

## Independent Auditor's Report

To the Members of **Fermenta Biotech Limited**

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Ferment Biotech Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

### Opinion

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our

opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 32 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S R B C & CO LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**

*Partner*

Place: Mumbai

Date: May 27, 2016

Membership Number: 105938

## Annexure 1 – Statement on matters specified in paragraphs 3 and 4 of the Companies (Auditor's Report) Order, 2016

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at the year end and no material discrepancies were noticed in respect of such confirmations.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of bulk drugs and Formulations, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities except for payment of advance income tax.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount (₹ in lakhs)*	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	1.50	2005-06	Customs, Excise & Service Tax Appellate Tribunal (CESTAT), Delhi
Central Excise Act, 1944	Excise Duty	2.65	2010-11	Commissioner of Appeals, Chandigarh
Central Excise Act, 1944	Service Tax	1.54	2006-07 to 2009-10	Commissioner of Appeals, Chandigarh

\*Net of payments made under protest

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi Company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013

where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**

*Partner*

Place: Mumbai

Date: May 27, 2016

Membership Number: 105938

## Annexure 2 – To the independent auditor's report of even date on the standalone financial statements of Fermenta Biotech Limited

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

We have audited the internal financial controls over financial reporting of Fermenta Biotech Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was

established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating

effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 324982E/E300003

per **Vikram Mehta**

*Partner*

Place: Mumbai

Date: May 27, 2016

Membership Number: 105938

CIN : U99999MH1986PLC134021

## Balance Sheet as at March 31, 2016

(₹ in Lakhs)

Particulars	Note No.	March 31, 2016	March 31, 2015
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,770.45	1,770.45
Reserves and surplus	4	7,280.62	6,091.70
		<b>9,051.07</b>	<b>7,862.15</b>
<b>Non current liabilities</b>			
Long term borrowings	5	363.34	524.47
Deferred tax liability (net)	6	399.53	316.13
Long term provisions	7	143.76	134.73
		<b>906.63</b>	<b>975.33</b>
<b>Current liabilities</b>			
Short term borrowings	8	2,847.21	2,721.02
Trade payables	9		
• Total outstanding dues of micro enterprises and small enterprises		5.14	19.42
• Total outstanding dues of creditors other than micro enterprises and small enterprises		1,798.42	1,488.90
Other current liabilities	9	976.95	747.13
Short term provisions	7	189.98	31.17
		<b>5,817.70</b>	<b>5,007.64</b>
<b>TOTAL</b>		<b>15,775.40</b>	<b>13,845.12</b>
<b>Assets</b>			
<b>Non current assets</b>			
<b>Fixed assets</b>			
Tangible assets	10	6,804.85	7,213.79
Intangible assets	11	80.48	94.69
Capital work in progress		533.37	47.87
Intangible assets under development		3.00	52.76
Non current investments	12	186.62	186.62
Long term loans and advances	13	357.01	154.65
Other non current assets	14.2	15.04	1.68
		<b>7,980.37</b>	<b>7,752.06</b>
<b>Current assets</b>			
Inventories	15	2,483.78	2,102.17
Trade receivables	14.1	4,338.29	3,537.91
Other current assets	14.2	350.35	13.57
Cash and bank balances	16	84.49	34.35
Short term loans and advances	13	538.12	405.06
		<b>7,795.03</b>	<b>6,093.06</b>
<b>TOTAL</b>		<b>15,775.40</b>	<b>13,845.12</b>
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

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

per Vikram Mehta  
Partner  
Membership No.: 105938

Place: Mumbai  
Date : May 27, 2016

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

Peter Bains  
Chairman

Sanjay Buch  
Director

Gopakumar Nair  
Director

Place: Thane  
Date : May 27, 2016

Satish Varma  
Managing Director

Anupama Datla  
Executive Director

Sanjay Basantani  
Company Secretary

Krishna Datla  
Director

Viswanath Chibrolu  
Director

Kapil Gohil  
Chief Financial Officer

CIN : U99999MH1986PLC134021

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

(₹ in Lakhs)

