Independent Auditor's Report

To the Members of **Fermenta Biotech Limited**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Fermenta Biotech Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

(a) The other auditors whose reports we have relied upon, we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

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

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group – Refer Note 32 to the consolidated financial statements;

ii. The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts.

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

Other Matter

(a) The accompanying consolidated financial statements include total assets of ₹ 147.90 lakhs as at March 31, 2016, total revenues of ₹ 3.54 lakhs and net loss of ₹ 5.61 lakhs for the year ended on that date, in respect of two subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of such other auditors.

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

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938

Place: Mumbai
Date: May 27, 2016

Annexure 1 – To the independent auditor's report of even date on the consolidated financial statements of Fermenta Biotech Limited

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

In conjunction with our audit of the consolidated financial statements of Fermenta Biotech Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Fermenta Biotech Limited (hereinafter referred to as the "Holding Company") and its subsidiary company, which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary company which is a company incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to the one subsidiary company, which is company incorporated in India is based on the corresponding report of the auditor of such subsidiary company incorporated in India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**
Partner
Membership Number: 105938

Place: Mumbai
Date: May 27, 2016

CIN : U99999MH1986PLC134021

Consolidated Balance Sheet as at March 31, 2016

(₹ in Lakhs)

Particulars	Note No.	March 31, 2016	March 31, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	3	1,770.45	1,770.45
Reserves and surplus	4	7,251.01	6,069.90
		9,021.46	**7,840.35**
Minority Interest		**0.30**	**0.66**
Non current liabilities			
Long term borrowings	5	363.34	524.47
Deferred tax liability (net)	6	400.25	316.91
Long term provisions	7	143.76	134.73
		907.35	**976.11**
Current liabilities			
Short term borrowings	8	2,847.21	2,721.02
Trade payables	9		
• Total outstanding dues of micro enterprises and small enterprises		5.14	19.42
• Total outstanding dues of creditors other than micro enterprises and small enterprises		1,800.98	1,530.20
Other current liabilities	9	976.07	706.25
Short term provisions	7	189.98	31.17
		5,819.38	**5,008.06**
TOTAL		**15,748.48**	**13,825.18**
Assets			
Non current assets			
Goodwill		**1.13**	**1.13**
Fixed assets			
Tangible assets	10	6,819.37	7,230.66
Intangible assets	11	80.49	94.69
Capital work in progress		533.37	47.87
Intangible assets under development		104.06	159.14
Non current investments	12	2.00	2.00
Long term loans and advances	13	350.75	148.29
Other non current assets	14.2	15.04	1.68
		7,905.08	**7,684.33**
Current assets			
Inventories	15	2,483.78	2,102.15
Trade receivables	14.1	4,338.29	3,537.91
Other current assets	14.2	350.35	13.57
Cash and bank balances	16	131.08	80.35
Short term loans and advances	13	538.77	405.74
		7,842.27	**6,139.72**
TOTAL		**15,748.48**	**13,825.18**
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 27, 2016

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Sanjay Buch
Director

Anupama Datla
Executive Director

Viswanath Chibrolu
Director

Gopakumar Nair
Director

Sanjay Basantani
Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 27, 2016

CIN : U99999MH1986PLC134021

Statement of Consolidated Profit & Loss for the year ended March 31, 2016

(₹ in Lakhs)

Particulars	Note No.	March 31, 2016	March 31, 2015
Income			
Revenue from operations (gross)	17	15,004.36	13,296.12
Less : excise duty		294.77	370.70
Revenue from operations (net)		14,709.59	12,925.42
Other income	18	265.01	5.68
Total Revenue (I)		**14,974.60**	**12,931.10**
Expenses			
Cost of materials consumed	19	6,284.83	6,056.26
Purchase of traded goods	19	160.11	82.00
(Increase) / decrease in the inventory of finished goods and work-in-progress	20	(53.06)	158.88
Employee benefit expense	21	2,036.28	1,747.96
Other expenses	22	3,833.77	3,563.12
Total (II)		**12,261.93**	**11,608.22**
Earning before interest, tax, depreciation and amortisation (EBITDA) (I - II)		2,712.67	1,322.88
Depreciation and amortization expense	23	654.40	675.10
Interest Income	24	(5.66)	(4.42)
Finance costs	25	454.62	470.01
Profit before tax		**1,609.31**	**182.19**
Tax expense:			
Current tax		345.21	37.89
Deferred tax charge		83.34	118.87
Total tax expense		**428.55**	**156.76**
Profit after tax		**1,180.76**	**25.43**
Share of minority interest in Profit and Loss account		**(0.36)**	**(0.40)**
Profit after minority interest		**1,181.12**	**25.83**
Earnings per equity share (nominal value of share ₹ 10) (2015: ₹ 10)	26		
(1) Basic		6.49	0.14
(2) Diluted		6.49	0.14
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the consolidated financial statements			

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
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per Vikram Mehta
Partner
Membership No.: 105938

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CIN : U99999MH1986PLC134021

Consolidated Cash Flow Statement for the year ended March 31, 2016

(₹ in Lakhs)

		March 31, 2016	March 31, 2015
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Profit before tax	1,609.31	182.19
	Non cash adjustment to reconcile profit before tax to net cash flows		
	Depreciation / amortisations	654.40	675.10
	Foreign exchange (gain) / loss (net) - unrealised	(52.78)	54.47
	(Profit) / Loss on sale of fixed assets (net)	(0.70)	5.37
	Bad debts	-	5.84
	Provision for doubtful debts and advances (net)	9.63	1.47
	Interest expense	454.62	470.01
	Dividend Income	(0.20)	(0.15)
	Interest income	(3.15)	(2.18)
	Operating profit before working capital changes	**2,671.13**	**1,392.12**
	Movements in working capital changes:		
	Increase / (Decrease) in trade payables	263.52	(268.27)
	Increase / (Decrease) in long term provisions	9.03	(22.08)
	Increase / (Decrease) in short term provisions	4.26	4.25
	Increase / (Decrease) in other current liabilities	148.07	15.32
	(Increase) / Decrease in trade receivables	(738.38)	422.15
	(Increase) / Decrease in inventories	(381.63)	178.25
	(Increase) / Decrease in long term loans and advances	8.02	(16.61)
	(Increase) / Decrease in short term loans and advances	(141.36)	21.59
	(Increase) / Decrease in other current assets	(336.78)	9.09
	(Increase) / Decrease in other non-current assets	-	5.35
	Cash generated from operations	**1,505.89**	**1,741.16**
	Direct taxes paid (net of refund)	(191.95)	(243.44)
	Net cash flow from operating activities	**1,313.94**	**1,497.72**
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets (including intangible assets, adjustments	(819.21)	(642.94)
	for capital work-in-progress and capital advances)		
	Proceeds from sale of fixed assets	0.93	14.60
	Investment in bank deposits having maturity of more than three months	(13.36)	1.68
	Dividend received	0.20	0.15
	Interest received	3.14	2.18
	Net cash used in investing activities	**(828.30)**	**(624.33)**

