)				
	- G.I.Biotech Private Ltd.		**1.25** (1.25)				
	- CC Square Films Ltd		**4.05** (2.39)				
	- Agastya Films LLP		**0.58** –				
	iii. Provision for doubtful debts						
	- G.I.Biotech Private Ltd.		**1.25** (1.25)				
	iv. Provision for diminution in value of investments*			**188.51 *** (188.51) *			
	v. Loans						
	- Fermenta Biotech Ltd.		**157.50** (232.50)				

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 30 - RELATED PARTY DISCLOSURES (contd.):

(₹ in Lakhs)

Particulars	Holding Company	Subsidiaries	Fellow Subsidiary/ Joint venture	Key Manage-ment Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associates
vi. Interest accrued						
- Fermenta Biotech Ltd.		**2.83** (4.27)				
vii. Remuneration Payable						
- Mr. Keshav H Kashid				– (9.22)		
- Mr. Srikant N Sharma				– (4.38)		

(Figures in brackets are the corresponding figures in respect of the previous year.)

h. Additional disclosure as required by the amended clause 32 of the listing agreement with The Bombay Stock Exchange Limited

	Name	Balance as at		Maximum amount outstanding during the year ended	
		March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs	**March 31, 2016 ₹ in Lakhs**	March 31, 2015 ₹ in Lakhs
1.	Loans to subsidiaries / associate				
	- Fermenta Biotech Ltd.	**157.50**	232.50	**232.50**	232.50
2.	Loans where there is no repayment schedule and is interest-free (included above)	**–**	–	**–**	–
3.	Loans to firms/companies in which directors are interested				
	Loans given during the year				
	- Fermenta Biotech Ltd.	**–**	–	**25.00**	25.00
	Loans outstanding at the year end				
	- Fermenta Biotech Ltd.	**157.50**	232.50	**232.50**	232.50

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 31 - DETAILS OF LOANS & INVESTMENT AS REQUIRED U/S 186 OF COMPANIES ACT, 2013

Particulars	**March 31, 2016**		March 31, 2015	
	Loan Given ₹ in Lakhs	**Outstanding ₹ in Lakhs**	Loan Given ₹ in Lakhs	Outstanding ₹ in Lakhs
Loan given to subsidiary for working capital/business operations				
- Fermenta Biotech Ltd.	–	**157.50**	25.00	232.50

Note: Rate of interest charged on loan given is 8% to 13% p.a

NOTE 32 - CAPITALIZATION OF EXPENDITURE

During the year, the Company has capitalized the following expenses of revenue nature to the cost of fixed assets/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

Particulars	**March 31, 2016 ₹ in Lakhs**	March 31, 2015 ₹ in Lakhs
Finance costs	**412.76**	401.53
Total	**412.76**	401.53

Note 33 - During the current year, Company has received a notice from the private equity investor/shareholder in Company's subsidiary, Fermenta Biotech Limited ("Fermenta"). In this notice, investor has notified the Company that it proposes to exercise its "Drag Along Right" with respect to the shares of Fermenta asking DIL either to acquire shares of Fermenta from the investor or drag along DIL to sell the shares of Fermenta held by investor and DIL to a third party, pursuant to the Shareholders' Agreement dated December 10, 2010 entered into by the Company, Fermenta and investor. The Company has been advised that such claim is not legally tenable and the management has concluded that there is no obligation on the Company with reference to the aforesaid alleged notice from the investor. Accordingly, no impact has been considered in the financial statement.

Note 34 - During the previous year, Company has entered into an agreement with other investors to invest additional amount in the operations of Health & Wellness India Private Limited (H&W) & Zela Wellness Private Limited (Zela) (associate companies) and also agreed to merge the operations of these two associates into one single entity. Pursuant to this agreement the outstanding Loans and advances, of ₹309.86 Lakhs with H&W & ₹25 Lakhs with Zela given by the Company has been converted into share application money. Post the completion of merger operations and shareholding alignment, the Company will own 50.94% stake in the combined operations. In addition to the above, during the previous year the Company has invested ₹100 Lakhs towards additional share subscription money.

During the current year, Company has entered into supplementary agreement with other investors in Zela Wellness Private Limited (Zela) to convert the said additional share subscription money of ₹150 Lakhs invested in Zela Wellness Private Limited (Zela) into 0.001% Non Cumulative Compulsory Convertible Preference shares. On consolidation/merging of operations of Health & Wellness India Private Limited (H&W) & Zela Wellness Private Limited (Zela) into resultant unified entity, the said preference shares of Zela Wellness Private Limited (Zela) to be convereted in to equity shares of resultant unified Company. Post completion of unification of operations and conversion of preference shares into equity shares of the unified entity and on shareholding alignment, the Company will own 53.67% stake in the combined entity.

NOTE 35 - CAPITAL AND OTHER COMMITMENTS:

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
Estimated amount of contracts remaining to be executed on capital account.	**640.71**	1,611.28

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 36 - CONTINGENT LIABILITIES:

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
Claims against the company not acknowledged as debts :		
Service tax department raised demand of ₹ 22.50 Lakhs consisting of Service Tax of ₹ 7.50 Lakhs and penalty of ₹ 15.00 Lakhs in connection with services rendered post demerger of the pharmaceutical division. Commissioner of Service Tax Mumbai and CESTAT has upheld the order of Joint Commissioner of Service Tax. Company has preferred an appeal to Bombay High Court.	**22.50**	22.50
The Deputy Commissioner of sales tax has confirmed the order of the Asst. Commissioner of sales tax Vapi, Gujarat for year 1992-93 and 1993-94 for demand of interest and penalty due to shortfall in tax payment on account of computation of purchase tax setoff. Company has preferred an appeal to sales tax tribunal Ahmedabad, Gujarat and obtained stay against the order/demand of the Asstt. Commissioner pending final disposal.	**4.63**	4.63
	27.13	27.13

NOTE 37 - UN-HEDGED FOREIGN CURRENCY EXPOSURE:

Particulars	**March 31, 2016**		March 31, 2015	
	Foreign Currency in Lakhs	**₹ in Lakhs**	Foreign Currency in Lakhs	₹ in Lakhs
Cash and bank balance	**Kc 0.31**	**0.87**	Kc 4.12	10.16

NOTE 38 - EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS):

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
Legal fees	**1.90**	–
Remittances to branch office	**43.90**	52.96
	45.80	52.96

NOTE 39 - Previous year's figures have been regrouped/reclassfied wherever necessary to conform with current year's classification.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No: 105938

Mumbai
Date: May 27, 2016

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

VINAYAK HAJARE
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 27, 2016

Independent Auditor's Report

To
The Members of DIL Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of DIL Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for qualified opinion

The accompanying consolidated financial statements include total assets of ₹65.61 lakhs as at March 31, 2016, total revenues of ₹0.01 lakhs and net loss of ₹0.08 lakhs for the year ended on that date, in respect of two jointly controlled entities, which have not been audited and have been consolidated in the consolidated financial statements based solely on the unaudited separate financial statement certified by the management. The consolidated financial statements also include the Company's share of net loss of ₹54.87 lakhs for the year ended March 31, 2016, in respect of two associates, which have not been audited and have been consolidated in the consolidated financial statements based solely on the unaudited separate financial statement certified by the management. Accordingly we are unable to comment on the impact of the same on the consolidated financial statements if the same had been audited and corresponding impact on paragraph 1 under the report on other legal and regulatory requirements below.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at March 31, 2016, of their consolidated loss and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, to the extent applicable, we report that:

(a) Except for the matter described in Basis for Qualified Opinion paragraph and the other auditors whose reports we have relied upon, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) Except for the matter described in Basis for Qualified Opinion paragraph, 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 Company so far as appears from our examination of those books and the reports of the other auditors;

(c) Except for the matter described in Basis for Qualified Opinion paragraph above , the consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group's companies, its associates and jointly controlled companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act except in relation to two jointly controlled entities and two associates where the auditors' report is not available as noted in our paragraph of qualified opinion above.

(f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;

(g) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India, refer to our separate report in "Annexure 1" to this report;

(h) 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. Except for the possible effect of the matter described in Basis of Qualified Opinion paragraph above, the consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and jointly controlled entities– Refer Note 36 to the consolidated financial statements;

   ii. Except for the possible effect of the matter described in the Basis of Qualified Opinion paragraph above, The Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts;

   iii. Except for the possible effect of the matter described in the Basis of Qualified Opinion paragraph above, there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and jointly controlled companies incorporated in India.

Other Matter

(a) The accompanying consolidated financial statements include total assets of ₹213.98 lakhs as at March 31, 2016, total revenues of ₹3.54 lakhs and net loss of ₹27.10 lakhs for the year ended on that date, in respect of certain subsidiaries, which have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. 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-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, 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 and the financial statements and other financial information certified by the Management.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number : 324982E/E300003

per Vikram Mehta
Partner
Membership Number : 105938

Place of Signature : Mumbai
Date : May 27, 2016.

Annexure 1 – To the independent auditor's report of even date on the consolidated financial statements of DIL Limited

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

In conjunction with our audit of the consolidated financial statements of DIL Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of DIL Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, and its associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, "the internal financial 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, specified 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 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 Holding Company's internal financial controls system over financial reporting.

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.

Qualified Opinion

According to the information and explanations given to us and based on the report issued by other auditors on internal financial controls system over financial reporting in case of its subsidiary companies and its associate companies , which are companies incorporated in India, the following material weakness have been identified as at March 31, 2016:

The Holding Company did not have an appropriate internal financial control system for review of recoverability of long term investments which could potentially result in the Company not recognising the diminution in the value of its long term investments on a timely basis.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the holding company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria in respect of the Holding Company, its subsidiary companies, and its associate companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Other Matters

Our 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 three subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies and in case of two associate companies incorporated in India whose reports of auditors are not furnished to us.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2016, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 27, 2016 expressed a qualified opinion thereon.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vikram Mehta
Partner
Membership Number : 105938

Place of Signature : Mumbai
Date : May 27, 2016.

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

	Notes	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	**229.32**	229.32
Reserves and surplus	4	**12,752.69**	12,932.88
		12,982.01	13,162.20
Minority interest		**2,566.91**	2,237.10
Non-current liabilities			
Long-term borrowings	5	**1,778.25**	535.41
Deferred tax liability (net)	6	**400.25**	324.53
Other long-term liabilities	7	**69.71**	365.67
Long-term provisions	8	**178.73**	166.16
		2,426.94	1,391.77
Current liabilities			
Short-term borrowings	9	**2,933.95**	2,488.52
Trade payables			
Total outstanding dues of micro and small enterprises	10	**5.14**	19.42
Total outstanding dues of creditors other than micro and small enterprises		**1,972.19**	1,621.49
Other current liabilities	10	**5,662.01**	5,108.39
Short-term provisions	8	**275.07**	185.38
		10,848.36	9,423.20
TOTAL		**28,824.22**	26,214.27
ASSETS			
Non-current assets			
Goodwill		**534.33**	534.33
Less: Impairment		**(121.00)**	(121.00)
Goodwill (net of impairment)		**413.33**	413.33
Fixed assets			
Tangible assets	11	**16,211.12**	7,958.88
Intangible assets	12	**185.31**	98.97
Capital work-in-progress		**591.24**	6,346.21
Intangible assets under development		**3.00**	159.14
Non-current investments	13	**1,459.79**	1,501.66
Long term loans and advances	14	**486.61**	635.15
Other non-current assets	15.2	**15.04**	1.68
		18,952.11	16,701.69
Current assets			
Current investments	16	**80.00**	300.00
Inventories	17	**2,796.74**	2,163.45
Trade receivables	15.1	**4,300.56**	3,553.21
Cash and bank balances	18	**478.76**	1,726.07
Short-term loans and advances	14	**1,213.97**	1,182.79
Other current assets	15.2	**588.75**	173.73
		9,458.78	9,099.25
TOTAL		**28,824.22**	26,214.27
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 27, 2016.

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

VINAYAK HAJARE
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 27, 2016.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Notes	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
INCOME			
Revenue from operations (net)	19.1	**14,637.60**	13,278.60
Less: Excise duty		**294.77**	370.70
		14,342.83	12,907.90
Other operating income	19.2	**998.76**	1,267.27
Other income	20	**264.63**	6.63
Total revenue (I)		**15,606.22**	14,181.80
EXPENSES			
Cost of raw material and components consumed	21	**6,284.83**	6,056.26
Purchase of traded goods		**160.11**	82.00
(Increase)/decrease in Inventories	22	**(53.06)**	158.87
Employee benefits expense	23	**2,796.74**	2,420.58
Other expenses	24	**4,271.83**	3,867.77
Total (II)		**13,460.45**	12,585.48
Earnings before interest, tax, depreciation and amortization expense (EBITDA) (I) – (II)		**2,145.77**	1,596.32
Depreciation and amortization expense	25	**835.00**	857.85
Finance costs	26	**614.69**	450.16
Profit before tax		**696.08**	288.31
Tax expense:			
Current tax		**349.10**	86.98
Deferred tax (credit)/charge		**75.72**	105.95
Total tax expense		**424.82**	192.93
Profit after tax		**271.26**	95.38
Share of minority interest in (profit)/loss		**(329.81)**	(7.29)
Share of interest in profit/(loss) of associates		**(54.87)**	(41.71)
Profit for the year		**(113.42)**	46.38
Earnings per equity share [nominal value of share ₹10/-]	27		
Basic / Diluted (₹in Lakhs)		**(4.95)**	2.02
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 27, 2016.

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

VINAYAK HAJARE
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 27, 2016.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

PARTICULARS		March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		**696.08**	288.31
Non-cash adjustment to reconcile profit before tax to net cash flows :			
Depreciation		**835.00**	857.85
Loss on sale of fixed assets		**48.50**	5.37
Loss on deletion of assets		**4.91**	–
Profit on sale of fixed asset		**(0.70)**	–
Unrealised foreign exchange (gain)/loss (net)		**(50.55)**	(4.44)
Provision for doubtful debts and advances		**19.63**	–
Interest expenses		**614.69**	450.16
Operating profit before working capital changes		**2,167.55**	1,597.25
Movements in working capital :			
Increase/(decrease) in trade payables		**343.44**	(243.57)
Increase/(decrease) in long-term provisions		**12.57**	(20.06)
Increase/(decrease) in short-term provisions		**4.16**	5.52
Increase/(decrease) in other current liabilities		**(17.27)**	641.81
Increase/(decrease) in other long-term liabilities		**(183.01)**	(375.02)
Decrease/(increase) in trade receivables		**(690.74)**	500.60
Decrease/(increase) in inventories		**(633.29)**	181.79
Decrease/(increase) in long-term loans and advances		**109.16**	(247.10)
Decrease/(increase) in short-term loans and advances		**36.69**	(212.14)
(Increase)/decrease in other current assets		**(415.02)**	(32.45)
(Increase)/decrease in other non-current assets		**(13.36)**	(14.83)
(Increase)/decrease in current investments		**220.00**	–
(Increase)/decrease in non-current investments		**(13.00)**	113.11
Cash generation from operations		**927.89**	1,894.91
Direct taxes paid (net of refunds)		**(276.68)**	(387.98)
Net cash flow from / (used in) operating activities	(A)	**651.21**	1,506.93
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets, including CWIP and capital advances		**(3,042.61)**	(3,515.10)
Proceeds from sale of fixed assets		**102.13**	14.58
Investments in bank deposits (having original maturity of more than three months)		**–**	(1,395.68)
Redemption/maturity of bank deposits (having original maturity of more than three months)		**1,395.68**	3,089.94
Net cash flow from / (used in) investing activities	(B)	**(1,544.80)**	(1,806.26)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

CASH FLOW STATEMENT (Contd.)

PARTICULARS		March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		**2,928.14**	1,121.37
Repayment of long-term borrowings		**(1,577.72)**	(578.47)
Proceeds from short-term borrowings		**429.19**	29.73
Interest paid		**(597.08)**	(450.16)
Dividend paid on equity shares		**(117.23)**	(56.06)
Tax on equity dividend paid		**(23.34)**	(9.74)
Net cash flow from/ (used in) in financing activities	(C)	**1,041.96**	56.67
Net increase/(decrease) in cash and cash equivalents	**(A+B+C)**	**148.37**	(242.66)
Add: Effect of exchange difference on Cash and Equivalents held in foreign currency		**–**	0.55
Cash and cash equivalents at the beginning of the year		**330.39**	572.50
Cash and cash equivalents at the end of the year		**478.76**	330.39
Components of cash and cash equivalents			
Cash on hand		**5.56**	6.45
Cheque on hand		**–**	20.47
With scheduled banks on:			
Current account		**400.64**	220.14
Deposits with original maturity of less than three months		**0.03**	0.03
Unclaimed dividend account*		**27.67**	30.24
With non-scheduled bank:			
Ceskoslovenska obchodini banka, a.s. Czech Republic- on Current account		**44.86**	53.06
Total cash and cash equivalents (note 18)		**478.76**	330.39

* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities

Note

1) Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS-3) "Cash Flow Statements" as specified Companies (Accounts) Rules, 2014.

2) Previous year's figures have been regrouped/rearranged wherever necessary.

Summary of significant accounting policies (Refer Note 2.1)

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 27, 2016.

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

VINAYAK HAJARE
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 27, 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

1. a) Corporate information

DIL Limited ('DIL' or 'the Company') together with its subsidiaries Fermenta Biotech Limited ('FBL'), Fermenta Biotech (UK) Limited ('FBLUK'), Aegean Properties Limited ('APL'), G.I. Biotech Private Limited ('GI BIO'), CC Square Films Limited ('CCSL') collectively referred to as 'the Group', is in the business of manufacturing and selling of chemicals primarily bulk drugs and enzymes, renting property, entertainment and utilization of surplus funds for its treasury operations. The Company's Joint Ventures, VasKo Glider s.r.o.Czechoslovakia is in the business of development and manufacture of wheelchairs and Agastya Films LLP. is in the business of film production.

In accordance with notified Accounting Standard (AS) 27 "Financial reporting of interest in joint venture" the operations of owned joint venture are proportionately consolidated.

(b) The proportionate share in the assets, liabilities, income and expenditure of Vasko Glider s.r.o. and Agastya Films LLP, Joint Ventures of the Company, based on accounts certified by the management is as follows:-

		Vasko Glider s.r.o.		**Agastya Films LLP.**	
		31-Mar-16	31-Mar-15	**31-Mar-16**	31-Mar-15
		₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
i)	Percentage of holding	**50%**	50%	**50%**	–
ii)	Assets	**20.99**	18.68	**333.21**	–
iii)	Liabilities	**0.90**	0.80	**45.29**	–
iv)	Income	**–**	–	**0.02**	–
v)	Expenditure	**–**	–	**0.10**	–
vi)	Capital commitment	–	–	**–**	–
vii)	Contingent liabilities	–	–	**–**	–

c) The Financial statements of the associates and joint venture used in the consolidation are drawn upto the same reporting date as of the Company. The Joint venture's financial statement have been consolidated on the basis of unaudited financial statement prepared and certified by the management.

The financial statements of the group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspect of the Accounting Standard (AS) Notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

d) Basis of consolidation

These consolidated financial statements include the financial statements of DIL Limited, its subsidiaries and proportionate share in joint venture as at March 31, 2016.

The following subsidiaries, associates and joint venture have been considered:

Name of the subsidiaries	**Country of Incorporation**	**2015-16 % shareholding**	2014-15 % shareholding
Fermenta Biotech Limited *	India	**72.09%**	72.09%
Fermenta Biotech (UK) Limited (100% subsidiary of FBL)	United Kingdom	**72.09%**	72.09%
G.I. Biotech Private Limited (62.50% Subsidiary of FBL)	India	**45.06%**	45.06%
Aegean Properties Limited	India	**100.00%**	100.00%
CC Square Films Limited	India	**100.00%**	100.00%
Name of the associates			
Health and Wellness India Private Ltd	India	**47.15%**	47.15%
Zela Wellness Private Limited	India	**49.00%**	49.00%
Name of the joint venture			
VasKo Glider s.r.o.	Czech Republic	**50.00%**	50.00%
Agastya Films LLP.	India	**50.00%**	–

* excludes shares issued to ESOP Trust but not allotted to employee as per guidance note on Accounting for Employee Share based payments issued by the Institute of Chartered Accountants of India.

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed by Accounting Standard - 21 'Consolidated Financial Statements' ('AS - 21'), Accounting Standard - 23 ' Accounting for investment in Associates in 'Consolidated Financial Statements' ('AS - 23') and Accounting Standard - 27 'Financial Reporting of Interest in Joint Ventures' ('AS- 27') as per Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013 for the purpose of preparation and presentation of financial statements.

The financial statements of the Group have been combined on a line-by-line basis by adding together the book values of items like assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealized profits in full for subsidiaries. The 50% share in assets, liabilities, income and expenses as appearing in the financial statements of joint venture have been combined on line-by-line basis after eliminating intra-group balances/transactions and resulting unrealized profits on proportionate basis. The amounts shown in respect of accumulated reserves comprises the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase / (decrease) in the relevant reserve, accumulated deficit of its subsidiaries.

Share of minority interest is adjusted against the profit to arrive at the net profit attributable to shareholders. Minority interest in share of net assets is presented separately in the balance sheet.

The cost of investment in associates, over the net assets at the time of acquisition of the investment in the associates is recognized in the financial statements as goodwill or capital reserve, as the case may be. Goodwill is tested for impairment annually. The carrying amount of investment is adjusted thereafter in the post acquisition change in the group's share of net assets of the associates. The consolidated statement of profit and loss includes the group's share of results of the operations of the associates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

A change in the ownership interest of a subsidiary, without a loss of control is accounted for as an equity transaction.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its independent financial statements.

2.1 Summary of significant accounting policies

a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

(c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Company has used the following rates to provide depreciation on its fixed assets.

	Estimated useful life (in years)
Lease hold land	30
Building	
On freehold land	30-60
Leased improvements/Facade	9-30
Roads/hardscaping works	10
Plant & Machinery	10-20
Office Equipment	5
Computers	3-6
Furniture & Fixtures	6-10
Vehicles	8-10

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(d) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

	Estimated useful life (in years)
Film rights	5
Computer software	6
Development cost	3-5

Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the asset and use or sell it; (iii) its ability to use or sell the asset; (iv) how the asset will generate probable future economic benefits; (v) the availability of adequate resources to complete the development and to use or sell the asset; and (vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure so capitalized is amortized over their estimated useful lives of three to five years on a straight line basis.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 “Net Profit or Loss for the Period”, Prior Period Items and Changes in Accounting Policies.

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 recognized in the statement of profit and loss when the asset is derecognized.

(e) Impairment of tangible and intangible asset

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset’s recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(f) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(g) Inventories

Inventories are stated at lower of cost and net realizable value.

Cost is determined as follows:

a) Stores and spare parts: - First-in-first-out method.

b) Raw materials and packing materials: - Cost is determined on a weighted average basis.

c) Intermediate raw materials, work-in-process and finished goods:- Cost includes direct materials determined on the basis of weighted average method and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

d) Inventory of under production film is valued at actual cost incurred. The cost of production is charged to revenue at the time of first release of film.

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

(h) Retirement and other employee benefit

Retirement benefit in the form of provident fund and superannuation fund is a defined contribution scheme. The contributions to the provident fund and superannuation fund is charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the provident fund and superannuation fund.

The Company operates defined benefit plan for its employees viz. gratuity. Employees are entitled to benefits under the Payment of Gratuity Act 1972, a defined benefit plan. The plan provides for a lump-sum payment to eligible employees at retirement, death, incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment. The gratuity liability and net periodic gratuity cost is actuarially determined at the year end based on the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

projected unit credit method after considering discount rates, expected long term return on plan assets and increase in compensation levels. All actuarial gains/losses are immediately recorded to the statement of profit and loss and are not deferred. The Company makes contributions to a fund administered and managed by Life Insurance Corporation of India ('LIC') to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

The Company also provides other long term benefit for compensated absences. Liability for long term compensated absences are provided for based on actuarial valuation done as per projected unit credit method at the year end.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

(i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Interest income

Interest income on loans and deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognized on a straight-line basis over the lease term.

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Export Incentive

Duty free imports of raw materials under Advance Licence for imports as per the Import and Export Policy are matched with the exports made against the said licenses and net benefit / obligation is accounted by making suitable adjustments in raw material consumption. The benefit accrued under the Duty Drawback, Merchantile Export Incentive Scheme and other schemes as per the Import and Export policy in respect of exports made under the said schemes is included as 'Export Incentives' under the note "other operating revenue" in the statement of profit and loss.

Dividend income

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Other Operating Income

Gain or loss on the sale of equity and redemption of mutual fund units are recognized on accrual.

Revenue from licensing of motion film is recognized in accordance with the licensing agreement or physical delivery of the motion film, whichever is later.

Interest on income tax refund is recognized on receipt of the refund order.

Income from services are recognized on proportionate basis as and when the services are rendered, in accordance with the arrangement entered into as per contracted rates. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the company. Hence, it is excluded from revenue.

(j) Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange difference

All exchange differences are recognized as income or as expenses in the period in which they arise.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Translation Reserve".

(k) Leases

As Lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating lease. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

As Lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, initial direct costs such as legal costs, brokerage costs, etc., are recognized as an expense in the statement of profit and loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(l) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

For recognition of deferred taxes, the timing differences which originate first are considered to reverse first. At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each reporting date.

The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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 tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as “MAT Credit Entitlement.” The Company reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

The bulk drugs production facility of the Company’s subsidiary (FBL) in Kullu, Himachal Pradesh, is eligible for deduction of 100% of profits until March 31, 2008 and 30% of profits from April 1, 2008 to March 31, 2013, under section 80IB of the Income Tax Act, 1961. Secondly FBL’s bulk drug facility at Dahej, Gujarat, is eligible for deduction of 100% of profit until March 31, 2016 and 50% of the profits from April 1, 2016 to March 31, 2021, under section 10(AA) of the Income Tax Act. 1961. In view of such deduction, no asset has been recognized in respect of the Minimum Alternate Tax (MAT) credit available. In the year in which MAT credit becomes eligible to be recognized as an asset in accordance with recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the statement of profit and loss

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

and shown as MAT credit entitlement. The Group reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal tax under specified period.

(m) Provisions

A provision is recognized when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(n) Contingent liabilities

Contingent assets are not recognized in the financial statements of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare case where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(o) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company does not have any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

(p) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(q) Segment Reporting

Identification of segments :

The Company's operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different services. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

Allocation of common costs :

Common costs are treated as unallocable costs.

Unallocated items :

Includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies :

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

(r) Excise Duty

Excise duty on turnover is reduced from turnover. Excise duty relating to the difference between the opening stock and closing stock is recognized as income/expense as the case may be, separately in the statement of profit and loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(s) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(t) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 3 - SHARE CAPITAL:		
Authorised Shares:		
49,20,000 (March 31, 2015 - 49,20,000) Equity shares of ₹10/- each	**492.00**	492.00
80,000 (March 31, 2015 - 80,000) Unclassified shares of ₹10/- each	**8.00**	8.00
	500.00	500.00
Issued, subscribed and fully paid up shares:		
22,93,198 (March 31,2015 - 22,93,198) Equity shares of ₹10/- each.	**229.32**	229.32
	229.32	229.32

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period.

There is no movement in the number of issued, subscribed and paid up equity shares at the beginning and at the end of the financial year.

b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2016, the amount of per share dividend recognized as distributions to equity shareholders was ₹2.50/- (March 31, 2015: ₹5/-)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

c) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding Company are as below.

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
DVK Investments Private Limited		
12,36,235 (March 31, 2015 - 12,36,235) equity shares of ₹10/- each fully paid	**123.62**	123.62

d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	March 31, 2016		March 31, 2015	
Equity shares of ₹10/- each fully paid,	No in Lakhs	% holding in the class	No in Lakhs	% holding in the class
DVK Investments Private Limited, holding company	**12.36**	**53.91%**	12.36	53.91%
Mr. Krishna Datla	**1.99**	**8.68%**	1.99	8.68%

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 4 - RESERVES AND SURPLUS:		
Capital Reserve:		
Balance as per the last financial statements	**1,140.00**	1,140.00
Capital redemption reserve:		
Balance as per the last financial statements	**70.00**	70.00
Unrealised gain on dilution:		
Balance as per the last financial statements	**950.41**	950.41
General Reserve:		
Balance as per the last financial statements	**4,736.70**	4,736.70
Foreign Currency Translation Reserve:		
Balance as per the last financial statements	**46.99**	50.88
Add: Change during the year	**2.23**	(3.89)
	49.22	46.99
Surplus in the statement of profit and loss:		
Balance as per last financial statements	**5,988.78**	6,092.17
Profit for the year	**(113.42)**	46.38
Less: Adjustments on account of effect of depreciation on first time application of Schedule II, net of Deferred Tax (Refer Note 6 and 11)	**–**	(11.77)
Less: Appropriations		
Proposed final equity dividend (amount per share ₹2.50/- (March 31, 2015: ₹5/-))	**(57.33)**	(114.66)
Tax on proposed equity dividend	**(11.67)**	(23.34)
Total appropriations	**(69.00)**	(138.00)
Net surplus in the statement of profit and loss	**5,806.36**	5,988.78
Total Reserves and surplus	**12,752.69**	12,932.88

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Non current		Current	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
NOTE 5 - LONG-TERM BORROWINGS:				
From Bank (secured) for R & D Thane	**30.37**	–	**75.00**	–
From financial institutions (secured) for R & D Thane	**30.11**	52.85	**22.75**	19.84
From Bank (secured) for Dahej facility	**295.57**	431.35	**466.67**	400.00
Vehicle loan from Bank (secured) (secured against hypothecation of vehicles)	**19.29**	20.57	**19.84**	25.24
From Bank (Secured LRD Loan) for Ceejay House Property	**1,402.67**	–	**97.33**	–
Vehicle loan financial institutions (secured) (secured against hypothecation of vehicles)	**0.24**	2.65	**2.38**	2.60
From financial institutions (secured) for Dahej facility	**–**	27.99	**33.49**	102.97
From Bank (secured) for Thane One	**–**	–	**3,450.00**	3,509.23
	1,778.25	535.41	**4,167.46**	4,059.88
The above amount includes				
Secured borrowings	**1,778.25**	535.41	**4,167.46**	4,059.88
Unsecured borrowings	**–**	–	**–**	–
Amount disclosed under the head "other current liabilities" (Refer Note 10)	**–**	–	**(4,167.46)**	(4,059.88)
Net amount	**1,778.25**	535.41	**–**	–

Vehicle loans from banks were taken during the financial year 2010-11 to 2015–16 and carries interest ranging between @ 8.20% to 12.76% p.a. The loan is repayable in 36 / 60 monthly instalments including interest. The loan is secured by hypothecation of vehicles.

Term loans for Thane One Building at Majiwade Thane is taken from Union Bank of India with interest rates (BR + 4.25%) 13.90% [March 31, 2015 (BR + 4.25%) 14.25%] repayable in 12 months starting March 31, 2016 in four quarterly instalments. The said term loans are secured by way of first charge on Equitable Mortgage of Land and Constructions there on. Further, the loan has been guaranteed by the personal guarantee of the Managing Director of the company and the holding company.

Loan under lease rental discounting (LRD) from Axis Bank Limited was taken during the financial year by securitisation of Ceejay House rentals and carries interest @ 10.75% p.a. The loan is repayable in 111 monthly instalments including interest (EMI). The said LRD Loan is also secured by way of first charge on Equitable Mortgage of Ceejay House owned by Aegean Properties Limited (APL). Further, the LRD Loan has been guaranteed by the personal guarantee of the Managing Director of the company and its subsidiary company (APL).

Term loans for setting up a new facility at Dahej SEZ is taken from Union Bank of India with interest rates (BR + 4%) ranging from 13.50% to 13.75% repayable in 60 equal monthly instalments. The said term loans is secured by way of first charge on fixed assets procured with financial assistance of the said term loan and by equitable mortgage of factory land and building at Dahej.

Term Loan for expansion of Dahej facility is taken from Union Bank of India with interest rate (BR+3.75%) i.e.@13.40% repayable in 48 equal monthly instalments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building of Dahej.

Term Loan for relocation of R & D units / Thane Head office is taken from Union Bank of India with interest rate (BR+3.75%) i.e.@13.40% repayable in 48 equal monthly instalments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building of Dahej and Kullu.

Term loans from financial institutions (secured) for financing the purchase of plant and machinery at Dahej SEZ and R & D Thane are taken from Siemens Financial Services Private Limited with interest rates at 13.75%, repayable in 48 equal monthly instalments. The said term loans is secured by way of first charge on plant and machinery procured with financial assistance of the said term loan.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Vehicle loans are taken from the Banks and Financial Institutions against hypothecation of the vehicles repayable in monthly instalments ranging between 36 to 60 months with interest rates ranging from 10% to 14%.

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 6 - DEFERRED TAX LIABILITY (NET):		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting* (Refer Note 11(7))	**–**	538.13
Items allowed under Income tax computed on payment/realisation basis	**600.99**	–
Gross deferred tax liability	**600.99**	538.13
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	**150.11**	61.57
Provision for gratuity and long term compensated absences	**50.63**	–
Provision for doubtful debts and advances	**–**	152.03
Gross deferred tax asset	**200.74**	213.60
Net deferred tax liability	**400.25**	324.53

* includes impact of deferred tax of ₹5.65 lakhs on depreciation for earlier years against the retain earning (Refer Note 2)

	Non current		Current	
	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs	**March 31, 2016 ₹ in Lakhs**	March 31, 2015 ₹ in Lakhs
NOTE 7 - OTHER LONG-TERM LIABILITIES:				
Liability for capital expenditure	–	112.95	**602.13**	153.87
Deposits from tenants	**69.71**	252.72	**261.92**	64.11
Amount disclosed under "other current liabilities" (Refer Note 10)	**–**	–	**(864.05)**	(217.98)
	69.71	365.67	**–**	–

	Long Term		Short Term	
	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs	**March 31, 2016 ₹ in Lakhs**	March 31, 2015 ₹ in Lakhs
NOTE 8 - PROVISIONS:				
Provision for employee benefits				
Long term compensated absences	**178.73**	166.16	**51.27**	47.11
	178.73	166.16	**51.27**	47.11
Other provisions				
Proposed dividend	**–**	–	**57.33**	114.66
Provision for tax on proposed equity dividend	**–**	–	**11.67**	23.34
Taxation, net of advance taxes (other than deferred tax)	**–**	–	**154.80**	0.27
	–	–	**223.80**	138.27
	178.73	166.16	**275.07**	185.38

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 9 - SHORT TERM BORROWINGS:		
Cash credit from banks (secured/unsecured) from Union Bank of India	**1,533.33**	1,293.52
Packing Credit (Secured) from Union Bank of India	**1,200.62**	1,195.00
Inter corporate deposit (ICD) from Allegro Corporate Finance Advisors Pvt. Ltd. (unsecured)	**200.00**	–
	2,933.95	2,488.52
The above amount includes		
Secured borrowings	**2,689.71**	2,488.52
Unsecured borrowings	**244.24**	–

Packing credit, post shipment credit and cash credit are from Union Bank of India and are secured against hypothecation of Company's entire stocks of raw materials, semi-finished, and finished goods, consumable stores and spares and such other moveable including book-debts, bills, whether documentary or clean, outstanding monies, receivables, and also by way of first charge on all of the Company's fixed assets both present and future. The packing credit and cash credit are repayable on demand and carry interest @ 11% and 14.5% (BR+3%) p.a. respectively.

Cash credit are from Union Bank of India (unsecured) carrying an interest @16.75% (BR+6.85%) p.a. & ICD from Allegro Corporate Finance Advisors Pvt. Ltd carries interest at rate of 12% p.a.

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 10 - CURRENT LIABILITIES:		
Trade payables		
Total outstanding dues of micro and small enterprises	**5.14**	19.42
Total outstanding dues of creditors other than micro and small enterprises	**1,972.19**	1,621.49
	1,977.33	1,640.91
Other current liabilities:		
Current maturities of long-term borrowings (Refer Note 5)	**4,167.46**	4,059.88
Current maturities of deposits from tenants (Refer Note 7)	**261.92**	64.11
Advance from customers	**29.27**	32.77
Interest accrued and due on borrowings	**21.96**	4.35
Unclaimed dividends	**27.67**	30.24
Others		
Statutory dues	**124.60**	79.36
Liability for capital expenditure	**602.13**	153.87
Others	**427.00**	683.81
	5,662.01	5,108.39

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 11 - TANGIBLE ASSETS: (₹ in Lakhs)

	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicle	Leasehold improvements	Total
At April 1, 2014	56.83	308.93	3,681.86	7,232.57	484.97	439.67	295.73	12,500.56
Additions	–	–	86.54	461.33	9.47	61.42	–	618.76
Disposal	–	–	–	(5.22)	–	(44.57)	–	(49.79)
At March 31, 2015	56.83	308.93	3,768.40	7,688.68	494.44	456.52	295.73	13,069.53
Additions	**–**	**–**	**6,744.71**	**2,383.29**	**0.72**	**27.46**	**–**	**9,156.18**
Disposal	**–**	**–**	**(649.94)**	**(391.47)**	**(116.36)**	**(26.84)**	**–**	**(1,184.61)**
At March 31, 2016	**56.83**	**308.93**	**9,863.17**	**9,680.50**	**378.80**	**457.14**	**295.73**	**21,041.10**
Depreciation								
At April 1, 2014	–	41.76	1,029.56	2,628.68	389.83	183.40	83.58	4,356.81
Adjustment refer note (7)	–	–	–	16.02	–	1.39	–	17.41
Charge for the year	–	10.82	198.38	464.80	15.21	57.40	9.69	756.30
Disposal	–	–	–	(1.47)	–	(28.37)	–	(29.84)
At March 31, 2015	–	52.58	1,227.94	3,108.03	405.04	213.82	93.27	5,100.68
Adjustment refer Note (7)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Charge for the year	**–**	**10.83**	**173.01**	**483.88**	**14.09**	**57.60**	**9.69**	**749.10**
Disposal	**–**	**–**	**(649.93)**	**(241.48)**	**(116.35)**	**(22.01)**	**–**	**(1,029.77)**
At March 31, 2016	**–**	**10.83**	**(476.92)**	**242.40**	**(102.26)**	**35.59**	**9.69**	**(280.67)**
Impairment loss								
At April 1, 2014	–	–	–	9.97	–	–	–	9.97
Charge for the year	–	–	–	–	–	–	–	–
At March 31, 2015	–	–	–	9.97	–	–	–	9.97
Charge for the year	–	–	–	–	–	–	–	–
At March 31, 2016	**–**	**–**	**–**	**9.97**	**–**	**–**	**–**	**9.97**
Net Block								
At March 31, 2015	56.83	256.35	2,540.46	4,570.68	89.40	242.70	202.46	7,958.88
At March 31, 2016	**56.83**	**245.52**	**9,112.15**	**6,320.10**	**76.02**	**207.73**	**192.77**	**16,211.12**

Note:

1 Land includes ₹8.06 Lakhs being cost of land held in trust by Directors of the Company

2 Consequent upon receipt of Occupancy Certificate on 31.12.2015. The Company has capitalised ₹8,977.43 lakhs on 01.01.2016 for "Thane One Building" along with its infrastructure and utilities including capitalisation of interest (net) on borrowed funds ₹767.72 lakhs and soft cost of ₹1,039.05 lakhs. As a result the incremental depreciation is ₹83.42 lakhs.

3 Plant and equipment includes:
Assets held for disposal:
– Gross block ₹26.53 Lakhs (March 31, 2015 - ₹26.53 Lakhs)
– Net block ₹Nil (March 31, 2015 - ₹Nil)

4 Share in joint venture assets
– Gross Value ₹4.21 Lakhs (March 31, 2015 - ₹4.21 Lakhs)
– Accumulated depreciation ₹4.21 Lakhs (March 31, 2015: ₹4.21 Lakhs)
– Net block ₹Nil (March 31, 2015 - ₹Nil)
Depreciation ₹Nil (March 31, 2015) - ₹Nil)

5 Vehicles includes hypothecated to banks:
– Gross block ₹108.25 Lakhs (March 31, 2015 - ₹255.36 Lakhs)
– Depreciation charge for the year ₹8.24 Lakhs (March 31, 2015: ₹36.10 Lakhs)
– Accumulated depreciation ₹25.79 Lakhs (March 31, 2013: ₹86.96 Lakhs)
– Net block ₹80.59 Lakhs (March 31, 2015 - ₹149.65 Lakhs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

6 Leasehold improvements includes cost of construction of office premises for which the tenancy rights are with the Company and given on lease.

7 In the financial year 2014-15, the Company has revised the depreciation rate on certain fixed assets as per the useful life specified in the Companies Act, 2013 or re-assessed by the Company. Based on current estimates, the carrying amount of ₹17.41 Lakhs in respect of assets whose useful life has already exhausted as on April 1, 2014 has been adjusted to retained earnings net of tax of ₹5.65 Lakhs thereon.

NOTE 12 - INTANGIBLE ASSETS:

(₹ in Lakhs)

	Computer software	Product Know-how	Total
Gross Block			
At April 1, 2014	120.02	438.76	558.78
Purchase	24.11	4.00	28.11
Disposal	–	–	–
At March 31, 2015	144.13	442.76	586.89
Purchase	**12.12**	**160.12**	**172.24**
Disposal	**(16.76)**	**–**	**(16.76)**
At March 31, 2016	**139.49**	**602.88**	**742.37**
Amortization			
At April 1, 2014	71.93	314.44	386.37
Charge for the year	20.76	80.79	101.55
Disposal	–	–	–
At March 31, 2015	92.69	395.23	487.92
Charge for the year	**19.47**	**66.43**	**85.90**
Disposal	**(16.76)**	**–**	**(16.76)**
At March 31, 2016	**95.40**	**461.66**	**557.06**
Net Block			
At March 31, 2015	51.44	47.53	98.97
At March 31, 2016	**44.09**	**141.22**	**185.31**

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 13 - NON-CURRENT INVESTMENTS:		
Trade investments (valued at cost unless stated otherwise)		
Equity instruments:		
Biodil Marsing Private Limited. (unquoted)*	**5.90**	5.90
59,000 (March 31, 2015 - 59,000) Equity shares of ₹10 each fully paid up		
Abbott India Limited (AIL). (quoted)	**0.01**	0.01
139 (March 31, 2015 - 139) Equity shares of ₹10 each fully paid-up		
Shivalik Solid Waste Management Limited (unquoted) 20,000 (March 31, 2015 - 20,000) Equity shares of ₹10/- each	**2.00**	2.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 13 - NON-CURRENT INVESTMENTS: (contd.)		
Syngene International Limited (quoted) (March 31, 2015 - unquoted) 6,87,224 (March 31, 2015 - 96,448) Equity shares of ₹10/- (March 31, 2015 - ₹10) fully paid up	**366.50**	366.50
Non-trade investments (valued at cost unless stated otherwise) (unquoted)		
Health and Wellness India Private Limited (Refer Note (below)	**9.42**	64.29
30,12,504 (March 31,2015 - 30,12,504) Equity shares of ₹10 each fully paid-up (includes goodwill of ₹244.82 Lakhs (March 31, 2015 ₹244.82 Lakhs)		
Zela Wellness Private Limited (Refer Note (below)	**–**	–
19,600 (March 31,2015 - 19,600) Equity shares of ₹10 each fully paid-up	**–**	–
Other Investment		
Agastya Films LLP	**–**	–
Subscription/application money		
Health and Wellness India Private Limited (Refer Note 31)	**309.86**	309.86
Zela Wellness Private Limited (Refer Note 31)	**175.00**	175.00
Noble Explochem Ltd	**597.00**	584.00
	1,465.69	1,507.56
Less: Provision for diminution in value of investments *	**5.90**	5.90
	1,459.79	1,501.66
Aggregate amount of quoted investments (Market value: ₹2,647.20 Lakhs (March 31, 2015 - ₹5.49 Lakhs))	**366.51**	0.01
Aggregate amount of unquoted investments	**1,093.28**	1,501.65
Aggregate provision for diminution in value of investments	**5.90**	5.90

Note: The share of losses in HWIPL of ₹ 465.58 Lakhs of HWIPL and in Zela of ₹ 50 Lakhs have been adjusted against the value of respective investments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Non current		Current	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
NOTE 14 - LOANS AND ADVANCES:				
Capital advances				
Unsecured, considered good	**250.94**	423.52	**133.20**	–
	250.94	423.52	**133.20**	–
Security deposit				
Unsecured, considered good	**163.50**	121.83	**–**	–
Doubtful	**–**	–	**–**	–
	163.50	121.83	**–**	–
Provision for doubtful security deposit	–	–	**–**	–
	163.50	121.83	**–**	–
Advances recoverable in cash or kind				
Unsecured, considered good	**34.79**	19.72	**394.41**	328.09
Doubtful	**24.09**	24.09	**13.68**	9.44
	58.88	43.81	**408.09**	337.53
Provision for doubtful advances	**24.09**	24.09	**13.68**	9.44
	34.79	19.72	**394.41**	328.09
Other loans and advances (unsecured)				
Inter corporate deposit (Refer Note 30(iii))	**267.84**	267.83	**–**	325.00
Advance income-tax (net of provision for taxation)	**–**	–	**391.80**	309.69
MAT credit entitlement	**–**	–	**0.64**	0.64
Prepaid expenses	**–**	1.47	**58.41**	29.84
Loans to employees	**35.36**	68.61	**31.28**	18.07
Balances with statutory/government authorities	**–**	–	**204.23**	171.46
Others	**2.01**	–	**–**	–
	305.21	337.91	**686.36**	854.70
Less:Provision for doubtful inter corporate deposit	**267.83**	267.83	**–**	–
	37.38	70.08	**686.36**	854.70
	486.61	635.15	**1,213.97**	1,182.79

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Non current		Current	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
NOTE 15 - TRADE RECEIVABLES AND OTHER ASSETS:				
15.1. Trade receivables				
Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from the date they are due for payment				
Considered good	**–**	–	**709.79**	302.65
Considered doubtful	**176.06**	170.67	**5.97**	5.97
	176.06	170.67	**715.76**	308.62
Less: Provision for doubtful debts	**176.06**	170.67	**5.97**	5.97
	–	–	**709.79**	302.65
Other receivables				
Considered good	**–**	–	**3,590.77**	3,250.56
	–	–	**4,300.56**	3,553.21

	Non current		Current	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
15.2. Other assets				
Unsecured, considered good unless stated otherwise				
Non-current bank deposit balances (Refer Note 18)	**15.04**	–	**184.34**	9.45
Interest accrued (Refer Note 30 (iii))	**–**	1.68	**187.74**	164.28
Export Incentive receivable	**–**	–	**216.67**	–
	15.04	1.68	**588.75**	173.73

	March 31, 2016	March 31, 2015
	₹ in Lakhs	₹ in Lakhs
NOTE 16 - CURRENT INVESTMENTS:		
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
Unquoted		
Union KBC Equity Fund - Growth 3,35,570.470 (March 31, 2015 - 3,35,570.470) units of ₹10 each	**–**	50.00
Union KBC Small & Midcap Fund - Growth 20,00,000 (March 31, 2015 - 20,00,000) units of ₹10 each	**–**	200.00
Union KBC Capital Protection Oriented Fund - Series 5 5,00,000 (March 31, 2015 - 5,00,000) units of ₹ 10 each	**50.00**	50.00
Union KBC Dynamic Bond Fund 2,27,324.392 (March 31, 2015 - 2,27,324.392) units of ₹ 10 each	**30.00**	–
	80.00	300.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 17. INVENTORIES (valued at lower of cost and net realizable value):		
Raw materials and components (includes in transit of ₹78.51 Lakhs (March 31, 2015: ₹29.89 Lakhs))	**1,394.79**	1,037.39
Work-in-progress - Motion Film production (Refer note no. 30(ii))	**294.71**	45.06
Work-in-progress	**787.91**	820.12
Finished goods	**182.89**	95.90
Stores and spares	**136.44**	164.98
	2,796.74	2,163.45

	Non current		**Current**	
	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs	**March 31, 2016 ₹ in Lakhs**	March 31, 2015 ₹ in Lakhs
NOTE 18. CASH AND BANK BALANCES:				
Cash and cash equivalents				
Balances with banks:				
With scheduled banks on:				
Current account	**–**	–	**400.64**	220.14
Unclaimed dividend account	**–**	–	**27.67**	30.24
Deposits with original maturity of less than three months	**–**	–	**0.03**	0.03
With non-scheduled bank on:				
Current account #	**–**	–	**44.86**	53.06
Cheque(s) on hand	**–**	–	**–**	20.47
Cash on hand	**–**	–	**5.56**	6.45
	–	–	**478.76**	330.39
Other bank balances				
Deposits with original maturity for more than 3 months but less than 12 months	**–**	–	**–**	1,395.68
Deposits with original maturity for more than 12 months	**0.70**	–	**–**	–
Margin money deposit ##	**14.34**	–	**184.34**	9.45
	15.04	–	**184.34**	1,405.13
Amount disclosed under non-current assets (Refer note 15.2)	**(15.04)**	–	**(184.34)**	(9.45)
	–	–	**478.76**	1,726.07

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

# includes	Maxmimum balance outstanding during the year		Balance as on	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
Ceskoslovenska obchodini banka, a.s. Czech Republic	**14.92**	26.55	**0.87**	10.16
Komercni banka, a.s. Czech Republic	**0.01**	0.01	**0.01**	0.01
National Westminister Bank Plc. London	**42.89**	42.89	**43.98**	42.89
			44.86	53.06

Margin money deposits with a carrying amount of ₹68.68 Lakhs (March 31, 2015 ₹ 9.45 Lakhs) are subject to first charge to secure the letters of credit facilities availed by the Company.

Deposit in the form of Debt Security Reserve (DSR) with Axis Bank Limited is reclassified under other assets. (Refer note 15.2)

		March 31, 2016		March 31, 2015
		₹ in Lakhs		₹ in Lakhs
NOTE 19 - REVENUE FROM OPERATIONS:				
19.1 Revenue from operations				
Sale of products				
Finished goods		**14,419.08**		13,158.44
Traded goods		**218.52**		120.16
		14,637.60		13,278.60
Less: Excise duty		**294.77**		370.70
		14,342.83		12,907.90
19.2 Other operating revenue				
Rent Income		**523.43**		982.05
Service Income		**19.78**		14.13
Scrap sales		**4.75**		3.47
Exports Incentive		**303.04**		–
Profit on sale/redemption of current investments - other than trade	**46.75**		30.53	
Less: Loss on sale/redemption of current investments - other than trade	**(5.07)**	**41.68**	–	30.53
Insurance Claim		**39.19**		–
Dividend Income from investments:				
Current - other than trade		**6.92**		0.03
Interest income on:				
Inter-corporate deposits	**16.01**		134.34	
Bank deposits	**36.28**		93.82	
Security deposits and others	**7.68**		6.90	
Bonds	**–**		2.00	
		59.97		237.06
		998.76		1,267.27

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 20 - OTHER INCOME:		
Profit on sale/disposal of fixed assets (net)	**0.70**	–
Exchange gain (net)	**258.99**	–
Dividend Income	**0.20**	–
Other non operating Income	**4.74**	6.63
	264.63	6.63

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 21 - COST OF PRODUCTION:		
Inventories of raw material / packing material at the beginning of the year	**1,035.12**	1,047.20
Add: Purchases	**6,641.95**	6,044.18
Less : Inventories of raw material / packing material at the end of the year	**1,392.24**	1,035.12
	6,284.83	6,056.26

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 22 - (INCREASE)/DECREASE IN INVENTORIES:		
Inventory at the end of the year (Refer Note 17)		
Work-in-progress	**777.00**	810.41
Finished goods	**178.10**	91.63
Work-in-progress - production of movie	**–**	45.06
	955.10	947.10
Inventories at the beginning of the year (Refer Note 17)		
Work-in-progress	**810.41**	872.75
Finished goods	**91.63**	188.16
Work-in-progress - production of movie	**–**	45.06
	902.04	1,105.97
	(53.06)	158.87

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 23 - EMPLOYEE BENEFITS EXPENSE:		
Salaries, wages and bonus	**2,419.46**	2,110.52
Contribution to provident and other funds	**126.89**	114.91
Gratuity expenses (Refer Note 28 (b) (iv))	**24.85**	(10.30)
Employee welfare expenses	**225.54**	205.45
	2,796.74	2,420.58

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 24 - OTHER EXPENSES:		
Consumption of stores and spares	**468.07**	459.97
Processing charges	**445.12**	378.36
Power and fuel	**850.81**	884.34
Water	**16.43**	13.65
Rates and taxes	**152.98**	108.13
Excise duty expenses	**59.39**	23.13
Rent	**72.20**	39.77
Insurance	**74.76**	89.07
Repairs and maintenance:		
Plant and machinery	**94.24**	57.28
Buildings	**55.23**	30.12
Others	**140.81**	165.94
Commission and discounts on sales	**147.33**	82.06
Advertising and sales promotion expenses	**168.72**	129.60
Packing, freight and distribution expenses	**255.19**	235.04
Travelling and conveyance	**388.23**	384.49
Legal and professional charges	**382.54**	304.33
Payment to auditors (Refer Note below)	**43.38**	37.28
Exchange loss (net)	**–**	99.96
Communication costs	**44.59**	48.58
Donation	**31.66**	9.26
Directors' sitting fees	**10.60**	11.20
Printing and stationery	**60.02**	46.78
Staff recruitment expenses	**16.25**	23.33
Provision for doubtful advances	**4.24**	1.47
Provision for doubtful debts	**5.39**	–
Bad debts	**10.00**	5.84
Interest on delayed tax payments	**–**	0.05
Loss on sale of fixed assets	**48.50**	5.37
Loss on deletion of fixed assets	**4.91**	–
Miscellaneous expenses	**220.24**	193.37
	4,271.83	3,867.77

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
Payment to auditors'		
As auditor		
Audit fee	**22.35**	17.00
Tax audit fees	**4.70** *	4.70 *
Limited review	**13.50**	13.50
In other capacity in respect of:		
Other services (certification fees)	**0.75**	0.25 *
Reimbursement of expenses	**2.08** *	1.83 *
	43.38	37.28

* includes amount payable to another auditor

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 25 - DEPRECIATION AND AMORTIZATION EXPENSE:		
Depreciation of tangible assets	**749.10**	756.30
Amortization of intangible assets	**85.90**	101.55
	835.00	857.85

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 26 - FINANCE COST:		
Interest on term loans	**245.75**	148.52
Interest on intercorporate deposits	**1.99**	–
Interest on Working Capital	**302.49**	270.51
Interest on others	**45.41**	31.13
Loan Processing Fees	**19.05**	–
	614.69	450.16

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 27 - EARNINGS PER SHARE (EPS):		
Profit/(loss) after tax	**(113.42)**	46.38
	No. in Lakhs	No. in Lakhs
Weighted average number of equity shares in calculating basic EPS	**22.93**	22.93
Earnings per share (₹ Per share):	**(4.95)**	2.02

NOTE 28 - EMPLOYEE BENEFITS:

The Company operates two employee benefit plans namely i) defined contribution plans, which includes Provident fund and Superannuation ii) Defined benefit plan which includes contribution to gratuity fund (funded).

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans.

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
a) Defined Contribution Plan		
Contribution to Defined Contribution Plan, recognised in the statement of profit and loss account under employee benefit expense, provident and other funds on note 23 for the year are as under:		
- Provident fund	**125.75**	112.45
- Superannuation scheme	**1.14**	2.46

b) Defined Benefit Plan

Gratuity - As per actuarial valuation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 28 - EMPLOYEE BENEFITS: (contd.)

		March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
		Gratuity (Funded)	
i)	Changes in the present value of the defined benefit:		
	Opening	**164.47**	190.60
	Interest cost	**13.66**	19.32
	Current service cost	**20.75**	22.54
	Benefits paid	**(7.06)**	(28.52)
	Actuarial (gains) / losses on obligation	**10.22**	(39.47)
	Closing	**202.04**	164.47
ii)	Changes in fair value of plan assets		
	Opening	**186.04**	189.28
	Expected return on plan assets	**16.35**	16.86
	Actuarial (gains) / losses on obligation	**1.56**	(1.74)
	Employer's contribution	**20.26**	10.16
	Benefits paid	**(7.06)**	(28.52)
	Closing	**217.15**	186.04
iii)	Amounts recognised in balance sheet		
	Present value of defined benefit obligation	**(202.04)**	(164.47)
	Fair value of plan asset	**217.15**	186.04
	Amount not recognised as Asset	**(1.06)**	(2.92)
	Net Asset / (liability) recognised in balance sheet	**14.05**	18.65
iv)	Amounts recognised in profit and loss account		
	Current service cost	**20.75**	22.54
	Interest cost	**13.66**	19.32
	Expected return on plan assets	**(16.35)**	(16.86)
	Net actuarial (gain) / loss recognised	**8.65**	(37.73)
	Amount not recognised as Asset	**(1.86)**	2.43
	Total expense	**24.85**	(10.30)
v)	Actual return on plan assets	**17.91**	15.13

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 28 - EMPLOYEE BENEFITS: (contd.)

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
	Gratuity (Funded)	
vi) Principal assumptions used in actuarial valuation		
Discount rate	**7.85 %**	7.90 %
Expected return on plan assets	**8.00 %**	9.15 %
Salary escalation rate	**5 %**	5 %
Withdrawal rate	**21 to 30 - 10 %**	21 to 30 - 10 %
	31 to 40 - 5 %	31 to 40 - 5 %
	41 to 50 - 3 %	41 to 50 - 3 %
	51 to 57 - 2 %	51 to 57 - 2 %

vii) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	DIL	**FBL**	DIL	FBL
Investments with insurer	**100%**	**99%**	100%	95%
Investments with others	**Nil**	**1%**	Nil	5%

	Gratuity (Funded)				
	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs	March 31, 2014 ₹ in Lakhs	March 31, 2013 ₹ in Lakhs	March 31, 2012 ₹ in Lakhs
viii) Amounts for the current and previous three periods					
Defined benefit obligation	**202.03**	164.46	190.59	180.89	152.48
Plan Assets	**217.16**	186.04	189.28	176.33	121.61
Surplus/(deficit)	**15.13**	21.58	(1.31)	(4.56)	(30.88)
Experience Adjustments on plan liabilities	**9.38**	2.92	(12.23)	(11.24)	(19.41)
Experience Adjustments on plan assets	**1.56**	(1.74)	(3.16)	1.15	(4.34)

ix) a) The discount rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations.

b) Expected rate of return on assets assumed by the Insurance Company is generally based on their investment pattern as stipulated by the Government of India.

c) The estimates of rate escalation in salary considered in the actuarial valuation takes into account inflation, seniority promotion and other relevant factors including supply demand in the employment market.

d) The Group (consisting of parent Company and Fermenta Biotech Limited only) is expected to contribute to the Gratuity fund during 2016-17 ₹ 20 Lakhs (March 31, 2015 ₹ 10 Lakhs).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
NOTE 29 - LEASES:		
Assets taken on operating lease		
During the year the Company has entered into arrangements for taking on leave and license basis certain residential and office premises. The agreement has cancellable and 7.50% - 10% escalation clause and is not renewable.		
1 Lease payments recognised in the statement of profit and loss for the year.	**72.20**	39.77
2 Future minimum lease payment under non cancellable leases in the aggregate and for each of the following periods:		
i) Not later than one year	**71.66**	23.11
ii) Later than one year and not later than five years.	**76.93**	4.09
Assets given on operating lease		
The Company has entered into operating lease agreement for sublease property in Worli, Mumbai with original lease periods expiring on September 30, 2018. However the agreement got terminated w.e.f 31.07.2016, have rent escalation provisions of 15% after 3 years.		
The Company has also entered into operating lease agreement for its properties in Thane with original lease periods expiring between 2010 and 2016. These agreements are cancellable/ non-cancellable and have rent escalation provisions of 5% every year.		
1 Rent income recognised in the statement of profit and loss for the year.	**523.43**	982.05
(includes rentals on sub-lease of ₹420.67 lakhs (March 31, 2015 ₹420.67 lakhs which is terminated w.e.f. 31.07.2016)		
2 Future minimum lease payment under the non-cancellable leases in the aggregate and for each of the following periods:		
i) Not later than one year	**394.46**	226.22
ii) Later than one year and not later than five years	**408.59**	8.91
iii) More than five years	–	–

NOTE 30 (i) INTEREST IN JOINT VENTURE:

Company has invested an aggregate of ₹188.51 Lakhs in VasKo Glider s.r.o. Czechoslovakia, a joint venture. Out of the above, ₹1.96 Lakhs (Czech Koruna 1 Lakh) is towards basic capital and ₹186.55 Lakhs (Czech Koruna 95.24 Lakhs) is towards voluntary additional contribution to capital. VasKo Glider is involved in manufacture of wheelchairs based on Levitation Movement Technology, acquired from the joint venture partner under the Technology transfer agreement with effect from March 18, 2005 and the patent of which is registered in Czechoslovakia in the name of the joint venture partner. The joint venture partner has applied for registration of patent in various countries and the same has been registered in USA, India and Australia.

The proportionate share in the assets, liabilities, income and expenditure of the above joint venture is based on accounts prepared as per local laws as amended and issued by the Ministry of Finance of the Czech Republic, governing financial

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

statement for business and translated by the Management as per Indian GAAP, is as follows:-

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
Percentage of holding	**50%**	50%
Current assets		
i) Inventories		
Raw materials and components	**2.55**	2.27
Work-in-progress	**10.91**	9.71
Finished goods	**4.80**	4.27
ii) Others	**1.85**	1.64
Non-current assets	**0.88**	0.79
Current liabilities	**0.90**	0.80
Non-current liabilities	–	–
	21.89	19.48
Revenue	–	–
Cost of material consumed	–	–
Depreciation of plant and machinery	–	–
Employee benefit expenses	–	–
Other expenses	–	–
Profit before tax	–	–
Income tax expenses	–	–
Profit after tax	–	–
	–	–
Commitments and contingent liabilites	–	–

In view of the accumulated losses of Joint Venture there is substantial erosion in the value of investment and accordingly, provision for diminution of ₹188.51 lakhs has been made in the earlier year.

(ii) The company holds 50% interest in Agastya Films LLP, a joint controlled entity which is involved in business of film production.

The proportionate share in the assets, liabilities, income and expenditure of the above joint venture is based on accounts prepared as per Indian GAAP, is as follows:-

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
Percentage of holding	**50%**	50%
Current assets	**333.21**	–
Non-current assets	–	–
Current liabilities	**45.29**	–
Non-current liabilities	–	–
	378.50	–
Revenue	**0.01**	–
Cost of material consumed	–	–
Depreciation of plant and machinery	–	–
Employee benefit expenses	–	–
Other expenses	**0.10**	–
Profit before tax	**(0.09)**	–
Income tax expenses	–	–
Profit after tax	**(0.09)**	–
Commitments and contingent liabilites	–	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 30 - INTEREST IN JOINT VENTURE: (contd.)

Note 30 (iii) During the previous year ending March 31, 2015, the Company has reached a commercial settlement of its Certificate of investment in Allegro of ₹325 Lakhs and agreed to convert this investment into Inter corporate deposit of ₹325 lakhs @ 12% p.a. Accordingly, company has accrued interest of ₹16.01 lakhs (March 31, 2015 - ₹132.17 lakhs).

Note 31 - During the Previous year, Company has entered into an agreement with other investors to invest additional amount in the operations of Health & Wellness India Private Limited (H&W) & Zela Wellness Private Limited (Zela) (associate companies) and also agreed to merge the operations of these two associates into one single entity. Pursuant to this agreement the outstanding Loans and advances, of ₹309.86 Lakhs with H&W & ₹25 Lakhs with Zela given by the Company has been converted into share application money. Post the completion of merger operations and shareholding alignment, the Company will own 50.94% stake in the combined operations. In addition to the above, during the previous year the Company has invested ₹100 Lakhs towards additional share subscription money.

During the current year, Company has entered into supplementary agreement with other investors in Zela Wellness Private Limited (Zela) to convert the said additional share subscription money of ₹150 Lakhs invested in Zela Wellness Private Limited (Zela) into 0.001% Non Cumulative Compulsory Convertible Preference shares. On consolidation/merging of operations of Health & Wellness India Private Limited (H&W) & Zela Wellness Private Limited (Zela) into resultant unified entity, the said preference shares of Zela Wellness Private Limited (Zela) to be converted into equity shares of resultant unified Company. Post completion of unification of operations and conversion of preference shares into equity shares of the unified entity and on shareholding alignment, the Company will own 53.67% stake in the combined entity.

NOTE 32 - RELATED PARTY DISCLOSURES:

a. **Parties where control exists**

Mr. Krishna Datla - Managing Director, Party controlling holding company.

Holding company

DVK Investments Private Ltd.

b. **Other related party relationships where transactions have taken place during the year**

Fellow Subsidiary

VM Café De Art Private Ltd. (Strike off w.e.f. 15.09.2015)

c. **Key Management Personnel**

1. Mr. Krishna Datla - Managing Director
2. Mr. Satish Varma - Managing Director (FBL).
3. Ms. Anupama Datla - Executive Director (FBL).
4. Mr. Keshav H Kashid - Chief Financial Officer
5. Mr. Prashant Nagre - Chief Executive Officer (FBL).
6. Mr. Srikant N Sharma - Company Secretary
7. Mr. Rajeev Midha - Chief Financial Officer (From 15th September 2014 to 31st January 2015) (FBL).
8. Mr. Rajendra Gaitonde-Whole Time Director (Operations) (Up to 15th October 2014) (FBL).
9. Mr. Sudarshan Kamath - Chief Financial Officer (Up to 30th September 2014) (FBL).
10. Mr. Kapil Gohil - Chief Financial Officer (From 1st April 2015) (FBL)
11. Mr. Sanjay Basantani - Company Secretary (FBL)

d. **Associates**

1. Health and Wellness India Private Ltd.
2. Zela Wellness Private Ltd.

e. **Enterprises owned or significantly influenced by key management personnel or their relatives**

Magnolia FNB Private Ltd.
Dupen Laboratories Pvt Ltd.
Lacto Cosmetic (Vapi) Pvt. Ltd.

f. **Related party relationship is identified by the Company on the basis of available information.**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 32 - RELATED PARTY DISCLOSURES : (contd.)

g. Transactions with related parties.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

(₹ in Lakhs)

	Particulars	Holding Company	Fellow Subsidiary/ Joint venture	Key Manage-ment Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate/ Others
1	Remuneration					
	- Mr. Satish Varma			**88.44**		
				(67.78)		
	- Mr. Krishna Datla			**70.29**		
				(68.97)		
	- Mr. Keshav H Kashid			**52.58**		
				(61.99)		
	- Mr. Prashant Nagre			**87.27**		
				(75.57)		
	- Mr. Sudarshan Kamath			**–**		
				(27.69)		
	- Mr. Rajeev Midha			**–**		
				23.68		
	- Mr. Srikant N Sharma			**25.55**		
				(29.54)		
	- Ms. Anupama Datla			**75.02**		
				(53.03)		
	- Mr. Rajendra Gaitonde			**–**		
				(22.40)		
	- Mr. Kapil Gohil			**31.45**		
				–		
	- Mr. Sanjay Basantani			**16.94**		
				–		
	Directors sitting fees					
	DIL Limited			**1.45**		
				(1.00)		
	Fermenta Biotech Limited			**1.55**		
				(1.65)		
2	Sales					
	- Dupen Laboratories Private Ltd.				**14.16**	
					(4.48)	
3	Purchase of raw material					
	- Dupen Laboratories Private Ltd.				**8.58**	
					(12.44)	
	- Lacto Cosmetics (Vapi) Private Ltd.				**5.54**	
					(3.05)	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 32 - RELATED PARTY DISCLOSURES (contd.):

(₹ in Lakhs)

	Particulars	Holding Company	Fellow Subsidiary/ Joint venture	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate/ Others
4	Processing Charges paid					
	- Lacto Cosmetics (Vapi) Private Ltd.				**7.20** (14.29)	
5	Rent income					
	- DVK Investment Private Ltd.	**1.49** (1.42)				
	- Magnolia FNB Private Ltd.				**1.20** (1.20)	
6	Investment in equity share capital (Refer Note 13)					
	- Health and Wellness India Private Ltd.					**–** –
	- Zela Wellness Private Ltd.					**–** (100.00)
7	Balance outstanding as at the year end					
	a. Trade payable					
	- Lacto Cosmetics (Vapi) Pvt. Ltd.				**4.23** (5.89)	
	- Dupen Laboratories Private Ltd.				**8.58** (2.86)	
	- Mr. Prashant Nagre			**14.39** (7.92)		
	- Ms. Anupama Datla			**23.33** –		
	- Mr. Satish Varma			**23.33** –		
	- Mr. Keshav H Kashid			**–** (9.22)		
	- Mr. Srikant N Sharma			**–** (4.38)		
	- Mr. Kapil Gohil			**3.00** **–**		
	b. Trade receivables					
	- Dupen Laboratories Private Ltd.				**4.14** (5.02)	

(Figures in brackets are the corresponding figures in respect of the previous year.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 33 - SEGMENT INFORMATION:

Primary Segments - Business Segments

The primary reporting of the Company has been performed on the basis of business segment

Property - Renting of properties

Treasury - Investment in shares, securities and mutual funds.

Entertainment - Production and distribution of motion films, providing services for event management and film production.

Chemicals - Manufacturing and selling of chemicals primarily bulk drugs and enzymes.

Segments have been identified and reported based on the nature of the services, the risk and returns, the organisation structure and the internal financial reporting systems.

(₹ in Lakhs)

	2015-2016 *2014-2015*				
	Chemicals	**Property**	**Treasury**	**Entertainment**	**Total**
a. Revenue					
Segment revenue	**14,969.05**	**631.41**	**114.64**	**–**	**15,715.10**
	12,925.43	*1,088.40*	*281.25*	*–*	*14,295.08*
Less: Inter-segment revenue	**–**	**102.82**	**16.90**	**–**	**119.72**
	–	*101.49*	*22.72*	*–*	*124.21*
Unallocated revenue					**10.84**
					10.93
Total					**15,606.22**
					14,181.80
b. Result					
1. Segment result / operating profit / (loss)	**2,168.45**	**159.42**	**97.64**	**(92.56)**	**2,332.95**
	767.23	*597.01*	*243.52*	*(90.48)*	*1,517.28*
2 Finance costs					**614.69**
					450.16
3 Unallocable income/(expenditure) (net)					**(1,022.18)**
					(778.81)
4 Profit before tax					**696.08**
					288.31
5 Provision for tax					
- current tax					**349.10**
					86.98
- deferred tax					**75.72**
					105.95
6. Profit after tax					**271.26**
					95.38

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 33 - SEGMENT INFORMATION (contd.):

(₹ in Lakhs)

	2015-2016				
	2014-2015				
	Chemicals	Property	Treasury	Entertainment	Total
c. Other information					
1. Segment assets	**15,650.27**	**9,560.79**	**2,033.54**	**290.87**	**27,535.47**
	13,736.85	*7,370.63*	*3,681.66*	*267.00*	*25,056.14*
2 Unallocated corporate assets					**1,288.75**
					1,158.13
3. Total assets					**28,824.22**
					26,214.27
4. Segment liabilities	**4,912.99**	**937.11**	**–**	**292.35**	**6,142.45**
	4,113.18	*648.85*	*366.50*	*227.22*	*5,355.75*
5. Unallocated corporate liabilities					**9,699.76**
					7,696.32
6. Total liabilities					**15,842.21**
					13,052.07
7. Cost incurred during the year to acquire					
- segment tangible and intangible assets	**819.19**	**2,167.94**	**–**	**0.59**	**2,987.72**
	569.22	*5,534.00*	*–*	*0.82*	*6,104.04*
- unallocated segment tangible and intangible assets					**54.92**
					36.51
8. Depreciation and amortization expense	**654.39**	**142.87**	**–**	**4.00**	**801.26**
	675.14	*137.17*	*–*	*4.64*	*816.95*
9. Unallocated depreciation					**33.74**
					40.90

(Figures in italics are the corresponding figures in respect of the previous year.)

Secondary Segments - Geographical Segments

Secondary segmental reporting is performed on the basis of the geographical location of customers. The management views the Indian market and export markets as distinct geographical segments.

Sales by market – The following is the distribution of the Company's sale by geographical market:

	2015-16	2014-15
	₹ in Lakhs	₹ in Lakhs
India	**5,496.84**	4,986.44
Europe	**8,010.70**	6,939.06
Others countries	**2,087.84**	2,245.37
	15,595.38	14,170.87

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 33 - SEGMENT INFORMATION (contd.):

Assets and additions to fixed assets by geographical area – The following is the carrying amount of segment assets and additions to tangible and intangible assets by geographical area in which the assets are located:

	Carrying amount of Segment Assets		Additions to tangible and intangible assets	
	2015-2016	2014-2015	**2015-2016**	2014-2015
	₹ in Lakhs	₹ in Lakhs	**₹ in Lakhs**	₹ in Lakhs
India	**25,343.32**	24,183.83	**3,042.61**	6,140.55
Outside India	**3,480.90**	2,030.44	**–**	–
	28,824.22	26,214.27	**3,042.61**	6,140.55

Carrying amount of segment assets outside India represents receivables from export debtors, assets at branch office and proportionate share in the assets of joint venture.

NOTE 34 - INFORMATION REQUIRED FOR CONSOLIDATED FINANCIAL STATEMENT PURSUANT TO SCHEDULE II OF THE COMPANIES ACT, 2013.

₹ in Lakhs

Sl No.	Particulars	Name of the Entity	March 31, 2016				March 31, 2015			
			Net Asset as a % of Consolidated		% of share in profit and loss		Net Asset as a % of Consolidated		% of share in profit and loss	
			%	Amount	%	Amount	%	Amount	%	Amount
1	Parent	DIL Limited	**48%**	**6,278.78**	**896%**	**(1,016.64)**	54%	7,146.31	-95%	(44.16)
2	Subsidiaries									
	Indian	Aegean Properties Limited	**1%**	**65.89**	**22%**	**(24.90)**	1%	88.76	-72%	(33.30)
		CC Square Films Ltd	**0%**	**0.03**	**0%**	**(0.50)**	0%	0.06	-1%	(0.43)
		Fermenta Biotech Limited	**70%**	**9,030.75**	**-1,163%**	**1,319.46**	60%	7,931.31	385%	178.40
		G I Biotech Private Limited	**0%**	**2.04**	**1%**	**(0.59)**	0%	2.63	-2%	(0.74)
	Foreign	Fermenta Biotech (UK) Limited	**1%**	**142.58**	**5%**	**(5.49)**	1%	148.07	-9%	(4.39)
	Joint Ventures	Vasko Glider s.r.o	**0%**	**20.09**	**0%**	**–**	0%	17.87	0%	–
		Agastya Films LLP	**0%**	**(0.66)**	**0%**	**(0.09)**	0%	–	0%	–
3	Minority Interest		**-20%**	**(2,566.91)**	**291%**	**(329.81)**	-17%	(2,237.10)	-16%	(7.29)
4	Associates	Health And Wellness India Private Limited	**0%**	**9.42**	**48%**	**(54.87)**	1%	64.29	-90%	(41.71)
		Zela Wellness Private Limited	**0%**	**–**	**0%**	**–**	0%	–	0%	–
	Total		**100%**	**12,982.01**	**100%**	**(113.43)**	100%	13,162.20	100%	46.38

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 35 - CAPITAL AND OTHER COMMITMENTS:

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
Estimated amount of contracts remaining to be executed on capital account.		
DIL Limited	**640.71**	1,611.28
Fermenta Biotech Limited	**526.52**	43.48

NOTE 36 - CONTINGENT LIABILITIES:

	March 31, 2016 ₹ in Lakhs	March 31, 2015 ₹ in Lakhs
Contingent liabilities not probable and hence not provided by the Company in respect of;		
a) Tax matters		
– Income Tax - matter under appeal	**–**	21.24
– Excise Duty - matter under appeal	**8.00**	8.00
– Service tax - matter under appeal	**22.50**	22.50
– Sales tax - matter under appeal	**4.63**	4.63
b) Other Claims	**54.99**	21.31
	90.12	77.68

NOTE 37 - DERIVATIVE INSTRUMENTS:

a) The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company does not use forward contracts for speculative purposes. There are no foreign exchange forward contracts outstanding as at March 31, 2016 and as at March 31, 2015.

b) Un-hedged foreign currency exposure:

Particulars	March 31, 2016 Foreign Currency in millions	March 31, 2016 ₹ in Lakhs	March 31, 2015 Foreign Currency in millions	March 31, 2015 ₹ in Lakhs
DIL Limited				
a) Cash and bank balance	**Kc 0.03**	**0.87**	Kc 0.41	10.16
Fermenta Biotech Limited				
a) Trade receivables	**USD 0.87**	**572.99**	USD 1.11	696.84
	EURO 2.95	**2,204.80**	EURO 2.67	1,810.64
b) Trade payables	**USD 0.37**	**244.97**	USD 0.55	342.48
	EURO 0.46	**347.33**	EURO 0.20	132.72
	GBP 0.00	**0.69**	GBP 0.00	3.46
c) Short Term Borrowing (PCFC)	**EURO 0.80**	**601.09**	–	–
d) Cash and Bank Balances (EEFC)	**EURO 0.00**	**0.30**	EURO 0.00	0.29

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

NOTE 38 - DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS PER MSMED ACT, 2006:

		Particulars	**March 31, 2016 ₹ in Lakhs**	March 31, 2015 ₹ in Lakhs
a	i)	Principal amount remaining unpaid to any supplier at the end of the accounting year	**5.14**	19.42
	ii)	Interest due on above	**0.10**	1.23
		The Total of (i) & (ii)	**5.24**	20.65
b		The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**Nil**	Nil
c		The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006	**–**	1.23
d		The amount of interest accrued and remaining unpaid at the end of each accounting year; and	**–**	1.23
e		The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	**Nil**	Nil

Note 39 - During the current year, Company has received a notice from the private equity investor/shareholder in Company's subsidiary, Fermenta Biotech Limited ("Fermenta"). In this notice, investor has notified the Company that it proposes to exercise its "Drag Along Right" with respect to the shares of Fermenta asking DIL either to acquire shares of Fermenta from the investor or drag along DIL to sell the shares of Fermenta held by investor and DIL to a third party, pursuant to the Shareholders' Agreement dated December 10, 2010 entered into by the Company, Fermenta and investor. The Company has been advised that such claim is not legally tenable and the management has concluded that there is no obligation on the Company with reference to the aforesaid alleged notice from the investor. Accordingly, no impact has been considered in the financial statement.

Note 40 - Capitalization of expenditure

During the year, the Company has capitalized the following expenses of revenue nature to the cost of fixed assets/ capital work-in-progress (CWIP).

Particulars	**March 31, 2016 ₹ in Lakhs**	March 31, 2015 ₹ in Lakhs
Finance costs	**412.76**	401.53
Total	**412.76**	**401.53**

NOTE 41 – Previous year's figures have been regrouped/classified wherever necessary to conform with current year's classification.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E/E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No : 105938

Mumbai
Date: May 27, 2016.

For and on behalf of the Board of Directors of DIL Limited

SANJAY BUCH
Chairman

KRISHNA DATLA
Managing Director

RAJESHWARI DATLA
Director

SATISH VARMA
Director

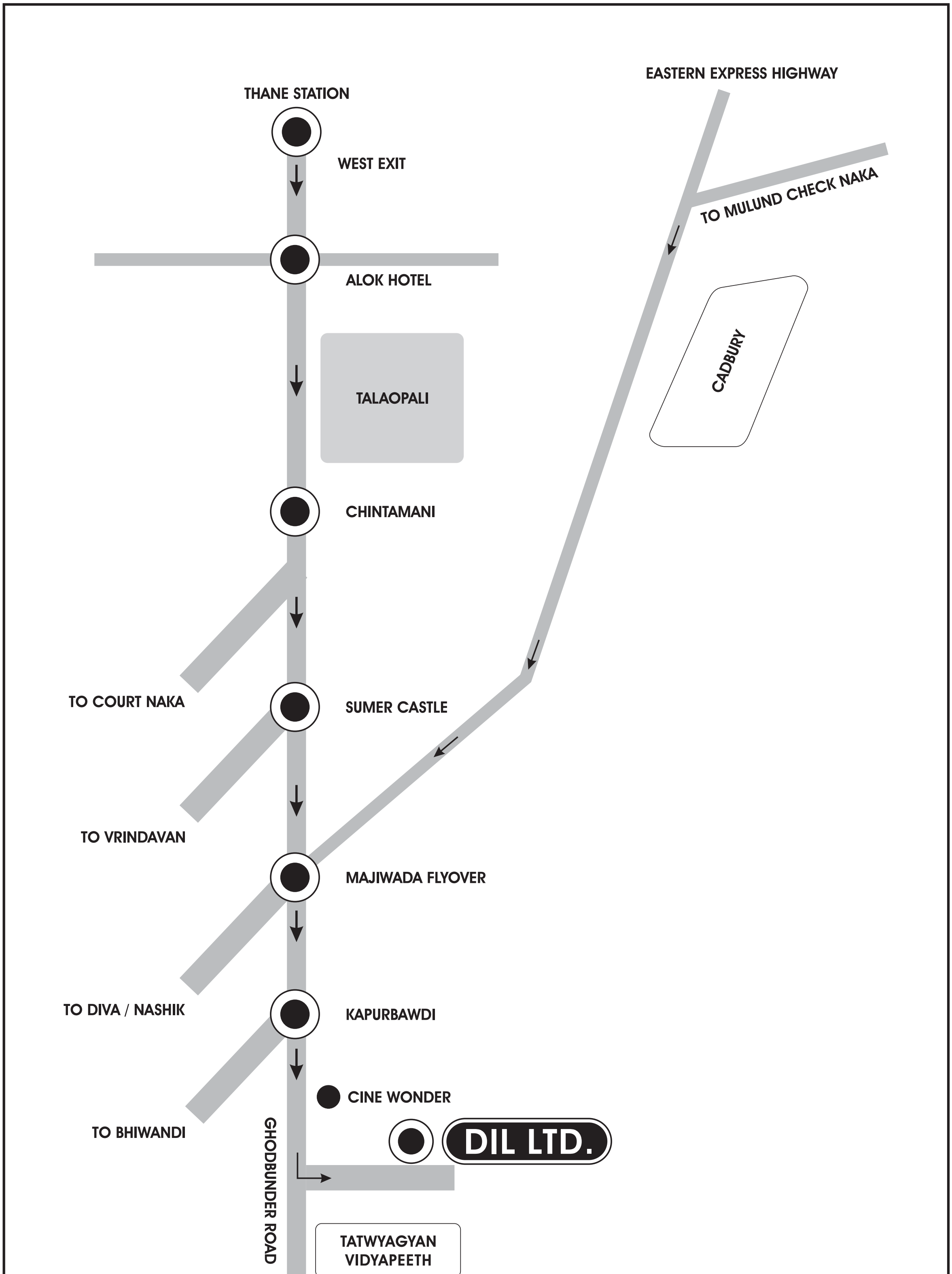
VINAYAK HAJARE
Director

K. H. KASHID
Chief Financial Officer

SRIKANT N. SHARMA
Company Secretary

Thane
Date: May 27, 2016.

63rd AGM Venue's Roadmap



dil LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485

Regd Office: 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W) 400 610, Maharashtra, India.

Tel: +91-22-6798 0800/888 Fax: +91-22-6798 0899 Email: contact@dil.net Website: www.dil.net

BALLOT FORM

(To be sent, duly filled and signed to the Scrutinizer appointed by the Company)

(Please read the instructions printed overleaf carefully before completing this form.)

1. Name(s) of Shareholder(s), including Joint holder(s), if any, (in block letters) :
2. Registered Address of the Sole / First named Shareholder / Beneficial Owner :
3. Registered Folio No. / DP ID and Client ID No.* :
4. Number of Equity Shares held :

I / We hereby exercise my / our vote in respect of the Resolutions set out in the Notice of the Annual General Meeting dated September 27, 2016 by sending my / our assent or dissent to the said Resolutions by placing the tick (✓) mark at the appropriate box below:

Resolution No.	Description	No. of shares	I/ We assent to the Resolution	I/We dissent to the Resolution
1.	To receive, consider and adopt: (a) the audited Financial Statements (Standalone) of the Company for the financial year ended March 31, 2016, Report of the Board of Directors and the Auditors thereon; and (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016 along with report of the Auditors thereon.			
2.	To declare a Final Dividend on equity shares (₹ 2.50 per equity share) of ₹ 10 each for the financial year ended March 31, 2016.			
3.	To appoint a Director in place of Ms. Rajeshwari Datla (DIN : 00046864), who retires by rotation and being eligible offers herself for reappointment.			
4.	To ratify the appointment of Statutory Auditors and to fix their remuneration.			
5.	To consider and approve creation of mortgage and/or charge under section 180(1)(a) of Companies Act, 2013.			
6.	To consider and approve delivery of documents to a member through a particular mode pursuant to provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013			

Place :

Date :

Signature of the Member

*Email address: ....

* Members holding shares in physical form can provide their email ids.

Notes:

1. This Ballot Form is provided for the benefit of Members who do not have access to remote e-voting facility, to enable them to send their assent or dissent by post.
2. A Member can opt for only one mode of voting, i.e. either by Ballot Form or through remote e-voting. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot Form shall be treated as invalid.
3. For detailed instructions on remote e-voting, please refer to the Notes appended to the Notice of Annual General Meeting.
4. The Scrutinizer will collate the votes downloaded from the remote e-voting system and votes received through Ballot Form to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice.