Particulars	Note No.	March 31, 2016	March 31, 2015
<b>Income</b>			
Revenue from operations (gross)	17	15,004.36	13,296.12
Less : excise duty		294.77	370.70
Revenue from operations (net)		14,709.59	12,925.42
Other income	18	263.87	5.68
<b>Total Revenue (I)</b>		<b>14,973.46</b>	<b>12,931.10</b>
<b>Expenses</b>			
Cost of materials consumed	19	6,284.83	6,056.26
Purchase of traded goods	19	160.11	82.00
(Increase) / decrease in the inventory of finished goods and work-in-progress	20	(53.06)	158.88
Employee benefit expense	21	2,036.28	1,747.97
Other expenses	22	3,832.06	3,558.24
<b>Total (II)</b>		<b>12,260.22</b>	<b>11,603.35</b>
<b>Earning before interest, tax, depreciation and amortisation (EBITDA) (I - II)</b>		<b>2,713.24</b>	<b>1,327.75</b>
Depreciation and amortization expense	23	646.74	672.76
Interest Income	24	(5.66)	(4.42)
Finance costs	25	454.62	470.01
<b>Profit before tax</b>		<b>1,617.54</b>	<b>189.40</b>
<b>Tax expense:</b>			
Current tax		345.21	37.89
Deferred tax charge		83.41	118.91
<b>Total tax expense</b>		<b>428.62</b>	<b>156.80</b>
<b>Profit after tax</b>		<b>1,188.92</b>	<b>32.60</b>
<b>Earnings per equity share (nominal value of share ₹10) (2015 - ₹10)</b>	26		
(1) Basic		6.54	0.18
(2) Diluted		6.54	0.18
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the standalone financial statements			

As per our report of even date

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

per Vikram Mehta  
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

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

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,617.54	189.40
Adjustment to reconcile profit before tax to net cash flows		
Depreciation / amortisations	646.74	672.76
Foreign exchange (gain)/loss (net) - unrealised	(52.78)	54.47
(Profit)/Loss on sale of fixed assets (net)	(0.70)	5.37
Bad debts	-	5.84
Provision for doubtful debts and advances (net)	9.63	1.47
Interest expense	454.62	470.01
Dividend Income	(0.20)	(0.15)
Interest income	(3.14)	(2.18)
<b>Operating profit before working capital changes</b>	<b>2,671.71</b>	<b>1,396.99</b>
<b>Movements in working capital changes:</b>		
Increase/ (Decrease) in trade payables	302.26	(308.23)
Increase/ (Decrease) in long term provisions	9.03	(22.08)
Increase/ (Decrease) in short term provisions	4.26	4.25
Increase/ (Decrease) in other current liabilities	108.07	55.32
(Increase)/ Decrease in trade receivables	(743.77)	418.95
(Increase)/ Decrease in inventories	(381.61)	178.23
(Increase)/ Decrease in long term loans and advances	8.12	(16.73)
(Increase)/ Decrease in short term loans and advances	(136.00)	21.53
(Increase)/ Decrease in other current assets	(336.78)	9.09
(Increase)/ Decrease in other non-current assets	-	8.71
<b>Cash generated from operations</b>	<b>1,505.29</b>	<b>1,746.03</b>
Direct taxes paid (net of refund)	(191.95)	(243.44)
<b>Net cash flow from operating activities</b>	<b>1,313.34</b>	<b>1,502.59</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including intangible assets, adjustments for capital work-in-progress and capital advances)	(819.20)	(642.78)
Proceeds from sale of fixed assets	0.93	14.60
Investment in bank deposits having maturity of more than three months	(13.36)	(1.68)
Dividend received	0.20	0.15
Interest received	3.14	2.18
<b>Net cash used in investing activities</b>	<b>(828.29)</b>	<b>(627.53)</b>

CIN : U99999MH1986PLC134021

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

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
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)
<b>Net cash flow used in financing activities</b>	<b>(434.91)</b>	<b>(884.18)</b>
<b>Net increase in Cash and Cash equivalents</b>	<b>50.14</b>	<b>(9.12)</b>
Effect of exchange differences on cash & cash equivalents held in foreign currency	-	0.03
Cash and Cash equivalents at the beginning of the year	34.35	43.44
<b>Cash and Cash equivalents at the end of the year</b>	<b>84.49</b>	<b>34.35</b>
<b>Components of Cash and Cash equivalents</b>		
Cash on hand	3.64	3.85
Balances with scheduled banks on:		
Current accounts	80.82	30.47
Deposit accounts	0.03	0.03
<b>Total cash and cash equivalents (note 16)</b>	<b>84.49</b>	<b>34.35</b>

### Notes:

- 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.
- Previous year's figures have been regrouped/rearranged wherever necessary

Summary of significant accounting policies	2.1	
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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

Sanjay Buch  
Director

Gopakumar Nair  
Director

Place: Thane  
Date : May 27, 2016

Satish Varma  
Managing Director

Anupama Datla  
Executive Director

Sanjay Basantani  
Company Secretary

Krishna Datla  
Director

Viswanath Chibrolu  
Director

Kapil Gohil  
Chief Financial Officer

CIN : U99999MH1986PLC134021

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

### 1 Background:

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

### 2 Basis of preparation

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

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

#### 2.1 Summary of significant accounting policies:

##### a) Use of estimates

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

##### b) Tangible fixed assets

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

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

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

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

##### c) Depreciation on tangible fixed assets

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

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

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

### d) Intangible Assets

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

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

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

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

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

### Research and Development Costs

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

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

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

### e) Impairment of tangible and intangible assets

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

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

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

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

### f) Investments

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

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

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

### g) Inventories

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

Cost is determined as follows:

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

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

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

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

### h) Revenue recognition

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

#### Sale of Goods

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

#### Income from services

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

#### Interest

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

#### Export Incentive

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

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

### i) Foreign currency transactions

#### Initial Recognition

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

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

### Conversion

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

### Exchange Differences

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

### Forward Exchange Contracts not intended for trading or speculation purposes

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

### j) Retirement and other employee benefits

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

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

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

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

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

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

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

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

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

### k) Income taxes

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

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

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

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

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

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

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

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

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

### **l) Earnings per share**

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

### **m) Provisions**

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

### **n) Contingent liabilities**

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



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

**o) Leases**

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

**p) Cash and Cash equivalents**

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

**q) Segment Reporting**

Identification of segments:

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

**r) Measurement of EBITDA**

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

**s) Borrowing costs**

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

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



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

### 3. Share Capital

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
<b>Authorised shares:</b>		
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
	<b>2,000.00</b>	<b>2,000.00</b>
<b>Issued, subscribed and fully paid-up shares:</b>		
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)
	<b>1,770.45</b>	<b>1,770.45</b>

#### 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
<b>Outstanding at the end of the period</b>	<b>181.93</b>	<b>1,819.28</b>	<b>181.93</b>	<b>1,819.28</b>

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

#### 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%
Evolve 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
<b>Outstanding at the end of the period</b>	<b>4.88</b>	<b>4.88</b>

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

### 4. Reserve and surplus

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Capital redemption reserve	103.38	103.38
Securities premium account	1,706.46	1,706.46
General Reserve	92.32	92.32
<b>Surplus in the statement of profit and loss</b>		
Balance as per the last financial statements	4,189.54	4,168.70
Profit for the year	1,188.92	32.60
Less : Adjustment on account of effect of depreciation on first time application of Schedule II, net of Deferred Tax (refer note 6 and 10)	-	(11.76)
<b>Net surplus in the statement of profit and loss</b>	<b>5,378.46</b>	<b>4,189.54</b>
<b>Total reserves and surplus</b>	<b>7,280.62</b>	<b>6,091.70</b>

### 5. Long-term borrowings

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Term Loans</b>				
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
<b>Vehicle Loans</b>				
From bank (secured)	7.06	9.62	8.68	10.18
From financial institutions (secured)	0.24	2.65	2.38	2.60
<b>Total</b>	<b>363.34</b>	<b>524.47</b>	<b>608.97</b>	<b>535.59</b>
<b>The above amount includes</b>				
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)
<b>Net Amount</b>	<b>363.34</b>	<b>524.47</b>	<b>-</b>	<b>-</b>

- Term loan for setting up a new facility at Dahej SEZ is taken from Union Bank of India with interest rates (BR + 4%) ranging from 13.50% to 13.75% repayable in 60 equal monthly instalments. The said term loan is secured by way of first charge on fixed assets procured with financial assistance of the said term loan and by equitable mortgage of factory land and building at Dahej.
- Term Loan for expansion of Dahej facility is taken from Union Bank of India with interest rate (BR+3.75%) i.e. @13.40 % repayable in 48 Equal monthly installments. The said term loan is secured by way of first charge on fixed assets procured with the financial assistance of the term loan and by equitable mortgage of factory land and building of Dahej.
- 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 at 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.
- Vehicle loans are taken from the Banks and Financial Institutions against hypothecation of the vehicles repayable in monthly instalments ranging between 36 to 60 months with interest rates ranging from 10% to 14%.

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

### 6. Deferred tax liability (net)

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting *	600.27	506.17
<b>Gross deferred tax liability</b>	<b>600.27</b>	<b>506.17</b>
<b>Deferred tax assets</b>		
Provision for doubtful debts and advances	150.11	143.92
Provision for gratuity and long term compensated absences	50.63	46.12
<b>Gross deferred tax assets</b>	<b>200.74</b>	<b>190.04</b>
<b>Net deferred tax liability</b>	<b>399.53</b>	<b>316.13</b>

\* 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
<b>Provision for employee benefits</b>				
Provision for long term compensated absences	143.76	134.73	35.18	30.92
<b>Provision for tax (net)</b>	-	-	154.80	0.25
	<b>143.76</b>	<b>134.73</b>	<b>189.98</b>	<b>31.17</b>