CIN : U99999MH1986PLC134021

Consolidated Cash Flow Statement for the year ended March 31, 2016

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term borrowings	473.86	121.35
Repayment of long term borrowings	(561.62)	(567.52)
Net Proceeds from short term borrowings	109.95	29.73
Interest paid	(457.10)	(467.74)
Net cash used in financing activities	**(434.91)**	**(884.18)**
Net increase in Cash and Cash equivalents	50.73	(10.79)
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	0.03
Cash and Cash equivalents at the beginning of the year	80.35	91.11
Cash and Cash equivalents at the end of the year	**131.08**	**80.35**
Components of Cash and Cash equivalents		
Cash on hand	3.64	3.85
Balances with scheduled banks on:		
Current accounts	127.41	76.47
Deposit accounts	0.03	0.03
Total cash and cash equivalents (note 16)	**131.08**	**80.35**

Notes:

1. Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS-3) "Cash Flow Statements" as specified Companies (Accounts) Rules, 2014.
2. Previous year's figures have been regrouped/rearranged wherever necessary.

Summary of significant accounting policies	2.1

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 27, 2016

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

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Gopakumar Nair
Director

Sanjay Basantani
Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 27, 2016

CIN : U99999MH1986PLC134021

Notes to Consolidated Financial Statements for the year ended March 31, 2016

1 Background:

A. Fermenta Biotech Limited ("the Company") is a public company domiciled in India and incorporated under the Companies Act, 1956. The Company is engaged in the business of manufacturing and marketing of chemicals, bulk drugs, enzymes, pharmaceutical formulations and Environmental solution products. The Company caters to both domestic and international markets.

Company was holding 2,20,001 equity shares (100%) of 1 G.B. Pound each in Fermenta Biotech UK Limited in the beginning and at the end of the year. Company was also holding 6250 equity shares (62.5%) of ₹10 each in GI Biotech Private Limited at the beginning and at the end of the year.

B. The financial statement of subsidiaries used in the consolidation are drawn up to the same reporting date as of the Company. These statements have been consolidated on the basis of audited financial statements.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the notified Accounting Standards under section 133 of the Companies Act 2013 read together with Rule 7 of Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies:

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b) Basis of Consolidation

These consolidated financial statements include the financial statements of Fermenta Biotech Limited and its following subsidiaries as at March 31, 2016.

Name of Subsidiaries	Country of Incorporation	2015 - 16	2014 - 15
Fermenta Biotech UK Limited	United Kingdom	100%	100%
G. I. Biotech Private Limited	India	62.50%	62.50%

These consolidated financial statements are prepared in accordance with the principles and procedures prescribed by Accounting Standard - 21 'Consolidated Financial Statements' ('AS - 21') as per Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013 for the purpose of preparation and presentation of financial statements.

The financial statements of the Group have been combined on a line-by-line basis by adding together the book values of items like assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealised profits/ Loss in full for subsidiaries. The amounts shown in respect of accumulated reserves comprises the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post acquisition increase / (decrease) in the relevant reserve, accumulated deficit of its subsidiaries.

Share of minority interest is adjusted against the profit to arrive at the net profit attributable to shareholders. Minority interest in share of net assets is presented separately in the balance sheet.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Company for its independent financial statements.

c) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

The Company identifies and determines cost of asset significant to the total cost of the asset having useful life that is materially different from that of the remaining life.

d) **Depreciation on tangible fixed assets**

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset. The Company has used the following useful lives to provide depreciation on its fixed assets.

Assets	Estimated useful life (in years)
Lease hold land	30
Building	30
Lease hold improvements (included in buildings)	10
Plant and equipment	10-20
Office equipments	5
Computers	3-6
Furniture and fixtures	10
Vehicles	8

e) **Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The Company has used the following useful lives to provide depreciation on its fixed assets.

Assets	Estimated useful life (in years)
Software including licences	6
Product know how	3 - 5

Research and Development Costs

Research costs are expensed as incurred. Development expenditure incurred on an individual project is recognized as an intangible asset when the Company can demonstrate: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the asset and use or sell it; (iii) its ability to use or sell the asset; (iv) how the asset will generate probable future economic benefits; (v) the availability of adequate resources to complete the development and to use or sell the asset; and (vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

Any expenditure so capitalized is amortised over their estimated useful lives of three to five years on a straight line basis.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

f) **Impairment of tangible and intangible assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill on consolidation is recorded at cost and is evaluated for impairment at each period end or whenever events or changes in circumstances that indicate that its carrying amount may be impaired.

g) **Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h) **Inventories**

Inventories are stated at lower of cost and net realisable value.

Cost is determined as follows:

(a) Stores and spare parts: - First-in-first-out method.

(b) Raw materials and packing materials: - Cost is determined on a weighted average basis.

(c) Intermediate raw materials, work-in-process and finished goods:- Cost includes direct materials determined on the basis of weighted average method and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

i) **Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Income from services

Revenues from environmental project consultancy contracts are recognized pro-rata over the period of the contract as and when services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "interest income" in the statement of profit and loss.

Export Incentive

Duty free imports of raw materials under Advance Licence for imports as per the Import and Export Policy are matched with the exports made against the said licenses and net benefit / obligation is accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Merchantile Export Incentive Scheme and other schemes as per the Import and Export policy in respect of exports made under the said schemes is included as 'Export Incentives' under the note "other operating revenue" in the statement of profit and loss.

j) **Foreign currency transactions**

Initial Recognition

Transactions in foreign currencies are recorded in the reporting currency at the exchange rate prevailing between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

Translation of Integral and Non-integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the group itself.

In translating the financial statement of a non-integral foreign operation for incorporation in financial statement, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currently translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

k) **Retirement and other employee benefits**

Retirement benefit in the form of provident fund and superannuation fund is defined contribution scheme. The contributions to the respective funds are charged to the statement of profit and loss for the year when the contributions are due. The Company has no obligation, other than the contribution payable to the respective funds.

The Company operates two defined benefit plans for its employee viz. gratuity and long term compensated absences.