INSTRUCTIONS

Process and manner for Members opting to vote by using the Ballot Form:

1. Please complete and sign the Ballot Form (no other form or photocopy thereof is permitted) and send it so as to reach the Scrutinizer appointed by the Board of Directors of the Company, i.e. Mr. V.N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries, at the Registered Office of the Company, not later than September 26, 2016 (5.00 p.m. IST). For this purpose, a self-addressed prepaid envelope is enclosed and postage will be paid by the Company. The envelope bears the name and address of the Registered Office of the Company, and is to the attention of the Scrutinizer. However, envelopes containing the Ballot Form(s), if deposited in person or sent by courier or registered/ speed post will be at the expense of the Member and will also be accepted.
2. The Form should be signed by the Member as per the specimen signature registered with the Company/ Depository Participants. In case of joint holding, the Form should be completed and signed by the first named Member and in his/ her absence, by the next named joint holder. There will be one Form for every Folio/ Client ID irrespective of the number of joint holders.
3. In case of shares held by companies, bodies corporate, trusts, societies, etc. the duly completed Form should be accompanied by a certified true copy of the Board Resolution/ Authorization together with attested specimen signature(s) of the duly authorized signatory(ies).
4. Votes should be cast in case of each resolution, either in favour or against by putting the tick mark in the column provided for assent/ dissent. Members may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed the member's total shareholding. If the shareholder does not indicate either "FOR" or "AGAINST" in case of any resolution, it will be treated as "ABSTAIN" for that resolution and the shares held will not be counted under either head.
5. The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on September 20, 2016 ("Cut Off Date") as per the Register of Members of the Company and as informed to the Company by the Depositories in case of Beneficial Owners.
6. Duly completed Forms should reach the Scrutinizer not later than the close of working hours on September 26, 2016 (5.00 p.m. IST). Ballot Form received after this date will be treated as invalid.
7. A Member may request for a duplicate Ballot Form, if so required. However, the duly filled in and signed duplicate Form should reach the Scrutinizer not later than the date specified at Sr.No. 6 above.
8. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Forms will be rejected. A Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or the number of votes or as to whether the votes are in favour or against or if the signature cannot be verified.
9. The Scrutinizer's decision on the validity of a Ballot will be final.
10. Except as otherwise mentioned herein, Members are requested not to send any other paper along with the Ballot Form in the enclosed self-addressed envelope as all such envelopes will be sent to the Scrutinizer and any other paper found in such envelope would be destroyed by him. They are also requested not to write anything on the Ballot Form except giving their assent or dissent and putting their signature.
11. The results of the voting shall be declared on or after the Annual General Meeting of the Company. The Results declared, along with the Scrutinizer's Report, shall be published in newspapers, placed on the Company's website www.dil.net and communicated to the Stock Exchange where the Company's shares are listed viz. BSE Ltd.
12. Members may address any query to Mr. Srikant Sharma, Compliance Officer, at the Registered Office of the Company, Tel: 022 6623 0800 • Fax: 022 6798 0899 or by e-mail to srikant.sharma@dil.net.

SHAREHOLDER INSTRUCTIONS FOR REMOTE E-VOTING ('E-VOTING')

The instructions for shareholders voting electronically are as under :

(i) The voting period begins on Saturday, September 24, 2016 (9.00 a.m.IST) and ends on Monday, September 26, 2016 (5.00 p.m. IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of September 20, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on "Shareholders" tab.

(iv) Now Enter your User ID

a. For Members having demat account with DP connected to CDSL: Please enter 16 digits beneficiary ID as your User ID,

b. For Members having demat account with DP connected to NSDL: Please enter 8 Characters DP ID followed by 8 Digits Client ID as your User ID,

c. For Members holding shares in Physical Form : Please enter Folio Number registered with the Company as your User ID.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user, please follow the steps given below :

	For Members holding shares in Demat Form and/or Physical Form
PAN* (Mandatory)	• Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department. (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. • In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
Dividend Bank Details **OR** Date of Birth (DOB)	• Enter the Date of Birth (DOB) as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format. • Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member ID/Folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the Electronic Voting Sequence Number (EVSN) 160816007 for DIL Limited on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

DIL LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485
Regd. Office: 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W) 400 610, Maharashtra, India.
Tel: +91-22-6798 0800/888 Fax: +91-22-6798 0899 Email: contact@dil.net Website: www.dil.net

Folio No. .... DP ID No .... Client ID No. .... No. of Shares ....

NAME OF THE SHAREHOLDER(s)/PROXY (IN BLOCK LETTERS) ....

....

I hereby record my presence at the Sixty-Fourth Annual General Meeting of the Company held at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West) 400 610 on Tuesday, September 27, 2016 at 3.00 p.m.

_ _

Member(s)/Proxy's Signature

Note :

(1) This meeting is of members only. Members are requested not to bring along any person who is not a member.
(2) Please carry this Attendance Slip with you and hand over the same at the entrance of place of meeting.

TEAR HERE

PROXY FORM

(Pursuant to Section 105 of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

DIL LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485
Regd. Office: 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W) 400 610, Maharashtra, India.
Tel: +91-22-6798 0800/888 Fax: +91-22-6798 0899 Email: contact@dil.net Website: www.dil.net

Name of the member (s): ....

Registered address: ....

E-mail Id: ....

Folio No/ Client Id: .... DP ID: ....

I/We, being the Member(s) of .... shares of the above named Company, hereby appoint

1. Name: .... E-mail ID: ....

   Address: ....

   .... Signature: .... or failing him/her

2. Name: .... E-mail ID: ....

   Address: ....

   .... Signature: .... or failing him/her

3. Name: .... E-mail ID: ....

   Address: ....

   .... Signature: ....

p.t.o.

as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the Sixty Fourth Annual General Meeting of the Company, to be held on Tuesday, September 27, 2016 at 3.00 p.m. at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W) 400 610 and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Resolution No.	Description	Optional*	
		For	Against
1	To receive, consider and adopt: (a) the audited Financial Statements (Standalone) of the Company for the financial year ended March 31, 2016, Reports of the Board of Directors' and the Auditors thereon and (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016 along with Report of the Auditors thereon.		
2	To declare a Final Dividend on equity shares (₹ 2.50 per equity share) of ₹ 10 each for the financial year ended March 31, 2016.		
3	To appoint a Director in place of Ms. Rajeshwari Datla (DIN – 00046864), who retires by rotation and being eligible offers herself for reappointment.		
4	To ratify the appointment of Statutory Auditors and to fix their remuneration		
5	To consider and approve creation of mortgage and/or charge under section 180(1)(a) of Companies Act, 2013		
6	To consider and approve delivery of documents to a member through a particular mode pursuant to provisions of Section 20 and other applicable provisions, if any, of the Companies Act, 2013.		

Signed this ....day of 2016   Signature of Shareholder:..

Place: Signature of Proxy(s):..

Affix Revenue Stamp of Re. 1

Notes:

* 1. It is optional to put a 'X' (optional) in the Box in the appropriate column against the respective resolutions. In case you opt to leave 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

2. A Proxy need not be a Member of the Company. A person can act as proxy on behalf of not more than 50 [fifty] Members and holding in aggregate not more than 10% [ten percent] of the total Share Capital of the Company. Members holding more than 10% [ten percent] of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other Member.

3. This form of Proxy, to be effective, should be deposited at the Registered Office of the Company at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W) - 400 610 not later than 48 hours before the commencement of the aforesaid meeting.

FERMENTA BIOTECH LIMITED

THIRTY FIRST ANNUAL REPORT 2017-2018

FERMENTA BIOTECH LIMITED

BOARD OF DIRECTORS

Mr. Peter Bains

Chairman and Independent Director
(resigned w.e.f. March 30, 2018)

Mr. Sanjay Buch

Chairman and Independent Director
(appointed w.e.f. March 30, 2018)

Dr. Gopakumar Nair

Independent Director

Mr. Krishna Datla

Non-Executive Director

Mr. Satish Varma

Managing Director

Ms. Anupama Datla Desai

Executive Director

Mr. Viswanath Chibrolu

Non-Executive Director
(resigned w.e.f. December 14, 2017)

Mr. T.P. Devarajan

Alternate Director to Mr. Viswanath Chibrolu
(resigned w.e.f. December 14, 2017)

COMPANY SECRETARY	CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER
Mr. Varadvinayak Khambete	Mr. Prashant Nagre	Mr. Amol Lone

SOLICITORS
Crawford Bayley & Co.
Mundkur Law Partners

AUDITORS
Deloitte Haskins & Sells LLP
Chartered Accountants

COST AUDITORS
D C Dave & Co.
Cost Accountants

INTERNAL AUDITORS
M. M. Nissim & Co.
Chartered Accountants

BANKERS
Union bank of India
State bank of India
ICICI Bank
The Himachal State Co-Operative Bank
Bank of Baroda
DBS Bank Ltd
Kotak Mahindra Bank
Indusind Bank

REGISTRAR AND TRANSFER AGENTS
(Only for dematerialization / rematerialization of shares and related services)
ISIN No. : INE887P01010
Link Intime India Private Limited
C 101, 247 Park, L B S Marg, Vikhroli West,
Mumbai 400 083, Maharashtra, India
Tel No : + 91 22 49186000
Fax No: + 91 22 49186060
Email: rnt.helpdesk@linkintime.co.in

CORPORATE IDENTIFICATION NUMBER (CIN)
U99999MH1986PLC134021

REGISTERED OFFICE
A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610
Maharashtra, India.
Tel No.: + 91 22 66230800
Fax No.: + 91 22 6798 0899
E-mail: fermenta@fermentabiotech.com

WEBSITE
www.fermentabiotech.com

WORKS
Village Takoli, P.O. Nagwain,
Dist. Mandi – 175 121,
Himachal Pradesh, India.

Z – 109 B & C, SEZ II,
Dahej, Taluka – Vagara,
Dist: Bharuch – 392 130,
Gujarat, India.

RESEARCH & DEVELOPMENT UNIT
(Biotech and API Lab)
Plot No.B-57, Wagle Industrial Area,
Off Road No.31,
Thane West – 400604
Maharashtra, India

CONTENTS

FERMENTA BIOTECH LIMITED

Corporate Identification Number (CIN): U99999MH1986PLC134021

Registered Office: A-1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West), 400 610, Maharashtra, India

Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899 • Email: fermenta@fermentabiotech.com

• Website: www.fermentabiotech.com

NOTICE

Notice is hereby given that the Thirty First Annual General Meeting of the Members of Fermenta Biotech Limited will be held at the registered office of the Company, A-1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West), 400 610, Maharashtra, India on Friday, September 28, 2018 at 12.00 noon to transact the following business:

Ordinary Business:

1. To receive, consider and adopt:
   (a) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2018, Reports of the Board of Directors and the Auditors thereon; and
   (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 and the Report of the Auditors thereon.

2. To appoint a Director in place of Mr. Krishna Datla (DIN - 00003247), who retires by rotation, and being eligible, offers himself for re-appointment.

3. To ratify the appointment of Statutory Auditors and to fix their remuneration and to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** in accordance with the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) and pursuant to the resolution passed by the members at 30th Annual General Meeting (AGM) of the Company, the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No: 117366W/W-100018) as the statutory auditors of the company and to hold office from the conclusion of the 31st AGM of the Company until the conclusion of the 35th AGM of the Company, be and is hereby ratified, at such remuneration as may be mutually decided by the Board of Directors of the Company and Deloitte Haskins & Sells LLP".

Special Business:

4. To consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary** Resolution:

Remuneration of Cost Auditor of the Company

"RESOLVED THAT pursuant to provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), the Company hereby ratifies the payment of remuneration of Rs. 2,75,000 (Rupees Two Lakhs Seventy Five Thousand only) plus taxes as applicable and reimbursement of out of pocket expenses, if any, to D.C. Dave & Co., Cost Accountants [Firm Registration Number– 000611] ('Cost Auditor') to conduct the cost audit in respect of applicable product(s) manufactured by the Company for the financial year ending on March 31, 2019".

5. To consider and, if thought fit, to pass with or without modification, the following as a **Special** Resolution:

Re-appointment of Ms. Anupama Datla Desai, as an Executive Director of the Company for a period of three years effective from April 1, 2018

"RESOLVED THAT pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder (as amended from time to time), in accordance to the provisions of the Articles of Association of the Company, the Nomination and Remuneration Policy of the Company and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, consent of the Company be and is hereby accorded to the re-appointment of Ms. Anupama Datla Desai (DIN: 00217027) as the Executive Director of the Company ('Executive Director') for a further period of 3 (three) years commencing from April 01, 2018 to March 31, 2021 as per the salary, perquisites, terms and conditions as set out in the agreement dated February 6, 2018 entered into between the Company and the Executive Director ('Agreement'), which inter alia, are set out in the Explanatory statement;

RESOLVED FURTHER THAT the total remuneration including perquisites payable to the Executive Director as per the Agreement shall be subject to the overall ceilings laid down in Section 197 read with Schedule V of the Companies Act, 2013 as amended from time to time;

RESOLVED FURTHER THAT notwithstanding anything contained hereinabove, where in any financial year during the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the remuneration of the Executive Director shall be decided in the following manner:

a. Payment of remuneration by way of salary, perquisites and other allowances as set out in the explanatory statement, subject to the applicable ceilings laid down in Section II of Part II of Schedule V to the Act including any amendment thereof; or
b. Payment of remuneration to the Executive Director by way of salary and perquisites as set out in the explanatory statement, subject to prior approval of the Central Government (if applicable) and in accordance with the provisions of Section 197 read with Schedule V, as amended from time to time, in case the above remuneration exceeds the limits of Schedule V of the Companies Act, 2013;

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter or vary terms of remuneration of the Executive Director as it may deem fit from time to time so as not to exceed the remuneration limits stated in the Explanatory Statement and the Agreement;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

6. To Consider and, if thought fit, to pass with or without modification, the following as a **Special** Resolution

Re-appointment of Mr. Satish Varma, as a Managing Director of the Company for a period of three years effective from April 1, 2018

"RESOLVED THAT pursuant to the provisions of Section 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder [including any statutory amendment, from time to time, or re-enactment thereof ("Act")], in accordance to the provisions of the Articles of Association of the Company, the Nomination and Remuneration Policy of the Company and based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, consent of the Company be and is hereby accorded to the re-appointment of Mr. Satish Varma (DIN: 00003255) as Managing Director of the Company ('Managing Director') for a further period of 3 (three) years commencing from April 01, 2018 to March 31, 2021 as per the salary, perquisites, terms and conditions as set out in the agreement dated February 6, 2018 entered into between the Company and the Managing Director ('Agreement'), which inter alia are set out in the Explanatory statement;

RESOLVED FURTHER THAT the total remuneration including perquisites payable to the Managing Director as per the Agreement entered between the Managing Director and the Company shall be subject to the overall ceilings laid down in Section 197 read with Schedule V of the Companies Act, 2013 as amended from time to time;

RESOLVED FURTHER THAT notwithstanding anything contained hereinabove, during any financial year, if the Company has no profits or its profits are inadequate, the Board of Directors is authorized to decide the payment of remuneration of the Managing Director in the following manner:

a. Payment of remuneration by way of salary, perquisites and other allowances as set out in the explanatory statement subject to the provisions and applicable ceilings laid down in Section II of Part II of Schedule V to the Act including any amendment thereof; or

b. Payment of remuneration to the Managing Director by way of salary and perquisites as set out in the explanatory statement, subject to prior approval of the Central Government (if applicable) and in accordance with the provisions of Section 197 read with Schedule V, as amended from time to time, in case the above remuneration exceeds the limits of Schedule V of the Companies Act, 2013;

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter or vary terms of remuneration of the Managing Director as it may deem fit from time to time so as not to exceed the remuneration limits stated in the Explanatory Statement and the Agreement;

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

7. To Consider, and if thought fit, to pass with or without modification, the following as a **Special** Resolution:

Commission to Non-Executive Directors

"RESOLVED THAT pursuant to the provisions of Section 197, 198 and any other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) ['Act'] and Articles of Association of the Company, the consent of members be and is hereby accorded to pay and distribute among the current Non-Executive Directors (including Independent Directors) of the Company (other than the Managing Director and/or Executive/ Whole Time Directors) profit related commission in such manner and proportion, for the financial year 2017-18, as may be decided by the Board of Directors (the 'Board' which term includes any committee thereof) within the overall maximum limit of 1% (one percent) of the net profits of the Company to be calculated in accordance with the provisions of Section 197 read with Section 198 of the Act.

RESOLVED FURTHER THAT the above commission shall be in addition to fees payable to the director(s) for attending the meetings of the Board or any Committee thereof as may be decided by the

Board of Directors and reimbursement of expenses for participation in such Board and Committee meetings."

By Order of the Board of Directors of
Fermenta Biotech Limited

Place: Thane
Date: August 14, 2018

Varadvinayak Khambete
Company Secretary
(Membership No. A33861)

Registered office:
A-1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610, Maharashtra, India

Notes:

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('Act') with respect to the special business set out in the Notice is annexed.

2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY, DULY STAMPED, COMPLETED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME FOR COMMENCEMENT OF THE 31ST ANNUAL GENERAL MEETING (AGM). A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten (10) percent of the total share capital of the Company. A Member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other Member. Proxy submitted on behalf of any company/entity, must be supported by an appropriate resolution/ authority letter, as applicable.

3. During the period beginning 24 hours before the time fixed for the commencement of the AGM till the conclusion of the AGM, a Member would be entitled to inspect the proxies received by the Company, between 10:00 a.m. to 5:00 p.m., provided that not less than 3 (three) days' prior notice in writing is given to the Company.

4. (a) The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Act will be available for inspection at the venue of the AGM.

   (b) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on any working day i.e. Monday to Friday, up to the date of the 31st AGM of the Company.

5. The equity shares of the Company have been admitted with the National Securities Depository Limited (NSDL) [ISIN - INE887P01010]. In order to improve ease, convenience and safety of transactions, members are advised to dematerialize their equity shares currently held in physical form. Members wishing to dematerialize their equity shares may contact the Depository Participant for the same.

6. Members holding shares in physical form can avail the nomination facility by filing Form SH-13 prescribed under section 72 of the Act read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014 with the Company. In case of shares held in dematerialized form, the nomination may be lodged with the Member's Depository Participant. The above form will be made available on request.

7. Members seeking any information or clarification(s) on the Annual Report are requested to send written queries to the Company Secretary at the registered office of the Company at least one week before the date of 31st AGM, in order to make the information available at the AGM.

8. Members / proxies are requested to bring their copies of the Annual Report along with the attendance slip, duly filled in, for attending the AGM.

9. The route map (including the prominent landmark), for easy location of the AGM venue, is enclosed to this Annual report.

By Order of the Board of Directors of
Fermenta Biotech Limited

Varadvinayak Khambete
Company Secretary
(Membership No. A33861)

Place: Thane
Date: August 14, 2018

Registered office:
A-1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610, Maharashtra, India

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No. 4

Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (as amended from time to time) provides that the remuneration of the Cost Auditor as recommended by the Audit Committee shall be considered and approved by the Board of Directors of the Company and thereafter ratified by the Members of the Company.

Based on the recommendation of the Audit Committee, the Board of Directors has approved the appointment of D.C. Dave & Co., Cost Accountants [Firm Registration Number– 000611], as Cost Auditors of the Company and their remuneration of Rs. 2,75,000 (Rupees Two Lakhs Seventy Five Thousand only) for the financial year 2018-19.

The Board members, therefore, recommend this resolution for ratification by Members of the Company, as an Ordinary Resolution.

None of the Directors and the Key Managerial Personnel of the Company including their relatives is in any way interested or concerned in this resolution.

Item No. 5

Ms. Anupama Datla Desai was re-appointed at the Annual General Meeting ('AGM') held on September 30, 2015 as an Executive Director of the Company for a period of 3 (three) years w.e.f. April 01, 2015. Her tenure as an Executive Director of the Company has come to an end on March 31, 2018.

Subject to the approval of the members of the Company, the Nomination and Remuneration Committee and Board of Directors of the Company, at their respective meeting(s) held on February 6, 2018, re-appointed Ms. Anupama Datla Desai, as an Executive Director ('Executive Director') of the Company for a period of 3 (three) years with effect from April 1, 2018.

The Executive Director shall act as a Key Managerial Personnel (KMP) of the Company pursuant to the provisions of Section 203 read with Section 2(51) of the Companies Act, 2013.

The material terms of the agreement entered into between the Company and Ms. Anupama Datla Desai on February 6, 2018 ('Agreement') are as under:

I. Basic Salary: Rs. 5,50,000 per month, in the scale of Rs. 5,50,000 - Rs.7,15,000 per month and eligible for revision as and when deemed fit by the Nomination and Remuneration Committee and the Board of Directors;

II. In addition to the aforesaid Basic Salary, the Executive Director shall also be entitled to the following perquisites:

a. Supplementary Allowance: Rs. 10,000 per month;
b. House Rent Allowance: Rs. 50,000 per month;
c. Leave Travel Concession: Return passage for self and family subject to a maximum of one month's basic salary;
d. Medical Reimbursement: Expenses incurred for self and family as per rules of the Company subject to a maximum of one month's basic salary;
e. Club fees: Fees of clubs, subject to a maximum of two clubs;
f. Such other payment in the nature of bonus, perquisites and allowances as may be decided by the Board of Directors;
g. The Company shall provide a car with driver and telephone at residence. Provision of car and telephone at residence for use on Company's business will not be considered as perquisites;
h. Reimbursement of Electricity/ Gas/ Water Expenses for Residence;
i. Children Education Allowance as per rules of the Company;
j. Personal Accident Insurance Premium as per rules of the Company;
k. Reimbursement of entertainment and all other expenses actually incurred in the course of legitimate business of the Company;
l. Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors and the Executive Director.

III. Commission:

Subject to the provisions of Sections 197 and other applicable provisions, if any of the Act, the Executive Director shall be paid commission at such percentage of the net profits of the Company or such quantum as may be determined by the Board of Directors, from time to time.

IV. Loss of Office:

Subject to the provisions of Section 202 and other applicable provisions, if any, of the Act, the Executive Director shall be paid compensation for loss of office. However, such payment shall not exceed the remuneration which she would have earned if she had been in office for her remaining term or three years whichever is shorter, based on the remuneration as mentioned under the Agreement.

V. Executive Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration under Schedule V to the Act:

a. Contribution to Provident Fund to the extent not taxable under the Income tax Act, 1961.

b. Gratuity payable at a rate not exceeding half month's salary for each completed year of service in accordance with the terms of Payment of Gratuity Act, 1972.

c. Encashment of leave at the end of the tenure as per rules of the Company.

VI. The total remuneration including perquisites payable to the Executive Director as per the Agreement entered between the Executive Director and the Company shall be subject to the overall ceilings laid down in Section 197 read with Schedule V of the Act (as amended from time to time);

VII. Notwithstanding anything contained hereinabove, where in any financial year during the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the remuneration of the Executive Director shall be decided as per the following manner:

a. Payment of remuneration by way of salary, perquisites and other allowances as set out in the explanatory statement, subject to the applicable ceilings laid down in Section II of Part II of Schedule V to the Act including any amendment thereof; or

b. Payment of remuneration to the Executive Director by way of salary and perquisites as set out in the explanatory statement, subject to prior approval of the Central Government (if applicable) and in accordance with the provisions of Section 197 read with Schedule V, as amended from time to time, in case the above remuneration exceeds the limits of Schedule V of the Companies Act, 2013.

A brief profile of Ms. Anupama Datla Desai as required under the Secretarial Standards on General Meetings (SS-2) as specified by Institute of Company Secretaries of India and approved by the Central Government is provided as an Annexure to this AGM Notice.

The Board members therefore recommend the relevant resolution for approval of the Members as Special Resolution.

The agreement dated February 6, 2018 executed between the Company and Ms. Anupama Datla Desai for the said re-appointment referred to in resolution No. 5 is available for inspection of the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day (i.e. Monday to Friday) of the Company, up to the date of this AGM.

Except the following, none of the Directors and the Key Managerial Personnel of the Company including their relatives is concerned or interested in the above appointment:

Interested Director	Nature of Interest/concern	Shareholding in Company
Ms. Anupama Datla Desai	Being re-appointed	0.03%
Mr. Krishna Datla	Relative of Ms. Anupama Datla Desai	0.06%

Item No. 6

Mr. Satish Varma was re-appointed at the AGM held on September 30, 2015 as a Managing Director of the Company w.e.f. May 1, 2015 to March 31, 2018. His tenure as a Managing Director of the Company has come to an end on March 31, 2018.

Subject to the approval of the members of the Company, the Nomination and Remuneration Committee and Board of Directors of the Company at their respective meeting(s) held on February 6, 2018 re-appointed Mr. Satish Varma, as a Managing Director ('Managing Director') of the Company for a period of three years with effect from April 1, 2018.

The Managing Director shall act as a Key Managerial Personnel (KMP) of the Company pursuant to the provisions of Section 203 read with Section 2(51) of the Companies Act, 2013.

The material terms of the agreement ('Agreement') entered into between the Company and Mr. Satish Varma on February 6, 2018 are as under:

I. **Basic Salary:** Rs. 7,50,000 per month, in the scale of Rs.7,50,000 - Rs.9,15,000 per month and eligible for revision as and when deemed fit by the Nomination and Remuneration Committee and the Board of Directors of the Company.

II. In addition to the aforesaid Salary, the Managing Director shall also be entitled to the following perquisites:
   a. Furnished accommodation or house rent @ Rs.1,25,000 per month
   b. Reimbursement of gas, electricity and water for residence.
   c. Medical Reimbursement: Expenses incurred for self and family as per rules of the Company subject to ceiling of one month's basic salary;
   d. Leave travel concession for self and his family subject to ceiling of one month's basic salary.
   e. Club fees: Fees of clubs, subject to a maximum of two clubs;
   f. Personal Accident Insurance Premium as per rules of the Company;
   g. The Company shall provide two cars with drivers and telephone at residence. Provisions of car(s) and telephone(s) at residence for use on Company's business will not be considered as perquisites;
   h. Reimbursement of Entertainment and all other expenses actually incurred in the course of legitimate business of the Company;

i. Children Education Allowance as per rules of the Company

j. Such other perquisites and allowances in accordance with the rules of the Company or as may be agreed by the Board of Directors and the Managing Director.

III. Commission:

Subject to the provisions of Sections 197 and other applicable provisions, if any of the Act, the Managing Director shall be paid commission at such percentage of the net profits of the Company or such quantum as may be determined by the Board of Directors, from time to time, subject to minimum of 3% of the net profit of the Company.

IV. Loss of Office:

Subject to the provisions of Section 202 and other applicable provisions, if any, of the Act, the Managing Director shall be paid compensation for loss of office. However, such payment shall not exceed the remuneration which he would have earned if he had been in office for his remaining term, based on the remuneration as mentioned under this Agreement and calculated on the basis as provided in the Act.

V. Managing Director shall also be entitled to the following perquisites, which shall not be included in the computation of the ceiling on remuneration under Schedule V to the Act:

a) Contribution to Provident Fund to the extent not taxable under the Income tax Act, 1961.

b) Gratuity payable at a rate not exceeding half month's salary for each completed year of service in accordance with the terms of Payment of Gratuity Act, 1972.

c) Encashment of leave at the end of the tenure as per rules of the Company.

VI. The total remuneration including perquisites payable to the Managing Director as per the Agreement entered between the Managing Director and the Company shall be subject to the overall ceilings laid down in Section 197 read with Schedule V of the Companies Act, 2013 (as amended from time to time);

VII. Notwithstanding anything contained hereinabove, where in any financial year during the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the remuneration of the Managing Director shall be decided as per the following manner:

a. Payment of remuneration by way of salary, perquisites and other allowances as set out in the explanatory statement, subject to the applicable ceilings laid down in Section II of Part II of Schedule V to the Act including any amendment thereof; or

b. Payment of remuneration to the Managing Director by way of salary and perquisites as set out in the explanatory statement, subject to prior approval of the Central Government (if applicable) and in accordance with the provisions of Section 197 read with Schedule V, as amended from time to time, in case the above remuneration exceeds the limits of Schedule V of the Companies Act, 2013.

A brief profile of Mr. Satish Varma as required under the Secretarial Standards on General Meetings (SS-2) as specified by Institute of Company Secretaries of India and approved by the Central Government is provided as an Annexure to this AGM Notice.

The Board members therefore recommend relevant the resolution for approval of the Members as Special Resolution.

The agreement dated February 6, 2018 executed between the Company and Mr. Satish Varma for the said re-appointment referred to in resolution No. 6 is available for inspection of the Members at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day (i.e. Monday to Friday) of the Company, up to the date of this AGM.

Except Mr. Satish Varma (being re-appointed), none of the Directors and the Key Managerial Personnel of the Company including their relatives is concerned or interested in the above appointment.

Item No. 7:

The members are informed that as per the provisions of Section 197 of the Companies Act, 2013 ('Act'), Non-Executive Directors (NEDs) of the Company can be paid profit related commission up to 1% of net profits of the Company calculated in accordance with Section 198 of the Act ('net profits'), subject to members' approval.

In view of:

(a) the contribution made by the NEDs to the Company in their respective areas of competency and expertise and in value adding and advancing the decisions of the Board by aligning with the overall objectives and vision of the Company; and

(b) the recommendation made by the Nomination and Remuneration Committee and the Board of directors, at their respective meetings held on February 06, 2018, to pay profit related commission up to 1% of net profits of the Company calculated in accordance with Section 198 of the Act ('net profits') to the, subject to members' approval;

members are requested to accord their approval to pay profit related Commission to current NEDs (including Independent Directors) of the Company in such manner and proportion as may be decided by the Board of Directors for the financial year 2017-18, within the overall maximum limit of 1% (one percent) of the net profits of the Company to be calculated in accordance with the provisions of Section 197 read with Sec 198 of the Companies Act, 2013, subject to the provision of Section 197 of the Act.

The Board members therefore recommend this resolution for approval of the Members as a **Special** Resolution.

Except NEDs in their capacity as directors and to the extent of the commission (if approved) payable to them vide this resolution, none of the Directors and the Key Managerial Personnel of the Company including their relatives is concerned or interested in the resolution.

By Order of the Board of Directors of
Fermenta Biotech Limited

Varadvinayak Khambete
Company Secretary
(Membership No. A33861)

Place: Thane
Date: August 14, 2018

Registered office:
A-1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610, Maharashtra, India

Details of Directors proposed to be re-appointed at AGM as required under Secretarial Standard on General Meetings (SS-2) as specified by the Institute of Company Secretaries of India and approved by the Central Government:

Name of the Director	**Krishna Datla** Non-Executive Director	**Anupama Datla Desai** Executive Director	**Satish Varma** Managing Director
Age	37 years	40 years	48 years
Date of first appointment on the Board	01/02/2002	29/03/2007	04/10/2004
Qualifications	B.Com.	• Post-Graduate in Biotechnology from Mumbai University and • Science Graduate from the Boston College, USA.	Computer Science
Experience and area of specialization	17 years of experience. Development and building-up of the diversified businesses of the Company. Integration of businesses across the various group companies, infusing a strong sense of global vision thereby opening the opportunities across International markets including highly regulated destinations. Streamlining and improving the human resource, sales, marketing	12 years of experience. Quality control and implementation of safety policies and procedures across the organization. In charge of introducing and implementing new technology platforms into the company and also spearheads the new business development, customer interaction and marketing in India and overseas.	23 years of experience. Extensive and diverse operational, management and legal experience across the full scope of the DIL enterprise and was instrumental in the Solvay demerger in 2000 as well as the Crocin brand outlicence in 1996, events that have shaped the current strategic platform of the Company. Took direct operational responsibility of the Vitamin D3 business in 1998 and has led its growth.

	and client acquisition processes within the organization.		
Number of Meetings of the Board attended during the financial year 2017-18	7 (Seven)	2 (Two)	7 (Seven)
Directorship held in other Companies	• DIL Limited (Managing Director) • Aegean Properties Limited • CC Square Films Limited • DVK Investments Private Limited • Magnolia FNB Private Limited • G I Biotech Private Limited	• Lacto-Cosmetics (VAPI) Private Limited • Dupen Laboratories Private Limited	• DIL Limited • Aegean Properties Limited • CC Square Films Limited • DVK Investments Private Limited • G I Biotech Private Limited
Chairmanships /Memberships of Committee of other company's boards (as on March 31, 2018)	Member of Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Investment Committee – DIL Limited	--	Member of Audit Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee and Investment Committee – DIL Limited
Terms and conditions of re-appointment along with remuneration proposed to be paid and Remuneration last drawn	Not Applicable	Details are provided in page no.11 and 21 of the Annual Report.	Details are provided in page no. 14 and 21 of the Annual Report.
Shareholding of	10,800 equity shares	5,400 equity shares	NIL

Director (as on March 31, 2018)			
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Relative of Ms. Anupama Datla Desai, Executive Director	Relative of Mr. Krishna Datla, Non-Executive Director	Nil

The following information regarding Ms. Anupama Datla Desai, Executive Director and Mr. Satish Varma, Managing Director pertaining to item nos. 5 and 6 of this Notice is furnished pursuant to the provisions of Section II of Part II of Schedule V to the Companies Act, 2013:

I.	**General Information**	
1	Nature of industry	The Company is engaged in the business of manufacturing and marketing of chemicals, bulk drugs, enzymes, pharmaceutical formulations and environmental solution products.
2	Date or expected date of commencement of commercial production	September 5, 1986 [Date of Certificate of Commencement of Business]
3	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not applicable.
4	Financial performance based on given indicators	As per the audited (standalone) financial statements for the year ended March 31, 2018, the revenue recorded was Rs. 30,048.83 lakhs, profit before tax stood at Rs. 9,248.38 lakhs and profit after tax stood at Rs. 7,206.33 lakhs.

5	Foreign investments or collaborators, if any.	Fermenta Biotech Limited is holding 100% of the equity share capital of Fermenta Biotech (UK) Limited (wholly-owned subsidiary company)
II.	**Information about the managerial personnel:**	
1	Background details	(a) Ms. Anupama Datla Desai is associated as an Executive member of Fermenta Biotech Limited since 2007. She is a post-graduate in biotechnology from the Mumbai University, and a science graduate from the Boston College, United States of America. (b) Mr. Satish Varma joined the DIL group as the Executive Assistant to the then Managing Director and Founder in 1995 and has been the Board member of the Company since 2004. Mr. Varma has been appointed as the Managing Director of the Company since 2010.
2	Past remuneration	**Ms. Anupama Datla Desai** Remuneration paid for Financial year 2015-16: ₹81,35,243 Financial year 2016-17: ₹ 58,54,935 **Mr. Satish Varma** Remuneration paid for Financial year 2015-16: ₹95,18,653 Financial year 2016-17: ₹ 74,43,299
3	Recognition or awards	--
4	Job profile and suitability	(a) Ms. Anupama Datla Desai, Executive Director has been spearheading the business development, customer interaction and marketing in India and oversees and is responsible for quality control and implementation of safety policies and procedures across the organization. (b) Mr. Satish Varma, Managing Director oversees the entire operations of the company and is an integral part of the strategy and management team and he also leads a team of more than 500 employees, with plans to expand geographically and enter emerging markets shortly.
5	Remuneration proposed	Proposed remunerations are specified in page no. 11 to 14 i.e. in relation to

		special resolution(s) No. 5 & 6 and Explanatory Statements thereto.
6	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	In pharmaceutical and chemical industries, the emoluments drawn by Executive Directors and Managing Directors (in similar parameters peer companies) are higher in comparison with the remunerations drawn by the aforesaid managerial personnel.
7	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Save as aforesaid, there was no other pecuniary relationship directly or indirectly with the Company and the above referred managerial personnel in the financial year 2017-18. Ms. Anupama Datla Desai is holding 5,400 (0.03%) equity shares of the Company. Ms. Anupama Datla Desai is related to Mr. Krishna Datla, a non-executive Director of the Company.
III.	**Other information**	
1	Reasons of loss or inadequate profits	Not applicable.
2	Steps taken or proposed to be taken for improvement.	Not applicable in view of Clause III (1) above. As done in the past, the Company continues to initiate several measures for cost management and prudent utilization of its assets to enhance the operations and its profitability of the company.
3	Expected increase in productivity and profits in measurable terms.	Not applicable in view of Clause III (1) above. Barring unforeseen circumstances, the revenue earnings vis-à-vis profitability of the Company is expected to improve in the coming years.

By Order of the Board of Directors of
Fermenta Biotech Limited

Varadvinayak Khambete
Company Secretary
(Membership No. A33861)

Place: Thane
Date: August 14, 2018

Registered office:
A-1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610, Maharashtra, India

REPORT OF THE BOARD OF DIRECTORS

Dear Members,

Your Directors are pleased to present the 31st Annual Report along with the Audited financial statements for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS: **(Amounts – Rs. in Lakhs)**

Particulars	**Standalone results**	
	2017-18	2016-17
Total Revenue	**30,048.83**	16,312.73
Total Expenditure	**20,800.45**	15,041.66
Profit (Loss) before tax from continuing operations tax	**9,248.38**	1,271.07
Tax Expense:		
Current Tax	**2,104.43**	349.40
Deferred Tax	**(62.38)**	(112.62)
Profit (Loss) for the period/ year from continuing operations	**7,206.33**	1,034.29
Total Comprehensive Income/ Loss for the period	**6.87**	(26.90)
Profit (Loss) for the period / after other Comprehensive Income/ Loss for the period year from continuing operations	**7,213.20**	1,007.39
Balance brought forward	**6,378.72**	5,371.70
Balance carried to Balance Sheet	**13,591.92**	6,378.72

RESULTS FROM OPERATIONS

In financial year 2017-18 ('FY 2017-18'), the Company's revenue on a standalone basis increased to Rs. 30,048.83 lakhs as compared to Rs. 16,312.73 lakhs in the previous financial year 2016-17 ('FY 2016-17), reflecting a growth of 84%. In the year under review, Profit before tax was up by approximately 8 times to Rs. 9,248.38 lakhs in FY 2017-18 as against Rs. 1,271.07 lakhs in the corresponding FY 2016-17.]

The Company proposes to retain the entire profit for FY 2017-18 i.e. Rs. 7,213.20 lakhs in the Statement of Profit and Loss as balance carried to the Balance sheet and, hence, no amount was transferred to the General Reserves for FY 2017-18.

DIVIDEND

In order to conserve the Company's resources, your Directors did not recommend any dividend for FY 2017-18.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries i.e. Fermenta Biotech (UK) Limited and G.I. Biotech Private Limited (collectively referred to as the 'Subsidiary companies') for the year ended March 31, 2018 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 together with the comparative period data as at and for the previous year ended March 31, 2017.

SUBSIDIARY COMPANIES

The financial information of the Subsidiary companies provided in this section may be read along with the information provided under the heading 'Consolidated Financial Statements'. In accordance with the provisions of section 129 (3) of the Companies Act, 2013 ('Act'), read with Rule 5 and Rule 8 of the Companies (Accounts) Rules, 2014, (as amended from time to time). A separate statement containing salient features of the financial statements of its Subsidiary companies in Form AOC I is attached to this Board's report as **Annexure IV** and forms part of this Board's report.

The financial statements of the Subsidiary companies will be kept open for members' inspection at the registered office of the Company from 10:00 a.m. to 5:00 p.m. on all working days i.e. Monday to Friday, up to the date of the 31st Annual General Meeting ('AGM') of the Company

In FY 2017-18, no company has become or ceased to be a subsidiary (including associate or joint venture) of the Company.

Individual financial statements of the Subsidiary companies are not attached to the financial statements of the Company for FY 2017-18. Standalone and consolidated financial statements of the Company along with financial statements i.e. AOC-1 of its subsidiaries have been uploaded on the Company's website www.fermentabiotech.com.

Members interested in obtaining copies of the annual financial statements of Subsidiary companies, may write to the Company Secretary at the registered office address of the Company.

INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

Internal Control Systems including internal financial controls are integral part of Company's risk management process. Major risks identified by the management and business functions are systematically addressed through mitigating actions on a continuing basis. In order to identify and mitigate risks, your Company has developed and implemented risk management policy and maintains adequate internal control systems commensurate with its size, nature of operations reporting(s) and its compliance with applicable laws, rules and Company's procedures.

The Company's internal control systems are routinely tested and certified by Statutory Auditors and Internal Auditors, as well. During FY 2017-18, the Company's Internal auditors, M. M. Nissim & Co., Chartered Accountants, conducted and reported the effectiveness and efficiency of these systems including the adherence to procedures as per the policies of the Company.

Your Company has well-staffed, experienced and qualified finance department which plays an important role in implementing and monitoring the internal control environment and compliance with statutory requirements. The Audit Committee and the Board of Directors actively review the adequacy and effectiveness of internal control systems at regular intervals and suggest improvements and corrective actions for implementation.

HUMAN RESOURCES

The Company enjoys cordial relations with its employees across all locations.

Details of remuneration pursuant to Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended from time to time) for FY 2017-18 are provided in **Annexure V** to this Report.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Your Company continues to provide a safe working environment for its employees. The Company has framed a code on 'Redressal of grievances regarding sexual harassment' and has constituted an 'Internal Complaints Committee' for redressal of grievances as per the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. There was no case / grievance reported or pending during FY 2017-18.

MERGER/ SCHEME OF AMALGAMATION

The Board of Directors of the Company at its meeting held on June 21, 2018, approved a Scheme of Amalgamation in terms of Sections 230 to 232 of the Companies Act, 2013, involving merger of Fermenta Biotech Limited (Transferor Company) with DIL Limited (Transferee Company). The said scheme is subject to the approval of the respective shareholders and creditors, National Company Law Tribunal and other regulatory and statutory approvals as applicable.

INFORMATION TECHNOLOGY:

Information Technology (IT) acted as an enabler of productivity by implementing sophisticated application environments (e.g. SAP HANA, ITSM Platform for ERP) and will continue to invest in Cloud based CRM Platform, HRIS Platform.

The Company's IT Team manages Company's various locations with state-of-the-art technology and has been incorporating new technologies into the system. In addition, mobility solution and support has played a key role in achieving improved deliverables in Company's operations and objectives. Your Company continues to drive excellence through a strong focus on managing the details, and a pervasive culture of continuous improvement.

Annual Application & Control Audits are undertaken to ensure consistent remediation of any business and process risks. Alongside the investment in technology, the Company is also improving its service management processes to prevent any defects in the IT environment and to enable faster resolution of any such incidents with minimum business disruption.

DEPOSITS

In FY 2017- 18, your Company has not accepted any fixed deposits under Section 73 of the Act including rules framed thereunder, and no principal or interest remains unpaid or unclaimed on any fixed deposits as on March 31, 2018.

DIRECTORS

During FY 2017-18, Mr. Vishwanath Chibrolu, Non - Executive Director (DIN: 01556254), Mr. T. P. Devarajan, Alternate Director to Mr. Vishwanath Chibrolu, (DIN: 03473633) resigned from the office of directorship in the Company with effect from December 14, 2017. Mr. Peter Bains (DIN: 00430937) resigned as Chairman and Independent Director of the Company with effect from March 30, 2018.

The Company placed on record its appreciation for the valuable services rendered by the Directors during their tenure of service.

Post resignation of Mr. Bains as the Chairman and Independent Director of the Company, Mr. Sanjay Buch (DIN: 00391436) was appointed as Chairman of the Company and as Chairman of Corporate Social Responsibility (CSR) Committee with effect from March 30, 2018. Dr. Gopakumar Nair (DIN: 00092637) was appointed as Chairman of the Nomination and Remuneration Committee (NRC) in place of Mr. Sanjay Buch (DIN: 00391436) with effect from March 30, 2018.

Independent Directors have made declarations to the Company confirming that they meet conditions of independence laid down in sub-section 6 of section 149 of the Act.

Retirement by rotation:

Mr. Krishna Datla (DIN – 00003247) retires by rotation at the 31st AGM and, being eligible, offers himself for re-appointment.

Key Managerial Personnel:

Mr. Kapil Gohil (CA Membership No.: 048632), resigned as the Chief Financial Officer of the Company with effect from May 31, 2017. Mr. Amol Lone (CA membership No.: 129654) has been appointed as Chief Financial Officer (Key Managerial Personnel) as per the provisions of the Companies Act, 2013, in place of Mr. Kapil Gohil with effect from June 1, 2017.

Pursuant to the provisions of the Act, the details of Key Managerial Personnel of the Company are provided in Form no. MGT-9 i.e. Extract of Annual Return attached as **Annexure III** to this report.

AUDITORS

The Members in the 30th AGM of the Company held on September 29, 2017 approved the appointment of Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No: 117366W/W-100018) as Statutory Auditors of the Company and to hold the office from the conclusion of 30th AGM until the conclusion of 35th AGM of the Company, subject to ratification of their appointment by the Members at every AGM of the Company during the above term, on such remuneration as may be mutually agreed between the Board of Directors and the Statutory Auditors.

However, with effect from May 07, 2018, the Companies (Amendment) Act, 2017 has dispensed with the requirement of the ratification of Statutory Auditors' appointment by the members of the Company at every AGM during their tenure.

Therefore, in view of the aforesaid amendment vide Companies (Amendment) Act, 2017, and to partially modify the members' approval at the 30th AGM for the appointment Statutory Auditors of the Company, the approval of the members is sought to ratify the appointment of Deloitte Haskins & Sells LLP as Statutory Auditors of the Company for their entire remaining term i.e. till the conclusion of 35th AGM of the Company.

Deloitte Haskins & Sells LLP has expressed its willingness and confirmed its eligibility and qualification to act as Statutory Auditors of the Company in terms of sections 139 and 141 of the Companies Act, 2013 and rules made thereunder.

COST AUDITORS

Pursuant to the recommendation of the Audit Committee, the Board of Directors appointed D. C. Dave & Co., Cost Accountants (Firm Registration No. 000611), as the Cost Auditor of the Company for the financial year 2018–19, to conduct the cost audit in respect of applicable products manufactured by the Company.

In terms of provisions of sub-section 3 of Section 148 of the Act read with Companies (Audit and Auditors) Rules, 2014 (as amended from time to time), ratification of Members is sought for payment of remuneration to the Cost Auditor, as mentioned in business item no. 4 of the Notice of 31st AGM of the Company.

The Cost Audit report for FY 2016-17 was filed with Ministry of Corporate Affairs (MCA) within the due date.

Maintenance of cost records as specified under Section 148(1) of the Companies Act, 2013 was required by the Company for FY 2017-18 and such records are made and maintained.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of sub-section 5 of Section 134 of the Act, with respect to Directors' Responsibility Statement for the year under review, it is hereby confirmed that:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

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

(d) the directors have prepared the annual accounts on a going concern basis; and

(e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2018

The extract of the annual return for the financial year ended on March 31, 2018 in form MGT-9 is enclosed to this Board's Report as **Annexure III** and forms part of this Board's Report.

BOARD AND COMMITTEE MEETINGS

Details in terms of Secretarial Standard on Meetings of the Board of Directors regarding Board and Committee meetings held during FY 2017-18 are as follows:

Board Meetings:

During FY 2017-18, seven Board meetings were held on April 5, 2017, May 30, 2017, August 11, 2017, September 14, 2017, December 14, 2017, December 21, 2017 and February 6, 2018:

Name of director	Designation	Number of meetings attended
Mr. Peter Bains	Chairman and Independent Director (resigned w.e.f. March 30, 2018)	2
Mr. Sanjay Buch	Chairman (w.e.f. March 30, 2018) and Independent Director	7
Mr. Viswanath Chibrolu	Non-executive Director (resigned w.e.f. December 14, 2017)	3
Mr. T. P. Devarajan	Alternate Director to Mr. Viswanath Chibrolu (resigned w.e.f. December 14, 2017)	4
Dr. Gopakumar Nair	Independent Director	6
Mr. Satish Varma	Managing Director	7
Mr. Krishna Datla	Non-executive Director	7
Ms. Anupama Datla Desai	Wholetime Director	2

Audit Committee Meetings:

During FY 2017-18, six Audit Committee meetings were held on April 5, 2017, May 30, 2017, August 11, 2017, September 14, 2017, December 14, 2017 and February 6, 2018:

Name of committee member	Designation in the Committee	Number of meetings attended
Mr. Sanjay Buch	Chairman	6
Mr. Peter Bains	Member (resigned w.e.f. March 30, 2018)	2
Mr. Viswanath Chibrolu	Member (resigned w.e.f. December 14, 2017)	3
Mr. T. P. Devarajan	Member (resigned w.e.f. December 14, 2017)	4
Dr. Gopakumar Nair	Member	5
Mr. Krishna Datla	Member	6

Nomination and Remuneration Committee (NRC):

During FY 2017-18, three NRC meetings were held on May 30, 2017, August 11, 2017 and February 6, 2018:

Name of committee member	Designation in the Committee	Number of meetings attended
Mr. Sanjay Buch	Chairman (up to March 29, 2018) Member (w.e.f. March 30, 2018)	3
Mr. Peter Bains	Member (resigned w.e.f. March 30, 2018)	2
Mr. Viswanath Chibrolu	Member (resigned w.e.f. December 14, 2017)	1
Mr. T. P. Devarajan	Member (resigned w.e.f. December 14, 2017)	2
Mr. Krishna Datla	Member	3
Dr. Gopakumar Nair	Chairman w.e.f. March 30, 2018	0

Corporate Social Responsibility (CSR) Committee Meetings:

During FY 2017-18, one CSR Committee meeting was held on August 11, 2017:

Name of committee member	Designation in the Committee	Number of meetings attended
Mr. Peter Bains	Chairman (resigned w.e.f. March 30, 2018)	1
Mr. Sanjay Buch	Chairman (w.e.f. March 30, 2018)	1
Mr. Viswanath Chibrolu	Member	-
Mr. T. P. Devarajan	Member	1
Mr. Krishna Datla	Member	1
Ms. Anupama Datla Desai	Member	-

Stakeholder Relationship Committee (SRC) Meetings:

During FY 2017-18, one SRC Committee meeting was held on December 20, 2017:

Name of committee member	Designation in the Committee	Number of meetings attended
Mr. Sanjay Buch	Chairman	1
Mr. Satish Varma	Member	1
Mr. Krishna Datla	Member	1
Mr. Peter Bains	Member (resigned w.e.f. March 30, 2018)	-

Company Secretary acts as a Secretary to the Committee meetings.

NOMINATION AND REMUNERATION POLICY

Pursuant to Section 178(4) of the Act, the Nomination and Remuneration Policy ('Remuneration Policy') of the Company, including changes therein, if any, is available on Company's website i.e. www.fermentabiotech.com. The salient features of the Remuneration Policy, inter alia, encompass: (a) Objectives, (b) Matters to be recommended by the Committee to the Board, (c) Criteria for appointment of Director / KMP / Senior management, (d) Appointment and Remuneration of Directors, (e) Appointment and Remuneration of KMP / Senior management and other employees of the Company, and (f) Directors' and Officers' (D & O) Liability Insurance.

ANNUAL PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to applicable provisions of the Act and Company's Nomination and Remuneration Policy, the Board of Directors of the Company carried out formal annual evaluation of its own performance, and that of its Committees and individual Directors.

A separate meeting of Independent Directors of the Company was held to: (a) review the performance of Chairperson, Non-Independent Directors and the Board as a whole; (b) assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

The evaluation was done through a structured evaluation process and forms covering various aspects including composition of the Board and its committees, professional knowledge and expertise of directors, performance of individual roles and duties including contribution in Board / Committee meetings, protection of interest of all stakeholders etc.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or guarantees or made investments covered under the provisions of Section 186 of the Act during FY 2017-18.

FIRE INCIDENT IN VITAMIN D3 PLANT AT THE DAHEJ MANUFACTURING FACILITY

There was a fire incident in Vitamin D3 plant of the Company located at Z-109 B & C, SEZ II, Dahej, Taluka – Vagara, Dist : Bharuch – 392130, Gujarat, India on November 29, 2017 at around 04: 00 a.m. There was no loss or injury to human life. The said incident did not have any material impact on the production of Vitamin D3. The Company has registered its claim(s) with the insurance company. As on the date of this report, the Company has received a claim amount of Rs. 1.24 Crore in part against a total claim of Rs. 3 Crore and the final insurance claim settlement amount is under process.

RELATED PARTY TRANSACTIONS

All related party transactions entered into by the Company during FY 2017-18 were on an arm's length basis and in the ordinary course of business. During FY 2017-18, the Company has not entered into any material related party transaction. In view of this, disclosure in Form AOC-2 is not applicable.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as per Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 (as amended from time to time) forms part of this report and is given in **Annexure I** to this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Based on CSR Committee's recommendations, the Board approved the Corporate Social Responsibility Policy ('CSR Policy') indicating the CSR activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

Annual report on CSR activities of the Company for the year under review including composition of the CSR Committee is provided in **Annexure II** to this Board's report and forms part of this Board's report.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business of your Company during FY 2017-18.

PURCHASE OF COMPANY'S SHARES BY DIL LIMITED FROM EVOLVENCE INDIA LIFE SCIENCES FUND LLC

During the year under review, DIL Limited ('DIL'), Holding Company, purchased 3,830,072 equity shares of the Company, representing 21.05 % of the issued and paid-up capital of the Company, from Evolvence India Life Sciences Fund LLC, a private equity investor on December 15, 2017. Post transfer of equity shares, DIL's shareholding in the Company has been increased from 70.15% to 91.20%.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There was no order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations during FY 2017-18.

SECRETARIAL STANDARDS

During FY 2017-18, the Company has complied with the provisions of applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation for assistance and co-operation received from the banks, Government authorities, consultants, service providers, customers, vendors, stakeholders and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by employees across all locations.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed in the statements.

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Sanjay Buch
Chairman
(DIN: 00391436)

Thane
August 14, 2018

Registered Office:
A-1501, Thane One, 'DIL' Complex, Ghodbunder Road,
Majiwada, Thane (West) - 400 610, Maharashtra, India

Annexure I

Energy conservation, technology absorption and foreign exchange earnings and outgo

A. Conservation of Energy:

(i) The steps taken or impact on conservation of energy:

Your Company has always been conscious of the need for conservation and thus implemented various measures like:

a) Installation of CFL Lamps for conservation of energy

b) Installation of energy efficient motors in addition to Variable Frequency drives in major plant equipment to reduce electrical consumption.

c) During chemical treatment of effluent, conscious efforts were taken to reduce chemical sludge generation.

(ii) The steps taken by the Company for utilising alternate sources of energy:

The Company witnessed substantial savings in electrical energy and consumption by switching over to CFL Lamps. This was further augmented by installation of energy efficient motors and Variable Frequency drives into major equipment at both the facilities

(iii) Capital / other investment on energy conservation equipment: NIL

B. Technology absorption:

(i) The efforts made towards technology absorption: NIL

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

(iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished: NIL

(a) Details of technology imported. - NIL

(b) Year of import. – Not Applicable

(c) Whether the technology been fully absorbed - Not Applicable

(d) If not fully absorbed, areas where absorption has not taken place and the reasons therefor - Not Applicable

(iv) The expenditure incurred on Research and Development –

Capital	₹ 91.60 lakhs
Recurring	₹ 584.73 lakhs
Total expenditure	₹ 676.33 lakhs

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign exchange used and earned in 2017-18:

Foreign exchange earned: ₹ 22,317.35 Lakhs

Foreign exchange used: ₹2013.52 Lakhs

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Sanjay Buch
Chairman
(DIN: 00391436)

Thane
August 14, 2018

Registered Office:
A-1501, Thane One, 'DIL' Complex, Ghodbunder Road,
Majiwada, Thane (West) - 400 610, Maharashtra, India

Annexure II

Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs**:

   Continuing with the legacy of practicing CSR activities of our founder members, the Company has been committed to the cause of CSR for many years. Over the years, CSR activities of the Company have diversified and expanded into new communities and in turn benefitted more and more stakeholders. Today, our Company firmly believes that corporate citizens have a vital role to play in empowering and enriching the communities and its stakeholders.

   The CSR Policy of the Company is available on Company's website at www.fermentabiotech.com/PDF/CSR.pdf

   Brief of CSR activities: Contribution towards betterment of blind and differently-abled persons; promoting animal welfare, rural development, and education; ensuring environmental sustainability.

2. **The Composition of the CSR Committee**:

   The CSR Committee comprises of Mr. Sanjay Buch (Chairman), Mr. Krishna Datla and Ms. Anupama Datla Desai.

3. **Average net profit of the company for last three financial years**: ₹ 1,156.55 lakhs

4. **Prescribed CSR Expenditure** (two per cent of the amount as in item 3 above): Budgeted amount of ₹ 23.13 lakhs towards CSR activities; including administrative expenditure not exceeding 5% of the CSR expenditure as may be actually incurred in the FY 2017-18.

5. **Details of CSR spent during the financial year**: Rs. 23.13 lakhs

   (a) Total amount to be spent for the financial year: Rs. 23.13 lakhs
   (b) Amount unspent, if any: NIL
   (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)
CSR project or activity identified	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (In Rupees)**	**Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure up to the reporting period (In Rupees)**	**Amount spent : Direct or through implementing agency**
Contribution towards corneal surgeries and education of blind	Health Care & education	Thane	9,00,000	Direct expenditure on projects	9,00,000	Direct
Contribution towards Animal welfare, treatment	Animal Welfare	Thane	50,000	Direct expenditure on projects	50,000	Direct
Contribution towards assistance to Flood affected	Social Welfare	Dahej	10,000	Direct expenditure on projects	10,000	Direct
Contribution towards Bharuch Traffic Education Trust	Education	Dahej	20,000	Direct expenditure on projects	20,000	Direct
Contribution towards e-learning - in Government Schools	Education	Dahej	1,94,700	Direct expenditure on projects	1,94,700	Direct
Contribution towards education of special children	Education	Kullu	1,68,197	Direct expenditure on projects	1,68,197	Direct
Contribution towards rural development	Rural development	Kullu	36,919	Direct expenditure on projects	36,919	Direct
Contribution towards education of children &	Education & Rural development	Kullu	1,38,510	Direct expenditure on projects	1,38,510	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)
CSR project or activity identified	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (In Rupees)**	**Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure up to the reporting period (In Rupees)**	**Amount spent : Direct or through implementing agency**
economically backward children						
Contribution towards installation of LED street lights	Environmental sustainability	Kullu	1,53,560	Direct expenditure on projects	1,53,560	Direct
Contribution towards ensuring social welfare and rural development activities	Social welfare & Rural development	Kullu	5,58,680	Direct expenditure on projects	5,58,680	Direct
Administrative expenses not exceeding 5% of CSR expenditure	-	-	-	-	82,528	-
		TOTAL			**23,13,094**	

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's report**: N.A.

7. The Chairman of the CSR Committee on behalf of the CSR Committee has given the responsibility statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Sanjay Buch
Chairman
(DIN: 00391436)

Thane
August 14, 2018

Registered Office:
A-1501, Thane One, 'DIL' Complex, Ghodbunder Road,
Majiwada, Thane (West) - 400 610, Maharashtra, India

Annexure III

EXTRACT OF ANNUAL RETURN

As on the financial year ended 31.03.2018

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

Form No. MGT – 9

I. REGISTRATION AND OTHER DETAILS:

1	CIN	U99999MH1986PLC134021
2	Registration Date	11/07/1986
3	Name of the Company	FERMENTA BIOTECH LIMITED
4	Category / Sub-Category of the Company	Category: Company limited by shares Sub-category: Indian Non-Government company
5	Address of the Registered office and contact details	A-1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West), Maharashtra – 400 610, India Tel: + 91 22 6623 0800 Fax: + 91 22 6798 0899 Email id: fermenta@fermentabiotech.com
6	Whether listed company: Yes / No	No
7	Name, Address and Contact details of Registrar and Transfer Agent	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083, Maharashtra, India Tel No : +91 22 49186000 Fax No**: +91 22 49186060** Email : rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All business activities of the Company contributing 10 % or more of the total turnover of the company are stated hereunder:-

Sr. no.	**Name and Description of main products / services**	**NIC Code of the Product/ service**	**% to total turnover of the company**
1	Vitamin D3 Product range, Phenyramidol HCl and Silicon Dry Powder	21001	93%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. no.	**Name and Address of the Company**	**CIN/GLN**	**Holding/ Subsidiary / Associate**	**% of shares held**	**Applicable Section**
Holding Company					
1	DIL Limited #	L99999MH1951PLC008485	Holding Company	91.20%	2(46)
2	DVK Investments Private Limited #	U67120MH2003PTC141695	Holding Company [holding 53.91%	0.48%	2(46)

			of paid up share capital of DIL Limited]		
Subsidiary Companies					
3	Fermenta Biotech (UK) Limited Charter House 8-10 Station Road Manor Park London E12 5BT	Foreign Company Registration No.: 3308303	Subsidiary Company	100%	2(87)
4	G. I. Biotech Private Limited A – 1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W), Maharashtra - 400610	U24230MH2004PTC148220	Subsidiary Company	62.50%	2(87)

 # Registered office address at A – 1601, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W), Maharashtra - 400610

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity Share Capital)

i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.17)				No. of Shares held at the end of the year (31.03.18)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTERS									
(1) INDIAN									
a) Individual/ HUF	10,800	-	10,800	0.06	10,800	-	10,800	0.06	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate (Refer Note (i) below)*	1,27,62,464	90	1,27,62,554	70.15	16,592,626	0	16,592,626	91.20	21.05
e) Banks / FII	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	**1,27,73,264**	**90**	**1,27,73,354**	**70.21**	**1,66,03,426**	**0**	**1,66,03,426**	**91.26**	**21.05**
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-

c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FII	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) i.e. (A1+A2)	**1,27,73,264**	**90**	**1,27,73,354**	**70.21**	**1,66,03,426**	**0**	**1,66,03,426**	**91.26**	**21.05**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non Institutions									
a) Bodies Corp.									
i) Indian	1,87,024	8,04,474	9,91,498	5.45	1,87,024	8,04,474	9,91,498	5.45	-
ii) Overseas	38,30,072	-	38,30,072	21.05	0	-	0	0	- 21.05
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	13,824	5,024	18,848	0.10	13,824	5,024	18,848	0.10	-

ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	90,738	-	90,738	0.50	90,738	-	90,738	0.50	-
c) <u>Others</u> (Refer Note (ii) below)*	-	4,88,334	4,88,334	2.69	-	4,88,334	4,88,334	2.69	-
Sub-total (B)(2):-	**41,21,658**	**12,97,832**	**54,19,490**	**29.79**	**2,91,586**	**12,97,832**	**15,89,418**	**8.74**	**-21.05**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**41,21,658**	**12,97,832**	**54,19,490**	**29.79**	**2,91,586**	**12,97,832**	**15,89,418**	**8.74**	**-21.05**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**1,68,94,922**	**12,97,922**	**1,81,92,844**	**100**	**1,68,95,012**	**12,97,832**	**1,81,92,844**	**100**	-

*** Note**:

(i) Includes 90 shares held under erstwhile Section 187C of Companies Act, 1956 (now section 89 of Companies Act, 2013) by beneficiary owners for and on behalf of DIL Limited.

(ii) Includes shares issued by Fermenta Biotech Limited (FBL) to FBL ESOP Trust pending implementation of ESOP Plan.

(ii) Shareholding of Promoters

Sr. no	Shareholder's Name	Shareholding at the beginning of the year (01.04.17)			Shareholding at the end of the year (31.03.18)			
		No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year
1	DIL Limited*	1,27,62,554	70.15	-	16,592,626	91.20	-	21.05
2	Mr. Krishna Datla	10,800	0.06	-	10,800	0.06	-	-

* Includes 90 shares held under erstwhile Section 187C of Companies Act, 1956 (now section 89 of Companies Act, 2013) by various beneficiary owners for and on behalf of DIL Limited.

(iii) Change in Promoters' Shareholding:

Sr. no	Name	Shareholding at the beginning of the year (01.04.17)		Date	Increase / Decrease	Reason	Cumulative Shareholding during the year / end of the year (31.03.18)	
		No. of shares	% of total Shares of the company				No. of shares	% of total Shares of the company
1	DIL Limited	1,27,62,554	70.15	15.12.2017	Increase	Purchase	16,592,626	91.20

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. no	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.17)		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year / end of the year (31.03.18)	
		No. of shares	% of total Shares of the company				No. of shares	% of total Shares of the company
1	Evolvence India Life Sciences fund LLC	38,30,072	21.05	01.04.17				
				31.03.18	Decrease	Sale	0	0
2	Allegro Corporate Finance Advisors Pvt Ltd	7,89,474	4.39	01.04.17				
				31.03.18	-	-	7,89,474	4.39
3	Fermenta Biotech Limited ESOP Trust	4,88,334	2.68	01.04.17				
				31.03.18	-	-	4,88,334	2.68
4	Dupen Laboratories Pvt. Ltd	1,00,000	0.55	01.04.17				
				31.03.18	-	-	1,00,000	0.55
5	Rajeshwari Datla	90,738	0.50	01.04.17				
				31.03.18	-	-	90,738	0.50
6	DVK Investments Private Limited	87,024	0.48	01.04.17				

				31.03.18	-	-	87,024	0.48
7	V.R. Investment & Finance Pvt Ltd	15,000	0.08	01.04.17				
				31.03.18	-	-	15,000	0.08
8	Preeti Thakkar	8,412	0.05	01.04.17				
				31.03.18	-	-	8,412	0.05
9	Govind Desai & Gunanath Desai	2,500	0.01	01.04.17				
				31.03.18	-	-	2,500	0.01
10	Shaila Govind Desai	1,500	0.00	01.04.17				
				31.03.18	-	-	1,500	0.00

(v) Shareholding of Directors and Key Managerial Personnel:

Sr. no	**For Each of the Directors and KMP**	**Shareholding at the beginning of the year (01.04.17)**		**Date**	**Increase/ Decrease**	**Reason**	**Cumulative Shareholding during the year / end of the year (31.03.18)**	
		No. of shares	**% of total Shares of the company**				**No. of shares**	**% of total Shares of the company**
1.	Krishna Datla (Director)	10,800	0.06	01.04.17				
				31.03.18	-	-	10,800	0.06
2.	Anupama Datla Desai (Executive Director and KMP)	5,400	0.03	01.04.17				
				31.03.18	-	-	5,400	0.03

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in Lakhs)

Indebtedness at the beginning of the financial year (as on 01.04.17)	**Secured Loans excluding deposits**	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
i) Principal Amount	3930.89	368.86	-	4299.75
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.60	-	-	2.60
Total (i+ii+iii)	3933.49	368.86	-	4302.35

Change in Indebtedness during the financial year				
i) Addition ii) Reduction	28 923.84	- 386.86	- -	28 1292.7
Net Change	951.84	368.86	-	1320.7
Indebtedness at the end of the financial year (As on 31.03.18)				
i) Principal Amount	3,037.65	-	-	3,037.65
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.55	-	-	0.55
Total (i+ii+iii)	3,038.20	-	-	3,038.20

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: *[Amount in ₹]*

Sr. no.	**Particulars of Remuneration**	**Name of MD/WTD/ Manager**		**Total Amount**
		Mr. Satish Varma (Managing Director)	Ms. Anupama Datla Desai (Executive Director)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3)of Income-tax Act, 1961	61,47,500 4,30,147 -	50,75,000 96,878 -	1,12,22,500 5,27,025 -
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit	4,30,92,654	2,15,46,327	6,46,38,981
5.	Others (Provident Fund)	5,14,800	4,82,400	9,97,200
	Total (A)	**5,01,85,101**	**2,72,00,605**	**7,73,85,706**
	Ceiling as per the provisions of Section 198 read with schedule V of the Companies Act, 2013	**5,38,65,817**	**5,38,65,817**	**10,77,31,634**

B. Remuneration to other directors: *[Amount in ₹]*

Sr. no.	**Particulars of Remuneration**	**Name of Directors**		**Total Amount**
1.	Independent Directors	Mr. Sanjay Buch	Dr. Gopakumar Nair	-
	Fee for attending board / committee meetings	1,90,000	1,65,000	3,55,000

	Commission	10,77,316	10,77,316	21,54,632
	Total (1)	12,67,316	12,42,316	25,09,632
2.	Other Non-Executive Directors	Mr. Krishna Datla	-	-
	• Fee for attending board/committee meetings • Commission	1,90,000 86,18,531	- -	1,90,000 86,18,531
	Total (2)	88,08,531	-	88,08,531
	Total (B) = (1+2)	**1,00,75,847**	**12,42,316**	**1,13,18,163**
	Total Managerial remuneration [A+B]	**-**	**-**	**8,87,03,869**
		The total fees paid to Independent and Non-Executive Directors are within the limits prescribed under Companies Act, 2013		

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager/ WTD [Amount in ₹]

Sr. No	Particulars of Remuneration	Key Managerial Personnel				
		Mr. Prashant Nagre (CEO)	*Mr. Varadvinayak Khambete*	*Mr. Kapil Gohil (CFO up to May 31, 2017)*	*Mr. Amol Lone (CFO w.e.f. June 1, 2017)*	*Total*
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,27,58,408	9,65,396	5,25,434	39,34,630	1,37,91,930
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	62,350	-	4,800	-	67,150
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit	1,07,82,514	-	-	-	1,51,74,452
5.	Others (Provident fund)	4,17,409	39,600	23,232	1,62,166	6,42,407
	Total	**2,40,20,681**	**10,04,996**	**5,53,466**	**40,96,796**	**2,96,75,939**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD / NCLT/ COURT)	Appeal made, if any (give Details)
A. COMPANY	-	-	-	-	-
1. Penalty 2. Punishment 3. Compounding	-	-	-	-	-
B.DIRECTORS	-	-	-	-	-
1. Penalty 2. Punishment 3. Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT	-	-	-	-	-
1) Penalty 2) Punishment 3) Compounding	-	-	-	-	-

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Sanjay Buch
Chairman
(DIN: 00391436)

Thane
August 14, 2018

Registered Office:
A-1501, Thane One, 'DIL' Complex, Ghodbunder Road,
Majiwada, Thane (West) - 400 610, Maharashtra, India

Annexure IV

Form AOC-I : Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to Section 129(3) read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ for the financial year 2017-18

Sr.	Particulars	(₹in Lakhs)	(₹in Lakhs)
1	Name of the subsidiary	G I Biotech Private Limited	Fermenta Biotech (UK) Limited
2	The date since when subsidiary was acquired	25.08.2004	10.09.2002
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-	-
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rs.	Pound Sterling £ (Exchange Rate: 1 GBP= 92.28 INR for Balance Sheet and 92.28 INR for Profit and Loss account as on 31.03.2018)
5	Share capital*	1.00	203.02
6	Reserves & surplus*	(1.81)	(165.08)
7	Total assets*	5.99	37.94
8	Total Liabilities*	6.79	-
9	Investments*	-	-
10	Turnover*	-	-
11	Profit before taxation*	(0.90)	(109.62)
12	Provision for taxation*	(0.19)	-
13	Profit after taxation*	(0.71)	(109.62)
14	Proposed Dividend	-	-
15	% of shareholding	62.50%	100%

* (Amount - ₹ In Lakhs)

Part "B": Associates and Joint Ventures [Not Applicable]

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Sanjay Buch
Chairman
(DIN: 00391436)

Thane
August 14, 2018
Registered Office:
A-1501, Thane One, 'DIL' Complex, Ghodbunder Road,
Majiwada, Thane (West) - 400 610, Maharashtra, India

Annexure V

Details of remuneration pursuant to Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Employee name	Mr. Prashant Nagre
Designation	Chief Executive officer
Remuneration received	Rs. 2,40,20,681 (Excluding gratuity)
Nature of employment, whether contractual or otherwise	Permanent
Qualifications and experience of the employee	B. Pharm., Masters in Management Science. Mr. Nagre has experience of over 26 years in the industry
Date of commencement of employment	27/09/2010
The age of such employee	48 years
The last employment held by such employee before joining the Company	Sterling Biotech Limited
The percentage of equity shares held by the employee in the Company	Nil
Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager	No

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INDEPENDENT AUDITOR'S REPORT
To The Members of Fermenta Biotech Limited
Report on the Ind AS Financial Statements

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

Management's Responsibility for the 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the 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 Ind AS financial statements are free from material misstatement.

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(LLP Identification No. AAB-8737)

Deloitte
Haskins & Sells LLP

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the 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 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, its total comprehensive income, its cash flows and its changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31st March 2017 and the transition date opening balance sheet as at 1st April, 2016, included in these Ind AS Financial Statements have been prepared by the Management of the Company after adjusting the previously issued financial statements, prepared in accordance with the Companies (Accounting Standards) Rules, 2006, to company with Ind AS. The previously issued financial statement were audited by the predecessor auditors whose reports for the years ended 31st March, 2017 and 31st March, 2016 dated 30th May, 2017 and 27th May, 2016, respectively, expressed an unmodified opinion on those financial statements. The adjustments made by the Management of the Company to comply with Ind AS to the previously issued financial statements have been audited by us.

Our opinion on the Ind AS financial statements is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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.

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

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

   d) In our opinion, the aforesaid 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 of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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 Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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, as amended, 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 Ind AS financial statements – See Note 35 to the Ind AS financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

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 B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Place: Mumbai
Date: 15th May, 2018

Deloitte Haskins & Sells LLP

Chartered Accountants
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ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Fermenta Biotech Limited)

Report on the Internal Financial Controls Over Financial Reporting 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 Fermenta Biotech Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date which includes internal financial controls over financial reporting of the Company.

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. 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 of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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.

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(LLP Identification No. AAB-8737)

Deloitte
Haskins & Sells LLP

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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, to the best of our information and according to the explanations given to us, 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 31st March, 2018, based on the criteria for internal financial control over financial reporting 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 **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Place: Mumbai
Date: 15th May, 2018

Deloitte Haskins & Sells LLP

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ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under the 'Report on Other Legal and Regulatory Requirements' section of 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 fixed assets were physically verified during the year by the Management of the Company in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, discrepancies were noticed on physical verification of fixed assets and such discrepancies aggregating to ₹ 33.70 Lakhs in the carrying value of fixed assets have been properly dealt with in the books of account.

(c) According to the information and explanations given to us and the records examined by us, we report that, the title deed comprising all the immovable properties of land and buildings disclosed under 'Property, plant and equipment' in the Ind AS financial statements and the lease deed of the immovable property of land and buildings that have been taken on lease whose title deed and lease deed, respectively, have been pledged as security for loans given to the Company are held in the name of the Company based on the confirmations directly received by us from lenders.

(ii) As explained to us, the inventories, excluding inventories with third parties, were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification. Inventories lying with third parties as at 31st March, 2018 have been confirmed by them to the Company.

(iii) According to the information and explanations given to us, the Company has, in earlier year, granted an unsecured interest free loan repayable on demand to a company covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The Company has not granted any loan during the year ended 31st March, 2018 and hence reporting under clause 3(iii)(a) of the Order is not applicable.

(b) The loan is interest free and schedule of repayment of the principal is not stipulated. In the absence of a repayment schedule, we are unable to comment on the regularity of the receipts of principal amounts.

(c) Having regard to the repayment term of the loan being on demand and representation made by the management of the Company that there is no demand made by the Company for repayment of the loan, there is no overdue amount remaining outstanding as at the balance sheet date.

According to the information and explanations given to us, the Company has not granted loans, secured or unsecured, to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

Regd. Office: Indiabulls Finance Centre, Tower 3, 27th - 32nd Floor, Senapati Bapat Marg, Elphinstone Road (W), Mumbai - 400 013, India.
(LLP Identification No. AAB-8737)

(iv) The Company has not granted any loans, made investments or provided guarantees, or security which are covered under sections 185 and 186 of the Companies Act, 2013 and hence reporting under Clause 3(iv) of the Order is not applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit to which the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are applicable and hence reporting under clause 3(v) of the Order is not applicable.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under section 148(1) of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities, though there has been a slight delay in few cases.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty, Value added Tax, Cess and other material statutory dues in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Customs Duty, Excise Duty and Value added Tax which have not been deposited as at 31st March, 2018 on account of disputes, are given below:

Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved and unpaid (₹ in Lakhs)
Sales Tax Act	Central Sales Tax	Deputy Commissioner of Commercial Tax (Appeals)	2013-14	20.14

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not issued any debentures and has not borrowed from the government.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loan have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised money by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties identified by the Management of the Company and the details of related party transactions have been disclosed in the Ind AS financial statements as required by the applicable Indian Accounting Standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary companies or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Place: Mumbai
Date: 15th May, 2018

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH, 2018

Balance Sheet as at March 31, 2018

(₹ in Lakhs)

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
ASSETS				
Non-current assets				
(a) Property, plant and equipment	3	7,462.73	7,188.80	6,559.34
(b) Capital work-in-progress		250.06	276.46	533.37
(c) Intangible assets	4	208.92	50.12	80.48
(d) Intangible assets under development		99.50	142.52	3.00
(e) Investments in subsidiaries	5A	38.07	184.62	184.62
(f) Financial assets				
(i) Investments	5B	4.11	4.11	3.65
(ii) Loans	6	6.26	6.26	6.26
(iii) Other financial assets	7	426.04	93.00	92.59
(g) Non-current tax assets (Net)	14	8.03	6.73	69.40
(h) Other non-current assets	8	446.90	480.61	493.03
Total non-current assets		**8,950.62**	**8,433.23**	**8,025.74**
Current assets				
(a) Inventories	9	5,117.88	3,874.59	2,483.78
(b) Financial assets				
(i) Trade receivables	10	6,863.02	4,462.19	4,338.29
(ii) Cash and cash equivalents	11	2,122.68	114.49	84.49
(iii) Bank balances other than (ii) above	11A	930.58	153.71	68.68
(iv) Loans	12	1.09	1.06	-
(v) Other financial assets	13	22.57	12.44	42.12
(c) Other current assets	15	2,623.31	882.76	716.73
Total current assets		**17,681.12**	**9,501.24**	**7,734.09**
TOTAL ASSETS		**26,631.75**	**17,934.47**	**15,759.83**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	16	1,770.45	1,770.45	1,770.45
(b) Other equity	17	15,495.77	8,282.57	7,275.18
Total equity		**17,266.22**	**10,053.02**	**9,045.63**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
Borrowings	18	335.00	606.46	363.34
(b) Provisions	19	201.09	192.45	143.76
(c) Deferred tax liabilities (Net)	25	219.70	272.90	399.86
Total non-current liabilities		**755.79**	**1,071.81**	**906.96**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	20	2,413.01	3,363.02	2,847.21
(ii) Trade payables	21	3,885.63	2,708.75	1,793.10
(iii) Other financial liabilities	22	1,443.14	597.94	901.37
(b) Provisions	24	30.20	33.74	35.18
(c) Current tax liabilities (Net)	26	376.06	27.98	154.80
(d) Other current liabilities	23	461.70	78.21	75.58
Total current liabilities		**8,609.74**	**6,809.64**	**5,807.24**
TOTAL EQUITY AND LIABILITIES		**26,631.75**	**17,934.47**	**15,759.83**
See accompanying notes to the financial statements	1-55			

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Mumbai, May 15, 2018

For and on behalf of the Board of Directors of Fermenta Biotech Limited

Sanjay Buch Chairman	**Satish Varma** Managing Director	**Krishna Datla** Director
Anupama Datla Desai Executive Director	**Gopakumar Nair** Director	**Amol Lone** Chief Financial Officer
Varadvinayak Khambete Company Secretary		

Thane, May 15, 2018

Fermenta Biotech Limited
CIN : U99999MH1986PLC134021

Statement of Profit and Loss for the year ended March 31, 2018

(₹ in Lakhs)

	Notes	For the year ended March 31, 2018	For the year ended March 31, 2017
Income			
Revenue from operations	27	29,202.00	16,078.40
Other income	28	846.83	234.33
Total income		**30,048.83**	**16,312.73**
Expenses			
Cost of materials consumed	29	8,490.24	8,187.58
Purchases of stock-in-trade		28.80	22.21
Changes in inventories of finished goods, stock-in-trade and work-in-progress	30	(538.92)	(1,377.72)
Excise duty on sale of goods		30.79	155.89
Employee benefits expense	31	3,405.77	2,217.66
Finance costs	33	299.95	364.63
Depreciation and amortisation expense	32	770.49	661.58
Other expenses	34	8,313.33	4,809.83
Total expenses		**20,800.45**	**15,041.66**
Profit before tax		**9,248.38**	**1,271.07**
Tax expense:			
(1) Current tax [(Refer note 45 (B)]		2,104.43	349.40
(2) Deferred tax [(Refer note 45 (C)]		(62.38)	(112.62)
Total tax expense		**2,042.05**	**236.78**
Profit for the year		**7,206.33**	**1,034.29**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(a) (i) Remeasurements of defined benefit plan		10.50	(41.70)
(ii) Income tax relating to remeasurement of defined benefit plan		(3.63)	14.43
(b) (i) Net fair value change in investment in equity instruments through other comprehensive income		-	0.46
(ii) Income tax relating to fair value change in investments in equity instruments through other comprehensive income		-	(0.09)
Total other comprehensive income / (loss) for the year		**6.87**	**(26.90)**
Total comprehensive income for the year		**7,213.20**	**1,007.39**
Earnings per equity share (nominal value per equity share ₹ 10 each)	37		
Basic (in ₹)		39.61	5.69
Diluted (in ₹)		39.61	5.69
See accompanying notes to the financial statements	1-55		

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Mumbai, May 15, 2018

For and on behalf of the Board of Directors of Fermenta Biotech Limited

Sanjay Buch
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Anupama Datla Desai
Executive Director

Gopakumar Nair
Director

Amol Lone
Chief Financial Officer

Varadvinayak Khambete
Company Secretary

Thane, May 15, 2018

Fermenta Biotech Limited
CIN : U99999MH1986PLC134021
Statement of Changes in equity for the year ended March 31, 2018

(₹ in Lakhs)

(a) Equity share capital

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balance at the beginning and end of the year	1,770.45	1,770.45	1,770.45

(b) Other equity

	Reserves and surplus				Items of other comprehensive income	Total
	Securities premium reserve	Capital redemption reserve	General reserve	Retained earnings	Equity instruments through OCI	
Balance as at April 01, 2016	**1,706.46**	**103.38**	**92.32**	**5,371.70**	**1.32**	**7,275.18**
Profit for the year	-	-	-	1,034.29	-	1,034.29
Other comprehensive income/(loss) for the year	-	-	-	(27.27) *	0.37	(26.90)
Balance as at March 31, 2017	**1,706.46**	**103.38**	**92.32**	**6,378.72**	**1.69**	**8,282.57**
Profit for the year	-	-	-	7,206.33	-	7,206.33
Other comprehensive income for the year	-	-	-	6.87 *	-	6.87
Balance as at March 31, 2018	**1,706.46**	**103.38**	**92.32**	**13,591.92**	**1.69**	**15,495.77**

*Represents remeasurement of defined benefit plan

(c) Total equity

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Total equity [(a)+(b)]	**17,266.22**	**10,053.02**	**9,045.63**

See accompanying notes 1-55 to the financial statements
In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Mumbai, May 15, 2018

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Sanjay Buch
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Anupama Datla Desai
Executive Director

Gopakumar Nair
Director

Amol Lone
Chief Financial Officer

Varadvinayak Khambete
Company Secretary

Thane, May 15, 2018

Fermenta Biotech Limited
CIN : U99999MH1986PLC134021
Cash Flow Statement for the year ended March 31, 2018

(₹ in Lakhs)

	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities		
Profit before tax as per Statement of profit and loss	9,248.38	1,271.07
Adjustments for :		
Depreciation and amortisation expense	770.49	671.43
Net unrealised foreign exchange gain	(240.69)	(48.90)
Loss / (Profit) on sale of property, plant and equipment (Net)	(86.12)	9.05
Provision for doubtful debts and advances	449.87	425.54
Impairment of non-current investment in a subsidiary	146.55	-
Finance costs	299.95	364.58
Dividend income	(0.24)	(0.20)
Interest income	(32.26)	(20.65)
Operating profit before working capital changes	10,555.93	2,671.92
Movements in working capital :		
Increase in trade payables	1,188.37	953.30
Increase in provisions	57.30	5.54
Increase / (decrease) in other liabilities	1,359.61	(79.35)
Increase in inventories	(1,243.29)	(1,390.81)
Increase in trade receivables	(2,552.56)	(575.78)
Increase in other assets	(2,123.86)	(149.48)
Cash generated from operations	7,241.51	1,435.34
Income tax paid (Net of refunds)	(1,757.64)	(406.91)
Net cash generated by operating activities (A)	5,483.86	1,028.43
Cash flows from investing activities		
Payments for purchase of property, plant and equipment (Including capital work-in-progress, intangible assets and intangible assets under development)	(1,257.91)	(1,093.89)
Proceeds from sale of property, plant and equipment	165.97	1.11
Bank balances not considered as cash and cash equivalents (Net)	(776.87)	(84.33)
Interest received	10.92	8.74
Dividend received	0.24	0.20
Net cash used in investing activities (B)	(1,857.64)	(1,168.17)
Cash flows from financing activities		
Proceeds from borrowings	28.00	965.85
Repayment of borrowings	(1,348.48)	(608.97)
Finance costs	(297.55)	(371.38)
Net cash used in financing activities (C)	(1,618.03)	(14.50)
Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)	2,008.19	(154.24)
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	-	0.02
Cash and cash equivalents at the beginning of the year	114.49	(1,404.60)
Cash and cash equivalents at the end of the year	2,122.68	(1,558.82)
Components of cash and cash equivalents		
Cash in hand	3.24	6.42
Balances with banks	1,113.30	108.04
Deposits with original maturity of less than 3 months	1,006.14	0.03
Cash and cash equivalents (Refer note 11)	2,122.68	114.49
Cash credit forming part of cash management (Refer note 20)	-	(1,673.31)
Total cash and cash equivalents considered for cash flows	2,122.68	(1,558.82)

See accompanying notes to the financial statements 1-55

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

Mumbai, May 15, 2018

For and on behalf of the Board of Directors of Fermenta Biotech Limited

Sanjay Buch
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Anupama Datla Desai
Executive Director

Gopakumar Nair
Director

Amol Lone
Chief Financial Officer

Varadvinayak Khambete
Company Secretary

Thane , May 15, 2018

1. Corporate information

Fermenta Biotech Limited ("the Company") is a public company incorporated and domiciled in India under the Companies Act, 1956. The registered office of the Company is located at A-1501 ,Thane One, DIL Complex, Ghodhbunder Road, Majiwade, Thane (West) 400610. The Company is engaged in the business of manufacturing and marketing of chemicals, bulk drugs, enzymes, pharmaceutical formulations and environmental solution products. The Company caters to both domestic and international markets.

2. Significant accounting policies

2.1 Statement of compliance

These financial statements are separate financial statements of the Company. The Company has prepared financial statements for the year ended March 31, 2018 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2017. Further, the Company has prepared the opening balance sheet as at April 01, 2016 (the transition date) in accordance with the Ind AS.

For all periods up to and including the year ended March 31, 2017, the Company had prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting standards) Rules, 2006 (as amended) .

These are the Company's first Ind AS financial statements. Refer Note 52 for the details of first-time adoption exemptions availed by the Company.

2.2 Basis of preparation and presentation

These financial statements for the year ended March 31, 2018 are the first financial statements the Company has prepared in accordance with Ind AS.