### 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
	<b>2,847.21</b>	<b>2,721.02</b>
<b>The above amount includes</b>		
Secured borrowings	2,689.71	2,488.52
Unsecured borrowings	157.50	232.50

Packing credit, post shipment credit and cash credit are from Union Bank of India and are secured against hypothecation of Company's entire stocks of raw materials, semi-finished, and finished goods, consumable stores and spares and such other moveable including book-debts, bills, whether documentary or clean, outstanding monies, receivables, and also by way of first charge on all of the Company's fixed assets both present and future. The packing credit and cash credit are repayable on demand. The interest rate for preshipment credit in foreign currency is (LIBOR+3.5%) and interest rate for export credit in rupee and cash credit is 11.15% and 13.5% respectively

Term loan from holding company includes:

- Short term loan of ₹157.50 lakhs (2015 - ₹157.50 lakhs) carrying interest @ 8% p.a., repayable on demand
- Short term loan of ₹Nil (2015 - ₹75 lakhs) carrying interest @ 9% to 13% p.a., repayable on demand

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

### 9. Trade payables and other current liabilities

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
<b>Trade payables</b>		
• total outstanding dues of micro enterprises and small enterprises (refer note 34 for details of dues to micro and small enterprises)	5.14	19.42
• total outstanding dues of creditors other than micro enterprises and small enterprises	1,798.42	1,488.90
	<b>1,803.56</b>	<b>1,508.32</b>
<b>Other current liabilities</b>		
Current maturities of long term borrowings (refer note 5 )	608.97	535.59
Interest accrued and not due on borrowings	6.14	8.62
Statutory dues	81.53	57.83
Advance from customers	29.27	32.77
Liability for capital expenditure	98.60	47.75
Others	152.44	64.57
	<b>976.95</b>	<b>747.13</b>
	<b>2,780.51</b>	<b>2,255.45</b>

### 10. Tangible assets:

(₹ in Lakhs)

	Freehold land	Lease hold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total
<b>Cost at April 1, 2014</b>	36.04	308.93	2,830.53	6,732.67	192.49	231.63	10,332.29
Additions	-	-	48.40	458.48	6.80	31.61	545.29
Disposal	-	-	-	5.22	-	44.57	49.79
At March 31, 2015	36.04	308.93	2,878.93	7,185.93	199.29	218.67	10,827.79
<b>Additions</b>	-	-	15.19	133.24	0.72	9.48	158.63
<b>Disposal</b>	-	-	-	18.03	-	-	18.03
<b>At March 31, 2016</b>	<b>36.04</b>	<b>308.93</b>	<b>2,894.12</b>	<b>7,301.14</b>	<b>200.01</b>	<b>228.15</b>	<b>10,968.39</b>
<b>Depreciation</b>							
At April 1, 2014	-	41.76	420.11	2,407.67	104.44	96.29	3,070.27
Charge for the year	-	10.83	99.74	418.83	12.16	31.99	573.55
Disposal	-	-	-	1.45	-	28.37	29.82
At March 31, 2015	-	52.59	519.85	2,825.05	116.60	99.91	3,614.00
<b>Charge for the year</b>	-	<b>10.83</b>	<b>101.35</b>	<b>413.08</b>	<b>12.35</b>	<b>29.73</b>	<b>567.34</b>
<b>Disposal</b>	-	-	-	17.80	-	-	17.80
<b>At March 31, 2016</b>	-	<b>63.42</b>	<b>621.20</b>	<b>3,220.33</b>	<b>128.95</b>	<b>129.64</b>	<b>4,163.54</b>
<b>Net Block</b>							
At March 31, 2015	36.04	256.34	2,359.08	4,360.88	82.69	118.76	7,213.79
<b>At March 31, 2016</b>	<b>36.04</b>	<b>245.51</b>	<b>2,272.92</b>	<b>4,080.81</b>	<b>71.06</b>	<b>98.51</b>	<b>6,804.85</b>

**Note:**

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

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

### 11. Intangible assets:

(₹ in Lakhs)

	Softwares	Product Know-how	Total
<b>Gross Block</b>			
<b>Cost at April 1, 2014</b>	94.78	589.71	684.49
Additions	19.93	4.01	23.94
Disposal	-	-	-
At March 31, 2015	114.71	593.72	708.43
<b>Additions</b>	<b>11.45</b>	<b>53.74</b>	<b>65.19</b>
<b>Disposal</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At March 31, 2016</b>	<b>126.16</b>	<b>647.46</b>	<b>773.62</b>
<b>Depreciation</b>			
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
<b>Charge for the year</b>	<b>18.30</b>	<b>61.10</b>	<b>79.40</b>
<b>Disposal</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At March 31, 2016</b>	<b>89.04</b>	<b>604.10</b>	<b>693.14</b>
<b>Net Block</b>			
At March 31, 2015	43.97	50.72	94.69
<b>At March 31, 2016</b>	<b>37.12</b>	<b>43.36</b>	<b>80.48</b>