Employees are entitled to benefits under the Payment of Gratuity Act, 1972, a defined benefit plan covering employees of the Company. The plan provides for a lump-sum payment to eligible employees at retirement, death, incapacitation or on termination of employment, of an amount based on the respective employee's salary and tenure of employment subject to a maximum of ₹10.00 lakhs per employee.

The gratuity liability and net periodic gratuity cost is actuarially determined based on the projected unit credit method after considering discount rates, expected long term return on plan assets and increase in compensation levels.

All actuarial gains/losses are immediately recorded to the statement of profit and loss and are not deferred.

The Company makes contributions to a fund administered and managed by Life Insurance Corporation of India ('LIC') to fund the gratuity liability. Under this scheme, the obligation to pay gratuity remains with the Company, although LIC administers the scheme.

Liability for long term compensated absences are provided for based on actuarial valuation done as per projected unit credit method.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

l) **Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred taxes are measured using the tax rates and tax laws enacted or substantially enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductable timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. For recognition of deferred taxes, the timing difference which originate first are considered to reverse first.

At each reporting date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

The Company's bulk drugs production facility in Kullu, Himachal Pradesh, was eligible for deduction of 100% of profits until March 31, 2008 and 30% of profits from April 1, 2008 to March 31, 2013, under section 80IB of the Income Tax Act, 1961. Secondly the Company's bulk drug facility at Dahej, Gujarat, is eligible for deduction of 100% of profit until March 31, 2016 and 50% of the profits from April 1, 2016 to March 31, 2021, under section 10(AA) of the Income Tax Act. 1961. In view of such deduction, no asset has been recognized in respect of the Minimum Alternate Tax (MAT) credit available to the Company. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal tax under specified period.

m) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The Company has not issued any potential equity shares and hence the basic earnings per share and diluted earnings per share are the same.

n) Provisions

A provision is recognised when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These are reviewed at each reporting date and adjusted to reflect the current best estimates.

o) Contingent liabilities

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

p) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating lease. Operating Lease payments are recognised as an expense in the statement of profit and loss account on a straight line basis over the lease term.

q) Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

r) Segment Reporting

Identification of segments:

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

s) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs, interest income and tax expense.

t) Borrowing costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

3. Share Capital

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Authorised shares:		
19,010,000 (2015 - 19,010,000) equity shares of ₹10 each	1,901.00	1,901.00
990,000 (2015 - 990,000) preference shares of ₹10 each	99.00	99.00
	2,000.00	**2,000.00**
Issued, subscribed and fully paid-up shares:		
18,192,844 (2015 -18,192,844) equity shares of ₹10 each	1,819.28	1,819.28
Less : Amount recoverable from ESOP trust (refer note (e) below)	(48.83)	(48.83)
	1,770.45	**1,770.45**

a. **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period** (₹ in Lakhs)

Equity shares	March 31, 2016		March 31, 2015	
	No. in Lakhs	₹ in Lakhs	No. in Lakhs	₹ in Lakhs
At the beginning of the period	181.93	1,819.28	181.93	1,819.28
Outstanding at the end of the period	**181.93**	**1,819.28**	**181.93**	**1,819.28**

b. **Shares held by holding company and its ultimate holding company**

Out of equity shares issued by the Company, shares held by the holding company is as follows: (₹ in Lakhs)

	March 31, 2016	March 31, 2015
DIL Limited, the holding company 12,762,464 (2015 -12,762,464) equity shares of ₹ 10 each fully paid	1,276.25	1,276.25
DVK Investments Pvt. Ltd., the ultimate holding company 87,024 (2015 - 87,024) equity shares of ₹ 10 each fully paid	8.70	8.70

c **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays the dividend in Indian rupees. The dividend if any proposed by the board of directors is subject to shareholder's approval in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be as per the terms of the Articles of Association of the Company.

d **Details of shareholders holding more than 5% shares in the Company**

	March 31, 2016		March 31, 2015	
	No. in Lakhs	% holding in the class	No. in Lakhs	% holding in the class
Equity shares of ₹10 each fully paid				
DIL Limited	127.62	70.15%	127.62	70.15%
Evolvence India Life Sciences Fund LLC	38.30	21.05%	38.30	21.05%

e **Shares reserved for issue under options**

During the year ended March 31, 2011, pursuant to approval from shareholders, the Company has allotted 488,334 equity shares at face value of ₹10 each per share against cash to FBL ESOP Trust pending implementation of ESOP plan. (₹ in Lakhs)

	March 31, 2016	March 31, 2015
At the beginning of the period	4.88	4.88
Outstanding at the end of the period	4.88	4.88

Notes to Consolidated Financial Statements for the year ended March 31, 2016

4. Reserve and surplus

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Capital redemption reserve	103.38	103.38
Securities premium account	1,706.46	1,706.46
General Reserve	92.32	92.32
Surplus in the statement of profit and loss		
Balance as per the last financial statements	4,167.74	4,153.67
Profit for the year	1,181.12	25.83
Less : Adjustment on account of effect of depreciation on first time application of Schedule II, net of Deferred Tax (refer note 6 and 10)	-	(11.76)
Net surplus in the statement of profit and loss	5,348.85	4,167.74
Total reserves and surplus	7,251.01	6,069.90

5. Long-term borrowings

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term Loans				
From bank (secured) for Dahej facility	295.57	431.35	466.67	400.00
From bank (secured) for R & D Thane	30.36	-	75.00	-
From financial institutions (secured) for Dahej facility	-	27.99	33.49	102.97
From financial institutions (secured) for R & D Thane	30.11	52.86	22.75	19.84
Vehicle Loans				
From bank (secured)	7.06	9.62	8.68	10.18
From financial institutions (secured)	0.24	2.65	2.38	2.60
Total	363.34	524.47	608.97	535.59
The above amount includes				
Secured borrowings	363.34	524.47	608.97	535.59
Amount disclosed under the head "other current liabilities" (refer note 9)	-	-	(608.97)	(535.59)
Net Amount	363.34	524.47	-	-

a Term loans for setting up a new facility at Dahej SEZ is taken from Union Bank of India with interest rates (BR + 4%) ranging from 13.50% to 13.75% repayable in 60 equal monthly instalments. The said term loan is secured by way of first charge on fixed assets procured with financial assistance of the said term loan and by equitable mortgage of factory land and building at Dahej.

b Term Loan for expansion of Dahej facility is taken from Union Bank of India with interest rate (BR+3.75%) i.e.@13.40% repayable in 48 equal monthly installments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building at Dahej.

c Term Loan for relocation of R & D units / Thane Head office is taken from Union Bank of India with interest rate (BR+3.75%) i.e.@13.40% repayable in 48 equal monthly installments The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building of Dahej and Kullu.