The financial statements have been prepared on the historical cost basis, except for: (i) certain financial instruments that are measured at fair values at the end of each reporting period; (ii) defined benefit plans – plan assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(a) Fair Value Measurement

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(b) Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

(c) Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non- monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non - monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowing relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

(d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(e) Employee Benefits

i) Short term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

ii) Long-term employee benefits:

A) Defined contribution plan: The Company contributes towards state governed provident fund scheme, employee state insurance scheme (ESIC) and superannuation scheme for eligible employees. The Company has no further payment obligations once the contributions have been paid. Hence payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

B) Defined benefit plans: The employees' gratuity fund scheme represents defined benefit plans. The cost of providing benefits is determined using projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of changes to the assets (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with the charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

(1) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
(2) net interest expenses or income; and
(3) remeasurement

The Company presents the first two components of defined benefit costs in Statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service cost.

C) Liabilities recognised in respect of other long term employee benefits are actuarially measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

(f) Income Taxes

Income Tax expense represents the sum of the tax currently payable and deferred tax.

i) Current tax:

Current tax is the amount of income taxes payable in respect of taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

ii) Deferred tax:

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit under the Income Tax Act, 1961.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognized for all the deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

iii) Presentation of current and deferred tax:

Current and deferred tax are recognized in the profit and loss, except when they relate to items that are recognised in Other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Company has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

(g) Revenue recognition

Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Company in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Company. Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Company, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and Goods and Services Tax are excluded from revenue.

Sale of Goods:

- Revenue from sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied :

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- the amount of revenue can be measured reliably;

- it is probable that the economic benefits associated with the transaction will flow to the company; and

- the cost incurred or to be incurred in respect of the transactions can be measured reliably.

Rendering of services:

Revenue from services rendered is recognized pro-rata over the period of the contract in the Statement of profit and loss as the underlying services are performed.

Interest and dividend:

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Interest on income tax refund is recognized on receipt of the refund order.

Dividend income is recognized when the Company's right to receive payment is established which is generally when shareholders approve the dividend.

Export Incentive:

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and net benefit / obligation is accounted by making suitable adjustments in raw material consumption.

The benefit under the Duty Drawback, Mercantile Export Incentive Scheme and other schemes as per the Import and Export policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head "Other Operating Revenue" in the Statement of profit and loss and is accounted in the year of export.

(h) Property, plant and equipment (PPE)

Items of property, plant and equipment are stated in balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of property, plant and equipment and is recognised in profit or loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and capital work-in-progress) less their residual values on straight-line method over their useful lives as indicated in Part C of Schedule II of the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the property, plant and equipment are as follows:

Asset Category	**Estimated useful life (in years)**
Buildings	30
Lease hold improvements (included in buildings)	5-10
Plant and equipment	5-20
Office equipment (included in plant and equipment)	5-6
Computers (included in plant and equipment)	3-6
Furniture and fixtures	10
Vehicles	8

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its tangible property, plant and equipment recognised as of the transition date, measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

(i) Intangible assets

(a) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(b) Internally-generated intangible assets - Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An Internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if, all the below stated conditions are fulfilled:
(i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
(ii) its intention to complete the asset and use or sell it;
(iii) its ability to use or sell the asset;
(iv) how the asset will generate probable future economic benefits;
(v) the availability of adequate resources to complete the development and to use or sell the asset; and
(vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible assets first meets the recognition criteria listed above. Where no internally-generated intangible assets can be recognised, development expenditure is recognised in the Statement of profit and loss in the period in which incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised upon disposal or when no future economic benefits are expected to arise from use or disposal. Any gain or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of profit and loss when the asset is derecognised.

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as of the transition date, measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

The estimated useful lives of the intangible assets are as follows:

Asset Category	**Estimated useful life (in years)**
Computer softwares	3-6
Product know how	3-5

(j) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of impairment loss if any. When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the assets belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for a reasonable and consistent allocation basis can be identified.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of the net selling price and the value in use; and

(ii) in the case of a cash generating unit (a Group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the Company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable company of assets that generates cash inflows that are largely independent of the cash inflows from other assets or companies of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of profit and loss.

Notes to the financial statements for the year ended March 31, 2018

(k) Inventories

Inventories consisting of raw materials and packing materials, work-in-progress, stock-in-trade and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost of raw materials and packing materials and stock-in-trade comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

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

(l) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets

Initial recognition and measurement:

All financial assets are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial asset on initial recognition. Transaction costs directly attributable to the acquisition of financial assets as at fair value through profit or loss are recognised immediately in profit or loss. All regular way purchases or sales of financial assets are recognised or derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories -

1 Debt instruments at amortised cost

2 Debt instruments at fair value through other comprehensive income (FVTOCI)

3 Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

4 Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) 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.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income of the Statement of profit and loss. The losses arising from impairment are recognised in the Statement of profit or loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A ‘debt instrument’ is measured as at FVTOCI if both of the following criteria are met:
The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses and reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’).

Equity Instruments

All equity Instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument including foreign exchange gain or loss , excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition

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:

1) The contractual rights to receive cash flows from the asset have expired, or
2) 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. 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 accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial assets, and guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit adjusted effective interest rate for purchase or originated credit-impaired financial assets). The Company estimates cash flow by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if the default occurs within the 12-months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12-months.

If the Company measures loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risks has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

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 11 and Ind AS 18, the Company 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. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Financial liabilities and equity instruments

Classification as debts or equity:

Debts and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue cost.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities:

Initial recognition and measurement:

All financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the issue of financial liabilities as at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement:

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts, issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

it has been incurred principally for the purpose of repurchasing it in the near term; or

on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or

it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit, or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit and loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the company that are designated by the company as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in note 49.

Financial liabilities at amortised cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the ‘Finance costs’ line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of profit and loss.

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.

(m) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor :

Amounts due from lessees under finance leases are recognised as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee :

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs [see note 2.(d) above]. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(n) Investments in equity instruments of subsidiaries:

Investments in equity instruments of subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of profit and loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS.

(o) Provisions, contingent liabilities and contingent assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow 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".

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent assets are not recognized in the financial statements of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare case where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(p) Earnings per share

The Company presents basic and diluted earnings per share data for its equity shares

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. The Company does not have any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

(q) Cash and cash equivalents:

Cash and cash equivalents in the balance sheet 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.

For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company’s cash management.

(r) Operating segments:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM") of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

(s) Use of estimates and Judgements

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Fair value measurement of financial instruments:

When the fair values of financials assets and financial liabilities recorded in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgements and assumptions.

Useful lives of property, plant and equipment and intangible assets :

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time when the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

Assets and obligations relating to employee benefit:

The employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of employment benefit obligations.

Tax expense : [refer note 2(f)]

The Company's tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes, if any, including amount expected to be paid/recovered for uncertain tax positions. Further, significant judgement is exercised to ascertain amount of deferred tax asset (DTA) that could be recognised based on the probability that future taxable profits will be available against which DTA can be utilized and amount of temporary difference in which DTA cannot be recognised on want of probable taxable profits.

Provisions: [refer note 2(o)]

Write down in value of inventories: (refer note 9)

Contingencies (refer note 35)

(t) Recent Accounting pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs (""MCA"") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 01, 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect of adoption of Appendix B to Ind AS 21 is expected to be insignificant.

Ind AS 115

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits two possible methods of

Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach) The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant"

(₹ in Lakhs)

3 Property, plant and equipment

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total
Deemed cost as at April 01, 2016	36.04	2,272.92	4,080.81	71.06	98.51	6,559.34
Additions	-	139.63	1,110.70	11.44	-	1,261.77
Disposals	-	(7.92)	(1.05)	-	(1.20)	(10.17)
Balance as at March 31, 2017	**36.04**	**2,404.63**	**5,190.46**	**82.50**	**97.31**	**7,810.94**
Additions	-	420.33	558.92	24.71	71.12	1,075.08
Disposals	(1.74)	-	(54.92)	(1.14)	(37.44)	(95.24)
Balance as at March 31, 2018	**34.30**	**2,824.96**	**5,694.46**	**106.07**	**130.99**	**8,790.78**
Accumulated depreciation						
As at April 01, 2016	**-**	**-**	**-**	**-**	**-**	-
Depreciation expense	-	124.27	458.54	13.43	25.90	622.14
Balance as at March 31, 2017	**-**	**124.27**	**458.54**	**13.43**	**25.90**	**622.14**
Depreciation expense	-	170.92	501.14	14.31	19.54	705.91
Balance as at March 31, 2018	**-**	**295.19**	**959.68**	**27.74**	**45.44**	**1,328.05**
Carrying amount						
As at April 01, 2016	**36.04**	**2,272.92**	**4,080.81**	**71.06**	**98.51**	**6,559.34**
As at March 31, 2017	**36.04**	**2,280.36**	**4,731.92**	**69.07**	**71.41**	**7,188.80**
As at March 31, 2018	**34.30**	**2,529.77**	**4,734.78**	**78.33**	**85.55**	**7,462.73**

4 Intangible assets
(Other than internally generated)

(₹ in Lakhs)

Particulars	Computer softwares	Product know -how	Total
Deemed cost as at April 01, 2016	**37.12**	**43.36**	**80.48**
Additions	9.08	-	**9.08**
Balance as at March 31, 2017	**46.20**	**43.36**	**89.56**
Additions	220.38	3.00	**223.38**
Balance as at March 31, 2018	**266.58**	**46.36**	**312.94**
Accumulated amortisation			
As at April 01, 2016	**-**	**-**	**-**
Amortisation expense	15.78	23.66	**39.44**
Balance as at March 31, 2017	**15.78**	**23.66**	**39.44**
Amortisation expense	**42.73**	**21.85**	**64.58**
Balance as at March 31, 2018	**58.51**	**45.51**	**104.02**
Carrying amount			
As at April 01, 2016	**37.12**	**43.36**	**80.48**
As at March 31, 2017	**30.42**	**19.70**	**50.12**
As at March 31, 2018	**208.07**	**0.85**	**208.92**

5 Investments - Unquoted (Non-current) (₹ in Lakhs)

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
5A	**Investments in subsidiaries - in equity instruments - Unquoted (Fully paid-up)**			
	(At cost less impairment in the value of investments, if any)			
	G. I. Biotech Private Limited	0.63	0.63	0.63
	6,250 (March 31, 2017: 6,250, April 01, 2016: 6,250) Equity shares of ₹ 10/- each. (Refer note 1 below)			
	Fermenta Biotech (UK) Limited	183.99	183.99	183.99
	220,001 (March 31, 2017: 220,001, April 01, 2016: 220,001) Shares of G.B.Pound 1/- each.			
	Less:- Impairment in the value of investment	(146.55)	-	-
		37.44	183.99	183.99
		38.07	**184.62**	**184.62**
5B	**Investments in equity instrument of other entity (Fully paid-up) (Fair value through OCI)**			
	Shivalik Solid Waste Management Limited	4.11	4.11	3.65
	20,000 (March 31, 2017: 20,000, April 01, 2016: 20,000) Equity shares of ₹ 10/- each.			
		4.11	**4.11**	**3.65**
	(a) Aggregate amount of unquoted investments before impairment;	188.73	188.73	188.27
	(b) Aggregate amount of impairment in value of investments;	146.55	-	-

Notes:

1) During the year ended March 31, 2009, the Company had entered into an agreement for transfer of the throat lozenge business along with the trademark "Astrasept" and the related movable assets for a consideration of ₹ 8.00 lakhs to its wholly owned subsidiary G.I.Biotech Private Limited (G.I). Simultaneously, the Company also entered into a share transfer agreement with Ronator Investments Limited (R I), a company incorporated under the legal provisions of Cyprus, to transfer its entire shareholding in G.I in four instalments to be completed by February 10, 2009 for a total consideration of USD 4.00 lakhs. In accordance with the share transfer agreement, the Company sold 3750 shares for consideration of USD 1.50 lakhs and recorded a profit of Rs 70.60 lakhs in the year ended March 2009. The time limit stipulated for completion of the share transfer agreement and completion of transaction has been extended further to March 31, 2019.

2) These investments are held in the name of the Company.

(₹ in Lakhs)

6 Loans (Non-current)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
Loan to a related party			
Loan to G.I. Biotech Private Limited	6.26	6.26	6.26
Unsecured, considered doubtful			
Inter corporate deposit	267.83	267.83	267.83
Less : provision for doubtful inter corporate deposit	(267.83)	(267.83)	(267.83)
	-	-	-
Total	**6.26**	**6.26**	**6.26**

7 Other financial assets (Non-current)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Security and other deposits (Refer note below)	394.68	91.82	78.06
Assets for defined benefit plan	-	-	3.56
Others	31.36	1.18	10.97
Total	**426.04**	**93.00**	**92.59**

Note : Security and other deposits includes ₹168.13 Lakhs (₹ 15.01 Lakhs as at March 31, 2017 and ₹ NIL as at April 01, 2016) paid to DIL Ltd, holding Company.

8 Other non-current assets

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Capital advances	186.66	248.63	250.94
Unamortised lease premium	215.97	225.82	235.66
Deferred rent	44.27	6.16	4.33
Others	-	-	2.10
Total	**446.90**	**480.61**	**493.03**

9 Inventories

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Raw materials and packing materials (includes stock in transit of ₹ NIL), (as at March 31, 2017 ₹ 50.82 Lakhs and as at April 01, 2016 ₹ 78.51 Lakhs) (Refer note 29)	1,814.48	1,091.95	1,123.91
Work-in-progress (Refer note 30)	2,225.09	2,281.79	1,045.33
Finished goods (Refer note 30)	914.98	319.36	178.10
Stores and spares	163.33	181.49	136.44
Total	**5,117.88**	**3,874.59**	**2,483.78**

(₹ in Lakhs)

10 Trade receivables

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Trade receivables			
Unsecured, considered good	6,863.02	4,462.19	4,338.29
Unsecured, considered doubtful	1,029.29	589.42	176.06
	7,892.30	5,051.61	4,514.35
Less : Allowance for doubtful debts (Expected credit loss allowance)	(1,029.29)	(589.42)	(176.06)
Total	**6,863.02**	**4,462.19**	**4,338.29**
Movement in the expected credit loss allowance			
Balance at the beginning of the year	589.42	176.06	170.67
Addition during the year	471.65	413.36	5.99
Reversal during the year	(31.78)	-	(0.60)
Balance at the end of the year	**1,029.29**	**589.42**	**176.06**

Note : Trade receivables outstanding includes ₹ 7.38 Lakhs (₹ 0.22 Lakh as at March 31, 2017 and ₹ 9.95 Lakhs as at April 01, 2016) receivables from DIL Ltd. and ₹ 6.33 Lakhs (₹ NIL as at March 31, 2017 and ₹ 4.14 Lakhs as at April 01, 2016) receivables from Dupen Laboratories Pvt Ltd.

11 Cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with banks			
In current accounts	1,113.30	108.04	80.82
In deposit accounts with original maturity for less than 3 months	1,006.14	0.03	0.03
Cash on hand	3.24	6.42	3.64
Total	**2,122.68**	**114.49**	**84.49**

11A Bank balances other than cash and cash equivalents

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Balances with banks			
In deposit accounts with original maturity for more than 3 months but less than 12 months* (Refer note below)	930.58	153.71	68.68
Total	**930.58**	**153.71**	**68.68**

*This includes deposits held under lien by bank against guarantees and other commitments amounting to ₹ 130.57 Lakhs (₹153.71 Lakhs as at March 31, 2017 and ₹ 68.68 Lakhs as at April 01, 2016)

(₹ in Lakhs)

12 Loans (Current)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Unsecured, considered good			
Others	1.09	1.06	-
Total	**1.09**	**1.06**	**-**

13 Other financial assets (Current)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Interest accrued but not due from banks on fixed deposits	22.57	1.24	0.42
Insurance claim receivable	-	-	39.19
Others			
Unsecured, considered good	-	11.20	2.51
Unsecured, considered doubtful	10.00	-	-
Less: Allowance for doubtful advances	(10.00)	-	-
	-	-	-
Total	**22.57**	**12.44**	**42.12**

14 Tax assets (Net) (Non-current)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advance income-tax (Net)	8.03	6.73	69.40
Total	**8.03**	**6.73**	**69.40**

15 Other current assets

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advance for supply of goods and services			
Considered good	178.46	262.62	181.20
Considered doubtful	30.94	30.94	18.76
Less: Allowance for doubtful advances	(30.94)	(30.94)	(18.76)
	-	-	-
Deferred rent	14.27	2.44	1.35
Prepaid expenses	50.81	60.14	50.90
Unamortised lease premium	9.85	9.85	9.85
Travel advances to employees	4.78	12.77	13.98
Export incentives receivable	838.95	326.30	216.67
Balances with government authorities	1,526.19	208.64	242.78
Total	**2,623.31**	**882.76**	**716.73**

16 Equity share capital

(₹ in Lakhs)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Authorised			
19,010,000 (March 31, 2017- 19,010,000, April 01, 2016- 19,010,000) Equity shares of ₹ 10 each	1,901.00	1,901.00	1,901.00
990,000 (March 31, 2017- 990,000, April 01, 2016- 990,000) Preference shares of ₹ 10 each	99.00	99.00	99.00
	2,000.00	**2,000.00**	**2,000.00**
Issued, subscribed and fully paid-up capital			
18,192,844 (March 31, 2017- 18,192,844 , April 01, 2016- 18,192,844) Equity shares of ₹ 10 each	1,819.28	1,819.28	1,819.28
Less: 4,88,334 (March 31, 2017- 4,88,334, April 01, 2016- 4,88,334) Equity shares held by FBL ESOP Trust [Refer note (e) below]	(48.83)	(48.83)	(48.83)
	1,770.45	**1,770.45**	**1,770.45**

(a) Reconciliation of shares outstanding at the beginning and at the end of the year

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Equity Shares	₹ In Lakhs	No. of Equity Shares	₹ In Lakhs	No of Equity Shares	₹ In Lakhs
At the beginning of the year	1,81,92,844	1,819.28	1,81,92,844	1,819.28	1,81,92,844	1,819.28
At the end of the year	1,81,92,844	1,819.28	1,81,92,844	1,819.28	1,81,92,844	1,819.28

(b) Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholders	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Equity Shares	% Holding	No. of Equity Shares	% Holding	No. of Equity Shares	% Holding
DIL Limited	1,65,92,536	91.20%	1,27,62,464	70.15%	1,27,62,464	70.15%
Evolvence India Life Sciences Fund LLC	-	-	38,30,072	21.05%	38,30,072	21.05%

16 Equity share capital (₹ in Lakhs)

(c) Shares held by holding company and ultimate holding company

Out of the equity shares issued by the Company, shares held by its holding company and ultimate holding company are as below:

Name of the shareholders	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	No. of Equity Shares	₹ In Lakhs	No. of Equity Shares	₹ In Lakhs	No. of Equity Shares	₹ In Lakhs
DIL Limited, the holding company	1,65,92,536	1,659.25	1,27,62,464	1,276.25	1,27,62,464	1,276.25
DVK Investments Pvt. Ltd., the ultimate holding company	87,024	8.70	87,024	8.70	87,024	8.70

(d) Rights, preference and restrictions

The Company has issued only one class of shares, namely, equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend if any, proposed by the Board of Directors is subject to shareholders' approval in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

(e) Shares issued to FBL ESOP Trust :

During the year ended March 31, 2011, pursuant to approval from shareholders, the Company has allotted 488,334 equity shares at face value of ₹ 10 each per share against cash to FBL ESOP Trust pending implementation of ESOP plan. The equity shares issued are held by FBL ESOP Trust.

	As at March 31, 2018 No. of Equity Shares	As at March 31, 2017 No. of Equity Shares	As at April 01, 2016 No. of Equity Shares
Outstanding at the beginning of the year	4,88,334	4,88,334	4,88,334
Outstanding at the end of the year	4,88,334	4,88,334	4,88,334

17 Other equity (₹ in Lakhs)

	Reserves and Surplus					Items of other comprehensive income	Total
	Securities premium reserve	**Capital redemption reserve**	**General reserve**	**Retained earnings**		**Equity instruments through OCI**	
Balance as at April 01, 2016	**1,706.46**	**103.38**	**92.32**	**5,371.70**		**1.32**	**7,275.18**
Profit for the year	-	-	-	1,034.29		-	1,034.29
Other comprehensive income/(loss) for the year	-	-	-	(27.27)	*	0.37	(26.90)
Balance as at March 31, 2017	**1,706.46**	**103.38**	**92.32**	**6,378.72**		**1.69**	**8,282.57**
Profit for the year	-	-	-	7,206.33		-	7,206.33
Other comprehensive income for the year	-	-	-	6.87	*	-	6.87
Balance as at March 31, 2018	**1,706.46**	**103.38**	**92.32**	**13,591.92**		**1.69**	**15,495.77**

*Represents remeasurement of defined benefit plan

Description of nature and purpose of each reserve

Securities premium reserve: Securities premium reserve is used to record the premium on issue of shares. These reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Capital redemption reserve : This reserve was created for redemption of preference shares in the financial year 2004-2005 amounting to ₹ 33.38 lakhs and in the financial year 2010-2011 ₹ 70.00 lakhs.

Retained earnings: Profits generated by the Company that are not distributed to shareholders as dividends but are reinvested in the business.

General reserve: General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes.

Equity instruments through other comprehensive income - This represents the cumulative gains / losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option.

(₹ in Lakhs)

18 Borrowings (Non-current)

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Non-current	**Current**	**Non-current**	**Current**	**Non-current**	**Current**
Secured						
Term Loans						
From Banks						
For Dahej facility [Refer notes below (a) and (b)]	269.04	200.00	472.62	222.19	295.57	466.67
For R & D Thane / registered office [Refer note below (c)]	47.31	75.00	123.68	75.00	30.36	75.00
For Vehicle [Refer note below (d)]	18.65	5.68	0.65	6.77	7.06	8.68
From others						
For Dahej facility [Refer note below (e)]	-	-	-	-	-	33.49
For R & D Thane [Refer note below (e)]		9.51	9.51	26.09	30.11	22.75
For Vehicle [Refer note below (d)]	-			0.22	0.24	2.38
	335.00	290.19	606.46	330.27	363.34	608.97
Amount included under the head "Other financial liabilities" (Refer note 22)	-	(290.19)	-	(330.27)	-	(608.97)
Total	**335.00**	**-**	**606.46**	**-**	**363.34**	**-**

a) Term loan for setting up a new facility at Dahej SEZ is taken from Union Bank of India with interest rates (BR + 4%) ranging from 13.30% to 13.60% repayable in 60 equal monthly instalments. The said term loan is secured by way of first charge on fixed assets procured with financial assistance of the said term loan and by equitable mortgage of factory land and building at Dahej and Kullu.

b) Term loan for expansion of Dahej facility is taken from Union Bank of India with interest rate MCLR + 2.15% (effective rate 10.55%) repayable in 48 equal monthly instalments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building at Dahej and Kullu.

c) Term loan for relocation of R & D units / registered office is taken from Union Bank of India with interest rate MCLR + 2.15% (effective rate 10.55%) repayable in 48 equal monthly instalments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building of Dahej and Kullu.

d) Vehicle loans are taken from the Banks and Financial Institutions against hypothecation of the vehicles purchased, repayable in monthly instalments ranging between 36 to 60 months with interest rates ranging from 10% to 14%.

e) Term loans from financial institutions (secured) for financing the purchase of plant and machinery at Dahej SEZ and R & D Thane are taken from Siemens Financial Services Private Limited at interest rates of 13.75%, repayable in 48 equal monthly instalments. The said term loans are secured by way of first charge on plant and machinery procured with financial assistance of the said term loan.

19 Provisions (Non-current)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provisions for employee benefits:			
Gratuity [Refer note 39 (c)]	36.09	25.18	-
Compensated absences	165.00	167.27	143.76
Total	**201.09**	**192.45**	**143.76**

(₹ in Lakhs)

20 Borrowings (Current)

		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(a)	**Loans repayable on demand**			
	From Banks (Secured)			
	Cash credit	-	1,673.31	1,489.09
	Packing and post shipment credit	2,128.09	1,132.00	1,200.62
	Buyers credit	284.92	188.85	-
	From Bank (Unsecured)			
	Buyers credit	-	368.86	-
(b)	**Loans from related parties - holding company (Unsecured)**	-	-	157.50
	Total	**2,413.01**	**3,363.02**	**2,847.21**

Packing credit, post shipment credit, cash credit and buyers credit are from Union Bank of India and are secured against hypothecation of the Company's entire stocks of raw materials, semi-finished, and finished goods, consumable stores and spares and such other moveable assets including book-debts, bills, whether documentary or clean, outstanding monies, receivables, and also by way of first charge on all of the Company's fixed assets both present and future. The packing credit, cash credit and buyers credit are repayable on demand. The interest rate for preshipment credit in foreign currency is (MCLR+1.4%, effective rate 10.55%) and interest rate for export credit in rupee and cash credit is (MCLR+2.5%, effective rate 10.55%)

Buyers credit is taken from DBS Bank secured by lien on the deposit of ₹ 100 Lakhs. The interest rate is (LIBOR+1.65%)

Term loan from holding company includes:
Short term loan of ₹ NIL (March 31, 2017 ₹ NIL , April 01, 2016 - ₹ 157.50 Lakhs) carrying interest @ 8% to 12% p.a., repayable on demand

21 Trade payables (Current)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Total outstanding dues of micro and small enterprises (Refer note 44)	38.33	20.20	5.14
Total outstanding dues of creditors other than micro and small enterprises	3,847.30	2,688.55	1,787.96
Total	**3,885.63**	**2,708.75**	**1,793.10**

22 Other financial liabilities (Current)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Current maturities of long term borrowings (Refer note 18)	290.19	330.27	608.97
Payable to the employees / directors	1,084.39	105.42	183.85
Liability for capital expenditure	65.01	155.84	98.60
Interest accrued but not due on borrowings	0.55	2.60	6.14
Others	3.00	3.81	3.81
Total	**1,443.14**	**597.94**	**901.37**

(₹ in Lakhs)

23 Other current liabilities

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Advances from customers	97.65	35.24	29.27
Statutory dues	271.76	42.97	46.31
Others	92.29	-	-
Total	**461.70**	**78.21**	**75.58**

24 Provisions (Current)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for compensated absences	30.20	33.74	35.18
Total	**30.20**	**33.74**	**35.18**

25 Deferred tax liabilities (Net)

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Deferred tax liabilities			
Property, plant and equipment: Impact of difference between written down value as per books of accounts and income tax	740.88	651.88	600.27
Fair value and other timing adjustments	5.97	0.42	0.33
Total deferred tax liabilities	**746.85**	**652.30**	**600.60**
Deferred tax assets			
Allowance for doubtful debts and advances	459.62	307.39	150.11
Expenses claimed for tax purpose on payment basis	67.53	72.01	50.63
Total deferred tax assets	**527.15**	**379.40**	**200.74**
Deferred tax liabilities (Net)	**219.70**	**272.90**	**399.86**

26 Current tax liabilities (Net)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Provision for income tax (Net)	376.06	27.98	154.80
	376.06	**27.98**	**154.80**

(₹ in Lakhs)

27 Revenue from operations

	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products (Including excise duty)	28,316.10	15,725.13
Sale of services	22.43	5.76
Other operating revenues		
Scrap sales	11.15	5.86
Export incentive	852.32	341.65
Total	**29,202.00**	**16,078.40**

28 Other income

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest income on financial assets carried at amortised cost:		
Bank deposits	25.19	8.73
Other financial assets	3.32	1.97
Others	3.75	14.81
	32.26	25.51
Dividend income on investment in equity instruments designated as at fair value through other comprehensive income	0.24	0.20
Foreign exchange gain (Net)	427.19	206.68
Net gain on sale of property, plant and equipment	86.12	-
Entry tax refund	280.25	-
Miscellaneous income	20.77	1.94
Total	**846.83**	**234.33**

29 Cost of materials consumed

	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventories of raw materials / packing materials at the beginning of the year	1,091.95	1,123.91
Add : Purchases	9,212.77	8,155.62
Less : Inventories of raw materials / packing materials at the end of the year	1,814.48	1,091.95
Total	**8,490.24**	**8,187.58**

(₹ in Lakhs)

30 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	For the year ended March 31, 2018	For the year ended March 31, 2017
Inventory at the end of the year		
Work-in-progress	2,225.09	2,281.79
Finished goods	914.98	319.36
	3,140.07	2,601.15
Inventories at the beginning of the year		
Work-in-progress	2,281.79	1,045.33
Finished goods	319.36	178.10
	2,601.15	1,223.43
	(538.92)	**(1,377.72)**

31 Employee benefits expense

	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	2,964.32	1,824.42
Contribution to provident and other funds	114.42	102.28
Gratuity expense	55.51	14.91
Staff welfare expenses	271.52	276.05
Total	**3,405.77**	**2,217.66**

32 Depreciation and amortisation expense

	For the year ended March 31, 2018	For the year ended March 31, 2017
Depreciation of property, plant and equipment (Refer note 3)	705.91	622.14
Amortisation of intangible assets (Refer note 4)	64.58	39.44
Total	**770.49**	**661.58**

33 Finance costs

	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest on		
Term loans	87.20	98.38
Working capital	150.49	234.97
Short term loan from the holding company	-	5.96
Others	62.26	25.32
Total	**299.95**	**364.63**

(₹ in Lakhs)

34 Other expenses

	For the year ended March 31, 2018	For the year ended March 31, 2017
Manufacturing expenses		
Excise duty / GST other than recovered on sales	61.11	10.59
Labour charges	339.92	302.94
Power, fuel and gas	848.40	775.37
Processing charges	735.27	595.31
Repairs to buildings	52.28	43.65
Repairs to machinery	102.45	76.20
Stores and spare parts consumed	839.70	638.56
Water charges	16.46	13.00
	2,995.59	**2,455.62**
Selling and distribution expenses		
Advertising and sales promotions	252.93	103.09
Freight and forwarding charges	398.93	294.31
Commission on sales	2,022.99	126.86
	2,674.85	**524.26**
Administration and other expenses		
Rent	198.62	133.41
Repairs and maintenance - others	225.55	200.65
Insurance	93.17	73.90
Rates and taxes	93.15	79.81
Provision for doubtful debts and advances (net)	449.87	425.54
Impairment of non-current investment in equity instrument of a subsidiary	146.55	-
Directors sitting fees	5.45	2.00
Travelling and conveyance	398.53	332.39
Professional and legal fees	581.84	215.55
Payment to auditors (Refer note 36)	25.97	27.18
Postage and telephone	40.34	35.77
Printing and stationery	34.22	69.53
Staff recruitment expenses	19.65	28.51
Bank charges	51.69	47.48
Loss on sale of property, plant and equipment (Net)	-	9.05
Donations	7.81	8.08
Corporate social responsibility expenses	22.31	8.29
Miscellaneous expenses	248.17	132.81
	2,642.89	**1,829.95**
Total	**8,313.33**	**4,809.83**

(₹ in Lakhs)

35 Commitments and contingent liabilities

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Commitments:			
Estimated amount of contracts remaining to be executed on capital account (Net of advances)	1.57	296.46	526.52
Contingent liabilities:			
Claims against the company not acknowledged as debts			
a) Tax matters			
Excise duty - matter under appeal	-	-	8.00
Sales tax - matter under appeal (including interest and penalty)	20.14	-	-
b) Other claims (Legal claim not accepted by the Company)	-	94.26	54.99

36 Payment to auditors excluding statutory levy

	For the year ended March 31, 2018	For the year ended March 31, 2017
For audit	14.00	13.00
For tax audit	3.00	4.60
For limited review	8.50	7.50
For other services	0.26	0.50
Reimbursement of expenses	0.21	1.58
	*** 25.97**	**# 27.18**

* Includes ₹ 2.50 Lakhs in respect of payment to predecessor auditors.

Includes ₹ 4.60 Lakhs in respect of payment to other than the predecessor auditors

37 Earnings per share

The following table sets forth the computation of basic and diluted earnings per share :

	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit for the year used for computation of basic and diluted earnings per share (₹ in Lakhs)	7,206.33	1,034.29
Weighted average number of equity shares used in calculating basic and diluted EPS	1,81,92,844	1,81,92,844
Basic earnings per equity share [nominal value of share ₹ 10 (March 31, 2017: ₹ 10)]	**39.61**	**5.69**
Diluted earnings per equity share [nominal value of share ₹ 10 (March 31, 2017: ₹ 10)]	**39.61**	**5.69**

38 Operating leases

The Company has obtained certain premises for its business operations under operating lease or leave and license agreements. These are generally non-cancellable and periods range between 11 months to 5 years under leave and licence / lease and are renewable by mutual consent and on mutually agreeable terms.

	Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a)	Lease payments recognized in the Statement of profit and loss.	198.62	133.41

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
b)	Future minimum lease payments under non cancellable leases in the aggregate and for each of the following period are as below:			
	(i) Not later than one year	400.85	94.67	94.67
	(ii) Later than one year and not later than five years	1,327.74	122.59	122.59
	(iii) More than five years	-	-	-
		1,728.59	**217.26**	**217.26**

39 Employee benefits (₹ in Lakhs)

The Company operates following employee benefit plans

(I) Defined contribution plans: Provident fund, superannuation fund and employee state insurance scheme (ESIC)

(II) Defined benefit plan: Gratuity (funded)

(III) Other long term benefit plan: Long term compensated absences (unfunded)

	For the year ended March 31, 2018	For the year ended March 31, 2017
I) Defined contribution plan		
The Company operates defined contribution retirement benefit plans for all qualifying employees of the Company. The contribution to defined contribution plan, recognised as expenses in the Statement of profit and loss for the year is as under (Refer note 31).		
Employer's contribution to provident fund	106.61	101.06
Employer's contribution to superannuation fund	0.91	1.18
Employer's contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	6.88	-
Employer's contribution to labour welfare fund	0.02	0.04

II) Defined benefit plan

The Company operates a defined benefit plan, viz., gratuity.

In respect of Gratuity, a defined benefit plan, contributions are made to LIC’s Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member’s length of service and salary at the time of retirement/termination. Provision for Gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Company reviews the level of funding in gratuity fund.

(a) Movements in the present value of the defined benefit obligation are as follows:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening defined benefit obligation	**214.63**	**157.80**
Interest cost	13.49	11.09
Current service cost	29.27	19.77
Past service cost	25.18	-
Benefits paid	(21.86)	(21.54)
Actuarial (Gain)/loss on obligations - due to changes in financial assumptions	(14.01)	38.32
Actuarial (Gain)/loss on obligations - due to changes in experience adjustment	(3.68)	9.19
Closing defined benefit obligation	**243.02**	**214.63**

(b) Movements in the fair value of the plan assets are as follows:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening fair value of plan assets	**189.45**	**161.45**
Employer's contributions	34.09	27.78
Interest income	12.43	12.16
Remeasurement gain / (loss) :		
Return on plan assets (excluding amounts included in net interest expense)	(7.18)	9.60
Benefit paid	(21.86)	(21.54)
Closing fair value of plan assets	**206.93**	**189.45**

39 Employee benefits (₹ in Lakhs)

c) Reconciliation of fair value of plan assets and defined benefit obligation:

The amount included in the financial statements arising from the Company's obligation in respect of its defined benefit obligation plan is as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Fair value of plan assets	206.93	189.45	161.36
Present value of defined benefit obligation	243.02	214.63	157.80
Amounts recognized in the balance sheet surplus/(deficit)	**(36.09)**	**(25.18)**	**3.56**

d) The amount recognised in Statement of profit or loss in respect of the defined benefit plan are as follows:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Current service cost	29.27	19.77
Past service cost	25.18	-
Net interest expense / (income)	1.06	(4.86)
Components of defined benefit costs recognised in Statement of profit and loss	**55.51**	**14.91**

e) The amount recognised in other comprehensive income in respect of the defined benefit plan is as follows:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Remeasurement on the net defined benefits liability:		
Return on plan assets (excluding amounts included in net interest expense)	(7.19)	9.60
Actuarial (gains) / losses arising from changes in financial assumptions	14.01	(42.11)
Actuarial (gains) / losses arising from changes in experience adjustments	3.68	(9.19)
Components of defined benefit recognised as income / (expense) in other comprehensive income	**10.50**	**(41.70)**

f) The principal assumptions used for the purpose of the actuarial valuations were as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Discount rate (per annum)	7.75%	7.00%	7.85%
Salary escalation rate (per annum)	7.00%	7.00%	5.00%
Expected rate of return on plan assets (per annum)	7.50%	7.50%	7.50%
Mortality rate during employment (per annum)	Indian Assured lives Mortality (2006-08)		
Mortality rate after employment (per annum)	21-30 years - 10%	21-30 years - 10%	21-30 years - 10%
	31-40 years - 5%	31-40 years - 5%	31-40 years - 5%
	41-50 years - 3%	41-50 years - 3%	41-50 years - 3%
	Above 50 years - 2%	Above 50 years - 2%	Above 50 years - 2%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is considered as per declaration from Life Insurance Corporation of India (LIC) .

The expected contributions for defined benefit plan for the next financial year will be in line with financial year 2017-18.

39 Employee benefits (₹ in Lakhs)

g) Maturity analysis of projected benefit obligation

	For the year ended March 31, 2018	For the year ended March 31, 2017
1st following year	51.56	43.79
2nd following year	15.24	7.43
3rd following year	12.43	13.45
4th following year	17.57	10.69
5th following year	37.17	14.39
6th following year	22.13	32.55
7th following year	12.89	25.16
8th following year	19.78	10.58
9th following year	29.99	17.12
10th and above	294.43	263.62

h) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Insurer managed funds	100%	96%	99%
Others	-	4%	1%
	100%	100%	100%

i) Sensitivity analysis

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at end of year, while holding all other assumptions constant. The result of sensitivity analysis is given below:

	For the year ended March 31, 2018 (Decrease)/increase in DBO*	For the year ended March 31, 2017 (Decrease)/increase in DBO*
Discount rate (- 0.50%)	3.77%	4.16%
Discount rate (+ 0.50%)	-3.52%	-3.87%
Salary escalation rate (- 0.50%)	-3.09%	-3.45%
Salary escalation rate (+ 0.50%)	3.29%	3.57%

*'DBO: Defined benefit obligations

This plan typically exposes the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk : The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields on government bonds denominated in Indian rupees. If the actual return on plan assets is below this rate, it will create a plan deficit. However, the risk is mitigated by investment in LIC managed fund.

Interest rate risk : A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's investments.

Longevity risk : The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan’s liability.

Salary risk : The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan’s liability.

III) Other long term benefit plan

Actuarial valuation for compensated absences is done as at the year end and the provision is made as per Company rules with corresponding charge to the Statement of profit and loss amounting to ₹ 23.52 Lakhs (Previous Year ₹ 49.38 Lakhs) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

40 Related party disclosures as per Ind AS 24

(₹ in Lakhs)

A) Names of the related parties and related party relationships

		Country of Incorporation	Proportion of ownership interest as at		
			March 31, 2018	**March 31, 2017**	**April 01, 2016**
a)	**Names of the related parties where control exists and description of relationships**				
(i)	**Holding Company:**				
	DIL Limited	India	91.20%	70.15%	70.15%
(ii)	**Subsidiaries:**				
	a) Fermenta Biotech (UK) Limited	United Kingdom	100%	100%	100%
	b) G.I. Biotech Pvt Limited	India	62.50%	62.50%	62.50%

b)	**Names of the related parties where there are transactions and description of relationships:**	
(i)	**Key Management Personnel**	**Designation**
	Mr. Satish Varma	Managing Director
	Ms. Anupama Datla Desai	Executive Director
	Mr. Sanjay Buch	Non-Executive Director
	Mr. Gopakumar Nair	Non-Executive Director
	Mr. Prashant Nagre	Chief Executive Officer
	Mr. Amol Lone - (w.e.f. June 01, 2017)	Chief Financial Officer
	Mr. Kapil Gohil - (up to May 31, 2017)	Chief Financial Officer
	Mr. Sanjy Basantani -(up to February 08, 2017)	Company Secretary
	Mr. Varadvinayak Khambete -(w.e.f. February 27, 2017)	Company Secretary
	An individual directly controlling the holding company, namely, DIL limited and can exercise significant influence	
	Mr. Krishna Datla	Non-Executive Director
(ii)	**Enterprises owned or under significant influence of key management personnel or their relatives:**	
	Dupen Laboratories Pvt Limited.	
	Lacto Cosmetics (Vapi) Pvt. Limited.	

40 Related party disclosures as per Ind AS 24 (₹ in Lakhs)

B) Related party transactions:

Sr.No.	Particulars	Refer A (a) (i) above	Refer A (b) (i) above	Refer A (b) (ii) above
1	**Sale of products (including excise duty)**			
	Dupen Laboratories Pvt Ltd.	- (-)	- (-)	12.15 (-)
2	**Sale of services**			
	DIL Ltd.	5.50 (-)	- (-)	- (-)
3	**Purchase of raw materials, packing material and spares**			
	Dupen Laboratories Pvt Limited.	-	-	- (9.49)
	Lacto Cosmetics (Vapi) Pvt. Ltd.	- (-)	- (-)	2.16 (5.54)
4	**Interest on loan taken**			
	DIL Ltd.	- (5.96)	- (-)	- (-)
5	**Rent expenses**			
	DIL Ltd.	129.97 (53.20)	- (-)	- (-)
6	**Processing charges**			
	Lacto Cosmetics (Vapi) Pvt. Ltd.	- (-)	- (-)	10.36 (10.66)
7	**Company's share of expenses paid**			
	DIL Ltd.	14.01 (26.07)	- (-)	- (-)
8	**Maintenance charges**			
	DIL Ltd.	26.32 (7.49)	- (-)	- (-)
9	**Other reimbursements received**			
	DIL Ltd.	0.91 (0.76)	- (-)	- (-)
	Lacto Cosmetics (Vapi) Pvt. Ltd.	- (-)	- (-)	2.72 (-)
10	**Loan repaid**			
	DIL Ltd.	- (157.50)	- (-)	- (-)
11	**Deposit given**			
	DIL Ltd.	153.12 (15.01)	- (-)	- (-)
12	**Remuneration to key management personnel***			
	Mr. Satish Varma		501.85 (74.43)	
	Ms. Anupama Datla Desai		272.01 (58.55)	
	Mr. Prashant Nagre		240.21 (89.16)	
	Mr. Amol Lone		40.97 (-)	
	Mr. Kapil Gohil		5.53 (39.31)	
	Mr. Varadvinayak Khambete		10.05 (0.91)	
	Mr. Sanjay Basantani		- (16.45)	
13	Directors' sitting fees (excluding statutory levy)		5.45 (0.85)	
14	Commission to non-executive directors (excluding statutory levy)			
	Mr. Sanjay Buch		10.77 (-)	
	Mr. Gopakumar Nair		10.77 (-)	
	Mr. Krishna Datla		86.19 (-)	

(Figures in brackets are the corresponding figures in respect of the previous year.)
* Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

40 Related party disclosures as per Ind AS 24

(₹ in Lakhs)

C) Balance outstanding as at the end of the year :

	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a. Loan taken			
Holding company			
DIL Ltd.	-	-	157.50
b. Trade Payables			
Holding company			
DIL Ltd.	6.76	3.08	3.24
Enterprises under significant influence of key management personnel or their relatives			
Lacto Cosmetics (Vapi) Pvt. Ltd.	4.98	3.18	4.23
Dupen Laboratories Pvt Ltd	-	3.50	8.58
c. Other financial liabilities (Payable to directors and others)			
Key management personnel			
Mr.Satish Varma	430.93	-	23.33
Ms. Anupama Datla Desai	215.46	-	23.33
Mr.Sanjay Buch	10.77	-	-
Mr. Gopakumar Nair	10.77	-	-
Mr.Prashant Nagre	151.74	7.91	14.39
Mr.Amol Lone	8.66	-	-
Mr.Kapil Gohil	-	1.65	3.00
Mr.Sanjay Basantani	-	-	1.60
Mr. Krishna Datla	86.19	-	-
Holding company			
DIL Ltd.	-	-	2.83
c. Loans (Non Current)			
Subsidiaries			
G.I.Biotech Pvt Ltd.	6.26	6.26	6.26
d. Trade receivables			
Holding company			
DIL Ltd.	7.38	0.22	9.95
Enterprises under significant influence of key management personnel or their relatives			
Dupen Laboratories Pvt Ltd.	6.33	-	4.14
e. Other financial assets (deposit given)			
Holding company			
DIL Ltd.	168.13	15.01	-

(₹ in Lakhs)

41 Research and development expenditure

During the year ended March 31, 2018, the research and development expenditure of ₹ 584.73 Lakhs (Previous year - ₹ 507.74 Lakhs) (excluding interest and depreciation) has been charged to the statement of profit and loss. The capital expenditure in the current year on research and development amounts to ₹ 91.60 Lakhs (Previous year - ₹ 195.65 Lakhs).

42 During the year ended March 31, 2018, commission aggregating ₹ 646.39 Lakhs (Previous year - NIL) to Executive and Managing Director and aggregating ₹ 107.73 Lakhs (Previous year - NIL) to the non-executive directors has been provided in the financial Statements.

43 Details of CSR expenditure

	For the year ended March 31, 2018			**For the year ended March 31, 2017**		
Gross amount required to be spent by the Company	23.13			19.35		
Particulars	**In cash**	**Yet to be paid in cash**	**Total**	**In cash**	**Yet to be paid in cash**	**Total**
(a) Amount spent during the year ended on March 31, 2018:						
i) Construction/acquisition of any asset	22.31	-	22.31	-	-	-
ii) On purposes other than (i) above	-	-	-	-	-	-
(b) Amount spent during the year ended on March 31, 2017:						
i) Construction/acquisition of any asset	-	-	-	-	-	-
ii) On purposes other than (i) above	-	-	-	8.29	-	8.29

44 **Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006**

		As at March 31, 2018	**As at March 31, 2017**	**As at April 01, 2016**
a	(i) Principal amount remaining unpaid to any supplier at the end of the accounting year	38.33	20.20	5.14
	(ii) Interest due on above	0.33	0.57	0.10
	The Total of (i) and (ii)	38.66	20.77	5.24
b	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
c	The amount of interest due and payable for the period of delay in making payments (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006	-	-	-
d	The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
e	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-	-

The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

45 Income tax (₹ in Lakhs)

A Tax expense recognised in the Statement of profit and loss and other comprehenshive income consists of:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Current tax:		
- For the year	2,104.43	349.40
Deferred tax credit	(62.38)	(112.62)
Income tax expense reported in the Statement of profit and loss	**2,042.05**	**236.78**
Tax expenses/(income) recognised in other comprehensive income	3.63	(14.34)
Tax expense	**2,045.69**	**222.44**

B A reconciliation of income tax expense to the amount computed by applying the statutory income tax rate to the profit before income tax is summarised below:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Profit before tax	9,248.38	1,271.07
Enacted income tax rate in India (%) #	34.608	34.608
Income tax expense calculated at enacted income tax rate	3,200.68	439.89
Effect of tax on:		
- non deductible expenses	10.42	5.67
- incremental deduction allowed on account of research and development costs	(120.25)	(109.15)
- income exempted from tax	(1,918.58)	(100.62)
Differential tax effect due to effective tax rate difference	869.78	0.99
Total income tax expense	**2,042.05**	**236.78**
Tax expenses recognised in profit and loss	**2,042.05**	**236.78**
Tax expenses/(income) recognised in other comprehensive income	**3.63**	**(14.34)**
Total tax expense	**2,045.68**	**222.44**

The tax rate used for reconciliation above is the corporate tax rate of 34.608% at which the Company is liable to pay tax on taxable income under the Indian tax Laws.

C The major components of deferred tax liabilities/(assets) arising on account of temporary differences are as follows:

		For the year ended March 31, 2018		
Particulars	**As at April 01, 2017**	**Statement of profit and loss**	**Other comprehensive income**	**As at March 31, 2018**
(i) Components of dederred tax liabilities (Net)				
Dederred tax liabilities				
Property, plant and equipment: Impact of difference between written down value as per books of accounts and income tax	651.88	89.00	-	740.88
Dederred tax assets				
Expenses claimed for tax purpose on payment basis	(72.01)	0.85	3.63	(67.53)
Allowance for doubtful debts and advances	(307.39)	(152.23)	-	(459.62)
Difference in carrying value and tax base of investments in equity instruments measured at FVTOCI	0.42	-	-	0.42
Others	-	-	-	5.55
Deferred tax (benefit)/expense		**(62.38)**	**3.63**	
Net deferred tax liabilities	**272.90**			**219.70**

		For the year ended March 31, 2017		
Particulars	**As at April 01, 2016**	**Statement of profit and loss**	**Other comprehensive income**	**As at March 31, 2017**
(i) Components of dederred tax liabilities (Net)				
Dederred tax liabilities				
Property, plant and equipment: Impact of difference between written down value as per books of accounts and income tax	600.27	51.61	-	651.88
Dederred tax assets				
Expenses claimed for tax purpose on payment basis	(50.63)	(6.95)	(14.43)	(72.01)
Allowance for doubtful debts and advances	(150.11)	(157.28)	-	(307.39)
Difference in carrying value and tax base of investments in equity instruments measured at FVTOCI	0.33	-	0.09	0.42
Deferred tax (benefit)/expense		**(112.62)**	**(14.34)**	
Net deferred tax liabilities	**399.86**			**272.90**

(₹ in Lakhs)

46 Categories of the financial instruments

	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
a)	**Financial assets**			
	Financial assets measured at fair value through Other comprehensive income			
	Investments in equity instruments -Unquoted	4.11	4.11	3.65
	Financial assets measured at amortised cost			
	(i) Loans	7.35	7.32	6.26
	(ii) Security and other deposits	394.68	91.82	78.06
	(iii) Assets for defined benefit plan	-	-	3.56
	(iv) Others	31.36	12.38	13.48
	(v) Interest accrued but not due from banks on fixed deposits	22.57	1.24	0.42
	(vi) Insurance claim receivable	-	-	39.19
	(vii) Trade receivables	6,863.02	4,462.19	4,338.29
	(viii) Cash and cash equivalents	2,122.68	114.49	84.49
	(ix) Bank balances other than (viii) above	930.58	153.71	68.68
	Total Financial assets	**10,376.35**	**4,847.26**	**4,636.08**
b)	**Financial liabilities measured at amortised cost**			
	(i) Borrowings	3,038.20	4,299.75	3,819.52
	(ii) Trade payables	3,885.63	2,708.75	1,793.10
	(iii) Payable to the employees / directors	1,084.39	105.42	183.85
	(iv) Liability for capital expenditure	65.01	155.84	98.60
	(v) Interest accrued but not due on borrowings	0.55	2.60	6.14
	(vi) Others	3.00	3.81	3.81
	Total Financial liabilities	**8,076.78**	**7,276.17**	**5,905.02**

47 Reconciliation of Level 3 fair value measurements:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Opening balance	4.11	3.65	3.65
Total gains or losses			
recognised through other comprehensive income	-	0.46	-
Closing balance	4.11	4.11	3.65

(₹ in Lakhs)

48 Segments reporting

A Description of segments and principal activities

The Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM") of the Company.The Managing director of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker. The ("CODM") of Company on the basis of has identified reportable segments are as follow:

1. India.
2. Europe
3. Others

The above business segments have been identified considering :

a) the nature of products and services

b) the differing risks and returns

c) the internal organisation and management structure, and

d) the internal financial reporting systems.

The segment information presented is in accordance with the accounting policies adopted for preparing the financial statements of the Company.

B Segment revenue from external customers, based on geographical location of customers (Sales)

Segments	**For the year ended March 31, 2018**	**For the year ended March 31, 2017**
India	5,787.40	4,138.73
Europe	15,063.55	9,093.69
Others	8,351.05	2,845.98
TOTAL	29,202.00	16,078.40

C Segment assets to the extent specifically relating to the respective segments and unallocable assets

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Trade Receivables		
India	1,408.91	1,088.36
Europe	2,620.63	2,386.29
Others	2,833.48	987.54
	6,863.02	4,462.19
Other assets (Unallocable)	19,768.73	13,472.29
TOTAL	26,631.75	17,934.47

The company's operating facilities are located in India. Most of the assets are not identifiable separately to any reportable segment as these are used interchangeably between segments. In view of the interwoven / intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

49 Fair value

Fair value of financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required :

(₹ in Lakhs)

	Carrying value			Fair value		
	March , 2018	**March 31, 2017**	**April 01, 2016**	**March , 2018**	**March 31, 2017**	**April 01, 2016**
Financial assets						
Loans	7.35	7.32	6.26	7.35	7.32	6.26
Other financial assets	448.61	105.44	134.71	448.61	105.44	134.71
Trade receivables	6,863.02	4,462.19	4,338.29	6,863.02	4,462.19	4,338.29
Cash and cash equivalents	2,122.68	114.49	84.49	2,122.68	114.49	84.49
Bank balances other than cash and cash equivalents	930.58	153.71	68.68	930.58	153.71	68.68
Total assets	**10,372.24**	**4,843.15**	**4,632.43**	**10,372.24**	**4,843.15**	**4,632.44**
Financial liabilities						
Trade and other payables	3,885.63	2,708.75	1,793.10	3,885.63	2,708.75	1,793.10
Borrowings	3,038.20	4,299.75	3,819.52	3,038.20	4,299.75	3,819.52
Other financial liabilities	1,152.95	267.67	292.40	1,152.95	267.67	292.40
Total liabilities	**8,076.78**	**7,276.17**	**5,905.02**	**8,076.78**	**7,276.17**	**5,905.02**

The financial assets above do not include investments in subsidiaries which are measured at cost and other investments measured at fair value through OCI.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Fair value hierarchy

(₹ in Lakhs)

	As at March 31, 2018		As at March 31, 2017		As at April 01, 2016	
	Fair Value	**Fair value hierarchy**	**Fair Value**	**Fair value hierarchy**	**Fair Value**	**Fair value hierarchy**
Financial assets measured at fair value through Other comprehensive income						
Investments	4.11	Level 3	4.11	Level 3	3.65	Level 3

(₹ in Lakhs)

50 Financial risk management objectives and policies

The Company is exposed to market risk, credit risk and liquidity risk. The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices). Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term borrowings. The Company is exposed to market risk related to foreign exchange rate risk and interest rate risk. Thus, the Company's exposure to market risk is a function of borrowing activities, revenue generating and operating activities in foreign currencies.

i) Interest rate risk

The Company has loan facilities on floating interest rate, which exposes the Company to risk of changes in interest rates. The Company monitors the interest rate movement and manages the interest rate risk by evaluating interest rate swaps etc. based on the market / risk perception.

For the years ended March 31, 2018 and March 31, 2017 every 50 basis point decrease in the floating interest rate component applicable to its loan and borrowings would increase the Company's profit by ₹ 15.02 Lakhs and ₹ 21.28 Lakhs respectively. A 50 basis point increase in floating interest rate would lead to an equal but opposite effect.

ii) Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. The prices of the Company's raw materials generally are stable. Cost of raw materials forms the largest portion of the Company's cost of revenues. A large portion of the Company's sales are subject to commodity rate risk having a volatile pricing. The Company monitors overall demand supply position and pricing movement to decide marketing strategies to overcome risk of changing prices of the products.

iii) Foreign currency risk

The Company's foreign exchange risk arises from its foreign currency revenues and expenses and foreign currency borrowings. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues and expenses measured in Indian rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Company uses natural hedge by foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

The Company did not enter into any derivative instruments for hedge or speculation. The year end foreign currency exposures that have not been hedged (before giving effects of natural hedge) by derivative instrument or otherwise are given below:

A) Significant foreign currency risk exposure relating to trade receivables, cash and cash equivalents : (Amount in Lakhs)

Particulars	March 31, 2018			March 31, 2017		April 01, 2016	
	Currency	Amount in foreign currency	Amount in Indian rupees	Amount in foreign currency	Amount in Indian rupees	Amount in foreign currency	Amount in Indian rupees
Financial assets							
Cash and cash equivalents (EEFC)	EURO	* 0.00	0.30	* 0.00	0.28	* 0.00	0.30
Trade receivables	USD	64.61	4,018.27	16.06	1,039.72	8.66	572.99
	EURO	23.57	1,773.50	34.54	2,400.81	29.47	2,204.80

* Amount less than thousand

B) Significant foreign currency risk exposure relating to borrowings and trade payables : (Amount in Lakhs)

Particulars	March 31, 2018			March 31, 2017		April 01, 2016	
	Currency	Amount in foreign currency	Amount in Indian rupees	Amount in foreign currency	Amount in Indian rupees	Amount in foreign currency	Amount in Indian rupees
Financial liabilities							
Trade payable	CAD	0.01	0.51	-	-	-	-
	CHF	0.02	1.51	-	-	-	-
	EURO	7.35	589.33	11.90	830.21	4.63	347.33
	GBP	-	-	-	0.72	0.01	0.69
	NZD5	0.01	0.62	-	-	-	-
	TRY	* 0.00	0.06	-	-	-	-
	USD	4.87	316.85	1.10	74.34	3.69	244.97
Borrowings (PCFC)	EURO	26.55	2,128.09	16.29	1,132.00	8.03	601.09
Borrowings (Buyers credit)	USD	4.38	284.92	5.70	368.86	-	-
	EURO	-	-	2.72	188.85	-	-

* Amount less than thousand

C) Foreign currency sensitivity

For the years ended March 31, 2018, March 31,2017 and April 01, 2016, every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets / liabilities would increase the Company’s profit and increase the Company’s total equity by approximately ₹ 128.23 Lakhs, ₹ 42.29 Lakhs and ₹ 79.20 Lakhs respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to equal but opposite effect. In Management’s opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

b) Credit risk

Credit risk is the risk of financial loss to the Company, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

i) Trade receivables

The Company has used expected credit loss (ECL) model for assessing the impairment loss. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers. The Company evaluates the concentration of risk with respect to trade receivables which is low, as its customers are widely spread with small outstanding amounts (For detailed movement in provision for trade receivables - Refer note 10)

(₹ in Lakhs)

Trade receivables	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Not due	4,904.74	3,053.61	2,369.35
1 - 90 days	1,118.40	561.00	977.00
91 -180 days	-	285.00	284.00
Beyond 180 days	1,869.16	1,152.00	884.00
	7,892.30	5,051.61	4,514.35

ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company’s reputation.

i) Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

(₹ in Lakhs)

As at March 31, 2018	within 1 year	1 to 5 years	Total
Borrowings (Including current maturities of long term debt)	2,703.20	335.00	3,038.20
Trade payables	3,885.63	-	3,885.63
Other financial liabilities	1,152.95	-	1,152.95
Total	**7,741.78**	**335.00**	**8,076.78**

(₹ in Lakhs)

As at March 31, 2017	within 1 year	1 to 5 years	Total
Borrowings (Including current maturities of long term debt)	3,693.29	606.46	4,299.75
Trade payables	2,708.75	-	2,708.75
Other financial liabilities	267.67	-	267.67
Total	**6,669.71**	**606.46**	**7,276.17**

(₹ in Lakhs)

As at April 01, 2016	within 1 year	1 to 5 years	Total
Borrowings (Including current maturities of long term debt)	3,456.18	363.34	3,819.52
Trade payables	1,793.10	-	1,793.10
Other financial liabilities	292.40	-	292.40
Total	**5,541.68**	**363.34**	**5,905.02**

The Company had unutilised credit limit of borrowing facilities from banks of ₹ 1486.99 lakhs as at March 31, 2018, NIL as at March 31, 2017, ₹ 52.79 lakhs as at April 01, 2016.

51 Capital management

The Company’s capital management objectives are:

- to ensure the Company’s ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Company’s objective for capital management is to maintain an optimum overall financial structure.

The gearing ratio at the end of the year was as follows: **(₹ in Lakhs)**

	March 31, 2018	March 31, 2017	April 01, 2016
Debts (Long term and short term borrowings including current maturities of long term borrowings)	3,038.20	4,299.75	3,819.52
Less: Cash and cash equivalents (Note 11)	2,122.68	114.49	84.49
Net debt	**915.52**	**4,185.26**	**3,735.03**
Total equity	17,266.22	10,053.02	9,045.63
Net debt to equity ratio	**5%**	**42%**	**41%**

52 First-time adoption of Ind AS

The Company has prepared the opening financial statements as per Ind AS as of April 01, 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principal is subject to certain exception and certain optional exemptions availed by the Company as detailed below:

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

1. De-recognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2016 (the transition date).

2. Deemed cost for property, plant and equipment and intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets.

3. Investment in equity instrument of subsidiaries

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment in subsidiaries recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of its investment in subsidiaries.

4. Determining whether an arrangement contains a lease

The Company has applied Appendix C "Determining whether an Arrangement contains a Lease" of Ind AS 17 - Leases to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing as on that date.

5. Equity investments at FVTOCI

The Company has designated investment in equity shares of Shivalik Solid Waste Management Limited at FVTOCI on the basis of facts and circumstances that existed at the transition date.

C. Transition to Ind AS - Reconciliations

The following reconciliations provide a quantification of the effect of significant differences arising from the transition from previous GAAP to Ind AS as required under Ind AS 101:

I. A. (i) Reconciliation of balance sheet as at March 31, 2017
(ii) Reconciliation of statement of profit and loss for the year ended March 31, 2017
B. Reconciliation of total comprehensive income for the year ended March 31, 2017
II. Reconciliation of equity as at April 01, 2016 and as at March 31, 2017
III. Adjustments to Statement of cash flows for the year ended March 31, 2017
IV. Reconciliation of balance sheet as at April 01, 2016 (Trasition date)

(₹ in Lakhs)

52 First-time adoption of Ind AS (Cont'd)

CI. (A) (i) Reconciliation of balance sheet as at March 31, 2017:

	Notes	Regrouped Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
ASSETS				
Non-current assets				
(a) Property, plant and equipment	1	7,423.48	(234.68)	7,188.80
(b) Capital work-in-progress		276.46	-	276.46
(c) Intangible assets		50.12	-	50.12
(d) Intangible assets under development		142.52	-	142.52
(e) Investments in subsidiaries		184.62	-	184.62
(f) Financial assets				
(i) Investments	2	2.00	2.11	4.11
(ii) Loans		6.26	-	6.26
(iii) Other financial assets	3	103.13	(10.13)	93.00
(g) Non-current tax assets (Net)		6.73	-	6.73
(h) Other non-current assets	1 and 3	248.63	231.98	480.61
Total non-current assets		**8,443.95**	**(10.72)**	**8,433.23**
Current assets				
(a) Inventories		3,874.59	-	3,874.59
(b) Financial assets				
(i) Trade receivables		4,462.19	-	4,462.19
(ii) Cash and cash equivalents		114.49	-	114.49
(iii) Bank balance other than (ii) above		153.71		153.71
(iv) Others	3	-	1.06	1.06
(v) Other financial assets		12.44		12.44
(c) Other current assets	1 and 3	870.47	12.29	882.76
Total current assets		**9,487.89**	**13.35**	**9,501.24**
TOTAL ASSETS		**17,931.84**	**2.63**	**17,934.47**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital		1,770.45	-	1,770.45
(b) Other equity	1,2,3 and 9	8,269.91	12.66	8,282.57
Total equity		**10,040.36**	**12.66**	**10,053.02**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
Borrowings		606.46	-	606.46
(b) Provisions		192.45	-	192.45
(c) Deferred tax liabilities (Net)	2	272.48	0.42	272.90
Total non-current liabilities		**1,071.39**	**0.42**	**1,071.81**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings		3,363.02	-	3,363.02
(ii) Trade payables		2,719.20	(10.46)	2,708.75
(iii) Other financial liabilities		597.94	-	597.94
(b) Provisions		33.74	-	33.74
(c) Current tax liabilities (Net)		27.98	-	27.98
(d) Other current liabilities		78.21	-	78.21
Total current liabilities		**6,820.09**	**(10.46)**	**6,809.64**
TOTAL EQUITY AND LIABILITIES		**17,931.84**	**2.63**	**17,934.47**

(₹ in Lakhs)

CI. (A) (ii) Reconciliation of Statement of profit and loss for the year ended March 31, 2017:

	Notes	Regrouped Previous GAAP	Effect of transition to Ind AS	Ind AS
Income				
Revenue from operations	8	16,078.40	-	16,078.40
Other income	3	232.36	1.97	234.33
Total Income		**16,310.76**	**1.97**	**16,312.73**
Expenses				
Cost of materials consumed		8,187.58	-	8,187.58
Purchases of stock-in-trade		22.21	-	22.21
Changes in inventories of finished goods, stock-in-trade and work-in-progress		(1,377.72)	-	(1,377.72)
Excise duty on sale of goods	8	155.89	-	155.89
Employee benefits expense	4	2,259.36	(41.70)	2,217.66
Finance costs	3	362.34	2.29	364.63
Depreciation and amortisation	1	672.41	(10.83)	661.58
Other expenses	1	4,799.98	9.85	4,809.83
Total expense		**15,082.05**	**(40.39)**	**15,041.66**
Prior period item	9	17.07	(17.07)	-
Profit before tax		**1,211.64**	**59.43**	**1,271.07**
Tax expense:				
(1) Current tax [(Refer note 45 (B)]		349.40		349.40
(2) Deferred tax [(Refer note 45 (C)]	2 and 4	(127.05)	14.43	(112.62)
Total tax expense		222.35	14.43	236.78
Profit for the year		**989.29**	**45.00**	**1,034.29**
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
(a) (i) Remeasurements of defined benefit plan				(41.70)
(ii) Income tax relating to remeasurement of defined benefit plan				14.43
(b) (i) Net fair value change in investment in equity instruments through other comprehensive income				0.46
(ii) Income tax relating to fair value change in investments in equity instruments through other comprehensive income				(0.09)
Total other comprehensive loss for the year				(26.90)
Total comprehensive income for the year				**1,007.39**

C. I B Reconciliation of total comprehensive income for the year ended March 31, 2017:

Nature of adjustments	Notes	For the year ended 31.03.2017
Net Profit as per previous GAAP		989.29
Effect of measurement of financial assets at amortised cost (including unwinding of discount)	3	(0.32)
Prior period adjustments under the previous GAAP	9	17.07
Others	4, 6 and 9	28.25
Net profit as per Ind AS		1,034.29
Other comprehensive expenses (Net of tax)	2 and 4	(26.90)
Total comprehensive income as per Ind AS		**1,007.39**

C. II Reconciliation of equity as at March 31, 2017 and April 01, 2016 :

Nature of adjustments	Notes	As at March 31, 2017	As at April 01, 2016
Equity as per previous GAAP C I (A) (i)		10,040.36	9,051.07
Measurement of equity instrument at fair value through other comprehensive income	2 and 9	1.69	1.32
Effect of measurement of financial assets at amortised cost (including unwinding of discount)	3	(0.46)	(0.15)
Prior period adjustments under the previous GAAP	9	10.46	(6.61)
Others	1	0.97	-
Total adjustment to equity		**12.66**	**(5.44)**
Equity as per Ind AS		**10,053.02**	**9,045.63**

(₹ in Lakhs)

C.III Effect of Ind AS adoption on the Statement of cash flows for the year ended March 31, 2017 :

		For the year ended March 31, 2017		
	Notes	Previous GAAP	Effect of transition to Ind AS	
Net cash flows from operating activities	7	943.40	85.03	1,028.43
Net cash flows from investing activities	7	(1,083.14)	(85.03)	(1,168.17)
Net cash flows from financing activities	5	169.72	(184.22)	(14.50)
Net increase in cash and cash equivalents		29.98	(184.22)	(154.24)
Cash and cash equivalents at the beginning of the year	5	84.51	(1,489.09)	(1,404.58)
Cash and cash equivalents at the end of the year		**114.49**	**(1,673.31)**	**(1,558.82)**

(₹ in Lakhs)

52 First-time adoption of Ind AS (Cont'd)

C. IV- Reconciliation of balance sheet as at April 01, 2016

	Notes	Regrouped Previous GAAP	Effect of transition to Ind AS	As per Ind AS balance sheet
ASSETS				
Non-current assets				
(a) Property, plant and equipment	1	6,804.85	(245.51)	6,559.34
(b) Capital work-in-progress		533.37	-	533.37
(c) Intangible assets		80.48	-	80.48
(d) Intangible assets under development		3.00	-	3.00
(e) Investments in subsidiaries		184.62	-	184.62
(f) Financial assets				
(i) Investments	2	2.00	1.65	3.65
(ii) Loans		6.26	-	6.26
(iii) Other financial assets	3	98.41	(5.83)	92.59
(g) Non-current tax assets (Net)	9	86.47	(17.07)	69.40
(h) Other non-current assets	1 and 3	253.04	239.99	493.03
Total non - current assets		**8,052.51**	**(26.77)**	**8,025.74**
Current assets				
(a) Inventories		2,483.78	-	2,483.78
(b) Financial assets				
(i) Trade receivables		4,338.29	-	4,338.29
(ii) Cash and cash equivalents		84.49	-	84.49
(iii) Bank balances other than (ii) above		68.68	-	68.68
(iv) Other financial assets		42.12	-	42.12
(c) Other current assets	1 and 3	705.54	11.19	716.73
Total current assets		**7,722.90**	**11.19**	**7,734.09**
TOTAL ASSETS		**15,775.40**	**(15.57)**	**15,759.83**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital		1,770.45	-	1,770.45
(b) Other equity	1,2,3 and 9	7,280.62	(5.44)	7,275.18
Total equity		**9,051.07**	**(5.44)**	**9,045.63**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
Borrowings		363.34	-	363.34
(b) Provisions		143.76	-	143.76
(c) Deferred tax liabilities (Net)	2	399.53	0.33	399.86
Total non-current liabilities		**906.63**	**0.33**	**906.96**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings		2,847.21	-	2,847.21
(ii) Trade payables		1,803.56	(10.46)	1,793.10
(iii) Other financial liabilities		901.37	-	901.37
(b) Provisions		35.18	-	35.18
(c) Current tax liabilities (Net)		154.80	-	154.80
(d) Other current liabilities		75.58	-	75.58
Total current liabilities		**5,817.70**	**(10.46)**	**5,807.24**
TOTAL EQUITY AND LIABILITIES		**15,775.40**	**(15.57)**	**15,759.83**

Notes to reconciliations

Note 1: Property, plant and equipment

Under the previous GAAP, one time lease premium paid at the inception of the lease arrangement for land was classified as lease hold land under the head "Property, plant and equipment". Under Ind AS, since this lease hold arrangement is not meeting the requirements of finance lease as per Ind AS 17- Leases, the same has been classified as an operating lease. Accordingly, it has been reclassified from property, plant and equipment to unamortised lease premium. The current and non-current portion of such unamortised lease premium have been disclosed under the heads "Other current assets" and "Other non-current assets". The unamortised lease premium are amortised equally in the Statement of profit and loss as rent expense over the remaining period of lease.

Note 2: Fair valuation of an investment

Under the previous GAAP, an investment in equity instruments was classified as a long -term investment. Long-term investment was carried at cost less provision for other than temporary decline in the value of such investment. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value change of an investment in unquoted equity instruments are recognised in other comprehensive income. Corresponding tax impact has been accounted through deferred tax.

Note 3: Security deposits

Under the previous GAAP, interest free security deposits were recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued the security deposits under Ind AS. The difference between fair value of security deposits and the carrying value (transaction value) as per previous GAAP has been recognised as “deferred rent” and disclosed under the heads “Other current assets” and “Other non-current assets”. The amortisation of deferred rent over the period of lease is charged to the Statement of profit and loss under the head “Finance costs”. The notional interest calculated using effective interest method on the fair value of security deposits is credited to the Statement of profit and loss under the head “Interest income on other financial assets carried at amortised cost".

Note 4: Remeasurements of post employment defined benefit obligation

Under the previous GAAP, actuarial gains and losses were recognised in Statements of profit and loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognised in other comprehensive income consequently, the tax effect of the same has also been recognised in other comprehensive income under Ind AS instead of Statement of profit and loss. Corresponding tax impact has been accounted through deferred tax .

Note 5: Cash Credit

Under Ind AS, cash credit which are repayable on demand and form an integral part of Company's cash management system are included in cash and cash equivalents for the purpose of presentation of Statement of cash flows. Under previous GAAP, cash credit were considered as part of borrowings and movements in cash credit were shown as part of financing activities.

Note 6: Other comprehensive income

Under previous GAAP, there was no concept of other comprehensive income. Under Ind AS, specified items of income, expense, gains, or losses are required to be presented in other comprehensive income.

Note 7: Effect of Ind As adoption on statements of cash flows

In the financial statements prepared under previous GAAP, movement in margin money deposit balances was forming part of “movement in working capital”. However, under Ind AS, this movement is being grouped under investing activities.

Note 8: Excise duty

Under the previous GAAP, revenue from sale of products was presented net of excise duty under revenue from operations. Whereas, under Ind AS, revenue from sale of products includes excise duty. The corresponding excise duty expenses is presented separately on the face of the Statement of profit and loss. The change does not affect total equity as at April 01, 2016 and March 31, 2017, profit before tax or total profit for the year ended March 31, 2017

Note 9: Restatement of prior period error

Under the previous GAAP, the Company had included a prior period item relating to interest expense in the determination of profit for the year ended March 31, 2017. However, in accordance with the requirements of Ind AS 8 – “Accounting Policies, Changes in Accounting Estimates and Errors” and Ind AS 101 – “First-time Adoption of Indian Accounting Standards”, the same has been corrected by restating the retained earnings as at April 01, 2016 since the error was pertaining to the period prior to that date. Corresponding tax impact has been accounted through deferred tax

(₹ in Lakhs)

53 Capitalization of borrowing costs

During the previous year ended March 31, 2107, the Company had capitalised the following borrowing costs attributable to qualifying assets to the cost of property, plant and equipment / capital work-in-progress (CWIP). Consequently, finance costs disclosed under note 33 are net of amounts capitalised by the Company.

	For the year ended March 31, 2018	For the year ended March 31, 2017
Finance costs	-	59.22
Total	-	59.22

54 The financial statements were approved for issue by the Board of Directors on May 15, 2018.

55 Previous GAAP figures have been reclassified / regrouped wherever necessary to conform with the financial Statements prepared under Ind AS.

For and on behalf of the Board of directors of
Fermenta Biotech Limited

Sanjay Buch
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Anupama Datla Desai
Executive Director

Gopakumar Nair
Director

Amol Lone
Chief Financial Officer

Varadvinayak Khambete
Company Secretary

Thane, May 15, 2018

Information to Shareholders:

1. Members holding shares in physical form can avail the nomination facility by filing Form SH-13 prescribed under section 72 of the Act read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014 with the Company. In case of shares held in dematerialized form, the nomination may be lodged with the Member's Depository Participant. The above form will be made available on request.

2. Members seeking any information or clarification(s) on the Annual Report are requested to send written queries to the Company Secretary at the registered office of the Company at least one week before the date of 31st AGM, in order to make the information available at the AGM.

3. Members / proxies are requested to bring their copies of the Annual Report along with the attendance slip, duly filled in, for attending the AGM.

4. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with the Company or with the R&T Agent.

5. The consolidated financial statements are annexed to this Annual Report and shall form part to this Annual Report.

Notes

www.fermentabiotech.com

DISCOVER. DEVELOP. DELIVER.

fbl

Fermenta Biotech Limited | 30th Annual Report, 2016-17

Disclaimer

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates' ,'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in making our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

CONTENTS

Fermenta Biotech Limited.

A passionate company that perceives opportunities in marketplace challenges.

A knowledge-driven company that has selected to work at the specialised end of the pharmaceutical and biotechnology sectors.

A futuristic company engaged in a proactive investment in personnel, plants and processes to build profitable and sustainable growth.

About us

Established in 1986, Fermenta Biotech Ltd.(Fermenta) was incepted under the auspices of Duphar Interfan Ltd., a company that pioneered the manufacture of Penicillin G Amidase enzyme in India. Over the years, Fermenta has emerged as a multifaceted organisation focusing on research, development and product delivery in the fields of biotechnology, pharmaceutical and environmental solutions.

Presence

Fermenta is headquartered in Thane (Mumbai) with manufacturing units in Kullu facility (Himachal Pradesh) and Dahej (Gujarat). The latter greenfield manufacturing facility manufactures Vitamin D3 and its variants. Besides, the Company's research and development is driven through a state-of-the-art facility in Thane (Mumbai).

Fermenta, in addition to its strong domestic presence, also enjoys a global footprint. The Company's quality and service capability is validated by its presence across more than 58 countries (the US, the UK, Germany, Belgium, the Netherlands, China, Brazil, Spain, France, Mexico, Switzerland, Turkey, Saudi Arabia, Israel, New Zealand and Sri Lanka, among others) in addition to emerging as a dependable supplier to more than 200 companies in India.

Vision

To create a system and nurture it to reach a state of functioning, that would enable us to acquire a state of timeless stability and growth.

Mission

To produce high-quality niche products, used in every line of pharmaceutical, food and fine chemical manufacture, through innovative and concerted research efforts, thus becoming the most preferred eco-friendly solutions provider in bio-catalysis and pharmaceuticals.

BUSINESS SEGMENTS

Biotechnology

Fermenta is a pioneer in developing immobilised enzyme catalysts. Some flagship enzyme products range from the classical 'white enzyme', Penicillin G Amidase-(PA 850) to advanced enzyme variants like Novel Penicillin G Amidase (PS 250) and CALB Lipase (CALB10000). The Company also offers enzyme immobilisation optimisation and supply services up to multi-ton commercial quantities.

Pharmaceuticals

Fermenta is the only manufacturer and supplier of Vitamin D3 in India and among the three largest global manufacturers. For over 25 years, the Company focused on manufacturing speciality APIs and bio-catalysts. The Company's strength lies in harnessing cutting-edge technology-driven APIs with world-class quality. The Company is a trusted source of speciality pharmaceutical products across more than 58 countries.

Environmental solutions

Fermenta is a pioneer in enzyme based technology, offering integrated environmental solutions. The Company's special microorganisms, enzymes and platform technologies provide unique waste water management and treatment advantages. The Company's products span over a range of applications: encompassing treatment of municipal STPs to industrial ETPs; from treating septic tanks to solid waste management; bioremediation of oil sludge and of lakes or ponds, among others.

AWARDS AND ACCOLADES

Fermenta was recognised as a Customer Centric Business Partner by Abbott India in 2016 for supplying quality Active Pharmaceutical Ingredients (APIs)

CERTIFICATIONS

- Certificate of Suitability for cholecalciferol
- WHO-GMP
- ISO 9001:2008
- ISO 14001:2004
- FAMI-QS
- BS OHSAS 18001:2007
- HACCP
- Halal
- Kosher
- Vegetarian Society Certificate, United Kingdom
- American Vegetarian Association Certificate
- US FDA EIR
- Certificate of Stability (CEP) for cholecalciferol
- NSF Certification
- Both manufacturing facilities are registered with the FFRM (Food Facility Registration Module), which operates under the aegis of the USFDA
- BRC Certificate
- FSSC 22000 Certificate
- Medsafe New Zealand Certification

PATENTS GRANTED

2009 **Czech Patent CZ 300467:** Sequence of nucleotides of the size 2646bp, encoding penicillinacylase, new construct of recombinant nucleic acid and recombinant microorganisms carrying that sequence.

2011 **Indian Patent 247630:** Oxirane macro-porous beads for enzyme immobilization and process thereof.

European Patent 2173892: Process for the preparation of immobilised recombinant penicillin acylase catalyst from Achromobacter sp. CCM 4824 expressed in E.coli BL21 CCM 7394 and its use for the synthesis of β-lactam antibiotics.

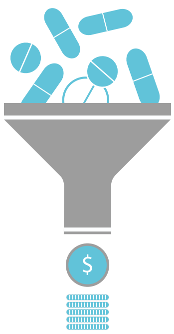
US Patent 8039604: DNA sequence encoding penicillin acylase, novel recombinant DNA constructs and recombinant microorganisms carrying this sequence.

2012 **Indian Patent 253959:** Process for synthesis of a semi-synthetic penicillin or Cephalosporin Antibiotic using Penicillin Acylase Biocatalyst from Achromobacter sp. CCM 4824 expressed in E.coli BL21 CCM 7394.

2013 **Chinese Patent ZL 200780100019:** Process for the preparation of immobilized recombinant penicillin acylase catalyst from Achromobacter sp. CCM 4824 expressed in E.coli BL21 CCM 7394 and its use for the synthesis of antibiotics.

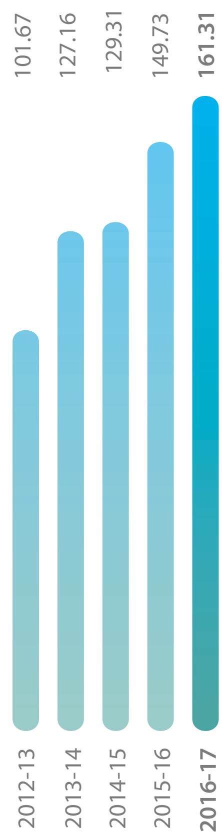
2015 **Indian Patent 270303:** Asymmetric Synthesis for preparation of (S) Enantiomers of 2- (β) - Hydroxyphenethylamino Pyridine.

Indian Patent IN265580: DNA sequence encoding Penicillin Acylase, Novel Constructs of a recombinant DNA and recombinant microorganisms carrying such sequence.



THIS IS HOW WE HAVE GROWN OUR BUSINESS

TURNOVER
(₹ crore)



Why do we measure this?
This assesses the effectiveness of our strategic presence in niche segments, the efficacy of our research-driven product portfolio, how strategic our potential market selection has been, how strong our brand equity is and how efficiently we have been able to widen our market share.

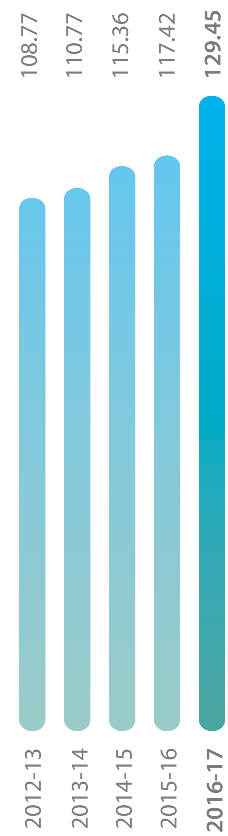
What does it reveal?
A 7% increase in turnover was the result of our enhanced productivity and yields spurred by a seamless access to raw materials which was a cause of hindrance during FY2014-15.

PROFIT AFTER TAX
(₹ crore)

Why do we measure this?
This index measures is ultimate measure of the success of the business while also measuring the effectiveness of managing business expenses.

What does it reveal?
The Company's profitability was the result of our enhanced utilisation of capacity and resources, addition of customers and efficient cost management.

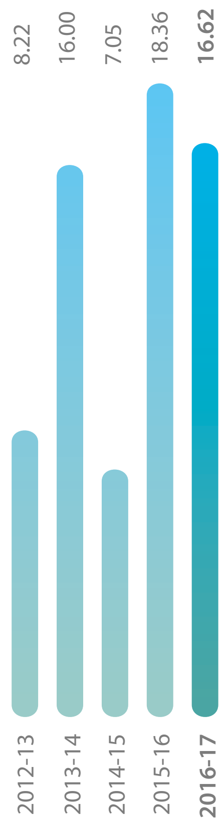
GROSS BLOCK
(₹ crore)



Why do we measure this?
The gross block pertains to the sum total of all assets of the Company valued at their respective costs of acquisition.

What does it reveal?
A 10% increase in the gross block has been the result of the undergoing expansion for the Vitamin D3 business at the Dahej unit.

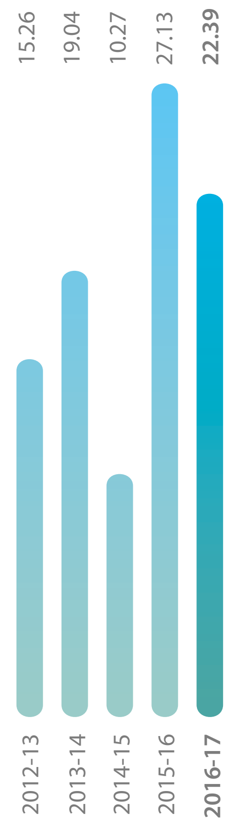
CASH PROFIT
(₹ crore)



Why do we measure this?
Cash profit is an index of our financial comfort to grow the business without risking the robustness of our Balance Sheet.

What does it reveal?
The Company's focus on margins expansion and enhanced working capital management are expected to drive cash generation.

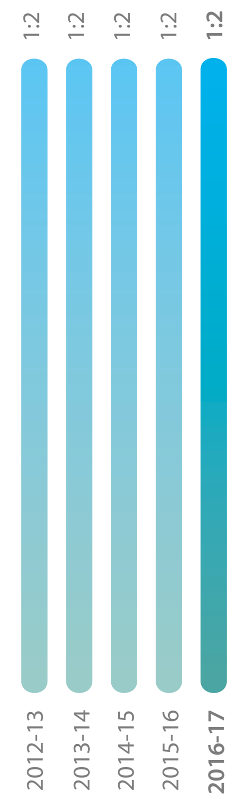
EBIDTA MARGIN
(%)



Why do we measure this?
This index measures business efficiency in terms of an improvement in margins, thereby indicating our ability to deploy the adequate amount of surplus for reinvestment.

What does it reveal?
The Company's margins growth was affected owing to rising pricing pressures from Chinese competitors for Vitamin D3 products

DEBT-EQUITY RATIO



Why do we measure this?
This is a measure of the Company's financial health and indicates the Company's ability to operate at a higher scale without relying overtly on borrowed funds.

What does it reveal?
The gradual decline in gearing is a validation of the Company's ability to sustain profitable growth.

INTEREST COVER

Why do we measure this?
This is used to determine the Company's ability to make interest payments in a timely manner.

What does it reveal?
The improvement in the Company's interest cover was a result of conversion of rupee loans to low-cost foreign currency loans on the one hand and ensures business growth on the other.

