



**Independent Auditor's Report  
To the Members of DVK Investments Private Limited**

**REPORT ON THE FINANCIAL STATEMENTS**

1. We have audited the accompanying standalone Ind AS financial statements of DVK Investments Private Limited (the company), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

2. The Management 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounting) Rules, 2014 and the Companies (Indian Accounting Standards) Rule, 2015, as amended. 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 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**

3. Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.
4. 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.
5. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India under, 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.
6. 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 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



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For Fermenta Biotech Limited  
*[Handwritten Signature]*  
Srikant Sharma  
Company Secretary

reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Ind AS financial statements.

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

#### **OPINION**

8. In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31 March 2019;
  - (b) In the case of the Statement of Profit and Loss, of the profit including other comprehensive income for the year ended on that date, and
  - (c) in the case of the Cash Flow Statement, of the cash flows and the changes in equity for the year ended on that date.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

9. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the Order), and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. 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 appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 "B"; and
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - (i) The company has disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its Ind AS financial statements;



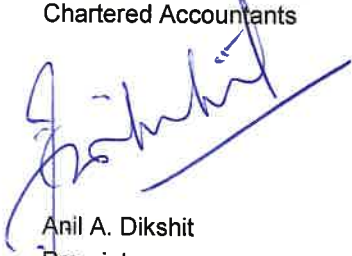
**ANIL A. DIKSHIT & CO.**  
Chartered Accountants

- (ii) The company has made provision as at March 31, 2019, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company during the year ended March 31, 2019.

**For Anil A. Dikshit & Co.**

Firm registration number: 100410W

Chartered Accountants



Anil A. Dikshit

Proprietor

Membership No.: 036706

Place: Thane

Date: May 24, 2019



**Annexure – A referred to in paragraph 9 our report of even date to the members of DVK Investments Private Limited on the accounts of the company for the year ended March 31, 2019.**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- i. (a). The Company has does not have fixed assets, and therefore, the provisions of Para 3(1) of the Order are not applicable to the Company;
- ii. The nature of business of the Company does not require it to have any inventory. Hence, the provisions of Clause 3(ii) of the Order are not applicable to the Company;
- iii. The company has granted loans, secured or unsecured to one Company covered in the register maintained under section 189 of the Act.
  - a) In respect of the aforesaid loan, the terms and conditions under which the loan was granted, is not prejudicial to the interest of the Company;
  - b) The schedule of repayment has been stipulated;
  - c) There is no amount overdue for more than 90 days;
- iv. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of the loans and investments made and guarantees and security provided by it;
- v. The Company has not accepted any deposits from the public covered under Section 73 to 76 of the Act and rules framed there under to the extent notified;
- vi. As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act;
- vii. (a) According to the information and explanations given to us and based on the records of the company examined by us, the company is regular in depositing the undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and other material statutory dues, as applicable, with the appropriate authorities in India;  
  
(b) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of Income Tax, Wealth Tax, Service Tax, Sales Tax, Customs Duty and Excise Duty which have not been deposited on account of any disputes;
- viii. According to the records of the company examined by us and as per the information and explanations given to us, the company has not availed of any loans from any financial institution or banks and has not issued debentures. Accordingly, the provisions of Clause 3(viii) of the Order are not applicable to the company;
- ix. The company has not raised any moneys by way of public offer and term loans during the year under review. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the company;
- x. During the course of our examination of the books and records of the company, carried out in accordance with the auditing standards generally accepted in India, and according to the information and explanations given to us, we have neither come across any instance of any fraud on the Company by its officers or employees, noticed or reported during the course of our audit, nor have we been informed of any such instance by the Management;



- xi. The company has not paid any managerial remuneration during the year. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the company;
- xii. As the company is not a Nidhi company and the Nidhi Rules 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the company;
- xiii. Based on our 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, transactions with the related parties are in compliance with sections 177 and 188 of the 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. The company has not made any preferential allotment or private placement of shares or partly or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the company;
- xv. The company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the company;
- xvi. The company, as explained to us, is registered under Section 45-I of the Reserve Bank of India Act, 1934.

**For Anil A. Dikshit & Co.**

Firm registration number: 100410W

Chartered Accountants



Anil A. Dikshit

Proprietor

Membership no.: 036706



Place: Thane

Date: May 24, 2019

**Annexure - B to the Auditors' Report**

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

1. We have audited the internal financial controls over financial reporting of DVK Investments Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that



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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**


7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

- 8 In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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 Anil A. Dikshit & Co.**

Firm registration number: 100410W  
Chartered Accountants

  
Anil A. Dikshit  
Proprietor  
Membership no.: 036706



Place: Thane  
Date: May 24, 2019

**DVK INVESTMENTS PRIVATE LIMITED**  
**STANDALONE BALANCE SHEET AS AT MARCH 31, 2019**

	Notes	As at March 31, 2019 ₹.	As at March 31, 2018 ₹.
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Investments	3		
i) Investments in equity instruments of subsidiaries		12,81,80,027	12,81,80,027
ii) Investments in associates		1,30,00,000	1,30,00,000
iii) Investments in government securities		-	-
b) Financial assets			
i) Investments	4	49,66,436	24,47,673
iii) Share application money	5	80,00,000	80,00,000
c) Non-current tax assets (net)	6	8,55,380	5,86,120
d) Other non-current assets	7	-	2,000
<b>Total non-current assets</b>		<b>15,50,01,843</b>	<b>15,22,15,820</b>
<b>Current assets</b>			
a) Financial assets			
i) Investments	8	1,86,98,753	1,75,59,228
ii) Cash and cash equivalents	9	40,45,903	28,33,852
iii) Loans	10	2,84,50,000	2,34,50,000
vi) Other financial assets	11	38,79,124	14,55,781
<b>Total current assets</b>		<b>5,50,73,780</b>	<b>4,52,98,861</b>
<b>TOTAL ASSETS</b>		<b>21,00,75,623</b>	<b>19,75,14,681</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	12	6,52,16,650	6,52,16,650
b) Other equity	13	14,48,08,556	13,22,30,381
<b>Total equity</b>		<b>21,00,25,206</b>	<b>19,74,47,031</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
b) Other current liabilities	14	50,417	67,650
<b>Total current liabilities</b>		<b>50,417</b>	<b>67,650</b>
<b>Total liabilities</b>		<b>50,417</b>	<b>67,650</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>21,00,75,623</b>	<b>19,75,14,681</b>

See accompanying notes 1 to 31 to the standalone financial statements

In terms of our report attached

As per our report of even date

For Anil A. Dikshit & Co  
 Firm Registration No. 100410W  
 Chartered Accountants

Anil A. Dikshit  
 Proprietor  
 Membership No : 036706

Place : Thane  
 Date : May 24, 2019



For and on behalf of the Board of Directors of  
 DVK Investments Private Limited

KRISHNA DATLA  
 Director

SONIA GUPTA  
 Company Secretary

Place : Thane  
 Date : May 24, 2019

SATISH VARMA  
 Director





**DVK INVESTMENTS PRIVATE LIMITED**

**STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019**

	Notes	Year Ended March 31, 2019 ₹.	Year Ended March 31, 2018 ₹.
<b>Income:</b>			
Revenue from operations	15	1,37,69,469	98,29,876
Other income	16	3,52,959	(2,16,205)
<b>Total Income</b>		<b>1,41,22,428</b>	<b>96,13,671</b>
<b>Expenses:</b>			
Employee benefits expense	17	6,72,193	9,55,143
Other expenses	18	8,72,060	7,70,138
<b>Total expenses</b>		<b>15,44,253</b>	<b>17,25,281</b>
<b>Profit before tax</b>		<b>1,25,78,175</b>	<b>78,88,390</b>
<b>Tax expense:</b>			
Current tax		-	-
- For the year		-	-
- Short provision of tax for earlier years		-	-
<b>Total tax expense</b>		<b>-</b>	<b>-</b>
<b>Profit for the year</b>		<b>1,25,78,175</b>	<b>78,88,390</b>
<b>Earnings per equity share (nominal value per equity share ₹ 10 each)</b>			
Basic (in ₹)	19	1.93	1.21
Diluted (in ₹)		1.93	1.21

See accompanying notes 1 to 31 to the standalone financial statements

In terms of our report attached

As per our report of even date

For Anil A. Dikshit & Co  
Firm Registration No. 100410W  
Chartered Accountants

Proprietor  
Membership No : 036706

Place : Thane  
Date : May 24, 2019



For and on behalf of the Board of Directors of  
DVK Investments Private Limited

KRISHNA DATLA  
Director

SONIA GUPTA  
Company Secretary  
Place : Thane  
Date : May 24, 2019

SATISH VARMA  
Director



# DVK INVESTMENTS PRIVATE LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

PARTICULARS	Year ended March 31, 2019	Year ended March 31, 2018
<b>A. Cash flows from operating activities</b>		
Profit before tax	1,25,78,175	78,88,390
Adjustments for:		
Net gain on sale / fair valuation of investments through profit and loss	(3,52,959)	2,16,205
Interest income	(26,92,603)	(16,17,534)
Dividend income	(1,10,76,866)	(82,12,342)
Provision for doubtful debts and advances		
<b>Operating loss before working capital changes</b>	<b>(15,44,253)</b>	<b>(17,25,281)</b>
Movements in working capital :		
Decrease/(increase) in trade receivables	-	-
(Increase)/decrease in other assets	(74,21,343)	(1,99,98,000)
Increase in other liabilities	(17,233)	2,420
	<b>(89,82,829)</b>	<b>(2,17,20,861)</b>
Income taxes paid	(2,69,260)	(1,61,753)
<b>Net cash generated from / (used in) operations (A)</b>	<b>(92,52,089)</b>	<b>(2,18,82,614)</b>
<b>B. Cash flows from investing activities</b>		
Interest received	26,92,603	1,61,753
Proceeds from sale of non-current investments	-	1,38,49,681
Purchase of investments		
In others	(25,18,763)	
Other current investments	(11,39,525)	
Proceeds from sale/redemption of investments		
Non-current investments	-	(9,95,712)
Dividend received	1,10,76,866	82,12,342
<b>Net cash (used in) / generated from investing activities (B)</b>	<b>1,01,11,181</b>	<b>2,12,28,064</b>
<b>C. Cash flows from financing activities</b>		
Dividend paid (including Dividend Distribution Tax)	-	(1,09,14,505)
<b>Net cash (used in) / generated from financing activities (C)</b>	<b>-</b>	<b>(1,09,14,505)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)</b>	<b>12,12,051</b>	<b>(1,15,69,055)</b>
Cash and cash equivalents at the beginning of the year	<b>28,33,852</b>	<b>1,44,02,907</b>
Cash and cash equivalents at the end of the year	<b>40,45,903</b>	<b>28,33,852</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	1,63,999	1,67,909
Balances with banks in current account	38,81,904	26,65,943
<b>Total cash and cash equivalents (Refer note 9)</b>	<b>40,45,903</b>	<b>28,33,852</b>

See accompanying notes 1 to 31 to the standalone financial statements

In terms of our report attached  
As per our report of even date  
For Anil A. Dikshit & Co  
Firm Registration No. 100410W  
Chartered Accountants

Anil A. Dikshit  
Proprietor  
Membership No : 036706



Place : Thane  
Date : May 24, 2019

For and on behalf of the Board of Directors of  
DVK Investments Private Limited

KRISHNA DATLA  
Director

SATISH VARMA  
Director

SONIA GUPTA  
Company Secretary

Place : Thane  
Date : May 24, 2019



# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### Statement of Changes in Equity for the year ended March 31, 2019

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## (a) Equity share capital:

	As at March 31, 2019	As at March 31, 2018
Balance at the beginning and end of the year	6,52,16,650	6,52,16,650

## (b) Other equity

	Reserves and surplus				Total
	General reserve	Securities Premium	Special Reserve under RBI Act	Retained earnings	
Balance as at April 01, 2017	1,88,41,641	1,02,85,050	4,03,93,595	6,57,36,210	13,52,56,496
Profit for the year	-	-	-	78,88,390	78,88,390
Payment of dividend (including dividend distribution tax)	-	-	-	(1,09,14,505)	1,09,14,505
Transfer to general reserve	7,88,839	-	-	(7,88,839)	-
Transfer to special reserve under RBI Act	-	-	15,77,678	(15,77,678)	0
Balance as at March 31, 2018	1,96,30,480	1,02,85,050	4,19,71,273	6,03,43,578	13,22,30,381
Balance as at April 01, 2018	1,96,30,480	1,02,85,050	4,19,71,273	6,03,43,578	13,22,30,381
Profit for the year	-	-	-	1,25,78,175	1,25,78,175
Payment of dividend (including dividend distribution tax)	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-
Transfer to special reserve under RBI Act	-	-	25,15,635	(25,15,635)	-
Balance as at March 31, 2019	1,96,30,480	1,02,85,050	4,44,86,908	7,04,06,118	14,48,08,556

\* Represents remeasurement of defined benefit plan

## (c) Total equity

₹.

	As at March 31, 2019	As at March 31, 2018
Total equity [(a)+(b)]	21,00,25,206	19,74,47,031

See accompanying notes 1 to 31 to the standalone financial statements

In terms of our report attached

As per our report of even date

For Anil A. Dikshit &amp; Co

Firm Registration No. 100410W

Chartered Accountants

Anil A. Dikshit

Proprietor

Membership No : 036706

Place : Thane

Date : May 24, 2019

For and on behalf of the Board of Directors of  
DVK Investments Private Limited

KRISHNA DATLA  
Director

SATISH VARMA  
Director

SONIA GUPTA  
Company Secretary  
Place : Thane

Date : May 24, 2019



# DVK INVESTMENTS PRIVATE LIMITED

## Notes to standalone financial statements for the year ended March 31, 2019

### 1. Corporate information

DVK Investments Private Limited ('the Company') is a private company domiciled in India and incorporated under the provisions of the Companies Act, 1913. The registered office of the Company is located at A- 1601, Thane One, DIL Complex, Ghodhbunder Road, Majiwada, Thane (West) 400610. The Company is engaged in the business of a residuary Non-Banking Financial Institute. The Company has strategic long-term investments in subsidiary companies primarily in the business of renting properties, motion picture production and distribution, manufacturing of bulk drugs. The Company is an investment Company as defined under the provisions of the Reserve Bank of India Act, 1934. It has not accepted any deposits from public within the meaning of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998

These Financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors on May 24, 2019.

### 2. Significant accounting policies

#### 2.1 Statement of compliance

These standalone financial statements of the Company have been prepared 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, 2018.

#### 2.2 Basis of preparation and presentation

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) 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.

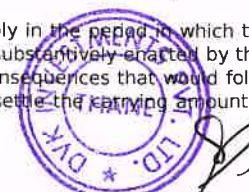
###### ii) Deferred tax:

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 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.



# DVK INVESTMENTS PRIVATE LIMITED

## Notes to standalone financial statements for the year ended March 31, 2019

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.

### **(d) 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.

### 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.

### **(e) 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 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 or loss.

#### **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').



# DVK INVESTMENTS PRIVATE LIMITED

## Notes to standalone financial statements for the year ended March 31, 2019

### 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 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.



# DVK INVESTMENTS PRIVATE LIMITED

## Notes to standalone financial statements for the year ended March 31, 2019

### 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.

### 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 Statement of profit or loss.

Fair value is determined in the manner described in note 29.

### 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.



# DVK INVESTMENTS PRIVATE LIMITED

## Notes to standalone financial statements for the year ended March 31, 2019

### 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.

### (f) 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 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. 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.

### (g) 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.

### (h) 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 recognized 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.

### (i) 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.





# DVK INVESTMENTS PRIVATE LIMITED

## Notes to standalone financial statements for the year ended March 31, 2019

### (j) Cash and cash equivalents:

Cash and cash equivalents 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.

### (k) 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 financial 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 :

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(c)]

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(h)]

#### Contingencies (refer note 2(h))

### (l) 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 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"



# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

	As at March 31, 2019 ₹.	As at March 31, 2018 ₹.
<b>Note 3- Investments-(Non-current)</b>		
i) Investments in subsidiaries- in equity instruments Unquoted (Fully paid up) (At cost less impairment in the value of investments, if any)		
a) DIL Limited (quoted)	12,71,67,461	12,71,67,461
49,44,940 (March 31, 2018 - 12,36,235 shares) Equity shares of ₹. 5/- [March 31, 2018 - Rs. 10/-] each fully paid-up		
b) Fermenta Biotech Limited.(unquoted)	10,12,566	10,12,566
87,024 [(March 31, 2018 - 87,,024] Equity shares of ₹ 10 each		
	<u>12,81,80,027</u>	<u>12,81,80,027</u>
Aggregate amount of unquoted investments before impairment	12,81,80,027	12,81,80,027
	As at March 31, 2019 ₹.	As at March 31, 2018 ₹.
ii) Investment in associates - In equity instruments Unquoted (Fully paid up) (At cost less impairment in value of investments, if any)		
a) Silk Road Communications Private Limited	1,30,00,000	1,30,00,000
5,18,834 [(March 31, 2018 - 5,18,834)] Equity shares of ₹ 10 each		
	<u>1,30,00,000</u>	<u>1,30,00,000</u>
	As at March 31, 2019 ₹.	As at March 31, 2018 ₹.
<b>Note 4 -Investments (Non-current):</b>		
<b>Equity instruments:</b>		
<b>Unquoted Investments (all fully paid up)</b>		
<u>Investments in equity instruments at FVTPL</u>		
Biodil Marsing Private Limited	3,00,000	3,00,000
30,000 (March 31, 2018 - 30,000) Equity shares of ₹ 10 each		
Less: Provision for diminution in the value of investments	<u>(3,00,000)</u>	<u>(3,00,000)</u>
Island Veerchemie Private Limited	1,80,000	1,80,000
12 (March 31, 2018 - 12) Equity shares of ₹. 15,000 each fully paid-up		
<b>Quoted Investments (all fully paid up)</b>		
HDFC Bank Limited	9,72,930	7,94,409
420 [(March 31, 2018 - 420) Equity shares of ₹. 2 each fully paid-up		
ICICI Bank Limited	7,81,746	5,45,664
1,960 (March 31, 2018 - 1,960) Equity shares of ₹. 2 each fully paid-up		
Polyplex Corporation Ltd.	10,33,200	9,27,600
2,000 (March 31, 2018 - Nil) Equity shares of ₹. 10 each fully paid-up		
Jain irrigation Systems Limited	1,06,110	-
1,800 (March 31, 2018 - Nil) Equity shares of ₹. 2 each fully paid-up		
Mahindra Lifespace Developers Limited	7,90,570	-
2,200 (March 31, 2018 - Nil) Equity shares of ₹. 10 each fully paid-up		
Piramal Enterprises Limited	11,01,880	-
400 (March 31, 2018 - Nil) Equity shares of ₹. 2 each fully paid-up		
<b>Total aggregate Investments (A)</b>	<u>49,66,436.00</u>	<u>24,47,673.00</u>
Aggregate carrying value of unquoted investment before	4,80,000	4,80,000
Aggregate amount of impairment in value of investments	3,00,000	3,00,000
Aggregate book value of quoted investments	47,86,436	22,67,673
Aggregate market value of quoted investments	47,86,436	22,67,673



# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

	As at March 31, 2019	As at March 31, 2018
	₹.	₹.
<b>Note 5 - Share application money</b>		
Jomaange Innovative Market Solutions Private Ltd	80,00,000	80,00,000
	<u>80,00,000</u>	<u>80,00,000</u>
	As at March 31, 2019	As at March 31, 2018
	₹.	₹.
<b>Note 6 - Non-current tax assets (net)</b>		
Advance income-tax (Net of provision for tax)	8,55,380	5,86,120
	<u>8,55,380</u>	<u>5,86,120</u>
	As at March 31, 2019	As at March 31, 2018
	₹.	₹.
<b>Note 7 - Other non-current assets</b>		
Advance for supply of goods and services		
Prepaid expenses	-	2,000
	<u>-</u>	<u>2,000</u>
	As at March 31, 2019	As at March 31, 2018
	₹.	₹.
<b>Note 8 - Investments (Current)</b>		
In Mutual funds*		
a) Franklin India Bluechip Fund Dividend Reinvestment**	1,05,58,715	98,16,849
2,76,597.040 (March 31, 2018 - 2,54,471.516) units of ₹.10 each		
b) HDFC Medium Term Debt Fund**	35,81,542	34,36,119
[Formerly named HDFC High Interest Fund - Short Term Plan]		
3,37,613.785[(March 31, 2018 -3,23,509.071) units of ₹.10 each		
c) Franklin India Low Duration fund**	45,58,496	43,06,259
4,38,996.514[(March 31, 2018 -4,15,037.129) units of ₹.10 each		
	<u>1,86,98,753</u>	<u>1,75,59,228</u>
* Investments in mutual funds have been fair valued at the closing net asset value (NAV).		
** Denotes dividend reinvested in the respective funds		
	As at March 31, 2019	As at March 31, 2018
	₹.	₹.
<b>Note 9 - Cash and cash equivalents</b>		
Balances with banks in current accounts	38,81,904	26,65,943
Cash on hand	1,63,999	1,67,909
	<u>40,45,903</u>	<u>28,33,852</u>
	As at March 31, 2019	As at March 31, 2018
	₹.	₹.
<b>Note 10- Loans (Current)</b>		
Unsecured, considered good		
Loans and ICDs to related parties (Refer note 21 and below)	2,70,00,000	2,10,00,000
Loans to others	14,50,000	24,50,000
	<u>2,84,50,000</u>	<u>2,34,50,000</u>
Loans to related parties include		
Amount outstanding as at the year end		
- DIL Limited - ICD	2,50,00,000	2,00,00,000
- Loans to Directors	20,00,000	20,00,000
Maximum amount outstanding during the year		
- DIL Limited - ICD	2,50,00,000	2,00,00,000
- Loans to Directors	20,00,000	20,00,000

The ICD has been given to DIL Limited for the purpose of their business.



# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

	As at March 31, 2019 ₹.	As at March 31, 2018 ₹.
<b>Note 11 - Other financial assets (Current)</b>		
Interest accrued but not due from banks and others	38,79,124	14,55,781
	<u>38,79,124</u>	<u>14,55,781</u>

	As at March 31, 2019 ₹.	As at March 31, 2018 ₹.
<b>Note 12 - Equity share capital</b>		
<b>Authorised share capital:</b>		
65,30,000 (March 31, 2018 - 65,30,000) Equity shares of ₹ 10/- each	6,53,00,000	6,53,00,000
	<u>6,53,00,000</u>	<u>6,53,00,000</u>
<b>Issued, subscribed and fully paid up shares:</b>		
65,21,665 (March 31, 2018 - 65,21,665) Equity shares of ₹ 10/- each.	6,52,16,650	6,52,16,650
	<u>6,52,16,650</u>	<u>6,52,16,650</u>

### a) Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholder Equity shares of ₹ 10/- each fully paid,	As at March 31, 2019		As at March 31, 2018	
	No of shares in lakhs	% holding in the class	No of shares in lakhs	% holding in the class
Mr. Krishna Datla	32.66	50.08%	32.66	50.08%
Mr. Satish Varma	14.84	22.75%	14.84	22.75%
Ms. Preeti Thakkar	8.86	13.59%	8.86	13.59%
Ms. Anupama Datla Desai	8.86	13.58%	8.86	13.58%

### 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.

During the year ended March 31, 2019, the amount of per share dividend recommended by the Board of Directors for distribution to equity shareholders is ₹. Nil (March 31, 2018: ₹.1.47/-)

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) 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.

	As at March 31, 2019 ₹.	As at March 31, 2018 ₹.
<b>Note 14 - Other current liabilities</b>		
Statutory dues	5,417	7,650
Others	45,000	60,000
	<u>50,417</u>	<u>67,650</u>

### Note 15 - Revenue from operations

	Year Ended March 31, 2019 ₹.	Year Ended March 31, 2018 ₹.
Dividend Income from investments:	1,10,76,866	82,12,341.89
Interest on intercorporate deposit to subsidiary	26,92,603	16,17,534.00
Interest income on Bonds	-	-
	<u>1,37,69,469</u>	<u>98,29,875.89</u>



**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**Note 13 - Other equity**

₹.

	Reserves & Surplus				Total
	General reserve	Securities Premium	Special Reserve under RBI Act	Retained earnings	
Balance as at April 01, 2017	1,88,41,641	1,02,85,050	4,03,93,595	6,57,36,210	13,52,56,496
Profit for the year	-	-	-	78,88,390	78,88,390
Payment of dividend (including dividend distribution tax)	-	-	-	(1,09,14,505)	(1,09,14,505)
Transfer to general reserve	7,88,839	-	-	(7,88,839)	(0)
Transfer to special reserve under RBI Act	-	-	15,77,678	(15,77,678)	0
<b>Balance as at March 31, 2018</b>	<b>1,96,30,480</b>	<b>1,02,85,050</b>	<b>4,19,71,273</b>	<b>6,03,43,578</b>	<b>13,22,30,381</b>
Balance as at April 01, 2018	1,96,30,480	1,02,85,050	4,19,71,273	6,03,43,578	13,22,30,381
Profit for the year	-	-	-	1,25,78,175	1,25,78,175
Payment of dividend (including dividend distribution tax)	-	-	-	-	-
Transfer to general reserve	-	-	-	-	-
Transfer to special reserve under RBI Act	-	-	25,15,635	(25,15,635)	-
<b>Balance as at March 31, 2019</b>	<b>1,96,30,480</b>	<b>1,02,85,050</b>	<b>4,44,86,908</b>	<b>7,04,06,118</b>	<b>14,48,08,556</b>

\* Represents remeasurement of defined benefit plan.

**Description of nature and purpose of each reserve**

**General reserve:** General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes.

**Security premium:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve

**Special Reserve under RBI Act:** Special 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.



# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

	Year Ended March 31, 2019	Year Ended March 31, 2018
	₹.	₹.

### Note 16 - Other income:

Net (Loss)/gain arising on financial assets measured at fair value through profit and loss	3,52,959	(2,16,205)
	<u>3,52,959</u>	<u>(2,16,205)</u>

	Year Ended March 31, 2019	Year Ended March 31, 2018
	₹.	₹.

### Note 17 - Employee benefits expense

Salaries and wages	6,72,193	9,52,061
Staff welfare expenses	-	3,082
	<u>6,72,193</u>	<u>9,55,143</u>

	Year Ended March 31, 2019	Year Ended March 31, 2018
	₹.	₹.

### Note 18 - Other expenses:

Rent	35,400	35,178
Rates and taxes	-	3,000
Travelling and conveyance	60	-
Legal and professional charges	2,53,910	2,56,320
Payment to auditors (Refer note below)	45,000	45,000
Loss on sale/redemption of current investments	-	277
Donation	5,00,000	4,00,000
Printing and stationery	-	1,200
Miscellaneous expenses	37,690	29,163
	<u>8,72,060</u>	<u>7,70,138</u>

	Year Ended March 31, 2019	Year Ended March 31, 2018
	₹.	₹.

### Payment to auditors (excluding statutory levy)

For audit	45,000	45,000
	<u>45,000</u>	<u>45,000</u>

### Note 19 - Earnings per share (EPS):

The following table sets forth the computation of basic and diluted earnings per share :

	For the year ended March 31, 2019	For the year ended March 31, 2018
Loss for the year used for computation of basic and diluted earnings per share (₹ in Lakhs)	1,25,78,175	78,88,390
Weighted average number of equity shares used in calculating basic and diluted EPS	65,21,665	65,21,665
Basic earnings per equity share [nominal value of share ₹ 10 (2018: ₹ 10)]	1.93	1.21
Diluted earnings per equity share [nominal value of share ₹ 10 (2018: ₹ 10)]	1.93	1.21



DVK INVESTMENTS PRIVATE LIMITED

NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 20 - Leases:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
₹.		
<b>Assets taken on operating lease</b>		
During the year, the Company has entered into arrangement for taking on leave and license basis office premises. The agreement is cancellable and the agreement has no escalation clause and is renewable.		
a) Lease payments recognised in the Statement of profit and loss for the year	35,400	35,178
Particulars	As at March 31, 2019 As at March 31, 2018	
b) Future minimum lease payments under non cancellable leases in the aggregate and for each of the following periods:		
i) Not later than one year	15,000.00	17,500.00
ii) Later than one year and not later than five years		



**DVK INVESTMENTS PRIVATE LIMITED****NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019****Note 21 Interest on loans**

It is the policy of the Company not to charge interest on loans and advances granted by it to its business associates and the repayment of loans is as mutually discussed and agreed upon between the Company and the various parties.

**Note 22 Related party disclosures****Particulars****DIL Limited - Subsidiary Company**

Rent paid	Rs. 35,400/- (Rs. 35,178/-)
Unsecured loans (ICD) given	Rs. 2,50,00,000/- (Rs. 2,00,00,000/-)
Unsecured loans (ICD) repaid	Rs. Nil/- (Rs. Nil/-)
Interest received	Rs. 26,92,603/- (Rs. 16,17,534/-)
Loans to Directors	Rs. 20,00,000/- (Rs. 20,00,000/-)

**Late Shrimati Annapurna Charity Trust**

[A trust controlled as Trustees by two directors of Company]

Donations given	Rs. 5,00,000/- (Rs. 4,00,000/-)
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# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### Note 23 -Categories of the financial instruments

₹

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Financial assets</b>		
Financial assets measured at fair value through the Statement of profit and loss		
Investments in securities - quoted	49,66,436	24,47,673
HDFC Bank Limited	9,72,930	7,94,409
ICICI Bank Limited	7,81,746	5,45,664
Polyplex Corporation Ltd.	10,33,200	9,27,600
Jain irrigation Systems Limited	1,06,110	-
Mahindra Lifespace Developers Limited	7,90,570	-
Piramal Enterprises Limited	11,01,880	-
Island Veerchemie Private Limited	1,80,000	1,80,000
Investments in mutual funds - unquoted	1,86,98,753	1,75,59,228
Franklin India Bluechip Fund Dividend Reinvestment**	1,05,58,715	98,16,849
HDFC Medium Term Debt Fund**	35,81,542	34,36,119
[Formerly named HDFC High Interest Fund - Short Term Plan]		
Franklin India Low Duration fund**	45,58,496	43,06,259
Financial assets measured at amortised cost		
(i) Trade receivables	-	-
(ii) Cash and cash equivalents	40,45,903	28,33,852
(iii) Share application money	80,00,000	80,00,000
(iv) Loans	2,84,50,000	2,34,50,000
(v) Other financial assets	38,79,124	14,55,781
<b>Total financial assets</b>	<b>6,80,40,216</b>	<b>5,57,46,534</b>
Financial liabilities measured at amortised cost		
(ii) Trade payables	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>



# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### Note 24 - Fair Value

Fair value of financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required :

₹.

Particulars	Carrying value		Fair value	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b>Financial assets</b>				
(i) Loans	2,84,50,000	2,34,50,000	2,84,50,000	2,34,50,000
(ii) Share application money	80,00,000	80,00,000	80,00,000	80,00,000
(iii) Others financial assets	38,79,124	14,55,781	38,79,124	14,55,781
(iv) Trade receivables	-	-	-	-
(v) Cash and cash equivalents	40,45,903	28,33,852	40,45,903	28,33,852
<b>Total assets</b>	<b>4,43,75,027</b>	<b>3,57,39,633</b>	<b>4,43,75,027</b>	<b>3,57,39,633</b>
<b>Financial liabilities</b>				
(i) Borrowings	-	-	-	-
(ii) Trade payables	-	-	-	-
(iii) Other financial liabilities	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The financial assets above do not include investments in subsidiaries which are measured at cost, investments in mutual funds and equity instruments are measured at fair value through profit and loss.

The Management considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

### Note 25 - Fair value hierarchy

	As at March 31, 2019		As at March 31, 2018	
	Fair Value	Fair value hierarchy	Fair Value	Fair value hierarchy
<b>Financial assets measured at fair value through profit or loss</b>				
Investments in mutual funds	1,86,98,753	Level 1	1,75,59,228	Level 1
Investments in securities	47,86,436	Level 1	22,67,673	Level 1
<b>Total</b>	<b>2,34,85,189</b>		<b>1,98,26,901</b>	



# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### Note 26 -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. This note explains the sources of risk to which the Company is exposed to and how to mitigate those risks.

#### 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 two types of risks: interest rate risk and other price risks, such as equity price risk. Financial instruments 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 reviews and approves all equity investments.

As at March 31, 2016, the Company 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 Company 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 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.

#### 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

Year ended	(+)Increase/(-) decrease in basis points	Effect on loss decrease / (increase)
March 31, 2018	+0.50	+0.50
	-0.50	-0.50
March 31, 2019	+0.50	+0.50
	-0.50	-0.50

The assumed movement in basis points for the interest rate sensitivity analysis is based on the observable market environment as at the respective reporting dates.

#### 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. The credit risk is mitigated through credit approvals establishing credit limits and continuous monitoring of credit worthiness of the counter party.

#### 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 a credit 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.



# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### Note 27 - 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:

	As at March 31, 2019	As at March 31, 2018
Debts (Long term and short term borrowings including current maturities of long term borrowings)	-	-
Less: Cash and cash equivalents (Refer note 9)	40,45,903	28,33,852
<b>Net debt</b>	<b>(40,45,903)</b>	<b>(28,33,852)</b>
<b>Total equity</b>	<b>21,00,25,206</b>	<b>19,74,47,031</b>
<b>Net debt to equity ratio</b>	<b>-1.93%</b>	<b>-1.44%</b>

(ii) Dividend on equity shares paid during the year

	Year ended March 31, 2019	Year ended March 31, 2018
<b>Dividend on equity shares</b>		
Dividend for the year ended March 31, 2018 of ₹ Nil (previous year for year ended March 31, 2017 ₹ 1.47) per fully paid share of ₹ 10 each	-	95,86,848
Dividend distribution tax on above	-	13,27,657



**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

Note 28 - Income tax

(₹.)

A Tax expense recognised in the Statement of profit and loss and other comprehensive income consists of:

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Current tax:</b>		
- For the year	-	-
- Short provision of tax for earlier years	-	-
Deferred tax charge/(credit)	-	-
<b>Income tax expense reported in the Statement of profit and loss</b>	<b>-</b>	<b>-</b>
<b>Tax expense recognised in other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Tax expense</b>	<b>-</b>	<b>-</b>

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, 2019	March 31, 2018
<b>Profit before tax</b>	<b>1,25,78,175</b>	<b>78,88,390</b>
Enacted income tax rate in India (%) #	26.00%	25.75%
Income tax expenses calculated at enacted income tax rate	32,70,326	20,31,260
<b>Effect of tax on:</b>		
- dividend income being exempt	(28,79,985)	(21,14,678)
- carried forward tax loss of the current year for which DTA is not created	(3,90,340)	83,417
<b>Effect of above</b>	<b>(32,70,326)</b>	<b>(20,31,260)</b>
<b>Tax expense recognised in profit or loss</b>	<b>-</b>	<b>-</b>
<b>Tax expense recognised in other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total tax expense</b>	<b>-</b>	<b>-</b>

# The tax rate used for reconciliation above is the corporate tax rate of 26% (March 31, 2018 - 25.75%) at which the Company is liable to pay tax on taxable income under the Indian tax Laws

\* Deferred tax asset has not been recognised in the previous year since the company is earning tax free dividend income and the same is the major component of its total operating revenue.



**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

**Note 29** - The financial statements were approved for issue by the Board of Directors on May 24, 2019.

**Note 30** - Previous year's figures have been reclassified/regrouped wherever necessary.

**As per our report of even date**

For Anil A. Dikshit & Co

Firm Registration No. 100410W

Chartered Accountants

Anil A. Dikshit

Proprietor

Membership No : 036706



Place : Thane

Date : May 24, 2019

For and on behalf of the Board of Directors of  
DVK Investments Private Limited

KRISHNA DATLA

Director

SONIA GUPTA

Company Secretary

Place : Thane

Date : May 24, 2019

SATISH VARMA

Director





**ANIL A. DIKSHIT & CO.**

**Chartered Accountants**

**15-A/11, Brindaban, Thane - 400 601**

Tel. : +91-98201 31902

anil\_dikshit@hotmail.com

**Independent Auditor's Report**

**To the Members of DVK Investments Private Limited**

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

- 1 We have audited the accompanying consolidated Ind AS financial statements the Consolidated Financial Statements of DVK Investments Private Limited (the Holding company), its subsidiaries, its jointly controlled entities and associate companies, hereinafter referred to as the "Group", which comprise the consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information prepared based on the relevant records.

**Management's Responsibility for the Consolidated Financial Statements**

- 2 The Holding Company's Board of Directors (the Board) is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2015 (as amended). The Holding Company's Board is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the companies included in the Group and its associates and joint ventures respectively 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 its associates and joint ventures respectively 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 purposes of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

**Auditors' Responsibility**

- 3 Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
- 4 We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind As financial statements are free from material misstatement.
- 5 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the 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 control relevant to the 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, but not for the purpose of expressing an opinion on whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.



- 6 We believe that the audit evidence obtained by us and audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 8 of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

**Opinion**

- 7 In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, its associates and joint ventures as at March 31, 2019, and their consolidated total comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

**Other Matter**

- 8 We did not audit the financial statements of three subsidiaries and one jointly controlled entity included in the consolidated financial statements, which constitute total assets of Rs. 66,949.06 lakh as at March 31, 2019, total revenue of Rs. 42,094.54 lakh, net profit of Rs. 11,033.17 lakh and net cash flows amounting to Rs. 12,109.90 lakh for the year then ended. These financial statements and other information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors. Our opinion is not qualified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

- 9 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 of the aforesaid consolidated Ind AS financial statements.
  - (b) In our opinion 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 appears from our examination of those books.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with Indian Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint ventures incorporated in India, none of the directors of the Group companies, its associate companies and joint ventures incorporated in India is disqualified as on March 31, 2019, from being appointed as a director in terms of 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, associate companies and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
  - (g) With respect to the other matters to be included in the 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 knowledge and belief and according to the information and explanations given to us:





**ANIL A. DIKSHIT & CO.**  
Chartered Accountants

- (i) The consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at March 31, 2019 on the consolidated financial position of the Group, its associates and joint ventures.
- (ii) Provision has been made in the consolidated Ind As financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contract including derivative contracts as at March 31, 2019;
- (iii) There has been no delay in transferring amounts, wherever required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies during the year ended March 31, 2019.

For Anil A. Dikshit & Co.  
Firm Registration No. 100410W  
Chartered Accountants

  
Anil A. Dikshit  
Proprietor  
Membership No. 036706

Place : Thane  
Date : May 24, 2019



**Annexure A to the Auditors' Report**

[Referred to in paragraph (f) under "Report on Other Legal and Regulatory Requirements" section of our report to the members of DVK Investments Private Limited]

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

- 1 In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of DVK Investments Private Limited ("the Holding Company") and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

- 2 The respective Board of Directors of the holding company, its subsidiary companies, its associate companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

**Auditors' Responsibility**

- 3 Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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.
- 4 Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- 5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the company, its subsidiary companies, which are incorporated in India.