### 12. Non-current Investments

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted equity investments</b>		
a) Investment in equity instruments of subsidiaries		
6,250 (2015 - 6,250) Equity shares of ₹10/- each in G.I Biotech Pvt. Ltd. at cost (refer note below)	0.63	0.63
220,001 (2015-220,001) Shares of G.B.Pound 1/- each in Fermenta Biotech (UK) Limited at cost	183.99	183.99
	184.62	184.62
<b>Non-trade investments (valued at cost unless stated otherwise)</b>		
b) Other entities		
20,000 (2015 - 20,000) Equity shares of ₹10/- each in Shivalik Solid Waste Management Limited	2.00	2.00
	<b>186.62</b>	<b>186.62</b>

#### Note:-

During the year ended March 31, 2009 the Company had entered into an agreement for transfer of the throat lozenge business along with the trademark "Astrasept" and the related movable assets for a consideration of ₹8.00 lakhs, to its wholly owned subsidiary G.I Biotech Private Limited (G.I). Simultaneously the Company has also entered into a share transfer agreement with Ronator Investments Limited (R.I), a company incorporated under the legal provisions of Cyprus, to transfer its entire shareholding in G.I in four instalments to be completed by February 10, 2009 for a total consideration of USD 4.00 lakhs. In accordance with the share transfer agreement the Company sold 3750 shares for consideration of USD 1.50 lakhs and recorded a profit of ₹ 70.60 lakhs in the year ended March 2009. The time limit stipulated for completion of the share transfer agreement and completion of transaction has been extended further to March 31, 2017.

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

### 13. Long term loans and advances

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Capital advances -				
Unsecured considered good	250.94	40.46	-	-
Security deposits -				
Unsecured considered good	83.88	59.62	-	-
Advances to related party (refer note 30 (d) - (11d)) *				
Unsecured considered good	6.26	6.26	-	-
Loans and advances to employees				
Unsecured considered good	10.00	40.00	16.49	7.93
Advance recoverable in cash or kind -				
Unsecured considered good (refer note 27 (iii))	3.65	6.47	181.20	117.67
Unsecured considered doubtful	5.08	5.08	13.68	9.44
	8.73	11.55	194.88	127.11
Provision for doubtful advance	(5.08)	(5.08)	(13.68)	(9.44)
	3.65	6.47	181.20	117.67
Others -				
Inter corporate deposits				
Doubtful	267.83	267.83	-	-
Provision for doubtful inter corporate deposit	(267.83)	(267.83)	-	-
	-	-	-	-
Advance income tax (net of provision for taxation)	-	-	86.47	85.17
Prepaid expenses	-	1.47	50.91	24.34
Balance with government authorities	-	-	203.05	169.95
Advance to ESOP Trust	0.27	0.27	-	-
Others	2.01	0.10	-	-
	357.01	154.65	538.12	405.06
*Loans and advances to related parties include				
Dues from G I Biotech Private Limited, a subsidiary of the Company	6.26	6.26	-	-

### 14. Trade receivables and other assets

#### 14.1 Trade receivables

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured considered good	-	-	708.09	301.14
Doubtful	176.06	170.67	-	-
	176.06	170.67	708.09	301.14
Provision for doubtful receivables	(176.06)	(170.67)	-	-
	-	-	708.09	301.14
Other receivables				
Unsecured considered good	-	-	3,630.20	3,236.77
	-	-	4,338.29	3,537.91

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

### 14. Trade receivables and other assets (Contd.)

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Trade receivables include :-				
I) Dues from a Company in which the Company's director is a director - Dupen Laboratories Private Limited (refer note 30 (d) - (11e))			4.14	5.02
II) Dues from holding company - DIL Ltd. (refer note 30 (d) - (11e))			9.95	1.34

### 14.2 Other Assets

(₹ in Lakhs)

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

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

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Raw materials and packing materials (includes stock in transit of ₹78.51 lakhs (2015 - ₹29.79 lakhs)) (refer note 19)	1,392.24	1,035.12
Work in progress (refer note 20)	777.00	810.41
Finished goods (refer note 20)	178.10	91.63
Stores and spares	136.44	165.01
	2,483.78	2,102.17

### 16. Cash and bank balances

(₹ in Lakhs)