OUR JOURNEY

1986
Established as Fermenta Pharma Biodil Limited, now known as Fermenta Biotech Limited

1987
Pioneered the launch of immobilised penicillin G acylase catalyst (Fermase PAR 250) for β-lactam intermediates

1988
- Launched improved enzyme catalyst PGA white (Fermase PAR 250) for β-lactam intermediates

1998
- Launched polymer-based PGA enzyme catalyst (Fermase PAR 750)

2004
- Commenced manufacture of Cholecalciferol (Vitamin D3), Isoxsuprine Hydrochloride and Phenyramidol Hydrochloride

2005
- Launched improved enzyme catalyst PGA white (Fermase PAR 750) for β-lactam intermediates
- Introduced R-Oxynitrilase (Fermase OXR) for chiral synthesis

2006
- Introduced Dilbeads®, oxirane polymer beads for enzyme immobilisation
- Launched PGA catalyst blend (Fermase PAR 450) for cephalosporin intermediates

2007
- Scaled capacities to enter export markets
- Launched dimethicone powder
- Received Kosher certification for Vitamin D3

2008
- Received Halal certification for Vitamin D3

2009

- Launched novel penicillin G acylase (NPGA) for β-lactam antibiotic synthesis (e.g. Amoxicillin)
- Obtained CEP certification for Vitamin D3 from EDQM
- Started exporting Vitamin D3
- Introduced phenyramidol formulations in India

2011

- Completed construction of the Dahej facility
- Ventured into animal feed and oil supplements of Vitamin D3
- Applied for Canadian DMF and US DMF

2012

- Underwent US FDA inspection for dietary supplements at Kullu
- Commercialised novel penicillin G acylase (NPGA) Fermase PS 150 for major global customers
- Launched new and improved penicillin G acylase catalyst – Fermase PA 850
- Augmented Vitamin D3 resin manufacturing capacity in Dahej

2013

- Launched new and improved novel penicillin G acylase (NPGA) Fermase PS 250 and Fermase C-200 for amoxicillin and cephalexin synthesis
- Developed a new enzyme platform for cephalosporin antibiotics (e.g. Cefaclor and Cefadroxil)
- Launched an enhanced CAL B Enzyme catalyst Fermase CAL B series (immobilised and free enzymatic forms)
- Launched new and improved Dilbeads®

2014

- Initiated commercial production of Vitamin D3 100 CWD to cater to the food and dietary nutraceutical supplements market
- Launched phenyramidol formulations in Africa

2015

- Increased penetration in Africa with phenyramidol formulations
- Launched new NPGA variation AMP 170 for ampicillin production on a commercial scale
- Developed new and improved CALB lipase with extra stability to be used in bio- plastics
- Increased phenyramidol market footprint in Africa
- Launched a new NPGA variation AMP170 for ampicillin and formulations production

2016

- Enhanced Vitamin D3 capacity at its new plant at Dahej
- Launched new version of Vitamin D3 500 feed grade powder

2017

- Received CEP from EDQM for its Dahej facility for Vitamin D
- Received FSSC 22000 and BRC Food Safety Approvals for both its plants for Vitamin D

FERMENTA ADDRESSED CHALLENGES WITH PASSION AND PROMPTNESS IN FY2016-17

Growing needs for Vitamin D3 products

The Company reported record API output from its Kullu and Dahej facilities. It also reported record sales to two of its most important customers.

Lower feed prices for the second successive year, moderating powder and oil segment realisations

The Company enhanced its engagement with key decision makers in the food and feed arena.

Need for increased margins and realisations

The Company increased its output and efficiency levels across facilities in the API segment and thus strengthened its EBIDTA and margins.

Need to create markets

The Company undertook decisive market expansion initiatives like issuing letters of access to customers in Europe and forayed into the US market with Vitamin D3 feed grade.

Increased Chinese dumping of Vitamin D3

By increasing its footprints in Latin American, Middle Eastern and ASEAN countries, the Company matched its realisation thus reducing dependability on traditional markets

Chairman's review

I am pleased to report that Fermenta Biotech Limited delivered a 8% increase in revenues and a profit after tax of ₹9.89 cr in FY2016-17.

In what was another challenging year, marked by strong pricing pressure in the Vitamin D3 feed segment in particular, it was encouraging to see that the Company was able to sustain the growth momentum of previous years on the revenue line. This performance reflects and is in some part reward for the investment and work undertaken to improve capacities and efficiencies in the Company's Vitamin D3 manufacturing processes. Also, this is positioning the Company well for the opportunities and challenges ahead. It should be noted that segment-wise Vitamin D3 and Pharmaceuticals combined, which now represent a significant portion of the Company's revenues , posted a decent revenue and EBIDTA growth on a year on year basis; the core of Fermenta is performing well.

I believe the Company is increasingly positioned to gain market share as well as move forward into new geographic and product opportunities in the growing Vitamin D3 global market.

Your Company is present across four different business segments – Vitamin D3, speciality APIs, biological enzymes and environmental solutions.

The Vitamin D3 business posted a positive revenue growth during the year under review. Investments in both improving our cost competitiveness in the commoditised animal feed segment as well as in new formulation capabilities in the premium food and pharma categories, have underpinned this solid performance and are good indictors of the Company's enhancing competitiveness. Geographic expansion remains a key strategy and various decisive initiatives were undertaken by the Company to implement the same. In our speciality pharmaceutical segment, Phenyramidol and Silicon powder posted steady sales, contributing well to overall revenue generation.

The Biotechnology and Environment Solutions business verticals continue to hold potentially attractive prospects. The management will further explore opportunities to grow this segment in line with its rich potential while controlling investment risk and exposure.

Looking forward, the focus of the Company will be to prioritise its strategy to invest in and strengthen its capabilities and competitiveness in Vitamin D manufacturing and formulations. The Company has made strong progress over the past few years in this regard, in laying robust foundations, and I believe the Company is increasingly positioned to gain market share as well as move forward into new geographic and product opportunities in the growing Vitamin D3 global market. Our confidence is reinforced by the record output posted this year in our Kullu and Dahej facilities. This strategy will be supported by our stable Pharmaceuticals business and the Company will continue to look at new opportunities in the Biotechnology and Environmental solutions business verticals.

In closing, I would like to thank all the staff at Fermenta for their tremendous hard work and commitment over the past year. Through these efforts, I remain very confident that the Company is in stronger shape than ever to address the market opportunities ahead and to deliver enhanced shareholder performance.

Peter Bains
Chairman

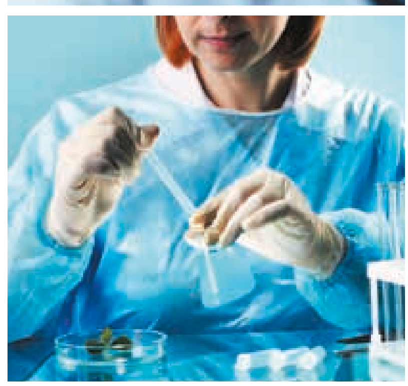
MANAGEMENT'S OPERATIONAL OVERVIEW

Q: Was the management pleased with the Company's performance in FY2016-17?

The management was pleased with the performance of the Company during the year under review.

The Company reported a 8% increase in revenues and a Profit After Tax of ₹9.89 cr in FY2016-17. We believe that the circumstances in which the Company performed are indeed creditable; the fact that the Company reported these numbers is a reflection of its competitive position and advantage.

A number of business initiatives were effectively executed, which included achieving record API outputs in our Kullu and Dahej facilities. The Company reported record sales to two of its most important API customers. I am pleased to state that a stronger operating discipline allowed us to improve our capacity utilisation across our facilities.



The market environment was marked by lower feed prices for the second successive year, which in turn moderated powder and oil segment realisations. Even as this was transpiring, the cost of key raw material remained stable, putting a substantial stress on our margins.

This, in turn, resulted in an appreciable improvement in our key accounts.

Q: What were the biggest marketplace challenges that the Company addressed during the year under review?

The market environment was marked by lower feed prices for the second successive year, which in turn moderated powder and oil segment realisations. Even as this was transpiring, the cost of key raw material remained stable, putting a substantial stress on our margins. Besides, the weakening of the dollar and corresponding strengthening of the rupee affected the overall viability of the Company (considering that we generate 75% of our revenues from exports).

I am pleased to state that from a strategic perspective, the Company addressed these challenges through various business-strengthening initiatives viz. long-term contracts with key raw material suppliers to establish cost leadership; employment of best-in-class practices through the engagement of world-renowned domain experts; operationalising training and development exercises for employees, distributors' marketing and sales personnel, engaging with end-users in the food and feed segments, plugging products and service gaps through proactive investments in primary and secondary research and benchmarking our products with those manufactured by market leaders.

Q: What were some of the other initiatives that contributed to the Company's operations in FY2016-17?

There were a number of areas across which the Company strengthened its working in FY2016-17.

One, the Company reported increased capacity at its Dahej facility for 7-DHC (7-Dehydro Cholesterol) and Vitamin D3 resin levels, which enhanced availability and moderated the production cost per unit, thereby strengthening our overall competitiveness in terms of servicing the growing demand for these products across the global marketplace. The products from our Dahej plant too encountered robust demand; the plant output and efficiency responded to the situation and I am pleased to report that there was a consequent improvement in EBIDTA recovery. Two, the Company consolidated its market expansion initiatives by issuing letters of access to customers in Europe. The result was that a number of European clients selected Fermenta as their preferred partner. Three, the Company embarked on a decisive initiative to widen its reach in the US market related to the Vitamin D3 Feed segment. By pricing products competitively, the Company increased exports to US by 25% during the financial year under review. This accounted for a third of the Company's total export volumes in FY2016-17. What is creditable is that the Company marketed a significant portion of its total Vitamin D3 crystal business in the US, generating new avenues for market expansion. I am pleased to report that customers appreciated the quality of our product and were impressed enough with our overall service quotient to place repeat orders.

What are some of the additional features of the Company's working that enhanced satisfaction?

During the year under review, Vitamin D3 realisations declined following increased Chinese dumping. Fermenta stayed in the game by matching these realisations and

I am also pleased to communicate that our persistence paid off. The Company ventured into Latin American, Middle Eastern and ASEAN countries where it was able to gain better realisations than the competitive American and European markets. The country has an established regulatory pathway as well. Fermenta is attractively placed in terms of growing its presence in this large market. The Company possesses registrations for all its oil products in the feed business and among the only three players in the world with these credentials in the Vitamin D3 feed grade segment.

How could the Company have strengthened its performance during the year under review?

Our reporting would be incomplete if we did not report a challenge against our performance: our biotechnology business could not report a performance in line with its potential due to a technical issue with some production batches. The result was that we encountered a revenue loss , which corresponds to a sizeable erosion in our EBIDTA during the year under review. I must however communicate that the management addressed this issue with speed, strengthened our pharmaceutical business performance that hedged a large part of this loss, engaged with customers to explain the nature of the problem and by the last quarter of the financial year under review, the problem had not only been competently addressed but also resulted in receiving orders. This communication would not be complete without mentioning the fact that such incidents do occur even with established biotechnology companies. What is critical is how such companies address such challenges. In this respect, I am pleased to state that the team rallied to address

What is creditable is that the Company marketed a significant portion of its total Vitamin D3 crystal business in the US, generating new avenues for market expansion. I am pleased to report that customers appreciated the quality of our product and were impressed enough with our overall service quotient to place repeat orders.

this aberration and promptly turned the operations around.

What were some of the other challenges that the Company could have addressed more competently?

We believe that the total time taken from concept-to-implementation of the Vitamin D3 feed grade facility at Dahej could have been quicker, strengthening the asset-turnover ratio. Besides, we believe that the manufacturing and personnel costs could have been controlled more effectively with a correspondingly positive impact on our EBIDTA.

What were some process improvements to have transpired during the year under review?

At Fermenta, we are increasingly convinced that in challenging market environments, competitiveness will be increasingly derived from the ability to plug inefficiencies from within rather than simplistically passing on cost escalations to customers. I am pleased to state the internal improvements that were effected were not only related to the quantum of output but also in yield improvements related to Vitamin D3 – resin and crystals at the Dahej and Kullu facilities. Similarly, the Company reported improvements in solvent recovery efficiency. The Company passed more than 20 regulatory and customer audits including the prestigious MEDSAFE (New Zealand), which is recognised in Europe, South Africa and Canada. I must also indicate that we strengthened our supply chain management related to phenyramidol and silicon dioxide products for a key customer. The customer relationship management efficiencies resulted in an increase in volumes and customer share as well. I must bring to the attention of our shareholders that the cGMP-compliant Dahej plant deftly addressed the particle size requirements for the Vitamin D3 feed grade of different customers. The Company supplied Vitamin D3 crystals to customers in Japan for the first time. Our new feed grade product was sent for bioavailability studies in the US and benchmarked with the market leader.

What is the outlook for the Company in FY2017-18?

The outlook for the Company is optimistic for a number of reasons. The Company is expected to optimise operating efficiency on account of its size that can lead to superior economies of scale. The new coastal Dahej plant will prove efficient in serving the growing needs of international clients, rationalising shipment time and encouraging global customers to keep lower inventories. The Company will seek backward integration wherever necessary and cost-efficient. I must indicate that during the current financial year, we expect to see some major changes within the Company – a significant increase in Vitamin D3 capacity, which has already been commissioned. Besides, we foresee a substantial increase in Vitamin D3 feed grade output, which will transpire only gradually so as not to disrupt prevailing realisations. In ten major markets, we foresee a growing focus on Vitamin D3; in Europe, we foresee an increase in the prescription segment. We also see an expanding market with a growing number of applications in tablets, capsules and syrups, widening opportunities of a number of companies entering the Vitamin D3 space in response to growing needs. The result is that over the next three years, we foresee the Vitamin D3 market being driven by non-traditional companies. This has begun to reflect in our business prospects as well; for instance, a leading multinational company in India collaborated with Fermenta for increasing Vitamin D awareness; the engagement of their 400-plus medical representatives is expected to provide a strong promotional thrust to Vitamin D awareness initiatives in India, catalysing the growth of this product in the Indian market. We have also engaged in public relations initiatives through our online public awareness initiative viz. www.vitamindguru.com. Our media campaign involving television celebrity Mr. Anup Soni was well accepted across the country. We believe that the scenario is brightening for Vitamin D consumption. The new government guidelines related to the growing use of Vitamin D in the food fortification of staple foods would further widen the market.

We believe that the total time taken from concept-to-implementation of the Vitamin D3 feed grade facility at Dahej could have been quicker, strengthening the asset-turnover ratio. Besides, we believe that the manufacturing and personnel costs could have been controlled more effectively with a correspondingly positive impact on our EBIDTA.

Internal factors

Expected to optimise operating efficiency, leveraging superior economies-of-scale

Superior use of the coastal facility at Dahej to service international clients

A significant increase in Vitamin D3 capacity (commissioned)

A substantial increase in Vitamin D3 feed grade output

Multi-pronged approach to increase public awareness for Vitamin D through various collaborative and media-based initiatives.

WHY FERMENTA IS OPTIMISTIC OF ITS PROSPECTS IN FY2017-18

Challenges addressed, FY2016-17

- Technical aberrations in the biotechnology business
- Increased input costs
- Commissioning of Vitamin D3 feed grade powder facility at Dahej within a stipulated schedule
- Sustained weakness in feed realisations

Investments in technology

- Investment in a unique microencapsulation technology of Vitamin D3 and other oil-soluble vitamins
- Investment in lab-scale photochemistry for optimising process parameters, moderating costs and increasing photochemical efficiency

External factors

Growing focus on Vitamin D3 in major markets

Increased prescription market for Vitamin D3 formulations in Europe

Growing need for applications in the form of tablets, capsules and syrups

Increased Vitamin D3 market participation by non-traditional companies

New government guidelines related to the growing use of Vitamin D in food fortification

OUR PERFORMANCE AMBITION

At Fermenta Biotech Limited, our performance ambition is to emerge as one of the most respected companies within the global industry space.

Probable goal contributors

- The strongest Vitamin D player in the world – highest in terms of profitability and market sustainability
- Assured raw material availability
- Among the highest yields and process efficiencies
- Growing presence in the US in the areas of pharmaceuticals as well as food and dietary supplements
- Entered complementary vitamin and mineral niches to increase our product offering

We are making focused investments in...

- Expanding our Dahej plant in the area of feed grade Vitamin D3
- Reducing our funds cost through interest-effective term loans and forex borrowings

We are measuring our performance ambition through

- Consistent profitable growth over previous year's performance
- Total income grew by 8% from ₹149.73 crore in FY2015-16 to ₹161.31 crore in FY2016-17
- Total debt increased from ₹38.19 crore in FY2015-16 to ₹42.99 crore in FY2016-17

HOW FERMENTA IS ENHANCING BUSINESS VALUE

Corporate

- **Scale:** Fermenta is among the top global Vitamin D3 manufacturers and the world's leading Phenyramidol manufacturer.
- **Operations:** Fermenta's systems-driven strategic business units have enhanced its accountability across the entire stakeholder ecosystem.
- **Presence:** Fermenta focuses on niche and technologically complex spaces in the emerging and evolving enzymes segment. Since 2003, the Company has invested in complex technologies for the bulk manufacture of enzymatic actives from research to commercialisation.
- **Compliance:** Fermenta possesses rich intellectual property rights for products and process – Enzymes, Vitamin D3 and Phenyramidol – that are challenging to manufacture, providing a competitive moat.
- **Distinctiveness:** Fermenta is one of the few non-European companies certified with a CEP accreditation issued by the EDQM for Vitamin D3 at both its facilities. The Company possesses a top-of-the-line R&D facility approved by the Department of Scientific Industrial Research, Ministry of Science and Technology, Government of India.
- **Technology:** Fermenta is respected for conducting futuristic research in the area of green chemistry. The Company enjoys collaborative relationships with select European biotechnology companies (sewage, effluent treatment water body bio-remediation). Its cutting-edge R&D platform is reinforced by regular documentation, compliance with protocols and reliance on standard operating procedures.

Intangible

- **Brand:** Fermenta's decades of experience in complex enzyme technologies is reflected in the relentless development (and patenting) of novel products and processes. Fermenta manufactures enzymes and immobilisation materials- a unique integration
- **Human Capital:** Fermenta's competent team comprises 371 professionals with proven expertise in manufacturing, chemistry, biotechnology, marketing planning, accounting, legal, management, supply chain and quality management
- **Governance:** Fermenta's business is underpinned by innovation, transparency, knowledge, respect for dignity and excellence. The Company operates around the highest global governance standards, reflected in its ethical commitment, Board composition and transparency.
- **Pioneering:** Fermenta was one of the two global pioneering companies to introduce enzymatic amoxicillin technology, playing a pivotal role in antibiotic manufacturing transformation.

Financial

- **Liquidity:** Fermenta's debt-equity ratio of 1:2 as on 31st March 2017 and an interest cover of 4.13 has ensured reasonable liquidity at a time of aggressive asset-creation and business growth.
- **Profitability:** Fermenta represents a combination of high-margin and mid-margin businesses in the form of nascent businesses with attractive potential and mature business with sustainable prospects.

FERMENTA: A CONFLUENCE OF COMPETENCIES

- **Niche presence**
- Nascent and mature business mix
- Globally recognised plants for key products
- Proprietary IPR-driven research
- Multi-decadal experience
- Competent and experienced human capital
- Governance focus
- Global quality certifications

+

COMPETENCE REFLECTED ACROSS DIVERSE BUSINESS CAPABILITIES

- **Global presence**
- Growing number of multi-year accounts
- Among the world's largest Vitamin D3 makers
- World's leading Phenyramidol manufacturer
- Among two pioneering companies to introduce enzymatic amoxicillin technology
- Among few non-European companies certified with a CEP accreditation by EDQM for Vitamin D3

+

- **Growing financial strength**
- Comfortable interest cover
- Profitable growth

BIOTECHNOLOGY

Global industrial enzymes market

The global industrial enzymes market was valued at US$ 4.94 billion in 2015 and is expected to grow at a CAGR of 6% to reach US$ 6.99 billion by 2021. North America and Asia-Pacific constitute ~62% of the global share. Enzymes are preferred in various industrial processes as they accelerate chemical reactions while being environment-friendly. The market is driven by the increasing diversity in enzyme applications and niche products, growing customer demand, and stringent environmental norms that curb the use of chemicals. Advancement in the biotechnology, especially in the field of protein engineering has brought in new industrial enzymes products in the market. *(Source: Business Wire)*

Fermenta is engaged in the delivery of proprietary specialised drug development services across the biopharmaceutical product life cycle. What makes its services distinctive is that these are offered across the complete life cycle – pre-clinical stage to commercialisation – enhancing project ownership, quality and customer convenience. Fermenta invested in proprietary enzymatic technologies with deep potential for the production of β-lactam antibiotics. These antibiotics comprised Amoxicillin, Ampicilllin, Cephalexin and Cefadroxil. The Company reinforced its market position through the periodic introduction of enzymes that helped manufacture different semi-synthetic penicillin products in India. Over the years, Fermenta has emerged as a dependable partner, delivering cutting-edge technology coupled with timely project completion resulting in industry respect. The result is that Fermenta enjoys customer trust irrespective of project size, phase and complexity. The Company possesses attractive credentials in this regard. The Company developed and implemented enzymes (Fermase PS 250, Penicillin G Acylase) used in the complex conversion of 6-Aminopenicillanic Acid (6-APA) into Amoxicillin (semi-synthetic penicillin); this was followed by the commercial launch of enzyme Fermase AMP 170 used in the production of ampicillin. The Company's biotech products are classified under the following heads:

- Enzymes for β-lactam/Cephalosporin intermediates (PA 850)
- Enzymes for synthesis of β-lactam/ Cephalosporin antibiotics (PS 250/AMP 170)
- Enzymes for chiral resolution (CALB 10000)
- Enzyme immobilisation platform (Dilbeads®)

Strengths

- **Cutting-edge:** Fermenta has selected to work at the cutting-edge in this space; it implemented next-generation automation; it offered complete technical support that guarantees quality excellence. The Company is engaged in expanding its enzymatic technology presence.
- **Innovative:** Fermenta is respected in its sectoral niche for its ability to identify, express, gene-modify and enzyme-evolve, improve processes and create bio-organic applications, helping substitute long-standing chemical reactions with superior enzymatic alternatives.
- **Pervasive:** Fermenta is among a handful of companies in the world capable of producing next-generation enzymes through the responsible use of patented processes and immobilisation materials.
- **Competence:** Fermenta addresses the stringent proprietary standards (norms, quality, productivity and consistency) of large multi-national companies. Over the years, the Company has invested in leveraging its comprehensive domain knowledge from product development, to stabilisation and commercialisation, enhancing process control and delivery dependability.
- **Compliance:** As a global player, Fermenta complies with various international regulatory norms including various provisions applicable to its national and international (patent cooperation treaty) applications for novel products and processes across countries.
- **Troubleshooting:** Fermenta's business support and R&D teams address customer needs within a short span of time, reinforcing loyalty irrespective of market pressures and competitive choices.

Highlights, 2016-17

The principal challenges the Company encountered at the start of FY2016-17 comprised the following: pricing pressure exerted by Chinese imports, the capacity/productivity limitations that the Company encountered at that time in making timely deliveries especially in the area of amoxicillin enzyme where few companies were engaged in manufacture and major users were engaged in Chinese imports. Similarly, short PA 850 supplies prompted import substitution. Despite these challenging realities, the demand for PA 850 and PS 250 was encouraging across geographies on account of Fermenta's superior product quality, corresponding service and technical support. Besides, Fermenta strengthened its Quality Assurance, enhancing customer confidence. In addition to regular products like PA 850 and PS 250 where demand saturation was evident, the Company enjoyed attractive traction for new products like CALB. For instance, Fermenta encountered a wide acceptance of CALB 10000 across geographies; in spite of capacity limitations, sales to select global customers generated repeat orders. Besides, the Company focused on increasing production capacity coupled with enhanced regulatory compliances related to product quality, strengthening long-term customer engagement.

Outlook

The global enzymes market is projected to report attractive growth following its extensive use in food processing, germination in breweries, pre-digestion of baby food, fruit juice clarification, meat tenderization, cheese manufacturing, and conversion of starch into glucose. Favourable government policies by the US, Austria, France, Germany, Italy and Sweden to promote biodiesel production could fuel demand.

Growing product demand in various applications including paper, bio-fuels, rubber, photography, biological detergents, contact lens cleaners and molecular biology could also promote industry expansion over the next eight years. Growing forensic and molecular biological research in the US is projected to fuel the product demand over the next eight years.

Food & beverages were the largest application of industrial enzymes and expected to witness the fastest growth at a CAGR of 10.9% from 2016 to 2024 on account of rising disposable incomes and demand for a high nutritional diet.

Asia Pacific is expected to witness substantial gains at a CAGR of 10.5% from 2016 to 2024 as a result of the growth of the pharmaceutical and food & beverage sectors along with the availability of raw materials for bio-fuel manufacturing.

Enzyme-based processes are gradually replacing chemical processes in many areas of industry. Enzymes provide advantages such as higher product quality, lower manufacturing cost, less waste, and reduced energy consumption.

The business support function for enzyme products is largely business-to-business, integrated with technical support either around enzyme performance or other regulatory requirements. The Company strengthened its customer service with the objective to seamlessly extend technical capability with its support function, addressing customer needs in the shortest time. The Company intends to reinforce this commitment across the foreseeable future. Besides, the biotechnology R&D team will continue to focus on the streamlining and simplifying chemical and chemo-enzymatic processes that have reached technology saturation. This approach will extend from β-lactams to cephalosporins as well as other industrial bio-catalysis areas, strengthening productivity and enhancing value.

PHARMACEUTICALS AND VITAMIN D3

PHENYRAMIDOL & SILICON POWDER

The Company's Phenyramidol and silicon powder business grew by 42% in FY2016-17. Fermenta is respected for its ability to optimise synthetic routes for pharmaceutical compounds. The Company works with chemical and biological catalysts that improve reaction efficiencies, increasing yields and desired stereo-selectivity. The pharmaceutical division leverages cutting-edge technology to manufacture select products like Phenyramidol and Silicon powder in Kullu (Himachal Pradesh). In 2004, the Company launched Phenyramidol, a novel muscle relaxant. Today, Fermenta is the sole global manufacturer of this generic drug. The Company's manufacture of silicon powder (activated dimethicone powder) has helped replace dimethicone oil in anti-flatulent oral formulations.

Strengths

- **Leadership:** Fermenta is the top Phenyramidol supplier in the world .
- **Quality:** At Fermenta, we stringently follow GMP norms that enhance quality consistency. The Company maintains the quality of products, processes and services through proven technical capabilities. These capabilities consistently meet various national and international quality standards.
- **Growth-oriented:** Fermenta continues to manufacture Phenyramidol & Silicon Powder affordably with higher purity levels.
- **Farsighted:** The Company has invested proactively in enhancing the technical capabilities of its R&D team to develop new products. The Company aims to leverage its expertise in emerging and progressive spaces to strengthen marketplace presence.

Highlights, 2016-17

A quality and value-addition focus allowed Fermenta to report attractive growth. Phenyramidol sales witnessed a growth of 44% during the year, indicating an acceptance of this molecule. Silicon powder volumes reported a growth of 30% over the previous year, largely on account of increased consumption in Turkey. During the year, the Company consolidated its position in the Phenyramidol and Silicon Powder markets by adopting a focused account management strategy to brick-wall key accounts. A centralised database facilitated client interaction, better resource management and superior client focus.

Outlook

Going ahead, the Company intends to widen its global distribution network by foraying into lucrative geographies.

VITAMIN D3

500
(in ₹ crore)
Estimated worth of the Vitamin D3 domestic formulation market

The Vitamin D3 domestic formulation market reported double-digit growth in a market estimated above ₹500 crore. The principal challenges addressed by the business at the start of FY2016-17 comprised the following: longer lead times in deliveries to small customers, worries about the health of some Latin American markets and the need to enter a brick-walled US market. The Company addressed these challenges with the following responses: the Company routed small customer requirements through major authorised distributors, reducing the lead time for material delivery as well as providing credit options as opposed to a strict insistence on advance payments when sourcing directly from the Company. The Company reduced its direct Latin American sales exposure and routed business through reliable EU-based trading firms. The Company focused on key customers through increased distributor empowerment, creating inroads into a brick-walled geography. The Company enhanced its

The Company plans to create a robust portfolio comprising value-added vitamins, minerals and nutrition segments encompassing a range of applications (food, pharma, feed and veterinary sciences). The Company aims to achieve double-digit growth in this business.

strategic focus on key global accounts for Vitamin D3 crystals, prioritising the pursuit of nutraceutical companies. Besides, the Company strengthened its position in Latin America, Europe and the Middle East through the appointment of sector-specific distributors with the objective to increase market share in the pharma, animal feeds and food products segments.

Strengths

- **Pioneering:** Fermenta was a pioneer in the use of proprietary technology to manufacture Vitamin D3 in India.
- **Scale:** Fermenta is among the top three producers of Vitamin D3 in the world. During the fiscal gone by, it expanded capacities for Vitamin D3 500 FG, strengthening its ability to cater to larger and customised needs.
- **Unique:** Fermenta is one of three CEP-certified companies worldwide; its products and manufacturing facilities have been certified by various international regulatory bodies.
- **Integrated:** Fermenta is a fully-integrated Vitamin D3 manufacturer benefiting from superior quality and cost-effectiveness.
- **Natural:** The cholesterol used at Fermenta is obtained from sheep wool from TSE/BSE risk free countries
- **One-stop-shop:** Fermenta manufactures Vitamin D3 for various applications (human and veterinary healthcare).
- **Standardised:** Fermenta's manufacturing facilities (Kullu and Dahej) are benchmarked with the best global standards, backed by dedicated professionals and accreditations from a large number of global regulatory agencies.
- **Knowledge capital:** Fermenta has been manufacturing Vitamin D3 for over 50 years with a base of over 300 customers.

Highlights, FY2016-17

- The Company reported Vitamin D3 crystal sales to new key account customers in US and Israel
- The Company's Dahej facility was approved by key customers from Israel, Europe and US for onward engagement
- The Company strengthened its position in Latin American, European and the Middle Eastern markets by appointing sector-specific distributors to increase market share across the pharma, feed, food and veterinary segments

Outlook

The Company has laid keen emphasis on growing the export markets for feed grade products, dietary and nutritional supplements. New offerings in the vitamins, minerals and supplements segment are expected to catalyse growth. The Company plans to create a robust portfolio comprising value-added vitamins, minerals and nutrition segments encompassing a range of applications (food, pharma, feed and veterinary sciences). The Company aims to achieve double-digit growth in this business. The outlook of the business is positive especially in light of a growing focus on the food fortification segment in Indian, Middle Eastern and American markets. The Company is poised to enter into an agreement with a leading Indian premix brand to address the growing need for edible oil and milk-based product fortification. Besides, the Company commenced supplies to edible oil fortification initiatives in the attractive Middle East market.

MARKETING

Overview

The principal challenges addressed by the business during FY2016-17 included raising public awareness, increasing the medical fraternity's focus on Vitamin D3 and empowering distributor sales though product knowledge.

Highlights, FY2016-17

- The Company partnered a large multinational company to enhance Vitamin D awareness across 25,000 doctors and patients across India, a first of its kind co-promotion activity.
- First of a kind digital awareness initiatives on Facebook and Twitter handles of www.vitamindguru.com
- Increased visibility through various medico marketing initiatives
- Novel e-training of the distributor sales force, empowering them with Vitamin D product knowledge
- Focus on core competence and increased promotional thrust

Strengths

- Ongoing relationships with key end users
- Access to information on the latest medical and research-based trends
- Strong media presence in enhancing Vitamin D awareness
- Easily implementable distance learning digital initiatives
- Quick response to customer queries

Outlook

The Company intends to engage celebrity endorsement for Vitamin D products in India. It intends to increase its digital footprint through social awareness initiatives. It will increase engagement with distributor sales teams for higher customer conversion. It is creating evidence-based marketing by strengthening the sales team with various intended use trials.

Interesting Vitamin D facts

Using a sunscreen with as little as a 15-factor protection cuts the skin's vitamin D production by 99%.

Studies have shown low vitamin D levels in Asian women in the UK - particularly among those who cover most of their skin for cultural reasons.

Among school aged children, vitamin D deficiency percentage may be as high as 70%.

Recent studies have revealed that 65-70% Indians are Vitamin D deficient and another 15% are insufficient.

Low vitamin D levels are widely known to harm bones, leading them to become thin, brittle, soft or misshapen.

Vitamin D is equally important for heart, brain, immune function and much more.

If not managed properly, there are high chances that it can lead to rickets, osteoporosis, cardiovascular diseases, diabetes, cancer and infections such as tuberculosis.

It is also observed that high level of Vitamin D deficiency increases the risk of diabetes, coronary heart disease, hypertension and other cardiovascular diseases.

Results from a clinical review find nearly 1 billion people worldwide may have deficient or insufficient levels of vitamin D due to chronic disease and inadequate sun exposure related to sunscreen use.

More than two-thirds Indians suffer from Vitamin D deficiency

The new advice from PHE is that adults and children over the age of one should consider taking a daily supplement containing 10 mcg of vitamin D, particularly during autumn and winter.

It is recommended that children aged one to four years should have a daily 10 mcg vitamin D supplement all year round.

(Source: www.nhs.org.uk)

MANUFACTURING

Overview

The principal challenge at the start of 2016-17 was to streamline and expand Dahej capacity to address increased Vitamin D3 demand. Besides, there was a need to streamline and make the most efficient use of the Company's and outsourced manufacturing capacities. The Company was required to transfer Vitamin D3 Feed Grade from Kullu to Dahej and initiate production at the newly commissioned facility matching GMP standards. There was a premium on the need to expand Vitamin D3 crystalline capacity for pharma and DNS in the regulated Eastern European, South Korean and Japanese markets. The biotechnology vertical encountered low activity, yielding batches for more than two quarters.

Strengths

The Company possesses strong manufacturing capabilities reflected in its ability to meet year-on-year production targets through enhanced capacity utilisation. The Company demonstrated its commitment to manufacture world-class products through globally validated processes in a manufacturing facility that addressed the hygiene needs of the demanding developed markets by passing stringent customer and regulatory audits. The efficiency of the manufacturing operations was reflected in successive cost optimisation that enhanced overall viability.

Highlights, 2016-17

- Ensured smooth implementation of Vitamin D3 feed grade operations at the new set-up facility at Dahej
- Reinforced product quality on the back of thorough bioavailability tests conducted at a leading university in the US
- Clocked record Vitamin D3 crystalline production at Kullu
- Improved yields across all Vitamin D3 related segments
- Reduced solvent norms and increased recovery from disposable solvents via procedural modifications
- Cleared more than 24 stringent regulatory and customers audits including Medsafe (New Zealand) and NSF
- Addressed production targets as per changes in market demand (i.e. Phenyramidol Hydrochloride, Silicon Powder)
- Ensured compliance with stringent cGMP norms

Outlook

The business intends to enhance operational excellence with a growing focus on feed grade Vitamin D3 manufacture as well as the development of a product variant that can withstand excess temperature and humidity.
The Company will continue to seek operational improvements that enhance yield and moderate costs. The Company may consider a backward integration programme at an appropriate time in the future.

ENVIRONMENTAL SOLUTIONS

Overview

The environmental solutions business division addresses growing challenges in the areas of lake and pond restoration, solid waste management, oil remediation and fly ash management through the judicious use of biotech-based products. The business caters to the sewage treatment, effluent treatment, biogas enhancement, press mud composting, municipal solid waste composting and oil sludge treatment needs of industrial clients and government bodies.

Fermenta (along with its European collaborators) engages in techno-economic feasibility analyses of environmental projects to devise solutions. Revenues from this business grew by 31% in FY2016-17.

Strengths

- **Efficacious:** The Company's bio-enzyme product is an environment-friendly alternative to existing solutions.
- **Knowledgeable:** Leverages deep knowledge of wastewater treatment to design, monitor, plan and manage projects.
- **Integrated:** Not only possesses the ability to provide engineering solutions but also operational services to public and private clients.
- **Proficient:** Executes environmental projects of varying magnitude across wastewater, solid waste, hazardous waste management and lake water remediation
- **Proven:** The Company's proprietary product Fermsept®S proved successful in

municipal STP applications, resulting in superior plant performance, lower power consumption and reduced expenditure.

Highlights, 2016-17

- The Company conducted free applications of its bio-culture to treat raw sewage (septic tank trials in various locations) to enhance an understanding of services provided
- Trials were conducted in septic tank and municipal solid waste for new advanced products designed and manufactured by the Company's R&D division
- At a time when the business was marked by price erosion on account of growing competition, the Company concentrated on private institutional clients and public sector units to market by-products and engineering solutions, utilising proprietary expertise to treat sewage in their townships, STPs and oxidation ponds
- The Company incorporated state-of-the-art German technologies, opening new opportunities in the field of engineering, procurement and construction for decentralised treatment plants.
- The Company was awarded annual O&M contracts by various municipal bodies in Karnataka
- The Company established relationships with new clients where Fermsept® was supplied for wastewater treatment plants

Challenges and concerns

Landfills in most Indian cities are overflowing, with no space to accommodate fresh garbage waste. According to a report by the Centre of Science and Environment, instead of constructing new landfill sites, the government needs to prioritise innovative research in waste disposal and recycling.

Indian cities produce nearly 40,000 million litres of sewage everyday; barely 20% is treated. 80% of sewage in India is untreated, flowing into the nation's rivers. Weak or non-existent enforcement of environmental laws, rapid urban development and a lack of awareness about the dangers of water contaminated with sewage are all blamed for water pollution.

Outlook

An E&Y study says the Indian water sector could require an investment of around US$ 130 billion between 2011 and 2030. Only 60% of industrial and 26% of domestic wastewater is treated in India. Metros and large cities are treating only about 30% while smaller cities treat a minuscule 3.7% of their wastewater. According to industry estimates, Indians on average use 120 to 125 litres (33 gallons) of water daily; about half becomes wastewater. With a market size of over US$ 4 billion, the Indian water and wastewater market is growing at a steady rate of 10-12% every year.

Between an India, which produces 62 million tonnes of solid waste every year and a 'Swachh Bharat', lies an untapped waste management industry with the potential to be worth US$ 13 billion by 2025. Official figures say that around 62 million tonnes of solid waste is produced in the country every year of which only 43 million tonnes is collected and only 12 tonnes is treated while the rest are dumped away. This figure is expected to rise to 436 million tonnes by 2050. Around 4.5 million tonnes is hazardous waste that includes bio-medical waste. 3 million tonnes in plastic and 3.2 million tonnes of e-waste is generated annually in India. As per another survey by Novonous, the waste management market is expected to be worth US$ 13.62 billion by 2025, with an annual growth rate of 7.17%. Municipal solid waste (MSW) can be converted into an alternative to fossil fuel through a process of drying MSW then crushing it and packing it into brick form.

The Company plans to address the municipal sewage treatment and industrial opportunities of private and public sector institutions. The Company intends to focus on the maintenance of wastewater treatment plants (including the sale of Fermsept®S) and provide retrofitted solutions. The Company intends to respond to a growing sewage management market arising out of the Central Government's Clean India Mission and Clean Ganga Mission. The business also intends to market products to residential and hospitality customers.

Source: grandviewresearch;globenewswire

The Company plans to address the municipal sewage treatment and industrial opportunities of private and public sector institutions. The Company intends to focus on the maintenance of wastewater treatment plants (including the sale of Fermsept®S) and provide retrofitted solutions.

FERMENTA'S HUMAN RESOURCES

6
Employee motivation exercises

5
(%) Increase in retention rate

86
(%) Retention level

Talent acquisition

- Inducted 71 people in FY 2016-17, which comprised senior positions.
- Expanded operations at Dahej facility by adding 45 members.
- Used professional networking sites extensively for headhunting talent

Organisation development

- Conducted personal profile and human job analyses using behavioural assessment tools
- Conducted two technical workshops on CAPA for cross-functional teams at Dahej and Kullu
- Initiated an online technical training on GMP and global pharma practices
- Sent team members to technical conferences
- Nominated employees for additional certification programmes
- Undertook six employee motivation exercises at Kullu and Dahej

Employee engagement and benefits

- Organised children's programmes, annual sports, festival celebrations and get-togethers
- Group Insurance benefit was extended to dependent children
- Introduced term life insurance coverage of ₹10 lakhs for each employee

Performance appraisal

- Conducted compensation surveys
- Undertook performance reviews, compensation revisions and enhanced job responsibilities

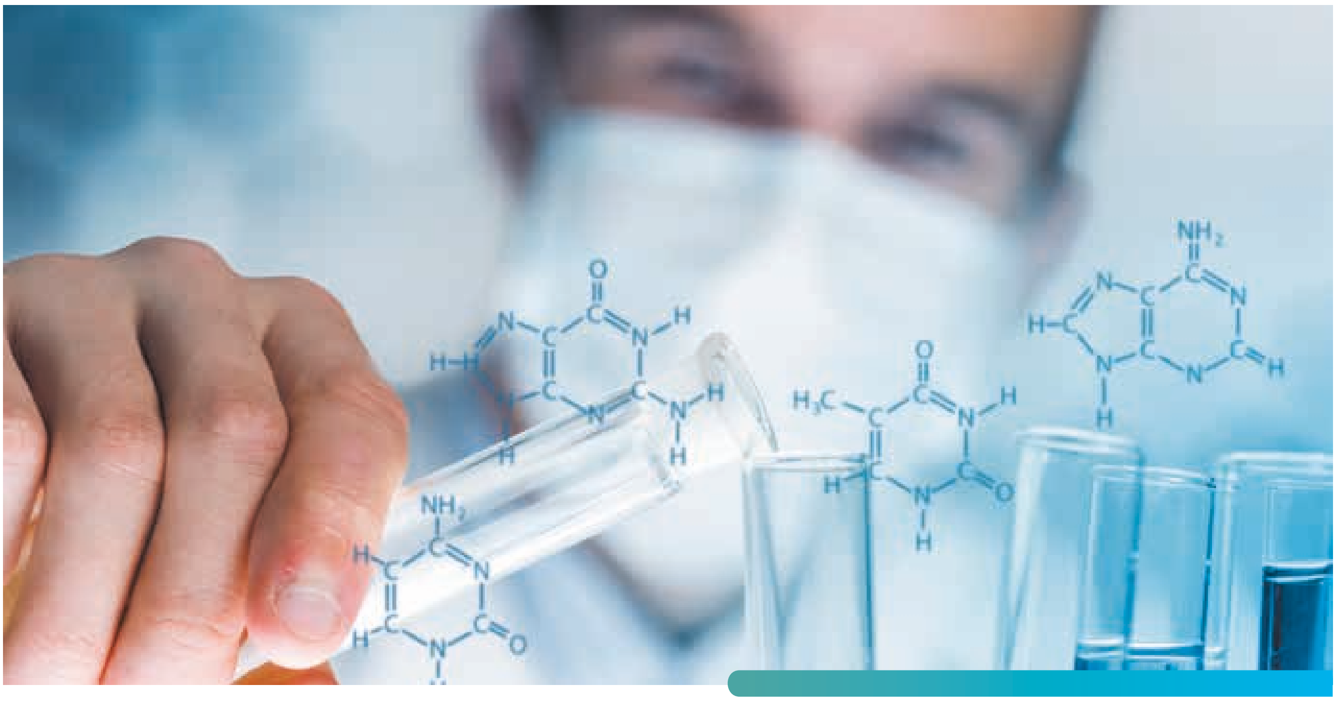
Attrition management

- Attrition percentage at Dahej was reduced; overall retention percentage increased 5% across locations
- Compensation reward programmes, role enhancements, additional certification programmes, among others, enhanced retention
- Retention level was 86% in FY2016-17
- 127 employees across three locations were associated with the Company for more than five years at the close of FY2017

MANAGING RISKS AT FERMENTA

Qualitative discrepancies affect the Company's brand and order book	Fermenta's facilities consistently meet Ph.Eur, USP, IP as well as other national and international quality standards. The Company's API division is certified by WHO-GMP, ISO 9001:2008, ISO 14001:2004, BS OHSAS 18001:2007, HACCP, Vegetarian certificate from Vegetarian Society, UK and American Vegetarian Society.
Increased competition could affect the Company's realisations and profitability	The Company is the only Vitamin D3 manufacturer in India and one of three manufacturers to obtain a CEP from EDQM. Fermenta is also the leading manufacturer of Phenyramidol in the world. Fermenta leverages enduring relationships with a number of global customers to hold onto its status as the preferred supplier of Vitamin D3 and Phenyramidol products.
Inability to retain and recruit intellectual talent could affect the Company's competitiveness	The Company's intellectual capital comprises 19 scientists, possessing rich global biotechnology experience. The Company's managerial cadre comprises MBAs from premier institutes, PhDs, engineers, chartered accountants, cost accountants, company secretary and science graduates. The Company's people retention stood at 86% in 2016-17, higher than the industry standard.
Infringement of patent rights could affect the Company's growth	The Company keeps itself acquainted with emerging trends and incubates business segments to expand its portfolio.
Unforeseen events can affect the Company's business in certain geographies	The Company supplies Vitamin D3 products to more than 50 countries (including India) and its export presence is spread across Europe, the Middle East, South East Asia and North America.
Inability to scale output can affect the Company's market share	The Company enjoys significant operating leverage at its Dahej unit (56% land bank unused) and is continuously engaged in enhancing manufacturing capacities.

MANAGEMENT DISCUSSION AND ANALYSIS



GLOBAL ECONOMIC OVERVIEW

Global economic growth stagnated at around 3.1% during 2016 following a deceleration in trade activities, lowered investments and political uncertainties in advanced economies. The year was marked by the United Kingdom's decision to exit the European Union and the election of Donald Trump as the American President. Consumers continued to spend cautiously as expenditure increased by 2.4% in real terms over 2015, well below the corresponding increase in disposable incomes in the Asia Pacific region. Global growth is estimated to rise from 2.3% in 2016 to 2.7% in 2017. Growth in emerging and developing economies too, is expected to revive in 2017 on the back of a removal of a number of obstacles for commodity exporters and sustained demand from commodity importers. The main factors that could possibly lead to the medium-term growth prospects across many emerging markets and developing economies are weak investments and sub-optimal productivity. Advanced economies witnessed a stronger-than-expected pickup in growth mostly due a reduced drag from inventories and some recovery in manufacturing output. Economic activity in both advanced as well as developing economies will accelerate during 2018. (Source: World Bank, Euromonitor, IMF)

Global growth trends

	2016	2017 (P)	2018 (P)
Global economy	3.1%	3.4%	3.6%
Advanced economies	1.6%	1.9%	2.0%
Emerging market and developing economies	4.1%	4.5%	4.8%

(Source: IMF)

INDIAN ECONOMIC OVERVIEW

India's GDP grew at a rate of 7.1% in FY2016-17 vis-à-vis 8% in FY2015-16. The manufacturing and construction sectors were hit by the cash crunch, thereby pulling down the real GDP growth in Q4FY17 to 6.1% from 7%. The Gross Value Added growth in Q4FY17 was pegged at 5.6% while GVA expansion slipped to 6.6% in FY2016-17 from 7.9% in FY2015-16. Although the demonetisation initiative had a broad-based impact on the economy during the third and fourth quarters, it will usher in long-term benefits. The lower-than-expected real GDP growth in Q4FY17 was also due to the firming up of commodity prices, which hardened the WPI. Nominal GDP expansion touched 11% compared to 9.9% in FY2015-16, owing to higher inflation, especially at the wholesale level. Despite several such macroeconomic challenges, the agriculture and mining sectors managed to hold sway on the back of robust consumption levels. Thanks to a favourable monsoon, the agricultural sector expanded by 4.15% during FY2016-17 (significantly higher than 0.7% in FY2015-16), contributing ~17% of India's GVA. The country's manufacturing sector, one of high-growth sectors of the economy, contributes ~16% of India's GDP. India's manufacturing sector retains the potential to touch US$ 1 trillion by 2025 propelled by governmental initiatives like Make in India, FDI regulation changes, and amendment of bankruptcy laws, among others. India's IIP rose from 0.7% to 5% during FY2016-17 (base year modified from FY2004-05 to FY2011-12). According to CARE ratings, the industrial output is expected to grow at a rate of ~6% in FY2017-18. The country's forex reserves rose by US$ 1.1 billion to reach ~US$ 368 billion (as on March 24, 2017) while a widening trade shortage caused India's CAD to jump to a four-quarter high – 1.4% of the GDP in Q4 from 0.6% of the GDP during Q3. The services sector grew at a rate of 8.8% during FY2016-17 while the performance of trade, hotels and restaurants, and transport, storage and communication sectors are expected to improve during FY2017-18. *(Source: IBEF, Economic Survey, World Bank, Asian Development Bank, Reserve Bank of India, CSO)*

The Gross Value Added growth in Q4FY17 was pegged at 5.6% while GVA expansion slipped to 6.6% in FY2016-17 from 7.9% in FY2015-16. Although the demonetisation initiative had a broad-based impact on the economy during the third and fourth quarters, it will usher in long-term benefits.

Outlook

The growth estimates for FY2016-17 is based on normal precipitation levels during the year as well as an expected increase in consumption, private sector participation and governmental spending. The nationwide rollout of the Goods and Services Tax in the second quarter of FY2017-18 is also expected to result in bolster India's GDP growth by 0.25-0.5%. Consequently, the Indian economy is expected to grow at a rate of 7.6-7.8% during FY2017-18. *(Source: Financial Express, Business Line)*

GLOBAL PHARMACEUTICALS SECTOR

The pharmaceutical sector's growth is linked with a country's economic growth and healthcare spending. While pharma spending growth is projected to increase, there is a concurrent pressure to moderate costs and enhance efficiency, which explains why global healthcare spending could only result in low single-digits. In the last few years, pricing pressures in the United States and unstable economic conditions in Brazil, Russia, and China, which account for 50% of the global pharmaceutical revenues, slowed growth in the pharma segment. The one visible trend is that the demand for generic drugs could continue to rise. The reduction in overall spending as branded medicines lose exclusivity is expected to total US$ 143.5 billion in five years – more than 1.5x the impact of the last five years. This includes the estimated impact of biosimilars, which will contribute between US$ 27–58 billion, uncertainty based on multiple issues in litigation with originators, as well as regulatory, pricing and competitive dynamics. Generic drugs now account for nearly 90% of all prescriptions, which is projected to escalate to 92% by 2021 as more medicines lose patent protection. Zero-cost prescriptions accounted for 28.6% of prescriptions in 2016, expected to scale to 34% of prescriptions by 2021, driven by mostly generic and older medicines. Generics account for the majority of prescription drugs supplied in China estimated at around two-thirds of total sales value. In the United States, generic drugs comprised about 70% of the pharma market by volume. Pharma companies are adapting to current market dynamics and positioning themselves for growth through portfolio transformation, targeted deal-making, cost-cutting measures, and sharpened focus on high-performing therapeutic area and geographic markets.

Demand drivers

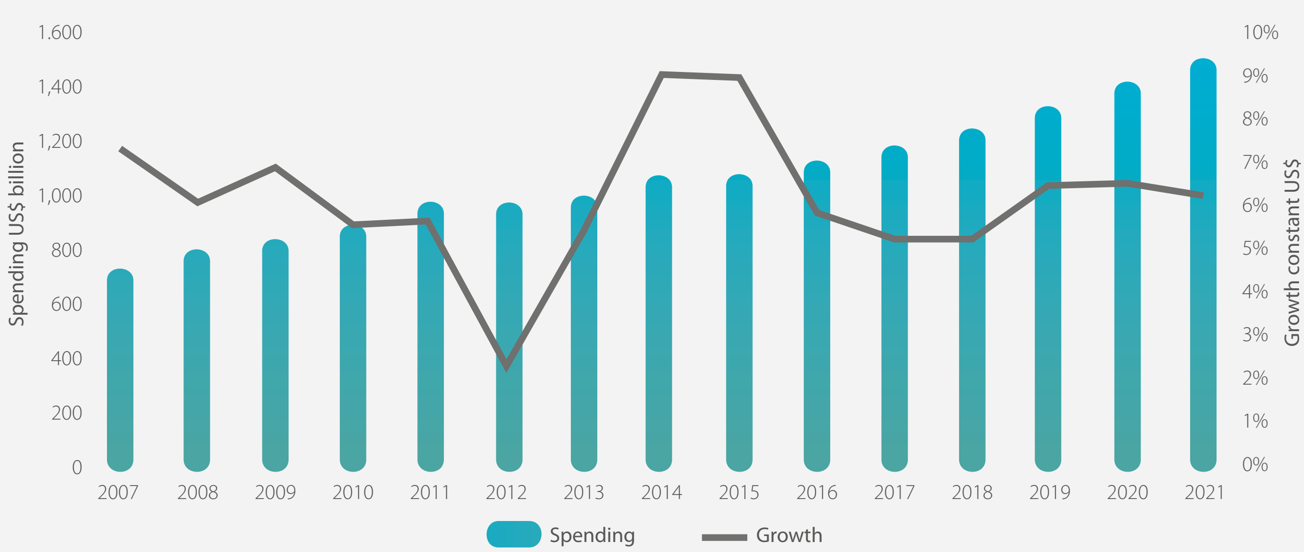
- Global healthcare spending as a percentage of the GDP is expected to rise from an estimated 10.4% in 2015 to 10.5% in 2020
- Governmental healthcare expenditures as a percentage of GDP are projected to rise quicker in low-income countries
- Global healthcare expenditure is projected to reach US$ 8.7 trillion by 2020, from US$ 7 trillion in 2015, driven by improving treatments in therapeutic areas, increased incomes and improved life expectancy.
- Increasing incidence of chronic and lifestyle diseases, caused by urbanisation, sedentary lifestyles, evolution in diets and rising obesity. By 2020, 50% of global healthcare expenditure – ~US$ 4 trillion – could be spent on cardiovascular, cancer and respiratory diseases

(Source: Global Life Sciences Outlook Report - Deloitte)

Outlook

The total volume of medicines consumed globally could increase by about 3% annually through 2021, which is only marginally higher than population growth and demographic shifts. Global medicine spending could reach nearly US$ 1.5 trillion by 2021 (invoice price basis), up nearly US$ 370 billion from the 2016 estimated spending. Spending growth slowed in 2016, declining from nearly 9% growth in 2014 and 2015 and is expected to range between 4 and 7% CAGR over the next five years. Much of the global spending growth, particularly in the developed markets, would be driven by oncology, autoimmune and diabetes therapies. The global consumption of medicines is expected to reach 4.5 trillion doses by 2020 (up 24% from 2015), the largest consuming countries being pharmerging markets. It is widely accepted that two-thirds of all global medicines could comprise of generics. Developed markets could continue to account for a majority of the sector's spending. Over half the world's population could consume more than one dose per day, influenced by rising incomes in countries like China, Brazil, Indonesia and India. *(Source: https://connect.dcat.org)*

Global Market Spending and Growth, 2007-2021

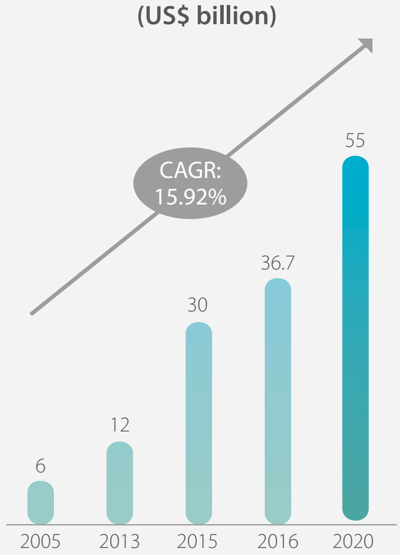


Source: IMS Market Prognosis, Sept 2016; Quintiies IMS institute, Oct 2016

INDIAN PHARMACEUTICALS SECTOR

- India has become the third largest global generic API merchant market by 2016, with a 7.2% market share
- Largest exporter of formulations in terms of volume, with 14% market share and 12th in terms of export value
- With 70% of market share (in terms of revenues), generic drugs form the largest segment of the Indian pharmaceutical sector (Source: https://www.ibef.org and Business Standard)

Revenues (actual and estimated) of the Indian pharmaceutical sector (US$ billion)



India's pharmaceutical sector accounts for ~2.4% of the global pharmaceutical industry by value and 10% by volume. The market increased at a CAGR of 17.46% during 2005-16 with the market increasing from US$ 6 billion in 2005 to US$ 36.7 billion in 2016 and is expected to expand at a CAGR of 15.92% to US$ 55 billion by 2020. By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size. The country is the third largest global generic API merchant market, with a 7.2% market share. It is the largest exporter of formulations by volume, with 14% market share and 12th in terms of export value. Generic drugs account for 20 %of India's exports by volume, making the country the largest provider of generic medicines to the world. Generic drugs account for 70% (by revenues) of the Indian pharmaceutical sector. India's spend on drugs is the lowest among the top-15 pharma markets, its per capita spend being US$ 60-64 per annum (between 2010 and 2014) as per World Bank. In India, public spending on health was 1.1% of GDP against the accepted global benchmark which is higher. By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and sixth largest market globally in absolute size. *(Source: IBEF)*

The Indian pharmaceuticals market witnessed growth at a CAGR of 17.90%, during 2005-16, with the market increasing from US$ 6 billion in 2005 to US$ 36.7 billion in 2016 and is expected to expand at a CAGR of 15.92% to US$ 55 billion by 2020.

Demand drivers

- Population growth at around 1.3% a year coupled with a steady increase in disease prevalence could widen patient pool by nearly 20% by 2020.
- The affordability of drugs could rise following growth in incomes and insurance coverage. Rising incomes could drive 73 million households into the middle and upper-income segments. By 2020, nearly 650 million people could enjoy health insurance coverage, growing by nearly 15% annually.
- Government-sponsored health programmes are expected to provide healthcare coverage to nearly 380 million people (classified as below the poverty line) by 2020. Rashtriya Swasthya Bima Yojana could cover 75% of BPL population. By 2020 governmental spending on healthcare could increase to 1.5% of the GDP.
- Accessibility to drugs could expand due to growth in medical infrastructure, new business models for Tier-II towns and rural areas and greater government spending on healthcare. Medical infrastructure could experience dramatic growth, with over US$ 200 billion likely to be invested in this space in the next decade (more than 1,60,000 beds each year).

Challenges and concerns

- **Compliance issues and good manufacturing practices:** This has somehow always been a problem for the companies. The ongoing rumour is that the United States Food and Drug Administration is trying to block the growth of the companies. The approval of USFDA is important because the largest consumer of pharma products is the US and India is a major exporter. The opinion of the USFDA is considered to be the standard in the sector as well.
- **Highly fragmented industry:** The Indian pharma industry is highly fragmented. The market is overloaded with generic manufacturers. This is a cause for concern because high fragmentation causes

instability, volatility and uncertainty which is certainly not a good omen for the pharma sector.

- **Low margin of profits due to government pricing policies – Drug Price Control Order:** The main issue raised by most of the pharma companies is that the profits which they earn are basically peanuts and this income is not sufficient enough.
- **Low input for research and development due to pricing norms:** The lower the profits for the companies, the lower the investments. So the companies cite that due to the low income, they are not able to develop products the way they want.
- **Stronger IP regulations:** IP regulation has always been a thorn in the skin for the companies, especially the foreign companies.

Outlook

The Indian pharma industry is expected to grow at a rate of >15% per annum between 2015 and 2020, expected to outperform the global pharma industry's estimated growth of 5% during the same period. *(Source: IBEF)*

Accessibility to drugs could expand due to growth in medical infrastructure, new business models for Tier-II towns and rural areas and greater government spending on healthcare.

Advantage India

2016
Market size
US$ 36.7 billion

2020E
Market size
US$ 55 billion

Cost-efficiency
- Low cost production and R&D boosts efficiency of Indian pharma companies.
- India's cost of production is approximately 60% lower than that of the US and almost half of that of Europe.
- Due to lower cost treatment, India is emerging as a leading destination for medical tourism

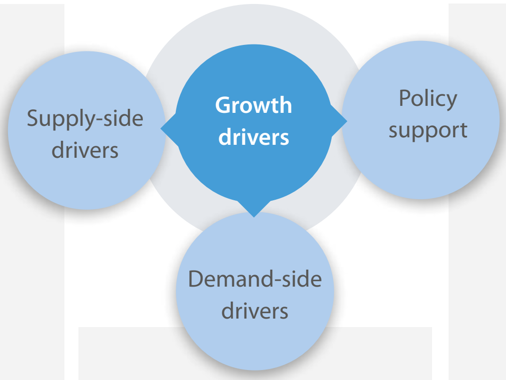
Economic drivers
- Economic prosperity to improve drug availability
- Increasing penetration of health insurance
- With increasing penetration of chemists, especially in rural India, OTC drugs will be readily available.

Diversified portfolio
- Accounts for over 10% of the global pharmaceutical production
- Over 60,000 generic brands across 60 therapeutic categories. Manufactures more than 500 different APIs.
- 35.7% of all drug master filings from India is registered in the USA in 2015

Policy support
- Government unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacture
- Reduced approval time for new facilities to boost investments
- In this sector, 100% FDI is allowed under automatic route

Source: PwC, McKinsey, Pharmaceutical Exports Promotion Council of India, TechSci Research

Notes: 2020 revenue forecasts are estimates of McKinsey, API- Active Pharmaceutical Ingredients, F-Forecast, OTC- Over-The-Counter



Supply-side drivers

- Cost advantage
- Skilled manpower
- India a major manufacturing hub for generics
- In FY16, 546 sites registered at USFDA. India accounts for 22% of overall USFDA approved plants
- Increasing penetration of chemists

Demand-side drivers

- Increasing fatal diseases
- Accessibility of drugs to greatly improve
- Increasing penetration of health insurance
- Growing number of stress-related diseases due to change in lifestyle
- Better diagnostic facilities

Policy support

- National Health Policy 2015,
- Which focuses on increasing public expenditure on healthcare segment
- Reduction in approval time of new facilities
- Plans to set up new pharmaceutical education and research institutes
- Exemptions to drugs manufactured through indigenous R&D from price control under NPPP-2012

BIOTECHNOLOGY BUSINESS

Global biotechnology industry

Between 2010 and 2016 the global biotechnology segment grew at a CAGR of 3.7%, from US$ 263.7 billion to a projected US$ 293.5 billion. Biotechnology companies comprise seven of the top 10 drugs in global sales. Between 2016 and 2021, global biotechnology revenue is estimated to rise to US$ 314.7 billion catalysed by larger global investments in biotechnology and a growing geriatric population in developed economies. *(Source: Deloitte)*

Indian biotechnology industry

The Indian biotechnology industry witnessed a y-o-y growth of 57.14% in FY2015-16 to reach US$ 11 billion and is estimated to reach US$ 11.6 billion by FY2016-17. The Indian biotechnology industry accounts for a ~2% share of the global biotechnology industry. The biotechnology industry in India, comprising ~800 companies, is valued at US$ 11 billion growing at a CAGR of 20%. India is among the top-12 biotechnology destinations in the world and ranks third in the Asia-Pacific region. India has the second-highest number of USFDA-approved plants, after the US and is the largest producer of recombinant Hepatitis B vaccines. Out of the top-10 biotechnology companies in India (by revenue), seven have expertise in bio-pharmaceuticals and three specialise in agro-biotechnology. *(Source: www.ibef.org)*

Governmental support

In the Union Budget 2017, the Department of Biotechnology received US$ 333.31 million, an increase of 22%, to continue implementing the department's national biotechnology strategy and target increasing the turnover from the sector to US$ 100 billion by 2025 from US$ 7 billion in 2016. Under the 12th Five Year Plan, the Government of India plans to strengthen regulatory science and infrastructure, which involves setting up of Biotechnology Regulatory Authority of India and a central agency for regulatory testing and certification laboratories. FDI up to 100% is permitted through the automatic route via the greenfield mode and through the government route for via the brownfield mode.

Challenges and concerns

The primary challenge for India lies in addressing the gaps in infrastructure, policy measures and funding. India has the potential of becoming the leading global innovation hub for biotech, being recognised globally as a preferred outsourcing destination for contract research and manufacturing. China is however causing this advantage to shift towards itself its regulatory policies and infrastructure opportunities provide far more favourable opportunities for innovation and growth.

Outlook

Fast-paced growth is likely to continue; the industry is expected to increase in size to US$ 11.6 billion by 2017, driven by a range of factors such as growing demand, intensive R&D activities and strong government initiatives. India has all the ingredients to become a global leader in affordable healthcare. India constitutes around 8% of the total global generics market, by volume, indicating a huge untapped opportunity in the sector. Outsourcing to India is projected to spike up after the discovery and manufacture of formulations.

API BUSINESS

Global API industry

The global active pharmaceutical ingredients market is expected to reach US$ 213.97 billion by 2021 from US$ 157.95 billion in 2016, growing at a CAGR of 6.3%. The market is segmented on the basis of manufacturers, syntheses, drugs, therapeutic applications and regions. *(Source: www.marketsandmarkets.com)*

Indian API industry

Active pharmaceutical ingredients are the active substances that are used in the manufacture of a drug and have a pharmacological effect. They provide health benefits and play a vital role in disease diagnosis, prevention, and treatment. Active pharmaceutical ingredients may be synthesised either chemically or through biotechnological methods. India is projected to be the third largest global generic API merchant market with a 7.2% market share. Analysts forecast the API market in India to grow at a CAGR of 10.76% over the period 2014-19. *(Source: www.prnewswire.com)*

Governmental support

~84%of APIs of all drugs manufactured in India are imported; 60% from China alone. The rest of India's API imports come from European countries, particularly Italy. The value of Chinese API imports is in the range of ₹8,000 and ₹10,000 crore for the Indian formulations market estimated at ₹100,000 crore. *(Source: DCGI, Indian Express)*

Challenges and concerns

Price volatility is one of the principal challenges affecting the country's API sector. Besides, the export of APIs is often influenced by improving regulatory standards across countries, making it imperative for manufacturers to moderate their production costs and improve competitiveness. The export of products to the developed markets is influenced by high standards of plant and process scrutiny by their regulatory agencies. Besides, customer standards have become increasingly demanding, which is always being perceived as a challenge. China is India's primary competitor in the pharmaceutical industry. Chinese APIs are approximately 20% cheaper as compared to Indian APIs. China accounts for >50% of the supplies of bulk drugs used in making formulations.

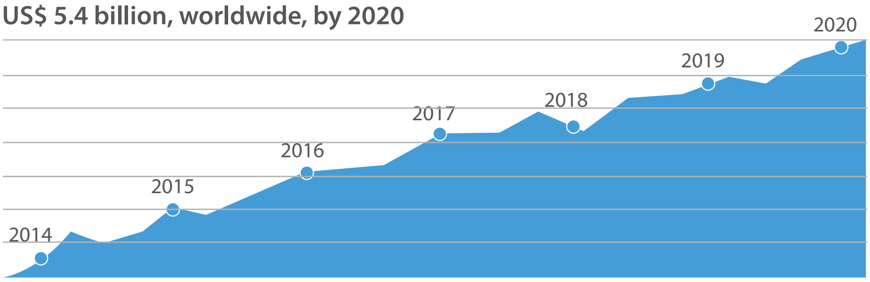
ENZYMES BUSINESS

Global enzymes industry

The global enzymes market is expected to grow on average 4.6% through 2020 to US$ 7.2 billion from US$ 5.78 billion in 2015. This market includes enzymes used in industrial applications (food and beverages, cleaning products, bio-fuel production, animal feed, and other markets) and speciality applications (research and biotechnology, diagnostics, and bio-catalysts). Food & beverages were the largest application of industrial enzymes and are expected to witness the fastest growth at a CAGR of 10.9% from 2016 to 2024 on account of rising disposable income of consumers coupled with growing demand for a high nutritional diet. In addition, increasing usage in sugar production, dairy industry, and meat processing will propel industry growth over the next eight years. *(Source: www.grandviewresearch.com, Freedonia Group)*

The global enzymes market is expected to grow on average 4.6% through 2020 to US$ 7.2 billion from US$ 5.78 billion in 2015.

The world Enzymes market is expected to reach US$ 5.4 billion, worldwide, by 2020



Growing at a CAGR OF 7.8% during 2015-2020

Global API industry

India is an attractive market with high growth rates in the past years. Enzyme use is still in its infancy with growing awareness of enzyme potential and benefits providing attractive growth perspectives. The industrial enzymes segment, has an estimated worth of US$ 75 million, and is a quickly growing market in India. India imports about 70% of the total enzyme consumption.

Pharmaceutical enzymes represent much of the industrial enzyme demand in India and cover almost 50% of the total enzyme demand, followed by detergent enzymes (20%) and textile enzymes (20%). *(Source: www.sisinternational.com)*

Outlook

The Indian industrial enzymes market is projected to surpass US$ 361 million by 2020 on account of increasing food processing facilities, tanneries and textile manufacturing facilities in the country. *(Source: Pharmaion)*

ENVIRONMENT SOLUTIONS BUSINESS

A large number of enzymes from different plants and microorganisms play an important role in an array of waste treatment applications. Enzymes remove specific recalcitrant pollutants by precipitation or transformation. They also can change the characteristics of a given waste to render it more amenable to treatment or aid in converting waste material to value-added products.

Official figures say that around 62 million tonnes of solid waste is produced in the country every year of which only 43 million tonnes is collected and only 12 tonnes is treated while the rest are dumped away. This figure is expected to rise to 436 million tonnes by 2050.

Wastewater management

An E&Y study says the Indian water sector could require an investment of around US$ 130 billion between 2011 and 2030. Only 60% of industrial and 26% of domestic wastewater is treated in India. Metros and large cities are treating only about 30% while smaller cities treat a minuscule 3.7% of their wastewater. According to industry estimates, Indians on average use 120 to 125 litres (33 gallons) of water daily; about half becomes wastewater. With a market size of over US$ 4 billion, the Indian water and wastewater market is growing at a steady rate of 10-12% every year.

Water scarcity, energy savings, and increasingly complex industrial wastewater treatment demands are pushing companies to implement new techniques to optimise environmental and economic performance. Advanced automation, new cooperative facilities and other technology and expertise advances will help India's industrial operators meet public needs at reduced economic cost – facilitating the sustainable economic and environmental development so crucial to India's future.

Solid waste management

Between an India which produces 62 million tonnes of solid waste every year and a 'Swachh Bharat' lies an untapped waste management industry with the potential to be worth US$ 13 billion by 2025. Official figures say that around 62 million tonnes of solid waste is produced in the country every year of which only 43 million tonnes is collected and only 12 tonnes is treated while the rest are dumped away. This figure is expected to rise to 436 million tonnes by 2050. Around 4.5 million tonnes is hazardous waste that includes bio-medical waste. 3 million tonnes in plastic and 3.2 million

tonnes of e-waste is generated annually in India. As per another survey by NOVONOUS, the waste management market is expected to be worth US$ 13.62 billion by 2025, with an annual growth rate of 7.17%. Municipal solid waste (MSW) can be converted into an alternative to fossil fuel through a process of drying MSW then crushing it and packing it into brick form.

Government initiatives

Atal Mission for Rejuvenation and Urban Transformation: The programme aims to ensure basic infrastructural services in terms of water supply, sewerage, seepage management, storm water drains and development of green spaces and parks. As a means to this end, a minimum of over ₹2 lakhs crore would be spent till 2019-20 with State Governments and ULBs mobilising resources ranging from 50% to 66%. *(Source: Make in India)*

Jawaharlal Nehru National Urban Renewal Mission: The Central Government is working on a new Jawaharlal Nehru National Urban Renewal Mission that will see more cities covered by the infrastructure improvement project, with a massive hike investment. The investment increased from ₹1.2 lakhs crore in the first phase to ₹2 lakhs crore in the second phase. The new scheme received ~75% more investment which will be channelised towards the developing slums, enhancing accessibility to basic public services such as drinking water, sewage, solid waste management, roads and streetlights to all and urban planning. *(Source: http://www.mapsofindia.com)*

Challenges and concerns

Landfill sites are overflowing in India owing to the fundamentally flawed disposal system. Landfills in most Indian cities are overflowing, with no space to accommodate fresh garbage waste. Most of the landfills in India have not been built according to accepted specifications. Owing to the decomposition of inorganic waste, the ground water is contaminated. When rainfall percolates through the waste in landfills, there is also the problem of leaching as most of these dumping grounds are not scientific landfills. Handling solid waste is another one of India's growing urban challenges with respect to managing sewage. Indian cities produce nearly 40,000 million litres of sewage every day and barely 20% of it is treated. 80% of sewage in India is untreated and flows directly into the nation's rivers, polluting the main sources of drinking water. Weak or non-existent enforcement of environmental laws, rapid urban development and a lack of awareness about the dangers of water contaminated with sewage are blamed for water pollution. *(Source: Centre of Science and Environment)*

Outlook

The waste management sector in India has the potential to be worth US$ 13 billion by 2025, driven by the Swachh Bharat initiative of the government. *(Source: http://wastemanagementreview.com.au)*

Report of The Board of Directors

Dear members

Your Directors are pleased to present the 30th Annual Report along with the Audited financial statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

(Amounts ₹ in Lakhs)

	Standalone results		Consolidated results	
Particulars	2016-17	2015-16	2016-17	2015-16
Total Revenue	16,154.87	14,979.12	16,154.87	14,980.26
Total Expenditure	14,926.16	13,361.58	14,957.58	13,370.95
Profit before prior period item and tax	1,228.71	1,617.54	1,197.29	1,609.31
Prior period item	17.07	--	17.07	--
Profit before tax ('PBT')	1,211.64	1,617.54	1,180.22	1,609.31
Less : Provision for tax (including deferred tax)	222.35	428.62	222.27	428.55
Profit after tax ('PAT')	989.29	1,188.92	957.95	1,180.76
Share of Minority interest in Profit and Loss account	--	--	(0.30)	(0.36)
Profit after share of Minority interest in Profit and Loss account	989.29	1,188.92	958.25	1,181.12
Balance brought forward	5,378.46	4,189.54	5,348.85	4,167.73
Balance carried to Balance Sheet	6,367.75	5,378.46	6,307.14	5,348.85

RESULTS FROM OPERATIONS

In financial year 2016-17 ('FY 2016-17'), Company's Revenue on a standalone basis increased to ₹16,154.87 lakhs compared to, ₹14,979.12 lakhs in the previous year i. e. financial year 2015-16 ('FY 2015-16'). Profit before tax for FY 2016-17 was ₹1,211.64 lakhs compared to 1,617.54 lakhs for FY 2015-16. Profit after tax was ₹989.29 lakhs for FY 2016-17 compared to ₹1,188.92 lakhs for FY 2015-16.

The Company on a consolidated basis recorded revenue of ₹16,154.87 lakhs in FY 2016-17 compared to ₹14,980.26 lakhs in FY 2015-16. Profit after tax was ₹957.95 lakhs compared to ₹1,180.76 lakhs in FY 2015-16.

Your Directors propose to retain the entire profit for FY 2016-17 i.e. ₹989.29 lakhs in the Statement of Profit and Loss as balance carried to the Balance sheet and, hence, no amount was transferred to the General Reserves for FY 2016-17.

DIVIDEND

In order to conserve the Company's resources, your Directors did not recommend any dividend for FY 2016-17.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries i.e. Fermenta Biotech (UK) Limited and G.I. Biotech Private Limited (collectively referred to as the 'Subsidiary companies') are prepared in accordance with the relevant Accounting Standards (AS) i.e. AS 21 and AS 27, issued by the Institute of Chartered Accountants of India and provisions of Section 129(3) of the Companies Act, 2013 ('Act') and form part of this Annual Report.

SUBSIDIARY COMPANIES

The financial information of the Subsidiary companies provided in this section may be read along with the information provided under the heading 'Consolidated Financial Statements'. In accordance with the provisions of section 129(3) of the Act, read with Rule 5 and Rule 8 of the Companies (Accounts) Rules, 2014, (as amended from time to time), a separate statement containing salient features of the financial statements of its Subsidiary companies in Form AOC I is attached to this Board's report as **Annexure IV** and forms part of this Board's report.

The financial statements of the Subsidiary companies will be kept open for inspection at the registered office of the Company from 10:00 a.m. to 5:00 p.m. on all working days i.e. Monday to Friday, up to the date of the 30th Annual General Meeting ('AGM') of the Company.

In FY 2016-17, no company has become or ceased to be a subsidiary (including associate or joint venture) of the Company.

Individual financial statements of the Subsidiary companies are not attached to the financial statements of the Company for FY 2016-17. Standalone and consolidated financial statements of the Company alongwith financial statements of its subsidiaries have been uploaded on the Company's website www.fermentabiotech.com.

Members interested in obtaining copies of the annual financial statements of any of the Subsidiary companies, may write to the Company Secretary at the registered office address of the Company.

INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

Internal Control Systems including internal financial controls are integrated part of Company's risk management process. Major risks identified by the management and business functions are systematically addressed through mitigating actions on a continuing basis. In order to identify and mitigate risks, your Company has developed and implemented Risk Management Policy and maintains adequate internal control systems commensurate with its size, nature of operations reporting(s) and its compliance with applicable laws, rules and Company's procedures. The Company's internal control systems are routinely tested and certified by Statutory as well as Internal Auditors. During FY2016-17, the Company's Internal auditors, M. M. Nissim & Co., Chartered Accountants, conducted and reported the effectiveness and efficiency of these systems including the adherence to procedures as per the policies of the Company.

Your Company has a well-staffed, experienced and qualified finance department which plays an important role in implementing and monitoring the internal control environment and compliance with statutory requirements. The Audit Committee and the Board of Directors actively review the adequacy and effectiveness of internal control systems at regular intervals and suggest improvements and corrective actions for implementation.

HUMAN RESOURCES

The provisions of Section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended from time to time) ('Rules') are not applicable for the Company for FY 2016-17. Hence, information required under the Rules does not from part of Board's Report. The Company enjoys cordial relations with its employees across all locations.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

Your Company continues to provide a safe working environment for its employees. The Company has framed a code on 'Redressal of grievances regarding sexual harassment' and has constituted an 'Internal Complaints Committee' for redressal of grievances as per the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. There were no cases / grievances reported or pending during FY 2016-17.

INFORMATION TECHNOLOGY

Information Technology (IT) team continues to support business operations in the Company through continued investment in various Enterprise Applications which gives the business better information visibility. Your Company's IT team manages Company's all locations with state-of-the-art support technology tools. In addition, mobility solution is in place for all individuals who execute sales transactions in the market place. IT has played a key role in bringing agility and availability across all the departments of the Company. As security has always been a key focus area, IT team has put additional measures in place to ensure and avoid any kind of ransomware or such future attacks.

This year your Company has invested in SAP HANA ERP system which will bring additional efficiencies, SAP HANA QMS system will enable faster customer response and support needless to mention it will also comply with USFDA regulations, your Company plans to Go Live soon.

Your Company has also ensured that all the GST related readiness is complete on the technology front before the scheduled date.

The Company continues to drive resilience through targeted remediation of high risk IT components, including hardware, databases, operating systems and applications. Annual Application and Control audits are undertaken to ensure consistent remediation of any business and process risks. Alongside the investment in technology, your Company is also improving its service management processes to prevent any defects in the IT environment and to enable faster resolution of any such incidents with minimum business disruption.

DEPOSITS

In FY 2016-17, your Company has not accepted any fixed deposits, and no principal or interest remains unpaid or unclaimed as on March 31, 2017.

DIRECTORS

Independent Directors

Independent Directors have made declarations to the Company confirming that they meet conditions of independence laid down in sub-section 6 of section 149 of the Act.

Retirement by rotation

Ms. Anupama Datla Desai (DIN – 00217027) retires by rotation at the 30th AGM and, being eligible, offers herself for re-appointment.

Key Managerial Personnel:

During FY 2016-17, Mr. Sanjay Basantani (CS membership No.: A19637) resigned as Company Secretary (Key Managerial Personnel) of the Company with effect from February 8, 2017 and Mr. Varadvinayak Khambete (CS membership No.: A33861) was appointed as Company Secretary (Key Managerial Personnel) of the Company with effect from February 27, 2017.

Mr. Amol Lone (CA membership No.: 129654) has been appointed as Chief Financial Officer (Key Managerial Personnel) as per the provisions of the Companies Act, 2013, in place of Mr. Kapil Gohil (CA Membership No.: 048632) with effect from June 1, 2017.

Pursuant to the provisions of the Act, the details of Key Managerial Personnel of the Company are provided in Form no. MGT-9 i.e. Extract of Annual Return attached as **Annexure III** to this report.

AUDITORS

Under Section 139 of the Act and rules made thereunder, it is mandatory to rotate the Statutory Auditors of the Company on completion of the maximum term permitted under the said Section.

Provisions of section 139 of the Act read with rule 6 of the Companies (Audit and Auditors) Rules, 2014 as amended from time to time restrict reappointment of SRBC & Co. LLP, Chartered Accountants (Firm Registration no. 324982E/E300003) as Statutory Auditors of the Company for the financial year 2017-18 . Accordingly, SRBC & Co. LLP is not eligible for reappointment as Statutory Auditors of the Company for the financial year 2017- 18.

Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No: 117366W/W-100018) has expressed its willingness to be appointed as Statutory Auditors of the Company and to hold office from the conclusion of this 30th AGM until the conclusion of 35th AGM of the Company, in place of the retiring Auditors, SRBC & Co. LLP subject to ratification of their appointment by the members at every AGM of the Company during the above term.

COST AUDITORS

On the recommendation of the Audit Committee, the Board of Directors appointed D. C. Dave & Co., Cost Accountants (Firm Registration No. 000611), as the Cost Auditor of the Company for the financial year ending March 31, 2018 to conduct the cost audit in respect of applicable products manufactured by the Company.

Pursuant to the provisions of sub-section 3 of Section 148 of the Act read with Companies (Audit and Auditors) Rules, 2014 (as amended from time to time), ratification of Members is sought for payment of remuneration to the Cost Auditor, as mentioned in business item no.4 of the Notice of 30th AGM of the Company.

The Cost Audit report for the FY 2015-16 was filed with Ministry of Corporate Affairs (MCA) within the due date.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of subsection 5 of Section 134 of the Act, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

i) In the preparation of the annual accounts for the financial year ended March 31, 2017 the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates are made prudently and reasonably so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;

iii) Proper and sufficient care has been taken for the 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 fraud and other irregularities;

iv) The annual accounts for the financial year ended March 31, 2017 have been prepared on a 'going concern' basis;

v) Proper internal financial controls are devised to ensure compliance with the provisions of all applicable laws and that such internal financial controls were adequate and operating effectively; and

vi) Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

The extract of the annual return for the financial year ended on March 31, 2017 in form MGT-9 is enclosed to this Board's Report as **Annexure III** and forms part of this Board's Report.

BOARD AND COMMITTEE MEETINGS

Details in terms of Secretarial Standard on Meetings of the Board of Directors regarding Board and Committee meetings held during FY 2016-17 are as follows:

Board Meetings:

During FY 2016-17, four Board meetings were held on May 27, 2016, August 11, 2016, November 10, 2016 and February 13, 2017:

Name of director	Designation	Number of meetings attended
Mr. Peter Bains	Chairman and Independent Director	1
Mr. Sanjay Buch	Independent Director	4
Mr. Viswanath Chibrolu	Non-executive Director	3
Mr. T. P. Devarajan	Alternate Director to Mr. Viswanath Chibrolu	1
Dr. Gopakumar Nair	Independent Director	1
Mr. Satish Varma	Managing Director	4
Mr. Krishna Datla	Non-executive Director	3
Ms. Anupama Datla Desai	Wholetime Director	4

Audit Committee Meetings:

During FY 2016-17, four Audit Committee meetings were held on May 27, 2016, August 11, 2016, November 10, 2016 and February 13, 2017:

Name of committee member	Designation in the Committee	Number of meetings attended
Mr. Sanjay Buch	Chairman	4
Mr. Peter Bains	Member	1
Mr. Viswanath Chibrolu	Member	3
Mr. T. P. Devarajan	Member	1
Dr. Gopakumar Nair	Member	-
Mr. Krishna Datla	Member	3

Nomination and Remuneration Committee (NRC):

During FY 2016-17, three NRC meetings were held on May 27, 2016, August 11, 2016 and February 13, 2017:

Name of committee member	Designation in the Committee	Number of meetings attended
Mr. Sanjay Buch	Chairman	3
Mr. Peter Bains	Member	1
Mr. Viswanath Chibrolu	Member	2
Mr. T. P. Devarajan	Member	1
Mr. Krishna Datla	Member	2

Corporate Social Responsibility (CSR) Committee Meetings:

During FY 2016-17, two CSR Committee meetings were held on August 11, 2016 and November 10, 2016:

Name of committee member	Designation in the Committee	Number of meetings attended
Mr. Peter Bains	Chairman	1
Mr. Sanjay Buch	Member	2
Mr. Viswanath Chibrolu	Member	2
Mr. T. P. Devarajan	Member	-
Mr. Krishna Datla	Member	2
Ms. Anupama Datla Desai	Member	2

Company Secretary acts as a Secretary to the Committee meetings.

NOMINATION AND REMUNERATION POLICY

In terms of Section 134 and 178 of the Act, Company's Nomination and Remuneration Policy ('Remuneration Policy') is annexed to this Board's report as **Annexure V** and forms part of this Board's report.

ANNUAL PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to provisions of the Act and Company's Nomination and Remuneration Policy, the Board of Directors of the Company carried out formal annual evaluation of its own performance, and that of its Committees and individual Directors.

A separate meeting of Independent Directors of the Company was held to: (a) review the performance of Chairperson, Non-Independent Directors and the Board as a whole; (b) assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

The evaluation was done through a structured evaluation process and forms covering various aspects including composition of the Board and its committees, professional knowledge and expertise of directors, performance of individual roles and duties including contribution in Board / Committee meetings, protection of interest of all stakeholders etc.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or guarantees or made investments covered under the provisions of Section 186 of the Act during FY 2016-17.

RELATED PARTY TRANSACTIONS

All related party transactions entered into during FY 2016-17 were on an arm's length basis and in the ordinary course of business. During FY 2016-17, the Company has not entered into any material related party transaction. In view of this, disclosure in Form AOC-2 is not applicable.

ENERGY CONSERVATION, TECHNOLOGY ABSORBTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as per Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 (as amended from time to time) forms part of this report and is given in **Annexure I** to this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Based on CSR Committee's recommendations, the Board approved the Corporate Social Responsibility Policy ('CSR Policy') indicating the CSR activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

Annual report on CSR activities of the Company for the year under review including composition of the CSR Committee is provided in **Annexure II** to this Board's report and forms part of this Board's report.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business of your Company during FY 2016-17.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There were no order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations during FY 2016-17.

SHIFTING OF THE REGISTERED OFFICE

During FY 2016-17, the Company has shifted its registered office address to A-1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwade, Thane (West) - 400 610, Maharashtra, India with effect from January 2, 2017 along with all statutory registers, records and documents.

ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation for assistance and co-operation received from the banks, Government authorities, consultants, service providers, customers, vendors, stakeholders and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by employees across all locations.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed in the statements.

For and on behalf of the Board of Directors

Peter Bains
Chairman
(DIN: 00430937)

Thane
August 11, 2017

Registered Office:
A-1501, Thane One, 'DIL' Complex, Ghodbunder Road,
Majiwade, Thane (West) - 400 610, Maharashtra, India

ANNEXURE I

Energy conservation, technology absorption and foreign exchange earnings and outgo

A. CONSERVATION OF ENERGY

(i) **The steps taken or impact on conservation of energy:**

Your Company has always been conscious of the need for conservation and thus implemented various measures like:

a) Installation of CFL Lamps for conservation of energy

b) Installation of energy efficient motors in addition to Variable Frequency drives in major plant equipment to reduce electrical consumption.

c) During chemical treatment of effluent, conscious efforts were taken to reduce chemical sludge generation.

(ii) **The steps taken by the Company for utilising alternate sources of energy:**

The Company witnessed substantial savings in electrical energy and consumption by switching over to CFL Lamps. This was further augmented by installation of energy efficient motors and Variable Frequency drives into major equipment at both the facilities.

(iii) **Capital / other investment on energy conservation equipment:** NIL

B. TECHNOLOGY ABSORPTION:

(i) **The efforts made towards technology absorption:** NIL

(ii) **The benefits derived like product improvement, cost reduction, product development or import substitution:** Not applicable

(iii) **In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished:** NIL

(a) Details of technology imported - NIL

(b) Year of import – Not Applicable

(c) Whether the technology been fully absorbed - Not Applicable

(d) If not fully absorbed, areas where absorption has not taken place and the reasons therefor - Not Applicable

(iv) **The expenditure incurred on Research and Development –**

	(₹ in Lakhs)
Capital :	195.65
Recurring :	507.74
Total expenditure	703.39

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign exchange used and earned in 2016-17:

Foreign exchange earned:	₹11,939.67 Lakhs
Foreign exchange used:	₹4,744.25 Lakhs

For and on behalf of the Board of Directors

Peter Bains
Chairman
(DIN: 00430937)

Thane
August 11, 2017

Registered Office:
A-1501, Thane One, 'DIL' Complex, Ghodbunder Road,
Majiwade, Thane (West) - 400 610, Maharashtra, India

ANNEXURE II

Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

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

   Continuing with the legacy of practicing CSR activities of our founder members, the Company has been committed to the cause of CSR for many years. Over the years, CSR activities of the Company have diversified and expanded into new communities and in turn benefitted more and more stakeholders. Today, our Company firmly believes that corporate citizens have a vital role to play in empowering and enriching the communities and its stakeholders.

   The CSR Policy of the Company is available on Company's website at www.fermentabiotech.com/PDF/CSR.pdf

Brief of CSR activities:

(a) Contribution to Prime Minister's National Relief Fund as relief measures

(b) Infrastructure support including equipment, etc. to schools/ orphanage, Himachal Pradesh.

2. The Composition of the CSR Committee:

   The CSR Committee comprises of Mr. Peter Bains (Chairman), Mr. Sanjay Buch, Mr. Viswanath Chibrolu (failing him Mr. T. P. Devarajan, Alternate Director), Mr. Krishna Datla and Ms. Anupama Datla Desai.

3. Average net profit of the company for last three financial years: ₹967.56 lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Budgeted amount of ₹19.35 lakhs towards CSR activities; including administrative expenditure not exceeding 5% of the CSR expenditure as may be actually incurred in FY 2016-17.

5. Details of CSR spent during the financial year: ₹8.29 lakhs

   (a) Total amount to be spent for the financial year: ₹19.35 lakhs

   (b) Amount unspent, if any: ₹11.06 lakhs*

   * As on the date of this report, there is no unspent amount, as ₹11.06 lakhs have been contributed to the Prime Minister's National Relief fund

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)
CSR project or activity identified	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure up to the reporting period**	**Amount spent : Direct or through implementing agency**
Contribution towards "Shri Rukhneshwar Charitable Seva Mandal"	Education	Dahej	₹9,950	Direct expenditure on projects	₹9,950	Direct
Purchase of equipment and stationery for Dahej School	Education	Dahej	₹608,053	Direct expenditure on projects	₹608,053	Direct
Purchase of Water Dispenser for Dahej School	Preventive Healthcare	Dahej	₹16,400	Direct expenditure on projects	₹16,400	Direct

(1)	(2)	(3)	(4)	(5)	(6)	(7)
CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
Purchase of sports items	Healthcare	Kullu	₹1,15,290	Direct expenditure on projects	₹1,15,290	Direct
Purchase of equipment for Balshravan Kalyan Simiti	Healthcare	Kullu	₹28,500	Direct expenditure on projects	₹28,500	Direct
Purchase of equipment for Blind School	Education	Kullu	₹46,069	Direct expenditure on projects	₹46,069	Direct
Amount paid to Red Cross Society, Mandi	Healthcare	Mandi (Himachal Pradesh)	₹5,000	Direct expenditure on projects	₹5,000	Direct
Total					₹8,29,262	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's report:

   The Company has laid down the guidelines for CSR activities by clearly outlining the scope of activities. As on the date of this report, there is no unspent amount as ₹11.06 lakhs have been contributed to the Prime Minister's National Relief Fund.

7. The Chairman of the CSR Committee has given the responsibility statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

Peter Bains
Chairman
(DIN: 00430937)

Thane
August 11, 2017

Registered Office:
A-1501, Thane One, 'DIL' Complex, Ghodbunder Road,
Majiwade, Thane (West) - 400 610, Maharashtra, India

ANNEXURE III

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2017
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT – 9

I. REGISTRATION AND OTHER DETAILS:

1	CIN	U99999MH1986PLC134021
2	Registration Date	11/07/1986
3	Name of the Company	FERMENTA BIOTECH LIMITED
4	Category / Sub-Category of the Company	Category: Company limited by shares Sub-category: Indian Non-Government company
5	Address of the Registered office and contact details	A-1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwade, Thane (West), Maharashtra – 400 610, India Tel: + 91 22 6623 0800 Fax: + 91 22 6798 0899 Email id: fermenta@fermentabiotech.com
6	Whether listed company: Yes / No	No
7	Name, Address and Contact details of Registrar and Transfer Agent	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083, Maharashtra, India Tel No : +91 22 49186000 Fax No: +91 22 49186060 Email : rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Vitamin D3 Product range, Phenyramidol HCl and Silicon Dry Powder	21001	93.68%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and address of the company	CIN/GLN	Holding/ subsidiary / associate	% of shares held	Applicable Section
	Holding Company:				
1	DIL Limited #	L99999MH1951PLC008485	Holding Company	70.15%	2(46)
2	DVK Investments Private Limited #	U67120MH2003PTC141695	Holding Company [holding 53.91% of paid up share capital of DIL Limited]	0.48%	2(46)
	Subsidiary Companies:				
3	Fermenta Biotech (UK) Limited Charter House 8-10 Station Road Manor Park London E12 5BT	Foreign Company Registration No. 3308303	Subsidiary Company	100%	2(87)
4	G. I. Biotech Private Limited A – 1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwade, Thane (W), Maharashtra - 400610	U24230MH2004PTC148220	Subsidiary Company	62.50%	2(87)

#Registered office address at A – 1601, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwade, Thane (W), Maharashtra - 400610

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity Share Capital)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2016)				No. of Shares held at the end of the year (31.03.2017)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTERS									
(1) INDIAN									
a) Individual/ HUF	10,800	-	10,800	0.06	10,800	-	10,800	0.06	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corporate (Refer Note (i) below)*	1,27,62,464	90	1,27,62,554	70.15	1,27,62,464	90	1,27,62,554	70.15	-
e) Banks / FII	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	**1,27,73,264**	**90**	**1,27,73,354**	**70.21**	**1,27,73,264**	**90**	**1,27,73,354**	**70.21**	**-**
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FII	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A) i.e. (A1+A2)	**1,27,73,264**	**90**	**1,27,73,354**	**70.21**	**1,27,73,264**	**90**	**1,27,73,354**	**70.21**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2016)				No. of Shares held at the end of the year (31.03.2017)				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non Institutions									
a) Bodies Corp.									
i) Indian	1,87,024	8,04,474	9,91,498	5.45	1,87,024	8,04,474	9,91,498	5.45	-
ii) Overseas	38,30,072	-	38,30,072	21.05	38,30,072	-	38,30,072	21.05	-
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹1 lakh	13,824	5,024	18,848	0.10	13,824	5,024	18,848	0.10	-
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	90,738	-	90,738	0.50	90,738	-	90,738	0.50	-
c) Others (Refer Note (ii) below)*	-	4,88,334	4,88,334	2.69	-	4,88,334	4,88,334	2.69	-
Sub-total (B)(2):-	**41,21,658**	**12,97,832**	**54,19,490**	**29.79**	**41,21,658**	**12,97,832**	**54,19,490**	**29.79**	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**41,21,658**	**12,97,832**	**54,19,490**	**29.79**	**41,21,658**	**12,97,832**	**54,19,490**	**29.79**	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**1,68,94,922**	**12,97,922**	**1,81,92,844**	**100**	**1,68,94,922**	**12,97,922**	**1,81,92,844**	**100**	-

*Note:

(i) Includes 90 shares held under erstwhile Section 187C of Companies Act, 1956 (now section 89 of Companies Act, 2013) by beneficiary owners for and on behalf of DIL Limited.

(ii) Includes shares issued by Fermenta Biotech Limited (FBL) to FBL ESOP Trust pending implementation of ESOP Plan.

ii) Share Holding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (01.04.2016)			Shareholding at the end of the year (31.03.2017)			% change in shareholding during the year
		No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	DIL Limited*	1,27,62,554	70.15	-	1,27,62,554	70.15	-	-
2	Mr. Krishna Datla	10,800	0.06	-	10,800	0.06	-	-

* Includes 90 shares held under erstwhile Section 187C of Companies Act, 1956 (now section 89 of Companies Act, 2013) by various beneficiary owners for and on behalf of DIL Limited.

iii) Change in Promoters' Shareholding:

Sr. No.		Shareholding at the beginning of the year (01.04.2016)		Cumulative Shareholding during the year (31.03.2017)	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
	Not applicable as there is no change during the year	-	-	-	-

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on 01.04.2016)		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year / end of the year (as on 31.03.2017)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Evolvence India Life Sciences fund LLC	38,30,072	21.05	01.04.16				
				31.03.17	-	-	38,30,072	21.05
2	Allegro Corporate Finance Advisors Pvt Ltd	7,89,474	4.39	01.04.16				
				31.03.17	-	-	7,89,474	4.39
3	Fermenta Biotech Limited ESOP Trust	4,88,334	2.68	01.04.16				
				31.03.17	-	-	4,88,334	2.68
4	Dupen Laboratories Pvt. Ltd.	1,00,000	0.55	01.04.16				
				31.03.17	-	-	1,00,000	0.55
5	Rajeshwari Datla	90,738	0.50	01.04.16				
				31.03.17	-	-	90,738	0.50
6	DVK Investments Private Limited	87,024	0.48	01.04.16				
				31.03.17	-	-	87,024	0.48
7	V.R. Investment & Finance Pvt Ltd	15,000	0.08	01.04.16				
				31.03.17	-	-	15,000	0.08
8	Preeti Thakkar	8,412	0.05	01.04.16				
				31.03.17	-	-	8,412	0.05
9	Govind Desai & Gunanath Desai	2,500	0.01	01.04.16				
				31.03.17	-	-	2,500	0.01
10	Shaila Govind Desai	1,500	0.00	01.04.16				
				31.03.17	-	-	1,500	0.00

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (as on 01.04.16)		Date	Increase/ Decrease	Reason:	Cumulative Shareholding during the year/end of the year (as on 31.03.2017)	
		No. of shares	% of total Shares of the company				No. of shares	% of total Shares of the company
1	Krishna Datla (Director)	10,800	0.06	01.04.16				
				31.03.17	-	-	10,800	0.06
2	Anupama Datla Desai (Executive Director and KMP)	5,400	0.30	01.04.16				
				31.03.17	-	-	5,400	0.30

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in Lakhs)

Indebtedness at the beginning of the financial year (as on 01.04.2016)	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	3,662.02	157.50	-	3,819.52
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.32	2.83	-	6.15
Total (i+ii+iii)	**3,665.34**	**160.33**	**-**	**3,825.67**
Change in Indebtedness during the financial year				
i) Addition	268.15	-	-	268.15
ii) Reduction	-	(160.33)		(160.33)
Net Change	268.15	(160.33)	-	107.82
Indebtedness at the end of the financial year (As on 31.03.2017)				
i) Principal Amount	3,930.89	-	-	3,930.89
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.60	-	-	2.60
Total (i+ii+iii)	**3,933.49**	**-**	**-**	**3,933.49**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Satish Varma (Managing Director)	Ms. Anupama Datla Desai (Executive Director)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	61,47,504	50,75,004	1,12,22,508
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	5,74,745	1,04,262	6,79,007
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Satish Varma (Managing Director)	Ms. Anupama Datla Desai (Executive Director)	
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit	-	-	-
5.	Others (Provident Fund and Gratuity)	7,21,050	6,75,669	13,96,719
	Total (A)	74,43,299	58,54,935	1,32,98,234
	Ceiling as per the provisions of Section 198 read with schedule V of the Companies Act, 2013	**84,00,000**	**84,00,000**	**1,68,00,000**

B. Remuneration to other directors: (Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors	Mr. Sanjay Buch	Dr. Gopakumar Nair	
2.	• Fee for attending board / committee meetings • Commission	1,15,000 -	20,000 -	1,35,000 -
	Total (1)	1,15,000	20,000	1,35,000
2.	Other Non-Executive Directors	Mr. Krishna Datla		
	• Fee for attending board/committee meetings • Commission	85,000 -	- -	85,000 -
	Total (2)	85,000	-	85,000
	Total (B) = (1+2)	2,00,000	20,000	2,20,000
	Total Managerial remuneration [A+B]	76,43,299	58,74,935	1,35,18,234
		The total fees paid to Independent and Non-Executive Directors are within the limits prescribed under Companies Act, 2013		

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager/ WTD (Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				
		Mr. Prashant Nagre (CEO)	Mr. Sanjay Basantani (CS up to February 8, 2017)	Mr. Varadvinayak Khambete (CS w.e.f. February 27, 2017)	Mr. Kapil Gohil (CFO)	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	83,28,698	15,55,774	85,551	37,07,604	1,36,77,627
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	60,730	-	-	28,800	89,530
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-		-
3.	Sweat Equity	-	-	-		-
4.	Commission - as % of profit	-	-	-		-
5.	Others (Contribution to Funds)	5,26,702	89,815	8,585	1,95,238	8,20,340
	Total	**89,16,130**	**16,45,589**	**94,136**	**39,31,642**	**1,45,87,497**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD / NCLT/ COURT)	Appeal made, if any (give Details)
A. COMPANY 1. Penalty 2. Punishment 3. Compounding	-	-	-	-	-
B. DIRECTORS 1. Penalty 2. Punishment 3. Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT 1. Penalty 2. Punishment 3. Compounding	-	-	-	-	-

For and on behalf of the Board of Directors

Peter Bains

Thane
August 11, 2017

Registered Office:
A-1501, Thane One, 'DIL' Complex, Ghodbunder Road,
Majiwade, Thane (West) - 400 610, Maharashtra, India

Chairman
(DIN: 00430937)

ANNEXURE IV

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ for the financial year 2016-17)

Sr. No.	Particulars	(₹ in lakhs)	(₹ in lakhs)
1	Name of the subsidiary	G I Biotech Private Limited	Fermenta Biotech (UK) Limited
2	The date since when subsidiary was acquired	25.08.2004	10.09.2002
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-	-
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	Pound Sterling £ (Exchange Rate: 1 GBP= 80.8408 INR for Balance Sheet and 83.35487 INR for Profit and Loss account as on 31.03.2017)
5	Share capital*	1.00	183.60
6	Reserves & surplus*	(1.10)	(69.75)
7	Total assets*	6.90	114.89
8	Total Liabilities*	7.00	1.04
9	Investments*	-	-
10	Turnover*	-	-
11	Profit before taxation*	(0.98)	(28.73)
12	Provision for taxation*	(0.08)	-
13	Profit after taxation*	(0.90)	(28.73)
14	Proposed Dividend	-	-
15	% of shareholding	62.50%	100%

* Amount - ₹ in lakhs

Part "B": Associates and Joint Ventures

[Not Applicable]

For and on behalf of the Board of Directors

Peter Bains

Thane
August 11, 2017

Chairman
(DIN: 00430937)

Registered Office:
A-1501, Thane One, 'DIL' Complex, Ghodbunder Road,
Majiwade, Thane (West) - 400 610, Maharashtra, India

Financial Section

Independent Auditor's Report

To the Members of **Fermenta Biotech Limited**

Report on the Standalone Financial Statements

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

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

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

Opinion

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

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 of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016;

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

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(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 financial statements – Refer Note 31 to the standalone financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

   iv. The Company has provided requisite disclosures in Note 41 to these standalone financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938

Place: Mumbai
Date: May 30, 2017

Annexure 1 – Statement on matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2017

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at the year end and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and, hence, not commented upon.

(v) The Company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of bulk drugs and formulations, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by management to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938

Place: Mumbai
Date: May 30, 2017

Annexure 2 – To the independent auditor's report of even date on the standalone financial statements of Fermenta Biotech Limited

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 Fermenta Biotech Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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. 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 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 internal financial controls system over financial reporting.

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

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938

Place: Mumbai
Date: May 30, 2017

CIN : U99999MH1986PLC134021

Balance Sheet as at March 31, 2017

(₹ in Lakhs)

Particulars	Note No.	March 31, 2017	March 31, 2016
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,770.45	1,770.45
Reserves and surplus	4	8,269.91	7,280.62
		10,040.36	**9,051.07**
Non current liabilities			
Long term borrowings	5	606.46	363.34
Deferred tax liability (net)	6	272.48	399.53
Long term provisions	7	192.45	143.76
		1,071.39	**906.63**
Current liabilities			
Short term borrowings	8	3,363.02	2,847.21
Trade payables	9		
• Total outstanding dues of micro enterprises and small enterprises		20.20	5.14
• Total outstanding dues of creditors other than micro enterprises and small enterprises		2,699.01	1,798.42
Other current liabilities	9	676.14	976.95
Short term provisions	7	61.72	189.98
		6,820.09	**5,817.70**
TOTAL		**17,931.84**	**15,775.40**
Assets			
Non current assets			
Fixed assets			
Property, Plant and Equipment	10	7,423.48	6,804.85
Intangible assets	11	50.12	80.48
Capital work in progress		276.46	533.37
Intangible assets under development		142.52	3.00
Non current investments	12	186.62	186.62
Long term loans and advances	13	358.02	357.01
Other non current assets	14.2	-	0.70
		8,437.22	**7,966.03**
Current assets			
Inventories	15	3,874.59	2,483.78
Trade receivables	14.1	4,462.19	4,338.29
Other current assets	14.2	481.24	364.69
Cash and bank balances	16	114.49	84.49
Short term loans and advances	13	562.11	538.12
		9,494.62	**7,809.37**
TOTAL		**17,931.84**	**15,775.40**
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 30, 2017

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Sanjay Buch
Director

Anupama Datla Desai
Executive Director

Viswanath Chibrolu
Director

Gopakumar Nair
Director

Varadvinayak Khambete
Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 30, 2017

CIN : U99999MH1986PLC134021

Statement of Profit & Loss for the year ended March 31, 2017

(₹ in Lakhs)

Particulars		Note No.	March 31, 2017	March 31, 2016
Income				
Revenue from operations (gross)		17	16,078.40	15,004.36
Less : excise duty			155.89	294.77
Revenue from operations (net)			15,922.51	14,709.59
Other income		18	232.36	269.53
Total Revenue	**(I)**		**16,154.87**	**14,979.12**
Expenses				
Cost of materials consumed		19	7,599.30	6,284.83
Purchase of traded goods		19	22.21	160.11
(Increase) / decrease in the inventory of finished goods and work-in-progress		20	(789.44)	(53.06)
Employee benefit expense		21	2,259.36	2,036.28
Depreciation and amortization expense		22	672.41	646.74
Finance costs		23	362.34	454.62
Other expenses		24	4,799.98	3,832.06
Total	**(II)**		**14,926.16**	**13,361.58**
Profit before prior period item and tax (I-II)	**(III)**		**1,228.71**	**1,617.54**
Prior period item			17.07	-
Profit before tax			**1,211.64**	**1,617.54**
Tax expense:				
Current tax			349.40	345.21
Deferred tax charge			(127.05)	83.41
Total tax expense			**222.35**	**428.62**
Profit after tax			**989.29**	**1,188.92**
Earnings per equity share (nominal value of share ₹10) (2016: ₹10)		25		
(1) Basic			5.44	6.54
(2) Diluted			5.44	6.54
Summary of significant accounting policies		2.1		
The accompanying notes are an integral part of the standalone financial statements				

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 30, 2017

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Sanjay Buch
Director

Anupama Datla Desai
Executive Director

Viswanath Chibrolu
Director

Gopakumar Nair
Director

Varadvinayak Khambete
Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 30, 2017

CIN : U99999MH1986PLC134021

Cash Flow Statement for the year ended March 31, 2017

(₹ in Lakhs)

		March 31, 2017	March 31, 2016
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before tax	1,211.64	1,617.54
	Adjustment to reconcile profit before tax to net cash flows		
	Depreciation / amortizations	672.41	646.74
	Foreign exchange (gain)/loss (net) - unrealized	(48.90)	(52.78)
	Loss / (Profit) on sale of fixed assets (net)	9.05	(0.70)
	Provision for doubtful debts and advances	425.54	9.63
	Interest expense	379.41	454.62
	Dividend Income	(0.20)	(0.20)
	Interest income	(20.98)	(3.14)
	Operating profit before working capital changes	**2,627.97**	**2,671.71**
	Movements in working capital:		
	Increase/ (Decrease) in trade payables	953.30	302.26
	Increase/ (Decrease) in long term provisions	48.69	9.03
	Increase/ (Decrease) in short term provisions	(1.44)	4.26
	Increase/ (Decrease) in other current liabilities	(75.83)	108.07
	(Increase)/ Decrease in trade receivables	(575.78)	(743.77)
	(Increase)/ Decrease in inventories	(1,390.81)	(381.61)
	(Increase)/ Decrease in long term loans and advances	(3.32)	8.12
	(Increase)/ Decrease in short term loans and advances	(115.92)	(136.00)
	(Increase)/ Decrease in other current assets	(116.55)	(351.12)
	(Increase)/ Decrease in other non-current assets	-	14.34
	Cash generated from operations	**1,350.31**	**1,505.29**
	Direct taxes paid (net of refunds)	(406.91)	(191.95)
	Net cash flow from operating activities	**943.40**	**1,313.34**
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets (including intangible assets, adjustments for capital work-in-progress and capital advances)	(1,093.89)	(819.20)
	Proceeds from sale of fixed assets	1.11	0.93
	Investment in bank deposits having maturity of more than three months	0.70	(13.36)
	Dividend received	0.20	0.20
	Interest received	8.74	3.14
	Net cash used in investing activities	**(1,083.14)**	**(828.29)**

CIN : U99999MH1986PLC134021

Cash Flow Statement for the year ended March 31, 2017

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	584.49	473.86
Repayment of long term borrowings	(608.97)	(561.62)
Net Proceeds from short term borrowings	565.58	109.95
Interest paid	(371.38)	(457.10)
Net cash flow (used in)/from financing activities	**169.72**	**(434.91)**
Net increase in Cash and Cash equivalents	29.98	50.14
Effect of exchange differences on cash & cash equivalents held in foreign currency	0.02	-
Cash and Cash equivalents at the beginning of the year	84.49	34.35
Cash and Cash equivalents at the end of the year	**114.49**	**84.49**
Components of Cash and Cash equivalents		
Cash on hand	6.42	3.64
Balances with banks on:		
Current accounts	108.04	80.82
Deposit accounts	0.03	0.03
Total cash and cash equivalents (note 16)	**114.49**	**84.49**

Notes:

1. Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS-3) "Cash Flow Statements" as specified in Companies (Accounts) Rules, 2014.
2. Previous year's figures have been regrouped/rearranged wherever necessary.

Summary of significant accounting policies	2.1		

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 30, 2017

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Sanjay Buch
Director

Anupama Datla Desai
Executive Director

Viswanath Chibrolu
Director

Gopakumar Nair
Director

Varadvinayak Khambete
Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 30, 2017

Notes to Financial Statements for the year ended March 31, 2017

1 Background:

Fermenta Biotech Limited ("the Company") is a public company domiciled in India and incorporated under the Companies Act, 1956. The Company is engaged in the business of manufacturing and marketing of chemicals, bulk drugs, enzymes, pharmaceutical formulations and environmental solution products. The Company caters to both domestic and international markets.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies:

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b) Property, Plant & Equipment

Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

c) Depreciation on Property, Plant & Equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives; the remaining components are depreciated over the life of the principal asset. The Company has used the following useful lives to provide depreciation on its property, plant and equipment.

Assets	Estimated useful life (in years)
Lease hold land	30
Building	30
Lease hold improvements (included in buildings)	10
Plant and equipment	10-20
Office equipments	5
Computers	3-6
Furniture and fixtures	10
Vehicles	8

d) **Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 "Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies".

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 recognized in the statement of profit and loss when the asset is derecognized.

The Company has used the following useful lives to provide depreciation on its intangible assets.

Assets	Estimated useful life (in years)
Software including licences	6
Product know how	3 - 5

Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the asset and use or sell it; (iii) its ability to use or sell the asset; (iv) how the asset will generate probable future economic benefits; (v) the availability of adequate resources to complete the development and to use or sell the asset; and (vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure so capitalized is amortized over their estimated useful lives of three to five years on a straight line basis.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

e) **Impairment of fixed assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss.

f) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

g) Inventories

Inventories are stated at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost is determined as follows:

(a) Stores and spare parts: - First-in-first-out method.
Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

(b) Raw materials and packing materials: - Cost is determined on a weighted average basis.

(c) Intermediate raw materials, work-in-process and finished goods:- Cost includes direct materials determined on the basis of weighted average method and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

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

h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Notes to Financial Statements for the year ended March 31, 2017

Income from services

Revenues from environmental project consultancy contracts are recognized pro-rata over the period of the contract as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Export Incentive

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and net benefit / obligation is accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Merchantile Export Incentive Scheme and other schemes as per the Import and Export policy in respect of exports made under the said schemes is included as 'Export Incentives' under the note "other operating revenue" in the statement of profit and loss.

i) Foreign currency transactions

Initial Recognition

Transactions in foreign currencies are recorded in the reporting currency at the exchange rate prevailing between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

j) Retirement and other employee benefits

Retirement benefit in the form of provident fund and superannuation fund is defined contribution scheme. The contributions to the respective funds are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the respective funds.

The Company operates two defined benefit plans for its employee viz. gratuity and long term compensated absences.

Employees are entitled to benefits under the Payment of Gratuity Act, 1972, a defined benefit plan covering employees of the Company. The plan provides for a lump-sum payment to eligible employees at retirement, death, incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment subject to a maximum of ₹10.00 Lakhs per employee.

The gratuity liability and net periodic gratuity cost is actuarially determined based on the projected unit credit method after considering discount rates, expected long term return on plan assets and increase in compensation levels.

All actuarial gains/losses are immediately recorded to the statement of profit and loss and are not deferred.

The Company makes contributions to a fund administered and managed by Life Insurance Corporation of India ('LIC') to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

Liability for long term compensated absences are provided for based on actuarial valuation done as per projected unit credit method.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

k) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred taxes are measured using the tax rates and tax laws enacted or substantially enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. For recognition of deferred taxes, the timing difference which originate first are considered to reverse first.

At each reporting date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

MAT paid in a year is charged to statement of profit and loss as current tax. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

The Company's bulk drugs production facility in Kullu, Himachal Pradesh, was eligible for deduction of 100% of profits until March 31, 2008 and 30% of profits from April 1, 2008 to March 31, 2013, under section 80IB of the Income Tax Act, 1961. Secondly the Company's bulk drug facility at Dahej, Gujarat, was eligible for deduction of 100% of profit until March 31, 2016 and 50% of the profits from April 1, 2016 to March 31, 2021, under section 10(AA) of the Income Tax Act, 1961. In view of such deduction, no asset has been recognized in respect of the Minimum Alternate Tax (MAT) credit available to the Company. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal tax under specified period.

l) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company has not issued any potential equity shares and hence the basic earnings per share and diluted earnings per share are the same.

m) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

n) Contingent liabilities

Contingent asset are not recognised in the financial statement of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

o) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating lease. Operating Lease payments are recognised as an expense in the statement of profit and loss account on a straight line basis over the lease term.

p) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

q) Segment Reporting

Identification of segments :

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate / sell its product.

r) Borrowing costs

Borrowing cost includes interest and amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Notes to Financial Statements for the year ended March 31, 2017

3. Share Capital

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Authorised shares:		
19,010,000 (2016 - 19,010,000) equity shares of ₹10 each	1,901.00	1,901.00
9,90,000 (2016 - 9,90,0000 preference shares of ₹10 each	99.00	99.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid-up shares:		
18,192,844 (2016 - 18,192,844) equity shares of ₹10 each	1,819.28	1,819.28
Less : Amount recoverable from ESOP trust (refer note (e) below)	(48.83)	(48.83)
	1,770.45	**1,770.45**

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity shares	March 31, 2017		March 31, 2016	
	No. in Lakhs	₹ in Lakhs	No. in Lakhs	₹ in Lakhs
At the beginning of the period	181.93	1,819.28	181.93	1,819.28
Outstanding at the end of the period	**181.93**	**1,819.28**	**181.93**	**1,819.28**

b. **Shares held by holding company and its ultimate holding company**

Out of equity shares issued by the Company, shares held by the holding company are as follows: (₹ in Lakhs)

	March 31, 2017	March 31, 2016
DIL Limited, the holding company 12,762,464 (2016 - 12,762,464) equity shares of ₹ 10 each fully paid	1,276.25	1,276.25
DVK Investment Pvt. Ltd., the ultimate holding company 87,024 (2016 - 87,024) equity shares of ₹ 10 each fully paid	8.70	8.70

c **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays the dividend in Indian rupees. The dividend, if any, proposed by the board of directors is subject to shareholder's approval in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be as per the terms of the Articles of Association of the Company.

d **Details of shareholders holding more than 5% shares in the Company**

	March 31, 2017		March 31, 2016	
	No. in Lakhs	% holding in the class	No. in Lakhs	% holding in the class
Equity shares of ₹ 10 each fully paid				
DIL Limited	127.62	70.15%	127.62	70.15%
Evolvence India Life Sciences Fund LLC	38.30	21.05%	38.30	21.05%

e **Shares reserved for issue under options**

During the year ended March 31, 2011, pursuant to approval from shareholders, the Company has allotted 488,334 equity shares at face value of ₹10 each per share against cash to FBL ESOP Trust pending implementation of ESOP plan. (No. in Lakhs)

	March 31, 2017	March 31, 2016
At the beginning of the period	4.88	4.88
Outstanding at the end of the period	**4.88**	**4.88**

Notes to Financial Statements for the year ended March 31, 2017

4. Reserve and surplus

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Capital redemption reserve	**103.38**	**103.38**
Securities premium account	**1,706.46**	**1,706.46**
General Reserve	**92.32**	**92.32**
Surplus in the statement of profit and loss		
Balance as per the last financial statements	5,378.46	4,189.54
Profit for the year	989.29	1,188.92
Net surplus in the statement of profit and loss	**6,367.75**	**5,378.46**
Total reserves and surplus	**8,269.91**	**7,280.62**

5. Long-term borrowings

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Term Loans				
From bank (secured) for Dahej facility	472.62	295.57	222.19	466.67
From bank (secured) for R & D Thane	123.68	30.36	75.00	75.00
From financial institutions (secured) for Dahej facility	-	-	-	33.49
From financial institutions (secured) for R & D Thane	9.51	30.11	26.09	22.75
Vehicle Loans				
From bank (secured)	0.65	7.06	6.77	8.68
From financial institutions (secured)	-	0.24	0.22	2.38
Total	**606.46**	**363.34**	**330.27**	**608.97**
The above amount includes				
Secured borrowings	606.46	363.34	330.27	608.97
Amount disclosed under the head "other current liabilities" (refer note 9)	-	-	(330.27)	(608.97)
Net Amount	**606.46**	**363.34**	-	-

a Term loan for setting up a new facility at Dahej SEZ is taken from Union Bank of India with interest rates (BR + 4%) ranging from 13.30% to 13.60% repayable in 60 equal monthly installments. The said term loan is secured by way of first charge on fixed assets procured with financial assistance of the said term loan and by equitable mortgage of factory land and building at Dahej and Kullu.

b Term Loan for expansion of Dahej facility is taken from Union Bank of India with interest rate (BR+3.75%) ranging from 13.05% to 13.30% repayable in 48 equal monthly installments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building at Dahej and Kullu.

c Term Loan for relocation of R & D units / registered office is taken from Union Bank of India with interest rate (BR+3.75%) ranging from 13.05% to 13.30% repayable in 48 equal monthly installments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building of Dahej and Kullu.

d Term loans from financial institutions (secured) for financing the purchase of plant and machinery at Dahej SEZ and R & D Thane are taken from Siemens Financial Services Private Limited at interest rates of 13.75%, repayable in 48 equal monthly installments. The said term loans are secured by way of first charge on plant and machinery procured with financial assistance of the said term loan.

e Vehicle loans are taken from the Banks and Financial Institutions against hypothecation of the vehicles repayable in monthly installments ranging between 36 to 60 months with interest rates ranging from 10% to 14%.

Notes to Financial Statements for the year ended March 31, 2017

6. Deferred tax liability (net)

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	651.88	600.27
Gross deferred tax liability	**651.88**	**600.27**
Deferred tax assets		
Provision for doubtful debts and advances	307.39	150.11
Provision for gratuity and long term compensated absences	72.01	50.63
Gross deferred tax assets	**379.40**	**200.74**
Net deferred tax liability	**272.48**	**399.53**

7. Provisions

(₹ in Lakhs)

	Long-Term		Short-Term	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Provision for employee benefits				
Provision for long term compensated absences	167.27	143.76	33.74	35.18
Provision for gratuity (refer note 26 (iii))	25.18	-	-	-
Provision for tax (net)	-	-	27.98	154.80
	192.45	**143.76**	**61.72**	**189.98**

8. Short-term borrowings

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Cash credit from bank (secured)	1,673.31	1,489.09
Packing and post shipment credit from bank (secured)	1,132.00	1,200.62
Buyers Credit from bank (secured)	188.85	-
Buyers Credit from bank (unsecured)	368.86	-
Short term loan from holding company (unsecured) (refer note 29(d))	-	157.50
	3,363.02	**2,847.21**
The above amount includes		
Secured borrowings	2,994.16	2,689.71
Unsecured borrowings	368.86	157.50

Packing credit, post shipment credit, cash credit and buyers credit are from Union Bank of India and are secured against hypothecation of Company's entire stocks of raw materials, semi-finished, and finished goods, consumable stores and spares and such other moveable including book-debts, bills, whether documentary or clean, outstanding monies, receivables, and also by way of first charge on all of the Company's fixed assets both present and future. The packing credit, cash credit and buyers credit are repayable on demand. The interest rate for preshipment credit in foreign currency is (LIBOR+3.5%) and interest rate for export credit in rupee and cash credit is 10.8% and 13.3% respectively.

Buyers credit is taken from DBS Bank secured by lien on the deposit of ₹ 100 Lakhs. The interest rate is (LIBOR+1.65%).

Term loan from holding company includes:
Short term loan of ₹ Nil (2016 - ₹157.50 Lakhs) carrying interest @ 8% to 12% p.a., repayable on demand.

Notes to Financial Statements for the year ended March 31, 2017

9. Trade payables and other current liabilities

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Trade payables		
• total outstanding dues of micro enterprises and small enterprises (refer note 33 for details of dues to micro and small enterprises)	20.20	5.14
• total outstanding dues of creditors other than micro enterprises and small enterprises	2,699.01	1,798.42
	2,719.21	**1,803.56**
Other current liabilities		
Current maturities of long term borrowings (refer note 5)	330.27	608.97
Interest accrued and not due on borrowings	2.60	6.14
Statutory dues	80.04	81.53
Advance from customers	35.24	29.27
Liability for capital expenditure	155.86	98.60
Others	72.13	152.44
	676.14	**976.95**
	3,395.35	**2,780.51**

10. Property, Plant and Equipment

(₹ in Lakhs)

	Freehold land	Lease hold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total
Cost							
At April 1, 2015	36.04	308.93	2,878.93	7,185.93	199.29	218.67	10,827.79
Additions	-	-	15.19	133.24	0.72	9.48	158.63
Disposals	-	-	-	18.03	-	-	18.03
At March 31, 2016	36.04	308.93	2,894.12	7,301.14	200.01	228.15	10,968.39
Additions	**-**	**-**	**139.63**	**1,110.70**	**11.44**	**-**	**1,261.77**
Disposals	**-**	**-**	**40.92**	**2.72**	**-**	**23.91**	**67.55**
At March 31, 2017	**36.04**	**308.93**	**2,992.83**	**8,409.12**	**211.45**	**204.24**	**12,162.61**
Depreciation							
At April 1, 2015	-	52.59	519.85	2,825.05	116.60	99.91	3,614.00
Charge for the year	-	10.83	101.35	413.08	12.35	29.73	567.34
Disposals	-	-	-	17.80	-	-	17.80
At March 31, 2016	-	63.42	621.20	3,220.33	128.95	129.64	4,163.54
Charge for the year	**-**	**10.83**	**124.27**	**458.54**	**13.43**	**25.90**	**632.97**
Disposals	**-**	**-**	**33.00**	**1.67**	**-**	**22.71**	**57.38**
At March 31, 2017	**-**	**74.25**	**712.47**	**3,677.20**	**142.38**	**132.83**	**4,739.13**
Net Block							
At March 31, 2016	36.04	245.51	2,272.92	4,080.81	71.06	98.51	6,804.85
At March 31, 2017	**36.04**	**234.68**	**2,280.36**	**4,731.92**	**69.07**	**71.41**	**7,423.48**

11. Intangible assets:

(₹ in Lakhs)

	Softwares	Product Know-how	Total
Gross Block			
Cost at April 1, 2015	114.71	593.72	708.43
Additions	11.45	53.74	65.19
Disposals	-	-	-
At March 31, 2016	126.16	647.46	773.62
Additions	**9.08**	**-**	**9.08**
Disposals	**-**	**-**	**-**
At March 31, 2017	**135.24**	**647.46**	**782.70**
Depreciation			
At April 1, 2015	70.74	543.00	613.74
Charge for the year	18.30	61.10	79.40
Disposals	-	-	-
At March 31, 2016	89.04	604.10	693.14
Charge for the year	**15.78**	**23.66**	**39.44**
Disposals	**-**	**-**	**-**
At March 31, 2017	**104.82**	**627.76**	**732.58**
Net Block			
At March 31, 2016	37.12	43.36	80.48
At March 31, 2017	**30.42**	**19.70**	**50.12**

12. Non-current Investments

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity investments		
a) Investment in equity instruments of subsidiaries		
6,250 (2016 - 6,250) Equity shares of ₹10/- each in G I Biotech Pvt. Ltd. at cost (refer note below)	0.63	0.63
220,001 (2016-220,001) Shares of G.B.Pound 1/- each in Fermenta Biotech (UK) Limited at cost	183.99	183.99
	184.62	184.62
Non-trade investments (valued at cost unless stated otherwise)		
b) Other entities		
20,000 (2016 - 20,000) Equity shares of ₹10/- each in Shivalik Solid Waste Management Limited	2.00	2.00
	186.62	**186.62**

Note:-

During the year ended March 31,2009 the Company had entered into an agreement for transfer of the throat lozenge business along with the trademark "Astrasept" and the related movable assets for a consideration of ₹ 8.00 lakhs, to its wholly owned subsidiary G.I.Biotech Private Limited (G.I). Simultaneously the Company has also entered into a share transfer agreement with Ronator Investments Limited (R I), a Company incorporated under the legal provisions of Cyprus, to transfer its entire shareholding in G.I in four instalments to be completed by February 10, 2009 for a total consideration of USD 4.00 lakhs. In accordance with the share transfer agreement, the Company sold 3750 shares for consideration of USD 1.50 lakhs and recorded a profit of ₹ 70.60 lakhs in the year ended March 2009. The time limit stipulated for completion of the share transfer agreement and completion of transaction has been extended further to March 31, 2018.

Notes to Financial Statements for the year ended March 31, 2017

13. Long term loans and advances

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Capital advances -				
Unsecured considered good	248.63	250.94	-	-
Security deposits -				
Unsecured considered good	101.95	83.88	-	-
Advances to related party (refer note 29 (d) - (11d)) * -				
Unsecured considered good	6.26	6.26	-	-
Loans and advances to employees -				
Unsecured considered good	0.85	10.00	23.97	16.49
Advance recoverable in cash or kind -				
Unsecured considered good (refer note 26 (iii))	0.06	3.65	262.63	181.20
Unsecured considered doubtful	5.08	5.08	25.86	13.68
	5.14	8.73	288.49	194.88
Provision for doubtful advance	(5.08)	(5.08)	(25.86)	(13.68)
	0.06	3.65	262.63	181.20
Others -				
Inter corporate deposits				
Doubtful	267.83	267.83	-	-
Provision for doubtful inter corporate deposit	(267.83)	(267.83)	-	-
	-	-	-	-
Advance income tax (net of provision for taxation)	-	-	6.73	86.47
Prepaid expenses	-	-	60.14	50.91
Balance with government authorities	-	-	208.64	203.05
Advance to ESOP Trust	0.27	0.27	-	-
Others	-	2.01	-	-
	358.02	**357.01**	**562.11**	**538.12**
*** Loans and advances to related parties include**				
Dues from G I Biotech Private Limited, a subsidiary of the Company	6.26	6.26	-	-

14. Trade receivables and other assets

14.1 Trade receivables

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured considered good	-	-	830.84	708.09
Doubtful	589.42	176.06	-	-
	589.42	176.06	830.84	708.09
Provision for doubtful receivables	(589.42)	(176.06)	-	-
	-	-	830.84	708.09
Other receivables				
Unsecured considered good	-	-	3,631.35	3,630.20
	-	**-**	**4,462.19**	**4,338.29**

14. Trade receivables and other assets (*Contd.*)

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Trade receivables include :-				
I) Dues from a Company in which the Company's director is a director - Dupen Laboratories Private Limited (refer note 29 (d) - (11e))	-	-	-	4.14
II) Dues from holding company - DIL Ltd. (refer note 29 (d) - (11e))	-	-	0.22	9.95

14.2 Other Assets

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Unsecured, considered good unless stated otherwise				
Bank balance (refer note 16)	-	0.70	153.71	68.68
Export incentives receivable	-	-	326.30	216.67
Others	-	-	1.23	79.34
	-	**0.70**	**481.24**	**364.69**

15. Inventories (valued at lower of cost and net realizable value)

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Raw materials and packing materials (include stock in transit of ₹50.82 Lakhs (2016 ₹ 78.51 Lakhs)) (refer note 19)	1,948.56	1,392.24
Work in progress (refer note 20)	1,425.18	777.00
Finished goods (refer note 20)	319.36	178.10
Stores and spares	181.49	136.44
	3,874.59	**2,483.78**

16. Cash and bank balances

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Cash and cash equivalents				
Balances with banks :				
- On current accounts	-	-	108.04	80.82
- Deposits with original maturity of less than three months	-	-	0.03	0.03
Cash on hand	-	-	6.42	3.64
Other bank balances				
Margin money deposits*	-	-	153.71	68.68
Deposits with original maturity of more than twelve months	-	0.70	-	-
	-	**0.70**	**268.20**	**153.17**
Amount disclosed under other assets (refer note 14.2)	-	(0.70)	(153.71)	(68.68)
	-	**-**	**114.49**	**84.49**

* Margin money deposits with a carrying amount of ₹153.71 lakhs (2016 ₹ 68.68 lakhs) are subject to first charge to secure the letters of credit facilities availed by the Company.

Notes to Financial Statements for the year ended March 31, 2017

17. Revenue from operations

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Revenue from operations		
Sale of products		
Finished goods	15,689.37	14,419.07
Traded goods	35.76	218.52
Sale of services	5.76	19.78
Other operating revenue		
Scrap sales	5.86	4.76
Insurance Claim	-	39.19
Exports Incentive	341.65	303.04
Revenue from operations (gross)	**16,078.40**	**15,004.36**
Less: Excise duty #	155.89	294.77
Revenue from operations (net)	**15,922.51**	**14,709.59**

Excise duty on sales amounting to ₹ 155.89 lakhs (2016 ₹294.77 lakhs) has been reduced from sales in statement of profit and loss and excise duty on increase/(decrease) in stock amounting to (₹ 12.32 lakhs) (2016 ₹ 24.39 lakhs) has been considered as expenses in note 24 of the financial statements.

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Details of product sold		
Finished goods sold		
Vitamin D3 Product range	10,883.36	10,462.54
Silicon dry powder	498.89	383.73
Phenyramidol Hcl	3,353.78	2,329.07
Fermsept	146.58	95.33
Biocatalyst and Enzymes	530.94	863.43
Others	275.82	284.97
	15,689.37	**14,419.07**
Traded goods sold		
Granules	-	77.58
Injections	30.58	33.14
Spray	5.18	107.80
	35.76	218.52
	15,725.13	**14,637.59**
Details of service rendered		
Environmental project consultancy fees	5.76	19.78
	5.76	**19.78**

18. Other Income

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Interest Income on		
Bank deposits	8.73	3.14
Others	14.81	2.52
Foreign exchange fluctuation gain (net)	206.68	258.32
Profit on Sale of fixed assets (net)	-	0.70
Dividend Income	0.20	0.20
Other non-operating income	1.94	4.65
	232.36	**269.53**

19. Cost of raw materials and packing materials consumed

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Inventories of raw materials / packing materials at the beginning of the year	1,392.24	1,035.12
Add : Purchases	8,155.62	6,641.95
	9,547.86	7,677.07
Less : Inventories of raw materials / packing materials at the end of the year	1,948.56	1,392.24
Cost of raw materials and packing materials consumed	**7,599.30**	**6,284.83**
Details of raw materials and packing materials consumed		
Cholesterol	3,902.56	3,131.20
Lithium Amide	544.60	331.65
2-Amino Pyridine	326.04	219.53
Iso Propyl Alcohol	242.83	160.42
Denatured Spirit	226.87	181.64
Styrene Oxide	227.36	157.81
Dimethyl formamide	120.05	91.19
Acetone	185.88	145.52
Petroleum Ether	305.61	244.64
Calcium Dibasic Phoshphate	263.62	200.89
Other materials	1,253.88	1,420.34
	7,599.30	**6,284.83**
Details of Raw materials and packing materials inventory		
Cholesterol	228.06	494.38
Pyridine styrene oxide derivative	103.25	69.47
Lithium Amide	65.96	51.71
2- Amino Pyridine	45.00	42.64
Woolgrease	108.81	115.82
Methyl Formate	3.69	3.61
Collidine	6.91	1.63
Dibromo Dimethyl Hydantion	4.14	4.96
Others	1,382.74	608.02
	1,948.56	**1,392.24**
Details of purchase of traded goods		
Granules	-	46.50
Injections	18.24	19.84
Spray	3.97	93.77
	22.21	**160.11**

Notes to Financial Statements for the year ended March 31, 2017

20. (Increase)/decrease in inventories

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Inventories at the end of the year (refer note 15)		
Work in progress	1,425.18	777.00
Finished goods	319.36	178.10
	1,744.54	955.10
Inventories at the beginning of the year		
Work in progress	777.00	810.41
Finished goods	178.10	91.63
	955.10	902.04
	(789.44)	(53.06)
Details of inventory		
Work in progress		
Vitamin D3 Product range	1,255.67	653.19
Silicon dry powder	12.95	1.46
Phenyramidol Hcl	13.83	8.17
Biocatalyst and Enzymes	8.39	15.41
Others	134.34	98.77
	1,425.18	**777.00**
Finished goods		
Vitamin D3 Product range	243.66	99.96
Silicon dry powder	-	2.90
Biocatalyst and Enzymes	52.78	47.59
Others	22.92	27.65
	319.36	**178.10**

21. Employee benefit expense

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Salaries, wages and bonus	1,824.42	1,711.61
Contribution to provident and other fund	102.28	93.35
Gratuity expense (refer note 26 (iv))	56.61	21.34
Staff welfare expenses	276.05	209.98
	2,259.36	**2,036.28**

22. Depreciation and amortisation expense

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Depreciation of Property, Plant and Equipment	632.97	567.34
Amortisation of intangible assets	39.44	79.40
	672.41	**646.74**

23. Finance Costs

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Interest:		
- On term loans	98.38	89.91
- On Working Capital	234.97	302.39
- On Short term loan from holding company	5.96	3.13
- Others	23.03	59.19
	362.34	**454.62**

Notes to Financial Statements for the year ended March 31, 2017

24. Other Expenses

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Manufacturing Expense		
Excise duty other than recovered on sales	10.59	59.39
Labour charges	302.94	249.91
Power, fuel and gas	829.37	774.72
Processing charges	595.31	445.12
Repairs to building	43.65	52.60
Repairs to machinery	76.20	64.16
Stores and spare parts consumed	638.56	468.07
Water charges	13.26	12.63
Sub total (i)	**2,509.88**	**2,126.60**
Selling and distribution expenses		
Advertising and sales promotions	103.09	104.58
Freight and forwarding charges	294.31	255.19
Sales commission	126.86	147.33
Sub total (ii)	**524.26**	**507.10**
Administration and other expenses		
Rent (refer note 27)	123.56	111.60
Repairs and maintenance - others	146.39	100.41
Insurance	73.90	62.36
Rates and taxes	79.81	78.88
Provision for doubtful debts and advances (net)	425.54	9.63
Directors sitting fee	2.00	4.25
Travelling and conveyance	332.39	313.91
Professional and legal fees	215.55	232.46
Payment to auditors (Refer details below)	27.18	26.34
Postage and telephone	35.77	31.00
Printing & stationery	69.53	53.23
Staff recruitment expenses	28.51	16.17
Loss on sale of fixed assets (net)	9.05	-
Donations (refer note 39)	16.37	14.01
Bank charges	47.48	39.90
Miscellaneous expenses	132.81	104.21
Sub total (iii)	**1,765.84**	**1,198.36**
Total (i+ii+iii)	**4,799.98**	**3,832.06**

Payment to auditors

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
As Auditor		
Audit fee	13.00	14.00
Tax audit fee*	4.60	3.10
Limited review	7.50	7.50
Certification fees	0.50	0.50
Reimbursement of expense*	1.58	1.24
	27.18	**26.34**

* includes amount paid to the auditors other than statutory auditors

Notes to Financial Statements for the year ended March 31, 2017

25 . Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Net profit for calculating basic and diluted EPS	989.29	1,188.92
		(No. of Shares)
Weighted average number of equity shares in calculating basic and diluted EPS	18,192,844	18,192,844
Earnings per equity share (nominal value of share ₹ 10) (2016: ₹ 10)	5.44	6.54

26. Employee benefits

The Company operates two employee benefit plans

I Defined contribution plan which includes contribution to provident and superannuation fund

II Defined benefit plan which includes gratuity (funded) and long term compensated absences (unfunded)

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016
Defined Contribution Plan		
Contribution to Defined Contribution Plan recognised in the statement of profit and loss under employee benefit expenses on note 21 for the year are as under-		
Employer's contribution to provident fund	101.10	92.21
Employer's contribution to superannuation fund	1.18	1.14

Defined Benefit Plan

The Company operates two defined plans, viz. gratuity and long term compensated absences benefit plans, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

Gratuity as per actuarial valuation (₹ in Lakhs)

		Gratuity Funded	
		As at March 31, 2017	As at March 31, 2016
i)	Changes in the present value of the defined benefit obligation		
	Opening	157.80	128.42
	Interest cost	12.53	10.98
	Current service cost	18.34	17.10
	Benefits paid	(21.54)	(4.48)
	Net actuarial (gain) / loss	47.51	5.78
	Closing	**214.64**	**157.80**
ii)	Changes in fair value of plan assets		
	Opening	161.45	134.89
	Expected return on plan assets	12.40	12.20
	Net actuarial gain/ (loss)	9.37	0.32
	Employer's contribution	27.78	18.52
	Benefits paid	(21.54)	(4.48)
	Closing	**189.46**	**161.45**

26. Employee benefits (*Contd.*)

(₹ in Lakhs)

		Gratuity Funded	
		As at March 31, 2017	As at March 31, 2016
iii)	Amounts recognised in balance sheet		
	Present value of defined benefit obligation	214.64	157.80
	Fair value of plan assets	189.46	161.45
	Net liability / (assets) recognized in balance sheet (refer note 7 and note 13)	**25.18**	**(3.65)**
iv)	Amounts recognised in statement of profit and loss		
	Interest cost	12.53	10.98
	Current service cost	18.34	17.10
	Expected return on plan assets	(12.40)	(12.20)
	Net actuarial (gain) / loss recognised	38.14	5.46
	Gratuity expense (refer note 21)	**56.61**	**21.34**
v)	Actual return on plan assets	21.77	12.52
vi)	Principal assumptions used in actuarial valuation		
	Discount rate	7.00%	7.85%
	Expected return on plan assets	7.50%	8.00%
	Salary escalation rate	7.00%	5.00%
	Withdrawal rate (as per age group)	21 to 30 - 10%	21 to 30 - 10%
		31 to 40 - 5%	31 to 40 - 5%
		41 to 50 - 3%	41 to 50 - 3%
		51 to 57 - 2%	51 to 57 - 2%
vii)	Investments with insurers	96.00%	99.00%
	Investments with others	4.00%	1.00%

(₹ in Lakhs)

		Gratuity Funded as at				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
viii)	Amounts for the current and previous four periods are as under:-					
	Defined benefit obligations	214.64	157.80	128.42	151.28	144.39
	Plan assets	189.46	161.45	134.89	141.79	132.81
	Surplus/(Deficit)	(25.18)	3.65	6.47	(9.49)	(11.58)
	Experience adjustments on plan liabilities	9.19	5.22	2.68	(11.58)	(12.62)
	Experience adjustments on plan assets	9.37	0.32	(2.15)	(2.57)	0.80

ix) a The discount rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations.

b Expected rate of return on assets assumed by the insurance company is generally based on their investment pattern as stipulated by the Government of India.

c The estimates of rate escalation in salary considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply demand in the employment market.

d The Company expects to contribute ₹20 lakhs to the Gratuity fund in 2017-18. (2016 - ₹20 lakhs)

Notes to Financial Statements for the year ended March 31, 2017

27. The Company has entered into arrangements for taking on leave and license basis certain office premises and guest houses. The agreements are cancellable having escalation clause and are renewable.

(₹ in Lakhs)

		Year ended March 31, 2017	Year ended March 31, 2016
a)	Lease payments recognized in the statement of profit and loss for the year.	123.56	111.60
b)	Future minimum lease payments under the leases in the aggregate and for each of the following periods:		
	Not later than one year	94.67	47.75
	Later than one year and not later than five years	122.59	62.70

28. Segment Information:

a Primary segment – The Company has identified chemical, bulk drug & enzymes as the only primary reportable segment

b Secondary segments – Geographical segments

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Segment revenue from external customers, based on geographical location of customers (Sales)		
India	3,982.84	4,611.05
Europe	9,093.69	8,010.70
Others	2,845.98	2,087.84
TOTAL	**15,922.51**	**14,709.59**
Assets and additions to property, plant & equipment and intangible assets		
Segment assets		
India	14,557.84	12,438.17
Europe	2,386.00	2,525.90
Others	988.00	811.33
TOTAL	**17,931.84**	**15,775.40**
Capital Expenditure (including capital work in progress)		
India	1,093.89	819.19
Europe	-	-
Others	-	-
TOTAL	**1,093.89**	**819.19**

Note:

The operating facilities of the Company are commonly employed for both the domestic and export business, hence it is not possible to report segment result/liabilities by geographical segment.

29. Related party disclosure:

a) Parties where control exists
Holding company:-
DIL Limited

Subsidiaries:-
a) Fermenta Biotech (UK) Limited
b) G.I. Biotech Pvt Limited

b) Related party relationships where transactions have taken place during the year:-
Key Management Personnel
Mr. Satish Varma - Managing Director

Ms. Anupama Datla Desai – Executive Director

Mr. Prashant Nagre - Chief Executive Officer

Mr. Kapil Gohil - Chief Financial Officer

Mr. Sanjay Basantani - Company Secretary (up to 8th February 2017)

Mr. Varadvinayak Khambete - Company Secretary (From 27th February 2017)

Enterprises owned or significantly influenced by key management personnel or their relatives:-
Dupen Laboratories Pvt Limited.

Lacto Cosmetics (Vapi) Pvt. Limited.

c) An individual directly controlling the holding company, namely DIL Limited and can exercise significant influence:-
Mr. Krishna Datla – Director

d) Transactions with related parties
Following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives.
1	Sales				
	Dupen Laboratories Pvt Ltd.				-
					(14.16)
2	Purchase of raw materials and services				
	Dupen Laboratories Pvt Limited.				9.49
					(7.64)
	Lacto Cosmetics (Vapi) Pvt. Ltd.				5.54
					(5.54)
3	Interest on loan taken	5.96			
		(16.90)			
4	Rent paid	53.20			
		(82.13)			
5	Processing Charges Paid				
	Lacto Cosmetics (Vapi) Pvt. Ltd.				10.66
					(7.20)

Notes to Financial Statements for the year ended March 31, 2017

29. Related party disclosure: (*Contd.*)

d) Transactions with related parties

Following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives.
6	Company's share of expenses paid	33.56			
		(45.27)			
7	Other reimbursements received	0.76			
		(11.66)			
8	Loan repaid	157.50			
		(65.00)			
9	Liability written back	-			
		(10.00)			
10	Remuneration to key management personnel.*				
	Ms. Anupama Datla Desai			58.55	
				(75.02)	
	Mr. Satish Varma			74.43	
				(88.44)	
	Mr. Prashant Nagre			89.16	
				(87.27)	
	Mr. Kapil Gohil			39.31	
				(31.45)	
	Mr. Sanjay Basantani			16.45	
				(16.94)	
	Mr. Varadvinayak Khambete			0.91	
				-	
	Directors sitting fees				0.85
					(1.55)
11	Balance outstanding as at the year end				
	a. Loan payable (refer note 8)	-			
		(157.50)			
	b. Trade Payable				
	DIL Ltd.	3.08			
		(3.24)			
	Lacto Cosmetics (Vapi) Pvt. Ltd.				3.18
					(4.23)
	Dupen Laboratories Pvt Ltd				3.50
					(8.58)

29. Related party disclosure: (*Contd.*)

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives.
	c. Other current liabilities				
	Ms. Anupama Datla Desai - Salary, bonus and con. to PF			-	
				(23.33)	
	Mr. Satish Varma - Salary, bonus and con. to PF			-	
				(23.33)	
	Mr. Prashant Nagre - Salary, bonus and con. to PF			7.91	
				(14.39)	
	Mr. Kapil Gohil - Salary, bonus and con. to PF			1.65	
				(3.00)	
	Mr. Sanjay Basantani - Salary, bonus and con. to PF			-	
				(1.60)	
	DIL Ltd. (refer note 9)	-			
		(2.83)			
	d. Long term loans and advances				
	G.I. Biotech Pvt Ltd. (refer note 13)		6.26		
			(6.26)		
	e. Trade receivables				
	DIL Ltd. (refer note 14.1)	0.22			
		(9.95)			
	Dupen Laboratories Pvt Ltd. (refer note 14.1)				-
					(4.14)

(Figures in brackets are the corresponding figures in respect of the previous year).

* Note: The remuneration to the key managerial personnel includes salary, bonus, contribution to PF and commission, if any, and does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

30. Capital and other commitments

a) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹296.46 lakhs (2016 ₹ 526.52 lakhs).

31. Contingent liabilities

(₹ in Lakhs)

		March 31, 2017	March 31, 2016
Claims against the Company not acknowledged as debts			
a	Tax matters		
	- Excise Duty - matter under appeal	-	8.00
b	Other claims	94.26	54.99

Notes to Financial Statements for the year ended March 31, 2017

32. Derivative instruments and un-hedged foreign currency exposure

a) Particulars of "un-hedged foreign currency exposure" as at March 31, 2017

Particulars	Currency	March 31, 2017		March 31, 2016	
		Amount (Foreign Currency in Millions)	Amount (₹ in Lakhs)	Amount (Foreign Currency in Millions)	Amount (₹ in Lakhs)
Trade receivables	Dollar - $	1.61	1,039.72	0.87	572.99
	Euro - €	3.45	2,400.81	2.95	2,204.80
Trade payables	Dollar - $	0.11	74.34	0.37	244.97
	Euro - €	1.19	830.21	0.46	347.33
	Pound - £	-	0.72	0.00	0.69
PCFC	Euro - €	1.63	1,132.00	0.80	601.09
EEFC	Euro - €	0.00	0.28	0.00	0.30
Buyers Credit	Dollar - $	0.57	368.86	-	-
	Euro - €	0.27	188.85	-	-

33. Details of dues to micro and small enterprises as per MSMED Act, 2006

(₹ in Lakhs)

Particulars	March 31, 2017	March 31, 2016
a) (i) Principal amount remaining unpaid to any supplier at the end of the accounting year	20.20	5.14
(ii) Interest due on above	0.57	0.10
Total of (i) & (ii)	20.77	5.24
b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

34. C.I.F Value of imports:

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Raw materials and packing materials	4,369.23	3,847.03
Stores and spare parts	64.10	14.70
Capital goods	50.18	46.02
	4,483.51	**3,907.75**

35. Expenditure in foreign currency (accrual basis)

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Professional fees	81.60	69.79
Travelling	36.97	33.01
Commission	68.83	23.75
Foreign Advertisement and trade exhibition	32.17	14.36
Analytical fees	17.83	-
Patent & Trademark	2.61	3.04
Rates and Taxes	1.41	4.09
Others	19.32	34.27
	260.74	**182.31**

36. Imported and indigenous raw materials, components and spare parts consumed

(₹ in Lakhs)

	Year ended March 31, 2017		Year ended March 31, 2016	
	%	₹ in Lakhs	%	₹ in Lakhs
Raw materials and packing materials consumed:				
Imported	61%	4,613.88	62%	3,888.41
Indigenous	39%	2,985.42	38%	2,396.42
	100%	**7,599.30**	**100%**	**6,284.83**
Stores and spare parts				
Imported	8%	51.17	10%	47.15
Indigenous	92%	587.39	90%	420.92
	100%	**638.56**	**100%**	**468.07**

37. Earnings in foreign currency

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
F. O. B. value of exports	11,777.18	9,902.42
Freight and insurance on exports	162.49	196.12

38. Research and Development Expenditure

During the year, research and development expenditure of ₹ 507.74 Lakhs (2016 - ₹ 366.66 Lakhs) (excluding interest and depreciation) has been charged to the statement of profit and loss. The capital expenditure in the current year on research and development amounts to ₹195.65 Lakhs (2016 - ₹ 3.22 Lakhs).

39. Details of CSR expenditure

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
a) Gross amount required to be spent by the Company during the year	19.35	10.83

(₹ in Lakhs)

Particulars	In cash	Yet to be paid in cash	Total
b) Amount spent during the year ending on 31st March, 2017:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	8.29	-	8.29
c) Amount spent during the year ending on 31st March, 2016:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	1.90	-	1.90

Notes to Financial Statements for the year ended March 31, 2017

40. Capitalisation of Expenditure

During the year, the Company has capitalized the following expenses of revenue nature to the cost of property, plant & equipment /capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Finance Costs	59.22	8.93
	59.22	**8.93**

41. Specified bank notes

(Amt in Rupees)

Particulars	SBNs #	Other denomination notes	Total
Closing Cash in hand as on 8.11.2016	1,211,000	91,407	1,302,407
(+) Withdrawal from Bank account	-	1,208,000	1,208,000
(-) Paid for permitted payments	-	(1,198,022)	(1,198,022)
(-) Amount deposited in banks	(1,211,000)	-	(1,211,000)
Closing Cash in hand as on 30.12.2016	-	**101,385**	**101,385**

\# For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated November 08, 2016.

42. Prior year amounts have been regrouped / reclassified where necessary to conform with current year's classification.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 30, 2017

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains Chairman	Satish Varma Managing Director	Krishna Datla Director
Sanjay Buch Director	Anupama Datla Desai Executive Director	Viswanath Chibrolu Director
Gopakumar Nair Director	Varadvinayak Khambete Company Secretary	Kapil Gohil Chief Financial Officer

Place: Thane
Date : May 30, 2017

Independent Auditor's Report

To the Members of **Fermenta Biotech Limited**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Fermenta Biotech Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. 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 of 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

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

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

(a) We/the other auditors whose reports we have relied upon, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the 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 Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary company incorporated in India, refer to our separate report in "Annexure 1" to this report;

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

   i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 31 to the consolidated financial statements;

   ii. The Group, did not have any material foreseeable losses in 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 Group.

   iv. The Holding Company and its subsidiary incorporated in India have provided requisite disclosures in Note 41 to these consolidated financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation of the Holding Company regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Group including and as produced to us by the Management of the Holding Company.

Other Matter

(a) We did not audit the financial statements and other financial information, in respect of one subsidiary whose financial statements include total assets of Rs. 6.90 lakhs and net assets of Rs. 6.16 lakhs as at March 31, 2017, and total revenues of Rs. Nil for the year ended on that date. This financial statement and other financial information have been audited by other auditor, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the reports of such other auditor.

(b) The accompanying consolidated financial statements include unaudited financial statements and other unaudited financial information in respect of 1 subsidiary, whose financial statements and other financial information reflect total assets of Rs. 114.89 lakhs and net assets of Rs. 113.85 lakhs as at March 31, 2017, and total revenue of Rs. Nil for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates to amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-sections (3) of the Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, this financial statements and other financial information are not material to the group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements and other financial information certified by the Management.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938

Place: Mumbai
Date: May 30, 2017

Annexure 1 – To the independent auditor's report of even date on the consolidated financial statements of Fermenta Biotech Limited

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

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

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary company, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 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 internal financial controls system over financial reporting.

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 Holding Company and its subsidiary company which is a company incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to one subsidiary company, which is company incorporated in India, is based on the corresponding report of the auditor of such subsidiary, company incorporated in India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938

Place: Mumbai
Date: May 30, 2017

CIN : U99999MH1986PLC134021

Consolidated Balance Sheet as at March 31, 2017

(₹ in Lakhs)

Particulars	Note No.	March 31, 2017	March 31, 2016
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,770.45	1,770.45
Reserves and surplus	4	8,209.26	7,251.01
		9,979.71	**9,021.46**
Minority Interest		**-**	**0.30**
Non current liabilities			
Long term borrowings	5	606.46	363.34
Deferred tax liability (net)	6	273.11	400.25
Long term provisions	7	192.45	143.76
		1,072.02	**907.35**
Current liabilities			
Short term borrowings	8	3,363.02	2,847.21
Trade payables	9		
• Total outstanding dues of micro enterprises and small enterprises		20.20	5.14
• Total outstanding dues of creditors other than micro enterprises and small enterprises		2,700.16	1,800.97
Other current liabilities	9	675.26	976.07
Short term provisions	7	61.72	189.98
		6,820.36	**5,819.37**
TOTAL		**17,872.09**	**15,748.48**
Assets			
Non current assets			
Goodwill		1.13	1.13
Fixed assets			
Property, Pland and Equipment	10	7,435.66	6,819.37
Intangible assets	11	129.91	181.55
Capital work in progress		276.46	533.37
Intangible assets under development		142.52	3.00
Non current investments	12	2.00	2.00
Long term loans and advances	13	351.76	350.75
Other non current assets	14.2	-	0.70
		8,338.31	**7,890.74**
Current assets			
Inventories	15	3,874.59	2,483.78
Trade receivables	14.1	4,462.61	4,338.29
Other current assets	14.2	481.24	364.69
Cash and bank balances	16	151.46	131.08
Short term loans and advances	13	562.75	538.77
		9,532.65	**7,856.61**
TOTAL		**17,872.09**	**15,748.48**
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 30, 2017

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Sanjay Buch
Director

Anupama Datla Desai
Executive Director

Viswanath Chibrolu
Director

Gopakumar Nair
Director

Varadvinayak Khambete
Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 30, 2017

CIN : U99999MH1986PLC134021

Statement of Consolidated Profit & Loss for the year ended March 31, 2017

(₹ in Lakhs)

Particulars	Note No.	March 31, 2017	March 31, 2016
Income			
Revenue from operations (gross)	17	16,078.40	15,004.36
Less : excise duty		155.89	294.77
Revenue from operations (net)		15,922.51	14,709.59
Other income	18	232.36	270.67
Total Revenue (I)		**16,154.87**	**14,980.26**
Expenses			
Cost of materials consumed	19	7,599.30	6,284.83
Purchase of traded goods	19	22.21	160.11
(Increase) / decrease in the inventory of finished goods and work-in-progress	20	(789.44)	(53.06)
Employee benefit expense	21	2,259.36	2,036.28
Depreciation and amortization expense	22	696.03	654.40
Finance costs	23	362.34	454.62
Other expenses	24	4,807.78	3,833.77
Total (II)		**14,957.58**	**13,370.95**
Profit before prior period item and tax (I-II)		1,197.29	1,609.31
Prior period item		17.07	-
Profit before tax		**1,180.22**	**1,609.31**
Tax expense:			
Current tax		349.40	345.20
Deferred tax charge		(127.13)	83.35
Total tax expense		**222.27**	**428.55**
Profit after tax		**957.95**	**1,180.76**
Share of minority interest in Profit and Loss account		**(0.30)**	**(0.36)**
Profit after minority interest		**958.25**	**1,181.12**
Earnings per equity share (nominal value of share ₹ 10) (2016: ₹ 10)	25		
(1) Basic		5.27	6.49
(2) Diluted		5.27	6.49
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 30, 2017

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Sanjay Buch
Director

Anupama Datla Desai
Executive Director

Viswanath Chibrolu
Director

Gopakumar Nair
Director

Varadvinayak Khambete
Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 30, 2017

Consolidated Cash Flow Statement for the year ended March 31, 2017

(₹ in Lakhs)

		March 31, 2017	March 31, 2016
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	1,180.22	1,609.31
	Non cash adjustment to reconcile profit before tax to net cash flows		
	Depreciation / amortisations	696.03	654.40
	Foreign exchange (gain)/loss (net) - unrealised	(48.90)	(52.78)
	(Profit)/Loss on sale of fixed assets (Net)	9.05	(0.70)
	Provision for doubtful debts and advances (Net)	425.54	9.63
	Interest expense	379.41	454.62
	Dividend Income	(0.20)	(0.20)
	Interest income	(20.98)	(3.15)
	Operating profit before working capital changes	**2,620.17**	**2,671.13**
	Movements in working capital changes:		
	Increase/ (Decrease) in trade payables	951.90	263.52
	Increase/ (Decrease) in long term provisions	48.69	9.03
	Increase/ (Decrease) in short term provisions	(1.44)	4.26
	Increase/ (Decrease) in other current liabilities	(75.83)	148.07
	(Increase)/ Decrease in trade receivables	(576.19)	(738.38)
	(Increase)/ Decrease in inventories	(1,390.81)	(381.63)
	(Increase)/ Decrease in long term loans and advances	(3.32)	8.02
	(Increase)/ Decrease in short term loans and advances	(115.91)	(141.36)
	(Increase)/ Decrease in other current assets	(116.55)	(336.78)
	Cash generated from operations	**1,340.71**	**1,505.88**
	Direct taxes paid (net of refund)	(406.92)	(191.95)
	Net cash flow from operating activities	**933.79**	**1,313.93**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets (including intangible assets, adjustments	(1,093.88)	(819.21)
	for capital work-in-progress and capital advances)		
	Proceeds from sale of fixed assets	1.11	0.93
	Investment in bank deposits having maturity of more than three months	0.70	(13.36)
	Dividend received	0.20	0.20
	Interest received	8.74	3.14
	Net cash used in investing activities	**(1,083.13)**	**(828.30)**

CIN : U99999MH1986PLC134021

Consolidated Cash Flow Statement for the year ended March 31, 2017

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	584.49	473.86
Repayment of long term borrowings	(608.97)	(561.62)
Net Proceeds from short term borrowings	565.58	109.95
Interest paid	(371.38)	(457.10)
Net cash flow (used in)/from financing activities	**169.72**	**(434.91)**
Net increase in Cash and Cash equivalents	20.38	50.73
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	-
Cash and Cash equivalents at the beginning of the year	131.08	80.35
Cash and Cash equivalents at the end of the year	**151.46**	**131.08**
Components of Cash and Cash equivalents		
Cash on hand	6.42	3.64
Balances with scheduled banks on:		
Current accounts	145.01	127.41
Deposit accounts	0.03	0.03
Total cash and cash equivalents (note 16)	**151.46**	**131.08**

Notes:

1) Cash flow statement has been prepared under indirect method as set out in Accounting Standard (AS3) "Cash Flow Statements" as specified in Companies (Accounts) Rules, 2014.

2) Previous year's figures have been regrouped / rearranged wherever necessary.

Summary of significant accounting policies	2.1

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 30, 2017

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains Chairman	Satish Varma Managing Director	Krishna Datla Director
Sanjay Buch Director	Anupama Datla Desai Executive Director	Viswanath Chibrolu Director
Gopakumar Nair Director	Varadvinayak Khambete Company Secretary	Kapil Gohil Chief Financial Officer

Place: Thane
Date : May 30, 2017

Notes to Consolidated Financial Statements for the year ended March 31, 2017

1 Background:

A. Fermenta Biotech Limited ("the Company") is a public company domiciled in India and incorporated under the Companies Act, 1956. The Company is engaged in the business of manufacturing and marketing of chemicals, bulk drugs enzymes, pharmaceutical formulations and Environmental solution products. The Company caters to both domestic and international markets.

Company was holding 2,20,001 equity shares (100%) of 1 G.B. Pound each in Fermenta Biotech UK Limited in the beginning and at the end of the year. Company was also holding 6250 equity shares (62.5%) of 10 each in GI Biotech Private Limited at the beginning and at the end of the year

B. The financial statement of subsidiaries used in the consolidation are drawn up to the same reporting date as of the Company. These statements have been consolidated on the basis of audited financial statements.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act 2013 read together with paragraph 7 of Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies:

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b) Basis of Consolidation

These consolidated financial statements include the financial statements of Fermenta Biotech Limited and its following subsidiaries as at March 31, 2017.

Name of Subsidiaries	Country of Incorporation	2016-17	2015-16
Fermenta Biotech UK Limited	United Kingdom	100%	100%
G. I. Biotech Private Limited	India	62.50%	62.50%

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed by Accounting Standard - 21 'Consolidated Financial Statements' ('AS - 21') as per Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013 for the purpose of preparation and presentation of financial statements.

The financial statements of the Group have been combined on a line-by-line basis by adding together the book values of items like assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealised profits/ loss in full for subsidiaries. The amounts shown in respect of accumulated reserves comprises the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase / (decrease) in the relevant reserve, accumulated deficit of its subsidiaries.

Notes to Consolidated Financial Statements for the year ended March 31, 2017

Share of minority interest is adjusted against the profit to arrive at the net profit attributable to shareholders. Minority interest in share of net assets is presented separately in the balance sheet.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its independent financial statements .

c) **Property, Plant and Equipment (PPE)**

Property, plant and equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities. Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Items of stores and spares that meet the definition of property, plant and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

d) **Depreciation on Property, Plant and Equipment**

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives; the remaining components are depreciated over the life of the principal asset. The Company has used the following useful lives to provide depreciation on its property, plant and equipment.

Assets	Estimated useful life (in years)
Lease hold land	30
Building	30
Lease hold improvements (included in buildings)	10
Plant and equipment	10-20
Office equipments	5
Computers	3-6
Furniture and fixtures	10
Vehicles	8

e) **Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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 recognized in the statement of profit and loss when the asset is derecognized.

The Company has used the rates based on following estimated useful lives of Intangible assets.

Assets	Estimated useful life (in years)
Software including licences	6
Product know how	3 - 5

Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the asset and use or sell it; (iii) its ability to use or sell the asset; (iv) how the asset will generate probable future economic benefits; (v) the availability of adequate resources to complete the development and to use or sell the asset; and (vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure so capitalized is amortised over their estimated useful lives of three to five years on a straight line basis.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable

f) **Impairment of fixed assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill on consolidation is recorded at cost and is evaluated for impairment at each period end or whenever events or changes in circumstances that indicate that its carrying amount may be impaired

g) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) Inventories

Inventories are stated at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost is determined as follows:

(a) Stores and spare parts: - First-in-first-out method.

Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

(b) Raw materials and packing materials: - Cost is determined on a weighted average basis.

(c) Intermediate raw materials, work-in-process and finished goods:- Cost includes direct materials determined on the basis of weighted average method and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

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

i) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services

Revenues from environmental project consultancy contracts are recognized pro-rata over the period of the contract as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Export Incentive

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and net benefit / obligation is accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Merchantile Export Incentive Scheme and other schemes as per the Import and Export policy in respect of exports made under the said schemes is included as 'Export Incentives' under the note "other operating revenue" in the statement of profit and loss.

j) Foreign currency transactions

Initial Recognition

Transactions in foreign currencies are recorded in the reporting currency at the exchange rate prevailing between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

Translation of Integral and Non-integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the group itself.

In translating the financial statement of a non-integral foreign operation for incorporation in financial statement, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

k) Retirement and other employee benefits

Retirement benefit in the form of provident fund and superannuation fund is defined contribution scheme. The contributions to the respective funds are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the respective funds

The Company operates two defined benefit plans for its employee viz. gratuity and long term compensated absences

Employees are entitled to benefits under the Payment of Gratuity Act, 1972, a defined benefit plan covering employees of the Company. The plan provides for a lump-sum payment to eligible employees at retirement, death, incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment subject to a maximum of ₹10.00 lakhs per employee.

The gratuity liability and net periodic gratuity cost is actuarially determined based on the projected unit credit method after considering discount rates, expected long term return on plan assets and increase in compensation levels.

All actuarial gains/losses are immediately recorded to the statement of profit and loss and are not deferred.

The Company makes contributions to a fund administered and managed by Life Insurance Corporation of India ('LIC') to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

Liability for long term compensated absences are provided for based on actuarial valuation done as per projected unit credit method.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

l) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred taxes are measured using the tax rates and tax laws enacted or substantially enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. For recognition of deferred taxes, the timing difference which originate first are considered to reverse first.

At each reporting date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

MAT paid in a year is charged to statement of profit and loss as current tax. MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

The Company's bulk drugs production facility in Kullu, Himachal Pradesh, was eligible for deduction of 100% of profits until March 31, 2008 and 30% of profits from April 1, 2008 to March 31, 2013, under section 80IB of the Income Tax Act, 1961. Secondly the Company's bulk drug facility at Dahej, Gujarat, was eligible for deduction of 100% of profit until March 31, 2016 and 50% of the profits from April 1, 2016 to March 31, 2021, under section 10(AA) of the Income Tax Act. 1961. In view of such deduction, no asset has been recognized in respect of the Minimum Alternate Tax (MAT) credit available to the Company. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal tax under specified period.

m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company has not issued any potential equity shares and hence the basic earnings per share and diluted earnings per share are the same.

n) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

Notes to Consolidated Financial Statements for the year ended March 31, 2017

o) **Contingent liabilities**

Contingent asset are not recognised in the financial statement of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

p) **Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating lease. Operating Lease payments are recognised as an expense in the statement of profit and loss account on a straight line basis over the lease term.

q) **Cash and Cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

r) **Segment Reporting**

Identification of segments :

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate/sell its product.

s) **Borrowing costs**

Borrowing cost includes interest and amortisation of ancillary cost incurred in connection with the arrangement of borrowing and exchange differences arising from foreign currency borrowing to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Notes to Consolidated Financial Statements for the year ended March 31, 2017

3. Share Capital

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Authorised shares:		
19,010,000 (2016 - 19,010,000) equity shares of ₹10 each	1,901.00	1,901.00
990,000 (2016 - 990,000) preference shares of ₹10 each	99.00	99.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid-up shares:		
18,192,844 (2016 - 18,192,844) equity shares of ₹10 each	1,819.28	1,819.28
Less : Amount recoverable from ESOP trust (refer note (e) below)	(48.83)	(48.83)
	1,770.45	**1,770.45**

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity shares	March 31, 2017		March 31, 2016	
	No. in Lakhs	₹ in Lakhs	No. in Lakhs	₹ in Lakhs
At the beginning of the period	181.93	1,819.28	181.93	1,819.28
Outstanding at the end of the period	**181.93**	**1,819.28**	**181.93**	**1,819.28**

b. **Shares held by holding company and its ultimate holding company**

Out of equity shares issued by the Company, shares held by the holding company are as follows: (₹ in Lakhs)

	March 31, 2017	March 31, 2016
DIL Limited, the holding company 12,762,464 (2016 -12,762,464) equity shares of ₹ 10 each fully paid	1,276.25	1,276.25
DVK Investments Pvt. Ltd., the ultimate holding company 87,024 (2016 - 87,024) equity shares of ₹ 10 each fully paid	8.70	8.70

c **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays the dividend in Indian rupees. The dividend if any proposed by the board of directors is subject to shareholders' approval in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be as per the terms of the Articles of Association of the Company.

d **Details of shareholders holding more than 5% shares in the Company**

	March 31, 2017		March 31, 2016	
	No. in Lakhs	% holding in the class	No. in Lakhs	% holding in the class
Equity shares of ₹10 each fully paid				
DIL Limited	127.62	70.15%	127.62	70.15%
Evolvence India Life Sciences Fund LLC	38.30	21.05%	38.30	21.05%

e **Shares reserved for issue under options**

During the year ended March 31, 2011, pursuant to approval from shareholders, the Company has allotted 488,334 equity shares at face value of ₹10 each per share against cash to FBL ESOP Trust pending implementation of ESOP plan. (No. in Lakhs)

	March 31, 2017	March 31, 2016
At the beginning of the period	4.88	4.88
Outstanding at the end of the period	**4.88**	**4.88**

Notes to Consolidated Financial Statements for the year ended March 31, 2017

4. Reserve and surplus

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Capital redemption reserve	103.38	103.38
Securities premium account	1,706.46	1,706.46
General Reserve	92.32	92.32
Surplus in the statement of profit and loss		
Balance as per the last financial statements	5,348.85	4,167.73
Profit for the year	958.25	1,181.12
Net surplus in the statement of profit and loss	6,307.10	5,348.85
Total reserves and surplus	8,209.26	7,251.01

5. Long-term borrowings

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Term Loans				
From bank (secured) for Dahej facility	472.62	295.57	222.19	466.67
From bank (secured) for R & D Thane	123.68	30.36	75.00	75.00
From financial institutions (secured) for Dahej facility	-	-	-	33.49
From financial institutions (secured) for R & D Thane	9.51	30.11	26.09	22.75
Vehicle Loans				
From bank (secured)	0.65	7.06	6.77	8.68
From financial institutions (secured)	-	0.24	0.22	2.38
Total	606.46	363.34	330.27	608.97
The above amount includes				
Secured borrowings	606.46	363.34	330.27	608.97
Amount disclosed under the head "other current liabilities" (refer note 9)	-	-	(330.27)	(608.97)
Net Amount	606.46	363.34	-	-

a Term loan for setting up a new facility at Dahej SEZ is taken from Union Bank of India with interest rates (BR + 4%) ranging from 13.30% to 13.60% repayable in 60 equal monthly installments. The said term loan is secured by way of first charge on fixed assets procured with financial assistance of the said term loan and by equitable mortgage of factory land and building at Dahej and Kullu

b Term Loan for expansion of Dahej facility is taken from Union Bank of India with interest rate (BR+3.75%) ranging from 13.05% to 13.30% repayable in 48 equal monthly installments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building at Dahej and Kullu

c Term Loan for relocation of R & D units / Thane Head office is taken from Union Bank of India with interest rate (BR+3.75%) ranging from 13.05% to 13.30% repayable in 48 equal monthly installments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building of Dahej and Kullu.

d Term loans from financial institutions (secured) for financing the purchase of plant and machinery at Dahej SEZ and R & D Thane are taken from Siemens Financial Services Private Limited at interest rates of 13.75%, repayable in 48 equal monthly installments. The said term loans are secured by way of first charge on plant and machinery procured with financial assistance of the said term loan.

e Vehicle loans are taken from the Banks and Financial Institutions against hypothecation of the vehicles repayable in monthly installments ranging between 36 to 60 months with interest rates ranging from 10% to 14%.