**Meaning of Internal Financial Controls over Financial Reporting**

6 A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

7 Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8 In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

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

For Anil A. Dikshit & Co  
Firm Registration No. 100410W  
Chartered Accountants

Anil A. Dikshit  
Proprietor  
Membership No : 036706  
Place : Thane  
Date : May 24, 2019



DVK INVESTMENTS PRIVATE LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

	Notes	March 31, 2019 ₹. in Lakhs	* March 31, 2018 ₹. in Lakhs
<b>ASSETS</b>			
<b>Non-current assets</b>			
a) Property, plant and equipment	3	9,730.32	9,063.71
b) Capital work-in-progress		2,072.16	250.08
c) Investment property	4	7,382.81	8,049.53
d) Goodwill	5	412.79	412.79
e) Other intangible assets	6	230.20	211.04
f) Intangible assets under development		85.99	99.50
<b>g) Investments</b>			
i) Investments in associates	7	130.00	* 250.48
ii) Investments in joint ventures	8		
<b>h) Financial assets</b>			
i) Investments	9	107.86	36.16
ii) Loans	10	25.32	38.10
iii) Share application money	11	677.00	* 870.82
iv) Others financial assets	12	462.75	479.97
i) Deferred tax assets (Net)	13	2,297.83	
j) Non-current tax assets (Net)	14	341.73	112.85
k) Other non-current assets	15	2,241.39	602.99
<b>Total non-current assets</b>		<b>26,198.15</b>	<b>* 20,478.02</b>
<b>Current assets</b>			
a) Inventories	16	8,766.53	5,117.88
<b>b) Financial assets</b>			
i) Investments	17	301.78	281.49
ii) Trade receivables	18	6,554.40	6,871.93
iii) Cash and cash equivalents	19	4,116.96	3,272.03
iv) Bank balances other than (iii) above	20	5,036.92	22.26
v) Loans	21	1,214.76	43.89
vi) Other financial assets	22	258.22	90.22
c) Other current assets	23	3,573.29	2,765.26
<b>Total current assets</b>		<b>29,822.86</b>	<b>18,464.96</b>
<b>TOTAL ASSETS</b>		<b>56,021.01</b>	<b>* 38,942.98</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	23	652.17	652.17
b) Other equity	24	8,331.61	* 2,118.30
<b>Equity attributable to owners of the Company</b>		<b>8,983.78</b>	<b>2,770.47</b>
<b>Non-controlling interests</b>		<b>16,891.26</b>	<b>11,465.39</b>
<b>Total equity</b>		<b>25,875.04</b>	<b>* 14,235.86</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>a) Financial liabilities</b>			
i) Borrowings	25	13,520.93	13,536.79
ii) Trade payables			
ii) Other financial liabilities	26	185.18	365.60
<b>b) Provisions</b>			
	27	630.94	272.97
<b>c) Deferred tax liabilities (Net) [Refer to Note 61C]</b>			
	27A	366.13	218.93
d) Other non-current liabilities	28	133.41	171.18
<b>Total non-current liabilities</b>		<b>14,836.59</b>	<b>14,565.47</b>
<b>Current liabilities</b>			
<b>a) Financial liabilities</b>			
i) Borrowings	29	5,771.25	2,785.51
ii) Trade payables			
A) Total outstanding dues of micro and small enterprises and;	30	97.89	38.33
B) Total outstanding dues of creditors other than micro and small enterprises		4,174.08	3,970.26
iii) Other financial liabilities	31	4,213.56	2,318.11
<b>b) Provisions</b>			
	32	50.23	46.68
<b>c) Other current liabilities</b>			
	33	489.86	606.27
<b>d) Current tax liabilities (Net)</b>			
	34	512.51	376.49
<b>Total current liabilities</b>		<b>15,309.38</b>	<b>10,141.65</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>56,021.01</b>	<b>* 38,942.98</b>

\* Restated (Refer note 66)

See accompanying notes 1 to 69 to the consolidated financial statements

In terms of our report attached

For Anil A. Dikshit & Co  
Chartered Accountants

Anil A. Dikshit  
Proprietor  
Membership No : 036706



Thane  
Date: May 24, 2019

For and on behalf of the Board of Directors of DVK  
Investments Private Limited

KRISHNA DATLA  
Director

SATISH VARMA  
Director

SONIA GUPTA  
Company Secretary



Thane  
Date: May 24, 2019

DVK INVESTMENTS PRIVATE LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

		March 31, 2019 ₹. in Lakhs	* March 31, 2018 ₹. in Lakhs
Income:			
Revenue from operations	35	40,466.68	30,297.23
Other income	36	1,289.00	943.89
<b>Total Income</b>		<b>41,755.68</b>	<b>31,241.12</b>
Expenses:			
Cost of materials consumed	37	10,320.06	8,490.24
Purchases of stock-in-trade		187.54	28.80
Changes in inventories of finished goods, stock-in-trade and work-in-progress	38	(1,282.35)	(538.92)
Excise duty on sale of goods		-	30.79
Employee benefits expense	39	5,324.51	3,992.58
Depreciation and amortisation expense	40	1,188.75	1,236.31
Finance costs	41	2,038.38	1,347.20
Other expenses	42	11,044.22	9,009.20
<b>Total expenses</b>		<b>28,821.11</b>	<b>23,596.20</b>
<b>Profit before tax</b>		<b>12,934.57</b>	<b>7,644.92</b>
Tax expense:			
Current tax		3,195.65	2,108.35
- For the year			
- Short provision of tax for earlier years		-	-
Deferred tax charge/(credit)		(2,115.30)	4.88
<b>Total tax expense</b>		<b>1,080.35</b>	<b>2,113.23</b>
<b>Profit for the year before share of loss of associates and a joint venture</b>		<b>11,854.22</b>	<b>5,531.69</b>
-Share of loss of associates		(49.82)	*(248.38)
-Share of profit / (loss) of a joint venture		7.04	(601.06)
<b>Profit for the year</b>		<b>11,811.44</b>	<b>4,682.25</b>
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
a) (i) Remeasurements of defined benefit plan		(186.51)	5.20
(ii) Income tax relating to remeasurements of defined benefit plan		35.33	(3.63)
b) Net fair value change in investment in equity instruments through other comprehensive income		2.57	1.12
(ii) Income tax relating to fair value change in investment in equity instruments through other comprehensive		-	-
Items that will be reclassified to profit or loss			
Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>Total other comprehensive income / (loss) for the year (a+b)</b>		<b>(148.61)</b>	<b>2.69</b>
<b>Total comprehensive income for the year</b>		<b>11,662.83</b>	<b>4,684.94</b>
Profit for the year attributable to:			
- Owners of the Company		6,421.05	* 1,851.86
- Non-controlling interests		5,390.39	2,830.39
		* 11,811.44	* 4,682.25
<b>Total other comprehensive income / (loss) for the year</b>		<b>(78.39)</b>	<b>2.69</b>
- Owners of the Company		(78.39)	-
- Non-controlling interests		(70.22)	-
		(148.61)	2.69
<b>Total comprehensive income for the year attributable to:</b>		<b>6,272.44</b>	<b>* 1,854.55</b>
- Owners of the Company		5,390.39	2,830.39
- Non-controlling interests		11,662.83	* 4,684.94
Earnings per equity share of ₹ 5 each (Post split and post bonus)	43 and 23 (c)		
Basic (in ₹)		98.46	* 28.40
Diluted (in ₹)		98.46	* 28.40
* Restated (Refer note 66)			
See accompanying notes 1 to 69 to the consolidated financial statements			

In terms of our report attached

For Anil A. Dikshit & Co  
Chartered Accountants

Anil A. Dikshit  
Proprietor

Membership No : 036706



Thane  
Date: May 24, 2019

For and on behalf of the Board of Directors of DVK  
Investments Private Limited

Krishna Datla  
Krishna Datla  
Director

Satish Varma  
Satish Varma  
Director

Sonia Gupte  
Sonia Gupte  
Company Secretary



Thane  
Date: May 24, 2019

	March 31, 2019	March 31, 2018
Balance at the beginning of the year	2,29,31,980.00	2,29,31,980.00
Add: Issue of Bonus shares	1,05,69,630.00	-
Balance at the end of the year	3,35,01,610.00	2,29,31,980.00

(a) Equity share capital:

	Reserves and surplus										Total		
	Capital reserve	Capital Redemption Reserve	Securities Premium	Unrealised gain/(loss) on dilution	Foreign Currency Translation Reserve	General Reserve	Special Reserve under RBI Act	Share options outstanding account	Retained Earnings	Items of Other comprehensive Income Equity Instruments through OCI		Attributable to the Owners of the Parent Company	Non Controlling Interest
Balance as at April 01, 2017	11,39,99,800.00	70,00,000.00	1,02,85,050.00	10,57,97,418.32	1,60,000.00	49,25,11,637.57	4,03,93,394.75	-	(19,95,20,798.57)	8,12,715.00	57,11,19,417.07	1,16,46,59,141.49	1,73,57,76,558.56
Profit for the year	-	-	-	(53,00,20,692.83)	-	-	-	-	18,51,86,184.90	-	* 18,51,86,184.90	28,30,38,710.31	* 46,82,24,895.21
Addition for the year	-	-	-	-	1,60,000.00	-	-	-	(1,60,000.00)	-	(55,00,20,692.83)	(30,11,58,642.41)	(83,11,79,535.24)
Transfer to retained earnings	-	-	-	-	-	7,88,839.01	15,77,678.01	-	(23,66,517.02)	-	-	-	-
Transfer from retained earnings	-	-	-	-	-	-	-	-	(1,47,24,015.50)	-	(1,47,24,015.50)	-	(1,47,24,015.50)
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	-	-	-	1,57,309.95	-	2,69,934.95	-	2,69,934.95
Other comprehensive income for the year	-	-	-	-	-	-	-	-	(3,14,27,836.24)	9,25,340.00	* 21,13,30,828.59	1,14,65,39,009.39	* 1,35,83,69,837.98
Balance as at March 31, 2018	11,39,99,800.00	70,00,000.00	1,02,85,050.00	(42,42,23,274.51)	-	49,33,00,476.58	4,19,71,272.76	-	64,21,03,793.33	-	84,21,03,793.33	53,90,39,325.35	1,18,11,43,118.68
Profit for the year	-	-	-	-	-	(1,05,69,630.00)	25,15,635.03	-	(25,15,635.03)	-	(1,05,69,630.00)	1,05,69,630.00	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Recognition of share based payments	-	-	-	-	-	-	-	52,79,855.00	-	-	52,79,855.00	-	52,79,855.00
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	-	-	-	(76,41,683.00)	-	(76,41,683.00)	-	(76,41,683.00)
Other comprehensive income / (loss) for the year	-	-	-	-	-	-	-	-	(80,95,097.60)	2,56,837.00	(78,38,260.60)	(70,22,390.59)	(1,48,60,651.19)
Balance as at March 31, 2019	11,39,99,800.00	70,00,000.00	1,02,85,050.00	(42,42,23,274.51)	-	48,27,30,846.58	4,44,86,907.79	52,79,855.00	59,24,23,541.46	1,18,21,777.00	83,31,64,903.32	1,86,91,25,374.15	2,32,22,90,477.47

@Represents: remeasurement of defined benefits plan

(c) Total equity

	March 31, 2019	March 31, 2018
Total equity [(a)+(b)]	2,55,57,92,087.47	* 1,38,13,01,817.98
* Restated (Refer note 66)		

See accompanying notes 1 to 69 to the consolidated financial statements

In terms of our report attached

For Anil A. Dikshit & Co  
Chartered Accountants

Anil A. Dikshit  
Proprietor

KUSHIMA BATHIA  
Director

SATISH VARMA  
Director

Sonia Gupta  
Company Secretary

Thane  
Date: May 24, 2019

Thane  
Date: May 24, 2019



## DIL LIMITED

CIN:L99999MH1951PLC008485

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

PARTICULARS	₹. in Lakhs	
	March 31, 2019	March 31, 2018
<b>A. Cash flows from operating activities</b>		
Profit before tax as per Consolidated statement of profit and loss	12,934.57	7,644.92
Adjustments for:		
Depreciation and amortisation expense	1,188.75	1,236.31
Net unrealised foreign exchange gain	(139.41)	(261.02)
(Profit)/Loss on sale/write off, of property, plant and equipment (Net)	57.73	(80.42)
Allowance for doubtful debts	64.34	444.21
Allowance for doubtful inter-corporate deposit given to an associate	37.00	-
Share based payments to employees	52.80	-
Allowance for doubtful advances	3.24	11.18
Gain on sale of equity shares of an associate	(2.79)	-
Trade receivables and advances written off	21.13	(5.53)
Provision for Impairment in the value of share application money in an associate	186.34	-
Net gain arising on financial assets measured at fair value through profit and loss	(12.42)	(3.28)
Finance costs	2,038.38	1,347.20
Interest income	(419.81)	-
Dividend income	(49.34)	(51.52)
<b>Operating profit before working capital changes</b>	<b>15,960.51</b>	<b>10,282.05</b>
<b>Movements in working capital:</b>		
(Increase)/decrease in trade receivables	267.09	(2,576.56)
Increase in inventories	(3,648.65)	(1,226.50)
Increase in other assets	(1,402.66)	(1,475.81)
Increase in trade payables	279.88	1,271.15
Increase/(decrease) in provisions	182.05	(2.12)
Increase in other liabilities	666.23	1,464.18
	<b>12,304.45</b>	<b>7,736.39</b>
Income taxes paid (net of refunds)	(3,288.51)	(1,829.68)
<b>Net cash generated from operations (A)</b>	<b>9,015.94</b>	<b>5,906.71</b>
<b>B. Cash flows from investing activities</b>		
Payments for purchase of property, plant and equipment, investment property, capital work-in-progress, intangible assets and intangible assets under development	(3,577.15)	(1,952.76)
Proceeds on sale of property, plant and equipment	53.72	186.60
Inter-corporate deposits given	(1,150.00)	-
Proceeds of current investments	(7.87)	-
Purchase of non-current investments	(25.20)	(9.95)
Purchase of current investments	-	138.51
Interest received	292.74	-
Purchase of investments	-	-
In a joint venture	-	(58.00)
In a subsidiary	-	(8,292.95)
Proceeds from sale of shares of an associate	37.00	-
Dividend received	49.34	51.52
Deposits with a financial institution	(300.00)	-
Deposits with Banks not considered as cash and cash equivalents (net)	(5,014.66)	2.74
<b>Net cash used in investing activities (B)</b>	<b>(9,642.08)</b>	<b>(9,934.29)</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from long term borrowings	1,317.95	14,370.00
Repayment of long term borrowings	(759.92)	(5,056.51)
Net increase in short term borrowings	2,802.31	686.87
Finance costs	(2,040.08)	(1,245.07)
Dividends paid (including dividend distribution tax thereon)	(83.43)	(149.98)
<b>Net cash generated from financing activities (C)</b>	<b>1,236.83</b>	<b>8,605.31</b>
<b>Net increase in cash and cash equivalents (A)+(B)+(C)</b>	<b>610.69</b>	<b>4,577.73</b>
Cash and cash equivalents at the beginning of the year	3,272.03	(1,305.70)
<b>Cash and cash equivalents at the end of the year</b>	<b>3,882.72</b>	<b>3,272.03</b>

**DIL LIMITED**

CIN:L99999MH1951PLC008485

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019**

Cash Flow Statement: (Contd)

PARTICULARS	₹. in Lakhs	
	March 31, 2019	March 31, 2018
<b>Components of cash and cash equivalents</b>		
Cash on hand	4.98	6.57
Balances with banks		
In current accounts	1,212.92	1,330.04
In deposit accounts with original maturity for less than 3 months	2,899.06	1,006.14
In deposit accounts with original maturity for more than 3 months but less than 12 months	-	929.28
Cash and cash equivalents (Refer note 18)	<u>4,116.96</u>	<u>3,272.03</u>
Cash credit facilities included under loans repayable on demand (Refer note 29)	(234.24)	-
<b>Total cash and cash equivalents considered for cash flows</b>	<u><b>3,882.72</b></u>	<u><b>3,272.03</b></u>

See accompanying notes 1 to 69 to the consolidated financial statements

In terms of our report attached

For Anil A. Dikshit & Co  
Chartered Accountants

Anil A. Dikshit  
ProprietorThane  
Date: May 24, 2019For and on behalf of the Board of Directors of DVK  
Investments Private Limited


KRISHNA DATLA  
DirectorSATISH VARMA  
Director

SONIA GUPTE  
Company SecretaryThane  
Date: May 24, 2019



# **DVK INVESTMENTS PRIVATE LIMITED**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

### **1.1 Corporate information**

DVK Investments Private Limited ('DVK' or 'the Parent Company') is a private limited company having its registered office at A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane - 400610, together with its subsidiaries DIL Limited, Fermenta Biotech Limited (FBL), Fermenta Biotech (UK) Limited (FBLUK), Aegean Properties Limited (APL), G I Biotech Private Limited (GI BIO), CC Square Films Limited (CCSFL), collectively referred to as "the Group", is in the business of strategic investments and through its subsidiaries in the business of manufacturing and selling of chemicals, primarily bulk drugs and enzymes, renting of property and entertainment.

### **2. Significant accounting policies**

#### **2.1 Statement of compliance**

The consolidated financial statements are prepared in accordance with and in compliance, in all material aspects, with Indian Accounting Standard (Ind AS) notified under Section 133 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and other provisions of the Act. The financial statements of the Group have been consolidated using uniform accounting policies.

#### **2.2 Basis of preparation and presentation**

The consolidated 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 plan— plan assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

##### **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 consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, share based payment transactions that are within the scope of Ind AS 102 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 comprise the financial statements of the Parent Company, and its subsidiaries as disclosed in Note 47. Control is achieved when the Parent Company:

- has power over the investee;

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

- 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.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent 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 Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component or other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Parent 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 into line with the Group's accounting policies.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-Group balances, transactions including unrealized gain / loss from such transactions and cash flows relating to transactions between members of the Group are eliminated upon consolidation.

#### **(c) Operating cycle**

Based on the nature of products / activities of the Group and the normal time between acquisition of assets/liabilities and their realization/settlement 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 interests 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 recognised 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 recognised 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 (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable Ind AS). 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 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.

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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 *pro rata* based on the carrying amount of each asset 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 held for sale, 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 any is 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

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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 re-measurement 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.

#### **(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 re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated 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 re-translated.

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 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 foreign currency borrowings
- exchange differences 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.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate). When a foreign operation is disposed of, 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 that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

#### **(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 and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries 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.

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 Group in respect of services provided by employees up to the reporting date.

##### ii) Termination benefits:

A) Defined contribution plans: The Group contributes towards state governed provident fund scheme, employee state insurance scheme (ESIC) and labour welfare fund to all applicable employees 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 plan: The employees' gratuity fund scheme represents the defined benefit plan. 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. Re-measurement, 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.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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 categorized 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) re-measurement

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

#### iii) Share-based payments:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 61.

- (a) Includes impact of market performance conditions (e.g. entity's share price)
- (b) Excludes impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- (c) Includes the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time)

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the "Share options outstanding account".

#### **(j) 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 consolidated 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 consolidated 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

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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 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.

#### 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 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**

The Group derives revenues primarily from sale of manufactured chemicals, bulk drugs, enzymes, pharmaceutical formulations, environmental solution products and rental income from investment property. 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. Amounts collected on behalf of third parties such as sales tax, value added tax and Goods and Services Tax are excluded from revenue.

Effective April 01, 2018, the Group has adopted Indian Accounting Standard 115 (Ind AS 115) - 'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. April 01, 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 is not material.

#### 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

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

#### Sale of Goods:

The Group recognizes revenue when it transfers control of a product or service to a customer. The control of goods is transferred to the customer depending upon the incoterms or as agreed with customer or delivery basis. Control is considered to be transferred to the customer:

- when the customer has ability to direct the use of such goods and obtain substantially all the benefits from it such as following delivery,
- the customer has full discretion over the manner of distribution and price to sell the goods,
- the customer has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods.