	Non-Current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Cash and cash equivalents</b>				
Balances with banks				
On current account	-	-	80.82	30.47
Deposits with original maturity of less than three months	-	-	0.03	0.03
Cash on hand	-	-	3.64	3.85
<b>Other bank balances</b>				
Margin money deposits*	14.34	-	54.34	9.45
Deposits with original maturity of more than twelve months	0.70	1.68	-	-
	15.04	1.68	138.83	43.80
Amount disclosed under other assets (refer note 14.2)	(15.04)	(1.68)	(54.34)	(9.45)
	-	-	84.49	34.35

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

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

### 17. Revenue from operations

(₹ in Lakhs)

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

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

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
<b>Details of product sold</b>		
<b>Finished goods sold</b>		
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
	<b>14,419.07</b>	<b>13,158.44</b>
<b>Traded goods sold</b>		
Granules	77.58	99.21
Injections	33.14	20.95
Spray	107.80	-
	218.52	120.16
	<b>14,637.59</b>	<b>13,278.60</b>
<b>Details of service rendered</b>		
Environmental project consultancy fees	19.78	14.05
	<b>19.78</b>	<b>14.05</b>

### 18. Other Income

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Foreign exchange fluctuation gain (net)	258.32	-
Profit on Sale of fixed assets(net)	0.70	1.04
Dividend Income	0.20	0.15
Other non-operating income	4.65	4.49
	<b>263.87</b>	<b>5.68</b>



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

### 19. Cost of raw materials and packing materials consumed

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Inventories of raw materials / packing materials at the beginning of the year	1,035.12	1,047.19
Add : Purchases	6,641.95	6,044.19
	7,677.07	7,091.38
Less : Inventories of raw materials / packing materials at the end of the period	1,392.24	1,035.12
Cost of raw materials and packing materials consumed	<b>6,284.83</b>	<b>6,056.26</b>
<b>Details of raw materials and packing materials consumed</b>		
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 Phosphate	200.88	165.00
Other materials	1,420.35	1,904.35
	<b>6,284.83</b>	<b>6,056.26</b>
<b>Details of Raw materials and packing materials inventory</b>		
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
	<b>1,392.24</b>	<b>1,035.12</b>
<b>Details of purchase of traded goods</b>		
Granules	46.50	62.10
Injections	19.84	19.90
Spray	93.77	-
	<b>160.11</b>	<b>82.00</b>

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

### 20. (Increase)/decrease in inventories

(₹ in Lakhs)

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

### 21. Employee benefit expense

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Salaries, wages and bonus	1,711.61	1,478.95
Contribution to provident and other fund	93.35	88.47
Gratuity expense (refer note 27 (iv))	21.34	(7.27)
Staff welfare expenses	209.98	187.82
	<b>2,036.28</b>	<b>1,747.97</b>

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

### 22. Other Expenses

	(₹ in Lakhs)	
	March 31, 2016	March 31, 2015
<b>Manufacturing Expense</b>		
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
<b>Sub total (i)</b>	<b>2,126.60</b>	<b>1,976.79</b>
<b>Selling and distribution expenses</b>		
Advertising and sales promotions	104.58	96.83
Freight and forwarding charges	255.19	235.04
Sales commission	147.33	82.06
<b>Sub total (ii)</b>	<b>507.10</b>	<b>413.93</b>
<b>Administration and other expenses</b>		
Rent (refer note 28)	111.60	92.49
Repairs and maintenance - others	82.44	80.61
Insurance	62.36	76.22
Rates and taxes	78.88	66.98
Provision for doubtful debts and advances (net)	9.63	1.47
Bad debts	-	5.84
Directors sitting fee	4.25	4.10
Travelling and conveyance	331.88	332.21
Professional and legal fees	232.46	183.73
Payment to auditors (Refer details below)	26.34	21.30
Postage and telephone	31.00	32.92
Printing & stationery	53.23	41.40
Staff recruitment expenses	16.17	22.91
Foreign exchange fluctuation loss (net)	-	94.70
Loss on sale of fixed assets (net)	-	5.37
Donations (refer note 40)	14.01	6.69
Bank charges	39.90	22.09
Miscellaneous expenses	104.21	76.49
<b>Sub total (iii)</b>	<b>1,198.36</b>	<b>1,167.52</b>
<b>Total (i+ii+iii)</b>	<b>3,832.06</b>	<b>3,558.24</b>
Above expenditure include research and development expenses	366.66	417.58

### Payment to auditors

	(₹ in Lakhs)	
	March 31, 2016	March 31, 2015
<b>As Auditor</b>		
Audit fee	14.00	9.00
Tax audit fee*	3.10	3.10
Limited review	7.50	7.50
Certification fees	0.50	0.50
Reimbursement of expense*	1.24	1.20
	<b>26.34</b>	<b>21.30</b>