6. Deferred tax liability (net)

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	652.51	600.99
Gross deferred tax liability	**652.51**	**600.99**
Deferred tax assets		
Provision for doubtful debts and advances	307.39	150.11
Provision for gratuity and long term compensated absences	72.01	50.63
Gross deferred tax assets	**379.40**	**200.74**
Net deferred tax liability	**273.11**	**400.25**

7. Provisions

(₹ in Lakhs)

	Long-Term		Short-Term	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Provision for employee benefits				
Provision for long term compensated absences	167.27	143.76	33.74	35.18
Provision for gratuity (refer note 26 (iii))	25.18	-	-	-
Provision for tax (net)	-	-	27.98	154.80
	192.45	**143.76**	**61.72**	**189.98**

8. Short-term borrowings

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Cash credit from bank (secured)	1,673.31	1,489.09
Packing and post shipment credit from bank (secured)	1,132.00	1,200.62
Short term loan from holding company (unsecured) (refer note 29 (d))	-	157.50
Buyers Credit from bank (secured)	188.85	-
Buyers Credit from bank (unsecured)	368.86	-
	3,363.02	**2,847.21**
The above amount includes		
Secured borrowings	2,994.16	2,689.71
Unsecured borrowings	368.86	157.50

Packing credit, post shipment credit, cash credit and buyers credit are from Union Bank of India and are secured against hypothecation of Company's entire stocks of raw materials, semi-finished, and finished goods, consumable stores and spares and such other moveable including book-debts, bills, whether documentary or clean, outstanding monies, receivables, and also by way of first charge on all of the Company's fixed assets both present and future. The packing credit, cash credit and buyers credit are repayable on demand. The interest rate for preshipment credit in foreign currency is (LIBOR+3.5%) and interest rate for export credit in rupee and cash credit is 10.8% and 13.3% respectively

Buyers credit is taken from DBS Bank secured by lien on the deposit of ₹ 100 Lakhs. The interest rate is (LIBOR+1.65%)

Term loan from holding company includes:

Short term loan of ₹Nil (2016 - ₹157.50 Lakhs) carrying interest @ 8% to 12% p.a., repayable on demand

Notes to Consolidated Financial Statements for the year ended March 31, 2017

9. Trade payables and other current liabilities

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Trade payables (refer note 33)		
• total outstanding dues of micro enterprises and small enterprises (refer note 33 for details of dues to micro and small enterprises)	20.20	5.14
• total outstanding dues of creditors other than micro enterprises and small enterprises	2,700.16	1,800.97
Other current liabilities		
Current maturities of long term borrowings (refer note 5)	330.27	608.97
Interest accrued and not due on borrowings	2.60	6.14
Statutory dues	80.04	81.53
Advance from customers	35.24	29.27
Liability for capital expenditure	155.86	98.60
Others	71.25	151.56
	675.26	**976.07**
	3,395.62	**2,782.18**

10. Property, Plant and Equipment

(₹ in Lakhs)

	Freehold land	Lease hold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total
Cost at April 1, 2015	36.04	308.93	2,878.93	7,229.97	199.29	218.67	10,871.83
Additions	-	-	15.19	133.24	0.72	9.48	158.63
Disposals	-	-	-	18.03	-	-	18.03
At March 31, 2016	36.04	308.93	2,894.12	7,345.18	200.01	228.15	11,012.43
Additions	-	-	139.63	1,110.70	11.44	-	1,261.77
Disposals	-	-	40.92	2.72	-	23.91	67.55
At March 31, 2017	**36.04**	**308.93**	**2,992.83**	**8,453.17**	**211.45**	**204.24**	**12,206.665**
Depreciation							
At April 1, 2015	-	52.59	519.85	2,852.23	116.60	99.91	3,641.18
Charge for the year	-	10.83	101.35	415.42	12.35	29.73	569.68
Disposals	-	-	-	17.80	-	-	17.80
At March 31, 2016	-	63.42	621.20	3,249.85	128.95	129.64	4,193.06
Charge for the year	**-**	**10.83**	**124.27**	**460.88**	**13.43**	**25.90**	**635.31**
Disposals	**-**	**-**	**33.00**	**1.67**	**-**	**22.71**	**57.38**
At March 31, 2017	**-**	**74.25**	**712.47**	**3,709.06**	**142.38**	**132.83**	**4,770.99**
Net Block							
At March 31, 2016	36.04	245.51	2,272.92	4,095.33	71.06	98.51	6,819.37
At March 31, 2017	**36.04**	**234.68**	**2,280.36**	**4,744.10**	**69.07**	**71.41**	**7,435.66**

Notes to Consolidated Financial Statements for the year ended March 31, 2017

11. Intangible assets

(₹ in Lakhs)

	Softwares	Product Know-how	Total
Gross Block			
Cost at April 1, 2015	114.72	593.71	708.43
Additions	11.45	160.14	171.58
Disposals	-	-	-
At March 31, 2016	126.16	753.85	880.01
Additions	**9.08**	**-**	**9.08**
Disposals	**-**	**-**	**-**
At March 31, 2016	**135.24**	**753.85**	**889.09**
Depreciation			
At April 1, 2015	70.74	543.00	613.74
Charge for the year	18.30	66.42	84.72
Disposals	-	-	-
At March 31, 2016	89.04	609.42	698.46
Charge for the year	**15.78**	**44.94**	**60.72**
Disposal	**-**	**-**	**-**
At March 31, 2017	**104.82**	**654.36**	**759.18**
Net Block			
At March 31, 2016	37.12	144.43	181.55
At March 31, 2017	**30.42**	**99.49**	**129.91**

12. Non-current Investments

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Non-trade investments (valued at cost unless stated otherwise)		
Other entities		
20,000 (2016 - 20,000) Equity shares of ₹10/- each in Shivalik Solid Waste Management Limited	2.00	2.00
	2.00	**2.00**

13. Long term loans and advances

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Capital advances -				
Unsecured considered good	248.63	250.94	-	-
Security deposits -				
Unsecured considered good	101.95	83.88	-	-
Loans and advances to employees -				
Unsecured considered good	0.85	10.00	23.97	16.49
Advance recoverable in cash or kind -				
Unsecured considered good (refer note 26 (iii))	0.06	3.65	262.63	181.20
Unsecured considered doubtful	5.08	5.08	25.86	13.68
	5.14	8.73	288.49	194.88
Provision for doubtful advance	(5.08)	(5.08)	(25.86)	(13.68)
	0.06	3.65	262.63	181.20

Notes to Consolidated Financial Statements for the year ended March 31, 2017

13. Long term loans and advances (*contd.*)

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Others -				
Inter corporate deposits				
Doubtful	267.83	267.83	-	-
Provision for doubtful inter corporate deposit	(267.83)	(267.83)	-	-
	-	-	-	-
Advance income tax (net of provision for taxation)	-	-	6.73	86.47
Prepaid expenses	-	-	60.14	50.92
Balance with government authorities	-	-	208.64	203.05
Advance to ESOP Trust	0.27	0.27	-	-
Others	-	2.01	0.64	0.64
	351.76	**350.75**	**562.75**	**538.77**

14. Trade receivables and other assets

14.1 Trade receivables

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured considered good	-	-	831.26	708.09
Doubtful	589.42	176.06	-	-
	589.42	176.06	831.26	708.09
Provision for doubtful receivables	(589.42)	(176.06)	-	-
	-	-	831.26	708.09
Other receivables				
Unsecured considered good	-	-	3,631.35	3,630.20
	-	**-**	**4,462.61**	**4,338.29**
Trade receivables include :-				
I) Dues from a Company in which the Company's director is a director - Dupen Laboratories Private Limited (refer note 29 (d) - (11d))			-	4.14
II) Dues from holding company - DIL Ltd.(refer note 29 (d) - (11d))			0.22	9.95

14.2 Other Assets

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Unsecured, considered good unless stated otherwise				
Bank balance (refer note 16)	-	0.70	153.71	68.68
Export incentives receivable			326.30	216.67
Others	-	-	1.23	79.34
	-	**0.70**	**481.24**	**364.69**

Notes to Consolidated Financial Statements for the year ended March 31, 2017

15. Inventories (valued at lower of cost and net realizable value)

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Raw materials and packing materials (includes stock in transit of ₹50.82 lakhs (2016 ₹ 78.51 lakhs)) (refer note 19)	1,948.56	1,392.24
Work in progress (refer note 20)	1,425.18	777.00
Finished goods (refer note 20)	319.36	178.10
Stores and spares	181.49	136.44
	3,874.59	**2,483.78**

16. Cash and bank balances

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Cash and cash equivalents				
Balances with banks				
On current account	-	-	145.01	127.41
Deposits with original maturity of less than three months	-	-	0.03	0.03
Cash on hand	-	-	6.42	3.64
Other bank balances				
Margin money deposits	-	-	153.71	68.68
Deposits with original maturity of more than three months	-	0.70	-	-
	-	**0.70**	**305.17**	**199.76**
Amount disclosed under other assets (refer note 14.2)	**-**	**(0.70)**	**(153.71)**	**(68.68)**
	-	**-**	**151.46**	**131.08**

Margin money deposits with a carrying amount of ₹153.71 lakhs (2016 ₹ 68.68 lakhs) are subject to first charge to secure the letters of credit facilities availed by the Company.

Notes to Consolidated Financial Statements for the year ended March 31, 2017

17. Revenue from operations

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Revenue from operations		
Sale of products		
Finished goods	15,689.37	14,419.07
Traded goods	35.76	218.52
Sale of services	5.76	19.78
Other operating revenue		
Scrap sales	5.86	4.76
Insurance Claim	-	39.19
Exports Incentive	341.65	303.04
Revenue from operations (gross)	16,078.40	15,004.36
Less: Excise duty #	155.89	294.77
Revenue from operations (net)	**15,922.51**	**14,709.59**

\# Excise duty on sales amounting to ₹ 155.89 lakhs (2016 ₹294.77 lakhs) has been reduced from sales in statement of profit and loss and excise duty on increase/(decrease) in stock amounting to (₹ 12.32 lakhs) (2016 ₹ 24.39 lakhs) has been considered as expenses in note 24 of the financial statements.

Details of product sold

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Finished goods sold		
Vitamin D3 Product range	10,883.36	10,462.54
Silicon dry powder	498.89	383.73
Phenyramidol Hcl	3,353.78	2,329.07
Fermsept	146.58	95.33
Biocatalyst and Enzymes	530.94	863.43
Others	275.82	284.97
	15,689.37	**14,419.07**
Traded goods sold		
Granules	-	77.58
Injections	30.58	33.14
Spray	5.18	107.80
	35.76	218.52
	15,725.13	**14,637.59**
Details of service rendered		
Environmental project consultancy fees	5.76	19.78
	5.76	**19.78**

18. Other Income

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Foreign exchange fluctuation gain (net)	206.68	259.46
Dividend Income	0.20	0.20
Miscellaneous Income	1.94	4.65
Profit on Sale of Fixed assets (net)	-	0.70
Interest income on bank deposits	8.73	3.14
Others	14.81	2.52
	232.36	**270.67**

Notes to Consolidated Financial Statements for the year ended March 31, 2017

19. Cost of raw materials and packing materials consumed

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Inventories of raw materials / packing materials at the beginning of the year	1,392.24	1,035.12
Add : Purchases	8,155.62	6,641.95
	9,547.86	7,677.07
Less : Inventories of raw materials / packing materials at the end of the period	1,948.56	1,392.24
Cost of raw materials and packing materials consumed	**7,599.30**	**6,284.83**

Details of raw materials and packing materials consumed

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Cholesterol	3,902.56	3,131.20
Lithium Amide	544.60	331.65
2-Amino Pyridine	326.04	219.53
Iso Propyl Alcohol	242.83	160.42
Denatured Spirit	226.87	181.64
Styrene Oxide	227.36	157.81
Dimethyl formamide	120.05	91.19
Acetone	185.88	145.52
Petroleum Ether	305.61	244.64
Calcium Dibasic Phoshphate	263.62	200.89
Other materials	1,253.88	1,420.34
	7,599.30	**6,284.83**
Details of Raw materials and packing materials inventory		
Cholesterol	228.06	494.38
Pyridine styrene oxide derivative	103.25	69.47
Lithium Amide	65.96	51.71
2- Amino Pyridine	45.00	42.64
Woolgrease	108.81	115.82
Methyl Formate	3.69	3.61
Collidine	6.91	1.63
Dibromo Dimethyl Hydantion	4.14	4.96
Others	1,382.74	608.02
	1,948.56	**1,392.24**
Details of purchase of traded goods		
Granules	-	46.50
Injections	18.24	19.84
Spray	3.97	93.77
	22.21	**160.11**

Notes to Consolidated Financial Statements for the year ended March 31, 2017

20. (Increase)/decrease in inventories

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Inventories at the end of the year (refer note 15)		
Work in progress	1,425.18	777.00
Finished goods	319.36	178.10
	1,744.54	955.10
Inventories at the beginning of the year (refer note 15)		
Work in progress	777.00	810.41
Finished goods	178.10	91.63
	955.10	902.04
	(789.44)	**(53.06)**
Details of inventory		
Work in progress		
Vitamin D3 Product range	1,255.67	653.19
Silicon dry powder	12.95	1.46
Phenyramidol Hcl	13.83	8.17
Biocatalyst and Enzymes	8.39	15.41
Others	134.34	98.77
	1,425.18	**777.00**
Finished goods		
Vitamin D3 Product range	243.66	99.96
Silicon dry powder	-	2.90
Biocatalyst and Enzymes	52.78	47.59
Others	22.92	27.65
	319.36	**178.10**

21. Employee benefit expense

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Salaries, wages and bonus	1,824.42	1,711.61
Contribution to provident and other fund	102.28	93.35
Gratuity expense (refer note 26 (iv))	56.61	21.34
Staff welfare expenses	276.05	209.98
	2,259.36	**2,036.28**

22. Depreciation and amortisation expense

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Depreciation of Property, Plant and Equipment	635.31	569.68
Amortisation of intangible assets	60.72	84.72
	696.03	**654.40**

23. Finance Costs

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Interest:		
- On term loans	98.38	89.91
- On Working Capital	234.97	302.39
- On Short term loan from holding company	5.96	3.13
- Others	23.03	59.19
	362.34	**454.62**

24. Other Expenses

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Manufacturing Expense		
Excise duty other than recovered on sales	10.59	59.39
Labour charges	302.94	249.91
Power, fuel and gas	829.37	774.72
Processing charges	595.31	445.12
Repairs to building	43.65	52.60
Repairs to machinery	76.20	64.16
Stores and spare parts consumed	638.56	468.07
Water charges	13.26	12.63
Sub total (i)	**2,509.88**	**2,126.60**
Selling and distribution expenses		
Advertising and sales promotions	103.09	104.58
Freight and forwarding charges	294.31	255.19
Sales commission	126.86	147.33
Sub total (ii)	**524.26**	**507.10**
Administration and other expenses		
Rent (refer note 28)	123.56	111.60
Repairs and maintenance - others	146.39	82.44
Insurance	73.94	62.40
Rates and taxes	79.83	78.96
Provision for doubtful debts and advances (net)	425.54	9.63
Directors sitting fee	2.00	4.25
Travelling and conveyance	332.39	331.88
Professional and legal fees	216.81	233.91
Payment to auditors (Refer details next page)	27.28	26.44
Postage and telephone	35.77	31.00
Printing & stationery	69.53	53.23
Staff recruitment expenses	28.51	16.17
Foreign exchange fluctuation loss (net)	6.31	-
Loss on sale of fixed assets (net)	9.05	-
Donations (refer note 39)	16.37	14.01
Bank charges	47.48	39.90
Miscellaneous expenses	132.88	104.25
Sub total (iii)	**1,773.64**	**1,200.07**
Total (i+ii+iii)	**4,807.78**	**3,833.77**

Notes to Consolidated Financial Statements for the year ended March 31, 2017

24. Other Expenses (*contd.*)

Payment to auditors

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
As Auditor		
Audit fee	13.10	14.10
Tax audit fee*	4.60	3.10
Limited review	7.50	7.50
Certifcation fees	0.50	0.50
Reimbursement of expense*	1.58	1.24
	27.28	**26.44**

* includes amount paid to the auditors other than statutory auditors

25. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Net profit for calculating basic and diluted EPS	958.25	1,181.12

No. of Shares

	March 31, 2017	March 31, 2016
Weighted average number of equity shares in calculating basic and diluted EPS	18,192,844	18,192,844
Earnings per equity share (nominal value of share ₹ 10) (2016: ₹10)	5.27	6.49

26. Employee benefits

The Company operates two employee benefit plans

I Defined contribution plan which includes contribution to provident and superannuation fund

II Defined benefit plan which includes gratuity (funded) and long term compensated absences (unfunded)

(₹ in Lakhs)

	As at March 31, 2017	As at March 31, 2016
Defined Contribution Plan		
Contribution to Defined Contribution Plan recognised in the statement of profit and loss under employee benefit expense on note 21 for the year are as under:		
Employer's contribution to provident fund	101.10	92.21
Employer's contribution to superannuation fund	1.18	1.14

Defined Benefit Plan

The Company operates two defined plans, viz. gratuity and long term compensated absences benefit plans, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

26. Employee benefits (*Contd.*)

Gratuity as per actuarial valuation (₹ in Lakhs)

	Gratuity Funded	
	As at March 31, 2017	As at March 31, 2016
i) Changes in the present value of the defined benefit obligation		
Opening	157.80	128.42
Interest cost	12.53	10.98
Current service cost	18.34	17.10
Benefits paid	(21.54)	(4.48)
Net actuarial (gain) / loss	47.51	5.78
Closing	**214.64**	**157.80**
ii) Changes in fair value of plan assets		
Opening	161.45	134.89
Expected return on plan assets	12.40	12.20
Net actuarial gain/ (loss)	9.37	0.32
Employer's contribution	27.78	18.52
Benefits paid	(21.54)	(4.48)
Closing	**189.46**	**161.45**
iii) Amounts recognised in balance sheet		
Present value of defined benefit obligation	214.64	157.80
Fair value of plan assets	189.46	161.45
Net liability / (assets) recognised in balance sheet (refer note 7 and 13)	**25.18**	**(3.65)**
iv) Amounts recognised in profit and loss account		
Interest cost	12.53	10.98
Current service cost	18.34	17.10
Expected return on plan assets	(12.40)	(12.20)
Net actuarial (gain) / loss recognised	38.14	5.46
Gratuity expense (refer note 21)	**56.61**	**21.34**
v) Actual return on plan assets	21.77	12.52
vi) Principal assumptions used in actuarial valuation		
Discount rate	7.00%	7.85%
Expected return on plan assets	7.50%	8.00%
Salary escalation rate	7.00%	5.00%
Withdrawal rate (as per age group)	21 to 30 - 10%	21 to 30 - 10%
	31 to 40 - 5%	31 to 40 - 5%
	41 to 50 - 3%	41 to 50 - 3%
	51 to 57 - 2%	51 to 57 - 2%
vii) Investments with insurers	96.00%	99.00%
Investments with others	4.00%	1.00%

Notes to Consolidated Financial Statements for the year ended March 31, 2017

26. Employee benefits (*Contd.*)

(₹ in Lakhs)

	Gratuity Funded				
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
viii) Amounts for the current and previous four periods are as under:-					
Defined benefit obligations	214.64	157.80	128.42	151.28	144.39
Plan assets	189.46	161.45	134.89	141.79	132.81
Surplus/(Deficit)	(25.18)	3.65	6.47	(9.49)	(11.58)
Experience adjustments on plan liabilities	9.19	5.22	2.68	(11.58)	(12.62)
Experience adjustments on plan assets	9.37	0.32	(2.15)	(2.57)	0.80

ix) a The discount rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations.

b Expected rate of return on assets assumed by the insurance company is generally based on their investment pattern as stipulated by the Government of India.

c The estimates of rate escalation in salary considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply demand in the employment market.

d The Company expects to contribute ₹20 lakhs to the Gratuity fund in 2017-18. (2016-17 ₹20 lakhs)

27. The Company has entered into arrangements for taking on leave and license basis certain office premises and guest houses. The agreements are cancellable having escalation clause and are renewable.

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
a) Lease payments recognized in the statement of profit and loss for the year.	123.56	111.60
b) Future minimum lease payments under the leases in the aggregate and for each of the following periods:		
Not later than one year	94.67	47.45
Later than one year and not later than five years	122.59	62.70

28. Segment Information:

a Primary segment – The Company has identified chemical, bulk drug & enzymes as the only primary reportable segment

b Secondary segments – Geographical segments

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2016
Segment revenue from external customers, based on geographical location of customers (Sales)		
India	3,982.84	4,611.05
Europe	9,093.69	8,010.70
Others	2,845.98	2,087.84
TOTAL	**15,922.51**	**14,709.59**

28. Segment Information: (*Contd.*)

Assets and additions to Property, Plant and Equipment and intangible assets (₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Segment Assets		
India	14,498.09	12,266.22
Europe	2,386.00	2,525.90
Others	988.00	956.36
TOTAL	**17,872.09**	**15,748.48**
Additions to Property, Plant and Equipment and intangible assets (Including CWIP)		
India	1,093.89	819.19
Europe	-	-
Others	-	-
TOTAL	**1,093.89**	**819.19**

Note:

The operating facilities of the Company are commonly employed for both the domestic and export business, hence it is not possible to report segment result/liabilities by geographical segment.

29. Related party disclosure:

a) Parties where control exists

Holding company:-

DIL Limited

Subsidiaries:-

a) Fermenta Biotech (UK) Limited

b) G.I. Biotech Pvt Limited

b) Related party relationships where transactions have taken place during the year:-

Key Management Personnel

Mr. Satish Varma - Managing Director.

Ms. Anupama Datla Desai – Executive Director.

Mr. Prashant Nagre - Chief Executive Officer

Mr. Kapil Gohil - Chief Financial Officer

Mr. Sanjay Basantani - Company Secretary (up to 8th February 2017)

Mr. Varadvinayak Khambete - Company Secretary (From 27th February 2017)

Enterprises owned or significantly influenced by key management personnel or their relatives:-

Dupen Laboratories Pvt Limited.

Lacto Cosmetics (Vapi) Pvt. Limited.

c) An individual directly controlling the holding company, namely DIL limited and can exercise significant influence:-

Mr. Krishna Datla – Director

Notes to Consolidated Financial Statements for the year ended March 31, 2017

29. Related party disclosure: (*Contd.*)

d) Transactions with related parties

Following table provides the total amount of transactions that have been entered in to with related parties for the relevant financial year.

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives.
1	Sales				
	Dupen Laboratories Pvt Ltd.				-
					(14.16)
2	Purchase of raw materials and services				
	Dupen Laboratories Pvt Limited.				9.49
					(7.64)
	Lacto Cosmetics (Vapi) Pvt. Ltd.				5.54
					(5.54)
3	Interest on loan taken	5.96			
		(16.90)			
4	Rent paid	53.20			
		(82.13)			
5	Processing Charges Paid				
	Lacto Cosmetics (Vapi) Pvt. Ltd.				10.66
					(7.20)
6	Company's share of expenses paid	33.56			-
		(45.27)			-
7	Other reimbursements received	0.76			
		(11.66)			
8	Loan repaid	157.50			
		(65.00)			
9	Liability written back	-			
		(10.00)			
10	Remuneration to key management personnel.				
	Ms. Anupama Datla Desai -			58.55	
				(75.02)	
	Mr. Satish Varma			74.43	
				(88.44)	
	Mr. Prashant Nagre			89.16	
				(87.27)	
	Mr. Kapil Gohil			39.31	
				(31.45)	
	Mr. Sanjay Basantani			16.45	
				(16.94)	
	Mr. Varadvinayak Khambate			0.91	
				-	
	Directors sitting fees				0.85
					(1.55)
11	Balance outstanding as at the year end				
	a. Loan payable (refer note 8)	-			
		(157.50)			

29. Related party disclosure: (*Contd.*)

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives.
	b. Trade Payable				
	DIL Ltd.	3.08			
		(3.24)			
	Lacto Cosmetics (Vapi) Pvt. Ltd.				3.18
					(4.23)
	Dupen Laboratories Pvt Ltd				3.50
					(8.58)
	c. Other current liabilities				
	Ms. Anupama Datla Desai			-	
				(23.33)	
	Mr. Satish Varma			-	
				(23.33)	
	Mr. Prashant Nagre			7.91	
				(14.39)	
	Mr. Kapil Gohil			1.65	
				(3.00)	
	Mr. Sanjay Basantani			-	
				(1.60)	
	DIL Ltd. (refer note 9)	-			
		(2.83)			
	d. Trade receivables				
	DIL Ltd. (refer note 14.1)	0.22			
		(9.95)			
	Dupen Laboratories Pvt Ltd. (refer note 14.1)				-
					(4.14)

(Figures in brackets are the corresponding figures in respect of the previous year.)

* Note: The remuneration to the key managerial personnel includes salary, bonus, contribution to PF and commission if any and does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

30. Capital and other commitments

a) Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹296.46 lakhs (2016 ₹ 526.52 lakhs).

31. Contingent liabilities

(₹ in Lakhs)

		March 31, 2017	March 31, 2016
Claims against the Company not acknowledged as debts			
a	Tax matters		
	- Excise Duty - matter under appeal	-	8.00
b	Other claims	94.26	54.99

Notes to Consolidated Financial Statements for the year ended March 31, 2017

32. Derivative instruments and hedged foreign currency exposure

a) Particulars of "un-hedged foreign currency exposure" as at March 31, 2017

Particulars	Currency	March 31, 2017		March 31, 2016	
		Amount (Foreign Currency in Millions)	Amount (₹ in Lakhs)	Amount (Foreign Currency in Millions)	Amount (₹ in Lakhs)
Trade receivables	Dollar - $	1.61	1,039.72	0.87	572.99
	Euro - €	3.45	2,400.81	2.95	2,204.80
Trade payables	Dollar - $	0.11	74.34	0.37	244.97
	Euro - €	1.19	830.21	0.46	347.33
	Pound - £	-	0.72	-	0.69
PCFC	Euro - €	1.63	1,132.00	0.80	601.09
EEFC	Euro - €	-	0.28	-	0.30
Buyers Credit	Dollar - $	0.57	368.86	-	-
	Euro - €	0.27	188.85	-	-

33. Details of dues to micro and small enterprises as per MSMED Act, 2006

(₹ in Lakhs)

Particulars	March 31, 2017	March 31, 2016
a) (i) Principal amount remaining unpaid to any supplier at the end of the accounting year	20.20	5.14
(ii) Interest due on above	0.57	0.10
Total of (i) & (ii)	20.77	5.24
b) The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

34. C.I.F. Value of imports:

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Raw materials and packing materials	4,369.23	3,847.03
Stores and spare parts	64.10	14.70
Capital goods	50.18	46.02
	4,483.51	**3,907.75**

35. Expenditure in foreign currency (accrual basis)

(₹ in Lakhs)

	Year ended March 31, 2017	Year ended March 31, 2016
Professional fees	81.60	69.79
Travelling	36.97	33.01
Commission	68.83	23.75
Foreign Advertisement and trade exhibition	32.17	14.36
Analytical fees	17.83	-
Patent & Trademark	2.61	3.04
Rates and Taxes	1.41	4.09
Others	19.32	34.27
	260.74	**182.31**

36. Imported and indigenous raw materials, components and spare parts consumed

(₹ in Lakhs)

	Year ended March 31, 2017		Year ended March 31, 2016	
	%	₹ in Lakhs	%	₹ in Lakhs
Raw materials and packing materials consumed				
Imported	61%	4,613.88	62%	3,888.41
Indigenous	39%	2,985.42	38%	2,396.42
	100%	**7,599.30**	**100%**	**6,284.83**
Stores and spare parts				
Imported	8%	51.17	10%	47.15
Indigenous	92%	587.39	90%	420.92
	100%	**638.56**	**100%**	**468.07**

(₹ in Lakhs)

37. Earnings in foreign currency:	Year ended March 31, 2017	Year ended March 31, 2016
F. O. B. value of exports	11,777.18	9,902.42
Freight and insurance on exports	162.49	196.12

38. Research and Development Expenditure

During the year research and development expenditure of ₹ 507.74 Lakhs (2016 - ₹ 366.66 Lakhs) has been charged (excluding interest and depreciation) to the statement of profit and loss. The capital expenditure in the current year on research and development amounts to ₹195.65 Lakhs (2016 - ₹ 3.22 Lakhs).

Notes to Consolidated Financial Statements for the year ended March 31, 2017

39. Details of CSR expenditure

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
a) Gross amount required to be spent by the Company during the year	19.35	10.83

(₹ in Lakhs)

Particulars	In cash	Yet to be paid in cash	Total
b) Amount spent during the year ending on 31st March, 2017:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	8.29	-	8.29
c) Amount spent during the year ending on 31st March, 2016:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	1.90	-	1.90

40. Capitalisation of Expenditure

During the year, the Company has capitalized the following expenses of revenue nature to the cost of property, plant & equipment /capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

(₹ in Lakhs)

	March 31, 2017	March 31, 2016
Finance Costs	59.22	8.93
	59.22	**8.93**

41. Specified bank notes :

During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA Notification, G.S.R 308 (E),dated March 30, 2017. The details of the SBNs held and transacted during the period from November 08, 2016 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

(Amt in Rupees)

Particulars	SBNs #	Other denomination notes	Total
Closing Cash in hand as on 8.11.2016	1,211,000	91.407	1,302, 407
(+) Withdrawal from bank account	-	1,208,000	1,208,000
(-) Paid for permitted payments	-	(1,198,022)	(1,198,022)
(-) Amount deposited in banks	(1,211,000)	-	(1,211,000)
Closing Cash in hand as on 30.12.2016	-	**101,385**	**101,385**

\# For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated November 08, 2016.

42 Prior year amounts have been reclassified where necessary to confirm with current year's preparation.

Notes to Consolidated Financial Statements for the year ended March 31, 2017

43. Information required for consolidated financial statement pursuant to Schedule III of The Companies Act, 2013:

(₹ in Lakhs)

Sr No.	Particulars	Name of the Entity	March 31, 2017				March 31, 2016			
			Net Asset as a % of Consolidated		% of share in profit and loss		Net Asset as a % of Consolidated		% of share in profit and loss	
			%	₹ In Lakhs	%	₹ In Lakhs	%	₹ In Lakhs	%	₹ In Lakhs
1	Parent	Fermenta Biotech Limited	99%	9,865.96	103%	987.54	98%	8,878.38	101%	1,187.21
2	Subsidiaries									
	Indian	G I Biotech Private Limited	0%	(0.10)	0%	(0.56)	0%	0.80	0%	(0.60)
	Foreign	Fermenta Biotech (Uk) Limited	1%	113.85	(3%)	(28.73)	2%	142.58	0%	(5.49)
3	Minority Interest		0%	-	0%	(0.30)	0%	(0.30)	0%	(0.36)
		Total	**100%**	**9,979.71**	**100%**	**957.95**	**100%**	**9,021.46**	**100%**	**1,180.76**

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 30, 2017

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Sanjay Buch
Director

Anupama Datla Desai
Executive Director

Viswanath Chibrolu
Director

Gopakumar Nair
Director

Varadvinayak Khambete
Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 30, 2017

Fermenta Biotech Limited

Corporate Identification Number (CIN): U99999MH1986PLC134021
Registered Office: A-1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwade, Thane (West), Maharashtra – 400 610, India
Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899 • Email: fermenta@fermentabiotech.com
• Website: www.fermentabiotech.com

NOTICE

Notice is hereby given that the 30th Annual General Meeting of the Members of Fermenta Biotech Limited will be held at IOTA Conference Hall, Vihang's Inn, Opposite Cine Wonder, Next to Vijay Sales, Ghodbunder Road, Thane (West) - 400607 on Thursday, September 14, 2017 at 12.00 noon to transact the following business:

Ordinary Business

1. To receive, consider and adopt:

   (a) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2017, Reports of the Board of Directors and the Auditors thereon; and

   (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 and the Report of the Auditors thereon.

2. To appoint a Director in place of Ms. Anupama Datla Desai (DIN – 00217027), who retires by rotation and being eligible, offers herself for reappointment.

3. To appoint Statutory Auditors and fix their remuneration and to consider and, if thought fit, pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No: 117366W/W-100018), be and is hereby appointed as Statutory Auditors of the Company to hold office for a term of 5 (five) years from the conclusion of 30th Annual General Meeting (AGM) till the conclusion of 35th AGM, in place of the retiring Auditors, SRBC & Co. LLP, Chartered Accountants (Firm Registration no. 324982E/E300003), subject to ratification of their appointment by the Members at every AGM of the Company during the above term, on such remuneration as maybe mutually agreed between the Board of Directors and Statutory Auditors."

Special Business

4. To consider, and if thought fit, pass with or without modification, the following resolution as an Ordinary Resolution:

   Remuneration of Cost Auditor of the Company

   "**RESOLVED THAT** pursuant to provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof), the Company hereby ratifies the payment of remuneration of ₹2,75,000 (Rupees Two lakhs Seventy Five Thousand) plus service tax as applicable and reimbursement of out of pocket expenses, if any, to D. C. Dave & Co., Cost Accountants [Firm Registration Number–000611] ('Cost Auditor') for the conduct of cost audit in respect of applicable product(s) manufactured by the Company for the financial year ending on March 31, 2018".

By Order of the Board of Directors of
Fermenta Biotech Limited

Varadvinayak Khambete
Company Secretary
(Membership No. A33861)

Thane
August 11, 2017

Registered office:
A-1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (West) – 400 610, Maharashtra, India

Notes:

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('Act') with respect to the special business set out in the Notice is annexed.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** THE INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY, DULY STAMPED, COMPLETED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME FOR COMMENCEMENT OF THE 30TH ANNUAL GENERAL MEETING (AGM). A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten (10) percent of the total share capital of the Company. A Member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other Member. Proxy submitted on behalf of any company/entity, must be supported by an appropriate resolution/ authority letter, as applicable.

3. During the period beginning 24 hours before the time fixed for the commencement of the AGM till the conclusion of the AGM, a Member would be entitled to inspect the proxies received by the Company, between 10:00 a.m. to 5:00 p.m., provided that not less than three (3) days' prior notice in writing is given to the Company.

4. (a) The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Act will be available for inspection at the venue of the AGM.

   (b) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on any working day i.e. Monday to Friday, up to the date of the 30th AGM of the Company.

5. The equity shares of the Company have been admitted with the National Securities Depository Limited (NSDL) [ISIN - INE887P01010]. Members wishing to dematerialize their equity shares may contact their Depository Participant connected to NSDL for the same.

6. Members holding shares in physical form can avail the nomination facility by filing Form SH-13 prescribed under section 72 of the Act read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014 with the Company. In case of shares held in dematerialised form, the nomination may be lodged with the Member's Depository Participant. The above form will be made available on request.

7. Members seeking any information or clarification(s) on the Annual report are requested to send written queries to the Company Secretary at the registered office of the Company at least one week before the date of 30th AGM, in order to make the information available at the AGM.

8. Members / proxies are requested to bring their copies of the Annual Report along with the attendance slip, duly filled in, for attending the AGM.

9. The route map (including the prominent landmark) for easy location of the AGM venue is provided at page no 136 of the Annual report.

By Order of the Board of Directors of
Fermenta Biotech Limited

Varadvinayak Khambete
Company Secretary
(Membership No. A33861)

Thane
August 11, 2017

Registered office:
A-1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (West) – 400 610, Maharashtra, India

Annexure to Notice

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013.

Item No.4

Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (as amended from time to time) provides that the remuneration of the Cost Auditor shall be ratified by the Members.

Based on the recommendation of the Audit Committee, the Board of Directors has approved the appointment of M/s. D. C. Dave & Co., Cost Accountants (Firm Registration No. 000611), as Cost Auditors of the Company and their remuneration for the financial year ended March 31, 2017.

The Board members, therefore, recommend the resolution for ratification by Members of the Company, as an Ordinary Resolution.

None of the Directors and the Key Managerial Personnel of the Company including their relatives is in any way interested or concerned in this resolution.

By Order of the Board of Directors of
Fermenta Biotech Limited

Varadvinayak Khambete
Company Secretary
(Membership No. A33861)

Thane
August 11, 2017

Registered office:
A-1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (West) – 400 610, Maharashtra, India

Fermenta Biotech Limited

Registered Office: A-1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwade, Thane (W) 400 610, Maharashtra, India

Corporate Identification Number (CIN): U99999MH1986PLC134021

Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899 • Email: fermenta@fermentabiotech.com • Website: www.fermentabiotech.com

ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

Folio No. ______________________ DP ID No. ______________ Client ID No. ________________

No. of Shares ________________

NAME OF THE MEMBER(s) / PROXY (IN BLOCK LETTERS) ____

____

I/we hereby record my presence at the Thirtieth Annual General Meeting of the Company held at IOTA Conference Hall, Vihang's Inn, Opposite Cine Wonder, Next to Vijay Sales, Ghodbunder Road, Thane (West) - 400607 on Thursday September 14, 2017 at 12.00 noon.

____

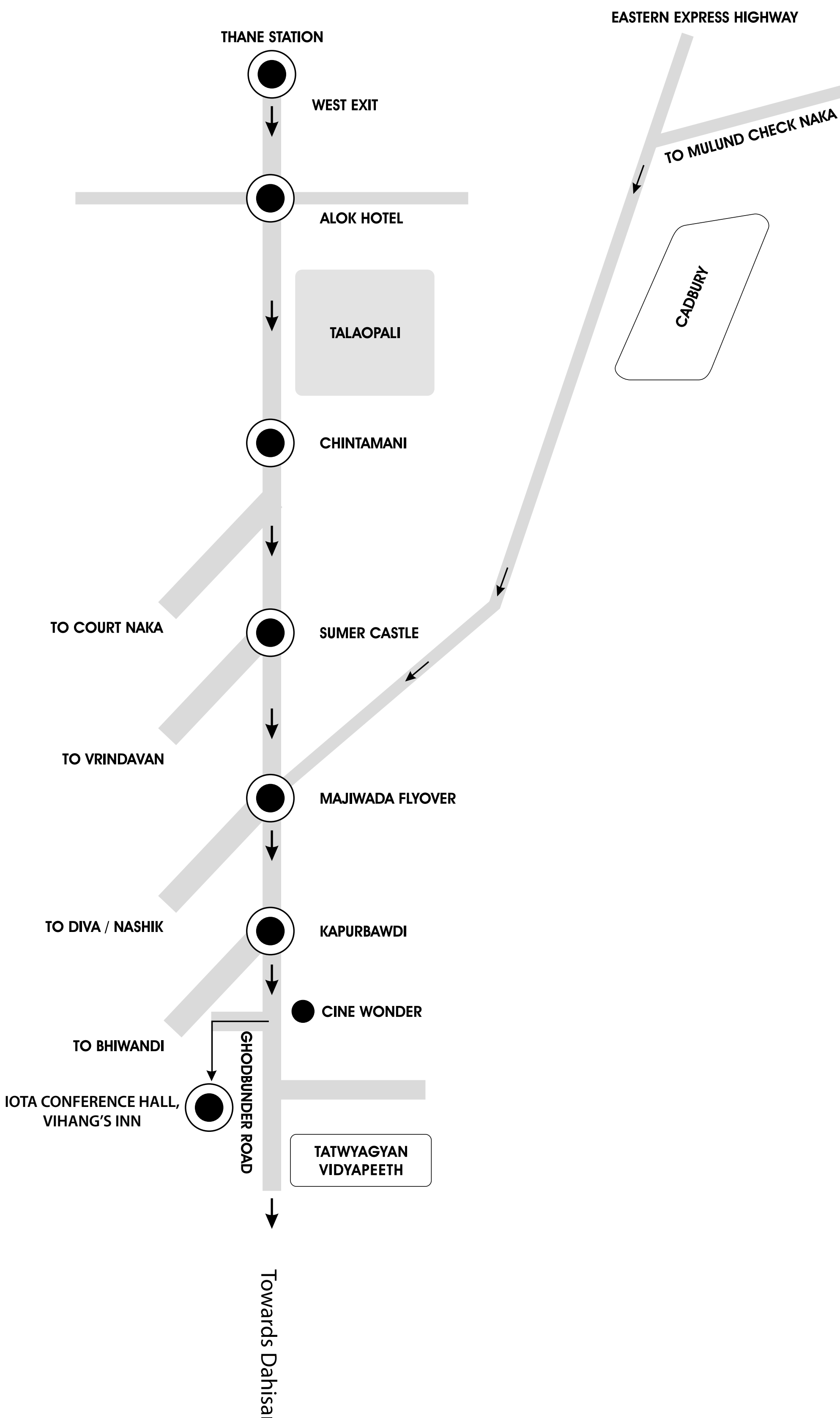
Member(s)/ Proxy's Signature

Notes : (1) This meeting is of Members only. Members are requested not to bring along any person who is not a Member.

(2) Please carry this Attendance Slip with you and hand over the same at the entrance of the meeting.

30th Annual General Meeting-Road Map

September 14, 2017



PROXY FORM

(Pursuant to Section 105 of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Fermenta Biotech Limited

Registered Office: A-1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwade, Thane (W) 400 610, Maharashtra, India

Corporate Identification Number (CIN): U99999MH1986PLC134021

Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899 • Email – fermenta@fermentabiotech.com • Website: www.fermentabiotech.com

Name of the Member (s):	
Registered address:	
E-mail Id:	
Folio No/ Client Id:	DP ID:

I/We, being the Member(s) of ______________________no. of equity shares of the above named Company, hereby appoint

1. Name: ____ E-mail ID: ____________________________

   Address: ____

   ____ Signature: or failing him/her

2. Name: ____ E-mail ID: ____________________________

   Address: ____

   ____ Signature: or failing him/her

3. Name: ____ E-mail ID: ____________________________

   Address: ____

   ____ Signature: or failing him/her as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 30th Annual General Meeting of the Company, to be held on Thursday, September 14, 2017 at 12:00 noon at IOTA Conference Hall, Vihang's Inn, Opposite Cine Wonder, Next to Vijay Sales, Ghodbunder Road, Thane (West) - 400607, Maharashtra, India and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Resolution No.	Description
1.	1. To receive, consider and adopt: (a) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2017, Report of the Board of Directors and the Auditors thereon; and (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 and the Report of the Auditors thereon.
2.	To appoint a Director in place of Ms. Anupama Datla Desai (DIN – 00217027), who retires by rotation and being eligible, offers herself for reappointment.
3.	To appoint Statutory Auditors and fix their remuneration.
4.	To ratify remuneration of Cost Auditor of the Company for the financial year ending on March 31, 2018.

Signed this ____________ day of ____________ 2017

Signature of Member:______________________

Affix Revenue Stamp

Signature of Proxyholder(s):______________________

Notes:

This form of Proxy, to be effective, should be deposited at the Registered Office of the Company at A-1501, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwade, Thane (W) 400 610 not later than 48 hours before the commencement of the aforesaid meeting.

Notes

Notes

Corporate Information

BOARD OF DIRECTORS

Mr. Peter Bains
Chairman

Mr. Sanjay Buch
Independent Director

Dr. Gopakumar Nair
Independent Director

Mr. Viswanath Chibrolu
Non-Executive Director

Mr. T.P. Devarajan
Alternate Director to Mr. Viswanath Chibrolu

Mr. Krishna Datla
Non-Executive Director

Mr. Satish Varma
Managing Director

Ms. Anupama Datla Desai
Executive Director

COMPANY SECRETARY

Mr. Varadvinayak Khambete
(appointed w.e.f. 27.02.2017)

CHIEF EXECUTIVE OFFICER

Mr. Prashant Nagre

CHIEF FINANCIAL OFFICER

Mr. Amol Lone
(appointed w.e.f. 01.06.2017)

SOLICITORS

Crawford Bayley & Co.
Mundkur Law Partners

AUDITORS

SRBC & Co. LLP
Chartered Accountants

COST AUDITORS

D C Dave & Co.
Cost Accountants

INTERNAL AUDITORS

M. M. Nissim & Co.
Chartered Accountants

BANKERS

Union Bank of India
State Bank of India
ICICI Bank
The Himachal State Co-operative Bank
Bank of Baroda
DBS Bank Limited

CORPORATE IDENTIFICATION NUMBER (CIN)

U99999MH1986PLC134021

REGISTERED OFFICE

A -1501, Thane One, DIL Complex,
Ghodbunder Road, Majiwade,
Thane (West) – 400 610,
Maharashtra, India

Tel No.: + 91 22 66230800
Fax No.: + 91 22 6798 0899
E-mail: fermenta@fermentabiotech.com

REGISTRAR AND TRANSFER AGENTS

(Only for dematerialization / re-materialization of shares and related services)

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www.fermentabiotech.com

DISCOVER. DEVELOP. DELIVER.

fbl

Fermenta Biotech Limited | 29th Annual Report, 2015-16

CONTENTS

Fermenta Biotech Limited.

A player focused on technologically complex niches marked by high entry barriers.

A knowledge-driven company leveraging the power of multi-decade biotechnological insight.

A company investing proactively in people, plants and processes to build global competence.

About us

Established in 1986, Fermenta Biotech Ltd (Fermenta) was incepted under the auspices of Duphar Interfan Ltd., a company that pioneered the manufacture of Penicillin G Amidase enzyme in India. Over the years, Fermenta has emerged as a multifaceted organisation focusing on research, development and product delivery in the fields of pharmaceutical, biotechnology and environmental solutions.

Presence

Fermenta is headquartered in Mumbai, with manufacturing units in Kullu (Himachal Pradesh) and Dahej (Gujarat). The greenfield facility in Dahej manufactures Vitamin D3 and various value added products.

Fermenta's global presence extends across more than 50 countries (including USA, UK, the European Union, Brazil, Mexico, Russia, China, Turkey, Saudi Arabia, Israel, Australia and New Zealand). The Company has emerged as a dependable supplier to more than 300 customers.

Certifications

- Certificate of Suitability ('CEP') for Cholecalciferol
- WHO-GMP
- ISO 9001:2008
- ISO 14001:2004
- FAMI-QS
- BS OHSAS 18001:2007
- HACCP
- HALAL
- KOSHER
- US FDA EIR
- Vegetarian Society Certificate, United Kingdom
- American Vegetarian Association Certificate
- NSF Certification
- Both manufacturing facilities are registered with the FFRM (Food Facility Registration Module), which operates under the aegis of the USFDA

Vision

To create a system and nurture it to reach a state of functioning, enabling it to acquire a state of timeless stability and growth.

Mission

To produce high-quality niche products, used in every line of pharmaceutical, food and fine chemical manufacture, through innovative and concerted research efforts, thus becoming the most preferred eco-friendly solutions provider in bio-catalysis and pharmaceuticals.

Our businesses

Pharmaceuticals

Fermenta is the only manufacturer and supplier of Vitamin D3 in India and among the three largest global manufacturers. For over 25 years, the Company focused on manufacturing specialty Active Pharmaceutical Ingredients (APIs). Fermenta's strength lies in harnessing cutting-edge technology-driven APIs with world-class quality. Fermenta is a trusted source of specialty pharmaceutical products in more than 50 countries.

Biotechnology

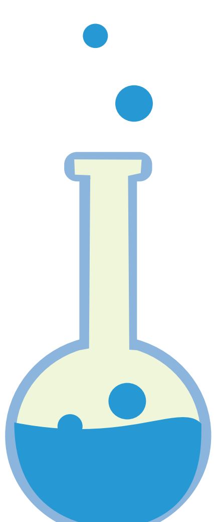
Fermenta is a pioneering developer of immobilised enzyme catalysts. Flagship enzyme products range from the classical 'white enzyme', Penicillin G Amidase-(PA 850) to advanced enzyme variants like Novel Penicillin G Amidase (PS 250) and CALB Lipase (CALB10000). The Company also offers enzyme immobilisation, optimisation and supply services upto multi-ton commercial quantities.

Environmental Solutions

Fermenta is a pioneer in enzyme solutions, offering integrated biotech-based environment solutions. The Company's special micro-organisms, enzymes and platform technologies provide unique waste water treatment and management advantage. The Company's products span a range of applications: treating municipal STP to industrial ETP; from treating septic tanks to solid waste management; bioremediation of oil sludges, lakes, ponds etc.

Awards and Accolades

Fermenta was recognised as a Strategic Business Partner by Abbott India Limited in 2015 for supplying quality APIs



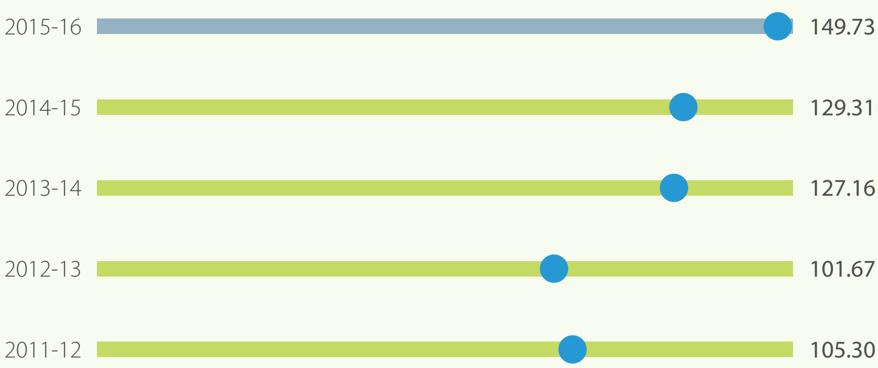
Patents

• "Asymmetric Synthesis for preparation of (S) Enantiomer of 2-(β)-Hydroxyphenethylamino) Pyridine / "Optical Enatiomers of Phenyramidol and Process for Chiral Synthesis" • "Oxirane Macro-Porous Beads for Enzyme Immobilisation and Process thereof (Dilbeads)" • Sequence of nucleotides of the Size 2646bp, encoding Penicillin Acylase, new construct of recombinant nucleic acid and recombinant microorganisms carrying that sequence / DNA Sequence encoding Penicillin Acylae, Novel Constructs of Recombinant DNA and Recombinant Microorganisms carrying such sequence • "Process For The Preparation of Immobilised Recombinant Penicillin Acylase Catalyst from Achromobacter SP. CCM 4824 expressed in E. COLI BL 21 CCM 7394 and its use for the synthesis of β Lactam Antibiotics / Process for Synthesis of a Semi-Synthetic Penicillin or Cephalosporin Antibiotic using Penicillin Acylase Biocatalyst from Achromobacter SP.CCM 4842 expressed in E.Coli BL 21 CCM 7394 • "Stable Biocatalysts of Penicillin Acylase as Gel Aggregates and the process of manufacture thereof" / "A Method for preparing a Stable and Viable Re-Cross Linked Biocatalyst of Penicillin G Acylase" • "Macroporous Polyvinyl Acetate Co-polymer Beads for Lipase Immobilisation and Method of Preparation of the Polymer Beads thereof" • "Macroporous Epoxy Reactive Terpolymer Beads for the Immobilisation of Penicillin G Acylase and its use in the Synthesis of Semi-Synthetic β Lactam Antibiotics and process for preparation thereof" • "Process for Preparation of 7-Dehydrocholesterol" • A Nucleotide Sequence Encoding 7-Dehydrocholesterol Reductase, Recombinant Constructs and Recombinant Organisms comprising said sequence • "Macroporous Epoxy-Reactive Acrylate Quaterpolymer Beads for Lipase Immobilisation and process for preparation thereof" • Improved Method For Isolation of Pure Lanosterol from Wool Grease

This is how we have **grown our business**

Turnover

₹crore



Why we measure

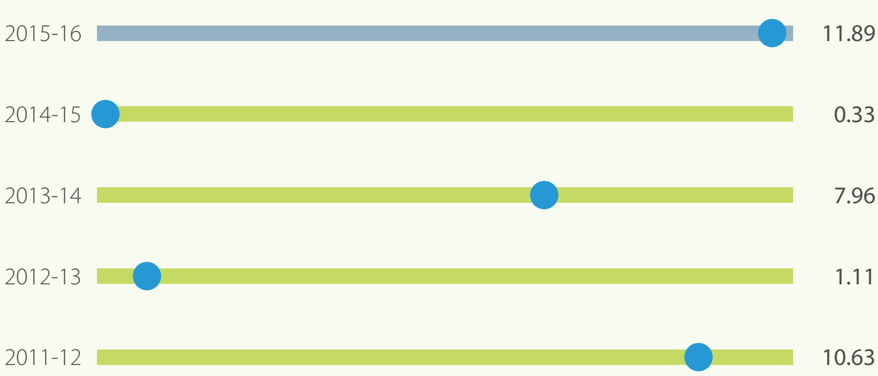
This index measures the effectiveness of our strategic presence in a niche segment, sound research driven product portfolio, potential market selection, brand equity and market share.

Performance

A 15.80% turnover increase was the result of our enhanced productivity and yields along with seamless supply of raw material which remained a hindrance in the previous year.

Profit after tax

₹crore



Why we measure

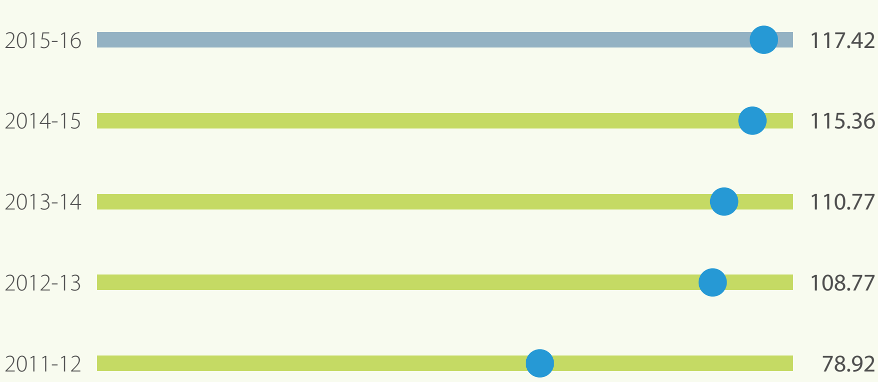
This index measures is ultimate measure of the success of the business while also measuring the effectiveness of managing business expenses.

Performance

An increase in the Company's profitability was the result of our enhanced utilisation of capacity and resources, addition of customers and efficient cost management.

Gross block

₹crore



Why we measure

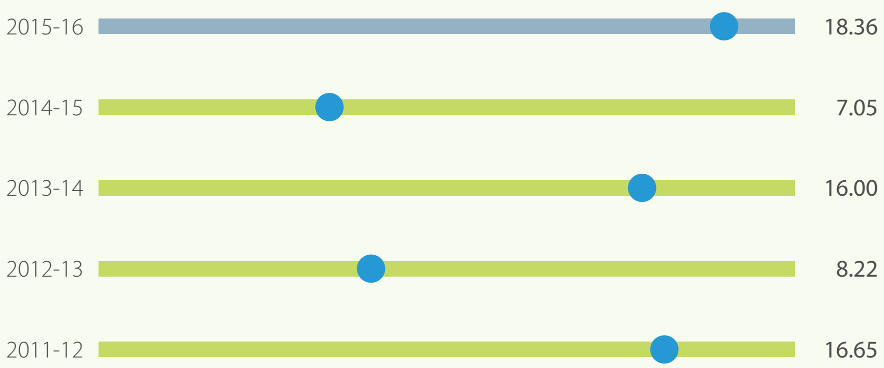
The gross block is the sum total of all assets of the Company valued at their cost of acquisition.

Performance

The increase in Gross block includes routine capex for GMP compliance, information technology infrastructure and balancing equipment at plants. Furthermore, during the year under review, the Company incurred capital work in progress of ₹485 lakhs (pending capitalisation) in respect of expansion for the Vitamin D3 business at the Dahej unit and shifting of its R&D units to a new location within Thane.

Cash profit

₹*crore*



Why we measure

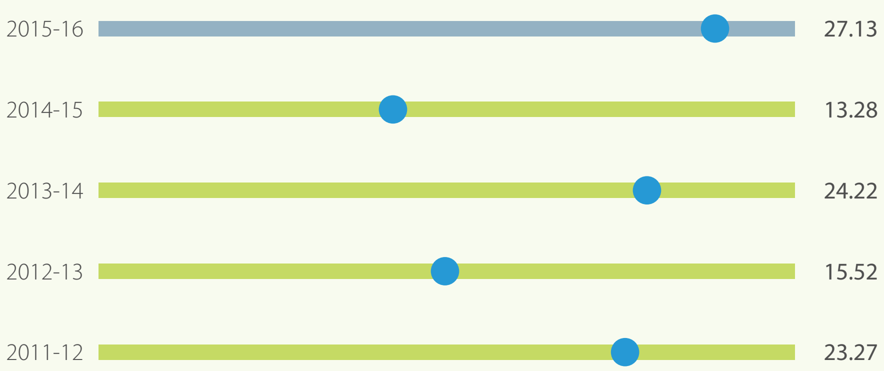
Cash profit is an index of our financial comfort to grow the business without risking the Balance Sheet.

Performance

The Company's focus on margins expansion and enhanced working capital management are expected to drive cash generation

EBIDTA

₹*crore*



Why we measure

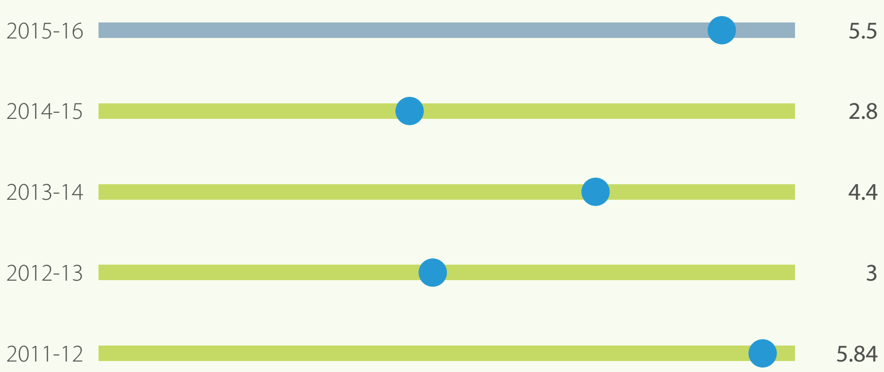
This index measures business efficiency and the Company's operating profitability.

Performance

The Company's EBITDA more than doubled during the year under review, reflecting the results of better revenue mix, improvement in business efficiencies, cost reduction and increased customer acquisition.

Interest cover

x



Why we measure

This is a measure to determine the Company's ability to make interest payments on its debt in a timely manner.

Performance

The improvement in the interest cover is a result of conversion of rupee loan to low cost foreign currency loans on one hand along with enhanced business growth on the other.

Fermenta countered various marketplace challenges to report profitable growth in **2015-16**

The manufacture of Vitamin D3 is complex, warranting a continuous modification of technologies.
The Company achieved 100 percent of its Vitamin D3 capacities during the year, validating its supply chain efficiency, people competence, equipment integrity and market responsiveness.

There was a danger of sales stagnation.
The Company mitigated the danger of sales stagnation by introducing new Vitamin D3 applications to address unmet market needs. The Company significantly increased its customer base through focused prospecting.

Our **journey**

1986
Established as Fermenta Biotech Limited (erstwhile Fermenta Pharma Biodil Limited)

1987
Pioneered the launch of immobilised Penicillin G Acylase catalyst (Fermase PA® 250) for β-lactam intermediates

1988
Launched improved enzyme catalyst (Fermase PA® 250) for β- lactam intermediates

1998
Launched polymer-based PGA enzyme Catalyst (Fermase PA® 750)

2004
Commenced manufacture of Cholecalciferol (Vitamin D3), Isoxsuprine HCl and Phenyramidol HCl

2005
- Launched improved enzyme catalyst PGA white (Fermase PA® 750) for β- lactam intermediates
- Introduced R-Oxynitrilase (Fermase OX®) for chiral synthesis

2006
- Introduced Dilbeads®, oxirane polymer beads for enzyme immobilisation
- Launched PGA catalyst blend (Fermase PA®450) for Cephalosporin intermediates

2007
Launched Dimethicone powder

The business is increasingly marked by demanding regulatory filters.
The Company passed regulatory inspections across plants without adverse observations

Vitamin D3 feed pricing turned volatile.
The Company reinforced its market position by banking on superior product and relationships

The Vitamin D3 segment turned competitive.
The Company enriched the product mix, generating half the Vitamin D3 revenues from crystal and the rest from a mix of feed powder and oil.

There is a premium on staying ahead in the Vitamin D3 feed segment.
The Company embarked on an expansion plan that will propel it to among the top 3 global feed grade manufacturers.

2009

- Launched Novel Penicillin G Acylase (NPGA) for β- lactam antibiotic synthesis (e.g. Amoxicillin)
- Obtained CEP certification for Vitamin D3 from EDQM
- Started exporting Vitamin D3
- Introduced Phenyramidol formulations in India

2011

- Completed commissioning of the Dahej facility
- Entered animal feed and oil supplement segment of Vitamin D3

2012

- US FDA inspection for dietary supplements at Kullu facility
- Commercialised Novel Penicillin G Acylase (NPGA) Fermase PS 150 for global customers
- Launched new and improved Penicillin G Acylase catalyst - Fermase® PA 850
- Enhanced Vitamin D3 resin manufacturing capacity at Dahej facility

2013

- Launched new and improved novel Penicillin G Acylase (NPGA) Fermase PS 250 and Fermase C-200 for Amoxicillin and Cephalexin synthesis respectively
- Developed a new enzyme platform for Cephalosporin antibiotics (e.g. Cefaclor and Cefadroxil)
- Launched enhanced CALB Enzyme catalyst, Fermase CALB series (immobilised and free enzymatic forms)
- Launched new and improved Dilbeads®

2014

- Integrated Vitamin D3 manufacturing processes
- Initiated commercial production of Vitamin D3 100 CWD to cater to the food and dietary & nutrition supplements market
- Launched Phenyramidol formulations in Africa

2015

- Commercialised production of key raw material of Vitamin D3
- Increased Phenyramidol market footprint in Africa
- Launched new NPGA variation AMP 170 for Ampicillin production
- Developed new and improved CALB lipase with extra stability to be used in bioplastics
- Successful completion of GMP audit of Biotech plant at Kullu facility

2016

- Enhanced Vitamin D3 capacity at its new plant at Dahej
- Launched new version of Vitamin D3 500 Feed Grade Powder

Chairman’s review

Dear shareholders,

I am pleased to report that your Company has delivered a progressive and robust financial performance in the 2015-16 fiscal.

On a year-on-year basis, revenues grew 16% to ₹150 crore, while EBIDTA margins strengthened from 10% to 18%. Consequently, profit after tax increased substantially to ₹12 crore (8% PAT margin) and return on employed capital strengthened from 5% to 15%.

Your Company is present across four different business segments – Vitamin D3, specialty APIs, enzymes and environmental solutions.

The key driver of delivery in 2015 -16 fiscal has been the Vitamin D3 segment where multiple initiatives have contributed to a record performance. We have expended our capacities, enhanced capacity utilisation, improved process efficiencies in manufacturing, successfully passed stringent regulatory inspections, developed advanced new product formulations and expanded the customer base geographically and by market segment. Combined, these initiatives have driven sales growth by 7% year-on-year and Vitamin D3 now accounts for almost 70% of group sales.

“Fermenta reported record financials in 2015-16 on account of a stronger business model and overall competitiveness”

I would specifically like to mention the improvements made at our Dahej plant where important progress was made in stabilising and strengthening technical and process challenges, which resulted in significantly improved throughput and efficiencies. This stabilisation translated into high capacity utilisation, consistent product quality and higher operating yields, strengthening not only year-on-year performance, but also providing a strong foundation for the years ahead.

As expected, your Company encountered significant price volatility in the Vitamin D3 feed segment. Underpinned by the manufacturing improvements described, we have been able to compete more effectively and continue to service customer needs throughout the course of the year. The result was that these challenges notwithstanding, your Company reported record Vitamin D3 feed volumes coupled with corresponding value-addition in a segment that had been traditionally marked by modest pricing. Your Company generated half its Vitamin D3 revenues from higher value crystal grade product and following a resin capacity increase, we foresee further opportunities for more value-added products.

I am optimistic about the Vitamin D3 feed business opportunity. We are expanding capacities to this end. These increases will not only enhance your Company's competitiveness but also enhance delivery dependability in the global feed grade market, an excellent incentive for downstream customers seeking additional supply sources. I must assure shareholders that even as the challenge will be considerable in being able to allocate the additional production, we will reinforce our overall viability through cost reduction.

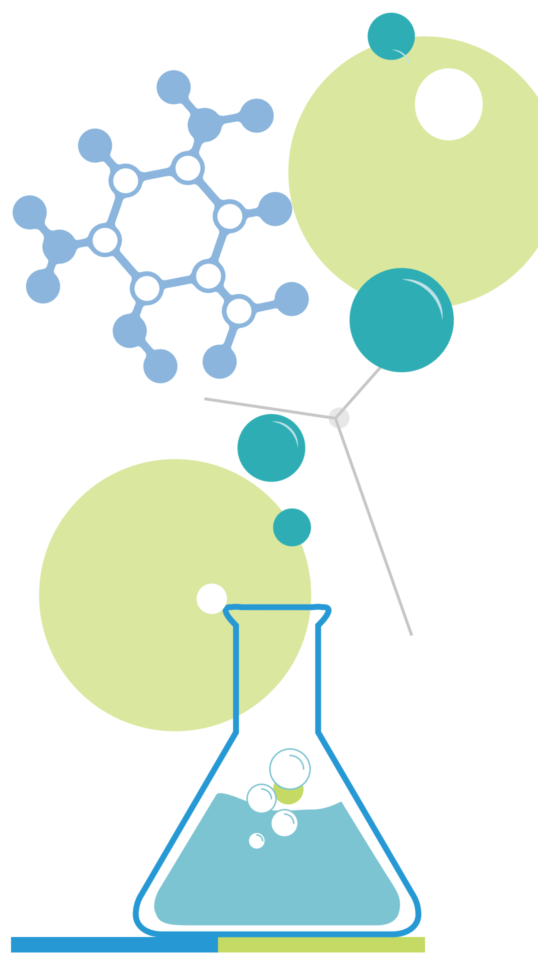
Demand increased for enzymes in various fields (Amoxicillin, Ampicillin and other Cephalosporin intermediates) even as there were unforeseen price declines (owing to cost of raw material) that affected viability. The Company recalibrated its marketing to address a larger customer base. As customers replace conventional chemical processes with bio-enzymatic equivalents that are environment-friendly, qualitatively consistent and cost-effective, this business addresses an optimistic future. During the year under review, your Company continued investing in technical and research capabilities to develop novel enzymes and address opportunities in the β-Lactams space. Among the other positive developments, some European companies approved our enzyme (CALB Lipase). Your Company strengthened enzyme product quality with a stronger impact and developed downstream applications.

Our pharmaceutical business reported stable revenues and we are exploring opportunities to look to manufacture a wider range of APIs.

Our environmental solutions business continues to face bright prospects on the basis of the Indian Government's environmental focus. Your Company possesses a range of products customised for wastewater treatment applications in residential complexes, IT parks, malls and hospitals, among others.

In closing, I would like to provide an optimistic outlook to shareholders that your Company faces a positive future. Our talented and experienced teams of people working across our laboratories, manufacturing plants and offices are focused and geared to address the challenges and opportunities of the future. I believe that the Company is more capable and better prepared than it has ever been and has arrived at a sweet spot – technical, intellectual and financial – that should translate into profitable sustainable growth from this point onwards. Looking ahead, we intend to enter the value-added food premix niche, stabilised dietary and nutrition forms and extend into vitamins and minerals. Along with our improved manufacturing asset base and our ability to leverage new efficiencies, I am optimistic that these fundamentals will translate into attractive revenues and profit growth in 2016-17 and beyond.

Peter Bains,
Chairman



Managing Director's operational review

"The financial year 2015-16 represented the maturing of our company marked by adequate investment in operations, intellectual capital, experience and operational sophistication"

Q: Was the management pleased with the working of the Company during the year under review?

A: The Fermenta management was pleased with the working of the Company during 2015-16 because it achieved most of its targets set at the start of the year.

One, the Company achieved 100 percent of its Vitamin D3 and enzyme capacities during the year, validating its overall competitiveness.

Two, it would have been relatively simple scaling the business from existing customers; we reached out to new customers – significantly increasing our customer base – which creates a case for scalable and relatively de-risked growth from this point onwards.

Three, it would have been convenient to market the conventional Vitamin D3 applications; in 2015-16, we continued to address new applications with the objective to address unmet application needs with the objective of broadening the market.

Four, we continued to pass regulatory inspections across our plants without adverse observations, strengthening the confidence of our buyers that we possess robust clearances to make sustainable deliveries.

Five, it would have been comfortable to believe that we had peaked our operating efficiencies in 2015-16, we focused on extending our research and process efficiencies, enhancing yields and generating additional surpluses from within.

The Company also succeeded in stabilising the supply of key raw material such as cholesterol from existing suppliers, improved the yield of Cholesterol to 7DHC at Dahej, received export benefits in the form of Merchandise Exports from India Scheme (MEIS), capitalised on the appreciation of the US$ and Euro and saw a reduction in finance costs.

I am pleased to state that these initiatives proved to be business-strengthening: we reported profitable growth, marked by a 15.8 percent growth in revenues and a disproportionate increase of 754 percent in profit before tax.

Q: It would appear that the year under review was easy for the Company.

A: That would be misleading. The Company encountered a number of challenges in 2015-16: it needed to bring its Dahej plant up to speed in terms of output and efficiency, which proved challenging considering that Vitamin D3 is manufactured through a complex process, warranting a continuous modification of technologies. After three years of engaged efforts, we succeeded in stabilising Vitamin D3 manufacturing at the plant – high asset utilisation, quality output and high yields – which we believe represents our foundation to scale production at high corresponding profitability. What gives me quiet satisfaction is that this improvement followed the operational turnaround at Dahej starting January 2015, indicating an improvement that was sustained across five quarters ending 2015-16

The second point that proved challenging was the price volatility in the Vitamin D3 feed segment. I am pleased that the Company participated at both ends of the price spectrum during the course of the year on account of its product and relationship quality, indicating that we could continue protecting our market share.

Q: What are the various initiatives that made it possible to strengthen the business?

A: The one point that I wish to make is how we progressively matured our feed business through the course of the last few years.

Until 2011-12, the Company was largely focused on high margin products. However, we perceived that the feed segment of Vitamin D3 was growing rapidly, which required an extension in our mindset from value to value-volume. The result was that the Company entered the space in 2012-13, produced 124 MT of feed and marketed 70 MT, marked by relative inexperience when it came to customer needs, process stability and regulatory approvals. In 2013-14, we produced 170 MT and marketed 150 MT following improved quality. In 2014-15, we manufactured 213 MT and marketed 205 MT. In 2015-16, we manufactured 257 MT and marketed 220 MT. This trend indicates that over the years we successfully increased production and marketed only as much as we needed to without eroding realisations, strengthening our price-value proposition.

Q: What is creditable about the Company's achievement in this Vitamin D3 transition?

A: What is creditable is that the improvement has not only been quantitative; it has been qualitative as well. Over the years, Fermenta positioned itself as a value-added player; when we entered the feed segment, it appeared that our positioning had been compromised.

However, we consciously worked our way towards value-addition even within this volume-driven segment. As a company focused on value-addition, we evolved our product mix, generating half our Vitamin D3 revenues from crystal grade and the rest from a mix of feed powder and oil. We are taking this initiative ahead through a substantial increase in our resin capacity, which will translate into larger revenues of downstream (crystal, oil and feed powder) products.

Q: What will this substantial feed grade capacity increase achieve for the Company's business?

A: One of the points that I need to communicate is that this capacity increase comes at a time when we have maximised our plant (Dahej) utilisation, the benefits of which we expect will be extended to our capacity expansion as well from the first quarter of 2016-17.

Besides, the expansion will make it possible for us to amortise our fixed costs more efficiently, enhancing our competitiveness. The expansion will make us more visible in the global feed grade market (8000 TPA), enhancing confidence among customers that we have adequate capacity to service their growing needs translating into larger wallet shares. The increased capacity will also enhance the confidence of customers seeking a long-term supply alternative away from Chinese manufacturers. The capacity increase will make it possible for the Company to address buoyant markets with larger sales, strengthening our profitability. The expansion also graduates Fermenta from a position in the global top ten of feed grade manufacturers to a position in the top three, enhancing our brand.

Let me not delude the shareholders into thinking that this will be easy. The reality is that our principal competitor the Chinese, will fight aggressively to protect their turf, which could affect our short-term realisations; besides, these companies are larger with deeper pockets. However, we are optimistic of our long-term competitiveness in light of Chinese manufacturers encountering higher operational costs and declining profits. Besides, our capacity expansion has transpired on an existing physical infrastructure that was commissioned at 2009 costs; the result is that we expect to enhance our global competitiveness and expect our ₹11 crore investment to pay back in two years - the maturing of our Dahej vision.

Q: What were some of the other business-development initiatives that transpired for the Company in 2015-16?

A: A couple of European companies approved our enzyme (CALB Lipase), gaining popularity across products and processes in downstream pharmaceutical and drug intermediate, chiral separation, biodegradable plastics and biofuel applications.

The Company also reinforced enzyme product quality, implemented GMP, developed wider downstream applications, strengthened off take and facilitated superior cost recovery.

Q: How would you summarise the Company's achievement during the year under review?

A: The year under review represented the maturing of our company marked by adequate investment in operations, intellectual capital, experience and operational sophistication.

Over the last year, we succeeded in recruiting senior management professionals from companies considerably larger than ours on account of the excitement and scope that they see within our company.

Our Dahej plant finally validated its rich potential; the unit broke production records in each of the last four months of the last financial year leading to peak asset utilisation, following an improvement in our people retention, which is always a challenge in rapidly-growing Dahej.

Q: Where does the Company go from here?

A: In 2016-17, we expect to completely utilise all our production facilities, generate 15 percent topline growth and corresponding increase our profits. We believe that our product mix and range available within each product niche has strengthened our brand as a quality player in regulated markets. Besides, this broad structure has made it possible for Fermenta to strengthen its business de-risking amidst dynamic market cycles.

Across the next two years, we intend to graduate into the food premix segment and stabilised forms of the dietary and nutrition industry. We intend to enhance our presence across other vitamins and minerals that address our existing customers, which will make it possible to enhance our share of the customer's wallet.

Our **performance ambition**

At Fermenta Biotech Limited, our performance ambition is to emerge as one of the most respected publicly listed companies within our industry space globally.

Overall goal: Targeted EBIDTA of around ₹80 crores by 2020.

Probable goal contributors

- The strongest Vitamin D player in the world – highest in profitability and market sustainability.
- Complete raw material security
- Among the highest yields and process efficiencies
- Grow US presence in the area of crystals, food and dietary supplement segments
- Enter complementary vitamins and mineral niches

We are making focused investments in

- Expanding our Dahej plant in the area of feed grade Vitamin D3
- Reducing our funds cost through lower-priced term loans and forex borrowings (80 percent of the working capital outlay sourced at 4% unhedged)

We are measuring our performance ambition through

- Profitable growth: two of the five years ending 2015-16
- Total income: Grew 15.8 percent in 2015-16
- Operating profit margin: Grew from 10.27 percent in financial year 2014-15 to 18.45 percent in 2015-16
- Total debt: Increased from ₹37.81 crores in 2014-15 to ₹38.20 crores in 2015-16.

Our **strengths**

Experience: Fermenta's two-decade experience in complex enzyme technologies resulted in the development (and patenting) of novel products and processes. Fermenta manufactures enzymes and immobilisation material, a unique integration strategy.

Reliable: Fermenta focuses on niche and technologically complex spaces in the challenging areas of emerging and evolving enzymes (as opposed to generics). Since 2003, the Company has prudently invested in sophisticated technologies for the bulk manufacture of enzymatic actives (as opposed to intermediates) from research to commercialisation

Property rights: Fermenta possesses rich intellectual property rights for products – enzymes, Vitamin D3 and Phenyramidol – challenging to manufacture. Fermenta has been present in these segments for long, an edge over other manufacturers.

Forte: Fermenta possesses proprietary technology translating into competitive advantages and sectoral leadership.

Leading: Fermenta is the sole Vitamin D3 manufacturer in India and among the three largest global suppliers. It is also the world's leading Phenyramidol manufacturer. Fermenta was one of the two global pioneering companies to introduce enzymatic Amoxicillin technology, playing a pivotal role in antibiotic manufacturing transformation, and continuing this legacy.

Certified: Fermenta is one of the few non-European companies certified with a CEP accreditation issued by the EDQM for Vitamin D3 manufacture. The Company possesses a top-of-the-line R&D facility approved by the Department of Scientific Industrial Research (DSIR), Ministry of Science and Technology, Government of India.

Brand: Fermenta takes pride in running its business around innovation, transparency, knowledge, respect for dignity, equity and a culture of excellence.

Governance: Fermenta operates at the highest global governance standards, reflected in its ethical commitment, Board composition and transparency. The Company is professional and systems-driven comprising Strategic Business Units and a cutting-edge R&D department supported by a culture of documentation, protocols and standard operating procedures.

Cutting edge: Fermenta is respected for cutting-edge research in the area of green chemistry. The Company enjoys collaborative relationships with a few European biotech companies, enhancing its presence in the areas of sewage and effluent treatment as well as water body bio-remediation.

Intellectual capabilities: Fermenta's competent team comprises 328 professionals with proven expertise in manufacturing, chemistry, biotechnology, marketing, planning, accounting, management, procurement, logistics and quality management.

Cost of funds: Fermenta reduced its fund costs by approximately 7.5% following the conversion of rupee export finance into foreign currency. The Company's debt-equity ratio of 1: 2.4 as on 31st March 2016 and an interest cover of 5.5 times validated its ability to comfortably service debt.

Business segment 1

Biotechnology

Overview

Fermenta invested in trailblazing proprietary enzymatic technologies for the production of β-lactam antibiotics like Amoxicillin, Ampicillin, Cephalexin and Cefadroxil. The Company periodically introduced enzymes for manufacturing different semi-synthetic penicillin products in India. A combination of cutting-edge technology and seamless delivery empowered Fermenta to exceed client expectations irrespective of project size, phase or complexity. A case in point: the Company developed and implemented enzymes (Fermase PS 250, Penicillin G Acylase) used in the challenging conversion of 6-Aminopenicillanic Acid (6-APA) into Amoxicillin (semi-synthetic penicillin), followed by the commercial launch of enzyme Fermase AMP 170 for the production of Ampicillin.

The Company's biotechnology-based products are classified under the following heads:

- Enzymes for β-lactam/Cephalosporin intermediates (PA 850)
- Enzymes for synthesis of β-lactam/ Cephalosporin antibiotics (PS 250 /AMP 170)
- Enzymes for chiral resolution (CALB 10000)
- Beads for Enzyme immobilisation (Dilbeads®)

Strengths

Cutting-edge: Fermenta led the way in patenting next-generation processes, offering complete technical support guaranteeing qualitative excellence. Fermenta is engaged in expanding its enzymatic technology footprint.

Innovative: Fermenta's proven competence in the areas of identification, expression, gene modification and enzyme evolution, process improvement and biocatalytic applications resulted in the replacement of chemical reactions with enzymatic alternatives.

Pervasive: The Company is among a handful of global companies capable of producing next-generation enzymes using patented processes and immobilisation materials.

Competence: The Company addressed the demanding standards (norms, quality, productivity and consistency) of large global companies by leveraging in-depth domain knowledge across the value chain – from product development, to stabilisation and commercialisation.

Compliance: The Company was granted national and international patents across countries.

Highlights, 2015-16

In a competitive landscape, the Company reported a revenue of ₹8.08 crores in 2015-16 from this business.

Despite the increased demand for enzymes in prevailing fields (viz. Amoxicillin, Ampicillin and Cephalosporin intermediates), unforeseen price declines affected viability. The price fluctuations were largely on account of the volatile price of Penicillin G, affecting overall pricing of β lactam antibiotics. In order to enhance revenues, the Company recalibrated its marketing to address a larger customer base.

During the year, the Company's enzyme production facility transformed into a GMP facility with respective customer approvals and strengthened customer confidence in product quality, which resulted in long-term sales commitments. The Company implemented a yield improvement program, which reduced production costs.

Segment performance

During the past fiscal, the biotech division received a number of large orders for its flagship product PA 850 used in Cephalosporin intermediates. A similar trend was witnessed for Fermase PS 250, the enzyme used in Amoxicillin production. A new product, AMP 170 for Ampicillin, gained acceptance for large-scale applications and reported high performance, which translated into repeat orders. Immobilised CALB lipase (CALB 10000) introduced last year addressed numerous applications across mature verticals (cosmetics, pharmaceuticals, bioenergy and bio-plastics). Based on the pilot studies carried out with few prominent European customers, this product is poised to emerge as a growth driver based on flexibility, longevity and high-performance.

Outlook

Going ahead, the R&D team intends to streamline processes by simplifying the chemical and chemo-enzymatic processes as "single pot technologies" which has been limited by process efficiencies. This approach will span from β-lactams to cephalosporins as well as in other industrial bio catalysis areas. Once these new-age technologies are implemented, the Company would be able to reinforce productivity and efficiency metrics, enhancing value.

Incipient opportunities

Increasing per capita incomes, escalating expenditures on household products like detergents, food products, and beverages has strengthened demand for industrial enzymes. These factors provide opportunities for emerging players. The demand for industrial enzymes in developed nations has remained relatively stable, while Asia Pacific, Middle East and Africa have emerged fastest-growing. The global enzymes market is expected to grow at an average 4.6% till 2020 – $7.2 billion from $5.78 billion currently. Fermenta expects a couple of therapeutic molecules will hit the large-scale production using enzymatic approaches developed in India, validating the Company's decision to pursue biotechnology opportunities. (Source: Freedonia)

Business segment 2

Pharmaceuticals

Overview

Fermenta has carved a niche for itself by optimising synthetic routes for pharmaceutical compounds. The pharmaceutical division leverages cutting-edge technology to manufacture select products like Phenyramidol in Kullu (Himachal Pradesh).

Phenyramidol Hydrochloride

A potent muscle relaxant with concomitant analgesic effects, Fermenta pioneered the revival of Phenyramidol hydrochloride as an API, servicing customer demand.

Silicon powder

The manufacture of Silicon powder (Activated Dimethicone powder) has helped replace Dimethicone oil from being used in the manufacture of anti-flatulent formulations.

Strengths

Leadership: Fermenta is the leading Phenyramidol manufacturer in the world.

Quality: At Fermenta, quality is a way of life. It stringently follows GMP norms to ensure qualitative consistency. Fermenta monitors and maintains quality of products, processes and services through proven technical capabilities, ensuring that they consistently meet global quality standards.

Growth-oriented: The role of muscle relaxants is far more important considering the increase in working hours. With increase in the cases of hyperacidity due to lifestyle changes and unhealthy eating habits, the need and role of an anti-flatulent like Activated Dimethicone powder is more than ever.

Farsighted: The Company has constantly invested in enhancing the technical capabilities of its team to achieve operational excellence. The Company aims to leverage its expertise in continuous process improvement.

Accredited: Over the years, Fermenta has scaled capacities and acquired credible certifications required for exports of these products.

Highlights, 2015-16

The segment responded well despite competition. A quality and value-addition focus allowed Fermenta to sustain its earnings in the year under review, with the Company reporting revenues of ₹27.13 cr generated from these products.

With more than 52 MT being exported, the fact that this molecule is still being accepted and therefore has a bright future is a reality. Silicon powder volumes reported a growth of 11 percent over the previous year – from 29 MT in 2014-15 to over 32 MT in 2015-16.

During the year, the Company consolidated its position in the Phenyramidol and Silicon powder markets by adopting a focused account management strategy to brick-wall key accounts. A centralised database facilitated client interaction, better resource management and superior client servicing helped in achieving objectives.

Outlook

Going ahead, the Company intends to widen its global distribution network through increased penetration.

Vitamin D3

103.95

(₹ crore) Revenues earned in FY2015-16 against ₹86.22 crore in 2014- 15

69.42

Contribution (%) to total revenues in FY2015-16 compared to 66.68 percent in FY2014- 15

• Only Indian fully integrated manufacturer of Vitamin D3 • Amongst the top-three producers worldwide • One of the three CEP holders • Manufacturing Vitamin D3 for over 30 years • More than 300 customers in this segment alone • Customized products available for various applications viz. Pharma, Food and Animal Healthcare • Two state-of-the-art manufacturing facilities

Vitamin D3 is the flagship product of Fermenta with a 70% contribution to the Company's total revenues. The Company is known in India and globally as a Vitamin D3 company due to the visibility it has received in the past few years post increased promotional thrust and efforts in this segment.

In 2009, Fermenta entered exports and two years later, completed the construction of its second facility in Dahej, Gujarat. During the same year, the Company entered the animal feed supplement market followed by a the successful completion of the USFDA inspection for dietary supplements.

FBL's passion for excellence and innovation was showcased through the establishment of fully-integrated Vitamin D3 manufacturing processes and commercial production of Vitamin D3 100 CWD to address the untapped food and dietary nutrition supplement segments.

Strengths

Pioneer: Fermenta was the first company to utilise proprietary technology to manufacture Vitamin D3 in India. The Company is also among the top three producers and one of 3 CEP-certified companies worldwide.

Quality: Fermenta is a fully-integrated Vitamin D3 manufacturer adhering to stringent global quality standards; its products and manufacturing facilities have been certified by various international regulatory bodies.

Natural: The cholesterol used at Fermenta is obtained from sheep wool grease.

One-stop-shop: Fermenta manufactures Vitamin D3 for various applications (human and animal healthcare).

Best-in-class: The manufacturing facilities (Kullu and Dahej) are benchmarked with the best global standards and cater efficiently to the growing demand for Vitamin D3 across grades and value-added variants.

Experience: The Company has been manufacturing Vitamin D3 for more than 30 years with a base of over 300 customers.

Customer-oriented: In addition to a dedicated customer service team to handle customer queries, the Company offers packaging flexibility as per customer requirements.

Leadership: The Company held onto its pole position in the Indian market thanks to two state-of-the art manufacturing facilities, backed by dedicated professionals and accreditations from a large number of global regulatory agencies.

Highlights, 2015-16

Some 70% of the topline is contributed by this portfolio, making it the single largest contributor to Fermenta's success. The Company's Vitamin D3 business grew 20.56% in 2015-16 over the previous financial year where the Company faced supply chain disruption that had a cascading impact on revenues, margins and profits. The Vitamin D domestic formulation market reported double-digit growth; industry estimates suggest that the plain Vitamin D market size is worth over ₹470 crore.

The 2015-16 fiscal was a year of consolidation with a renewed emphasis on existing products over new launches. A number of initiatives were undertaken to scale capacity, seed markets and enhance awareness by using the digital media. The Company strengthened its presence as a leading Vitamin D3 manufacturer through enhanced presence in key trade events.

The Company integrated backwards into the manufacture of a key raw material. The Company engaged an alternative supplier during the course of the year, reducing its dependence on a few vendors. It enhanced visibility in key markets (EU, US and South East Asia) and marketed feed grade products in new markets.

Outlook

The Company's focus is on growing the export markets for feed grade products, dietary and nutrition supplements. New offerings in the vitamins, minerals and supplements segment are expected to catalyse this growth. The Company plans to create a robust portfolio comprising value-added vitamins, minerals and nutrition segments encompassing a range of applications (food, pharma, feed and veterinary sciences). The Company aims to achieve double-digit growth in this business.