d Term loans from financial institutions (secured) for financing the purchase of plant and machinery at Dahej SEZ and R & D Thane are taken from Siemens Financial Services Private Limited with interest rates at 13.75%, repayable in 48 equal monthly instalments. The said term loans is secured by way of first charge on plant and machinery procured with financial assistance of the said term loan.

e Vehicle loans are taken from the Banks and Financial Institutions against hypothecation of the vehicles repayable in monthly instalments ranging between 36 to 60 months with interest rates ranging from 10% to 14%.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

6. Deferred tax liability (net)

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting*	600.99	506.95
Gross deferred tax liability	**600.99**	**506.95**
Deferred tax assets		
Provision for doubtful debts and advances	150.11	143.92
Provision for gratuity and long term compensated absences	50.63	46.12
Gross deferred tax assets	**200.74**	**190.04**
Net deferred tax liability	**400.25**	**316.91**

* Previous year's figures includes impact of deferred tax of ₹ 5.65 lakhs on depreciation adjustment for earlier years against the retained earning (refer note 4 and 10)

7. Provisions

(₹ in Lakhs)

	Long-Term		Short-Term	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Provision for employee benefits	-	-	-	-
Provision for long term compensated absences	143.76	134.73	35.18	30.92
Provision for tax (net)	-	-	154.80	0.25
	143.76	**134.73**	**189.98**	**31.17**

8. Short-term borrowings

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Cash credit from bank (secured)	1,489.09	1,293.52
Packing and post shipment credit from bank (secured)	1,200.62	1,195.00
Short term loan from holding company (unsecured) (refer note 30 (d))	157.50	232.50
	2,847.21	**2,721.02**
The above amount includes		
Secured borrowings	2,689.71	2,488.52
Unsecured borrowings	157.50	232.50

Packing credit, post shipment credit and cash credit are from Union Bank of India and are secured against hypothecation of Company's entire stocks of raw materials, semi-finished, and finished goods, consumable stores and spares and such other moveable including book-debts, bills, whether documentary or clean, outstanding monies, receivables, and also by way of first charge on all of the Company's fixed assets both present and future. The packing credit and cash credit are repayable on demand and carry interest @ 3.55% (LIBOR+3.5%) to 13.50% (BR+3.5%) p.a. respectively.

Term loan from holding company includes:

a) Short term loan of ₹157.50 lakhs (2015 ₹157.50 lakhs) carrying interest @ 8% p.a., repayable on demand

b) Short term loan of ₹Nil (2015 ₹ 75 lakhs) carrying interest @ 9% to 13% p.a., repayable on demand

Notes to Consolidated Financial Statements for the year ended March 31, 2016

9. Trade payables and other current liabilities

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Trade payables		
• total outstanding dues of micro enterprises and small enterprises (refer note 34 for details of dues to micro and small enterprises)	5.14	19.42
• total outstanding dues of creditors other than micro enterprises and small enterprises	1,800.98	1,530.20
	1,806.12	**1,549.62**
Other current liabilities		
Current maturities of long term borrowings (refer note 5)	608.97	535.59
Interest accrued and not due on borrowings	6.14	8.62
Statutory dues	81.53	57.83
Advance from customers	29.27	32.77
Liability for capital expenditure	98.60	47.75
Others	151.56	23.69
	976.07	**706.25**
	2,782.19	**2,255.87**

10. Tangible assets:

(₹ in Lakhs)

	Freehold land	Lease hold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total
Cost at April 1, 2014	36.04	308.93	2,830.53	6,776.71	192.49	231.63	10,376.33
Additions	-	-	48.40	458.48	6.80	31.61	545.29
Disposal	-	-	-	5.22	-	44.57	49.79
At March 31, 2015	36.04	308.93	2,878.93	7,229.97	199.29	218.67	10,871.83
Additions	-	-	15.19	133.24	0.72	9.48	158.63
Disposal	-	-	-	18.03	-	-	18.03
At March 31, 2016	**36.04**	**308.93**	**2,894.12**	**7,345.18**	**200.01**	**228.15**	**11,012.43**
Depreciation							
At April 1, 2014	-	41.76	420.11	2,432.52	104.44	96.29	3,095.12
Charge for the year	-	10.83	99.74	421.17	12.16	31.99	575.89
Disposal	-	-	-	1.45	-	28.37	29.82
At March 31, 2015	-	52.59	519.85	2,852.24	116.60	99.91	3,641.19
Charge for the year	**-**	**10.83**	**101.35**	**415.42**	**12.35**	**29.73**	**569.68**
Disposal	**-**	**-**	**-**	**17.80**	**-**	**-**	**17.80**
At March 31, 2016	**-**	**63.42**	**621.20**	**3,249.86**	**128.95**	**129.64**	**4,193.07**
Net Block							
At March 31, 2015	36.04	256.34	2,359.08	4,377.74	82.69	118.76	7,230.65
At March 31, 2016	**36.04**	**245.51**	**2,272.92**	**4,095.32**	**71.06**	**98.51**	**6,819.36**

Note:

a In the financial year 2014-15, the Company has revised the depreciation rate on certain fixed assets as per the useful life specified in the Companies Act, 2013 or re-assessed by the Company. Based on current estimates, the carrying amount of ₹ 17.41 lakhs in respect of assets whose useful life has already exhausted as on April 1, 2014 has been adjusted to retained earnings net of tax of ₹ 5.65 lakhs thereon.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

11. Intangible assets:

(₹ in Lakhs)

	Softwares	Product Know-how	Total
Gross Block			
Cost at April 1, 2014	94.78	589.71	684.49
Additions	19.94	4.00	23.94
Disposal	-	-	-
At March 31, 2015	114.72	593.71	708.43
Additions	**11.44**	**53.75**	**65.19**
Disposal	**-**	**-**	**-**
At March 31, 2016	**126.16**	**647.46**	**773.62**
Depreciation			
At April 1, 2014	52.28	462.25	514.53
Charge for the year	18.46	80.75	99.21
Disposal	-	-	-
At March 31, 2015	70.74	543.00	613.74
Charge for the year	**18.30**	**61.10**	**79.40**
Disposal	**-**	**-**	**-**
At March 31, 2016	**89.04**	**604.10**	**693.14**
Net Block			
At March 31, 2015	43.98	50.71	94.69
At March 31, 2016	**37.12**	**43.36**	**80.48**

12. Non-current Investments

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Non-trade investments (valued at cost unless stated otherwise)		
Other entities		
20,000 (2015 - 20,000) Equity shares of ₹10/- each in Shivalik Solid Waste Management Limited	2.00	2.00
	2.00	**2.00**