\* includes amount paid to the auditors other than statutory auditors

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

### 23. Depreciation and amortisation expense

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Depreciation of tangible assets	567.34	573.55
Amortisation of intangible assets	79.40	99.21
	<b>646.74</b>	<b>672.76</b>

### 24. Interest Income

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
<b>Interest Income on</b>		
Bank deposits	(3.14)	(2.18)
Others	(2.52)	(2.24)
	<b>(5.66)</b>	<b>(4.42)</b>

### 25. Finance Costs

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
<b>Interest:</b>		
- 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
	<b>454.62</b>	<b>470.01</b>

### 26. Earnings per share (EPS)

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

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Net profit for calculating basic and diluted EPS	1,188.92	32.60
		(No. of Shares)
Weighted average number of equity shares in calculating basic and diluted EPS	18,192,844	18,192,844
Basic & diluted earnings per equity share (nominal value of share ₹ 10) (2015 - ₹ 10)	6.54	0.18

### 27. Employee benefits

The Company operates two employee benefit plans

- I Defined contribution plan which includes contribution to provident and superannuation fund
- II Defined benefit plan which includes gratuity (funded) and long term compensated absences (unfunded)

(₹ in Lakhs)

	As at March 31, 2016	As at March 31, 2015
<b>Defined Contribution Plan</b>		
Contribution to Defined Contribution Plan recognised in the statement of profit and loss under employee benefit expenses on note 21 for the year are as under-		
Employer's contribution to provident fund	92.21	86.11
Employer's contribution to superannuation fund	1.14	2.36

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

### 27. Employee benefits (Contd.)

#### Defined Benefit Plan

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

#### Gratuity as per actuarial valuation

(₹ in Lakhs)

	Gratuity Funded	
	As at March 31, 2016	As at March 31, 2015
i) Changes in the present value of the defined benefit obligation		
Opening	128.42	151.28
Interest cost	10.98	15.47
Current service cost	17.10	19.06
Benefits paid	(4.48)	(26.50)
Net actuarial (gain) / loss	5.78	(30.89)
Closing	<b>157.80</b>	<b>128.42</b>
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	<b>161.45</b>	<b>134.89</b>
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)	<b>(3.65)</b>	<b>(6.47)</b>
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)	<b>21.34</b>	<b>(7.27)</b>
v) Actual return on plan assets	12.52	10.91
vi) Principal assumptions used in actuarial valuation		
Discount rate	7.85%	7.90%
Expected return on plan assets	8.00%	9.15%
Salary escalation rate	5.00%	5.00%
Withdrawal rate (as per age group)	21 to 30 - 10%	21 to 30 - 10%
	31 to 40 - 5%	31 to 40 - 5%
	41 to 50 - 3%	41 to 50 - 3%
	51 to 57 - 2%	51 to 57 - 2%
vii) Investments with insurers	99.00%	95.00%
Investments with others	1.00%	5.00%

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

### 27. Employee benefits (Contd.)

(₹ in Lakhs)

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

- ix) a The discount rate is considered based on market yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations.
- b Expected rate of return on assets assumed by the insurance company is generally based on their investment pattern as stipulated by the Government of India.
- c The estimates of rate escalation in salary considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors including supply demand in the employment market.
- d The Company expects to contribute ₹20 lakhs to the Gratuity fund in 2016-17. (2015-₹10 lakhs)

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

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
a) Lease payments recognized in the statement of profit and loss for the year.	111.60	92.49
b) Future minimum lease payments under the non-cancellable leases in the aggregate and for each of the following periods:		
Not later than one year	47.75	6.45
Later than one year and not later than five years	62.70	8.91

### 29. Segment Information:

- a Primary segment – The Company has identified chemical, bulk drug & enzymes as the only primary reportable segment
- b Secondary segments – Geographical segments

(₹ in Lakhs)

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

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

### 29. Segment Information: (Contd.)

#### Assets and additions to fixed and intangible assets

(₹ in Lakhs)

	Year ended March 31, 2016	Year ended March 31, 2015
<b>Segment assets</b>		
India	12,438.17	11,123.42
Europe	2,525.90	1,840.87
Others	811.33	880.83
<b>TOTAL</b>	<b>15,775.40</b>	<b>13,845.12</b>
<b>Capital Expenditure (including capital work in progress)</b>		
India	819.19	539.61
Europe	-	-
Others	-	-
<b>TOTAL</b>	<b>819.19</b>	<b>539.61</b>