Growing demand

The Indian Vitamin D demand remained steady with the majority of pharmaceutical companies continuing to focus on this molecule. India receives more than 10 to 12 hours sunshine a day. Despite the abundant availability of Vitamin D through sunshine, a majority of the Indian population suffers from a Vitamin D deficiency. Modern lifestyles, disproportionate skin cancer anxiety, a scarcity of Vitamin D-fortified food, and numerous other socio-cultural factors are contributing to low Vitamin D levels. Globally, the Vitamin D market is evenly distributed among food, dietary and nutrition supplements and animal feeds.

- The food market (fortification of food products) showed stable growth. A significantly large number of food stuff across various categories (bakery products, staple food, diary product and beverage) initiated fortification with Vitamin D.
- In the dietary and nutrition supplements arena, significant increase in the consumption of more Vitamin D supplements was seen due to an increase in awareness of this molecule and repercussions of its deficiencies. New dosage forms like unit dosage products, gummies and oral sprays were launched.
- A firm rise in global poultry, ruminant and swine population resulted in an increase in global feed requirement.
- Increase in companion animals reflected in a wider veterinary product use. The product's use as a rodenticide also gained acceptance.

Environment **solutions**

Overview

The environmental solutions business division works on a range of environmental projects of industry, municipal corporations, government sector, retail sector and private sector. The segment also works in the sector of lake and pond restoration, solid waste management, oil remediation, fly ash management and river remediation projects.

The business offers biotech-based products addressing sewage treatment, effluent treatment, biogas enhancement, press mud composting, municipal solid waste composting and oil sludge treatment, among others.

Fermenta and its European collaborators engage in the complete techno-economic feasibility analysis of various environmental projects with relevant solutions. The Company is actively working on a solution on the fly and bottom ash problems in the power industry with European collaborators.

Strengths

Proficient: The division executes environmental projects of varying magnitudes across wastewater, solid waste, hazardous waste management and lake remediation

Seamless: The division designs, monitors, plans and manages projects through technical understanding, competence, experience and project management capabilities.

Preferred: The Company's proprietary product Fermsept® S proved successful in municipal STP applications, resulting in superior plant performance, lower power consumption and reduced expenditure.

Environment-friendly: The Company's bio-enzyme product is an environment-friendly alternative to existing solutions.

Highlights, 2015-16

This business unit contributed ₹1.05 crore in FY2015-16. This was mainly due to a focus on completion of existing projects during the first half of the year, and increasing focus on other value additive segments. On the brighter side, the Company cleared free trials likely to add to the order book in FY 2016-17.

The environmental solutions business division has not restricted itself to wastewater treatment. The division is looking for opportunities in other sectors. During the year, the environmental division bagged new projects from the public sector and conducted successful trials in the private sector. The Company received an order for its biotech product Fermsept-S from Tumkur Municipal Corporation, Karnataka, for 12 months and renewed this order every two months with Bellary Municipal Corporation. Fermenta achieved desired results as per KSPCB norms in V-Valley STP, Karnataka. It bagged two power-saving contracts for STPs (Bhairoba and Naidu). The environment team completed trials for Fermsept-S in septic tanks for community toilet blocks for the

Brihanmumbai Municipal Corporation as well as for the manufacture of press mud for sugar mills in Maharashtra. The results obtained were satisfactory and compliant with relevant PCB norms. The division made strategic plans to prop sales of Fermsept-S variants and tied up with Pest Control India.

On the solid waste management front, the environment division introduced Fermsept-M to one of the existing sites of Ramky Group in Hyderabad on a trial basis. Ramky Group is a multi-disciplinary organisation with a focus on civil, environmental and waste management areas. The Company was successful in its objective to increase the recovery of compost compared with the erstwhile product utilised by Ramky.

The division also started in the area of lake remediation projects with European partners in Mysore and Bellandur. The division's combination of technical consultancy, design and engineering will impact positively.

Outlook

The Company plans to address the municipal sewage treatment segment and industrial segment by ensuring compliance with stringent regulatory norms. The other areas of focus comprise sugar mills, effluent treatment plants and oil sludge remediation, among others. With the number of such projects proliferating, the Company will focus on creating a talent pool to monitor ongoing projects and execute newer ones.

Following the introduction of the Central Government's Clean India Mission and Clean Ganga Mission, Fermenta expects significant investments in EPC projects. The Company will increase its focus on sewage treatment. The Company's Fermsept-S is effective in treating sewage as per CPCB norms, saving power for urban municipal bodies. The division also intends to supply the product to residential and hospitality segments.

Business enabler

Our **people**

Fermenta's human resource objective is employee development translating into competitiveness, revenue growth and profitability.

Overview

Recruitment: During the year under review, the Company recruited 82 experienced members across roles, largely in Dahej. The Company recruited professionals in the senior quality assurance, technical and business functions. The Company strengthened its bench, possessing a team of 328 members as on March 31, 2016 (28% technical graduates, 0.6% PhDs as well as 8% comprising MBAs, corporate secretary, and CA). The Company maintained retention at 82% (90% at the managerial level).

Training: The Company prepared a quarter-wise training calendar for behavioral and functional training; it intends to launch e-training programmes in 2016-17. The Company enhanced technical competencies by deputing personnel for external technical training.

Competence framework: The Company engaged Thomas International for behavioural assessment tools to map role-based competence levels from mid-to-senior level employees coupled with intensive leadership excellence sessions across locations.

Performance appraisal: The Company engaged a leading consultant to devise an appraisal strategy. Annual performance reviews and compensation revisions were implemented in line with industry trends.

Initiatives, 2015-16

- The Company restructured its compensation package in line with statutory requirements well within the timeline following changes in the Bonus Act and Minimum Wage Act.
- The HR team worked in aligning both plants (Dahej and Kullu) around a common organisational culture.
- The Company successfully concluded a workers' agreement for three years up to 2018

Outlook

The Company intends to graduate its performance management system online, which will help review KPIs quarterly performance.

328
Number of employees

36
Average age of the employees (years)

82
Employee addition, 2015-16

Management **discussion and analysis**

Global economic overview

Global economic growth was 3.1% in 2015, marginally lower than 2014 (projected to grow to 3.8% in 2016). The slowdown in emerging economies was attributed to free-falling commodity prices, rebalancing in China, plummeting oil prices and challenging macroeconomic factors (Source: National Bureau of Statistics). Oil prices saw a marked declined through 2015-16, reflecting expectations of increased production by OPEC members.

The United States remained resilient, supported by improving financial conditions and strengthening housing and labour markets, but with dollar strength weighing all too heavily on manufacturing activity, investment in mining structure and equipment segments declined. The World Bank estimates that China grew 6.9% in 2015 (projected to grow 6.7% in 2016 and 6.5% in 2017 and 2018). Russia and Brazil are projected to remain in recession in 2016. (Source: https://www.imf.org/external/pubs/ft/weo/2016/update/01/pdf/0116.pdf)

Indian economic overview

India's GDP grew by 7.6% in 2015-16 (7.2% in 2014-15), powered by a rebound in farm output, improvement in electricity generation and mining production in the fourth quarter. India emerged as the world's fastest-growing large economy with 7.9% growth in the last quarter of 2015-16 (6.7% in China, slowest in seven years). The RBI cut its policy repo rate by 150 basis points since January 2015, reducing it to 6.5%, the lowest in more than five years. Going forward, better monsoons and Seventh Pay Commission payout are likely to catalyse consumption.

Global pharmaceutical sector

Global pharma sales (in nominal U.S. dollar terms) dropped by 2.7% in 2015. The long-term outlook appears positive with pharma spending growth expected to match healthcare spending growth at an average of 4.3% during 2015-19 and global pharma sales reaching US$ 1.4 trillion by 2019.

Pricing pressures in the United States and unstable economic conditions in Brazil, Russia, and China, which collectively drive 50% of global pharma revenue, led to a slowdown in the pharma segment coupled with tightening government healthcare budgets. A growth in aging populations, chronic diseases as well as innovative and expensive treatments (cancer and hepatitis C) could strengthen pharma spending over the future. (Source: https://www.deloitte.com)

Indian pharmaceutical sector

Indian pharmaceutical sector accounts for about 2.4% of the global pharmaceutical industry in value terms and 10% in volume terms. The sector is expected to expand at a CAGR of 15.92% to US$ 55 billion by 2020 from US$ 20 billion in 2015. India accounts for 20% of global exports in the generics segment. In FY15, pharmaceuticals industry of India exported products worth US$ 15 billion and the exports are expected to reach US$ 40 billion by 2020. India is expected to be the third largest global generic API merchant market by 2016, with a 7.2% market share. The generics market is expected to grow to US$ 26.1 billion by 2016 from US$ 21 billion in 2015. The Indian pharmaceutical industry accounts for the second largest number of ANDA filings and is the world's leader in terms of DMF applications (with the US).

The Indian pharmaceutical space

- The Indian pharmaceuticals market increased at a CAGR of 17.46 % in 2015 from US$ 6 billion in 2005 and is expected to expand at a CAGR of 15.92% to US$ 55 billion till 2020.
- By 2020, India is likely to feature among the three leading pharmaceutical markets (by growth) and sixth largest (by size).
- India's production costs are significantly lower than US and almost half of Europe.

India has the second-highest number of US Food and Drug Administration-approved plants after the US. India is reporting improvement in medical infrastructure and health insurance penetration.

Growth drivers of India's pharmaceutical sector

Demand perspective	Supply perspective	Policy support perspective
• Increasing incidence of lifestyle diseases • Improvement in accessibility of drugs • Growing penetration of health insurance • Superior diagnostic facilities	• Cost advantage • Skilled manpower availability • India a major manufacturing hub for generics • 546 sites in India that comply with USFDA regulations. • India accounts for 22% of USFDA-approved plants • Increasing retail penetration	• The National Health Policy 2015 focuses on increasing healthcare expenditure • Reduction in approval time for setting up new facilities • Plans to erect new educational and research institutes • Tax exemptions for drugs manufactured through indigenous R&D (as per NPPP, 2012 norms)

Demand drivers of Indian pharmaceuticals sector

Accessibility	Acceptability	Affordability	Epidemiology
• Over US$200 billion to be spent on medical infrastructure in the next decade • New business models expected to penetrate Tier-II and III cities • Over 160,000 hospital beds expected to be added each year across the next decade • India's generic drugs account for 20% of global exports in terms of volume, making the country the largest provider of generic medicines globally	• Rising levels of education to increase acceptability of pharmaceuticals • Patients to show greater propensity to self-medicate, boosting the OTC market • Acceptance of biologics and preventive medicines to rise • Rising skilled workforce as well as high managerial and technical competence • Surge in medical tourism due to increased patient inflow from other countries	• Rising incomes could graduate 73 million households into the middle-class in 10 years • Over 650 million people expected to be covered by health insurance by 2020 • Government-sponsored programmes to provide health benefits to over 380 million BPL people by 2017 • By 2017, the government plans to provide free generic medicines to half the population at an estimated cost of US$ 5.4 billion	• Patient pool expected to increase over 20% in the next 10 years, mainly due to a rise in population • New diseases and lifestyle changes to boost demand • Increasing prevalence of lifestyle diseases

(Source: http://www.brandindiapharma.in/uploads/documents/Pharmaceutical-%20January%202016.pdf)

Outlook

The Indian pharmaceutical market size is expected to grow to US$ 100 billion by 2025, driven by increasing consumer spending, urbanisation and rising healthcare insurance awareness.

Challenges and concerns

Going forward, given the relatively moderate proportion of large sized drugs going off patent, increased competition, generic adoption reaching saturation levels in US market along with base effect catching up is a challenge.

Also increased regulatory scrutiny as reflected in growing issuance of warning letters/import alerts and consolidation of supply chain in US market resulting in pricing pressures will have an impact on competitiveness of Indian pharmaceutical companies.

However, in lieu of increased R&D expenditure and product pipeline comprising specialty drugs, niche molecules and complex therapies, the growth outlook for Indian pharmaceutical companies remain stable.

Global biotechnology sector

Biotech drug sales were an estimated $289 billion in 2014 and are projected to grow to $445 billion by 2019. Moreover, biotech's share of worldwide prescription drug and OTC pharma sales is projected to increase from 23% in 2014 to 26% in 2019.

Indian Biotechnology sector

India's biotechnology sector is on a growth trajectory. The sector, with its immense growth potential, will continue to play a significant role as an innovative manufacturing hub. Besides, the sector enhances India's global profile as well and contributes to the growth of the domestic economy.

India is among the top 12 biotech destinations in the world, ranking third in Asia-Pacific. The Indian biotech sector accounts for about 2% share of the global biotech industry. The Indian biotechnology industry, comprising about 800 companies, is valued at US$ 7 billion and growing at a CAGR of 30%.

Sectoral growth drivers

Growing demand	Policy support	Increasing investments
• India's large population, representing a huge market for biotech products and services • Higher healthcare expenditure and an increase in bio-agri products • Strong growth in export demand and a rise in medical tourism	• R&D focus; the Indian government has been funding institutes for biotech research • Increase in budgetary allocations to the biotech and healthcare sectors in five-year plans	• Rising investments from domestic and foreign players • 100% FDI permitted through the automatic route • Availability of low-cost and skilled labour, attracting outsourced research activity

Outlook

- By FY25, India's biotech industry is estimated to increase to US$ 100 billion from US$ 7 billion in FY15.
- In 12th Five-Year Plan, the government aims to spend US$ 3.7 billion on biotechnology, compared with US$ 1.1 billion in the 11th Five Year Plan.

The 12th Five- Year Plan

- The overall strategy of 12th Five-Year Plan is to accelerate the pace of research, innovation and development. The objective is to advance biotechnology as a strategic area by embracing India's strengths in foundational sciences to globally competitive levels. In addition, the emphasis is on expanding the application of biotechnology for the overall growth of the bio-economy within the framework of inclusive development.
- The 12th Five-Year Plan aims to accelerate the pace of research, innovation and development to improve biotechnology in India.
- The government plans to strengthen regulatory science and infrastructure, which involves setting up the Biotechnology Regulatory Authority of India (BRAI) and a central agency for regulatory testing and certification of laboratories.
- The government aims to encourage and increase the pool of research scholars and scientists by three- to five-fold in the biological and inter-disciplinary space across levels.

Challenges and concern

India's challenge lies to tackle the gaps in infrastructure, policy and funding domain, while the country has a huge potential to become the leading global innovation hub for biotech. India has been recognised world over as a preferred outsourcing destination for contract research and manufacturing due to its competitive advantages of high quality scientific talent pool and relatively lower cost of innovation and manufacturing. However, we are fast losing this advantage to China due to existing regulatory and infrastructure challenges, and need a smart regulatory environment that encourages and rewards innovation.

How can India benefit from Biotechnology?

Biotechnology can play a significant role in meeting the economy's challenges. Critical biotech objectives for India can be achieved by 2025: energy independence through bio-fuels; healthcare for all through vaccines, therapeutics and diagnostics; zero public defecation through bio-toilets; individual households and community toilets at `low process; zero landfills through bioconversion of solid waste to fuel and fertiliser; eradicate malnutrition through protein and vitamin supplements derived from genetically modified plants and microbial fermentation; two-fold increase in agricultural productivity through Biotechnology to create food surplus; de-pollute all rivers in India through bioremediation and green technologies; make polluting industries 'green' through Biotechnology; sewage treatment as a national mission through zero discharge effluent treatment technologies and eradicate vector-borne diseases like dengue, chikungunya and malaria.

Global APIs industry

The global Active Pharmaceutical Ingredient (API) market is expected to reach US$ 205.51 billion by 2020 from US$ 150 billion in 2015, recording a CAGR of 6.5% during the forecast period.

Factors such as the increasing incidence of lifestyle and age-related diseases, increasing prevalence of cancer across the world, technological advancements in the APIs manufacturing process and increasing scope for highly potent active ingredients are together driving market growth. On the other hand, stringent regulatory requirements and global economic recession may restrict market growth.

In 2015, North America dominated the API market. The region's large market share is attributed to the overall growth of the pharmaceutical industry including an increasing government focus on generics drugs, rising demand for biological and specialty drugs and technological advances, among others.

(Source: http://www.marketsandmarkets.com/Market-Reports/API-Market-263.html)

Indian APIs industry

APIs are the active substances used in the manufacture of a drug with a pharmacological effect. They provide health benefits and play a vital role in disease diagnosis, prevention and treatment. APIs may be synthesised either chemically or through biotechnological methods.

India is expected to emerge as the third largest global generics API merchant market by 2016 with a 7.2 percent market share. (Source: www.openpr.com)

India has the largest number US-FDA-approved units outside the US. New plants are being commissioned in India, compliant with the ICH guidelines. India is the fourth largest APIs market in the world and biotech and fermentation products are on the rise, leading to more cost efficient and better quality APIs.

Challenges and concerns

The Indian pharmaceutical industry is facing stiff competition from China. Chinese APIs are about 15-20% cheaper compared with Indian APIs and over 50% of the bulk drugs used in making formulations come from China.

Enzyme sector

Global enzyme industry

The biocatalysts are biological molecules (enzymes or micro-organisms) that catalyse a specific chemical reaction. The enzymes form a class of very effective and precise biocatalysts that perform as well as regulate the processes. Biocatalysts offer certain advantages over chemical synthesis processes. Enzymes are highly chemoselective, regioselective, and stereoselective. Biocatalysis offers high yield and purity at low costs. As enzymes are highly selective in nature, they usually yield enantiomeric excess of over 99% and hence are important for the manufacturing intermediates and active ingredients for the pharmaceutical industry. They can act under mild conditions and can be adapted to organic solvents. Besides these advantages, enzymes provide a safe work environment and are environmentally-friendly.

Biocatalysis has replaced chemical synthesis processes and chemicals in a variety of industries such as starch processing, biofuel production, detergent industry, food and beverages industry, and pharmaceuticals industry.

The use of biocatalysts is quite low in the Asia-Pacific region with only a few applications using biocatalysis processes. China accounts for close to 60% share of the Asia-Pacific biocatalysts market. Japan and India account for 20% and 10% of the Asia-Pacific biocatalyst market, respectively.

In recent years, the global industrial enzyme preparation market grew at a CAGR of 5% and was estimated to be approximately US$ 4.21 billion in size in 2014. At present, the global industrial enzyme market is oligopolistic in nature. Regionally, Europe and North America generate the largest demand for industrial enzymes (nearly 80%).

Stimulated by the growing demand for enzyme preparations and favorable policies, China's industrial enzyme preparation output reached 1.16 million tonnes in 2014. Industrial enzymes output is expected to sustain a 10% growth rate to 1.55 million tonnes by 2017.

(Source: http://www.businesswire.com/news/home/20150727005629/en/Research-Markets-Global-Chinese-Industrial-Enzyme-Industry#.VcSndPOqqkp)

Indian enzyme industry

There is a growing opportunity for focused R&D and knowledge-based innovation in industrial enzymes, which can replace polluting chemical processes, and enhance process eco-friendliness and environment sustainability.

The industrial enzymes segment is estimated to be US$ 75 million in size. India imports about 70% of its requirement of enzymes. Pharmaceutical enzymes account for almost 50% of the total enzyme demand, followed by detergent enzymes (20%) and textile enzymes (20%).

There are about 17-20 players in this market. Most of these companies are either into marketing or into formulations. India comprises companies that also manufacture enzymes used in different industries (pharmaceutical, food processing, leather, detergents, paper and pulp and textile). These companies produce various enzymes and several other eco-friendly biological products. The product and service ranges are growing as enzymes gain widespread acceptance. The Indian manufacturers are not only supplying to local markets but also exporting to a number of countries.

(Source: https://www.sisinternational.com/the-indian-enzyme-industry/)

Outlook

The global biocatalysts market size in terms of value is projected to register a CAGR of 5.95% between 2014 and 2019 and in terms of volume it is projected to register a CAGR of 5.50% during the period of the study. The biocatalysts industry is expected to expand rapidly in the rest of the world, especially in Latin America in the next five years. The demand is expected to be mainly driven by the growth of the end industries. Biofuel is one of the applications, which is expected to witness the highest growth rate in the Latin American region. Biofuel manufacturers are setting up or expanding their operation base in Brazil, boosting the demand for biocatalysts used for biofuel in the country. Europe is predicted to be the second-highest growing region and is projected to reach 43.6 kilotons by 2019.

Environmental solutions

Wastewater management: Due to an increase in population, environmental degradation and economic development, water consumption has increased. The government established wastewater discharge standards for municipal, industrial, commercial and residential users. Compliance with the government's wastewater quality requirements has been a driver of industrial waste-water treatment programmes in India, while leading industrial houses recognise that the implementation of new wastewater treatment approaches enhances economic and environmental benefits. Rising standards for process water in manufacturing industries, with increasing government focus on water reuse and recycling, is widening the water treatment and recycling segments. With a market size of over US$4 billion, the Indian water and wastewater treatment market is growing at 10-12 percent a year (Source: http://www.business-standard.com).

Capital expenditure related to water reuse is expected to grow at a CAGR of 19.5%; global installed capacity of quality water reuse is expected to grow from 28 million cubic meters per day to 79 million cubic meters per day. The water reuse market indicates attractive opportunities in Australia, USA, India and China, where water recycling is less than 20%.

Globally, about 3,000 water reuse facilities are operating which is projected to increase. China announced the installation of an additional capacity of 10.7 million cubic meters between 2009 and 2016, whereas the US is expected to install an additional capacity of 5.9 million cubic meters during the same period. (Source: http://www.azocleantech.com)

Solid waste management: India is not only one of the most populous countries in the world but also one of the most rapidly developing. The combination of these two realities has led to the accumulation of large quantities of waste (municipal solid waste, hazardous waste, biomedical waste and e-waste).

Over 62 million tonnes of waste is generated annually in India; per capita waste generation in Indian cities ranges from 200-600 grams per day. Besides, more than 43 million TPA is collected, 11.9 million tonnes treated and 31 million tonnes landfilled, indicating that only 22-28% of this waste is processed or treated. With rapid urbanisation, waste generation is expected to increase from 62 million tonnes to about165 million tonnes in 2030.

The Environment Ministry revised the Solid Waste Management Rules after 16 years, applicable beyond municipal areas and extending to urban agglomerations, census towns, notified industrial townships, areas under the control of the Indian Railways, airports, airbases, ports and harbours, defense establishments, special economic zones, State and Central government organisations and places of religious and historical importance (Source: http://pib.nic.in)

Challenges and concerns

The landfills of most of the cities are already overflowing, with no space to accommodate fresh garbage waste. According to an expert at the Centre of Science and Environment, instead of constructing new landfill sites, the government should be looking into innovative methods to dispose and recycle its waste. The reason why most landfill sites are over-flowing is because the current waste collection and disposal system is fundamentally flawed.

Most of the landfills in India have not been built according to accepted specifications and owing to the decomposition of inorganic waste, the ground water is contaminated. When rainfall percolates through the waste in a landfill, there is also the problem of leachate because most of these dumping grounds are not scientific landfills.

In addition to handling of solid waste, one of the biggest urban challenges India is facing is managing its sewage. Indian cities produce nearly 40,000 million liters of sewage every day and barely 20 percent of it is treated, (Source: Centre for Science and Environment (CSE)). Eighty percent of sewage in India is untreated and flows directly into the nation's rivers, polluting the main sources of drinking water. Weak or non-existent enforcement of environmental laws, rapid urban development and a lack of awareness about the dangers of water contaminated with sewage are all blamed for water pollution.

Outlook

The growing population and industrialisation will demand enhanced need for waste management and environmental solutions.

Atal Mission for Rejuvenation and Urban Transformation (AMRUT)

The aim of this scheme is to provide basic services (water supply, sewerage, urban transport) to households and build amenities in cities which will improve the quality of life for all, especially the poor and the disadvantaged is a national priority.

AMRUT's purpose is to ensure that every household has access to a tap with assured supply of water and a sewerage connection; Increase the amenity value of cities by developing greenery and well maintained open spaces (e.g. parks); and reduce pollution by switching to public transport or constructing facilities for non-motorised transport (e.g. walking and cycling). All these outcomes are valued by citizens, particularly women, and indicators and standards have been prescribed by the Ministry of Urban Development (MoUD) in the form of Service Level Benchmarks (SLBs).

The total outlay for AMRUT is ₹50,000 crore for five years from FY2015-16 to FY2019-20 and the Mission will be operated as a centrally sponsored scheme.

Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

The Centre is working on a new JNNURM that will see more cities covered by the infrastructure improvement project, with a massive hike investment. The investment increased from 1.2 lakh crore in the first phase to 2 lakh crores in the second phase. The thrust areas of the new scheme, which received increased investment — nearly 75 percent more than the phase ending — will be towards development of slums, accessibility to basic public services such as drinking water, sewerage, solid waste management, roads and street lights to all, including the poor and focusing on urban planning.

Addressing **business risks**

Could any discrepancy in the product quality affect the Company's brand?	At Fermenta, we ensure enhanced quality of products, processes and services through analytical facilities so that they consistently meet Ph.Eur, USP, IP as well as other national and international quality standards. The Company's API divisions are certified by WHO-GMP from Drug Control Administration, ISO 9001:2008 from Moody International Certificate Limited, ISO 14001:2004 from Moody International Certificate Limited, BS OHSAS 18001:2007, HACCP from Moody International Certificate Limited, Vegetarian certificate from Vegetarian Society, UK and American Vegetarian Society.
Could increased competition affect the business?	The Company is the only Vitamin D3 manufacturer in India and one of three manufacturers to obtain a CEP from EDQM. Fermenta is also the leading manufacturer of Phenyramidol in the world. Fermenta enjoys strong multi-year relationships with over 300 global customers with an export presence in more than 50 countries, emerging as the preferred supplier of Vitamin D3 and Phenyramidol products.
Could the inability to retain and recruit intellectual talent affect competitiveness?	The Company focused on the recruitment and retention of quality talent. The Company's intellectual capital comprises 17 scientists, possessing rich global biotechnology experience. The Company recruits professionals specialising in chemistry and biotechnology; its managerial cadre comprises MBAs from premier institutes, PhDs, engineers, chartered accountants, cost accountants, company secretaries and science graduates. The Company's people retention was 85% in 2015-16.
Could infringement of patented information of the Company affect growth?	The Company has a sound R&D support system in place through which process and product technologies are upgraded in order to continue to have a competitive edge in the industry, which proves to be a deterrent for patent infringement. The Company has also contracted a leading IPR attourney to monitor and protect the Intellectual Property Rights of the Company.
Could geographic or customer concentration affect the business in the event of unforeseen events?	The Company supplied products to more than 300 global customers across more than 50 countries, reducing its geographic risk. The Company's exports are spread across Europe, Middle East, South East Asia and North America, among others.
Could the inability to scale output affect market share?	The Company enjoys operating leverage at its Dahej unit.The Company is in the process of expanding Vitamin D3 and intermediates capacities in Dahej. The Company also proposes to expand facilities to manufacture new APIs and other advanced intermediates.

Report of The Board Of Directors

Dear members

Your Directors are pleased to present the 29th Annual Report along with the Audited financial statements for the financial year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

	Standalone results		Consolidated results	
Particulars	**2015-16**	**2014-15**	**2015-16**	**2014-15**
Total Revenue	14,973.46	12,931.10	14,974.60	12,931.10
Total Expenditure	12,260.22	11,603.35	12,261.93	11,608.22
Profit before Interest, Depreciation and Tax ('EBIDTA')	2,713.24	1,327.75	2,712.67	1,322.88
Financial Cost	454.62	470.01	454.62	470.01
Depreciation and Amortization Expense	646.74	672.76	654.40	675.10
Interest Income	(5.66)	(4.42)	(5.66)	(4.42)
Profit before tax ('PBT')	1,617.54	189.40	1,609.31	182.19
Less : Provision for tax (including deferred tax)	428.62	156.80	428.56	156.76
Profit after tax ('PAT')	1,188.92	32.60	1,180.76	25.43
Less : Adjustment on account of effect of depreciation on first time application of Schedule II, net of Deferred Tax	-	(11.76)	-	(11.76)
Share of Minority interest in Profit and Loss account	-	-	(0.36)	(0.40)
Profit after share of Minority interest in Profit and Loss account	1,188.92	20.84*	1,181.12	14.07*
Balance brought forward	4,189.54	4,168.70	4,167.73	4,153.67
Balance carried to Balance Sheet	5,378.46	4,189.54	5,348.85	4,167.74

* Net of adustment of effect of depreciation

RESULTS FROM OPERATIONS

During the year under review, the Company on a Standalone basis, recorded a revenue of ₹14,973.46 lakhs, (Previous year ₹12,931.10 lakhs). The profit before tax for the year under review was ₹1,617.54 lakhs (previous year ₹189.40 lakhs) and profit after tax was ₹1,188.92 lakhs for the year under review as against ₹32.60 lakhs in the previous year.

Your Directors propose to retain the entire profit for the year i.e. ₹1,188.92 lakhs in the Statement of Profit and Loss as balance carried to Balance sheet and, hence no amount was transferred to the General reserve for the year under review.

The Company on a consolidated basis recorded revenue of ₹14,974,.60 lakhs in the financial year 2015-2016 (Previous year ₹12,931.10 lakhs). The profit after tax was ₹1,180.76 lakhs as against ₹25.43 lakhs in the previous year.

DIVIDEND

In order to conserve the Company's resources, your Directors did not recommend any dividend for the year under review.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries are prepared in accordance with the relevant Accounting Standards (AS) i.e. AS 21 and AS 27, issued by the Institute of Chartered Accountants of India and provisions of Section 129(3) of the Companies Act, 2013 (Act), and shall form part of this Annual Report. The consolidated financial statements of the Company for the financial year 2015-16 include financials of its subsidiaries i.e. Fermenta Biotech (UK) Limited and G.I. Biotech Private Limited (collectively referred as the 'Subsidiary companies').

SUBSIDIARY COMPANIES

Individual financial statements and other reports of the Subsidiary companies will not be attached to the financial statements of the Company for the financial year 2015-2016.

The financial information of the Subsidiary companies provided in this section may be read along with the information provided under the heading 'Consolidated Financial Statements'. In accordance with the provisions of section 129 (3) of the Act, read with Rule 5 and Rule 8 of the Companies (Accounts) Rules, 2014, (as amended from time to time) the Company has attached a separate statement, containing salient features of the financial statements of its Subsidiary companies in Form AOC I as Annexure IV, to this report.

The financial statements of the Subsidiary companies will be kept open for inspection at the registered office of the Company, from 9:00 am to 5:00 pm on all working days, except Saturdays, upto the date of the 29th Annual general meeting of the Company.

During the year under review, no company has become or ceased to be a Subsidiary (including associate or joint venture) of the Company.

Members interested in obtaining copies of the annual financial statements of any of the Subsidiary companies, may write to the Company Secretary at the registered office address of the Company.

INTERNAL CONTROL SYSTEMS

The Company maintains appropriate internal control systems, commensurating to its size, nature of operations, reporting(s) and compliance with applicable laws and company's procedures.

The Company has a well staffed, experienced and qualified finance department who plays an important role in implementing and monitoring the internal control environment and compliance with statutory requirements. The Audit Committee and the Board of Directors reviews the adequacy and effectiveness of Internal Control system at regular intervals and suggest improvements and corrective actions for implementation.

HUMAN RESOURCES

The manpower strength for the financial year 2015-16 was stable with a closing headcount of 328 personnel across all levels.

The organisation continued to strengthen its team with focus on Organisational Development, interventions and retention programmes. Trainings including technical assistance, behavioural sessions and leadership excellence were conducted to step up competencies of the workforce.

The organisation participated in generic compensation surveys conducted by leading consulting companies and studied the market behaviour on compensation and benefits which was instrumental in performance management.

Behavioural training programmes were conducted which focussed on Achievement, Motivational skills and online technical training modules have been finalised for the technical team at manufacturing facilities.

Information as per Section 197 (12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended from time to time)

("Rules"), for the year ended March 31, 2016 is not applicable for the Company and hence does not form part of the report. During the year under review, no employee of the Company was in receipt of the remuneration equivalent to or exceeding the amount specified in Section 197 (12) read with Rule 5 (2) of the Rules.

INFORMATION TECHNOLOGY (IT)

Information Technology team continues to support business operations in the Company, through continued investment in various Enterprise Applications which gives business better information visibility including Data Reporting. Your Company's IT Team manages all locations with state of the art support technology centrally and have been at the forefront of new technology adoption in India. In addition, mobility solution is in place for all individuals who execute sales transactions in the market place. IT has played a key role in bringing agility and availability to sales of the Company. Your Company continues to invest in capabilities that enable faster customer response and support through Laboratory Information Management Systems (LIMS) to comply with USFDA regulations. The Company continues to drive resilience through targeted remediation of high risk IT components, including hardware, databases, operating systems and applications. Annual Application & Control audits are undertaken to ensure consistent remediation of any business and process risks.

Alongside the investment in technology, your Company is also improving its service management processes to prevent any defects in the IT environment and to enable faster resolution of any such incidents with minimum business disruption.

DEPOSITS

In 2015-16, your Company has not accepted any fixed deposits from the public and no principal or interest is due to the public as on March 31, 2016.

DIRECTORS

Independent Directors

In compliance of Section 149 and 152 of the Act, read along with Companies (Appointment and Qualifications of Directors) Rules, 2014 and Schedule IV and pursuant to members approval in the Annual General Meeting of the Company held on September 24, 2014, Mr. Peter Bains, Mr. Sanjay Buch and Dr. Gopakumar Nair shall hold office as Independent Directors of the Company, for a term of five consecutive years, not liable to retire by rotation.

The Independent Directors have made declarations to the Company, confirming that they meet conditions of independence laid down in sub-section 6 of section 149 of the Act.

Retirement by rotation

Mr. Satish Varma (DIN – 00003255) retires by rotation at the Annual General Meeting and being eligible, offers himself for re-appointment. Brief profile of Mr. Satish Varma is provided on page no. 120 of the Annual Report.

Key Managerial Personnel:

Pursuant to the provisions of the Companies Act, 2013, the details of Key Managerial Personnel of the Company are provided in Form no. MGT-9 i.e. Extract of Annual return in Annexure III to this report.

AUDITORS

The Members in 27th AGM of the Company held on September 24, 2014 approved the appointment of SRBC & Co. LLP, Chartered Accountants (ICAI Firm Registration No: 324982E/E300003) as Statutory Auditors of the Company to hold office from the conclusion of the 27th Annual General Meeting (AGM) until the conclusion of 30th AGM of the Company in place of the retiring Auditors, S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration no. 101049W), subject to ratification by the members at every AGM of the Company. SRBC & Co. LLP has expressed its willingness and confirmed its eligibility under the provisions of Companies Act, 2013, the Chartered Accountants Act, 1949, rules and regulations made thereunder to act as Statutory Auditors of the Company for the financial year 2016-17.

COST AUDITORS

Based on the recommendation of the Audit Committee, the Board of Directors reappointed N I Mehta & Co., Cost Accountants (Firm Registration Number: 000023), as the Cost Auditor of the Company for the financial year ending March 31, 2017, to conduct cost audit in respect of bulk drugs manufactured by the Company, as per provisions of Companies (Cost Records and Audit) Rules, 2014 [as amended from time to time].

Pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 [as amended from time to time], approval of Members is sought for payment of remuneration to the Cost Auditor, as mentioned in business item no.4 of the Notice of 29th Annual General Meeting of the Company.

The Cost Audit report for the financial year 2014-15 was filed with Ministry of Corporate Affairs (MCA) within the due date.

The Cost Audit Report for the financial year 2015-16 is being filed with the MCA within the stipulated time period.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to provisions of sub-section 5 of Section 134 of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

i) In the preparation of the annual accounts for the financial year ended March 31, 2016 the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) Appropriate accounting policies have been selected and applied consistently and judgments and estimates are made prudently and reasonably so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;

iii) Proper and sufficient care has been taken for the 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 fraud and other irregularities;

iv) The annual accounts for the financial year ended March 31, 2016 have been prepared on a 'going concern' basis; and

v) Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2016

The details forming part of the extract of the annual return is enclosed as an Annexure III to this Report and forms part of this Report.

NUMBER OF BOARD MEETINGS

During the financial year under review, six Board Meetings were held on April 21, 2015, May 27, 2015, July 09, 2015, August 13, 2015, November 09, 2015 and February 10, 2016.

AUDIT COMMITTEE

The composition of the Audit Committee as on March 31, 2016:

The Audit Committee comprises of Mr. Sanjay Buch (Chairman), Mr. Peter Bains, Mr. Viswanath Chibrolu (failing him Mr. T.P. Devarajan, Alternate Director), Dr. Gopakumar Nair and Mr. Krishna Datla.

The Company Secretary acts as a Secretary to the Audit Committee.

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

The Company has framed a code on 'Redressal of Grievances regarding sexual harassment' and has constituted an 'Internal Complaints Committee' for redressal of grievances as per the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. There were no cases / grievances reported or pending during the year under review.

NOMINATION AND REMUNERATION POLICY AND PERFORMANCE EVALUATION OF BOARD AND INDIVIDUAL DIRECTORS

The Nomination and Remuneration policy of the Company ('Remuneration Policy') inter alia, lays down the criteria for (a) appointment and payment of remuneration to Directors, Key Managerial Personnel (KMP) and senior management of the Company; (b) criteria for appointment of Independent Director; and (c) evaluation of performance of Directors.

As per the Nomination and Remuneration policy of the Company ('Remuneration Policy'), the Director(s), KMP, Senior management personnel in addition to the criteria mentioned in the Act, should inter alia possess (a) relevant qualification, experience and expertise; (b) Strong analytical and excellent communication skills; (c) collaborative and flexible style, with a high level of professionalism; and (d) Leadership skills.

The Independent Directors and Non-Executive Directors of the Company shall be entitled for sitting fees for attending Board meetings and Committee(s) Meetings. The Independent Directors shall not be entitled to any stock option of the Company.

Based on the performance of the Company, the Committee may recommend payment of profit related commission to Directors. The remuneration to Managerial Personnel is paid by way of salary, perquisites and allowances. The Committee shall review the performance of the Company and the Managerial Personnel and may recommend the annual increment effective 1st April each year, for the approval of the Board. Remuneration including commission / annual increment, if any, shall be paid within the limits of the Act and/or salary range approved by the Members. The remuneration paid to the Managerial Personnel is determined keeping in view of the benchmark of the industry and the performance of the Company as compared to the industry performance.

The remuneration of KMP, Senior management and other employees largely consist of basic salary, perquisites, statutory benefits, allowances and performance incentives. The remuneration components are governed by the industry pattern / benchmark, qualification and experience of each employee. The annual variable remuneration is linked to the performance of the Company and their individual performance. Perquisites and retirement benefits are paid according to the Company's policy.

ANNUAL PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to provisions of the Act and Remuneration Policy, the Directors of the Company carried out annual performance evaluation of the Board as a whole, Committees of the Board and the Independent Directors (excluding the Director being evaluated).

A meeting of Independent Directors of the Company was held on to: (a) review the performance of Chairperson, Non Independent Directors and the Board as a whole; (b) assess the quality, quantity and timeliness of flow of information between the Company management and the Board.

The evaluation was done through a structured evaluation process and forms, covering various aspects such as composition of Board, professional knowledge and expertise, performance of individual roles and duties including contribution in Board / Committee meetings, protection of interest of all stakeholders etc.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, there were no Loans given, Investments made or Guarantee provided by the Company under the provisions of Section 186 of the Companies Act, 2013.

RELATED PARTY TRANSACTIONS

All related party transactions entered into during the financial year were on arms length basis and in the ordinary course of business. During the year under review, the Company has not entered into any material related party transaction. In view of this, disclosure in Form AOC-2 is not applicable to the Company.

During the year under review, there were no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel which may have a potential conflict with the interest of the Company at large. None of the Directors has any pecuniary relationships or transactions with the Company, except as provided in this report.

ENERGY CONSERVATION, TECHNOLOGY ABSORBTION AND FOREIGN ECHANGE EARNINGS AND OUTGO

Information as per Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 [as amended from time to time] forms part of this report and is given in Annexure I to this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Based on CSR Committee recommendations, the Board approved the Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

Annual report on CSR activities of the Company during the year under review including composition of the CSR Committee is provided in Annexure II to this report of the Board of Directors and forms part of this report.

CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in the nature of business of your Company during the year under review.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations during the year under review.

ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation for assistance and co-operation received from the banks, Government authorities, consultants, service providers, customers, vendors, stakeholders and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the employees across all locations.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed in the statements.

For and on behalf of the Board of Directors

Peter Bains
Chairman
(DIN: 00430937)

Registered Office:
'DIL' Complex, Ghodbunder Road,
Majiwada, Thane (West) - 400 610, Maharashtra, India

August 11, 2016

ANNEXURE I

Energy conservation, technology absorbtion and foreign exchange earnings and outgo:

A. CONSERVATION OF ENERGY

Steps taken / impact on conservation of energy, with special reference to the following:

(i) The steps taken or impact on conservation of energy:

Your Company has always been conscious of the need for conservation and thus implemented various measures like:

a) Installation of CFL Lamps

b) Energy efficient motors were used and in addition Variable Frequency drives have been installed into the major equipment to reduce the electrical consumption.

c) Reduction of generation of chemical sludge during chemical treatment of effluent.

(ii) The steps taken by the Company for utilising alternate sources of energy:

Savings in Electrical energy and consumption by using CFL Lamps, energy efficient motors and installation of Variable Frequency drives into the major equipment

(iii) Capital / other investment on energy conservation equipment: NIL

B. TECHNOLOGY ABSORPTION:

(i) The efforts made towards technology absorption: NIL

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution: Not applicable

(iii) In case of imported technology (imported during the last 3 years reckoned from the beginning of the financial year), following information may be furnished: NIL

(a) Details of technology imported. - NIL

(b) Year of import. – Not Applicable

(c) Whether the technology been fully absorbed - Not Applicable

(d) If not fully absorbed, areas where absorption has not taken place, and the reasons therefor - Not Applicable

(iv) The expenditure incurred on Research and Development –

	(₹ in Lakhs)
Capital :	3.22
Recurring :	366.68
Total expenditure	369.88
Total R & D expenditure as a percentage of total turnover :	**2.47%**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Total Foreign exchange used and earned in the year 2015-16:

Foreign exchange earned:	₹10,098.54 Lakhs
Foreign exchange used:	₹4,090.06 Lakhs

ANNEXURE II

Annual Report on Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

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

   Continuing with the legacy of practicing CSR activities of our founder members, the Company has been committed to the cause of CSR for many years. Over the years, CSR activities of the Company have diversified and expanded into new communities and in turn benefitted more and more stakeholders. Today our Company firmly believes that corporate citizens have a vital role to play in empowering and enriching the communities and its stakeholders.

   The CSR Policy of the Company is available on Company's website at www.fermentabiotech.com/PDF/CSR.pdf

Brief of CSR activities:

(a) Contribution to Prime Minister's National Relief Fund as relief measures

(b) Infrastructure support including equipment, etc to schools / orphanages, Himachal Pradesh.

2. The Composition of the CSR Committee:
   The CSR Committee comprises of Mr. Peter Bains (Chairman), Mr. Sanjay Buch, Mr. Viswanath Chibrolu (failing him Mr. T.P. Devarajan, Alternate Director), Mr. Krishna Datla and Ms. Anupama Datla Desai.

3. Average net profit of the company for last three financial years: ₹541.64 lakhs

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Budgeted amount of ₹10.83 lakhs towards CSR activities; including administrative expenditure not exceeding 5% of the CSR expenditure as may be actually incurred in the financial year 2015-2016.

5. Details of CSR spent during the financial year: ₹1.90 lakhs

(a) Total amount to be spent for the financial year: ₹10.83 lakhs

(b) Amount unspent, if any: ₹8.93 lakhs*

* As on the date of this report, there is no unspent amount, as ₹8.93 lakhs has been contributed to the Prime Minister's National Relief fund.

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)
CSR project or activity identified	**Sector in which the Project is covered**	**Projects or programs** **(1) Local area or other** **(2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs** **Sub – heads:** **(1) Direct expenditure on projects or programs** **(2) Overheads**	**Cumulative expenditure upto the reporting period**	**Amount spent : Direct or through implementing agency**
Contribution towards equipment to schools / orphanages	Education	Himachal Pradesh	₹1,89,852	Direct expenditure on projects	₹1,89,852	Direct

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report:

   The Company has laid down the guidelines for CSR activities by clearly outlining the scope of activities. As on the date of this report, there is no unspent amount as ₹ 8.93 lakhs has been contributed to the Prime Minister's National Relief Fund.

7. The Chairman of the CSR Committee has given the responsibility statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

(Satish Varma)
(Managing Director)

(Peter Bains)
(Chairman CSR Committee)

Date: August 11, 2016
Place: Thane

ANNEXURE III

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2016
[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

FORM NO. MGT – 9

I. REGISTRATION AND OTHER DETAILS

1	CIN	U99999MH1986PLC134021
2	Registration Date	11/07/1986
3	Name of the Company	FERMENTA BIOTECH LIMITED
4	Category / Sub-Category of the Company	Category: Company limited by shares Sub-category: Indian Non-Government company
5	Address of the Registered office and contact details	'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West), Maharashtra – 400 610, India. Tel: + 91 22 6623 0800 Fax: + 91 22 6798 0899 Email id: fermenta@fermentabiotech.com
6	Whether listed company: Yes / No	No
7	Name, Address and Contact details of Registrar and Transfer Agent	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078. Maharashtra, India Tel No : + 91 22 2594 6970 Fax No: + 91 22 2594 6969 Email id: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Vitamin D3 Product range, Phenyramidol HCl and Silicon Dry Powder	2029	87.81%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and address of the company	CIN/GLN	Holding/ subsidiary / associate	% of shares held	Applicable Section
	Holding Company:				
1	DIL Limited#	L99999MH1951PLC008485	Holding Company	70.15%	2(46)
2	DVK Investments Private Limited#	U67120MH2003PTC141695	Holding Company [holding 53.91% of paid up share capital of DIL Limited]	0.48%	2(46)
	Subsidiary Companies:				
3	Fermenta Biotech (UK) Limited Charter House, 8-10 Station Road, Manor Park, London - E12 5BT	Foreign Company	Subsidiary Company	100%	2(87)
4	G. I. Biotech Private Limited#	U24230MH2004PTC148220	Subsidiary Company	62.50%	2(87)

#All having their registered office address at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W), Maharashtra - 400 610

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity Share Capital)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTERS									
(1) INDIAN									
a) Individual/ HUF	10,800	-	10,800	0.06	10,800	-	10,800	0.06	-
b) State Govt	-	-	-	-					-
c) Bodies Corporate (Refer Note (i) below)*	1,27,62,464	90	1,27,62,554	70.15	1,27,62,464	90	1,27,62,554	70.15	-
d) Banks / FI I	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	**1,27,73,264**	**90**	**1,27,73,354**	**70.21**	**1,27,73,264**	**90**	**1,27,73,354**	**70.21**	**-**
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total shareholding of Promoter (A) i.e. (A1+A2)	**1,27,73,264**	**90**	**1,27,73,354**	**70.21**	**1,27,73,264**	**90**	**1,27,73,354**	**70.21**	**-**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-

f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	-
2. Central Government/ State Government(s)/ President of India	-	-	-	-	-	-	-	-	-
Sub-Total (B) (2):-	-	-	-	-	-	-	-	-	-
3. Non Institutions									
a) Bodies Corp.									
i) Indian	1,87,024	8,04,474	9,91,498	5.45	1,87,024	8,04,474	9,91,498	5.45	-
ii) Overseas	38,30,072	-	38,30,072	21.05	38,30,072	-	38,30,072	21.05	-
b) Individuals									
i) Individual shareholders holding nominal share capital up t ₹1 lakh	13,824	5,024	18,848	0.10	13,824	5,024	18,848	0.10	-
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	90,738	-	90,738	0.50	90,738	-	90,738	0.50	-
c) Others (Refer Note (ii) below)*	-	4,88,334	4,88,334	2.69	-	4,88,334	4,88,334	2.69	-
Sub-total (B)(3):-	**41,21,658**	**12,97,832**	**54,19,490**	**29.79**	**41,21,658**	**12,97,832**	**54,19,490**	**29.79**	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)+(B)(3)	**41,21,658**	**12,97,832**	**54,19,490**	**29.79**	**41,21,658**	**12,97,832**	**54,19,490**	**29.79**	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**1,68,94,922**	**12,97,922**	**1,81,92,844**	**100**	**1,68,94,922**	**12,97,922**	**1,81,92,844**	**100**	-

*Note:

(i) Includes 90 shares held under erstwhile Section 187C of Companies Act, 1956 (now section 89 of Companies Act, 2013) by beneficiary owners for and on behalf of DIL Limited

(ii) Includes shares issued by Fermenta Biotech Limited (FBL) to FBL ESOP Trust pending implementation of ESOP Plan.

ii) Share Holding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in sharehold-ing during the year
		No. of shares	% of total Shares of the company	% of Shares Pledged / encum-bered to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged / encum-bered to total shares	
1	DIL Limited*	1,27,62,554	70.15	-	1,27,62,554	70.15	-	-
2	Mr. Krishna Datla	10,800	0.06		10,800	0.06		-

* Includes 90 shares held under erstwhile Section 187C of Companies Act, 1956 (now section 89 of Companies Act, 2013) by beneficiary owners, for and on behalf of DIL Limited

iii) Change in Promoters' Shareholding:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
	Not Applicable as there is no change in Promoter's shareholding during the year				

iv) Shareholding Pattern of top ten Members (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (as on April 01, 2015)		Date	Increase/ Decrease	Reason: Purchased(P)/ Transferred(T)	Cumulative Shareholding during the year / end of the year (as on March 31, 2016)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Evolvence India Life Sciences fund LLC	38,30,072	21.05	01.04.15				
				31.03.16	-	-	3,830,072	21.05
2	Allegro Corporate Finance Advisors Pvt Ltd	7,89,474	4.39	01.04.15				
				31.03.16	-	-	7,89,474	4.39
3	Fermenta Biotech Limited ESOP Trust	4,88,334	2.68	01.04.15				
				31.03.16	-	-	4,88,334	2.68
4	Dupen Laboratories Pvt. Ltd	1,00,000	0.55	01.04.15				
				31.03.16	-	-	1,00,000	0.55
5	Rajeshwari Datla	90,738	0.50	01.04.15				
				31.03.16	-	-	90,738	0.50
6	DVK Investments Private Limited	87,024	0.48	01.04.15				
				31.03.16	-	-	87,024	0.48
7	V. R. Investment & Finance Pvt Ltd	15,000	0.08	01.04.15				
				31.03.16	-	-	15,000	0.08
8	Preeti Thakkar	8,412	0.05	01.04.15				
				31.03.16	-	-	8,412	0.05
9	Govind Desai & Gunanath Desai	2,500	0.01	01.04.15				
				31.03.16	-	-	2,500	0.01
10	Shaila Govind Desai	1,500	0.00	01.04.15				
				31.03.16	-	-	1,500	0.00

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (as on April 01, 2015)		Date	Increase/ Decrease	Reason: Purchased(P)/ Transferred(T)	Cumulative Shareholding during the year	
		No. of shares	% of total Shares of the company				No. of shares	% of total Shares of the company
1	Krishna Datla (Director)	10,800	0.06	01.04.15				
				31.03.16	-	-	10800	0.06
2	Anupama Datla Desai (Executive Director and KMP)	5,400	0.30	01.04.15				
				31.03.16	-	-	5400	0.30

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: (₹ in Lakhs)

Indebtedness at the beginning of the financial year (as on 01.04.15)	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	3,548.58	232.50	-	3,781.08
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4.35	4.27	-	8.62
Total (i+ii+iii)	**3,552.93**	**236.77**	**-**	**3,789.70**
Change in Indebtedness during the financial year				
i) Addition	109.09		-	109.09
ii) Reduction		75.00		75.00
Net Change	3,662.02	161.77		3,823.79
Indebtedness at the end of the financial year (As on 31.03.16)				
i) Principal Amount	3,657.67	157.50	-	3,815.17
ii) Interest due but not paid			-	
iii) Interest accrued but not due	3.32	2.83	-	6.15
Total (i+ii+iii)	**3,660.99**	**160.33**	**-**	**3,821.32**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager: (Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Satish Varma (Managing Director)	Ms. Anupama Datla Desai (Executive Director)	
1	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	61,13,308	50,75,000	1,11,88,308
	(b) Value of perquisites u/s 17(2)Income-tax Act, 1961	3,97,195	93,574	4,90,769

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mr. Satish Varma (Managing Director)	Ms. Anupama Datla Desai (Executive Director)	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit	22,91,000	22,91,000	45,82,000
5.	Others (Contribution to Funds)	7,17,150	6,75,669	13,92,819
	Total (A)	**95,18,653**	**81,35,243**	**1,76,53,896**
	Ceiling as per the provisions of Section 198 read with schedule V of the Companies Act, 2013	The total remuneration paid to the Managing Director and the Executive Director is within the limits prescribed under the Companies Act, 2013		

B. Remuneration to other directors: (Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors	**Mr. Sanjay Buch**	**Dr. Gopakumar Nair**	
2.	• Fee for attending board / committee meetings • Commission	1,55,000	1,15,000	2,70,000
	Total (1)	**1,55,000**	**1,15,000**	**2,70,000**
2.	Other Non-Executive Directors	**Mr. Krishna Datla**		
	• Fee for attending board/committee meetings • Commission	1,55,000		1,55,000
	Total (2)	**1,55,000**		**1,55,000**
	Total (B) = (1+2)	**3,10,000**	**1,15,000**	**4,25,000**
	Total Managerial remuneration [A+B]	**98,28,653**	**82,50,243**	**1,80,78,896**
		The total fees paid to Independent and Non-Executive Directors are within limits prescribed under the Companies Act, 2013		

C. Remuneration to Key Managerial Personnel other than Managing Director / Manager/ WTD (Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Prashant Nagre (CEO)	Mr. Sanjay Basantani (CS)	Mr. Kapil Gohil (CFO & VP (Finance & Accounts))	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	82,90,946	16,93,895	31,45,284	1,31,30,125
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600		28,800	68,400
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit	-	-	-	-
5.	Others (Contribution to Funds)	4,78,821	97,824	1,77,489	7,54,134
	Total	**88,09,367**	**17,91,719**	**33,51,573**	**1,39,52,659**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD / NCLT/ COURT)	Appeal made, if any (give Details)
A. COMPANY 1. Penalty 2. Punishment 3. Compounding	-	NIL	NA	-	-
B. DIRECTORS 1. Penalty 2. Punishment 3. Compounding	-	NIL	NA	-	-
C. OTHER OFFICERS IN DEFAULT 1. Penalty 2. Punishment 3. Compounding	-	NIL	NA	-	-

ANNEXURE IV

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ for the financial year 2015-16)

Sr. No.	Particulars	(₹ in lakhs)	(₹ in lakhs)
1	Name of the subsidiary	G I Biotech Private Limited	Fermenta Biotech (UK) Limited
2	The date since when subsidiary was acquired	25.08.2004	10.09.2002
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	-	-
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	Pound Sterling £ (Exchange Rate: 1 GBP= 95.43840 INR for Balance Sheet and 98.44100 INR for Profit and Loss account as on 31.03.2016)
5	Share capital*	1.00	183.60
6	Reserves & surplus*	(0.20)	(41.02)
7	Total assets*	7.87	145.04
8	Total Liabilities*	7.07	2.46
9	Investments*	-	-
10	Turnover*	-	1.14
11	Profit before taxation*	(1.02)	(5.50)
12	Provision for taxation*	(0.06)	-
13	Profit after taxation*	(0.96)	(5.50)
14	Proposed Dividend	-	-
15	% of shareholding	62.50% subsidiary	100% subsidiary

* Amount - ₹ in lakhs

Part "B": Associates and Joint Ventures

[Not Applicable]

Financial
Section

Independent Auditor's Report

To the Members of **Fermenta Biotech Limited**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Ferment Biotech Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

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

Opinion

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

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 of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

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

(e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(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 financial statements – Refer Note 32 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938

Place: Mumbai
Date: May 27, 2016

Annexure 1 – Statement on matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016

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

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at the year end and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of bulk drugs and Formulations, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities except for payment of advance income tax.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise , value added tax and cess on account of any dispute, are as follows:

Name of the Statue	Nature of dues	Amount (₹ in lakhs)*	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	1.50	2005-06	Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Delhi
Central Excise Act, 1944	Excise Duty	2.65	2010-11	Commissioner of Appeals, Chandigarh
Central Excise Act, 1944	Service Tax	1.54	2006-07 to 2009-10	Commissioner of Appeals, Chandigarh

*Net of payments made under protest

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938

Place: Mumbai
Date: May 27, 2016

Annexure 2 – To the independent auditor's report of even date on the standalone financial statements of Fermenta Biotech Limited

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 Fermenta Biotech Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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 internal financial controls system over financial reporting.

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 March 31, 2016, 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 **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938

Place: Mumbai
Date: May 27, 2016

CIN : U99999MH1986PLC134021

Balance Sheet as at March 31, 2016

(₹ in Lakhs)

Particulars	Note No.	March 31, 2016	March 31, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,770.45	1,770.45
Reserves and surplus	4	7,280.62	6,091.70
		9,051.07	**7,862.15**
Non current liabilities			
Long term borrowings	5	363.34	524.47
Deferred tax liability (net)	6	399.53	316.13
Long term provisions	7	143.76	134.73
		906.63	**975.33**
Current liabilities			
Short term borrowings	8	2,847.21	2,721.02
Trade payables	9		
• Total outstanding dues of micro enterprises and small enterprises		5.14	19.42
• Total outstanding dues of creditors other than micro enterprises and small enterprises		1,798.42	1,488.90
Other current liabilities	9	976.95	747.13
Short term provisions	7	189.98	31.17
		5,817.70	**5,007.64**
TOTAL		**15,775.40**	**13,845.12**
Assets			
Non current assets			
Fixed assets			
Tangible assets	10	6,804.85	7,213.79
Intangible assets	11	80.48	94.69
Capital work in progress		533.37	47.87
Intangible assets under development		3.00	52.76
Non current investments	12	186.62	186.62
Long term loans and advances	13	357.01	154.65
Other non current assets	14.2	15.04	1.68
		7,980.37	**7,752.06**
Current assets			
Inventories	15	2,483.78	2,102.17
Trade receivables	14.1	4,338.29	3,537.91
Other current assets	14.2	350.35	13.57
Cash and bank balances	16	84.49	34.35
Short term loans and advances	13	538.12	405.06
		7,795.03	**6,093.06**
TOTAL		**15,775.40**	**13,845.12**
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 27, 2016

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Sanjay Buch
Director

Anupama Datla
Executive Director

Viswanath Chibrolu
Director

Gopakumar Nair
Director

Sanjay Basantani
Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 27, 2016

CIN : U99999MH1986PLC134021

Statement of Profit & Loss for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	Note No.	March 31, 2016	March 31, 2015
Income			
Revenue from operations (gross)	17	15,004.36	13,296.12
Less : excise duty		294.77	370.70
Revenue from operations (net)		14,709.59	12,925.42
Other income	18	263.87	5.68
Total Revenue (I)		**14,973.46**	**12,931.10**
Expenses			
Cost of materials consumed	19	6,284.83	6,056.26
Purchase of traded goods	19	160.11	82.00
(Increase) / decrease in the inventory of finished goods and work-in-progress	20	(53.06)	158.88
Employee benefit expense	21	2,036.28	1,747.97
Other expenses	22	3,832.06	3,558.24
Total (II)		**12,260.22**	**11,603.35**
Earning before interest, tax, depreciation and amortisation (EBITDA) (I - II)		2,713.24	1,327.75
Depreciation and amortization expense	23	646.74	672.76
Interest Income	24	(5.66)	(4.42)
Finance costs	25	454.62	470.01
Profit before tax		**1,617.54**	**189.40**
Tax expense:			
Current tax		345.21	37.89
Deferred tax charge		83.41	118.91
Total tax expense		**428.62**	**156.80**
Profit after tax		**1,188.92**	**32.60**
Earnings per equity share (nominal value of share ₹10) (2015 - ₹10)	26		
(1) Basic		6.54	0.18
(2) Diluted		6.54	0.18
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
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Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 27, 2016

CIN : U99999MH1986PLC134021

Cash Flow Statement for the year ended March 31, 2016

(₹ in Lakhs)

		March 31, 2016	March 31, 2015
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before tax	1,617.54	189.40
	Adjustment to reconcile profit before tax to net cash flows		
	Depreciation / amortisations	646.74	672.76
	Foreign exchange (gain)/loss (net) - unrealised	(52.78)	54.47
	(Profit)/Loss on sale of fixed assets (net)	(0.70)	5.37
	Bad debts	-	5.84
	Provision for doubtful debts and advances (net)	9.63	1.47
	Interest expense	454.62	470.01
	Dividend Income	(0.20)	(0.15)
	Interest income	(3.14)	(2.18)
	Operating profit before working capital changes	**2,671.71**	**1,396.99**
	Movements in working capital changes:		
	Increase/ (Decrease) in trade payables	302.26	(308.23)
	Increase/ (Decrease) in long term provisions	9.03	(22.08)
	Increase/ (Decrease) in short term provisions	4.26	4.25
	Increase/ (Decrease) in other current liabilities	108.07	55.32
	(Increase)/ Decrease in trade receivables	(743.77)	418.95
	(Increase)/ Decrease in inventories	(381.61)	178.23
	(Increase)/ Decrease in long term loans and advances	8.12	(16.73)
	(Increase)/ Decrease in short term loans and advances	(136.00)	21.53
	(Increase)/ Decrease in other current assets	(336.78)	9.09
	(Increase)/ Decrease in other non-current assets	-	8.71
	Cash generated from operations	**1,505.29**	**1,746.03**
	Direct taxes paid (net of refund)	(191.95)	(243.44)
	Net cash flow from operating activities	**1,313.34**	**1,502.59**
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets (including intangible assets, adjustments for capital work-in-progress and capital advances)	(819.20)	(642.78)
	Proceeds from sale of fixed assets	0.93	14.60
	Investment in bank deposits having maturity of more than three months	(13.36)	(1.68)
	Dividend received	0.20	0.15
	Interest received	3.14	2.18
	Net cash used in investing activities	**(828.29)**	**(627.53)**

CIN : U99999MH1986PLC134021

Cash Flow Statement for the year ended March 31, 2016

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	473.86	121.35
Repayment of long term borrowings	(561.62)	(567.52)
Net Proceeds from short term borrowings	109.95	29.73
Interest paid	(457.10)	(467.74)
Net cash flow used in financing activities	**(434.91)**	**(884.18)**
Net increase in Cash and Cash equivalents	50.14	(9.12)
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	0.03
Cash and Cash equivalents at the beginning of the year	34.35	43.44
Cash and Cash equivalents at the end of the year	**84.49**	**34.35**
Components of Cash and Cash equivalents		
Cash on hand	3.64	3.85
Balances with scheduled banks on:		
Current accounts	80.82	30.47
Deposit accounts	0.03	0.03
Total cash and cash equivalents (note 16)	**84.49**	**34.35**

Notes:

1. Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS-3) "Cash Flow Statements" as specified Companies (Accounts) Rules, 2014.
2. Previous year's figures have been regrouped/rearranged wherever necessary

Summary of significant accounting policies	2.1		

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
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Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 27, 2016

CIN : U99999MH1986PLC134021

Notes to Financial Statements for the year ended March 31, 2016

1 Background:

Fermenta Biotech Limited ("the Company") is a public company domiciled in India and incorporated under the Companies Act, 1956. The Company is engaged in the business of manufacturing and marketing of chemicals, bulk drugs enzymes, pharmaceutical formulations and environmental solution products. The Company caters to both domestic and international markets.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the notified Accounting Standards under section 133 of the Companies Act 2013 read together with Rule 7 of Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies:

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Company has used the following useful lives to provide depreciation on its fixed assets.

Assets	Estimated useful life (in years)
Lease hold land	30
Building	30
Lease hold improvements (included in buildings)	10
Plant and equipment	10-20
Office equipments	5
Computers	3-6
Furniture and fixtures	10
Vehicles	8

d) **Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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 recognized in the statement of profit and loss when the asset is derecognized.

The Company has used the following useful lives to provide depreciation on its fixed assets.

Assets	Estimated useful life (in years)
Software including licences	6
Product know how	3 - 5

Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the asset and use or sell it; (iii) its ability to use or sell the asset; (iv) how the asset will generate probable future economic benefits; (v) the availability of adequate resources to complete the development and to use or sell the asset; and (vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure so capitalized is amortised over their estimated useful lives of three to five years on a straight line basis.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

e) **Impairment of tangible and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Notes to Financial Statements for the year ended March 31, 2016

f) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

g) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined as follows:

(a) Stores and spare parts: - First-in-first-out method.

(b) Raw materials and packing materials: - Cost is determined on a weighted average basis.

(c) Intermediate raw materials, work-in-process and finished goods:- Cost includes direct materials determined on the basis of weighted average method and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

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

h) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services

Revenues from environmental project consultancy contracts are recognized pro-rata over the period of the contract as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "interest income" in the statement of profit and loss.

Export Incentive

Duty free imports of raw materials under Advance Licence for imports as per the Import and Export Policy are matched with the exports made against the said licenses and net benefit / obligation is accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Merchantile Export Incentive Scheme and other schemes as per the Import and Export policy in respect of exports made under the said schemes is included as 'Export Incentives' under the note "other operating revenue" in the statement of profit and loss.

i) Foreign currency transactions

Initial Recognition

Transactions in foreign currencies are recorded in the reporting currency at the exchange rate prevailing between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

j) Retirement and other employee benefits

Retirement benefit in the form of provident fund and superannuation fund is defined contribution scheme. The contributions to the respective funds are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the respective funds.

The Company operates two defined benefit plans for its employee viz. gratuity and long term compensated absences

Employees are entitled to benefits under the Payment of Gratuity Act, 1972, a defined benefit plan covering employees of the Company. The plan provides for a lump-sum payment to eligible employees at retirement, death, incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment subject to a maximum of ₹10.00 lakhs per employee.

The gratuity liability and net periodic gratuity cost is actuarially determined based on the projected unit credit method after considering discount rates, expected long term return on plan assets and increase in compensation levels.

All actuarial gains/losses are immediately recorded to the statement of profit and loss and are not deferred.

The Company makes contributions to a fund administered and managed by Life Insurance Corporation of India ('LIC') to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

Liability for long term compensated absences are provided for based on actuarial valuation done as per projected unit credit method.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

k) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred taxes are measured using the tax rates and tax laws enacted or substantially enacted at the reporting date.

Notes to Financial Statements for the year ended March 31, 2016

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductable timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. For recognition of deferred taxes, the timing difference which originate first are considered to reverse first.

At each reporting date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

The Company's bulk drugs production facility in Kullu, Himachal Pradesh, was eligible for deduction of 100% of profits until March 31, 2008 and 30% of profits from April 1, 2008 to March 31, 2013, under section 80IB of the Income Tax Act, 1961. Secondly the Company's bulk drug facility at Dahej, Gujarat, is eligible for deduction of 100% of profit until March 31, 2016 and 50% of the profits from April 1, 2016 to March 31, 2021, under section 10(AA) of the Income Tax Act. 1961. In view of such deduction, no asset has been recognized in respect of the Minimum Alternate Tax (MAT) credit available to the Company. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal tax under specified period.

l) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company has not issued any potential equity shares and hence the basic earnings per share and diluted earnings per share are the same.

m) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

n) Contingent liabilities

Contingent asset are not recognised in the financial statement of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Notes to Financial Statements for the year ended March 31, 2016

o) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating lease. Operating Lease payments are recognised as an expense in the statement of profit and loss account on a straight line basis over the lease term.

p) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

q) Segment Reporting

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate / sell its product.

r) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs, interest income and tax expense.

s) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Notes to Financial Statements for the year ended March 31, 2016

3. Share Capital

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Authorised shares:		
19,010,000 (2015 - 19,010,000) equity shares of ₹10 each	1,901.00	1,901.00
990,000 (2015- 990,000) preference shares of ₹10 each	99.00	99.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid-up shares:		
18,192,844 (2015-18,192,844) equity shares of ₹10 each	1,819.28	1,819.28
Less : Amount recoverable from ESOP trust (refer note (e) below)	(48.83)	(48.83)
	1,770.45	**1,770.45**

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period** (₹ in Lakhs)

Equity shares	March 31, 2016		March 31, 2015	
	No. in Lakhs	₹ in Lakhs	No. in Lakhs	₹ in Lakhs
At the beginning of the period	181.93	1,819.28	181.93	1,819.28
Outstanding at the end of the period	**181.93**	**1,819.28**	**181.93**	**1,819.28**

b. **Shares held by holding company and its ultimate holding company**

Out of equity shares issued by the Company, shares held by the holding company is as follows: (₹ in Lakhs)

	March 31, 2016	March 31, 2015
DIL Limited, the holding company 12,762,464 (2015-12,762,464) equity shares of ₹ 10 each fully paid	1,276.25	1,276.25
DVK Investments Pvt. Ltd., the ultimate holding company 87,024 (2015-87,024) equity shares of ₹ 10 each fully paid	8.70	8.70

c **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays the dividend in Indian rupees. The dividend, if any proposed by the board of directors is subject to shareholder's approval in the ensuing Annual General Meeting

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be as per the terms of the Articles of Association of the Company.

d **Details of shareholders holding more than 5% shares in the Company**

	March 31, 2016		March 31, 2015	
	No. in Lakhs	% holding in the class	No. in Lakhs	% holding in the class
Equity shares of ₹10 each fully paid				
DIL Limited	127.62	70.15%	127.62	70.15%
Evolvence India Life Sciences Fund LLC	38.30	21.05%	38.30	21.05%

e **Shares reserved for issue under options**

During the year ended March 31, 2011, pursuant to approval from shareholders, the Company has allotted 488,334 equity shares at face value of ₹10 each per share against cash to FBL ESOP Trust pending implementation of ESOP plan. (₹ in Lakhs)

	March 31, 2016	March 31, 2015
At the beginning of the period	4.88	4.88
Outstanding at the end of the period	**4.88**	**4.88**

Notes to Financial Statements for the year ended March 31, 2016

4. Reserve and surplus

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Capital redemption reserve	103.38	103.38
Securities premium account	1,706.46	1,706.46
General Reserve	92.32	92.32
Surplus in the statement of profit and loss		
Balance as per the last financial statements	4,189.54	4,168.70
Profit for the year	1,188.92	32.60
Less : Adjustment on account of effect of depreciation on first time application of Schedule II, net of Deferred Tax (refer note 6 and 10)	-	(11.76)
Net surplus in the statement of profit and loss	5,378.46	4,189.54
Total reserves and surplus	7,280.62	6,091.70

5. Long-term borrowings

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term Loans				
From bank (secured) for Dahej facility	295.57	431.35	466.67	400.00
From bank (secured) for R & D Thane	30.36	-	75.00	-
From financial institutions (secured) for Dahej facility	-	27.99	33.49	102.97
From financial institutions (secured) for R & D Thane	30.11	52.86	22.75	19.84
Vehicle Loans				
From bank (secured)	7.06	9.62	8.68	10.18
From financial institutions (secured)	0.24	2.65	2.38	2.60
Total	363.34	524.47	608.97	535.59
The above amount includes				
Secured borrowings	363.34	524.47	608.97	535.59
Amount disclosed under the head "other current liabilities" (refer note 9)	-	-	(608.97)	(535.59)
Net Amount	363.34	524.47	-	-

a Term loan for setting up a new facility at Dahej SEZ is taken from Union Bank of India with interest rates (BR + 4%) ranging from 13.50% to 13.75% repayable in 60 equal monthly instalments. The said term loan is secured by way of first charge on fixed assets procured with financial assistance of the said term loan and by equitable mortgage of factory land and building at Dahej.

b Term Loan for expansion of Dahej facility is taken from Union Bank of India with interest rate (BR+3.75%) i.e. @13.40 % repayable in 48 Equal monthly installments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building of Dahej.

c Term Loan for reloaction of R & D units / Thane Head office is taken from Union Bank of India with interest rate (BR+3.75 %) i.e. @ 13.40 % repayable in 48 equal monthly installments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building at Dahej and Kullu.

d Term loans from financial institutions (secured) for financing the purchase of plant and machinery at Dahej SEZ and R & D Thane are taken from Siemens Financial Services Private Limited at interest rates of 13.75%, repayable in 48 equal monthly instalments. The said term loans are secured by way of first charge on plant and machinery procured with financial assistance of the said term loan.

e Vehicle loans are taken from the Banks and Financial Institutions against hypothecation of the vehicles repayable in monthly instalments ranging between 36 to 60 months with interest rates ranging from 10% to 14%.

Notes to Financial Statements for the year ended March 31, 2016

6. Deferred tax liability (net)

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting *	600.27	506.17
Gross deferred tax liability	**600.27**	**506.17**
Deferred tax assets		
Provision for doubtful debts and advances	150.11	143.92
Provision for gratuity and long term compensated absences	50.63	46.12
Gross deferred tax assets	**200.74**	**190.04**
Net deferred tax liability	**399.53**	**316.13**

* Previous year's figures includes impact of deferred tax of ₹ 5.65 lakhs on depreciation adjustment for earlier years against the retained earning (refer note 4 and 10)

7. Provisions

(₹ in Lakhs)

	Long-Term		Short-Term	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Provision for employee benefits				
Provision for long term compensated absences	143.76	134.73	35.18	30.92
Provision for tax (net)	-	-	154.80	0.25
	143.76	**134.73**	**189.98**	**31.17**

8. Short-term borrowings

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Cash credit from bank (secured)	1,489.09	1,293.52
Packing and post shipment credit from bank (secured)	1,200.62	1,195.00
Short term loan from holding company (unsecured) (refer note 30 (d))	157.50	232.50
	2,847.21	**2,721.02**
The above amount includes		
Secured borrowings	2,689.71	2,488.52
Unsecured borrowings	157.50	232.50

Packing credit, post shipment credit and cash credit are from Union Bank of India and are secured against hypothecation of Company's entire stocks of raw materials, semi-finished, and finished goods, consumable stores and spares and such other moveable including book-debts, bills, whether documentary or clean, outstanding monies, receivables, and also by way of first charge on all of the Company's fixed assets both present and future. The packing credit and cash credit are repayable on demand. The interest rate for preshipment credit in foreign currency is (LIBOR+3.5%) and interest rate for export credit in rupee and cash credit is 11.15% and 13.5% respectively

Term loan from holding company includes:

a) Short term loan of ₹157.50 lakhs (2015 - ₹157.50 lakhs) carrying interest @ 8% p.a., repayable on demand

b) Short term loan of ₹Nil (2015 - ₹75 lakhs) carrying interest @ 9% to 13% p.a., repayable on demand

Notes to Financial Statements for the year ended March 31, 2016

9. Trade payables and other current liabilities

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Trade payables		
• total outstanding dues of micro enterprises and small enterprises (refer note 34 for details of dues to micro and small enterprises)	5.14	19.42
• total outstanding dues of creditors other than micro enterprises and small enterprises	1,798.42	1,488.90
	1,803.56	**1,508.32**
Other current liabilities		
Current maturities of long term borrowings (refer note 5)	608.97	535.59
Interest accrued and not due on borrowings	6.14	8.62
Statutory dues	81.53	57.83
Advance from customers	29.27	32.77
Liability for capital expenditure	98.60	47.75
Others	152.44	64.57
	976.95	**747.13**
	2,780.51	**2,255.45**

10. Tangible assets:

(₹ in Lakhs)

	Freehold land	Lease hold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total
Cost at April 1, 2014	36.04	308.93	2,830.53	6,732.67	192.49	231.63	10,332.29
Additions	-	-	48.40	458.48	6.80	31.61	545.29
Disposal	-	-	-	5.22	-	44.57	49.79
At March 31, 2015	36.04	308.93	2,878.93	7,185.93	199.29	218.67	10,827.79
Additions	**-**	**-**	**15.19**	**133.24**	**0.72**	**9.48**	**158.63**
Disposal	**-**	**-**	**-**	**18.03**	**-**	**-**	**18.03**
At March 31, 2016	**36.04**	**308.93**	**2,894.12**	**7,301.14**	**200.01**	**228.15**	**10,968.39**
Depreciation							
At April 1, 2014	-	41.76	420.11	2,407.67	104.44	96.29	3,070.27
Charge for the year	-	10.83	99.74	418.83	12.16	31.99	573.55
Disposal	-	-	-	1.45	-	28.37	29.82
At March 31, 2015	-	52.59	519.85	2,825.05	116.60	99.91	3,614.00
Charge for the year	**-**	**10.83**	**101.35**	**413.08**	**12.35**	**29.73**	**567.34**
Disposal	**-**	**-**	**-**	**17.80**	**-**	**-**	**17.80**
At March 31, 2016	**-**	**63.42**	**621.20**	**3,220.33**	**128.95**	**129.64**	**4,163.54**
Net Block							
At March 31, 2015	36.04	256.34	2,359.08	4,360.88	82.69	118.76	7,213.79
At March 31, 2016	**36.04**	**245.51**	**2,272.92**	**4,080.81**	**71.06**	**98.51**	**6,804.85**

Note:

a In the financial year 2014-15, the Company had revised the depreciation rate on certain fixed assets as per the useful life specified in the Companies Act, 2013 or re-assessed by the Company. Based on estimates, the carrying amount of ₹17.41 lakhs in respect of assets whose useful life has already exhausted as on April 1, 2014 had been adjusted to retained earnings net of tax of ₹ 5.65 lakhs thereon.

Notes to Financial Statements for the year ended March 31, 2016

11. Intangible assets:

(₹ in Lakhs)

	Softwares	Product Know-how	Total
Gross Block			
Cost at April 1, 2014	94.78	589.71	684.49
Additions	19.93	4.01	23.94
Disposal	-	-	-
At March 31, 2015	114.71	593.72	708.43
Additions	**11.45**	**53.74**	**65.19**
Disposal	-	-	-
At March 31, 2016	**126.16**	**647.46**	**773.62**
Depreciation			
At April 1, 2014	52.28	462.25	514.53
Charge for the year	18.46	80.75	99.21
Disposal	-	-	-
At March 31, 2015	70.74	543.00	613.74
Charge for the year	**18.30**	**61.10**	**79.40**
Disposal	-	-	-
At March 31, 2016	**89.04**	**604.10**	**693.14**
Net Block			
At March 31, 2015	43.97	50.72	94.69
At March 31, 2016	**37.12**	**43.36**	**80.48**

12. Non-current Investments

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity investments		
a) Investment in equity instruments of subsidiaries		
6,250 (2015 - 6,250) Equity shares of ₹10/- each in G I Biotech Pvt. Ltd. at cost (refer note below)	0.63	0.63
220,001 (2015-220,001) Shares of G.B.Pound 1/- each in Fermenta Biotech (UK) Limited at cost	183.99	183.99
	184.62	184.62
Non-trade investments (valued at cost unless stated otherwise)		
b) Other entities		
20,000 (2015 - 20,000) Equity shares of ₹10/- each in Shivalik Solid Waste Management Limited	2.00	2.00
	186.62	**186.62**

Note:-

During the year ended March 31, 2009 the Company had entered into an agreement for transfer of the throat lozenge business along with the trademark "Astrasept" and the related movable assets for a consideration of ₹8.00 lakhs, to its wholly owned subsidiary G.I.Biotech Private Limited (G.I). Simultaneously the Company has also entered into a share transfer agreement with Ronator Investments Limited (R I), a company incorporated under the legal provisions of Cyprus, to transfer its entire shareholding in G.I in four instalments to be completed by February 10, 2009 for a total consideration of USD 4.00 lakhs. In accordance with the share transfer agreement the Company sold 3750 shares for consideration of USD 1.50 lakhs and recorded a profit of ₹ 70.60 lakhs in the year ended March 2009. The time limit stipulated for completion of the share transfer agreement and completion of transaction has been extended further to March 31, 2017.

Notes to Financial Statements for the year ended March 31, 2016

13. Long term loans and advances

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Capital advances -				
Unsecured considered good	250.94	40.46	-	-
Security deposits -				
Unsecured considered good	83.88	59.62	-	-
Advances to related party (refer note 30 (d) - (11d)) *				
Unsecured considered good	6.26	6.26	-	-
Loans and advances to employees				
Unsecured considered good	10.00	40.00	16.49	7.93
Advance recoverable in cash or kind -				
Unsecured considered good (refer note 27 (iii))	3.65	6.47	181.20	117.67
Unsecured considered doubtful	5.08	5.08	13.68	9.44
	8.73	11.55	194.88	127.11
Provision for doubtful advance	(5.08)	(5.08)	(13.68)	(9.44)
	3.65	6.47	181.20	117.67
Others -				
Inter corporate deposits				
Doubtful	267.83	267.83	-	-
Provision for doubtful inter corporate deposit	(267.83)	(267.83)	-	-
	-	-	-	-
Advance income tax (net of provision for taxation)	-	-	86.47	85.17
Prepaid expenses	-	1.47	50.91	24.34
Balance with government authorities	-	-	203.05	169.95
Advance to ESOP Trust	0.27	0.27	-	-
Others	2.01	0.10	-	-
	357.01	**154.65**	**538.12**	**405.06**
***Loans and advances to related parties include**				
Dues from G I Biotech Private Limited, a subsidiary of the Company	6.26	6.26	-	-

14. Trade receivables and other assets

14.1 Trade receivables

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured considered good	-	-	708.09	301.14
Doubtful	176.06	170.67	-	-
	176.06	170.67	708.09	301.14
Provision for doubtful receivables	(176.06)	(170.67)	-	-
	-	-	708.09	301.14
Other receivables				
Unsecured considered good	-	-	3,630.20	3,236.77
	-	**-**	**4,338.29**	**3,537.91**

Notes to Financial Statements for the year ended March 31, 2016

14. Trade receivables and other assets (*Contd.*)

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Trade receivables include :-				
I) Dues from a Company in which the Company's director is a director - Dupen Laboratories Private Limited (refer note 30 (d) - (11e))			4.14	5.02
II) Dues from holding company - DIL Ltd. (refer note 30 (d) - (11e))			9.95	1.34

14.2 Other Assets

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good unless stated otherwise				
Bank balance (refer note 16)	15.04	1.68	54.34	9.45
Export incentives receivable	-	-	216.67	-
Others	-	-	79.34	4.12
	15.04	**1.68**	**350.35**	**13.57**

15. Inventories (valued at lower of cost and net realizable value)

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Raw materials and packing materials (includes stock in transit of ₹78.51 lakhs (2015 - ₹29.79 lakhs)) (refer note 19)	1,392.24	1,035.12
Work in progress (refer note 20)	777.00	810.41
Finished goods (refer note 20)	178.10	91.63
Stores and spares	136.44	165.01
	2,483.78	**2,102.17**

16. Cash and bank balances

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Cash and cash equivalents				
Balances with banks				
On current account	-	-	80.82	30.47
Deposits with original maturity of less than three months	-	-	0.03	0.03
Cash on hand	-	-	3.64	3.85
Other bank balances				
Margin money deposits*	14.34	-	54.34	9.45
Deposits with original maturity of more than twelve months	0.70	1.68	-	-
	15.04	**1.68**	**138.83**	**43.80**
Amount disclosed under other assets (refer note 14.2)	(15.04)	(1.68)	(54.34)	(9.45)
	-	**-**	**84.49**	**34.35**

* Margin money deposits with a carrying amount of ₹68.68 lakhs (2015 - ₹9.45 lakhs) are subject to first charge to secure the letters of credit facilities availed by the Company.

Notes to Financial Statements for the year ended March 31, 2016

17. Revenue from operations

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Revenue from operations		
Sale of products		
Finished goods	14,419.07	13,158.44
Traded goods	218.52	120.16
Sale of services	19.78	14.05
Other operating revenue		
Scrap sales	4.76	3.47
Insurance Claim	39.19	-
Exports Incentive	303.04	-
Revenue from operations (gross)	15,004.36	13,296.12
Less: Excise duty #	294.77	370.70
Revenue from operations (net)	**14,709.59**	**12,925.42**

Excise duty on sales amounting to ₹294.77 lakhs (2015 - ₹370.70 lakhs) has been reduced from sales in statement of profit and loss and excise duty on increase/decrease in stock amounting to ₹29.93 lakhs (2015 - ₹5.54 lakhs) has been considered as expenses in note 22 of the financial statements.