13. Long term loans and advances

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Capital advances -				
Unsecured considered good	250.94	40.46	-	-
Security deposits -				
Unsecured considered good	83.88	59.62	-	-
Loans and advances to employees				
Unsecured considered good	10.00	40.00	16.49	7.93
Advance recoverable in cash or kind -				
Unsecured considered good (refer note 27 (iii))	3.65	6.47	181.20	117.68
Unsecured considered doubtful	5.08	5.08	13.68	7.97
	8.73	11.55	194.88	125.65
Provision for doubtful advance	(5.08)	(5.08)	(13.68)	(7.97)
	3.65	6.47	181.20	117.68

Notes to Consolidated Financial Statements for the year ended March 31, 2016

13. Long term loans and advances (*contd.*)

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Others -				
Inter corporate deposits				
Doubtful	267.83	267.83	-	-
Provision for doubtful inter corporate deposit	(267.83)	(267.83)	-	-
	-	-	-	-
Advance income tax (net of provision for taxation)	-	-	86.47	85.17
Prepaid expenses	-	1.47	50.92	24.35
Balance with government authorities	-	-	203.05	169.96
Advance to ESOP Trust	0.27	0.27	-	-
Others	2.01	-	0.64	0.65
	350.75	**148.29**	**538.77**	**405.74**

14. Trade receivables and other assets

14.1 Trade receivables

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured considered good	-	-	708.09	301.14
Doubtful	176.06	170.67	-	-
	176.06	170.67	708.09	301.14
Provision for doubtful receivables	(176.06)	(170.67)	-	-
	-	-	708.09	301.14
Other receivables				
Unsecured considered good	-	-	3,630.20	3,236.77
	-	-	4,338.29	3,537.91
Trade receivables include :-				
I) Dues from a Company in which the Company's director is a director - Dupen Laboratories Private Limited (refer note 30 (d) - (11d))			4.14	5.02
II) Dues from holding company - DIL Ltd. (refer note 30 (d) - (11d))			9.95	1.34

14.2 Other Assets

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good unless stated otherwise				
Bank balance (refer note 16)	15.04	1.68	54.34	9.45
Export incentives receivable	-	-	216.67	-
Others	-	-	79.34	4.12
	15.04	**1.68**	**350.35**	**13.57**

Notes to Consolidated Financial Statements for the year ended March 31, 2016

15. Inventories (valued at lower of cost and net realizable value)

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Raw materials and packing materials (includes stock in transit of ₹78.51 lakhs (2015 ₹ 29.79 lakhs)) (refer note 19)	1,392.24	1,035.12
Work in progress (refer note 20)	777.00	810.41
Finished goods (refer note 20)	178.10	91.63
Stores and spares	136.44	164.99
	2,483.78	**2,102.15**

16. Cash and bank balances

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Cash and cash equivalents				
Balances with banks				
On current account	-	-	127.41	76.47
Deposits with original maturity of less than three months	-	-	0.03	0.03
Cash on hand	-	-	3.64	3.85
Other bank balances				
Margin money deposits*	14.34	-	54.34	9.45
Deposits with original maturity of more than twelve months	0.70	1.68	-	-
	15.04	**1.68**	**185.42**	**89.80**
Amount disclosed under other assets (refer note 14.2)	**(15.04)**	**(1.68)**	**(54.34)**	**(9.45)**
	-	**-**	**131.08**	**80.35**

* Margin money deposits with a carrying amount of ₹68.68 lakhs (2015 ₹ 9.45 lakhs) are subject to first charge to secure the letters of credit facilities availed by the Company.

17. Revenue from operations

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Revenue from operations		
Sale of products		
Finished goods	14,419.07	13,158.44
Traded goods	218.52	120.16
Sale of services	19.78	14.05
Other operating revenue		
Scrap sales	4.76	3.47
Insurance Claim	39.19	-
Exports Incentive	303.04	-
Revenue from operations (gross)	15,004.36	13,296.12
Less: Excise duty #	294.77	370.70
Revenue from operations (net)	**14,709.59**	**12,925.42**

Excise duty on sales amounting to ₹ 294.77 lakhs (2015 ₹ 370.70 lakhs) has been reduced from sales in statement of profit and loss and excise duty on increase/decrease in stock amounting to ₹ 29.93 lakhs (2015 ₹ 5.54 lakhs) has been considered as expenses in note 22 of the financial statements.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

17. Revenue from operations (*Contd.*)

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Details of product sold		
Finished goods sold		
Vitamin D3 Product range	10,462.54	8,825.76
Silicon dry powder	383.73	413.81
Phenyramidol Hcl	2,329.07	2,654.13
Fermsept	95.33	167.77
Biocatalyst and Enzymes	863.43	893.31
Others	284.97	203.66
	14,419.07	**13,158.44**
Traded goods sold		
Granules	77.58	99.21
Injections	33.14	20.95
Spray	107.80	-
	218.52	120.16
	14,637.59	**13,278.60**
Details of service rendered		
Environmental project consultancy fees	19.78	14.05
	19.78	**14.05**

18. Other Income

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Foreign exchange fluctuation gain (net)	259.46	-
Profit on Sale of fixed assets(net)	0.70	1.04
Dividend Income	0.20	0.15
Other non-operating income	4.65	4.49
	265.01	**5.68**

19. Cost of raw materials and packing materials consumed

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Inventories of raw materials / packing materials at the beginning of the year	1,035.12	1,047.19
Add : Purchases	6,641.95	6,044.19
	7,677.07	7,091.38
Less : Inventories of raw materials / packing materials at the end of the period	1,392.24	1,035.12
Cost of raw materials and packing materials consumed	**6,284.83**	**6,056.26**

Details of raw materials and packing materials consumed

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Cholesterol	3,131.20	2,376.87
Lithium Amide	331.65	343.89
2-Amino Pyridine	219.53	201.83
Iso Propyl Alcohol	160.42	235.65
Denatured Spirit	181.64	208.28
Styrene Oxide	157.81	153.10
Dimethyl formamide	91.19	98.56
Acetone	145.52	154.18
Petroleum Ether	244.64	214.55
Calcium Dibasic Phoshphate	200.88	165.00
Other materials	1,420.35	1904.35
	6,284.83	**6,056.26**