#### 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 essentials. Revenue from such services are recognised in accordance with the terms of the agreement entered into with individual lessees.

#### 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 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 recognised on receipt of refund order.

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

#### Export Incentives:

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 consolidated statement of profit and loss and is accounted in the year of export.

### **(I) Property, plant and equipment (PPE)**

The Group had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its property, plant and equipment.



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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

#### Measurement at recognition:

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. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy.

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 capitalized 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 derecognized 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 property, plant and equipment are as follows:

<b>Assets</b>	<b>Estimated useful life (in years)</b>
Buildings	30-60
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	6-10
Vehicles	8

#### **(m) Investment property**

The Group had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its 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,

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including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16's requirements for cost model.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

- (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property
- (b) commencement of development with a view to sale, for a transfer from investment property to inventories
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property;
- (d) commencement of an operating lease to another party, for a transfer from inventories to investment property

An investment property is derecognized 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 derecognized.

The estimated useful lives of Investment property are as follows:

<b>Assets</b>	<b>Estimated useful life (in years)</b>
Building	60
Plant and equipment	15

#### **(n) Intangible assets**

##### (a) Intangible assets acquired separately

The Group had applied for one time transition exemption of considering the carrying value on the transition date i.e. April 01, 2016 as the deemed cost under Ind AS for its intangible assets.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. The amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization 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 asset is derecognized 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 consolidated statement of profit and loss when the assets is derecognized.

##### (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;

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- (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 consolidated 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 amortization and accumulated impairment losses, on the same basis as intangible as intangible assets that are acquired separately.

The estimated useful lives of intangible assets are as follows:

<b>Assets</b>	<b>Estimated useful life (in years)</b>
Computer software	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.]

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

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 a cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the consolidated 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 a 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 a cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated 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 derecognized on a trade date basis. Regular way purchases or sales of financial assets are 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 amortized 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)

##### **(1) Debt instruments at amortized cost**

# **DVK INVESTMENTS PRIVATE LIMITED**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

A 'debt instrument' is measured at the amortized 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 amortized cost using the effective interest rate (EIR) method. Amortized 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 amortization 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.

### **(2) 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 that 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 recognizes 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.

### **(3) 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 amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized 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').

### **(4) 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 consolidated 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 derecognized (i.e. removed from the Group's balance sheet) when:

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

## **DVK INVESTMENTS PRIVATE LIMITED**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

- 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 recognizes 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 amortized 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 (or credit adjusted effective interest rate for purchase or originated credit-impaired financial assets). 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.

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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 consolidated 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 amortized 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:

- it has been incurred principally for the purpose of repurchasing it in the near term; or

## **DVK INVESTMENTS PRIVATE LIMITED**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

- 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
- 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 re-measurement 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 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 53.

#### Financial liabilities at amortized cost:

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method. Interest expense that is not capitalized 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 amortized 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 Group derecognizes 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 derecognized and the consideration paid and payable is recognised in the consolidated 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.

#### **(r) Leasing**



## DVK INVESTMENTS PRIVATE LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

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 Group as a lessor:

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 Group as a 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 capitalized in accordance with the Group'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) Provisions, contingent liabilities and contingent assets**

Provisions 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 flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows when the effect of the time value of money is material.

## **DVK INVESTMENTS PRIVATE LIMITED**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

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 consolidated 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 cases 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 consolidated financial statements.

#### **(t) Earnings per share**

The Group presents basic and diluted earnings per share 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 Parent company does not have any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

#### **(u) 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 cash credit balances as they are considered an integral part of the Group's cash management.

#### **(v) Operating segments:**

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

#### **(w) Cash dividends to equity holders**

The Group recognizes a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. 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.

#### **(x) 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 consolidated financial statements is included in the following notes:

## **DVK INVESTMENTS PRIVATE LIMITED**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

#### Fair value measurement of financial instruments:

When the fair values of financial 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, investment property and intangible assets:

Property, plant and equipment, investment property and intangible assets represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation and amortization 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 benefits:

The employment benefit obligations depend 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.

#### Valuation of investment property [refer note 59]

#### Impairment of tangible and intangible assets other than goodwill [refer note 2(o)]

#### Provisions: [refer note 2(s)]

#### Write down in value of inventories: (refer note 15)

#### Contingencies (refer note 63)

### **(y) Recent Accounting pronouncements**

Standards issued but not yet effective and not early adopted by the Group.

#### **Ind AS 116 Leases**

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the consolidated statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. As

## **DVK INVESTMENTS PRIVATE LIMITED**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the consolidated statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities. The Group is currently evaluating the impact on account of implementation of Ind AS 116 on the consolidated financial statements.

#### **Amendment to Ind AS 12 'Income Taxes'**

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognizes a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019. The Group is evaluating the effect of the above in the consolidated financial statements.

#### **Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments**

On March 30, 2019, Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019. The Group is evaluating the effect of the above in the consolidated financial statements.

#### **Amendment to Ind AS 19 'Employee Benefits'**

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019. The Group is evaluating the effect of the above in the consolidated financial statements.

# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### Note 3. - Property, plant and equipment

	₹ in Lakhs						
	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Total
At cost or deemed cost as at April 01, 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
Disposals	(1.74)	-	(54.92)	(1.14)	(48.38)	-	(106.18)
<b>Balance as at March 31, 2018</b>	<b>55.09</b>	<b>3,778.66</b>	<b>6,044.65</b>	<b>285.63</b>	<b>230.35</b>	<b>192.77</b>	<b>10,587.15</b>
Additions	-	63.73	927.32	135.70	91.11	-	1,217.86
Transfer from Investment property	-	410.63	136.56	-	-	-	547.19
Transfer to Investment Property	(20.79)	(55.51)	-	-	-	-	(76.30)
Disposals	-	(130.86)	(81.42)	(18.21)	(45.27)	-	(275.76)
<b>Balance as at March 31, 2019</b>	<b>34.30</b>	<b>4,066.65</b>	<b>7,027.11</b>	<b>403.12</b>	<b>276.19</b>	<b>192.77</b>	<b>12,000.14</b>
Accumulated depreciation							
As at April 01, 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
<b>Balance as at March 31, 2018</b>	<b>-</b>	<b>330.65</b>	<b>1,011.87</b>	<b>65.04</b>	<b>96.50</b>	<b>19.38</b>	<b>1,523.44</b>
Depreciation expense	-	205.07	580.07	51.33	33.54	9.69	879.70
Transfer from Investment property	-	16.67	17.57	-	-	-	34.24
Transfer to Investment Property	-	(3.25)	-	-	-	-	(3.25)
Disposals	-	(72.04)	(46.71)	(11.27)	(34.29)	-	(164.31)
<b>Balance as at March 31, 2019</b>	<b>-</b>	<b>477.10</b>	<b>1,562.80</b>	<b>105.10</b>	<b>95.75</b>	<b>29.07</b>	<b>2,269.82</b>
Carrying amount							
As at March 31, 2018	55.09	3,448.01	5,032.78	220.59	133.85	173.39	9,063.71
As at March 31, 2019	34.30	3,589.55	5,464.31	298.02	180.44	163.70	9,730.32

(Refer Notes 25 and 29- For details of assets pledged as security)

# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### Note 4. - Investment property

₹ in Lakhs

	Freehold land	Buildings	Plant and equipment	Total
At cost or deemed cost as at April 01, 2017	-	6,330.97	2,118.41	8,449.38
Additions	-	112.85	24.54	137.39
<b>Balance as at March 31, 2018</b>	<b>-</b>	<b>6,443.82</b>	<b>2,142.95</b>	<b>8,586.77</b>
Additions	-	-	33.36	33.36
Transfer to Property, plant and equipment	-	(410.63)	(136.56)	(547.19)
Transfer from Property, plant and equipment	20.79	55.51	-	76.30
Disposal	-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>20.79</b>	<b>6,088.70</b>	<b>2,039.75</b>	<b>8,149.24</b>
<b>Accumulated depreciation</b>				
As at April 01, 2017	-	129.40	137.30	266.70
Depreciation expense	-	132.13	138.41	270.54
<b>Balance as at March 31, 2018</b>	<b>-</b>	<b>261.53</b>	<b>275.71</b>	<b>537.24</b>
Depreciation expense	-	123.71	136.47	260.18
Transfer to Property, plant and equipment	-	(16.67)	(17.57)	(34.24)
Transfer from Property, plant and equipment	-	3.25	-	3.25
<b>Balance as at March 31, 2019</b>	<b>-</b>	<b>371.82</b>	<b>394.61</b>	<b>766.43</b>
<b>Carrying amount</b>				
As at March 31, 2018	-	6,182.29	1,867.24	8,049.53
<b>As at March 31, 2019</b>	<b>20.79</b>	<b>5,716.88</b>	<b>1,645.14</b>	<b>7,382.81</b>

Notes:  
Land includes ₹8.06 lakhs, being cost of land held in trust by the managing director and one of the directors of the Company.  
Refer Note 25- For details of assets pledged as security

### Note 5. - Goodwill

	March 31, 2019	March 31, 2018
Deemed cost	533.79	533.79
Accumulated impairment losses	(121.00)	(121.00)
	<b>412.79</b>	<b>412.79</b>

# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### Note 6 - Other intangible assets (other than internally generated)

	₹ in Lakhs		
	Computer software	Product know -how	Total
At cost or deemed cost as at April 01, 2017	49.97	144.42	194.39
Additions	220.38	3.00	223.38
<b>Balance as at March 31, 2018</b>	<b>270.35</b>	<b>147.42</b>	<b>417.77</b>
Additions	54.68	13.35	68.03
<b>Balance as at March 31, 2019</b>	<b>325.03</b>	<b>160.77</b>	<b>485.80</b>
<b>Accumulated amortisation</b>			
As at April 01, 2017	16.66	44.94	61.60
Amortisation expense	43.50	101.63	145.13
<b>Balance as at March 31, 2018</b>	<b>60.16</b>	<b>146.57</b>	<b>206.73</b>
Amortisation expense	43.57	5.30	48.87
<b>Balance as at March 31, 2019</b>	<b>103.73</b>	<b>151.87</b>	<b>255.60</b>
<b>Carrying amount</b>			
As at March 31, 2018	210.19	0.85	211.04
<b>As at March 31, 2019</b>	<b>221.30</b>	<b>8.90</b>	<b>230.20</b>

**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

	March 31, 2019 ₹. in Lakhs	March 31, 2018 ₹. in Lakhs
<b>Note 7- Investments in associates (Non- current):</b>		
(carrying amount determined using equity method of accounting)		
<b>Investment in associates - In equity instruments Unquoted (Fully paid up)</b>		
a) Health and Wellness India Private Limited	-	-
30,12,504 Equity shares of ₹. 10 each (as at March 31, 2018- 30,12,504)		
Less: Impairment in the value of investments	-	-
b) Zela Wellness Private Limited		
1,03,234 Equity shares of ₹. 10 each as at March 31, 2018	-	*
		120.48
c) Silk Road Communications Private Limited	<b>130.00</b>	<b>* 130.00</b>
5,18,834 [(March 31, 2018 - 5,18,834)] Equity shares of ₹ 10 each		
5,18,834 [(March 31, 2018 - 5,18,834)] Equity shares of ₹ 10 each	<u>130.00</u>	<u>* 250.48</u>
@ [Refer note 50(b)]		
<b>Notes:</b>		
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 47]		
Accumulated unrecognised share of losses of associates		
Health and Wellness India Private Limited	-	66.82
Zela Wellness Private Limited	-	-
Unrecognised share of losses of associates for the year		
Health and Wellness India Private Limited	-	-
Zela Wellness Private Limited	-	-
Accumulated recognised share of losses of associates		
Health and Wellness India Private Limited	<b>598.53</b>	<b>* 591.05</b>
Zela Wellness Private Limited	<b>146.87</b>	<b>* 104.52</b>
* Restated (Refer note 65)		

	March 31, 2019 ₹. in Lakhs	March 31, 2018 ₹. in Lakhs
<b>Note 8- Investments in joint ventures (Non- current):</b>		
(carrying amount determined using equity method of accounting)		
<b>Investment in joint venture - In equity instruments Unquoted (Fully paid up)</b>		
VasKo Glider s.r.o [Refer note 47 (i)]	-	-
Agastya Films LLP	-	588.00
	<u>-</u>	<u>588.00</u>
Less: Impairment in the value of investments	-	(588.00)
	<u>-</u>	<u>-</u>
<b>Note:</b>		
The financial information in respect of the joint venture is not material to the group [Refer note 45]		
Aggregate amount of investments before impairment	-	588.00
Aggregate amount of impairment in value of investments	-	588.00



DVK INVESTMENTS PRIVATE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

	March 31, 2019 ₹. in Lakhs	March 31, 2018 ₹. in Lakhs
<b>Note 9 - Investments (Non- current):</b>		
Equity instruments:		
Unquoted Investments (all fully paid up)		
<u>Investments in equity instruments at FVTPL</u>		
Blodil Marsing Private Limited	8.90	8.90
59,000 Equity shares of ₹. 10 each (as at March 31, 2018 - 59,000)		
<u>Investments in equity instruments at FVTOCI</u>		
Shivalik Solid Waste Management Limited	4.11	4.11
20,000 Equity shares of ₹. 10 each. (as at March 31, 2018 - 20,000)		
Zela Wellness Private Limited	43.94 @	-
58,048 Equity shares of ₹. 10 each		
Island Veerchemie Private Limited	1.80	1.80
12 (March 31, 2018 - 12) Equity shares of ₹. 15,000 each fully paid-up		
	<u>58.75</u>	<u>14.81</u>
Less: Impairment in the value of investments	(8.90)	(8.90)
Total aggregate unquoted Investments (A)	<u>49.85</u>	<u>5.91</u>
Quoted Investments (all fully paid)		
<u>Investments in equity instruments at FVTOCI</u>		
a) Abbott India Limited	10.14	7.57
139 Equity shares of ₹. 10 each (as at March 31, 2018 - 139)		
b) HDFC Bank Limited	9.73	7.94
420 [(March 31, 2018 - 420) Equity shares of ₹. 2 each fully paid-up		
c) ICICI Bank Limited	7.82	5.46
1,960 (March 31, 2018 - 1,960) Equity shares of ₹. 2 each fully paid-up		
d) Polyplex Corporation Ltd.	10.33	9.28
2,000 (March 31, 2018 - Nil) Equity shares of ₹. 10 each fully paid-up		
e) Jain Irrigation Systems Limited	1.06	-
1,800 (March 31, 2018 - Nil) Equity shares of ₹. 2 each fully paid-up		
f) Mahindra Lifespace Developers Limited	7.91	-
2,200 (March 31, 2018 - Nil) Equity shares of ₹. 10 each fully paid-up		
g) Piramal Enterprises Limited	11.02	-
400 (March 31, 2018 - Nil) Equity shares of ₹. 2 each fully paid-up		
Total aggregate quoted investments (B)	<u>58.01</u>	<u>30.25</u>
Total Non-current investments (A+B)	<u>107.86</u>	<u>36.16</u>
Aggregate carrying value of unquoted investments before impairment	58.75	14.81
Aggregate amount of impairment in value of investments	8.90	8.90
Aggregate book value of quoted investments	10.14	7.58
Aggregate market value of quoted investments	10.14	7.58
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>₹. in Lakhs</b>	<b>₹. in Lakhs</b>
<b>Note 10- Loans (Non- current)</b>		
Unsecured considered good, unless stated otherwise		
Unsecured, considered good	-	-
Less: Impairment in the value	-	-
Loans to employees, considered good-unsecured	25.32	38.10
Inter corporate deposit, considered doubtful-unsecured,#	304.83	267.83
Less : Allowance for doubtful inter corporate deposit	(304.83)	(267.83)
	<u>25.32</u>	<u>38.10</u>
# Includes amount given as inter corporate deposit to an associate		
Amount outstanding as at year end		
-Health and Wellness India Private Limited	37.00	-
Maximum amount outstanding during the year		
-Health and Wellness India Private Limited	37.00	-
This loan was granted to Health and Wellness India Private Limited for the purpose of their business.		
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>₹. in Lakhs</b>	<b>₹. in Lakhs</b>
<b>Note 11- Share application money</b>		
Health and Wellness India Private Limited	186.34	* 193.82
Less: Impairment in the value of share application money	(186.34)	-
Zela Wellness Private Limited [Refer notes 66(a) and 66(b)]	-	-
Noble Explochem Limited [Refer note 64]	597.00	597.00
Jomaange Innovative Market Solutions Private Ltd	80.00	80.00
	<u>677.00</u>	<u>* 870.82</u>

\* Restated (Refer note 65)

**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

	March 31, 2019 ₹. in Lakhs	March 31, 2018 ₹. in Lakhs
<b>Note 12- Other financial assets (Non current):</b>		
Bank deposits with remaining maturity of more than 12 months* (Refer note 19)	122.00	122.00
Deposits with a financial institution	200.00	-
Security deposits	126.33	326.61
Interest accrued but not due from a financial institution	13.57	-
Security deposits -unsecured	-	-
Loan to employee	-	-
Assets for defined benefits plan	-	-
Others	0.85	31.36
	<u>462.75</u>	<u>479.97</u>
* This consists of deposits:		
- held in the form of Debt Security Reserve (DSR) with Kotak Mahindra Bank Limitec	110.00	110.00
- kept for fund based bank guarantee with Union Bank of India	12.00	12.00
	<u>122.00</u>	<u>122.00</u>
<b>Note 13 - Deferred tax assets</b>		
Deferred tax (Asset)	2,297.83	-
	<u>2,297.83</u>	<u>-</u>
<b>Note 14 - Non-current tax assets (Net)</b>		
Advance income-tax (Net of provision for tax)	341.73	112.85
	<u>341.73</u>	<u>112.85</u>
<b>Note 15 - Other non-current assets</b>		
Capital advances	1,002.47	186.66
Advances recoverable in cash or kind		
Secured considered good		
Unsecured considered good	45.91	17.63
Unsecured, considered doubtful	19.01	19.01
	<u>64.92</u>	<u>36.64</u>
Less: Allowance for doubtful advances	19.01	19.01
	<u>45.91</u>	<u>17.63</u>
Unamortised lease premium	1,018.95	215.97
Deferred rent	39.89	44.27
Prepaid expenses	130.42	134.71
Balances with government authorities	3.75	3.75
	<u>2,241.39</u>	<u>602.99</u>
<b>Note 16 - Inventories</b>		
(At lower of cost and net realisable value)		
Raw materials and packing materials [includes stock in transit of ₹ 66.11 Lakhs (as at March 31, 2018 ₹ Nil)]	4,050.21	1,814.48
Intermediate raw materials	-	-
Work-in-progress (Motion film production)	-	-
Work-in-progress	2,939.87	2,225.09
Finished goods	1,482.55	914.98
Stores and spares	293.90	163.33
	<u>8,766.53</u>	<u>5,117.88</u>

Notes : (i) The cost of inventories recognised as expense is disclosed in notes 36, 37, 41 and as purchase of stock-in-trade in the Consolidated statement of profit and loss.