#### 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 Financial Statements for the year ended March 31, 2016

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

#### d) Transactions with related parties

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

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives.
1	Sales				
	Dupen Laboratories Pvt Ltd.				14.16
					(4.48)
2	Purchase of raw materials				
	Dupen Laboratories Pvt Limited.				8.58
					(12.44)
	Lacto Cosmetics (Vapi) Pvt. Ltd.				5.54
					(3.05)
3	Interest on loan taken	16.90			
		(22.71)			
4	Rent paid	82.13			
		(80.87)			
5	Processing Charges Paid				
	Lacto Cosmetics (Vapi) Pvt. Ltd.				7.20
					(14.29)
6	Company's share of expenses paid	45.27			-
		(43.55)			(2.55)
7	Other reimbursements received	11.66			
		(2.11)			
8	Loan taken	-			
		(25.00)			
9.1	Loan repaid	65.00			
		(25.00)			
9.2	Liability written back	10.00			
		-			
10	Remuneration to key management personnel.*				
	Mr. Rajendra Gaitonde			-	
				(22.40)	
	Ms. Anupama Datla			75.02	
				(53.03)	
	Mr. Satish Varma			88.44	
				(67.78)	
	Mr. Prashant Nagre			87.27	
				(75.57)	
	Mr. Sudarshan Kamath			-	
				(27.69)	
	Mr. Rajeev Midha			-	
				(23.68)	
	Mr. Kapil Gohil			31.45	
				-	



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

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

(₹ in Lakhs)

Sr. No.	Particulars	Holding Company	Subsidiaries	Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives.
	Mr.Sanjay Basantani			16.94	
				(16.14)	
	Directors sitting fees				1.55
					(1.65)
11	Balance outstanding as at the year end				
a.	Loan payable (refer note 8)	157.50			
		(232.50)			
b.	Trade Payable				
	DIL Ltd.	3.24			
		(8.72)			
	Lacto Cosmetics (Vapi) Pvt. Ltd.				4.23
					(5.89)
	Dupen Laboratories Pvt Ltd				8.58
					(2.86)
c.	Other current liabilities				
	Ms. Anupama Datla			23.33	
				-	
	Mr. Satish Varma			23.33	
				-	
	Mr. Prashant Nagre			14.39	
				(7.92)	
	Mr. Kapil Gohil			3.00	
				-	
	Mr. Sanjay Basantani			1.60	
				(1.04)	
	DIL Ltd.	2.83			
		(4.27)			
d.	Long term loans and advances				
	G. I. Biotech Pvt Ltd. (refer note 13)		6.26		
			(6.26)		
e.	Trade receivables				
	DIL Ltd. (refer note 14.1)	9.95			
		(1.34)			
	Dupen Laboratories Pvt Ltd. (refer note 14.1)				4.14
					(5.02)

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

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

### 31. Capital and other commitments

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

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

### 32. Contingent liabilities

(₹ in Lakhs)

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

### 33 Unhedged foreign currency exposure

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

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

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

(₹ in Lakhs)

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

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

(₹ in Lakhs)

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

(₹ 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
<b>TOTAL</b>	<b>182.31</b>	<b>189.99</b>

(₹ in Lakhs)

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

(₹ in Lakhs)

38. Earnings in foreign currency:	Year ended March 31, 2016	Year ended March 31, 2015
F. O. B. value of exports	9,902.42	9,022.46
Freight and insurance on exports	196.12	161.97

### 39. Research and Development Expenditure

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

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

### 40. Details of CSR expenditure

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
a) Gross amount required to be spent by the group during the year	10.83	18.41

(₹ in Lakhs)

Particulars	In cash	Yet to be paid in cash	Total
<b>b) Amount spent during the year ending on 31st March, 2016:</b>			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	1.90	8.93	10.83
<b>c) Amount spent during the year ending on 31st March, 2015:</b>			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	13.14	5.27	18.41

### 41. Capitalisation of Expenditure

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

(₹ in Lakhs)

	March 31, 2016	March 31, 2015
Finance Costs	8.93	-
<b>Total</b>	<b>8.93</b>	<b>-</b>

### 42. Prior year amounts have been regrouped / reclassified where necessary to conform with current year's classification.

As per our report of even date

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

per Vikram Mehta  
Partner  
Membership No.: 105938

Place: Mumbai  
Date : May 27, 2016

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

Peter Bains  
Chairman

Sanjay Buch  
Director

Gopakumar Nair  
Director

Place: Thane  
Date : May 27, 2016

Satish Varma  
Managing Director

Anupama Datla  
Executive Director

Sanjay Basantani  
Company Secretary

Krishna Datla  
Director

Viswanath Chibrolu  
Director

Kapil Gohil  
Chief Financial Officer