Notes to Consolidated Financial Statements for the year ended March 31, 2016

19. Cost of raw materials and packing materials consumed

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Details of Raw materials and packing materials inventory		
Cholesterol	494.38	289.01
Pyridine styrene oxide derivative	69.47	21.21
Lithium Amide	51.71	77.23
2- Amino Pyridine	42.64	19.51
Woolgrease	115.82	42.15
Methyl Formate	3.61	11.27
Collidine	1.63	10.79
Dibromo Dimethyl Hydantion	4.96	2.85
Others	608.02	561.10
	1,392.24	**1,035.12**

Details of purchase of traded goods

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Granules	46.50	62.10
Injections	19.84	19.90
Spray	93.77	-
	160.11	**82.00**

20. (Increase)/decrease in inventories

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Inventories at the end of the period (refer note 15)		
Work in progress	777.00	810.41
Finished goods	178.10	91.63
	955.10	902.04
Inventories at the beginning of the year (refer note 15)		
Work in progress	810.41	872.75
Finished goods	91.63	188.17
	902.04	1,060.92
	(53.06)	**158.88**

Details of inventory

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Work in progress		
Vitamin D3 Product range	653.19	578.90
Silicon dry powder	1.46	10.23
Phenyramidol Hcl	8.17	81.27
Biocatalyst and Enzymes	15.41	32.59
Others	98.77	107.42
	777.00	**810.41**

Finished goods

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Vitamin D3 Product range	99.96	28.76
Silicon dry powder	2.90	21.46
Phenyramidol Hcl	-	9.49
Biocatalyst and Enzymes	47.59	28.37
Others	27.65	3.55
	178.10	**91.63**

Notes to Consolidated Financial Statements for the year ended March 31, 2016

21. Employee benefit expense

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Salaries, wages and bonus	1,711.61	1,478.95
Contribution to provident and other fund	93.35	88.46
Gratuity expense (refer note 27 (iv))	21.34	(7.27)
Staff welfare expenses	209.98	187.82
	2,036.28	**1,747.96**

22. Other Expenses

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Manufacturing Expense		
Excise duty other than recovered on sales	59.39	23.13
Labour charges	249.91	208.20
Power, fuel and gas	774.72	839.23
Processing charges	445.12	378.36
Repairs to building	52.60	29.76
Repairs to machinery	64.16	28.21
Stores and spare parts consumed	468.07	459.97
Water charges	12.63	9.93
Sub total (i)	**2,126.60**	**1,976.79**
Selling and distribution expenses		
Advertising and sales promotions	104.58	96.83
Freight and forwarding charges	255.19	235.04
Sales commission	147.33	82.06
Sub total (ii)	**507.10**	**413.93**
Administration and other expenses		
Rent (refer note 28)	111.60	92.49
Repairs and maintenance - others	82.44	80.61
Insurance	62.40	76.26
Rates and taxes	78.96	67.10
Provision for doubtful debts and advances	9.63	1.47
Bad debts	-	5.84
Directors sitting fee	4.25	4.10
Travelling and conveyance	331.88	332.21
Professional and legal fees	233.91	185.23
Payment to auditors (Refer details below)	26.44	21.40
Postage and telephone	31.00	32.92
Printing & stationery	53.23	41.40
Staff recruitment expenses	16.17	22.91
Foreign exchange fluctuation loss (net)	-	97.71
Loss on sale of fixed assets	-	5.37
Donations	14.01	6.69
Bank charges	39.90	22.17
Miscellaneous expenses	104.25	76.52
Sub total (iii)	**1,200.07**	**1,172.40**
Total (i+ii+iii)	**3,833.77**	**3,563.12**
Above expenditure include research and development expenses	**366.66**	**417.58**

Payment to auditors

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
As Auditor		
Audit fee	14.10	9.10
Tax audit fee*	3.10	3.10
Limited review	7.50	7.50
Certifcation fees	0.50	0.50
Reimbursement of expense*	1.24	1.20
	26.44	**21.40**

* includes amount paid to the auditors other than statutory auditors

Notes to Consolidated Financial Statements for the year ended March 31, 2016

23. Depreciation and amortisation expense

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Depreciation of tangible assets	569.68	575.89
Amortisation of intangible assets	84.72	99.21
	654.40	**675.10**

24. Interest Income

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Interest Income on		
Bank deposits	3.14	2.18
Others	2.52	2.24
	5.66	**4.42**

25. Finance Costs

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Interest:		
- On term loans	89.91	145.65
- On Working Capital	302.39	270.51
- On Short term loan from holding company	3.13	10.12
- Others	59.19	43.73
	454.62	**470.01**

26 . Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Net profit for calculating basic and diluted EPS	1,181.12	25.83

		No. of Shares
	March 31, 2016	March 31, 2015
Weighted average number of equity shares in calculating basic and diluted EPS	18,192,844	18,192,844
Earnings per equity share (nominal value of share ₹ 10) (2015: ₹10)	6.49	0.14

27. Employee benefits

The Company operates two employee benefit plans

I Defined contribution plan which includes contribution to provident and superannuation fund

II Defined benefit plan which includes gratuity (funded) and long term compensated absences (unfunded)

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
Defined Contribution Plan		
Contribution to Defined Contribution Plan recognised in the statement of profit and loss under employee benefit expense on note 21 for the year are as under:		
Employer's contribution to provident fund	92.21	86.10
Employer's contribution to superannuation fund	1.14	2.36

Defined Benefit Plan

The Company operates two defined plans, viz. gratuity and long term compensated absences benefit plans for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme isfunded with Life Insurance Corporation of India.

Notes to Consolidated Financial Statements for the year ended March 31, 2016

27. Employee benefits (*Contd.*)

Gratuity as per actuarial valuation (₹ in Lakhs)

		Gratuity Funded	
		As at March 31, 2016	As at March 31, 2015
i)	Changes in the present value of the defined benefit obligation		
	Opening	128.42	151.28
	Interest cost	10.98	15.47
	Current service cost	17.10	19.06
	Benefits paid	(4.48)	(26.50)
	Net actuarial (gain) / loss	5.78	(30.89)
	Closing	**157.80**	**128.42**
ii)	Changes in fair value of plan assets		
	Opening	134.89	141.79
	Expected return on plan assets	12.20	13.06
	Net actuarial gain/ (loss)	0.32	(2.15)
	Employer's contribution	18.52	8.69
	Benefits paid	(4.48)	(26.50)
	Closing	**161.45**	**134.89**
iii)	Amounts recognised in balance sheet		
	Present value of defined benefit obligation	157.80	128.42
	Fair value of plan assets	161.45	134.89
	Net liability / (assets) recognised in balance sheet (refer note 13)	**(3.65)**	**(6.47)**
iv)	Amounts recognised in statement of profit and loss		
	Interest cost	10.98	15.47
	Current service cost	17.10	19.06
	Expected return on plan assets	(12.20)	(13.06)
	Net actuarial (gain) / loss recognised	5.46	(28.74)
	Gratuity expense (refer note 21)	**21.34**	**(7.27)**
v)	Actual return on plan assets	12.52	10.91
vi)	Principal assumptions used in actuarial valuation		
	Discount rate	7.85%	7.90%
	Expected return on plan assets	8.00%	9.15%
	Salary escalation rate	5.00%	5.00%
	Withdrawal rate (as per age group)	21 to 30 - 10%	21 to 30 - 10%
		31 to 40 - 5%	31 to 40 - 5%
		41 to 50 - 3%	41 to 50 - 3%
		51 to 57 - 2%	51 to 57 - 2%
vii)	Investments with insurers	99.00%	95.00%
	Investments with others	1.00%	5.00%