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Details of product sold		
Finished goods sold		
Vitamin D3 Product range	10,462.54	8,825.76
Silicon dry powder	383.73	413.81
Phenyramidol Hcl	2,329.07	2,654.13
Fermsept	95.33	167.77
Biocatalyst and Enzymes	863.43	893.31
Others	284.97	203.66
	14,419.07	**13,158.44**
Traded goods sold		
Granules	77.58	99.21
Injections	33.14	20.95
Spray	107.80	-
	218.52	120.16
	14,637.59	**13,278.60**
Details of service rendered		
Environmental project consultancy fees	19.78	14.05
	19.78	**14.05**

18. Other Income

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Foreign exchange fluctuation gain (net)	258.32	-
Profit on Sale of fixed assets(net)	0.70	1.04
Dividend Income	0.20	0.15
Other non-operating income	4.65	4.49
	263.87	**5.68**

Notes to Financial Statements for the year ended March 31, 2016

19. Cost of raw materials and packing materials consumed

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Inventories of raw materials / packing materials at the beginning of the year	1,035.12	1,047.19
Add : Purchases	6,641.95	6,044.19
	7,677.07	7,091.38
Less : Inventories of raw materials / packing materials at the end of the period	1,392.24	1,035.12
Cost of raw materials and packing materials consumed	**6,284.83**	**6,056.26**
Details of raw materials and packing materials consumed		
Cholesterol	3,131.20	2,376.87
Lithium Amide	331.65	343.89
2-Amino Pyridine	219.53	201.83
Iso Propyl Alcohol	160.42	235.65
Denatured Spirit	181.64	208.28
Styrene Oxide	157.81	153.10
Dimethyl formamide	91.19	98.56
Acetone	145.52	154.18
Petroleum Ether	244.64	214.55
Calcium Dibasic Phoshphate	200.88	165.00
Other materials	1,420.35	1,904.35
	6,284.83	**6,056.26**
Details of Raw materials and packing materials inventory		
Cholesterol	494.38	289.01
Pyridine styrene oxide derivative	69.47	21.21
Lithium Amide	51.71	77.23
2- Amino Pyridine	42.64	19.51
Woolgrease	115.82	42.15
Methyl Formate	3.61	11.27
Collidine	1.63	10.79
Dibromo Dimethyl Hydantion	4.96	2.85
Others	608.02	561.10
	1,392.24	**1,035.12**
Details of purchase of traded goods		
Granules	46.50	62.10
Injections	19.84	19.90
Spray	93.77	-
	160.11	**82.00**

Notes to Financial Statements for the year ended March 31, 2016

20. (Increase)/decrease in inventories

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Inventories at the end of the year(refer note 15)		
Work in progress	777.00	810.41
Finished goods	178.10	91.63
	955.10	902.04
Inventories at the beginning of the year		
Work in progress	810.41	872.75
Finished goods	91.63	188.17
	902.04	1,060.92
	(53.06)	**158.88**
Details of inventory		
Work in progress		
Vitamin D3 Product range	653.19	578.90
Silicon dry powder	1.46	10.23
Phenyramidol Hcl	8.17	81.27
Biocatalyst and Enzymes	15.41	32.59
Others	98.77	107.42
	777.00	**810.41**
Finished goods		
Vitamin D3 Product range	99.96	28.76
Silicon dry powder	2.90	21.46
Phenyramidol Hcl	-	9.49
Biocatalyst and Enzymes	47.59	28.37
Others	27.65	3.55
	178.10	**91.63**

21. Employee benefit expense

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Salaries, wages and bonus	1,711.61	1,478.95
Contribution to provident and other fund	93.35	88.47
Gratuity expense (refer note 27 (iv))	21.34	(7.27)
Staff welfare expenses	209.98	187.82
	2,036.28	**1,747.97**

Notes to Financial Statements for the year ended March 31, 2016

22. Other Expenses

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Manufacturing Expense		
Excise duty other than recovered on sales	59.39	23.13
Labour charges	249.91	208.20
Power, fuel and gas	774.72	839.23
Processing charges	445.12	378.36
Repairs to building	52.60	29.76
Repairs to machinery	64.16	28.21
Stores and spare parts consumed	468.07	459.97
Water charges	12.63	9.93
Sub total (i)	**2,126.60**	**1,976.79**
Selling and distribution expenses		
Advertising and sales promotions	104.58	96.83
Freight and forwarding charges	255.19	235.04
Sales commission	147.33	82.06
Sub total (ii)	**507.10**	**413.93**
Administration and other expenses		
Rent (refer note 28)	111.60	92.49
Repairs and maintenance - others	82.44	80.61
Insurance	62.36	76.22
Rates and taxes	78.88	66.98
Provision for doubtful debts and advances (net)	9.63	1.47
Bad debts	-	5.84
Directors sitting fee	4.25	4.10
Travelling and conveyance	331.88	332.21
Professional and legal fees	232.46	183.73
Payment to auditors (Refer details below)	26.34	21.30
Postage and telephone	31.00	32.92
Printing & stationery	53.23	41.40
Staff recruitment expenses	16.17	22.91
Foreign exchange fluctuation loss (net)	-	94.70
Loss on sale of fixed assets (net)	-	5.37
Donations (refer note 40)	14.01	6.69
Bank charges	39.90	22.09
Miscellaneous expenses	104.21	76.49
Sub total (iii)	**1,198.36**	**1,167.52**
Total (i+ii+iii)	**3,832.06**	**3,558.24**
Above expenditure include research and development expenses	**366.66**	**417.58**

Payment to auditors

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
As Auditor		
Audit fee	14.00	9.00
Tax audit fee*	3.10	3.10
Limited review	7.50	7.50
Certifcation fees	0.50	0.50
Reimbursement of expense*	1.24	1.20
	26.34	**21.30**

* includes amount paid to the auditors other than statutory auditors

Notes to Financial Statements for the year ended March 31, 2016

23. Depreciation and amortisation expense

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Depreciation of tangible assets	567.34	573.55
Amortisation of intangible assets	79.40	99.21
	646.74	**672.76**

24. Interest Income

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Interest Income on		
Bank deposits	(3.14)	(2.18)
Others	(2.52)	(2.24)
	(5.66)	**(4.42)**

25. Finance Costs

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Interest:		
- On term loans	89.91	145.65
- On Working Capital	302.39	270.51
- On Short term loan from holding company	3.13	10.12
- Others	59.19	43.73
	454.62	**470.01**

26 . Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Net profit for calculating basic and diluted EPS	1,188.92	32.60
		(No. of Shares)
Weighted average number of equity shares in calculating basic and diluted EPS	18,192,844	18,192,844
Basic & diluted earnings per equity share (nominal value of share ₹ 10) (2015 - ₹ 10)	6.54	0.18

27. Employee benefits

The Company operates two employee benefit plans

I Defined contribution plan which includes contribution to provident and superannuation fund

II Defined benefit plan which includes gratuity (funded) and long term compensated absences (unfunded)

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Defined Contribution Plan		
Contribution to Defined Contribution Plan recognised in the statement of profit and loss under employee benefit expenses on note 21 for the year are as under-		
Employer's contribution to provident fund	92.21	86.11
Employer's contribution to superannuation fund	1.14	2.36

Notes to Financial Statements for the year ended March 31, 2016

27. Employee benefits (*Contd.*)

Defined Benefit Plan

The Company operates two defined plans, viz. gratuity and long term compensated absences benefit plans for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with Life Insurance Corporation of India.

Gratuity as per actuarial valuation (₹ in Lakhs)

		Gratuity Funded	
		As at March 31, 2016	As at March 31, 2015
i)	Changes in the present value of the defined benefit obligation		
	Opening	128.42	151.28
	Interest cost	10.98	15.47
	Current service cost	17.10	19.06
	Benefits paid	(4.48)	(26.50)
	Net actuarial (gain) / loss	5.78	(30.89)
	Closing	**157.80**	**128.42**
ii)	Changes in fair value of plan assets		
	Opening	134.89	141.79
	Expected return on plan assets	12.20	13.06
	Net actuarial gain/ (loss)	0.32	(2.15)
	Employer's contribution	18.52	8.69
	Benefits paid	(4.48)	(26.50)
	Closing	**161.45**	**134.89**
iii)	Amounts recognised in balance sheet		
	Present value of defined benefit obligation	157.80	128.42
	Fair value of plan assets	161.45	134.89
	Net liability / (assets) recognised in balance sheet (refer note 13)	**(3.65)**	**(6.47)**
iv)	Amounts recognised in statement of profit and loss		
	Interest cost	10.98	15.47
	Current service cost	17.10	19.06
	Expected return on plan assets	(12.20)	(13.06)
	Net actuarial (gain) / loss recognised	5.46	(28.74)
	Gratuity expense (refer note 21)	**21.34**	**(7.27)**
v)	Actual return on plan assets	12.52	10.91
vi)	Principal assumptions used in actuarial valuation		
	Discount rate	7.85%	7.90%
	Expected return on plan assets	8.00%	9.15%
	Salary escalation rate	5.00%	5.00%
	Withdrawal rate (as per age group)	21 to 30 - 10%	21 to 30 - 10%
		31 to 40 - 5%	31 to 40 - 5%
		41 to 50 - 3%	41 to 50 - 3%
		51 to 57 - 2%	51 to 57 - 2%
vii)	Investments with insurers	99.00%	95.00%
	Investments with others	1.00%	5.00%

Notes to Financial Statements for the year ended March 31, 2016

27. Employee benefits (*Contd.*)

(₹ in Lakhs)

	Gratuity Funded				
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
viii) Amounts for the current and previous four periods are as under:-					
Defined benefit obligations	157.80	128.42	151.28	144.39	123.92
Plan assets	161.45	134.89	141.79	132.81	81.74
Surplus/(Deficit)	3.65	6.47	(9.49)	(11.58)	(42.18)
Experience adjustments on plan liabilities	5.22	2.68	(11.58)	(12.62)	(6.86)
Experience adjustments on plan assets	0.32	(2.15)	(2.57)	0.80	(2.54)

ix) a The discount rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations.

b Expected rate of return on assets assumed by the insurance company is generally based on their investment pattern as stipulated by the Government of India.

c The estimates of rate escalation in salary considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply demand in the employment market.

d The Company expects to contribute ₹20 lakhs to the Gratuity fund in 2016-17. (2015-₹10 lakhs)

28. The Company has entered into arrangements for taking on leave and license basis certain office premises and guest houses. The agreements are cancellable having escalation clause and are renewable.

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
a) Lease payments recognized in the statement of profit and loss for the year.	111.60	92.49
b) Future minimum lease payments under the non-cancellable leases in the aggregate and for each of the following periods:		
Not later than one year	47.75	6.45
Later than one year and not later than five years	62.70	8.91

29. Segment Information:

a Primary segment – The Company has identified chemical, bulk drug & enzymes as the only primary reportable segment

b Secondary segments – Geographical segments

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Segment revenue from external customers, based on geographical location of customers (Sales)		
India	4,611.05	3,741.00
Europe	8,010.70	6,939.06
Others	2,087.84	2,245.36
TOTAL	**14,709.59**	**12,925.42**

Notes to Financial Statements for the year ended March 31, 2016

29. Segment Information: (*Contd.*)

Assets and additions to fixed and intangible assets (₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Segment assets		
India	12,438.17	11,123.42
Europe	2,525.90	1,840.87
Others	811.33	880.83
TOTAL	**15,775.40**	**13,845.12**
Capital Expenditure (including capital work in progress)		
India	819.19	539.61
Europe	-	-
Others	-	-
TOTAL	**819.19**	**539.61**

Note:
The operating facilities of the Company are commonly employed for both the domestic and export business, hence it is not possible to report segment result/liabilities by geographical segment.

30. Related party disclosure:

a) Parties where control exists
Holding company:-
DIL Limited

Subsidiaries:-
a) Fermenta Biotech (UK) Limited
b) G.I. Biotech Pvt Limited

b) Related party relationships where transactions have taken place during the year:-
Key Management Personnel
Mr. Satish Varma-Managing Director.
Mr. Rajendra Gaitonde-Whole Time Director (Operations) (Up to 15th Octomber 2014)
Ms. Anupama Datla – Executive Director.
Mr. Prashant Nagre - Chief Executive Officer
Mr. Sudarshan Kamath - Chief Financial Officer (Up to 30th September 2014)
Mr. Rajeev Midha - Chief Financial Officer (From 15th September 2014 to 31st January 2015)
Mr. Kapil Gohil - Chief Financial Officer (From 1st April 2015)
Mr. Sanjay Basantani - Company Secretary
Enterprises owned or significantly influenced by key management personnel or their relatives:-
Dupen Laboratories Pvt Limited.
Lacto Cosmetics (Vapi) Pvt. Limited.

c) An individual directly controlling the holding company, namely DIL limited and can exercise significant influence:-
Mr. Krishna Datla – Director

Notes to Financial Statements for the year ended March 31, 2016

30. Related party disclosure: (*Contd.*)

d) Transactions with related parties

Following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives.
1	Sales				
	Dupen Laboratories Pvt Ltd.				14.16
					(4.48)
2	Purchase of raw materials				
	Dupen Laboratories Pvt Limited.				8.58
					(12.44)
	Lacto Cosmetics (Vapi) Pvt. Ltd.				5.54
					(3.05)
3	Interest on loan taken	16.90			
		(22.71)			
4	Rent paid	82.13			
		(80.87)			
5	Processing Charges Paid				
	Lacto Cosmetics (Vapi) Pvt. Ltd.				7.20
					(14.29)
6	Company's share of expenses paid	45.27			-
		(43.55)			(2.55)
7	Other reimbursements received	11.66			
		(2.11)			
8	Loan taken	-			
		(25.00)			
9.1	Loan repaid	65.00			
		(25.00)			
9.2	Liability written back	10.00			
		-			
10	Remuneration to key management personnel.*				
	Mr. Rajendra Gaitonde			-	
				(22.40)	
	Ms. Anupama Datla			75.02	
				(53.03)	
	Mr. Satish Varma			88.44	
				(67.78)	
	Mr. Prashant Nagre			87.27	
				(75.57)	
	Mr. Sudarshan Kamath			-	
				(27.69)	
	Mr. Rajeev Midha			-	
				(23.68)	
	Mr. Kapil Gohil			31.45	
				-	

Notes to Financial Statements for the year ended March 31, 2016

30. Related party disclosure: (*Contd.*)

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives.
	Mr.Sanjay Basantani			16.94	
				(16.14)	
	Directors sitting fees				1.55
					(1.65)
11	Balance outstanding as at the year end				
	a. Loan payable (refer note 8)	157.50			
		(232.50)			
	b. Trade Payable				
	DIL Ltd.	3.24			
		(8.72)			
	Lacto Cosmetics (Vapi) Pvt. Ltd.				4.23
					(5.89)
	Dupen Laboratories Pvt Ltd				8.58
					(2.86)
	c. Other current liabilities				
	Ms. Anupama Datla			23.33	
				-	
	Mr. Satish Varma			23.33	
				-	
	Mr. Prashant Nagre			14.39	
				(7.92)	
	Mr. Kapil Gohil			3.00	
				-	
	Mr. Sanjay Basantani			1.60	
				(1.04)	
	DIL Ltd.	2.83			
		(4.27)			
	d. Long term loans and advances				
	G. I. Biotech Pvt Ltd. (refer note 13)		6.26		
			(6.26)		
	e. Trade receivables				
	DIL Ltd. (refer note 14.1)	9.95			
		(1.34)			
	Dupen Laboratories Pvt Ltd. (refer note 14.1)				4.14
					(5.02)

(Figures in brackets are the corresponding figures in respect of the previous year.)

* Note: The remuneration to the key managerial personnel includes salary, bonus, contribution to Provident Fund and commission if applicable but does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

31. Capital and other commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 526.52 lakhs (2015 - ₹ 43.48 lakhs).

Notes to Financial Statements for the year ended March 31, 2016

32. Contingent liabilities

(₹ in Lakhs)

		March 31, 2016	March 31, 2015
Claims against the company not acknowledged as debts (excluding interest)			
a	Tax matters		
	- Income Tax - matter under appeal	-	21.24
	- Excise Duty - matter under appeal	8.00	8.00
b	Other claims	54.99	5.00

33 Unhedged foreign currency exposure

a) Particulars of "un-hedged foreign currency exposure" as at March 31, 2016

Particulars	Currency	March 31, 2016		March 31, 2015	
		Amount (Foreign Currency in Millions)	Amount (₹ in Lakhs)	Amount (Foreign Currency in Millions)	Amount (₹ in Lakhs)
Trade receivables	$	0.87	572.99	1.11	696.84
	Euro	2.95	2,204.80	2.67	1,810.64
Trade payables	$	0.37	244.97	0.55	342.48
	Euro	0.46	347.33	0.20	132.72
	Pound	-	0.69	-	3.46
PCFC	Euro	0.80	601.09	-	-
EEFC	Euro	-	0.30	-	0.29

34. Details of dues to micro and small enterprises as per MSMED Act, 2006

(₹ in Lakhs)

Particulars	March 31, 2016	March 31, 2015
a) (i) Principal amount remaining unpaid to any supplier at the end of the accounting year	5.14	19.42
(ii) Interest due on above	0.10	1.23
Total of (i) & (ii)	5.24	20.65
b) The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006	-	1.23
d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	1.23
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	Nil	Nil

Notes to Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

35. Value of imports on C.I.F basis:	Year ended March 31, 2016	Year ended March 31, 2015
Raw materials and packing materials	3,847.03	3,109.36
Stores and spare parts	14.70	7.96
Capital goods	46.02	95.40
TOTAL	3,907.75	3,212.72

(₹ in Lakhs)

36. Expenditure in foreign currency (accrual basis)	Year ended March 31, 2016	Year ended March 31, 2015
Professional fees	69.79	46.90
Travelling	33.01	41.39
Commision	23.75	37.65
Foreign Advertisement and trade exhibition	14.36	17.95
Patent & Trademark	3.04	6.10
Rates and Taxes	4.09	1.33
Analytical fees	-	0.34
Others	34.27	38.33
TOTAL	182.31	189.99

37. Imported and indigenous raw materials, components and spare parts consumed (₹ in Lakhs)

	Year ended March 31, 2016		Year ended March 31, 2015	
	%	₹ in Lakhs	%	₹ in Lakhs
Raw materials and packing materials consumed:				
Imported	62%	3,888.41	52%	3,148.56
Indigenous	38%	2,396.42	48%	2,907.70
	100%	6,284.83	100%	6,056.26
Stores and spare parts				
Imported	10%	47.15	9%	39.58
Indigenous	90%	420.92	91%	420.39
	100%	468.07	100%	459.97

(₹ in Lakhs)

38. Earnings in foreign currency:	Year ended March 31, 2016	Year ended March 31, 2015
F. O. B. value of exports	9,902.42	9,022.46
Freight and insurance on exports	196.12	161.97

39. Research and Development Expenditure

During the year research and development expenditure of ₹366.66 lakhs (2015 - ₹417.58 lakhs) has been charged/amortised to the statement of profit and loss. The capital expenditure in the current year on research and development amounts to ₹3.22 lakhs (2015 - ₹72.06 lakhs)

Notes to Financial Statements for the year ended March 31, 2016

40. Details of CSR expenditure

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
a) Gross amount required to be spent by the group during the year	10.83	18.41

(₹ in Lakhs)

Particulars	In cash	Yet to be paid in cash	Total
b) Amount spent during the year ending on 31st March, 2016:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	1.90	8.93	10.83
c) Amount spent during the year ending on 31st March, 2015:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	13.14	5.27	18.41

41. Capitalisation of Expenditure

During the year, the Company has capitalized the following expenses of revenue nature to the cost of fixed assest/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Finance Costs	8.93	-
Total	**8.93**	**-**

42. Prior year amounts have been regrouped / reclassified where necessary to conform with current year's classification.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 27, 2016

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains Chairman	Satish Varma Managing Director	Krishna Datla Director
Sanjay Buch Director	Anupama Datla Executive Director	Viswanath Chibrolu Director
Gopakumar Nair Director	Sanjay Basantani Company Secretary	Kapil Gohil Chief Financial Officer

Place: Thane
Date : May 27, 2016

Independent Auditor's Report

To the Members of **Fermenta Biotech Limited**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Fermenta Biotech Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

(a) The other auditors whose reports we have relied upon, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the 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 Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;

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

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 32 to the consolidated financial statements;

ii. The Group, did not have any material foreseeable losses in 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 Group.

Other Matter

(a) The accompanying consolidated financial statements include total assets of ₹ 147.90 lakhs as at March 31, 2016, total revenues of ₹ 3.54 lakhs and net loss of ₹ 5.61 lakhs for the year ended on that date, in respect of two subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. 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-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, 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 and the financial statements and other financial information certified by the Management.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938

Place: Mumbai
Date: May 27, 2016

Annexure 1 – To the independent auditor's report of even date on the consolidated financial statements of Fermenta Biotech Limited

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

In conjunction with our audit of the consolidated financial statements of Fermenta Biotech Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Fermenta Biotech Limited (hereinafter referred to as the "Holding Company") and its subsidiary company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary company, which is company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 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 internal financial controls system over financial reporting.

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 Holding Company and its subsidiary company which is a company incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to the one subsidiary company, which is company incorporated in India is based on the corresponding report of the auditor of such subsidiary company incorporated in India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938

Place: Mumbai
Date: May 27, 2016

CIN : U99999MH1986PLC134021

Consolidated Balance Sheet as at March 31, 2016

(₹ in Lakhs)

Particulars	Note No.	March 31, 2016	March 31, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,770.45	1,770.45
Reserves and surplus	4	7,251.01	6,069.90
		9,021.46	**7,840.35**
Minority Interest		**0.30**	**0.66**
Non current liabilities			
Long term borrowings	5	363.34	524.47
Deferred tax liability (net)	6	400.25	316.91
Long term provisions	7	143.76	134.73
		907.35	**976.11**
Current liabilities			
Short term borrowings	8	2,847.21	2,721.02
Trade payables	9		
• Total outstanding dues of micro enterprises and small enterprises		5.14	19.42
• Total outstanding dues of creditors other than micro enterprises and small enterprises		1,800.98	1,530.20
Other current liabilities	9	976.07	706.25
Short term provisions	7	189.98	31.17
		5,819.38	**5,008.06**
TOTAL		**15,748.48**	**13,825.18**
Assets			
Non current assets			
Goodwill		**1.13**	**1.13**
Fixed assets			
Tangible assets	10	6,819.37	7,230.66
Intangible assets	11	80.49	94.69
Capital work in progress		533.37	47.87
Intangible assets under development		104.06	159.14
Non current investments	12	2.00	2.00
Long term loans and advances	13	350.75	148.29
Other non current assets	14.2	15.04	1.68
		7,905.08	**7,684.33**
Current assets			
Inventories	15	2,483.78	2,102.15
Trade receivables	14.1	4,338.29	3,537.91
Other current assets	14.2	350.35	13.57
Cash and bank balances	16	131.08	80.35
Short term loans and advances	13	538.77	405.74
		7,842.27	**6,139.72**
TOTAL		**15,748.48**	**13,825.18**
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 27, 2016

Peter Bains
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Sanjay Buch
Director

Anupama Datla
Executive Director

Viswanath Chibrolu
Director

Gopakumar Nair
Director

Sanjay Basantani
Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 27, 2016

CIN : U99999MH1986PLC134021

Statement of Consolidated Profit & Loss for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	Note No.	March 31, 2016	March 31, 2015
Income			
Revenue from operations (gross)	17	15,004.36	13,296.12
Less : excise duty		294.77	370.70
Revenue from operations (net)		14,709.59	12,925.42
Other income	18	265.01	5.68
Total Revenue (I)		**14,974.60**	**12,931.10**
Expenses			
Cost of materials consumed	19	6,284.83	6,056.26
Purchase of traded goods	19	160.11	82.00
(Increase) / decrease in the inventory of finished goods and work-in-progress	20	(53.06)	158.88
Employee benefit expense	21	2,036.28	1,747.96
Other expenses	22	3,833.77	3,563.12
Total (II)		**12,261.93**	**11,608.22**
Earning before interest, tax, depreciation and amortisation (EBITDA) (I - II)		2,712.67	1,322.88
Depreciation and amortization expense	23	654.40	675.10
Interest Income	24	(5.66)	(4.42)
Finance costs	25	454.62	470.01
Profit before tax		**1,609.31**	**182.19**
Tax expense:			
Current tax		345.21	37.89
Deferred tax charge		83.34	118.87
Total tax expense		**428.55**	**156.76**
Profit after tax		**1,180.76**	**25.43**
Share of minority interest in Profit and Loss account		**(0.36)**	**(0.40)**
Profit after minority interest		**1,181.12**	**25.83**
Earnings per equity share (nominal value of share ₹ 10) (2015: ₹ 10)	26		
(1) Basic		6.49	0.14
(2) Diluted		6.49	0.14
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 27, 2016

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains Chairman	Satish Varma Managing Director	Krishna Datla Director
Sanjay Buch Director	Anupama Datla Executive Director	Viswanath Chibrolu Director
Gopakumar Nair Director	Sanjay Basantani Company Secretary	Kapil Gohil Chief Financial Officer

Place: Thane
Date : May 27, 2016

CIN : U99999MH1986PLC134021

Consolidated Cash Flow Statement for the year ended March 31, 2016

(₹ in Lakhs)

		March 31, 2016	March 31, 2015
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before tax	1,609.31	182.19
	Non cash adjustment to reconcile profit before tax to net cash flows		
	Depreciation / amortisations	654.40	675.10
	Foreign exchange (gain) / loss (net) - unrealised	(52.78)	54.47
	(Profit) / Loss on sale of fixed assets (net)	(0.70)	5.37
	Bad debts	-	5.84
	Provision for doubtful debts and advances (net)	9.63	1.47
	Interest expense	454.62	470.01
	Dividend Income	(0.20)	(0.15)
	Interest income	(3.15)	(2.18)
	Operating profit before working capital changes	**2,671.13**	**1,392.12**
	Movements in working capital changes:		
	Increase / (Decrease) in trade payables	263.52	(268.27)
	Increase / (Decrease) in long term provisions	9.03	(22.08)
	Increase / (Decrease) in short term provisions	4.26	4.25
	Increase / (Decrease) in other current liabilities	148.07	15.32
	(Increase) / Decrease in trade receivables	(738.38)	422.15
	(Increase) / Decrease in inventories	(381.63)	178.25
	(Increase) / Decrease in long term loans and advances	8.02	(16.61)
	(Increase) / Decrease in short term loans and advances	(141.36)	21.59
	(Increase) / Decrease in other current assets	(336.78)	9.09
	(Increase) / Decrease in other non-current assets	-	5.35
	Cash generated from operations	**1,505.89**	**1,741.16**
	Direct taxes paid (net of refund)	(191.95)	(243.44)
	Net cash flow from operating activities	**1,313.94**	**1,497.72**
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets (including intangible assets, adjustments	(819.21)	(642.94)
	for capital work-in-progress and capital advances)		
	Proceeds from sale of fixed assets	0.93	14.60
	Investment in bank deposits having maturity of more than three months	(13.36)	1.68
	Dividend received	0.20	0.15
	Interest received	3.14	2.18
	Net cash used in investing activities	**(828.30)**	**(624.33)**

CIN : U99999MH1986PLC134021

Consolidated Cash Flow Statement for the year ended March 31, 2016

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	473.86	121.35
Repayment of long term borrowings	(561.62)	(567.52)
Net Proceeds from short term borrowings	109.95	29.73
Interest paid	(457.10)	(467.74)
Net cash used in financing activities	**(434.91)**	**(884.18)**
Net increase in Cash and Cash equivalents	50.73	(10.79)
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	0.03
Cash and Cash equivalents at the beginning of the year	80.35	91.11
Cash and Cash equivalents at the end of the year	**131.08**	**80.35**
Components of Cash and Cash equivalents		
Cash on hand	3.64	3.85
Balances with scheduled banks on:		
Current accounts	127.41	76.47
Deposit accounts	0.03	0.03
Total cash and cash equivalents (note 16)	**131.08**	**80.35**

Notes:

1. Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS-3) "Cash Flow Statements" as specified Companies (Accounts) Rules, 2014.
2. Previous year's figures have been regrouped/rearranged wherever necessary.

Summary of significant accounting policies	2.1

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 27, 2016

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Sanjay Buch
Director

Anupama Datla
Executive Director

Viswanath Chibrolu
Director

Gopakumar Nair
Director

Sanjay Basantani
Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 27, 2016

CIN : U99999MH1986PLC134021

Notes to Consolidated Financial Statements for the year ended March 31, 2016

1 Background:

A. Fermenta Biotech Limited ("the Company") is a public company domiciled in India and incorporated under the Companies Act, 1956. The Company is engaged in the business of manufacturing and marketing of chemicals, bulk drugs, enzymes, pharmaceutical formulations and Environmental solution products. The Company caters to both domestic and international markets.

Company was holding 2,20,001 equity shares (100%) of 1 G.B. Pound each in Fermenta Biotech UK Limited in the beginning and at the end of the year. Company was also holding 6250 equity shares (62.5%) of ₹10 each in GI Biotech Private Limited at the beginning and at the end of the year.

B. The financial statement of subsidiaries used in the consolidation are drawn up to the same reporting date as of the Company. These statements have been consolidated on the basis of audited financial statements.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the notified Accounting Standards under section 133 of the Companies Act 2013 read together with Rule 7 of Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies:

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b) Basis of Consolidation

These consolidated financial statements include the financial statements of Fermenta Biotech Limited and its following subsidiaries as at March 31, 2016.

Name of Subsidiaries	Country of Incorporation	2015 - 16	2014 - 15
Fermenta Biotech UK Limited	United Kingdom	100%	100%
G. I. Biotech Private Limited	India	62.50%	62.50%

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed by Accounting Standard - 21 'Consolidated Financial Statements' ('AS - 21') as per Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013 for the purpose of preparation and presentation of financial statements.

The financial statements of the Group have been combined on a line-by-line basis by adding together the book values of items like assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealised profits/ Loss in full for subsidiaries. The amounts shown in respect of accumulated reserves comprises the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase / (decrease) in the relevant reserve, accumulated deficit of its subsidiaries.

Share of minority interest is adjusted against the profit to arrive at the net profit attributable to shareholders. Minority interest in share of net assets is presented separately in the balance sheet.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its independent financial statements.

c) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Company has used the following useful lives to provide depreciation on its fixed assets.

Assets	Estimated useful life (in years)
Lease hold land	30
Building	30
Lease hold improvements (included in buildings)	10
Plant and equipment	10-20
Office equipments	5
Computers	3-6
Furniture and fixtures	10
Vehicles	8

e) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

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 recognized in the statement of profit and loss when the asset is derecognized.

The Company has used the following useful lives to provide depreciation on its fixed assets.

Assets	Estimated useful life (in years)
Software including licences	6
Product know how	3 - 5

Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the asset and use or sell it; (iii) its ability to use or sell the asset; (iv) how the asset will generate probable future economic benefits; (v) the availability of adequate resources to complete the development and to use or sell the asset; and (vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure so capitalized is amortised over their estimated useful lives of three to five years on a straight line basis.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

f) **Impairment of tangible and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill on consolidation is recorded at cost and is evaluated for impairment at each period end or whenever events or changes in circumstances that indicate that its carrying amount may be impaired.

g) **Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) **Inventories**

Inventories are stated at lower of cost and net realisable value.

Cost is determined as follows:

(a) Stores and spare parts: - First-in-first-out method.

(b) Raw materials and packing materials: - Cost is determined on a weighted average basis.

(c) Intermediate raw materials, work-in-process and finished goods:- Cost includes direct materials determined on the basis of weighted average method and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

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

i) **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services

Revenues from environmental project consultancy contracts are recognized pro-rata over the period of the contract as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "interest income" in the statement of profit and loss.

Export Incentive

Duty free imports of raw materials under Advance Licence for imports as per the Import and Export Policy are matched with the exports made against the said licenses and net benefit / obligation is accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Merchantile Export Incentive Scheme and other schemes as per the Import and Export policy in respect of exports made under the said schemes is included as 'Export Incentives' under the note "other operating revenue" in the statement of profit and loss.

j) Foreign currency transactions

Initial Recognition

Transactions in foreign currencies are recorded in the reporting currency at the exchange rate prevailing between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

Translation of Integral and Non-integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the group itself.

In translating the financial statement of a non-integral foreign operation for incorporation in financial statement, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currently translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

k) Retirement and other employee benefits

Retirement benefit in the form of provident fund and superannuation fund is defined contribution scheme. The contributions to the respective funds are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the respective funds.

The Company operates two defined benefit plans for its employee viz. gratuity and long term compensated absences.

Employees are entitled to benefits under the Payment of Gratuity Act, 1972, a defined benefit plan covering employees of the Company. The plan provides for a lump-sum payment to eligible employees at retirement, death, incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment subject to a maximum of ₹10.00 lakhs per employee.

The gratuity liability and net periodic gratuity cost is actuarially determined based on the projected unit credit method after considering discount rates, expected long term return on plan assets and increase in compensation levels.

All actuarial gains/losses are immediately recorded to the statement of profit and loss and are not deferred.

The Company makes contributions to a fund administered and managed by Life Insurance Corporation of India ('LIC') to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

Liability for long term compensated absences are provided for based on actuarial valuation done as per projected unit credit method.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

l) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred taxes are measured using the tax rates and tax laws enacted or substantially enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductable timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. For recognition of deferred taxes, the timing difference which originate first are considered to reverse first.

At each reporting date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

The Company's bulk drugs production facility in Kullu, Himachal Pradesh, was eligible for deduction of 100% of profits until March 31, 2008 and 30% of profits from April 1, 2008 to March 31, 2013, under section 80IB of the Income Tax Act, 1961. Secondly the Company's bulk drug facility at Dahej, Gujarat, is eligible for deduction of 100% of profit until March 31, 2016 and 50% of the profits from April 1, 2016 to March 31, 2021, under section 10(AA) of the Income Tax Act. 1961. In view of such deduction, no asset has been recognized in respect of the Minimum Alternate Tax (MAT) credit available to the Company. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal tax under specified period.

m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company has not issued any potential equity shares and hence the basic earnings per share and diluted earnings per share are the same.

n) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

o) Contingent liabilities

Contingent asset are not recognised in the financial statement of the Company. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

p) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating lease. Operating Lease payments are recognised as an expense in the statement of profit and loss account on a straight line basis over the lease term.

q) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

r) Segment Reporting

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

s) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs, interest income and tax expense.

t) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

3. Share Capital

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Authorised shares:		
19,010,000 (2015 - 19,010,000) equity shares of ₹10 each	1,901.00	1,901.00
990,000 (2015 - 990,000) preference shares of ₹10 each	99.00	99.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid-up shares:		
18,192,844 (2015 -18,192,844) equity shares of ₹10 each	1,819.28	1,819.28
Less : Amount recoverable from ESOP trust (refer note (e) below)	(48.83)	(48.83)
	1,770.45	**1,770.45**

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period** (₹ in Lakhs)

Equity shares	March 31, 2016		March 31, 2015	
	No. in Lakhs	₹ in Lakhs	No. in Lakhs	₹ in Lakhs
At the beginning of the period	181.93	1,819.28	181.93	1,819.28
Outstanding at the end of the period	**181.93**	**1,819.28**	**181.93**	**1,819.28**

b. **Shares held by holding company and its ultimate holding company**

Out of equity shares issued by the Company, shares held by the holding company is as follows: (₹ in Lakhs)

	March 31, 2016	March 31, 2015
DIL Limited, the holding company 12,762,464 (2015 -12,762,464) equity shares of ₹ 10 each fully paid	1,276.25	1,276.25
DVK Investments Pvt. Ltd., the ultimate holding company 87,024 (2015 - 87,024) equity shares of ₹ 10 each fully paid	8.70	8.70

c **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays the dividend in Indian rupees. The dividend if any proposed by the board of directors is subject to shareholder's approval in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be as per the terms of the Articles of Association of the Company.

d **Details of shareholders holding more than 5% shares in the Company**

	March 31, 2016		March 31, 2015	
	No. in Lakhs	% holding in the class	No. in Lakhs	% holding in the class
Equity shares of ₹10 each fully paid				
DIL Limited	127.62	70.15%	127.62	70.15%
Evolvence India Life Sciences Fund LLC	38.30	21.05%	38.30	21.05%

e **Shares reserved for issue under options**

During the year ended March 31, 2011, pursuant to approval from shareholders, the Company has allotted 488,334 equity shares at face value of ₹10 each per share against cash to FBL ESOP Trust pending implementation of ESOP plan. (₹ in Lakhs)

	March 31, 2016	March 31, 2015
At the beginning of the period	4.88	4.88
Outstanding at the end of the period	4.88	4.88

Notes to Consolidated Financial Statements for the year ended March 31, 2016

4. Reserve and surplus

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Capital redemption reserve	**103.38**	**103.38**
Securities premium account	**1,706.46**	**1,706.46**
General Reserve	**92.32**	**92.32**
Surplus in the statement of profit and loss		
Balance as per the last financial statements	4,167.74	4,153.67
Profit for the year	1,181.12	25.83
Less : Adjustment on account of effect of depreciation on first time application of Schedule II, net of Deferred Tax (refer note 6 and 10)	-	(11.76)
Net surplus in the statement of profit and loss	**5,348.85**	**4,167.74**
Total reserves and surplus	**7,251.01**	**6,069.90**

5. Long-term borrowings

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term Loans				
From bank (secured) for Dahej facility	295.57	431.35	466.67	400.00
From bank (secured) for R & D Thane	30.36	-	75.00	-
From financial institutions (secured) for Dahej facility	-	27.99	33.49	102.97
From financial institutions (secured) for R & D Thane	30.11	52.86	22.75	19.84
Vehicle Loans				
From bank (secured)	7.06	9.62	8.68	10.18
From financial institutions (secured)	0.24	2.65	2.38	2.60
Total	**363.34**	**524.47**	**608.97**	**535.59**
The above amount includes				
Secured borrowings	363.34	524.47	608.97	535.59
Amount disclosed under the head "other current liabilities" (refer note 9)	-	-	(608.97)	(535.59)
Net Amount	**363.34**	**524.47**	**-**	**-**

a Term loans for setting up a new facility at Dahej SEZ is taken from Union Bank of India with interest rates (BR + 4%) ranging from 13.50% to 13.75% repayable in 60 equal monthly instalments. The said term loan is secured by way of first charge on fixed assets procured with financial assistance of the said term loan and by equitable mortgage of factory land and building at Dahej.

b Term Loan for expansion of Dahej facility is taken from Union Bank of India with interest rate (BR+3.75%) i.e.@13.40% repayable in 48 equal monthly installments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building at Dahej.

c Term Loan for relocation of R & D units / Thane Head office is taken from Union Bank of India with interest rate (BR+3.75%) i.e.@13.40% repayable in 48 equal monthly installments The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building of Dahej and Kullu.

d Term loans from financial institutions (secured) for financing the purchase of plant and machinery at Dahej SEZ and R & D Thane are taken from Siemens Financial Services Private Limited with interest rates at 13.75%, repayable in 48 equal monthly instalments. The said term loans is secured by way of first charge on plant and machinery procured with financial assistance of the said term loan.

e Vehicle loans are taken from the Banks and Financial Institutions against hypothecation of the vehicles repayable in monthly instalments ranging between 36 to 60 months with interest rates ranging from 10% to 14%.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

6. Deferred tax liability (net)

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting*	600.99	506.95
Gross deferred tax liability	**600.99**	**506.95**
Deferred tax assets		
Provision for doubtful debts and advances	150.11	143.92
Provision for gratuity and long term compensated absences	50.63	46.12
Gross deferred tax assets	**200.74**	**190.04**
Net deferred tax liability	**400.25**	**316.91**

* Previous year's figures includes impact of deferred tax of ₹ 5.65 lakhs on depreciation adjustment for earlier years against the retained earning (refer note 4 and 10)

7. Provisions

(₹ in Lakhs)

	Long-Term		Short-Term	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Provision for employee benefits	-	-	-	-
Provision for long term compensated absences	143.76	134.73	35.18	30.92
Provision for tax (net)	-	-	154.80	0.25
	143.76	**134.73**	**189.98**	**31.17**

8. Short-term borrowings

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Cash credit from bank (secured)	1,489.09	1,293.52
Packing and post shipment credit from bank (secured)	1,200.62	1,195.00
Short term loan from holding company (unsecured) (refer note 30 (d))	157.50	232.50
	2,847.21	**2,721.02**
The above amount includes		
Secured borrowings	2,689.71	2,488.52
Unsecured borrowings	157.50	232.50

Packing credit, post shipment credit and cash credit are from Union Bank of India and are secured against hypothecation of Company's entire stocks of raw materials, semi-finished, and finished goods, consumable stores and spares and such other moveable including book-debts, bills, whether documentary or clean, outstanding monies, receivables, and also by way of first charge on all of the Company's fixed assets both present and future. The packing credit and cash credit are repayable on demand and carry interest @ 3.55% (LIBOR+3.5%) to 13.50% (BR+3.5%) p.a. respectively.

Term loan from holding company includes:

a) Short term loan of ₹157.50 lakhs (2015 ₹157.50 lakhs) carrying interest @ 8% p.a., repayable on demand

b) Short term loan of ₹Nil (2015 ₹ 75 lakhs) carrying interest @ 9% to 13% p.a., repayable on demand

Notes to Consolidated Financial Statements for the year ended March 31, 2016

9. Trade payables and other current liabilities

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Trade payables		
• total outstanding dues of micro enterprises and small enterprises (refer note 34 for details of dues to micro and small enterprises)	5.14	19.42
• total outstanding dues of creditors other than micro enterprises and small enterprises	1,800.98	1,530.20
	1,806.12	**1,549.62**
Other current liabilities		
Current maturities of long term borrowings (refer note 5)	608.97	535.59
Interest accrued and not due on borrowings	6.14	8.62
Statutory dues	81.53	57.83
Advance from customers	29.27	32.77
Liability for capital expenditure	98.60	47.75
Others	151.56	23.69
	976.07	**706.25**
	2,782.19	**2,255.87**

10. Tangible assets:

(₹ in Lakhs)

	Freehold land	Lease hold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total
Cost at April 1, 2014	36.04	308.93	2,830.53	6,776.71	192.49	231.63	10,376.33
Additions	-	-	48.40	458.48	6.80	31.61	545.29
Disposal	-	-	-	5.22	-	44.57	49.79
At March 31, 2015	36.04	308.93	2,878.93	7,229.97	199.29	218.67	10,871.83
Additions	-	-	15.19	133.24	0.72	9.48	158.63
Disposal	-	-	-	18.03	-	-	18.03
At March 31, 2016	**36.04**	**308.93**	**2,894.12**	**7,345.18**	**200.01**	**228.15**	**11,012.43**
Depreciation							
At April 1, 2014	-	41.76	420.11	2,432.52	104.44	96.29	3,095.12
Charge for the year	-	10.83	99.74	421.17	12.16	31.99	575.89
Disposal	-	-	-	1.45	-	28.37	29.82
At March 31, 2015	-	52.59	519.85	2,852.24	116.60	99.91	3,641.19
Charge for the year	**-**	**10.83**	**101.35**	**415.42**	**12.35**	**29.73**	**569.68**
Disposal	**-**	**-**	**-**	**17.80**	**-**	**-**	**17.80**
At March 31, 2016	**-**	**63.42**	**621.20**	**3,249.86**	**128.95**	**129.64**	**4,193.07**
Net Block							
At March 31, 2015	36.04	256.34	2,359.08	4,377.74	82.69	118.76	7,230.65
At March 31, 2016	**36.04**	**245.51**	**2,272.92**	**4,095.32**	**71.06**	**98.51**	**6,819.36**

Note:

a In the financial year 2014-15, the Company has revised the depreciation rate on certain fixed assets as per the useful life specified in the Companies Act, 2013 or re-assessed by the Company. Based on current estimates, the carrying amount of ₹ 17.41 lakhs in respect of assets whose useful life has already exhausted as on April 1, 2014 has been adjusted to retained earnings net of tax of ₹ 5.65 lakhs thereon.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

11. Intangible assets:

(₹ in Lakhs)

	Softwares	Product Know-how	Total
Gross Block			
Cost at April 1, 2014	94.78	589.71	684.49
Additions	19.94	4.00	23.94
Disposal	-	-	-
At March 31, 2015	114.72	593.71	708.43
Additions	**11.44**	**53.75**	**65.19**
Disposal	**-**	**-**	**-**
At March 31, 2016	**126.16**	**647.46**	**773.62**
Depreciation			
At April 1, 2014	52.28	462.25	514.53
Charge for the year	18.46	80.75	99.21
Disposal	-	-	-
At March 31, 2015	70.74	543.00	613.74
Charge for the year	**18.30**	**61.10**	**79.40**
Disposal	**-**	**-**	**-**
At March 31, 2016	**89.04**	**604.10**	**693.14**
Net Block			
At March 31, 2015	43.98	50.71	94.69
At March 31, 2016	**37.12**	**43.36**	**80.48**

12. Non-current Investments

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Non-trade investments (valued at cost unless stated otherwise)		
Other entities		
20,000 (2015 - 20,000) Equity shares of ₹10/- each in Shivalik Solid Waste Management Limited	2.00	2.00
	2.00	**2.00**

13. Long term loans and advances

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Capital advances -				
Unsecured considered good	250.94	40.46	-	-
Security deposits -				
Unsecured considered good	83.88	59.62	-	-
Loans and advances to employees				
Unsecured considered good	10.00	40.00	16.49	7.93
Advance recoverable in cash or kind -				
Unsecured considered good (refer note 27 (iii))	3.65	6.47	181.20	117.68
Unsecured considered doubtful	5.08	5.08	13.68	7.97
	8.73	11.55	194.88	125.65
Provision for doubtful advance	(5.08)	(5.08)	(13.68)	(7.97)
	3.65	6.47	181.20	117.68

Notes to Consolidated Financial Statements for the year ended March 31, 2016

13. Long term loans and advances (*contd.*)

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Others -				
Inter corporate deposits				
Doubtful	267.83	267.83	-	-
Provision for doubtful inter corporate deposit	(267.83)	(267.83)	-	-
	-	-	-	-
Advance income tax (net of provision for taxation)	-	-	86.47	85.17
Prepaid expenses	-	1.47	50.92	24.35
Balance with government authorities	-	-	203.05	169.96
Advance to ESOP Trust	0.27	0.27	-	-
Others	2.01	-	0.64	0.65
	350.75	**148.29**	**538.77**	**405.74**

14. Trade receivables and other assets

14.1 Trade receivables

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured considered good	-	-	708.09	301.14
Doubtful	176.06	170.67	-	-
	176.06	170.67	708.09	301.14
Provision for doubtful receivables	(176.06)	(170.67)	-	-
	-	-	708.09	301.14
Other receivables				
Unsecured considered good	-	-	3,630.20	3,236.77
	-	-	4,338.29	3,537.91
Trade receivables include :-				
I) Dues from a Company in which the Company's director is a director - Dupen Laboratories Private Limited (refer note 30 (d) - (11d))			4.14	5.02
II) Dues from holding company - DIL Ltd. (refer note 30 (d) - (11d))			9.95	1.34

14.2 Other Assets

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good unless stated otherwise				
Bank balance (refer note 16)	15.04	1.68	54.34	9.45
Export incentives receivable	-	-	216.67	-
Others	-	-	79.34	4.12
	15.04	**1.68**	**350.35**	**13.57**

Notes to Consolidated Financial Statements for the year ended March 31, 2016

15. Inventories (valued at lower of cost and net realizable value)

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Raw materials and packing materials (includes stock in transit of ₹78.51 lakhs (2015 ₹ 29.79 lakhs)) (refer note 19)	1,392.24	1,035.12
Work in progress (refer note 20)	777.00	810.41
Finished goods (refer note 20)	178.10	91.63
Stores and spares	136.44	164.99
	2,483.78	**2,102.15**

16. Cash and bank balances

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Cash and cash equivalents				
Balances with banks				
On current account	-	-	127.41	76.47
Deposits with original maturity of less than three months	-	-	0.03	0.03
Cash on hand	-	-	3.64	3.85
Other bank balances				
Margin money deposits*	14.34	-	54.34	9.45
Deposits with original maturity of more than twelve months	0.70	1.68	-	-
	15.04	**1.68**	**185.42**	**89.80**
Amount disclosed under other assets (refer note 14.2)	**(15.04)**	**(1.68)**	**(54.34)**	**(9.45)**
	-	-	**131.08**	**80.35**

* Margin money deposits with a carrying amount of ₹68.68 lakhs (2015 ₹ 9.45 lakhs) are subject to first charge to secure the letters of credit facilities availed by the Company.

17. Revenue from operations

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Revenue from operations		
Sale of products		
Finished goods	14,419.07	13,158.44
Traded goods	218.52	120.16
Sale of services	19.78	14.05
Other operating revenue		
Scrap sales	4.76	3.47
Insurance Claim	39.19	-
Exports Incentive	303.04	-
Revenue from operations (gross)	15,004.36	13,296.12
Less: Excise duty #	294.77	370.70
Revenue from operations (net)	**14,709.59**	**12,925.42**

Excise duty on sales amounting to ₹ 294.77 lakhs (2015 ₹ 370.70 lakhs) has been reduced from sales in statement of profit and loss and excise duty on increase/decrease in stock amounting to ₹ 29.93 lakhs (2015 ₹ 5.54 lakhs) has been considered as expenses in note 22 of the financial statements.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

17. Revenue from operations (*Contd.*)

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Details of product sold		
Finished goods sold		
Vitamin D3 Product range	10,462.54	8,825.76
Silicon dry powder	383.73	413.81
Phenyramidol Hcl	2,329.07	2,654.13
Fermsept	95.33	167.77
Biocatalyst and Enzymes	863.43	893.31
Others	284.97	203.66
	14,419.07	**13,158.44**
Traded goods sold		
Granules	77.58	99.21
Injections	33.14	20.95
Spray	107.80	-
	218.52	120.16
	14,637.59	**13,278.60**
Details of service rendered		
Environmental project consultancy fees	19.78	14.05
	19.78	**14.05**

18. Other Income

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Foreign exchange fluctuation gain (net)	259.46	-
Profit on Sale of fixed assets(net)	0.70	1.04
Dividend Income	0.20	0.15
Other non-operating income	4.65	4.49
	265.01	**5.68**

19. Cost of raw materials and packing materials consumed

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Inventories of raw materials / packing materials at the beginning of the year	1,035.12	1,047.19
Add : Purchases	6,641.95	6,044.19
	7,677.07	7,091.38
Less : Inventories of raw materials / packing materials at the end of the period	1,392.24	1,035.12
Cost of raw materials and packing materials consumed	**6,284.83**	**6,056.26**

Details of raw materials and packing materials consumed

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Cholesterol	3,131.20	2,376.87
Lithium Amide	331.65	343.89
2-Amino Pyridine	219.53	201.83
Iso Propyl Alcohol	160.42	235.65
Denatured Spirit	181.64	208.28
Styrene Oxide	157.81	153.10
Dimethyl formamide	91.19	98.56
Acetone	145.52	154.18
Petroleum Ether	244.64	214.55
Calcium Dibasic Phoshphate	200.88	165.00
Other materials	1,420.35	1904.35
	6,284.83	**6,056.26**

Notes to Consolidated Financial Statements for the year ended March 31, 2016

19. Cost of raw materials and packing materials consumed

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Details of Raw materials and packing materials inventory		
Cholesterol	494.38	289.01
Pyridine styrene oxide derivative	69.47	21.21
Lithium Amide	51.71	77.23
2- Amino Pyridine	42.64	19.51
Woolgrease	115.82	42.15
Methyl Formate	3.61	11.27
Collidine	1.63	10.79
Dibromo Dimethyl Hydantion	4.96	2.85
Others	608.02	561.10
	1,392.24	**1,035.12**

Details of purchase of traded goods

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Granules	46.50	62.10
Injections	19.84	19.90
Spray	93.77	-
	160.11	**82.00**

20. (Increase)/decrease in inventories

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Inventories at the end of the period (refer note 15)		
Work in progress	777.00	810.41
Finished goods	178.10	91.63
	955.10	902.04
Inventories at the beginning of the year (refer note 15)		
Work in progress	810.41	872.75
Finished goods	91.63	188.17
	902.04	1,060.92
	(53.06)	**158.88**

Details of inventory

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Work in progress		
Vitamin D3 Product range	653.19	578.90
Silicon dry powder	1.46	10.23
Phenyramidol Hcl	8.17	81.27
Biocatalyst and Enzymes	15.41	32.59
Others	98.77	107.42
	777.00	**810.41**

Finished goods

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Vitamin D3 Product range	99.96	28.76
Silicon dry powder	2.90	21.46
Phenyramidol Hcl	-	9.49
Biocatalyst and Enzymes	47.59	28.37
Others	27.65	3.55
	178.10	**91.63**

Notes to Consolidated Financial Statements for the year ended March 31, 2016

21. Employee benefit expense

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Salaries, wages and bonus	1,711.61	1,478.95
Contribution to provident and other fund	93.35	88.46
Gratuity expense (refer note 27 (iv))	21.34	(7.27)
Staff welfare expenses	209.98	187.82
	2,036.28	**1,747.96**

22. Other Expenses

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Manufacturing Expense		
Excise duty other than recovered on sales	59.39	23.13
Labour charges	249.91	208.20
Power, fuel and gas	774.72	839.23
Processing charges	445.12	378.36
Repairs to building	52.60	29.76
Repairs to machinery	64.16	28.21
Stores and spare parts consumed	468.07	459.97
Water charges	12.63	9.93
Sub total (i)	**2,126.60**	**1,976.79**
Selling and distribution expenses		
Advertising and sales promotions	104.58	96.83
Freight and forwarding charges	255.19	235.04
Sales commission	147.33	82.06
Sub total (ii)	**507.10**	**413.93**
Administration and other expenses		
Rent (refer note 28)	111.60	92.49
Repairs and maintenance - others	82.44	80.61
Insurance	62.40	76.26
Rates and taxes	78.96	67.10
Provision for doubtful debts and advances	9.63	1.47
Bad debts	-	5.84
Directors sitting fee	4.25	4.10
Travelling and conveyance	331.88	332.21
Professional and legal fees	233.91	185.23
Payment to auditors (Refer details below)	26.44	21.40
Postage and telephone	31.00	32.92
Printing & stationery	53.23	41.40
Staff recruitment expenses	16.17	22.91
Foreign exchange fluctuation loss (net)	-	97.71
Loss on sale of fixed assets	-	5.37
Donations	14.01	6.69
Bank charges	39.90	22.17
Miscellaneous expenses	104.25	76.52
Sub total (iii)	**1,200.07**	**1,172.40**
Total (i+ii+iii)	**3,833.77**	**3,563.12**
Above expenditure include research and development expenses	**366.66**	**417.58**

Payment to auditors

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
As Auditor		
Audit fee	14.10	9.10
Tax audit fee*	3.10	3.10
Limited review	7.50	7.50
Certifcation fees	0.50	0.50
Reimbursement of expense*	1.24	1.20
	26.44	**21.40**

* includes amount paid to the auditors other than statutory auditors

Notes to Consolidated Financial Statements for the year ended March 31, 2016

23. Depreciation and amortisation expense

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Depreciation of tangible assets	569.68	575.89
Amortisation of intangible assets	84.72	99.21
	654.40	**675.10**

24. Interest Income

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Interest Income on		
Bank deposits	3.14	2.18
Others	2.52	2.24
	5.66	**4.42**

25. Finance Costs

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Interest:		
- On term loans	89.91	145.65
- On Working Capital	302.39	270.51
- On Short term loan from holding company	3.13	10.12
- Others	59.19	43.73
	454.62	**470.01**

26 . Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Net profit for calculating basic and diluted EPS	1,181.12	25.83

		No. of Shares
	March 31, 2016	March 31, 2015
Weighted average number of equity shares in calculating basic and diluted EPS	18,192,844	18,192,844
Earnings per equity share (nominal value of share ₹ 10) (2015: ₹10)	6.49	0.14

27. Employee benefits

The Company operates two employee benefit plans

I Defined contribution plan which includes contribution to provident and superannuation fund

II Defined benefit plan which includes gratuity (funded) and long term compensated absences (unfunded)

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Defined Contribution Plan		
Contribution to Defined Contribution Plan recognised in the statement of profit and loss under employee benefit expense on note 21 for the year are as under:		
Employer's contribution to provident fund	92.21	86.10
Employer's contribution to superannuation fund	1.14	2.36

Defined Benefit Plan

The Company operates two defined plans, viz. gratuity and long term compensated absences benefit plans for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme isfunded with Life Insurance Corporation of India.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

27. Employee benefits (*Contd.*)

Gratuity as per actuarial valuation (₹ in Lakhs)

		Gratuity Funded	
		As at March 31, 2016	As at March 31, 2015
i)	Changes in the present value of the defined benefit obligation		
	Opening	128.42	151.28
	Interest cost	10.98	15.47
	Current service cost	17.10	19.06
	Benefits paid	(4.48)	(26.50)
	Net actuarial (gain) / loss	5.78	(30.89)
	Closing	**157.80**	**128.42**
ii)	Changes in fair value of plan assets		
	Opening	134.89	141.79
	Expected return on plan assets	12.20	13.06
	Net actuarial gain/ (loss)	0.32	(2.15)
	Employer's contribution	18.52	8.69
	Benefits paid	(4.48)	(26.50)
	Closing	**161.45**	**134.89**
iii)	Amounts recognised in balance sheet		
	Present value of defined benefit obligation	157.80	128.42
	Fair value of plan assets	161.45	134.89
	Net liability / (assets) recognised in balance sheet (refer note 13)	**(3.65)**	**(6.47)**
iv)	Amounts recognised in statement of profit and loss		
	Interest cost	10.98	15.47
	Current service cost	17.10	19.06
	Expected return on plan assets	(12.20)	(13.06)
	Net actuarial (gain) / loss recognised	5.46	(28.74)
	Gratuity expense (refer note 21)	**21.34**	**(7.27)**
v)	Actual return on plan assets	12.52	10.91
vi)	Principal assumptions used in actuarial valuation		
	Discount rate	7.85%	7.90%
	Expected return on plan assets	8.00%	9.15%
	Salary escalation rate	5.00%	5.00%
	Withdrawal rate (as per age group)	21 to 30 - 10%	21 to 30 - 10%
		31 to 40 - 5%	31 to 40 - 5%
		41 to 50 - 3%	41 to 50 - 3%
		51 to 57 - 2%	51 to 57 - 2%
vii)	Investments with insurers	99.00%	95.00%
	Investments with others	1.00%	5.00%

Notes to Consolidated Financial Statements for the year ended March 31, 2016

27. Employee benefits (*Contd.*)

(₹ in Lakhs)

	Gratuity Funded				
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
viii) Amounts for the current and previous four periods are as under:-					
Defined benefit obligations	157.80	128.42	151.28	144.39	123.92
Plan assets	161.45	134.89	141.79	132.81	81.74
Surplus/(Deficit)	3.65	6.47	(9.49)	(11.58)	(42.18)
Experience adjustments on plan liabilities	5.22	2.68	(11.58)	(12.62)	(6.86)
Experience adjustments on plan assets	0.32	(2.15)	(2.57)	0.80	(2.54)

ix) a The discount rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations.

b Expected rate of return on assets assumed by the insurance company is generally based on their investment pattern as stipulated by the Government of India.

c The estimates of rate escalation in salary considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply demand in the employment market.

d The Company expects to contribute ₹20 lakhs to the Gratuity fund in 2016-17. (2015-₹10 lakhs)

28. The Company has entered into arrangements for taking on leave and license basis certain office premises and guest houses. The agreements are cancellable having escalation clause and are renewable.

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
a) Lease payments recognized in the statement of profit and loss for the year.	111.60	92.49
b) Future minimum lease payments under the non-cancellable leases in the aggregate and for each of the following periods:		
Not later than one year	47.45	6.45
Later than one year and not later than five years	62.70	8.91

29. Segment Information:

a Primary segment – The Company has identified chemical, bulk drug & enzymes as the only primary reportable segment

b Secondary segments – Geographical segments

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Segment revenue from external customers, based on geographical location of customers (Sales)		
India	4,611.05	3,741.00
Europe	8,010.70	6,939.06
Others	2,087.84	2,245.36
TOTAL	**14,709.59**	**12,925.42**

Notes to Consolidated Financial Statements for the year ended March 31, 2016

29. Segment Information: (*Contd.*)

Assets and additions to fixed and intangible assets (₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Segment Assets		
India	12,266.22	11,103.48
Europe	2,525.90	1,840.87
Others	956.36	880.83
TOTAL	**15,748.48**	**13,825.18**
Additions to fixed and intangible assets		
India	819.19	539.61
Europe	-	-
Others	-	-
TOTAL	**819.19**	**539.61**

Note:

The operating facilities of the Company are commonly employed for both the domestic and export business, hence it is not possible to report segment result/liabilities by geographical segment.

30. Related party disclosure:

a) Parties where control exists

Holding company:-

DIL Limited

Subsidiaries:-

a) Fermenta Biotech (UK) Limited

b) G.I. Biotech Pvt Limited

b) Related party relationships where transactions have taken place during the year:-

Key Management Personnel

Mr. Satish Varma-Managing Director.

Mr. Rajendra Gaitonde-Whole Time Director (Operations) (Up to 15th October 2014)

Ms. Anupama Datla – Executive Director.

Mr. Prashant Nagre - Chief Executive Officer

Mr. Sudarshan Kamath - Chief Financial Officer (Up to 30th September 2014)

Mr. Rajeev Midha - Chief Financial Officer (From 15th September 2014 to 31st January 2015)

Mr. Kapil Gohil - Chief Financial Officer (From 1st April 2015)

Mr. Sanjay Basantani - Company Secretary

Enterprises owned or significantly influenced by key management personnel or their relatives:-

Dupen Laboratories Pvt Limited.

Lacto Cosmetics (Vapi) Pvt. Limited.

c) An individual directly controlling the holding company, namely DIL limited and can exercise significant influence:-

Mr. Krishna Datla – Director

Notes to Consolidated Financial Statements for the year ended March 31, 2016

30. Related party disclosure: (*Contd.*)

d) Transactions with related parties

Following table provides the total amount of transactions that have been entered in to with related parties for the relevant financial year.

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives.
1	Sales				
	Dupen Laboratories Pvt Ltd.				14.16
					(4.48)
2	Purchase of raw materials and spares				
	Dupen Laboratories Pvt Limited.				8.58
					(12.44)
	Lacto Cosmetics (Vapi) Pvt. Ltd.				5.54
					(3.05)
3	Interest on loan taken	16.90			
		(22.71)			
4	Rent paid	82.17			
		(80.87)			
5	Processing Charges Paid				
	Lacto Cosmetics (Vapi) Pvt. Ltd.				7.20
					(14.29)
6	Company's share of expenses paid	45.27			-
		(43.55)			(2.55)
7	Other reimbursements received	11.66			
		(2.11)			
8	Loan taken	-			
		(25.00)			
9.1	Loan repaid	65.00			
		(25.00)			
9.2	Liability written back	10.00			
		-			
10	Remuneration to key management personnel.				
	Mr. Rajendra Gaitonde			-	
				(22.40)	
	Ms. Anupama Datla			75.02	
				(53.03)	
	Mr. Satish Varma			88.44	
				(67.78)	
	Mr. Prashant Nagre			87.27	
				(75.57)	
	Mr. Sudarshan Kamath			-	
				(27.69)	
	Mr. Rajeev Midha			-	
				(23.68)	
	Mr. Kapil Gohil			31.45	
				-	

Notes to Consolidated Financial Statements for the year ended March 31, 2016

30. Related party disclosure: (*Contd.*)

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives.
	Mr. Sanjay Basantani			16.94	
				(16.14)	
	Directors sitting fees				1.55
					(1.65)
11	Balance outstanding as at the year end				
	a. Loan payable (refer note 8)	157.50			
		(232.50)			
	b. Trade Payable				
	DIL Ltd.	3.24			
		(8.72)			
	Lacto Cosmetics (Vapi) Pvt. Ltd.				4.23
					(5.89)
	Dupen Laboratories Pvt Ltd				8.58
					(2.86)
	c. Other current liabilities				
	Ms. Anupama Datla			23.33	
				-	
	Mr. Satish Varma			23.33	
				-	
	Mr. Prashant Nagre			14.39	
				(7.92)	
	Mr. Kapil Gohil			3.00	
				-	
	Mr. Sanjay Basantani			1.60	
				(1.04)	
	DIL Ltd. (refer note 9)	2.83			
		(4.27)			
	d. Trade receivables				
	DIL Ltd. (refer note 14.1)	9.95			
		(1.34)			
	Dupen Laboratories Pvt Ltd. (refer note 14.1)				4.14
					(5.02)

(Figures in brackets are the corresponding figures in respect of the previous year.)

* Note: The remuneration to the key managerial personnel includes salary, bonus, contribution to Provident Fund and commission if applicable but does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

31. Capital and other commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹526.52 lakhs (2015 - ₹43.48 lakhs).

Notes to Consolidated Financial Statements for the year ended March 31, 2016

32. Contingent liabilities

(₹ in Lakhs)

		March 31, 2016	March 31, 2015
Claims against the company not acknowledged as debts			
a	Tax matters		
	- Income Tax - matter under appeal	-	21.24
	- Excise Duty - matter under appeal	8.00	8.00
b	Other claims	54.99	5.00

33 Unhedged foreign currency exposure

a) Particulars of "un-hedged foreign currency exposure" as at March 31, 2016

(₹ in Lakhs)

Particulars	Currency	March 31, 2016		March 31, 2015	
		Amount (Foreign Currency in Millions)	Amount (₹ in Lakhs)	Amount (Foreign Currency in Millions)	Amount (₹ in Lakhs)
Trade receivables	$	0.87	572.99	1.11	696.84
	Euro	2.95	2,204.80	2.67	1,810.64
Trade payables	$	0.37	244.97	0.55	342.48
	Euro	0.46	347.33	0.20	132.72
	Pound	0.00	0.69	0.00	3.46
PCFC	Euro	0.80	601.09	-	-
EEFC	Euro	0.00	0.30	0.00	0.29

34. Details of dues to micro and small enterprises as per MSMED Act, 2006

(₹ in Lakhs)

Particulars		March 31, 2016	March 31, 2015
a)	(i) Principal amount remaining unpaid to any supplier at the end of the accounting year	5.14	19.42
	(ii) Interest due on above	0.10	1.23
	Total of (i) & (ii)	5.24	20.65
b)	The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006	-	1.23
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	1.23
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	Nil	Nil

Notes to Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

35. C.I.F. Value of imports:	Year ended March 31, 2016	Year ended March 31, 2015
Raw materials and packing materials	3,847.03	3,109.36
Stores and spare parts	14.70	7.96
Capital goods	46.02	95.40
TOTAL	3,907.75	3,212.72

(₹ in Lakhs)

36. Expenditure in foreign currency (accrual basis)	Year ended March 31, 2016	Year ended March 31, 2015
Professional fees	69.79	46.90
Travelling	33.01	41.39
Commision	23.75	37.65
Foreign Advertisement and trade exhibition	14.36	17.95
Patent & Trademark	3.04	6.10
Rates and Taxes	4.09	1.33
Analytical fees	-	0.34
Others	34.27	38.33
TOTAL	182.31	189.99

37. Imported and indigenous raw materials, components and spare parts consumed (₹ in Lakhs)

	Year ended March 31, 2016		Year ended March 31, 2015	
	%	₹ in Lakhs	%	₹ in Lakhs
Raw materials consumed:				
Imported	62%	3,888.41	52%	3,148.56
Indigenous	38%	2,396.42	48%	2,907.70
	100%	6,284.83	100%	6,056.26
Stores and spare parts				
Imported	10%	47.15	9%	39.58
Indigenous	90%	420.92	91%	420.39
	100%	468.07	100%	459.97

(₹ in Lakhs)

38. Earnings in foreign currency:	Year ended March 31, 2016	Year ended March 31, 2015
F. O. B. value of exports	9,902.42	9,022.46
Freight and insurance on exports	186.58	161.97

39. Research and Development Expenditure

During the year research and development expenditure of ₹366.66 lakhs (2015 - ₹417.58 lakhs) has been charged/amortised to the statement of profit and loss. The capital expenditure in the current year on research and development amounts to ₹3.22 lakhs (2015- ₹72.06 lakhs)

Notes to Consolidated Financial Statements for the year ended March 31, 2016

40. Capitalisation of Expenditure

During the year, the Company has capitalized the following expenses of revenue nature to the cost of fixed assets/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Finance Costs	8.93	-
Total	**8.93**	**-**

41. Prior year amounts have been reclassified where necessary to conform with current year's preparation.

42. Information required for consolidated financial statement pursuant to Schedule III of The Companies Act, 2013:

(₹ in Lakhs)

Sr No.	Particulars	Name of the Entity	March 31, 2016				March 31, 2015			
			Net Asset as a % of Consolidated		% of share in profit and loss		Net Asset as a % of Consolidated		% of share in profit and loss	
			%	₹ In Lakhs	%	₹ In Lakhs	%	₹ In Lakhs	%	₹ In Lakhs
1	Parent	Fermenta Biotech Limited	98%	8,878.38	101%	1187.21	98%	7,690.67	121%	30.89
2	Subsidiaries									
	Indian	G I Biotech Private Limited	0%	0.80	0%	(0.60)	0%	2.26	-3%	(0.67)
	Foreign	Fermenta Biotech (Uk) Limited	2%	142.58	0%	(5.49)	2%	148.08	-17%	(4.39)
3	Minority Interest		0%	(0.30)	0%	(0.36)	0%	(0.66)	-2%	(0.40)
		Total	100%	9,021.45	100%	1180.76	100%	7,840.35	100%	25.43

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 27, 2016

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Sanjay Buch
Director

Anupama Datla
Executive Director

Viswanath Chibrolu
Director

Gopakumar Nair
Director

Sanjay Basantani
Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 27, 2016

Fermenta Biotech Limited

Corporate Identification Number (CIN): U99999MH1986PLC134021
Registered Office: 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West), Maharashtra – 400 610, India
Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899 • Email: fermenta@fermentabiotech.com
• Website: www.fermentabiotech.com

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Members of Fermenta Biotech Limited will be held at its registered office at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West), Maharashtra – 400 610 on Tuesday, September 27, 2016 at 12:00 noon to transact the following business:

Ordinary Business

1. To receive, consider and adopt:

   (a) the audited Financial Statements (Standalone) of the Company for the financial year ended March 31, 2016, Reports of the Board of Directors and the Auditors thereon; and

   (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016 and the Report of the Auditors thereon.

2. To appoint a Director in place of Mr. Satish Varma (DIN – 00003255), who retires by rotation and being eligible, offers himself for reappointment.

3. To ratify the appointment of Statutory Auditors and fix their remuneration and to consider and, if thought fit, pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to provisions of Section 139,142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof) and in furtherance of the resolution passed by the members in the 27th Annual General Meeting of the Company, the appointment of SRBC & Co. LLP, Chartered Accountants (ICAI Firm Registration No: 324982E/E300003) to hold office from the conclusion of this 29th Annual General Meeting until the conclusion of 30th Annual General Meeting of the Company be and is hereby ratified at such remuneration as may be mutually decided by the Board of Directors of the Company and SRBC & Co. LLP".

Special Business

4. To consider, and if thought fit, pass with or without modification, the following resolution as an Ordinary Resolution:

   Remuneration of Cost Auditor of the Company

   RESOLVED THAT pursuant to provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules 2014 and Companies (Cost Records and Audit) Rules 2014 [including any statutory modification(s) or re-enactment thereof], payment of fees of ₹2,75,000 (Rupees Two lakhs Seventy Five Thousand) plus service tax as applicable and reimbursement of out of pocket expenses, if any, incurred for the purpose of audit, to N I Mehta & Co., Cost Accountants [Firm Registration Number – 000023] (Cost Auditor) for the conduct of cost audit in respect of Bulk Drugs manufactured by the Company for the financial year ending on March 31, 2017 be and is hereby ratified."

5. To consider, and if thought fit, pass with or without modification(s), the following resolution as a Special Resolution:

   Creation of mortgage and/or charge under section 180(1)(a) of Companies Act, 2013

   RESOLVED THAT pursuant to provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or any re-enactment thereof) and the Articles of Association of the Company and subject to such other approvals and permissions as may be required, consent of the Company be and is hereby accorded to the Board of Directors including any committee thereof (hereinafter referred to as the 'Board') to pledge, mortgage or create charge in addition to mortgage/charge created by the Company including sale or other modes of disposal of all or any part of the movables and/or immovable properties of the Company both present and future and on such terms and conditions as may be deemed fit and appropriate by the Board in favour of Bank(s), Financial Institution(s) and/or any other lender(s) to secure the borrowings of the Company, from time to time, upto ₹ 90,00,00,000 (Rupees Ninety Crores), for the due payment/ repayment of the principal amount borrowed by the Company together with its interest, charges, costs, expenses and all other monies payable by the Company;

RESOLVED FURTHER THAT the Board be and is hereby authorised to take such steps as may be necessary and to settle all matters arising out of and incidental thereto, sign and execute deeds, applications and documents that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

By Order of the Board of Directors of
Fermenta Biotech Limited

Sanjay Basantani
Company Secretary
(Membership No. ACS - 19637)

Registered office:
'DIL' Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610, Maharashtra, India
August 11, 2016

Notes:

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 with respect to the special business set out in the Notice is annexed.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** THE INSTRUMENT OF PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY, DULY STAMPED, COMPLETED AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME FOR COMMENCEMENT OF THE 29TH ANNUAL GENERAL MEETING (AGM). A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten (10) percent of the total share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person cannot act as a proxy for any other member. Proxy submitted on behalf of any company, society, entity etc., must be supported by an appropriate resolution/ authority letter, as applicable.

3. During the period beginning 24 hours before the time fixed for the commencement of the AGM till the conclusion of the AGM, a member would be entitled to inspect the proxies received by the Company, between 9 a.m. to 6 p.m., provided that not less than three (3) days' notice in writing is given to the Company.

4. The profile of the Director recommended for re-appointment at the Annual General Meeting under business item no. 2 of the Notice, as required by Secretarial Standard on General Meetings (SS-2) as specified by The Institute of Company Secretaries of India and approved by the Central Government, is annexed.

5. (a) The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, and the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Act will be available for inspection at the venue of the AGM.

   (b) All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on any working day excluding Saturdays, up to the date of the 29th AGM of the Company.

6. The equity shares of the Company have been admitted with National Securities Depository Limited (NSDL) [ISIN - INE887P01010]. Members wishing to dematerialize their equity shares may:

   (i) Open a dematerialisation (Demat) account with any Depository Participant connected to NSDL and thereafter, submit the physical share certificates along with the Demat Request Form (DRF) through Depository Participant, in case you do not have a demat account with a Depository Participant connected to NSDL.

   (ii) Forward the physical share certificate(s) along with the Demat Request Form (DRF) through your Depository Participant to the Company's Registrar and Transfer agents, Link Intime India Private Limited, having its office at C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai 400 078, in case you have a demat account with a Depository Participant connected to NSDL

7. Members seeking any information or clarification(s) on the Annual report are requested to send written queries to the Company Secretary at the registered office of the Company at least one week before the date of 29th AGM, in order to make the information available at the AGM.
8. Members / proxies are requested to bring their copies of the Annual Report along with the attendance slip, duly filled in, for attending the AGM.
9. The route map (including the prominent landmark) for easy location of the AGM venue is provided at page no 122 of the Annual report.

By Order of the Board of Directors of
Fermenta Biotech Limited

Sanjay Basantani
Company Secretary
(Membership No. ACS - 19637)

Registered office:
'DIL' Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610, Maharashtra, India
August 11, 2016

Annexure to Notice

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No.4

Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (as amended from time to time) provides that the remuneration of the Cost Auditor shall be ratified by the Members.

Based on the recommendation of the Audit Committee, the Board of Directors has approved the appointment of N I Mehta & Co., Cost Accountants (Firm Registration Number – 000023), as the Cost Auditor of the Company and its remuneration for the financial year ended March 31, 2017.

The Board members, therefore, recommend the resolution for ratification by members of the Company, as an Ordinary Resolution.

None of the Directors and the Key Managerial Personnel of the Company including their relatives are in any way interested or concerned in this resolution.

Item No.5

As per section 180(1)(a) of the Companies Act, 2013, the Board of Directors of a company shall exercise the power to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or where the company owns more than one undertaking, of the whole or substantially the whole of any of such undertakings, only with the consent of the Company by special resolution.

In order to meet the Company's existing and future financial requirements, the Company is desirous of raising finance from various Banks and/or Financial Institutions and/or such other Lender(s) as may be considered fit. The Members, in the Annual General meeting of the Company held on September 30, 2015 has approved the borrowing limit of ₹90,00,00,000 (Rupees Ninety Crores) as per the provisions of Section 180(1)(c) of the Companies Act, 2013.

In connection with the loan/credit facilities availed or to be availed by the Company, the Lenders have/ may have certain rights in respect of the Company's movable and immovable properties including the rights of sale/dispose thereof as per the terms and conditions as may be mutually agreed between the Company and the Lender. In view of this, it is necessary to obtain approval of Members pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013

The Board members recommend the resolution for approval of the Members, as Special Resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives are in any way concerned or interested in this resolution.

By Order of the Board of Directors of
Fermenta Biotech Limited

Sanjay Basantani
Company Secretary
(Membership No. ACS - 19637)

Registered office:
'DIL' Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610, Maharashtra, India
August 11, 2016

DETAILS OF DIRECTOR PROPOSED TO BE RE-APPOINTED AS REQUIRED UNDER SECRETARIAL STANDARD ON GENERAL MEETINGS (SS-2) AS SPECIFIED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA AND APPROVED BY THE CENTRAL GOVERNMENT:

Name of the Director	Satish Varma, Managing Director
Age	47 years
Date of first appointment on the Board	04/10/2004
Qualifications	Computer Science
Experience	Mr. Satish Varma is the Managing Director of Fermenta Biotech Limited (FBL), having been appointed to this office with effect from May 2010. Mr. Satish Varma oversees the entire operations of the Company and is an integral part of the strategy and management team. He has played a leading role in the strategic planning and execution of the Company's transformation to a diverse and focused API Company by reaching out to global markets. Mr. Varma now leads a team of more than 300 employees based in India, with plans to expand the operations of the Company geographically and to enter emerging markets worldwide.
Directorship held in other Companies	1. DIL Limited 2. DVK Investments Private Limited 3. Aegean Properties Limited 4. CC Square Films Limited 5. G.I. Biotech Pvt. Ltd. 6. Fermenta Biotech (UK) Limited 7. Pelican Wealth Managers Pvt. Ltd
Chairmanships/ Memberships of Committee across all companies (as on March 31, 2016)	Committee Membership in: a) DIL Limited – Audit Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Investment Committee b) Fermenta Biotech Limited - Stakeholders Relationship Committee
Remuneration last drawn	Details are provided in page no 43 of the Annual Report.
Shareholding in the Company (as on March 31, 2016)	10 equity shares (Shares held as beneficial owner under erstwhile section 187C of the Companies Act, 1956 (now Section 89 of Companies Act, 2013) on behalf of DIL Limited.)

By Order of the Board of Directors of
Fermenta Biotech Limited

Sanjay Basantani
Company Secretary
(Membership No. ACS - 19637)

Registered office:
'DIL' Complex,
Ghodbunder Road, Majiwada,
Thane (West) – 400 610, Maharashtra, India
August 11, 2016

Fermenta Biotech Limited

Registered Office: 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West), Maharashtra – 400 610, India
Corporate Identification Number (CIN): U99999MH1986PLC134021
Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899 • Email: fermenta@fermentabiotech.com
• Website: www.fermentabiotech.com

ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

Folio No. ____________________ DP ID No. ____________ Client ID No. ______________

No. of Shares ______________

NAME OF THE SHAREHOLDER(s) / PROXY (IN BLOCK LETTERS) ________________________________

____

I/we hereby record my presence at the Twenty Ninth Annual General Meeting of the Company held at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West) 400 610 on Tuesday, September 27, 2016 at 12:00 noon.

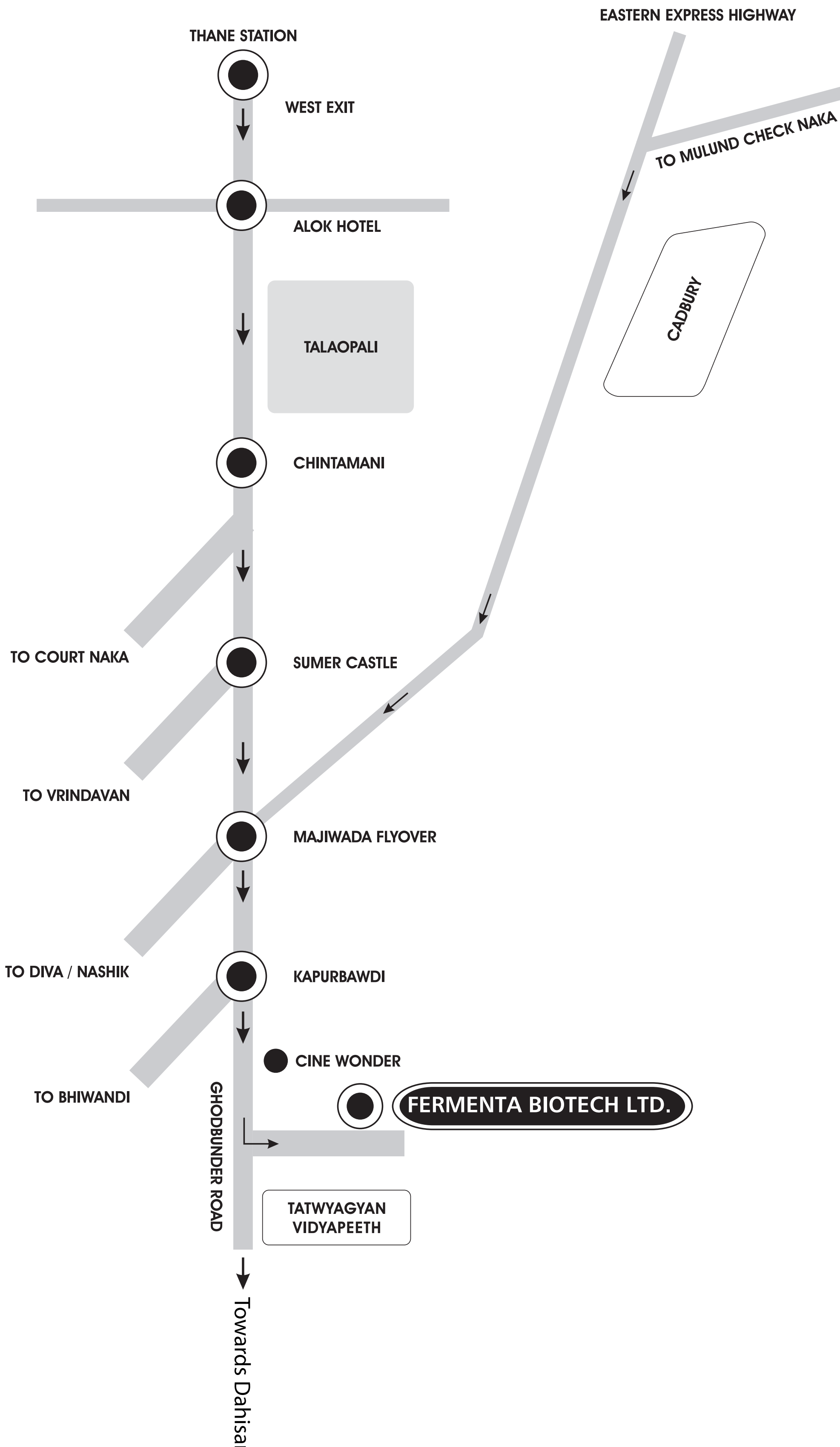
____

Member(s)/ Proxy's Signature

Notes : (1) This meeting is of members only. Members are requested not to bring along any person who is not a member.

(2) Please carry this Attendance Slip with you and hand over the same at the entrance of place of meeting.

29th Annual General Meeting-Road Map
September 27th, 2016



PROXY FORM

(Pursuant to Section 105 of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Fermenta Biotech Limited

Registered Office: 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West), Maharashtra – 400 610, India
Corporate Identification Number (CIN): U99999MH1986PLC134021
Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899 • Email: fermenta@fermentabiotech.com
• Website: www.fermentabiotech.com

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id: DP ID:

I/We, being the Member(s) of ______________________no. of equity shares of the above named Company, hereby appoint

1. Name: ________________________ E-mail ID: ________________________

   Address: ________________________

   ________________________ Signature: or failing him/her

2. Name: ________________________ E-mail ID: ________________________

   Address: ________________________

   ________________________ Signature: or failing him/her

3. Name: ________________________ E-mail ID: ________________________

   Address: ________________________

   ________________________ Signature: or failing him/her as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on Tuesday, September 27, 2016 at 12:00 noon at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (West) 400 610, Maharashtra, India and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Resolution No.	Description	Optional *	
		For	Against
1.	1. To receive, consider and adopt: (a) the audited Financial Statements (Standalone) of the Company for the financial year ended March 31, 2016, Report of the Board of Directors and the Auditors thereon; and (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016 and the Report of the Auditors thereon.		
2.	To appoint a Director in place of Mr. Satish Varma (DIN – 00003255), who retires by rotation and being eligible, offers himself for reappointment.		
3.	To ratify the appointment of Statutory Auditors of the Company and to fix their remuneration.		
4.	To ratify remuneration of Cost Auditor of the Company for the financial year ending on March 31, 2016.		
5.	To consider and approve creation of mortgage and/or charge under section 180(1)(a) of Companies Act, 2013		

Signed this ____________ day of ____________ 2016

Signature of shareholder:______________________

Affix
Revenue
Stamp

Signature of Proxyholder(s):______________________

Notes:

* 1. It is optional to put a 'X' (optional) in the Box in the appropriate column against the respective resolution. In case you opt to leave 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

2. A Proxy need not be a Member of the Company. A person can act as proxy on my/our behalf of not more than 50 [fifty] Members and holding in aggregate not more than 10% [ten percent] of the total Share Capital of the Company. Members holding more than 10% [ten percent] of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other Member.

3. This form of Proxy, to be effective, should be deposited at the Registered Office of the Company at 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W) 400 610 not later than 48 hours before the commencement of the aforesaid meeting.

Corporate Information

BOARD OF DIRECTORS

Mr. Peter Bains
Chairman

Mr. Sanjay Buch
Independent Director

Dr. Gopakumar Nair
Independent Director

Mr. Viswanath Chibrolu
Non-Executive Director

Mr. T.P. Devarajan
Alternate Director to Mr. Viswanath Chibrolu

Mr. Krishna Datla
Non-Executive Director

Mr. Satish Varma
Managing Director

Ms. Anupama Datla Desai
Executive Director

COMPANY SECRETARY

Mr. Sanjay Basantani

CHIEF EXECUTIVE OFFICER

Mr. Prashant Nagre

CHIEF FINANCIAL OFFICER

Mr. Kapil Gohil

SOLICITORS

Crawford Bayley & Co.

AUDITORS

SRBC & Co. LLP
Chartered Accountants

COST AUDITORS

N I Mehta & Co.
Cost Accountants

BANKERS

Union Bank of India
State Bank of India
ICICI Bank
The Himachal State Co-operative Bank
Bank of Baroda

CORPORATE IDENTIFICATION NUMBER (CIN)

U99999MH1986PLC134021

REGISTERED OFFICE

'DIL' Complex, Ghodbunder Road,
Majiwada, Thane (West) – 400 610
Maharashtra, India.

Tel No : + 91 22 66230800
Fax No : + 91 22 6798 0899
E-mail: fermenta@fermentabiotech.com

WORKS

Village Takoli, P.O. Nagwain,
Dist. Mandi – 175 121,
Himachal Pradesh, India.

Z – 109 B & C, SEZ II,
Dahej, Taluka – Vagara,
Dist: Bharuch – 392 130,
Gujarat, India.

API AND BIOTECH LABORATORY

Plot No.B-57, Road No.31,
Behind Wagle Police Station,
Wagle industrial Estate,
Thane West – 400604.
Maharashtra, India

REGISTRAR AND TRANSFER AGENTS

(Only for dematerialization / re-materialization of shares and related services)

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West),
Mumbai – 400 078, Maharashtra, India

Tel No : + 91 22 2594 6970
Fax No: + 91 22 2594 6969
Email: rnt.helpdesk@linkintime.co.in

WEBSITE

www.fermentabiotech.com

Disclaimer

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in making our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions.

Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

www.fermentabiotech.com