(ii) Inventory write downs are accounted considering the nature of inventory, ageing, liquidation plan and net realisable value. Write downs of inventories amounted to ₹ 17.43 Lakhs (as at March 31, 2018 - ₹ 12.09 Lakhs). The changes in write downs are recognised as an expense in the Consolidated

**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

	March 31, 2019 ₹. in Lakhs	March 31, 2018 ₹. in Lakhs
<b>Note 17 Investments (Current)</b>		
In Mutual funds at FVTPL*		
Unquoted investments (Units of ₹ 10 each fully paid)		
a) Union Capital Protection Oriented Fund - Series 7 10,00,000 units (as at March 31, 2018 - 10,00,000)	114.79	105.90
b) Franklin India Bluechip Fund Dividend Reinvestment** 2,76,597.040 (March 31, 2018 - 2,54,471.516) units of ₹.10 each	105.59	98.17
c) HDFC Medium Term Debt Fund** [Formerly named HDFC High Interest Fund - Short Term Plan] 3,37,613.785 (March 31, 2018 - 3,23,509.071) units of ₹.10 each	35.82	34.36
d) Franklin India Low Duration fund** 4,38,996.514 (March 31, 2018 - 4,15,037.129) units of ₹.10 each	45.58	43.06
	<u>301.78</u>	<u>281.49</u>
* Investments in mutual funds have been fair valued at the closing net asset value (NAV).		
Aggregate amount of unquoted investments before impairment	301.78	281.49
Aggregate amount of impairment in the value of investments	-	-
	<b>March 31, 2019</b> ₹. in Lakhs	<b>March 31, 2018</b> ₹. in Lakhs
<b>Note 18 - Trade receivables</b>		
Unsecured, considered good	6,554.40	6,871.93
Unsecured, considered doubtful	308.73	1,033.63
	<u>6,863.13</u>	<u>7,905.56</u>
Less: Allowance for doubtful debts (expected credit loss allowance)	(308.73)	(1,033.63)
	<u>6,554.40</u>	<u>6,871.93</u>
<b>Movement in the expected credit loss allowance</b>		
Balance at the beginning of the year	1,033.63	589.42
Addition during the year	64.34	475.99
Reversal during the year	-	(31.78)
Written off during the year	(789.24)	-
Balance at the end of the year	<u>308.73</u>	<u>1,033.63</u>
	<b>March 31, 2019</b> ₹. in Lakhs	<b>March 31, 2018</b> ₹. in Lakhs
<b>Note 19 Cash and cash equivalents</b>		
Balances with banks		
With scheduled banks on:		
In current accounts	1,212.92	1,330.04
In deposit accounts with original maturity for less than 3 months	2,899.06	1,006.14
In deposit accounts with original maturity for more than 3 months but less than 12 mo	-	929.28
With non-scheduled bank :		
In current account	-	-
Cheque(s) on hand	-	-
Cash on hand	4.98	6.57
	<u>4,116.96</u>	<u>3,272.03</u>
	<b>March 31, 2019</b> ₹. in Lakhs	<b>March 31, 2018</b> ₹. in Lakhs
<b>Note 20. Bank balances other than cash and cash equivalents</b>		
<b>Balances with banks</b>		
With scheduled banks on:		
Unpaid dividend accounts	15.25	22.26
	<u>15.25</u>	<u>22.26</u>
<b>Other bank balances</b>		
Deposits with original maturity for more than 3 months but less than 12 months	-	-
Deposits with original maturity for more than 12 months		
In deposit accounts *	5,143.67	123.29
Out of deposit accounts:	5,158.92	145.55
Amount disclosed under other financial assets (non-current) (Refer note 12)	(122.00)	(122.00)
Amount disclosed under other financial assets (Current) (Refer note 21)	-	(1.29)
	<u>5,036.92</u>	<u>22.26</u>
* This includes deposits:		
- held in the form of Debt Security Reserve (DSR) with Kotak Mahindra Bank Limited	110.00	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	-	-
- held under lien against guarantees and other commitments	560.69	1.29

**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

	March 31, 2019 ₹. in Lakhs	March 31, 2018 ₹. in Lakhs
<b>Note 21- Loans (Current)</b>		
Unsecured, considered good		
Inter corporate deposits #		
D.K.Pharma Lab	200.00	-
D.K.Biopharma Private Limited	950.00	-
Loans to employees	30.03	8.30
Loans and ICDs to related parties (Refer note 21 and below)	20.00	10.00
Others	14.73	25.59
	<u>1,214.76</u>	<u>43.89</u>

# The inter-corporate deposits were granted to the entities for the purpose of their business.

	March 31, 2019 ₹. in Lakhs	March 31, 2018 ₹. in Lakhs
<b>Note 22 - Other financial assets (Current)</b>		
Unsecured, considered good unless stated otherwise		
Deposit with a financial institution	100.00	-
Advances to employees		
Unsecured, considered doubtful	-	-
Less: Allowance for doubtful advances	-	-
	<u>-</u>	<u>-</u>
Interest accrued but not due from banks and others	148.06	34.56
Deposit with banks with remaining maturity upto 12 months* (Refer note 19)	-	1.29
Others#		
Unsecured, considered good	10.16	54.37
Unsecured, considered doubtful	1.18	11.18
Less: Allowance for doubtful advances	(1.18)	(11.18)
	<u>258.22</u>	<u>90.22</u>

\* held under lien against guarantees and other commitments

# Includes amount given as an inter-corporate deposit to an associate

# previous year amount includes inter-corporate deposit given to an associate

Amount outstanding as at the year end

-Health and Wellness India Private Limited

Maximum amount outstanding during the year

-Health and Wellness India Private Limited

This loan was granted to Health and Wellness India Private Limited for the purpose of their business.

	March 31, 2019 ₹. in Lakhs	March 31, 2018 ₹. in Lakhs
<b>Note 23 -Other current assets</b>		
Advance for supply of goods and services		
Considered good	368.25	228.58
Considered doubtful	4.41	30.94
Less: Allowance for doubtful advances	(4.41)	(30.94)
	<u>368.25</u>	<u>228.58</u>
Deferred rent	17.33	14.27
Prepaid expenses	194.24	136.30
Travel advances to employees	6.02	4.78
Unamortised lease premium	18.16	9.85
Export incentive receivables		
Considered good	1,500.43	838.95
Considered doubtful	3.24	-
Less: Allowance for doubtful export incentive receivables	(3.24)	-
	<u>1,500.43</u>	<u>838.95</u>
Balances with government authorities	1,464.13	1,532.53
Others	4.73	-
Less: Provision for diminution in value of investments	-	-
	<u>3,573.29</u>	<u>2,765.26</u>

DVK INVESTMENTS PRIVATE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

	March 31, 2019 ₹. in Lakhs	March 31, 2018 ₹. in Lakhs
<b>Note 24 - Equity share capital:</b>		
<b>Authorised:</b>		
65,30,000 Equity shares of ₹. 10/- each (as at March 31, 2018 - 65,30,000 Equity shares of ₹. 10/- each)	653.00	653.00
	<u>653.00</u>	<u>653.00</u>
<b>Issued, subscribed and paid-up :</b>		
65,21,665 Equity shares of ₹. 10/- each (as at March 31, 2018 - 65,21,665 Equity shares of ₹. 10/- each)	652.17	652.17
	<u>652.17</u>	<u>652.17</u>
<b>Note 24 - Other equity</b>		
<b>Reserves and surplus:</b>		
<b>Capital Reserve</b>	1,140.00	1,140.00
Less: Transfer to General Reserve	-	-
<b>Closing Balance</b>	<u>1,140.00</u>	<u>1,140.00</u>
<b>Capital Redemption Reserve:</b>	70.00	70.00
Balance as per the last financial statements		
Transfer to general reserve	<u>70.00</u>	<u>70.00</u>
<b>Securities Premium:</b>		
As per last Balance Sheet	102.85	102.85
Less: Premium on buyback of shares (refer Schedule 17, Note 4)	-	-
	<u>102.85</u>	<u>102.85</u>
<b>Special Reserve under RBI Act</b>		
As per last Balance Sheet	419.71	403.94
Add: Transferred from statement of profit & loss	<u>25.16</u>	<u>15.78</u>
	<u>444.87</u>	<u>419.72</u>
<b>Unrealised gain on dilution</b>		
As per last Balance Sheet	(4,242.23)	1,057.98
Less: Premium on buyback of shares (refer Schedule 17, Note 4)	-	(5,300.21)
	<u>(4,242.23)</u>	<u>(4,242.23)</u>
<b>Stock Option outstanding account</b>		
Balance as per the last financial statements	-	-
Add: Change during the year	<u>52.80</u>	<u>-</u>
	<u>52.80</u>	<u>-</u>
<b>Foreign Currency Translation Reserve</b>		
Balance as per the last financial statements	-	(1.60)
Add: Change during the year	<u>-</u>	<u>1.60</u>
	<u>-</u>	<u>-</u>
<b>General Reserve</b>		
Balance as per last financial statements	4,933.00	4,925.12
Add: Transferred from statement of profit & loss	-	7.89
Less: Amount transferred to share capital	<u>(105.70)</u>	<u>-</u>
<b>Closing Balance</b>	<u>4,827.30</u>	<u>4,933.01</u>
<b>Other Comprehensive Income</b>		
Balance as per last financial statements	9.25	8.14
Add: during the year	<u>2.57</u>	<u>1.12</u>
Less: transferred to profit and loss account	-	-
<b>Closing Balance</b>	<u>11.82</u>	<u>9.26</u>
<b>Balance as per last financial statements</b>	<u>(314.28)</u>	<u>(1,995.23)</u>
<b>Profit/(Loss) for the year</b>	<u>6,421.04</u>	<u>1,851.86</u>
<b>Other Comprehensive income</b>	<u>(80.95)</u>	<u>1.57</u>
Less : Adjustment of Short Provision	-	(1.60)
	<u>6,025.81</u>	<u>(143.40)</u>
<b>Less: Appropriations</b>		
Proposed final equity dividend	(52.85)	(135.57)
Tax on proposed equity dividend	(23.57)	(11.67)
Transfer to general reserve	-	(7.89)
Transferred to Special Reserve under RBI Act	<u>(25.16)</u>	<u>(15.78)</u>
<b>Total appropriations</b>	<u>(101.58)</u>	<u>(170.91)</u>
<b>Net surplus in the statement of profit and loss</b>	<u>5,924.23</u>	<u>(314.31)</u>
<b>Total Reserves and Surplus</b>	<u>8,331.64</u>	<u>2,118.30</u>

**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

	March 31, 2019 ₹. in Lakhs	March 31, 2018 ₹. in Lakhs
<b>Note 25- Long-term borrowings:</b>		
From bank (secured) for for R & D Thane	46.51	131.81
From Bank (secured) for Dahej facility	264.84	469.05
From bank (secured) for for R & D Thane	-	-
From financial institutions (Secured term loan) for business operations (Refer note a below)	3,756.46	3,908.87
From Bank (Secured Term Loan) for Thane One (Refer note d below)	-	-
From Bank (Secured Term Loan) for Thane One (Refer note e below)	-	-
From financial institutions for business operations (Secured lease rental discounting loan and term loan) on part of the Thane One property (Refer note b2 below)	5,022.89	4,743.27
From financial institutions for business operations (Secured lease rental discounting loan) on part of the Thane One property (Refer note b1 below)	4,958.00	5,046.27
For Dahej facility expansion (ECB) [Refer notes below]	780.90	-
From financial institutions (secured) for R & D Thane	-	-
From financial institutions (secured)	-	-
Vehicle loan from financial institutions (secured) (Refer note f below)	-	-
Vehicle loan from banks (secured) (Refer note f below)	18.66	27.99
<b>Total</b>	<b>14,848.26</b>	<b>14,327.26</b>
The above amount includes		
Secured bank borrowings	(1,327.33)	(781.15)
From financial institutions (secured)	-	-
Vehicle loan from banks (secured) (Refer note f below)	-	(9.34)
Amount disclosed under the head "other current liabilities" (Refer note )	(1,327.33)	(790.49)
<b>Net amount</b>	<b>13,520.93</b>	<b>13,536.77</b>

a) Term loans from Kotak Mahindra Investment Limited under the LAP scheme of ₹. 40 Crores at interest rate of 11.05% p.a. payable in 15 quarterly instalments starting from 1.04.2019 and secured by way of equitable Mortgage of ground, 14,15 & 16 floors of Thane One , land at Takwe 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 the holding company, DVK Investment private limited.

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 [ March 31, 2015 (BR + 4.25%) p.a 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, DVK Investment private limited.

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 instalments including interest (EMI). Further 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).

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 [ March 31, 2016 NIL] repayable after 12 months starting September 08, 2017 in seven yearly instalments of Rs. 6.43 crores each. The said term loans are secured by way of first charge on Equitable Mortgage of Land at Thane 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, DVK Investment private limited.

b2) Secured Term loan of Rs 50 Cr from Bajaj Finance Limited at the interest rate of 9.52% p.a of which Rs 25 Cr in the form of top up LRD on Thane One property (consisting of rentals of 1st floor to 13th floor) and balance Rs 25 Cr 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 holding company, DVK Investment private limited & its subsidiary company (APL).

b1) Loan under lease rental discounting (LRD) from Bajaj Finance Limited of Rs 50 Cr by securitisation of rentals of Thane One Building consisting of 1st floor to 13th floor and carries interest @ 9.05% p.a repayable after 156 months in one instalment. 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 holding company, DVK Investment private limited.

f) 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 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

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

Term Loan for relocation of R & D units / Thane Head 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.

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.

DVK INVESTMENTS PRIVATE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

	March 31, 2019 ₹ in Lakhs	March 31, 2018 ₹ in Lakhs
<b>Note 26 - Other financial liabilities (Non- current)</b>		
Liability for capital expenditure	-	-
Advance from customer	-	-
Deposits from tenants	185.18	365.60
Deferred deposit from tenants	-	-
Amount disclosed under "other current liabilities" (Refer note 10)	-	-
	<u>185.18</u>	<u>365.60</u>
	March 31, 2019 ₹ in Lakhs	March 31, 2018 ₹ in Lakhs
<b>Note 27 - Provisions (Non- current)</b>		
Provision for employee benefits		
Gratuity [Refer note 43]	275.32	71.84
Compensated absences	355.62	201.13
	<u>630.94</u>	<u>272.97</u>
Other provisions		
Taxation, net of advance taxes.(includes MAT credit of ₹. Nil (March 31, 2013 ₹. 18.50)	-	-
	<u>630.94</u>	<u>272.97</u>
	March 31, 2019 ₹ in Lakhs	March 31, 2018 ₹ in Lakhs
<b>Note 27A - Deferred tax liabilities (Net):</b>		
Deferred tax liabilities		
Property plant and equipment and intangible assets : Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	719.66	740.12
Fair value and other timing adjustments	-	5.96
Total deferred tax liabilities	<u>719.66</u>	<u>746.08</u>
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	-	-
Allowance for doubtful debts and advances	(202.63)	(459.62)
Expenses claimed for tax purpose on payment basis	(150.90)	(67.53)
Total deferred tax assets	<u>(353.53)</u>	<u>(527.15)</u>
Deferred tax liabilities (Net)	<u>366.13</u>	<u>218.93</u>
b. Deferred tax assets		
MAT credit entitlement	-	-
	<u>-</u>	<u>-</u>
	March 31, 2019 ₹ in Lakhs	March 31, 2018 ₹ in Lakhs
<b>Note 28 - Other non-current liabilities</b>		
Liability for capital expenditure	-	-
Advance from customer	-	-
Deposits from tenants	-	-
Deferred rent	133.41	171.18
Amount disclosed under "other current liabilities" (Refer note 10)	-	-
	<u>133.41</u>	<u>171.18</u>
	March 31, 2019 ₹ in Lakhs	March 31, 2018 ₹ in Lakhs
<b>Note 29 - Borrowings (Current)</b>		
Loans repayable on demand		
From banks (Secured)		
Short Term OD	-	-
Cash credit	234.24	-
Packing credit	5,132.08	2,128.09
Buyers credit	-	284.92
From banks (Unsecured)		
Buyers credit from bank	-	-
From others (Unsecured)		
Inter corporate deposits (ICD) from Allegro Corporate Finance Advisors Pvt. Ltd.	404.93	372.50
b) Loans related party - Holding company	-	-
Inter corporate deposits (ICD) from DVK Investments Pvt. Ltd, the holding Company	-	-
	<u>5,771.25</u>	<u>2,785.51</u>
Secured borrowings	-	-
Unsecured borrowings	654.93	350.00

**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

Packing credit, cash credit and buyers credit from Union Bank of India, are secured by first pari-passu charge on hypothecation of stocks and book debts of one of the subsidiaries viz. Fermenta Biotech Limited. The average interest rate for packing credit in foreign currency is 3.19% (EURO PCFC - EURIBOR+3%, USD PCFC - 6M LIBOR+3%) and average interest rate for cash credit is 10.55% (MCLR 1Y +2%).

Packing credit from Yes Bank Limited is secured by First pari-passu charge on current assets of one of the subsidiaries viz. Fermenta Biotech Limited and by equitable mortgage of factory land and buildings at Dahej and Kullu and all moveable property, plant and equipment of one of the subsidiaries viz. Fermenta Biotech Limited except vehicles. The average interest rate for packing credit in foreign currency is 2.75%.

Packing credit from Kotak Mahindra Bank Limited is secured by First pari-passu charge on current assets, moveable property, plant and equipment of one of the subsidiaries viz. Fermenta Biotech Limited and equitable mortgage of factory land and buildings at Dahej and Kullu. The average interest rate for packing credit in foreign currency is 2.50%.

Buyers credit was taken from DBS Bank secured by lien on the deposit of ₹ NIL (March 31, 2018: ₹ 100.00 Lakhs) of one of the subsidiaries viz. Fermenta Biotech Limited.  
ICD from Allegro Corporate Finance Advisors Pvt Ltd carrying interest at rate of 12% p.a.