Notes to Consolidated Financial Statements for the year ended March 31, 2016

27. Employee benefits (*Contd.*)

(₹ in Lakhs)

	Gratuity Funded				
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
viii) Amounts for the current and previous four periods are as under:-					
Defined benefit obligations	157.80	128.42	151.28	144.39	123.92
Plan assets	161.45	134.89	141.79	132.81	81.74
Surplus/(Deficit)	3.65	6.47	(9.49)	(11.58)	(42.18)
Experience adjustments on plan liabilities	5.22	2.68	(11.58)	(12.62)	(6.86)
Experience adjustments on plan assets	0.32	(2.15)	(2.57)	0.80	(2.54)

ix) a The discount rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations.

b Expected rate of return on assets assumed by the insurance company is generally based on their investment pattern as stipulated by the Government of India.

c The estimates of rate escalation in salary considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply demand in the employment market.

d The Company expects to contribute ₹20 lakhs to the Gratuity fund in 2016-17. (2015-₹10 lakhs)

28. The Company has entered into arrangements for taking on leave and license basis certain office premises and guest houses. The agreements are cancellable having escalation clause and are renewable.

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
a) Lease payments recognized in the statement of profit and loss for the year.	111.60	92.49
b) Future minimum lease payments under the non-cancellable leases in the aggregate and for each of the following periods:		
Not later than one year	47.45	6.45
Later than one year and not later than five years	62.70	8.91

29. Segment Information:

a Primary segment – The Company has identified chemical, bulk drug & enzymes as the only primary reportable segment

b Secondary segments – Geographical segments

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Segment revenue from external customers, based on geographical location of customers (Sales)		
India	4,611.05	3,741.00
Europe	8,010.70	6,939.06
Others	2,087.84	2,245.36
TOTAL	**14,709.59**	**12,925.42**

Notes to Consolidated Financial Statements for the year ended March 31, 2016

29. Segment Information: (*Contd.*)

Assets and additions to fixed and intangible assets (₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
Segment Assets		
India	12,266.22	11,103.48
Europe	2,525.90	1,840.87
Others	956.36	880.83
TOTAL	**15,748.48**	**13,825.18**
Additions to fixed and intangible assets		
India	819.19	539.61
Europe	-	-
Others	-	-
TOTAL	**819.19**	**539.61**

Note:

The operating facilities of the Company are commonly employed for both the domestic and export business, hence it is not possible to report segment result/liabilities by geographical segment.

30. Related party disclosure:

a) Parties where control exists

Holding company:-

DIL Limited

Subsidiaries:-

a) Fermenta Biotech (UK) Limited

b) G.I. Biotech Pvt Limited

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

Key Management Personnel

Mr. Satish Varma-Managing Director.

Mr. Rajendra Gaitonde-Whole Time Director (Operations) (Up to 15th October 2014)

Ms. Anupama Datla – Executive Director.

Mr. Prashant Nagre - Chief Executive Officer

Mr. Sudarshan Kamath - Chief Financial Officer (Up to 30th September 2014)

Mr. Rajeev Midha - Chief Financial Officer (From 15th September 2014 to 31st January 2015)

Mr. Kapil Gohil - Chief Financial Officer (From 1st April 2015)

Mr. Sanjay Basantani - Company Secretary

Enterprises owned or significantly influenced by key management personnel or their relatives:-

Dupen Laboratories Pvt Limited.

Lacto Cosmetics (Vapi) Pvt. Limited.

c) An individual directly controlling the holding company, namely DIL limited and can exercise significant influence:-

Mr. Krishna Datla – Director

Notes to Consolidated Financial Statements for the year ended March 31, 2016

30. Related party disclosure: *(Contd.)*

d) Transactions with related parties

Following table provides the total amount of transactions that have been entered in to with related parties for the relevant financial year.

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives.
1	Sales				
	Dupen Laboratories Pvt Ltd.				14.16
					(4.48)
2	Purchase of raw materials and spares				
	Dupen Laboratories Pvt Limited.				8.58
					(12.44)
	Lacto Cosmetics (Vapi) Pvt. Ltd.				5.54
					(3.05)
3	Interest on loan taken	16.90			
		(22.71)			
4	Rent paid	82.17			
		(80.87)			
5	Processing Charges Paid				
	Lacto Cosmetics (Vapi) Pvt. Ltd.				7.20
					(14.29)
6	Company's share of expenses paid	45.27			-
		(43.55)			(2.55)
7	Other reimbursements received	11.66			
		(2.11)			
8	Loan taken	-			
		(25.00)			
9.1	Loan repaid	65.00			
		(25.00)			
9.2	Liability written back	10.00			
		-			
10	Remuneration to key management personnel.				
	Mr. Rajendra Gaitonde			-	
				(22.40)	
	Ms. Anupama Datla			75.02	
				(53.03)	
	Mr. Satish Varma			88.44	
				(67.78)	
	Mr. Prashant Nagre			87.27	
				(75.57)	
	Mr. Sudarshan Kamath			-	
				(27.69)	
	Mr. Rajeev Midha			-	
				(23.68)	
	Mr. Kapil Gohil			31.45	
				-	

Notes to Consolidated Financial Statements for the year ended March 31, 2016

30. Related party disclosure: *(Contd.)*

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives.
	Mr. Sanjay Basantani			16.94	
				(16.14)	
	Directors sitting fees				1.55
					(1.65)
11	Balance outstanding as at the year end				
	a. Loan payable (refer note 8)	157.50			
		(232.50)			
	b. Trade Payable				
	DIL Ltd.	3.24			
		(8.72)			
	Lacto Cosmetics (Vapi) Pvt. Ltd.				4.23
					(5.89)
	Dupen Laboratories Pvt Ltd				8.58
					(2.86)
	c. Other current liabilities				
	Ms. Anupama Datla			23.33	
				-	
	Mr. Satish Varma			23.33	
				-	
	Mr. Prashant Nagre			14.39	
				(7.92)	
	Mr. Kapil Gohil			3.00	
				-	
	Mr. Sanjay Basantani			1.60	
				(1.04)	
	DIL Ltd. (refer note 9)	2.83			
		(4.27)			
	d. Trade receivables				
	DIL Ltd. (refer note 14.1)	9.95			
		(1.34)			
	Dupen Laboratories Pvt Ltd. (refer note 14.1)				4.14
					(5.02)

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

* Note: The remuneration to the key managerial personnel includes salary, bonus, contribution to Provident Fund and commission if applicable but does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

31. Capital and other commitments

Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹526.52 lakhs (2015 - ₹43.48 lakhs).

Notes to Consolidated Financial Statements for the year ended March 31, 2016

32. Contingent liabilities

(₹ in Lakhs)

		March 31, 2016	March 31, 2015
Claims against the company not acknowledged as debts			
a	Tax matters		
	- Income Tax - matter under appeal	-	21.24
	- Excise Duty - matter under appeal	8.00	8.00
b	Other claims	54.99	5.00

33 Unhedged foreign currency exposure

a) Particulars of "un-hedged foreign currency exposure" as at March 31, 2016

(₹ in Lakhs)

Particulars	Currency	March 31, 2016		March 31, 2015	
		Amount (Foreign Currency in Millions)	Amount (₹ in Lakhs)	Amount (Foreign Currency in Millions)	Amount (₹ in Lakhs)
Trade receivables	$	0.87	572.99	1.11	696.84
	Euro	2.95	2,204.80	2.67	1,810.64
Trade payables	$	0.37	244.97	0.55	342.48
	Euro	0.46	347.33	0.20	132.72
	Pound	0.00	0.69	0.00	3.46
PCFC	Euro	0.80	601.09	-	-
EEFC	Euro	0.00	0.30	0.00	0.29

34. Details of dues to micro and small enterprises as per MSMED Act, 2006

(₹ in Lakhs)

Particulars			March 31, 2016	March 31, 2015
a)	(i)	Principal amount remaining unpaid to any supplier at the end of the accounting year	5.14	19.42
	(ii)	Interest due on above	0.10	1.23
	Total of (i) & (ii)		5.24	20.65
b)	The amount of interest paid by the buyer in terms of Section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		Nil	Nil
c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006		-	1.23
d)	The amount of interest accrued and remaining unpaid at the end of each accounting year; and		-	1.23
e)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprise Development Act, 2006		Nil	Nil

Notes to Consolidated Financial Statements for the year ended March 31, 2016

(₹ in Lakhs)

35. C.I.F. Value of imports:	Year ended March 31, 2016	Year ended March 31, 2015
Raw materials and packing materials	3,847.03	3,109.36
Stores and spare parts	14.70	7.96
Capital goods	46.02	95.40
TOTAL	3,907.75	3,212.72

(₹ in Lakhs)

36. Expenditure in foreign currency (accrual basis)	Year ended March 31, 2016	Year ended March 31, 2015
Professional fees	69.79	46.90
Travelling	33.01	41.39
Commision	23.75	37.65
Foreign Advertisement and trade exhibition	14.36	17.95
Patent & Trademark	3.04	6.10
Rates and Taxes	4.09	1.33
Analytical fees	-	0.34
Others	34.27	38.33
TOTAL	182.31	189.99

37. Imported and indigenous raw materials, components and spare parts consumed (₹ in Lakhs)

	Year ended March 31, 2016		Year ended March 31, 2015	
	%	₹ in Lakhs	%	₹ in Lakhs
Raw materials consumed:				
Imported	62%	3,888.41	52%	3,148.56
Indigenous	38%	2,396.42	48%	2,907.70
	100%	6,284.83	100%	6,056.26
Stores and spare parts				
Imported	10%	47.15	9%	39.58
Indigenous	90%	420.92	91%	420.39
	100%	468.07	100%	459.97

(₹ in Lakhs)

38. Earnings in foreign currency:	Year ended March 31, 2016	Year ended March 31, 2015
F. O. B. value of exports	9,902.42	9,022.46
Freight and insurance on exports	186.58	161.97

39. Research and Development Expenditure

During the year research and development expenditure of ₹366.66 lakhs (2015 - ₹417.58 lakhs) has been charged/amortised to the statement of profit and loss. The capital expenditure in the current year on research and development amounts to ₹3.22 lakhs (2015- ₹72.06 lakhs)

Notes to Consolidated Financial Statements for the year ended March 31, 2016

40. Capitalisation of Expenditure

During the year, the Company has capitalized the following expenses of revenue nature to the cost of fixed assets/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalized by the Company.

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Finance Costs	8.93	-
Total	**8.93**	**-**

41. Prior year amounts have been reclassified where necessary to conform with current year's preparation.

42. Information required for consolidated financial statement pursuant to Schedule III of The Companies Act, 2013:

(₹ in Lakhs)

Sr No.	Particulars	Name of the Entity	March 31, 2016				March 31, 2015			
			Net Asset as a % of Consolidated		% of share in profit and loss		Net Asset as a % of Consolidated		% of share in profit and loss	
			%	₹ In Lakhs	%	₹ In Lakhs	%	₹ In Lakhs	%	₹ In Lakhs
1	Parent	Fermenta Biotech Limited	98%	8,878.38	101%	1187.21	98%	7,690.67	121%	30.89
2	Subsidiaries									
	Indian	G I Biotech Private Limited	0%	0.80	0%	(0.60)	0%	2.26	-3%	(0.67)
	Foreign	Fermenta Biotech (Uk) Limited	2%	142.58	0%	(5.49)	2%	148.08	-17%	(4.39)
3	Minority Interest		0%	(0.30)	0%	(0.36)	0%	(0.66)	-2%	(0.40)
		Total	100%	9,021.45	100%	1180.76	100%	7,840.35	100%	25.43

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration Number: 324982E / E300003
Chartered Accountants

per Vikram Mehta
Partner
Membership No.: 105938

Place: Mumbai
Date : May 27, 2016

For and on behalf of the Board of Directors of
Fermenta Biotech Limited

Peter Bains
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Sanjay Buch
Director

Anupama Datla
Executive Director

Viswanath Chibrolu
Director

Gopakumar Nair
Director

Sanjay Basantani
Company Secretary

Kapil Gohil
Chief Financial Officer

Place: Thane
Date : May 27, 2016