	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>₹ in Lakhs</b>	<b>₹ in Lakhs</b>
<b>Note 30 - Trade payables (Current)</b>		
Total outstanding dues of micro and small enterprises (Refer note 67)	97.89	38.33
Total outstanding dues of creditors other than micro and small enterprises	4,174.06	3,970.26
Payable to subsidiary companies	-	-
Provision for performance bonus	-	-
	<u>4,271.95</u>	<u>4,008.59</u>
	<b>March 31, 2019</b>	<b>March 31, 2018</b>
	<b>₹ in Lakhs</b>	<b>₹ in Lakhs</b>
<b>Note 31 - Other financial liabilities (Current)</b>		
Current maturities of long-term debts (Refer note 25)	1,327.33	790.49
Deposits from tenants	296.78	0.20
Payable to the employees / directors	1,797.26	1,084.39
Liability for capital expenditure	520.88	154.40
Interest accrued but not due on borrowings	184.78	186.47
Unclaimed dividend	15.25	22.26
Provision for performance bonus	-	-
Due to others	71.28	79.90
	<u>4,213.56</u>	<u>2,318.11</u>



**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

	March 31, 2019 ₹ in Lakhs	March 31, 2018 ₹ in Lakhs
<b>Note 32 - Provisions (Current)</b>		
Provision for employee benefits		
Gratuity (Refer note 27(b))	-	-
Compensated absences	44.26	33.67
	<u>44.26</u>	<u>33.67</u>
Other provisions		
Proposed dividend	-	-
Provision for tax on proposed equity dividend	-	-
Provision for share of loss in a joint venture in excess of cost of investment	5.97	13.01
	<u>5.97</u>	<u>13.01</u>
	<u>50.23</u>	<u>46.68</u>
	March 31, 2019 ₹ in Lakhs	March 31, 2018 ₹ in Lakhs
<b>Note 33 - Other current liabilities</b>		
Statutory dues	204.68	323.47
Unclaimed dividends	-	-
Advance from customers	199.37	130.80
Deferred rent	66.83	59.71
Others	18.98	92.29
	<u>489.86</u>	<u>606.27</u>
* Includes ₹ 41.28 Lakhs ( March 31, 2016 - ₹ 28.90 ) -Reimbursement of expenses to subsidiary company (Aegean Properties Limited)		
	March 31, 2019 ₹ in Lakhs	March 31, 2018 ₹ in Lakhs
<b>Note 34 - Current tax liabilities (Net)</b>		
Provision for income tax (Net of advance tax)	512.51	376.49
	<u>512.51</u>	<u>376.49</u>
	March 31, 2019 ₹ in Lakhs	March 31, 2018 ₹ in Lakhs
<b>Note 35 - Revenue from operations</b>		
Sale of products (Including excise duty)	37,593.72	28,316.10
Rent income	1,229.45	867.26
Amortised deferred rent	70.34	38.00
Sale of services	57.05	22.43
Service income (Infrastructure support services to tenants)	248.25	189.97
Other operating revenues		
Export incentive	1,241.45	852.32
Scrap sales	26.42	11.15
Gain on sale of financial assets measured at fair value through profit and loss	-	-
Insurance claim	-	-
	<u>40,466.68</u>	<u>30,297.23</u>
	March 31, 2019 ₹ in Lakhs	March 31, 2018 ₹ in Lakhs
<b>Note 36 - Other income:</b>		
Interest income on financial assets carried at amortised cost:		
Bank deposits	337.52	28.31
Interest on intercorporate deposit to subsidiary	-	-
Other financial assets	82.29	17.04
Dividend income on investments in equity instruments designated at fair value through other comprehensive income	0.38	0.30
Dividend income from investments:	48.96	51.22
Gain on sale of equity shares of an associate	2.79	-
Entry tax refund	-	280.25
Insurance Claims	290.88	-
Debtors written back	-	-
Foreign exchange gain (Net)	510.71	431.57
Net gain on sale of property, plant and equipment	-	86.12
Net gain arising on financial assets measured at fair value through profit or loss	12.42	3.28
Miscellaneous income	3.05	45.80
	<u>1,289.00</u>	<u>943.89</u>
	March 31, 2019 ₹ in Lakhs	March 31, 2018 ₹ in Lakhs
<b>Note 37 - Cost of materials consumed:</b>		
<b>37.1. Cost of production:</b>		
Inventories of raw materials / packing materials at the beginning of the year	1,814.48	1,091.95
Add: Purchases	12,555.79	9,212.77
Less: Inventories of raw materials / packing materials at the end of the year	4,050.21	1,814.48
	<u>10,320.06</u>	<u>8,490.24</u>

DVK INVESTMENTS PRIVATE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

	March 31, 2019	March 31, 2018
	₹ in Lakhs	₹ in Lakhs
<b>NOTE 38 - Changes in inventories of finished goods, stock-in-trade and work-in-progress</b>		
<b>Inventories at the end of the year</b>		
Work-in-progress	2,939.87	2,225.09
Finished goods	1,482.55	914.98
	<u>4,422.42</u>	<u>3,140.07</u>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	2,225.09	2,281.79
Finished goods	914.98	319.36
	<u>3,140.07</u>	<u>2,601.15</u>
	<u>(1,282.35)</u>	<u>(538.92)</u>
	March 31, 2019	March 31, 2018
	₹ in Lakhs	₹ in Lakhs
<b>Note 39 - Employee benefits expense</b>		
Salaries and wages	4,671.79	3,505.13
Contribution to provident and other funds	180.64	147.46
Gratuity expense [Refer note 43]	44.78	58.87
Share based payments to employees [Refer note 61]	52.80	-
Staff welfare expenses	374.50	281.12
	<u>5,324.51</u>	<u>3,992.58</u>
	March 31, 2019	March 31, 2018
	₹ in Lakhs	₹ in Lakhs
<b>Note 40 - Depreciation and amortisation expense</b>		
Depreciation of property, plant and equipment (Refer note 3)	879.70	820.64
Depreciation of investment property (Refer note 4)	260.18	270.54
Amortisation of intangible assets (Refer note 6)	48.87	145.13
	<u>1,188.75</u>	<u>1,236.31</u>
	March 31, 2019	March 31, 2018
	₹ in Lakhs	₹ in Lakhs
<b>Note 41 - Finance costs:</b>		
Interest on		
Term loans	1,501.72	1,054.15
Loans repayable on demand	195.98	150.49
Loans from related parties	-	-
Liabilities carried at amortised cost (Unwinding of interest)	116.59	34.87
Others	164.30	33.74
Other borrowing costs	59.79	73.95
	<u>2,038.38</u>	<u>1,347.20</u>

DVK INVESTMENTS PRIVATE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

	March 31, 2019	March 31, 2018
	₹ in Lakhs	₹, in Lakhs
<b>Note 42 - Other expenses:</b>		
Consumption of stores and spares	1,097.92	839.70
Processing charges	816.71	735.27
Electricity charges / fuel	1,348.19	1,086.30
Water charges	39.50	25.16
Excise duty / GST other than recovered on sales	121.68	61.11
Excise duty on sales	-	-
Other manufacturing expenses	-	-
Rates and taxes	167.43	142.06
Rent (including lease rentals)	138.89	78.87
Insurance	186.57	105.55
Repairs and maintenance:		
Plant and machinery	186.98	151.69
Buildings	128.78	57.70
Others	465.19	483.50
Commission on sales	2,312.94	2,022.98
Advertising and sales promotion expenses	273.92	267.74
Freight and forwarding charges	553.04	398.93
Travelling and conveyance	628.01	420.13
Professional and legal fees	763.31	686.82
Payment to auditors (Refer note below)	61.12	35.82
Exchange loss (Net)	-	0.13
Communication costs	48.99	52.79
Donations	7.42	66.94
Write-off of an investment in a joint venture	-	188.51
Less: Provision for impairment held	-	(188.51)
Loss on sale of shares in a joint venture	-	-
Less: Provision for impairment held	-	-
Directors' sitting fees	-	-
Provision for impairment in the value of share application money in an associate	186.34	-
Provision for diminution in value of long term investments H&W	-	-
Allowance for doubtful inter corporate deposit given to an associate	37.00	-
Allowance for doubtful debts	64.34	444.21
Allowance for doubtful advances	3.24	11.18
Trade receivables and advances written off	-	-
Less: Allowance held	21.13	-
Printing and stationery	66.91	41.45
Staff recruitment expenses	26.11	19.99
Loss on sale/write off, of property, plant and equipment (Net)	57.73	5.70
Commission to non-executive directors	-	-
Loss on sale of shares	-	-
Corporate social responsibility expenses	-	-
Analytical Charges	127.65	56.32
Contract labour charges	402.09	339.92
Initial cost for operating leases	52.28	38.43
Miscellaneous expenses	652.81	332.81
	<u>11,044.22</u>	<u>9,009.20</u>

	March 31, 2019	March 31, 2018
	₹ in Lakhs	₹ in Lakhs
<b>Payment to auditors (excluding statutory levy)</b>		
For audit	25.70	44.50
For tax audit	-	-
For limited review	15.00	25.00
For other services	18.53	0.82
Reimbursement of expenses	1.89	0.42
	<u>61.12</u>	<u>70.74</u>
* Includes ₹ 14.89 Lakhs in respect of payment to predecessor auditors.	-	34.9
# Includes ₹ 6.85 Lakhs in respect of payment to other than the predecessor auditors.	-	-

**Note 43 - Earnings per share (EPS):**

The following table sets forth the computation of basic and diluted earnings per share :

	March 31, 2019	March 31, 2018
Profit for the year used for computation of basic and diluted earnings per share ( ₹ in lakhs)	6,421.05	1,851.86
Weighted average number of equity shares used in calculating basic and diluted EPS [Refer n	65,21,665	65,21,665
Basic earnings per equity share [nominal value of share ₹ 10]	98.46	* 28.40
Diluted earnings per equity share [nominal value of share ₹ 10]	98.46	* 28.40

\* Restated (Refer note 65)

DVK INVESTMENTS PRIVATE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 24-Other equity

₹ in Lakhs

	Reserves and surplus										Items of Other comprehensive income	Total
	Capital reserve	Capital redemption reserve	Securities Premium	Unrealised gain/(loss) on dilution	Foreign currency translation	General reserve	Special Reserve under RBI Act	Share options outstanding account	Retained earnings	Equity Instruments through OCI		
Balance as at April 01, 2017	11,39,99,800.00	70,00,000.00	1,02,85,050.00	10,57,97,418.32	(1,60,000.00)	49,25,11,637.57	4,03,93,594.75	-	(19,95,20,798.57)	8,12,715.00	57,11,19,417.07	
Profit for the year	-	-	-	-	-	-	-	-	18,51,86,184.90	-	18,51,86,184.90	
Addition for the year	-	-	-	(53,00,20,692.83)	-	-	-	-	-	-	(53,00,20,692.83)	
Transfer to retained earnings	-	-	-	-	1,60,000.00	-	-	-	(1,60,000.00)	-	-	
Transfer from retained earnings	-	-	-	-	-	7,88,839.01	15,77,678.01	-	(23,66,517.02)	-	-	
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	-	-	-	(1,47,24,015.50)	-	(1,47,24,015.50)	
Other comprehensive income for the year	-	-	-	-	-	-	-	-	1,57,309.95	1,12,625.00	2,69,934.95	
Balance as at March 31, 2018	11,39,99,800.00	70,00,000.00	1,02,85,050.00	(42,42,23,274.51)	-	49,33,00,476.58	4,19,71,272.76	-	(3,14,27,836.24)	9,25,340.00	21,18,30,828.59	
Profit for the year	-	-	-	-	-	-	-	-	64,21,03,793.33	-	64,21,03,793.33	
Utilised for issue of bonus shares	-	-	-	-	-	(1,05,69,630.00)	-	-	-	-	(1,05,69,630.00)	
Transfer from retained earnings	-	-	-	-	-	-	25,15,635.03	-	(25,15,635.03)	-	-	
Recognition of share based payments	-	-	-	-	-	-	-	52,79,855.00	-	-	52,79,855.00	
Payment of dividend (including dividend distribution tax)	-	-	-	-	-	-	-	-	(76,41,683.00)	-	(76,41,683.00)	
Other comprehensive income / (loss) for the year	-	-	-	-	-	-	-	-	(80,95,097.60)	2,56,837.00	(78,38,260.60)	
Balance as at March 31, 2019	11,39,99,800.00	70,00,000.00	1,02,85,050.00	(42,42,23,274.51)	-	48,27,30,846.58	4,44,86,907.79	52,79,855.00	59,24,23,541.46	11,82,177.00	83,31,64,903.32	

@Represents remeasurement of defined benefit plan

\* Restated (Refer note 6f)

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 Parent Company's brands for which nor: compete fees were received and treated as a capital receipt.

Capital redemption reserve: This reserve was created for redemption of preference shares of ₹ 70.00 lakhs in the financial year 2010-2011.

Unrealised gain/(loss) on dilution: This reserve represents unrealised gain/(loss) due to change in the shareholdings in a subsidiary and an associate.

Share options outstanding account: The fair value of the equity settled share based payment transactions is recognised in share options outstanding account.

General Reserve: The reserve arises on transfer portion of the net profit pursuant to earlier provision of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013.

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.

# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### Note 25- Long-term borrowings:

	March 31, 2019		March 31, 2018	
	Non Current	Current	Non Current	Current
	₹. In Lakhs			
<b>Secured</b>				
<b>Term loans</b>				
<b>From banks</b>				
For R & D Thane / registered office [Refer note below (a)]	-	46.51	47.31	84.51
For Dahej facility [Refer note below (b)]	64.84	200.00	269.04	200.00
For Dahej facility [Refer note below (c)]	736.66	44.24	-	-
For Vehicles [Refer note below (d)]	13.14	5.52	18.65	9.35
<b>From others</b>				
For Business operations [Refer note below (e)]	3,076.46	680.00	3,736.87	172.00
For Business operations [Refer note below (f)]	4,671.83	351.06	4,418.64	324.63
For Business operations [Refer note below (g)]	4,958.00	-	5,046.28	-
<b>Total</b>	<b>13,520.93</b>	<b>1,327.33</b>	<b>13,536.79</b>	<b>790.49</b>
Amount disclosed under the head "other current financial liabilities" (Refer note 30)	-	(1,327.33)	-	(790.49)
<b>Net amount</b>	<b>13,520.93</b>	<b>-</b>	<b>13,536.79</b>	<b>-</b>

### Notes:

- 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 10.65%) repayable in 48 equal monthly instalments from December 2015. The said term loan is secured by way of first pari-passu charge on property plant and equipment procured with the financial assistance of the term loan and by equitable mortgage of factory land and buildings of Dahej and Kullu of one of the subsidiaries viz. Fermenta Biotech Limited.
- Term loan for expansion of Dahej facility is taken from Union Bank of India with interest rate MCLR + 2.15% (effective rate 10.65%) repayable in 48 equal monthly instalments starting from November 2016. The said term loan is secured by way of first pari-passu charge on property plant and equipment procured with the financial assistance of the term loan and by equitable mortgage of factory land and buildings at Dahej and Kullu of one of the subsidiaries viz. Fermenta Biotech Limited.
- Term loan (External Commercial Borrowing) is taken from Yes Bank Limited for financing the capital expenditure for new project at Dahej SEZ with interest rate EURIBOR plus 3.5% (effective rate 3.5%), repayable in 48 equal monthly instalments starting from January 2020. The said ECB loan is secured by way of first pari-passu charge on property, plant and equipment procured with the financial assistance of the term loan, second charge on entire current assets and by equitable mortgage of factory land and buildings at Dahej and Kullu and all movable property, plant and equipment of one of the subsidiaries viz. Fermenta Biotech Limited except vehicles.
- Vehicle loans are taken from the banks against hypothecation of the vehicles purchased, repayable in monthly instalments ranging between 36 to 60 months with interest rates ranging from 9.37% to 14.00% (March 31 2018: 8.20% to 14.00%).
- Term loan from Kotak Mahindra Investments Limited under the loan against property (LAP) scheme of ₹ 4,000 lakhs at interest rate of 11.00% to 12.25% p.a. payable in 15 quarterly instalments starting from March 31, 2019 and secured by way of equitable Mortgage of Ground, 14th, 15th and 16th floors of Thane One, land admeasuring approx. 45 acres located at Takawe, Pune (25 acres owned by DIL Limited and balance 20 acres held in trust by the Managing Director of the Parent Company and others), and pledge of 30% equity stake of the Parent Company in Fermenta Biotech Limited. Further, the said loan has been guaranteed by the personal guarantee of the Managing Director of the Parent Company and corporate guarantee of the Holding Company, DVK Investment Private Limited.
- Term loan of ₹ 5,500 lakhs (March 2018: ₹ 5,000 lakhs) from Bajaj Finance Limited is taken at the interest rate of 9.52% to 9.82% p.a of which ₹ 2,500 lakhs is in the form of top up of discounting of lease rental on Thane One property (consisting of rentals of 1st floor to 13th floor) and balance ₹ 3,000 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 Parent 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.
- Loan by way of discounting of lease rental of Thane One Building consisting of 1st floor to 13th floor from Bajaj Finance Limited carrying interest @ 9.05% p.a repayable after 156 months on August 15, 2030 in one instalment. The said loan is secured by hypothecation of the lease agreements of Thane One (consisting of 1st floor to 13th floor). Further the loan has been guaranteed by the personal guarantee of the Managing Director of the Parent Company and the corporate guarantee of the Holding Company, DVK Investment Private Limited.

**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

₹ in Lakhs

**Note: 44 - Employee benefits**

The Group operates following employee benefit plans

- I Defined contribution plans: Provident fund, Superannuation fund, Employee state insurance scheme (ESIC) and Labour welfare fund,
- II Defined benefit plan: Gratuity (funded)
- III Other long term benefit plan: Compensated absences (unfunded)

	March 31, 2019	March 31, 2018
<b>I) Defined Contribution Plans</b>		
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 Consolidated statement of profit and loss for the year is as under (Refer note 38).		
Employer's contribution to provident fund	169.94	137.82
Employer's contribution to superannuation fund	1.58	0.91
Employer's contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	9.07	8.69
Employer's contribution to labour welfare fund	0.04	0.04

**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.

**(a) Movements in the present value of the defined benefit obligation are as follows:**

	March 31, 2019	March 31, 2018
Opening defined benefit obligation	322.32	309.01
Interest cost	22.99	16.94
Current service cost	40.14	34.00
Past Service Cost	-	27.14
Benefits paid	(22.13)	(49.50)
Actuarial (Gain)/loss on obligations- due to change in financial assumptions	143.52	(24.65)
Actuarial (Gain)/Loss on obligations- due to change in demographic assumptions	(0.11)	-
Actuarial (Gain)/loss on obligations- due to change in experience adjustment	43.38	9.38
Closing defined benefit obligation	550.11	322.32

**(b) Movements in the fair value of the plan assets are as follows:**

	March 31, 2019	March 31, 2018
Opening fair value of plan assets	250.48	250.95
Employer's contributions	27.81	39.88
Interest income	18.35	16.13
Remeasurement gain / (loss) :		
Return on plan assets (excluding amounts included in net interest expense)	0.28	(6.98)
Benefit paid	(22.13)	(49.50)
Closing fair value of plan assets	274.79	250.48

**(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:

	March 31, 2019	March 31, 2018
Fair value of plan assets	274.79	250.48
Present value of obligation	550.11	322.32
Amounts recognized in the Consolidated balance sheet surplus/(deficit)	(275.32)	(71.84)

**(d) The amount recognised in Consolidated statement of profit and loss in respect of the defined benefit plan are as follows:**

	March 31, 2019	March 31, 2018
Current service cost	40.14	34.00
Past service cost	-	27.14
Net interest expense / (income)	4.64	(2.27)
Components of defined benefit costs recognised in Consolidated statement of profit and loss	44.78	58.87

**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

₹ in Lakhs

Note: 44 - Employee benefits

e) The amount recognised in other comprehensive income in respect of the defined benefit plan is as follows:

	March 31, 2019	March 31, 2018
<b>Remeasurement on the net defined benefits liability:</b>		
Return on plan assets (excluding amounts included in net interest expense)	0.28	6.98
Actuarial gains/ (losses) arising from changes in other assumptions		
Actuarial gains/ (losses) arising from changes in financial assumptions	(143.52)	24.65
Actuarial gains / (losses) arising from changes in demographic assumptions	0.11	-
Actuarial gains / (losses) arising from changes in experience adjustments	(43.38)	(26.43)
<b>Components of defined benefit recognised as income / (loss) in other comprehensive income</b>	<b>(186.51)</b>	<b>5.20</b>

f) The principal assumptions used for the purpose of the actuarial valuations were as follows:

	March 31, 2019	March 31, 2018
Discount rate (per annum)	7.45% to 7.75%	7.75% to 7.85%
Salary escalation rate (per annum)	10.00%	7.00%
Expected rate of return on plan assets (per annum)	7.45%- 7.50%	7.50%
Retirement age	58 Years	58 Years
Mortality rate during employment (per annum)	Indian Assured lives Mortality (2006-08)	
Leaving Service (Age groups)	In the range of 1-10%	

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 is ₹ 25.00 Lakhs (for the year ended March 31, 2018 - ₹ 25.00 Lakhs)

g) Maturity analysis of projected benefit obligation

	March 31, 2019	March 31, 2018
Expected benefits for Year 1	53.26	71.58
Expected benefits for Year 2	18.35	17.05
Expected benefits for Year 3	43.34	14.33
Expected benefits for Year 4	41.03	33.33
Expected benefits for Year 5	34.65	38.50
Expected benefits for Year 6	43.08	23.90
Expected benefits for Year 7	34.58	31.26
Expected benefits for Year 8	50.66	22.32
Expected benefits for Year 9	60.02	33.04
Expected benefits for Year 10 and above	1,136.04	495.71

h) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2019	March 31, 2018
<b>Insurer Managed Funds</b>	<b>100%</b>	<b>100%</b>

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:

	March 31, 2019 Impact on defined benefit obligation	March 31, 2018 Impact on defined benefit obligation
Discount rate (- 0.50%)	4.87% to 7.26%	3.77% to 6.42%
Discount rate (+ 0.50%)	-4.49% to -6.65%	-3.52% to -5.89%
Salary Escalation Rate (- 0.50%)	-3.98 to -6.55%	-3.09 to -5.97%
Salary Escalation Rate (+ 0.50%)	4.26% to 7.07%	3.29% to 6.44%

This plan exposes the Group 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 Consolidated Statement of profit and loss amounting to ₹ 185.39 Lakhs (for the year ended March 31, 2018 - ₹ 25.50 Lakhs ) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Obligation in respect of defined benefit plan and other long term employee benefit plans are actuarially determined at the year end using the "Projected Unit Credit Model". Gains and losses on changes in actuarial assumptions related to defined benefit obligations are recognised in OCI where as gains and losses in respect of other long term employee benefit plans are recognised in the Consolidated statement of profit and loss.

# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

₹ in Lakhs

### Note 45 - Leases:

Particulars	March 31, 2019	March 31, 2018
<b>A. Assets taken on operating lease</b>		
During the year the Group has entered into arrangements for taking on leave and licence basis certain residential and office premises. 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.		
a) Lease payments recognised in the Consolidated statement of profit and loss for the year	138.89	78.87
Particulars	March 31, 2019	March 31, 2018

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	139.99	41.14
ii) Later than one year and not later than five years	292.77	35.75

### B. Assets given on operating lease

One of the subsidiary Companies, viz. DIL Limited, has entered into operating lease agreement for sublease of property in Worli, Mumbai with original lease period expiring on December 31, 2022.

DIL Limited has also entered into various operating lease agreements for its properties in Thane with original lease periods expiring upto 2022. These agreements have a non-cancellable period at the beginning of the period for 3 years and have rent escalation provisions of 5% every year or 15% after 3 years.

Particulars	March 31, 2019	March 31, 2018
c) Rent income recognised in the Consolidated statement of profit and loss [Includes rentals on sub-lease of ₹ 192.01 lakhs (March 31, 2018: ₹ 46.79 lakhs)]	1,229.45	867.26
Particulars	March 31, 2019	March 31, 2018

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	905.43	1,182.30
ii) Later than one year and not later than five years	372.69	1,066.95
iii) More than five years	-	-

### Note 46 - Interest in joint venture:

(i) The Group had invested an aggregate of ₹. 188.51 Lakhs in VasKo Glider s.r.o. Czechoslovakia, a joint venture. Out of the above, ₹. 1.96 Lakhs (equivalent to Czech Koruna 1 Lakh) was towards basic capital and ₹. 186.55 Lakhs (equivalent to 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 was based on financial statements 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	
		March 31, 2019	March 31, 2018
VasKo Glider s.r.o.	Czechoslovakia	-	50%

The joint venture did not have any operations during the year ended March 31, 2018.

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 ₹. 188.51 lakhs was made in the earlier year. During the previous year, the High court in Prague, Czech Republic, passed an order dated June 12, 2017 for dissolution of Vasko Glider s.r.o. The investing Company, viz. DIL Limited, had written off investment in previous year, in its books with an intimation to Reserve Bank of India.



**DVK INVESTMENTS PRIVATE LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

(ii) The proportionate share of joint venture, as disclosed below, in the assets, liabilities, income and expenditure is based on financial statements 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	
		March 31, 2019	March 31, 2018
Agastya Films LLP	India, Thane one, Dil complex, Thane (West)	-	50%

Particulars	March 31, 2019*	March 31, 2018
Percentage of holding	50%	50%
Current assets	-	-
Current liabilities	(5.97)	(13.02)
<b>Net assets</b>	<b>(5.97)</b>	<b>(13.02)</b>

Income	7.04	-
Other expenses	-	601.06
<b>Profit/(Loss) before tax</b>	<b>7.04</b>	<b>(601.06)</b>

The Joint Venture "Agastya Films LLP" released its movie on March 23, 2018 resulting in expensing of inventory cost of ₹ 1,202.11 lakhs . As the film did not do well, the entire cost of production resulted into loss. The share of loss attributable to the investing Company, viz. DIL Limited, of ₹ 601.06 lakhs resulted in erosion of investment of ₹ 588.00 lakhs in the said joint venture. During the previous year, DIL Limited recorded the share of loss in the value of investment of ₹ 588.00 Lakhs and share of loss in excess of cost of investment of ₹ 13.02 lakhs in its consolidated financial statements.

\*During the year ended March 31, 2019, DIL Limited sold its share of investment in the joint venture.

# DVK INVESTMENTS PRIVATE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

₹. in Lakhs

## Note 47 - 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 Management of the Parent Company, which 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 :

- the nature of products and services
- the differing risks and returns
- the internal organisation and management structure, and
- 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.

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.

	2018-2019		Total
	Bulk Drug/Chemicals	Property	
<b>a. Revenue</b>			
1 Segment revenue	38,925.52	1,953.41	40,878.93
	29,202.01	1,268.82	30,470.83
Less : Inter-segment revenue	-	411.89	411.89
	-	173.25	173.25
Unallocated revenue			1,236.52
			894.84
2 Total			41,703.56
			31,192.42
<b>b. Result</b>			
1 Segment profit / (loss)	15,149.14	582.97	15,732.11
	9,466.54	198.50	9,665.04
2 Finance costs			2,065.31
			1,363.38
3 Unallocable income/(expenditure) (net)			(1,534.91)
			(854.56)
4 Inter segment results			738.72
			149.84
5 Profit/(loss) before tax			12,870.61
			7,596.94
6 Provision for tax			3,195.65
- current tax			2,108.35
- deferred tax charge/(credit)			(2,115.30)
			4.88
7 Profit after tax			11,790.26
			5,483.71
<b>c. Other information</b>			
1. Segment assets	32,700.32	8,250.11	40,950.43
	23,749.09	8,217.82	31,966.91
2 Unallocated corporate assets			14,540.41
			* 6,497.29

# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

### Note 46 - Segment information:

	₹. in Lakhs		
	2018-2019		
	<i>2017-2018</i>		
	Bulk Drug/Chemicals	Property	Total
3. Total assets			55,490.84 * 38,464.20
4. Segment liabilities	7,456.78 <i>7,337.40</i>	1,181.03 <i>1,032.06</i>	8,637.81 <i>8,369.46</i>
5. Unallocated corporate liabilities			21,796.43 <i>16,551.56</i>
6. Total liabilities			30,434.24 <i>24,921.02</i>
7. Cost incurred during the year to acquire			
- segment tangible and intangible assets	3,481.17 <i>1,238.73</i>	45.88 <i>341.98</i>	3,527.05 <i>1,580.71</i>
- unallocated segment tangible and intangible assets			<i>50.10</i> <i>110.89</i>
8. Depreciation and amortization expense	809.13 <i>852.59</i>	349.77 <i>339.90</i>	1,158.90 <i>1,192.49</i>
9. Unallocated depreciation			29.85 <i>43.82</i>

(Figures in italics are the corresponding figures in respect of the previous year.)

\* Restated (Refer note 65)

### 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:

	March 31, 2019	March 31, 2018
India		
Bulk Drug/Chemicals	8,587.42	5,787.40
Property	1,541.52	1,095.58
Europe - Bulk Drug/Chemicals	21,276.47	15,063.55
USA - Bulk Drug/Chemicals	4,369.68	3,099.60
Others countries - Bulk Drug/Chemicals	4,691.95	5,251.45
	<u>40,467.04</u>	<u>30,297.58</u>

Assets by geographical area – The following is the carrying amount of segment non-current assets by geographical area in which the assets are located:

	Non-Current assets*	
	March 31, 2019	March 31, 2018
India		
Bulk Drug/Chemicals	10,602.93	8,443.89
Property	9,311.34	9,642.76
	<u>19,914.27</u>	<u>18,086.65</u>

\* Non-current assets exclude investments in associates, joint ventures, other investments, loans, share application money, other financial assets and deferred tax assets.

The Group's operating facilities are located in India.

The Group has generated revenue aggregating ₹ 10,133.70 Lakhs from two customers (March 31, 2018: ₹ 6,890.04 Lakhs from two customers). Revenue from each of these customers is 10% or more of the group's total revenue.

## DVK INVESTMENTS PRIVATE LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

48 List of entities included in the consolidated financial statements is as under

	Country of Incorporation	Proportion of ownership interest as at	
		March 31, 2019	March 31, 2018
<b>Parent Company:</b> DVK Investments Private Limited	India		
<b>Direct Subsidiaries</b>			
DIL Limited (DIL)		53.91%	53.91%
Fermenta Biotech Limited (FBL) #	India	51.01%	51.01%
Aegean Properties Limited	India	53.91%	53.91%
CC Square Films Limited	India	53.91%	53.91%
<b>Step down Subsidiaries</b>			
Fermenta Biotech (UK) Limited (100% subsidiary of FBL)	United Kingdom	51.01%	51.01%
G.I. Biotech Private Limited (62.50 % subsidiary of FBL)	India	31.88%	31.88%
<b>Associates</b>			
Health and Wellness India Private Ltd	India	47.15%	47.15%
Zela Wellness Private Limited [Refer note 50(b)]	India	-	29.50%
<b>Joint Venture</b>			
Agastya Films LLP. [Refer note 45 (ii)]	India	-	50.00%

# The proportion of ownership interest upto December 15, 2017 was 39.35%

## DVK INVESTMENTS PRIVATE LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

49. Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint venture as per Schedule III of Companies Act, 2013:

Sr No	Particulars	Name of the Entity	March 31, 2019						March 31, 2018								
			Net assets, i.e., total assets minus total liabilities		Share in profit/(loss)		Share in other comprehensive income/(loss)		Net assets, i.e., total assets minus total liabilities		Share in profit/(loss)		Share in other comprehensive income/(loss)				
			%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs	%	₹ in Lakhs			
I	Parent Company	DVK Investments Private Limited	6%	529.66	0%	25.52	0%	-	0%	25.52	@	478.12	2%	32.15	2%	32.15	
II	Subsidiary Companies a. India	DIL Limited	-22%	(2,017.96)	2%	158.60	30%	(44.67)	2%	113.93	@	(3,424.81)	-103%	(1,911.64)	-103%	(4.17)	
		Aegean Properties	1%	57.10	0%	(24.67)	-	-	0%	(24.67)	-	72.52	-1%	(20.58)	-1%	(20.58)	
		CC Square Films Limited	0%	5.57	0%	0.04	-	-	0%	0.04	-	5.49	0%	5.42	0%	5.42	
b. Foreign	Fermenta Biotech Limited	302%	27,116.18	182%	11,697.51	23%	(33.72)	186%	11,663.79	611%	16,919.36	405%	7,503.08	255%	6.86	405%	7,509.94
	G I Biotech Private Limited	0%	0.50	0%	(0.68)	-	-	0%	(0.68)	0%	1.19	0%	(0.34)	0%	(0.34)	0%	(0.34)
III	Non-controlling interests	Fermenta Biotech (Uk) Limited	2%	183.99	0%	(2.10)	-	-	0%	(2.10)	7%	183.99	-4%	(76.40)	-4%	(76.40)	
		Health And Wellness India Private Limited	-188%	(16,891.26)	-84%	(5,390.39)	47%	(70.22)	-87%	(5,460.61)	-414%	(11,465.39)	-153%	(2,830.39)	-153%	(2,830.39)	
IV	Associates * India	Zela Wellness Private Limited	0%	-	-1%	(42.34)	-	-	-1%	(42.34)	0%	-	-6%	(111.73)	-6%	(111.73)	
		Agastya Films LLP	0%	-	0%	7.04	-	-	0%	7.04	0%	-	-7%	(136.65)	-7%	(136.65)	
V	Joint Venture * India	Agastya Films LLP	0%	-	0%	7.04	-	-	0%	7.04	0%	-	-32%	(601.06)	-32%	(601.06)	
	<b>Total</b>		<b>100%</b>	<b>8,983.78</b>	<b>100%</b>	<b>6,421.05</b>	<b>100%</b>	<b>(148.61)</b>	<b>100%</b>	<b>6,272.44</b>	<b>100%</b>	<b>2,770.47</b>	<b>100%</b>	<b>1,851.86</b>	<b>100%</b>	<b>2.69</b>	<b>1,854.55</b>
				8,983.78		6,421.05	(148.61)	6,272.44		2,770.47		1,851.86		1,851.86		2.69	1,854.55
								6,272.44									

\* Investments accounted as per the equity method  
@ Restated (Refer note 65)

# DVK INVESTMENTS PRIVATE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 50 - Related parties disclosures as per Ind AS 24

**A) Names of the related parties where there are transactions and description of relationships**

a) Person controlling the Company:	
Mr. Krishna Datla - Director of the Company and, a person controlling the Company	

Related party relationships where transactions have taken place during the year :

**b) i) Key Management Personnel**

Name	Designation
Mr. Krishna Datla (also a person controlling the Company)	Director
Mr. Satish Varma	Director
Mr. Suryanarayana Alluri	Director
Ms. Dhanya Santosh (upto 29.06.2018)	Company Secretary
Ms. Sonia Gupte (from 01.07.2018)	Company Secretary

**c) Joint Venture**

Agastya Films LLP (up to December 31, 2018)

**d) Associates**

Health and Wellness India Private Limited  
Zela Wellness Private Limited (up to November 29, 2018)

**e) Enterprises under significant influence of key management personnel or their relatives:**

Magnolia FNB Private Limited

( ₹ in Lakhs )

**B) Related party transactions:**

Sr.No.	Particulars	Refer A (a) above	Refer A (b) above	Refer A (e) above	Refer A (c) and (d) above
<b>1</b>	<b>Remuneration to Directors and Key Management Personnel (including commission)*</b>				
	Mr. Krishna Datla (paid by DIL Limited)	- (-)	<b>278.52</b> (178.37)	- (-)	- (-)
	Mr. Satish Varma (paid by Fermenta Biotech Limited)	- (-)	<b>740.11</b> (501.85)	- (-)	- (-)
	Mr. Suryanarayana Alluri (paid by DIL Limited)	- (-)	<b>25.52</b> (38.39)	- (-)	- (-)
	Ms. Dhanya Santosh	- (-)	<b>3.25</b> (9.52)	- (-)	- (-)
	Ms. Sonia Gupte	- (-)	<b>3.47</b> (-)	- (-)	- (-)
<b>2</b>	<b>Directors sitting fees</b>				
	Mr. Krishna Datla (paid by Fermenta Biotech Limited)	- (-)	<b>2.80</b> (1.90)	- (-)	- (-)
	Mr. Satish Varma (paid by DIL Limited)	- (-)	<b>3.60</b> (2.30)	- (-)	- (-)

## DVK INVESTMENTS PRIVATE LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

<b>3 Rent income</b>				
Magnolia FNB Private Limited	- (-)	- (-)	0.30 (0.30)	- (-)
<b>4 Provision for impairment in the value of share application money and inter corporate desposit in an associate</b>				
Health and Wellness India Private Limited	- (-)	- (-)	- (-)	223.34 (-)
<b>5 Provision for impairment of non-current investment in a joint venture</b>				
Agastya Films LLP	- (-)	- (-)	- (-)	- (588.00)
<b>6 Provision for share of loss in a joint venture in excess of cost of investment</b>				
Agastya Films LLP	- (-)	- (-)	- (-)	7.05 (13.02)
<b>7 Capital contribution</b>				
Agastya Films LLP	- (-)	- (-)	- (-)	- (326.00)
<b>8 Donations</b>				
Late Smt. Annapurna Charity Trust	5.00 (4.00)	- (-)	- (-)	

(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.

## DVK INVESTMENTS PRIVATE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

C) Balance outstanding as at the end of the year :

(₹ in Lakhs)

	March 31, 2019	March 31, 2018
<b>a. Other financial liabilities</b>		
Key management personnel and relative of Key management		
Mr. Krishna Datla	117.34	86.19
Mr. Satish Varma	606.69	430.93
<b>b. Provision for diminution in the value of investment, inter-corporate deposits and other financial assets</b>		
Joint venture		
Agastya Films LLP	-	588.00
Associate		
Health and Wellness India Private Limited	223.34	-
<b>c. Loans to key management personnel</b>		
Mr. Suryanarayana Alluri	20.00	20.00
<b>d. Inter corporate deposits</b>		
Associate		
Health and Wellness India Private Limited	37.00	22.50
<b>e. Provision for share of loss in a joint venture in excess of cost of investment</b>		
Joint venture		
Agastya Films LLP	5.97	13.02

### Note 51

(a) -DIL Limited has sold 45,186 equity shares of ₹ 10 each in Zela Wellness Private Limited (Zela). Consequently, the Group's holding in Zela has reduced from 29.50% to 16.59% and accordingly, post November 29, 2018, the entity is not an associate of the Group.

### Note 52 - Research and development expenditure:

During the year ended March 31, 2019, the research and development expenditure of ₹ 879.10 Lakhs (March 31, 2018: ₹ 584.73 Lakhs) (excluding interest and depreciation) has been charged to the Consolidated statement of profit and loss. The capital expenditure in the current year on research and development amounts to ₹ 115.16 Lakhs (March 31, 2018: ₹ 91.60 Lakhs).

**Note 53** -Commission and directors sitting fees has been charged to the Consolidated statement of profit and loss pertaining to :

DIL Limited - Director sitting fees of ₹ 14.90 Lakhs (March 31, 2018: ₹ 8.40 Lakhs) to Non-Executive directors

Fermenta Biotech Limited - Commission of ₹ 1,137.54 Lakhs (March 31, 2018: ₹ 646.39 Lakhs) to the Managing Director and Executive Director and commission and directors sitting fees aggregating ₹ 155.08 Lakhs (March 31, 2018: ₹ 113.18 Lakhs) to the Non-Executive directors.



## DVK INVESTMENTS PRIVATE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

Note 54 - Categories of the financial instruments

(₹ in Lakhs)

Particulars	March 31, 2019	March 31, 2018
<b>Financial assets</b>		
Financial assets measured at fair value through Other comprehensive income		
Investments in equity instruments - quoted	10.14	7.57
Investments in equity instruments - unquoted	48.05	4.11
Financial assets measured at fair value through profit or loss		
Investments in mutual funds - unquoted	301.78	281.49
Financial assets measured at amortised cost		
(i) Trade receivables	6,554.40	6,871.93
(ii) Cash and cash equivalents	4,116.96	3,272.03
(iii) Bank balances other than (ii) above	5,036.92	22.26
(iv) Share application money	677.00	* 870.82
(v) Loans	1,240.08	81.99
(vi) Other financial assets	720.97	570.19
<b>Total Financial assets</b>	<b>18,706.30</b>	<b>* 11,982.39</b>
Financial liabilities measured at amortised cost		
(i) Borrowings	20,619.51	17,112.79
(ii) Trade payables	4,271.97	4,008.59
(iii) Other financial liabilities	3,071.41	1,893.22
<b>Total Financial liabilities</b>	<b>27,962.89</b>	<b>23,014.60</b>

\* Restated (Refer note 65)

Note 54 - Reconciliation of Level 3 fair value measurements:

Particulars	March 31, 2019	March 31, 2018
Opening balance	4.11	4.11
Transferred during the year	43.94	-
Total gains or losses recognised through other comprehensive income	-	-
<b>Closing balance</b>	<b>48.05</b>	<b>4.11</b>

# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

### Note 56 - Fair Value

Fair value of financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required :

Particulars	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Financial assets</b>				
(i) Loans	1,240.08	81.99	1,240.08	81.99
(ii) Share application money	677.00	* 870.82	677.00	* 870.82
(iii) Others financial assets	720.97	570.19	720.97	570.19
(iv) Trade receivables	6,554.40	6,871.93	6,554.40	6,871.93
(v) Cash and cash equivalents	4,116.96	3,272.03	4,116.96	3,272.03
(vi) Bank balances other than (v) above	5,036.92	22.26	5,036.92	22.26
<b>Total assets</b>	<b>18,346.33</b>	<b>11,689.22</b>	<b>18,346.33</b>	<b>11,689.22</b>
<b>Financial liabilities</b>				
(i) Borrowings	20,619.51	17,112.79	20,619.51	17,112.79
(ii) Trade payables	4,271.97	4,008.59	4,271.97	4,008.59
(iii) Other financial liabilities	3,071.41	1,893.22	3,071.41	1,893.22
<b>Total liabilities</b>	<b>27,962.89</b>	<b>23,014.60</b>	<b>27,962.89</b>	<b>23,014.60</b>

\*Restated (Refer note 65)

The financial assets above do not include other investments measured at fair value through OCI.

The directors consider that the carrying amounts of financial assets and financial liabilities recognised in the Consolidated financial statements approximate their fair values.

### Note 56 -Fair value hierarchy :

	March 31, 2018		March 31, 2018	
	Fair Value	Fair value hierarchy	Fair Value	Fair value hierarchy
<b>Financial assets measured at fair value through Other comprehensive income</b>				
Investments -quoted	10.14	Level 1	7.57	Level 1
Investment-unquoted	48.05	Level 3	4.11	Level 3
<b>Financial assets measured at fair value through profit or loss</b>				
Investments in mutual funds	301.78	Level 1	281.49	Level 1

# DVK INVESTMENTS PRIVATE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

## Note 58 -Financial risk management objectives and policies

The Group is exposed to credit risk, liquidity risk and market risk. The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Board of Directors review and agree 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, 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. The Group is exposed to market risks related to foreign exchange rate risk, commodity rate risk, interest rate risk and other price risks, such as equity price risks. 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 from 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 review and approve, all investments in the equity investments.

As at March 31, 2019, 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, 2019 and March 31, 2018, 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 its 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:

Year ended	(+)Increase/(-) decrease in basis points	Effect on profit (decrease) / increase #
March 31, 2019	+0.50 -0.50	(103.10) 103.10
March 31, 2018	+0.50 -0.50	(85.56) 85.56

# 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.

#### iii) 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.

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 and cash and cash equivalents :

Particulars	March 31, 2019			March 31, 2018	
	Currency	Amount in foreign currency	₹ in Lakhs	Amount in foreign currency	₹ in Lakhs
Financial assets					
Cash and cash equivalents	EURO	0.30	23.66	* 0.00	0.30
	USD	0.72	49.99	-	-
Trade receivables	USD	46.38	3,215.33	64.61	4,018.27
	EURO	35.45	2,756.26	23.57	1,773.50

\* Amount less than thousand

## DVK INVESTMENTS PRIVATE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

B) Significant foreign currency risk exposure relating to borrowings and trade payables :

(₹ in Lakhs)

Particulars	March 31, 2019			March 31, 2018	
	Currency	Amount in foreign currency	₹ in Lakhs	Amount in foreign currency	₹ in Lakhs
<b>Financial liabilities</b>					
Trade payable	CAD	-	-	0.01	0.51
	CHF	-	-	0.02	1.51
	EURO	8.41	656.81	7.35	589.33
	NZD\$	-	-	0.01	0.62
	TRY	-	-	0.00	0.06
	USD	1.82	126.33	4.87	316.85
Borrowings ( PCFC )	EURO	60.24	4,701.99	26.55	2,128.09
	USD	6.18	430.09	-	-
External Commercial borrowing (ECB)	EURO	10.40	811.75	-	-
Borrowings (Buyers credit)	USD	-	-	4.38	284.92

\* Amount less than thousand

### C) Foreign currency sensitivity

For the years ended March 31, 2019 and March 31, 2018, 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 ₹ 4.80 Lakhs and ₹ 128.23 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, loans and other financial assets. 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 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)

Trade receivables	March 31, 2019	March 31, 2018
Not due	4,407.05	4,904.74
1 - 90 days	2,029.47	1,131.65
91 -180 days	104.95	-
Beyond 180 days	321.66	1,869.17
	6,863.13	7,905.56

#### 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.

March 31, 2019	Amount	Less than 1 year	1 to 5 years	More than 5 years
Borrowings	20,619.51	7,098.58	6,290.23	7,230.70
Other financial liabilities	3,071.41	2,886.23	185.18	-
Trade payables	4,271.97	4,271.97	-	-
<b>Total</b>	<b>27,962.89</b>	<b>14,256.78</b>	<b>6,475.41</b>	<b>7,230.70</b>

March 31, 2018	Amount	Less than 1 year	1 to 5 years	More than 5 years
Borrowings	17,112.79	3,576.00	6,542.45	6,994.34
Other financial liabilities	1,893.22	1,527.62	365.60	-
Trade payables	4,008.59	4,008.59	-	-
<b>Total</b>	<b>23,014.60</b>	<b>9,112.21</b>	<b>6,908.05</b>	<b>6,994.34</b>

# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

### Note 59 - 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 Consolidated financial statements. The Group'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:

	March 31, 2019	March 31, 2018
Debts (Term loans and loans repayable on demand including current maturities of long term borrowings)	20,619.51	17,112.79
Less: Cash and cash equivalents (Refer note 18)	(4,116.96)	(3,272.03)
<b>Net debt</b>	<b>16,502.55</b>	<b>13,840.76</b>
<b>Total equity</b>	<b>8,983.78</b>	<b>2,770.47</b>
<b>Net debt to equity ratio</b>	<b>1.84</b>	<b>5.00</b>

(ii) Dividend on equity shares paid during the year

	March 31, 2019	March 31, 2018
<b>Dividend on equity shares</b>		
Dividend for the year ended March 31, 2018 of ₹ 1.25 per share on 91,72,792 equity shares of ₹ 5.00 each, fully paid up (March 31, 2017: ₹ 2.50 per share on 22,93,198 equity shares of ₹ 10.00 each, fully paid up) [Refer note 23(c)]	114.68	57.33
Dividend distribution tax on above	23.57	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 24, 2019 have recommended dividend of ₹ 1.25 per share on 91,72,792 equity shares having face value of ₹ 5.00 each, fully paid up for the year ended March 31, 2019. The same aggregates to ₹ 138.25 Lakhs which would include dividend distribution tax.

This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and hence not recognised as a liability.

## DVK INVESTMENTS PRIVATE LIMITED

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

(₹ in Lakhs)

#### Note 60 - Investment properties

The Group's investment properties consist of Thane One Building and freehold land 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 and freehold land at thane, the Group has freehold land at Takawe and also 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.

#### Estimation of fair value

The fair value of the Investment properties as at March 31, 2019 has been determined at ₹ 44,688.19 Lakhs. The fair value has been determined by external independent property valuers, having appropriate 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 quantum, area, location, demand, restrictive entry to the complex, age of building and trend of fair market rent in village Majiwada area, Takawe area and Worli area.

#### Amount recognised in Consolidated statement of profit and loss

Particulars	March 31, 2019	March 31, 2018
Income from investment properties	1,541.52	1,268.82
Less: Direct operating expenses (including repairs and maintenance) generating income from investment properties	(750.82)	(1,070.32)
Income arising from investment properties	790.70	198.50
Less: Depreciation	(260.18)	(270.54)
Income/(loss) arising from investment properties after depreciation	530.52	(72.04)

Refer note 44 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.

**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

Note 61 - Income tax

₹ in Lakhs

A Tax expense recognised in the Consolidated statement of profit and loss and other comprehensive income consists of:

Particulars	March 31, 2019	March 31, 2018
Current tax	3,195.65	2,108.35
Deferred tax charge/(credit)	(2,115.30)	4.88
Income tax expense reported in the Consolidated statement of profit and loss	1,080.35	2,113.23
Tax expense recognised in other comprehensive income	(35.33)	3.63
<b>Total tax expense</b>	<b>1,045.02</b>	<b>2,116.86</b>

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	March 31, 2019	March 31, 2018
Profit/(loss) before tax	12,934.57	7,644.92
Enacted income tax rate in India (%) #	34.944%	33.063%
Income tax expense calculated at enacted income tax rate	4,519.85	2,527.64
Effect of tax on:		
- non deductible expenses	84.56	38.92
- brought forward tax loss of the past year for which DTA is created	(1,732.05)	(195.44)
- carried forward tax loss / unabsorbed tax depreciation of the current year for which DTA is not created	83.66	941.01
- income exempted from tax	(2,628.46)	(1,918.58)
- incremental deduction allowed on account of research and development costs	(213.60)	(120.25)
- Differential tax effect due to effective tax rate difference	1,003.66	786.79
- Others	6.68	-
MAT entitlement written off	-	69.00
<b>Total income tax expense</b>	<b>1,124.30</b>	<b>2,129.09</b>
Tax expense recognised in profit or loss	1,124.30	2,129.09
Tax expense recognised in other comprehensive income	(35.33)	3.63
<b>Total tax expense</b>	<b>1,088.97</b>	<b>2,132.72</b>

# The tax rate used for reconciliation above is the corporate tax rate of 34.944% at which the Parent Company is liable to pay tax on taxable income under the Indian tax Law.

**DVK INVESTMENTS PRIVATE LIMITED**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

₹ in Lakhs

C The major components of deferred tax (liabilities)/assets arising on account of temporary differences are as follows:

Particulars	For the year ended March 31, 2019			
	As at April 01, 2018	Statement of profit and loss	Other comprehensive income	As at March 31, 2019
<b>(I) Components of deferred tax liabilities (Net)</b>				
Deferred tax liabilities				
Property, Plant and Equipment, investment property and intangible assets: Impact of difference between written down value as per books of account and income tax	740.12	(20.46)	-	719.66
Deferred tax assets				
Expenses claimed for tax purpose on payment basis	(67.53)	(48.04)	(35.33)	(150.90)
Allowance for doubtful debts and advances	(459.62)	256.99	-	(202.63)
Others	5.96	(5.96)	-	-
	(521.19)	202.99	(35.33)	(353.53)
<b>Net deferred tax liabilities (a)</b>	<b>218.93</b>	<b>182.53</b>	<b>(35.33)</b>	<b>366.13</b>
<b>(II) Components of deferred tax assets (Net)</b>				
Deferred tax assets				
Expenses claimed for tax purpose on payment basis	25.06	42.57	-	67.63
Allowance for doubtful debts and advances	8.26	12.83	-	21.09
Unabsorbed depreciation/carried forward losses*	492.49	2,454.03	-	2,946.52
	525.81	2,509.43	-	3,035.24
Deferred tax liabilities				
Property, Plant and Equipment, investment property and intangible assets: Impact of difference between written down value as per books of account and income tax	(525.81)	(211.60)	-	(737.41)
<b>Net deferred tax assets (b)</b>	<b>-</b>	<b>2,297.83</b>	<b>-</b>	<b>2,297.83</b>
<b>Total deferred tax charge / (credit) (a+b)</b>		<b>(2,115.30)</b>	<b>(35.33)</b>	

\* Considering the Scheme of amalgamation as mentioned in Note 1.2, the Parent Company believes that it will be able to utilise carry forward losses and depreciation against taxable profits of Fermenta Biotech Limited and hence recognised a Deferred Tax Asset.

Particulars	For the year ended March 31, 2018			
	As at April 01, 2017	Statement of profit and loss	Other comprehensive income	As at March 31, 2018
<b>(I) Components of deferred tax liabilities (Net)</b>				
Deferred tax liabilities				
Property, Plant and Equipment, investment property and intangible assets: Impact of difference between written down value as per books of account and income tax	652.87	87.25	-	740.12
Deferred 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)
Others	0.42	-	-	5.96
	(378.98)	(151.38)	3.63	(521.19)
<b>Net deferred tax liabilities (a)</b>	<b>273.89</b>	<b>(64.13)</b>	<b>3.63</b>	<b>218.93</b>
<b>(II) Components of deferred tax assets (Net)</b>				
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
Unabsorbed depreciation/carried forward losses#	297.05	195.44	-	492.49
MAT credit entitlement	69.00	(69.00)	-	-
	390.86	134.95	-	525.81
Deferred tax liabilities				
Property, Plant and Equipment, investment property and intangible assets: Impact of difference between written down value as per books of account and income tax	(321.86)	(203.95)	-	(525.81)
<b>Net deferred tax assets (b)</b>	<b>69.00</b>	<b>(69.00)</b>	<b>-</b>	<b>-</b>
<b>Total deferred tax charge / (credit) (a+b)</b>		<b>* 4.87</b>	<b>3.63</b>	

\*Reads as ₹ 4.88 Lakhs on the consolidated statement of profit and loss due to rounding off

# Deferred tax asset in the Parent Company had been recognised in the previous year to the extent it was probable that the taxable profit would be available in future against which the corresponding unused tax losses/tax credits would be utilised.



**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

₹ in Lakhs

**D Details of unused tax losses and unabsorbed tax depreciation for which deferred tax assets have not been recognised:**

Particulars	March 31, 2019	March 31, 2018
Unused tax losses	1,068.80	2,605.05
Unabsorbed depreciation (can be used in future without any time limit)	-	2,643.56

**E The above unused tax losses will expire as per table below:**

Particulars	March 31, 2019	March 31, 2018
Tax losses for financial year ended/ (benefit of tax losses expiring on:		
<u>Long Term Capital Losses</u>		
March 31, 2013 ( Expiring on March 31, 2021)	101.07	101.07
March 31, 2014 ( Expiring on March 31, 2022)	40.18	40.18
March 31, 2015 ( Expiring on March 31, 2023)	2.22	2.22
March 31, 2019 ( Expiring on March 31, 2027)	925.33	-
<u>Business losses</u>		
March 31, 2017 ( Expiring on March 31, 2025)	-	614.21
March 31, 2018 ( Expiring on March 31, 2026)	-	1,847.36
	1,068.80	2,605.05

## DVK INVESTMENTS PRIVATE LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

₹ in Lakhs

### 62 Share-based payments

Employee share option plan of the Subsidiary Company

#### 1.1 Details of the employee share option plan of the Subsidiary Company

The Subsidiary Company has granted stock options under employee stock options plan (ESOP 2019) to its executives and senior employees. In accordance with the terms of the plan, as approved by shareholders at an extra general meeting of the Subsidiary Company, executives and senior employees with the Subsidiary Company may be granted options to purchase equity shares.

Each employee share option converts into one equity share of the Subsidiary Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

The number of options granted is calculated in accordance with the performance-based formula approved by its shareholders at the extra general meeting and is subject to approval by the remuneration committee. The formula rewards executives and senior employees to the extent of the Subsidiary Company's and the individual's achievement judged against both qualitative and quantitative criteria.

The following share-based payment arrangements were in existence during the current year:

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
Plan 1 (60% of options granted under ESOP 2019)	1,02,000	25-02-2019	25-02-2025	100	504.03
Plan 1 (20% of options granted under ESOP 2019)	34,000	25-02-2019	25-02-2026	100	504.03
Plan 1 (20% of options granted under ESOP 2019)	34,000	25-02-2019	25-02-2027	100	504.03
Plan 2 (100% of options granted under ESOP 2019)	1,81,900	25-02-2019	25-02-2025	100	499.87

Options granted under ESOP 2019 shall vest not before 1 (one) year and not later than maximum Vesting Period of 5 (five) years from the date of grant of such Options. Subject to the minimum vesting period of one year, the Nomination and Remuneration Committee of the Board of Subsidiary Company at its discretion approve for acceleration of Vesting of any or all unvested Options of the Option Grantee.

#### 1.2 Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year is ₹ 501.88. Options were priced using Black-Scholes option pricing model. Where relevant, the expected life used in the model has been calculated based on a weighted average of vests. Expected volatility is based on the historical share price information of similar listed entities.

Inputs into the model	Option series			
	Plan 1 (60% of options granted under ESOP 2019)	Plan 1 (20% of options granted under ESOP 2019)	Plan 1 (20% of options granted under ESOP 2019)	Plan 2 (100% of options granted under ESOP 2019)
Grant date share price	563.2	563.2	563.2	563.2
Exercise price	100	100	100	100
Expected volatility	69.28%	68.83%	68.08%	69.28%
Option life	4.51 years	5.51 years	6.51 years	4.51 years
Dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	7.14%	7.25%	7.35%	7.14%

#### 1.3 Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2018-2019		2017-2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of year	-	-	-	-
Granted during the year	3,51,900	100.00	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Balance at end of year	3,51,900	100.00	-	-

No share options were exercised during the year.

#### 1.4 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 100 (as at March 31, 2018: ₹ NIL), and a weighted average remaining contractual life of 4.80 years.

# DVK INVESTMENTS PRIVATE LIMITED

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

₹. in Lakhs

### Note 63 - Commitments:

	March 31, 2019	March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	2,097.98	1.57

### Note 64 - Contingent liabilities:

	March 31, 2019	March 31, 2018
Claims against the Group not acknowledged as debts:		
a) Tax matters		
- Service tax - matter under appeal	22.50	22.50
- Sales tax - matter under appeal	4.63	24.77
b) Other claims (legal claim not accepted by the Group)	25.00	-
	<u>52.13</u>	<u>47.27</u>

**Note 65** The Group has not made any provision for share application money of ₹ 597.00 Lakhs given to Noble Explochem Ltd (Noble) whose total equity as at March 31, 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 Parent Company has also submitted its claim as financial creditors to Insolvency Resolution Professional (IRP) to protect its interest, which has been taken on record by the NCLT. Considering large asset value Noble holds, the Management is confident of recovery of this amount, hence no provision for impairment is necessary.

**Note 66** The Consolidated audited financial statements of the Group, its associates and a joint venture for the year ended March 31, 2018, included the share of losses of two associates, viz. Health and Wellness India Private Limited (Health and Wellness) and Zela based on the unaudited financial information of those associates prepared by the Management. Subsequently, in the audited financial statements of these associates for the year ended March 31, 2018, the entire carrying value of property, plant and equipment of ₹ 287.06 Lakhs was written off in one of the associates and provision for impairment of inter corporate deposit of ₹ 330.52 Lakhs was made in another associate. These along with other adjustments of ₹ 84.29 Lakhs have resulted into a retrospective increase in the aggregate loss of these associates by ₹ 533.29 Lakhs, of which the share of loss of the Company is Rs. 197.32 Lakhs. This error resulted into a retrospective increase in the Company's share of loss of associates by ₹ 197.32 Lakhs for the year ended March 31, 2018, and a corresponding reduction, as at March 31, 2018, in the value of investments in associates by ₹ 90.46 Lakhs and financial assets in share application money (in an associate) by ₹ 106.86 Lakhs, aggregating ₹ 197.32 Lakhs, adjusted in other equity.

### Note 67 - Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprise Development Act, 2006

Particulars	March 31, 2019	March 31, 2018
(a) i) Principal amount remaining unpaid to any supplier at the end of the accounting year	97.89	38.33
ii) Interest due on above	-	-
The Total of (i) and (ii)	97.89	38.33
(b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 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 the Micro, Small and Medium Enterprises 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 above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises 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 Group. This has been relied upon by the auditors.

**DVK INVESTMENTS PRIVATE LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019**

₹. in Lakhs


**Note 68 - Capitalisation of borrowing costs**

During the year ended March 31, 2019, the Group 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 40 are net of amounts capitalised by the Group Company.

Particulars	March 31, 2019	March 31, 2018
Finance costs	4.84	-
<b>Total</b>	<b>4.84</b>	<b>-</b>

**Note 69** The Consolidated financial statements are approved for issue by the Board of Directors of the Parent Company at its meeting held on May 24, 2019.

For and on behalf of the Board of Directors of DVK Investments Private Limited



KRISHNA DATLA  
Director



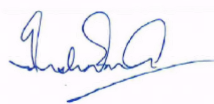
SATISH VARMA  
Director



SONIA GUPTA  
Company Secretary

Thane  
Date: May 24, 2019





CERTIFIED TRUE COPY  
For Fermenta Biotech Limited  
Srikant Sharma  
Company Secretary

