



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

	Notes	March 31, 2019	March 31, 2018 #
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	7,802.97	7,472.57
(b) Capital work-in-progress		2,072.16	250.06
(c) Goodwill		1.13	1.13
(d) Other intangible assets	4	228.83	208.92
(e) Intangible assets under development		85.99	99.50
(f) Financial assets			
(i) Investments	5	4.11	4.11
(ii) Loans	6	25.00	-
(iii) Other financial assets	7	455.69	426.04
(g) Non-current tax assets (Net)	8	3.93	8.03
(h) Other non-current assets	9	2,810.00	447.54
Total non-current assets		13,489.81	8,917.90
Current assets			
(a) Inventories	10	8,766.53	5,117.88
(b) Financial assets			
(i) Trade receivables	11	6,572.53	6,863.02
(ii) Cash and cash equivalents	12	3,962.61	2,162.73
(iii) Bank balances other than (ii) above	12A	5,021.67	930.58
(iv) Loans	13	1,150.23	1.09
(v) Other financial assets	14	229.75	22.57
(c) Other current assets	15	3,856.36	2,623.32
Total current assets		29,559.68	17,721.19
TOTAL ASSETS		43,049.49	26,639.09
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	1,770.45	1,770.45
(b) Other equity	17	26,793.78	15,503.13
Equity attributable to owners of the Company		28,564.23	17,273.58
Non-Controlling Interests		1.65	(0.30)
Total Equity		28,565.88	17,273.28
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
Borrowings	18	814.64	335.00
(b) Provisions	19	441.72	201.09
(c) Deferred tax liabilities (Net)	20	367.08	220.14
Total non-current liabilities		1,623.44	756.23
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	5,366.32	2,413.01
(ii) Trade payables			
(A) Total outstanding dues of micro and small enterprises and;	43	97.89	38.33
(B) Total outstanding dues of creditors other than micro and small enterprises		4,019.54	3,848.00
(iii) Other financial liabilities	22	2,571.75	1,442.27
(b) Provisions	24	39.95	30.20
(c) Current tax liabilities (Net)	25	512.51	376.06
(d) Other current liabilities	23	252.21	461.71
Total current liabilities		12,860.17	8,609.58
TOTAL EQUITY AND LIABILITIES		43,049.49	26,639.09

// Refer note 1.3

See accompanying notes to the consolidated financial statements

1-55

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants



Rajesh K. Hiranandani
Partner

ANS RKG

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



Sanjay Buch
Chairman

Anupama Datla Desai
Executive Director

Prashant Nair
Chief Executive Officer



Satish Varma
Managing Director

Dr. Gopakumar Nair
Director

Anmol Kothne
Chief Financial Officer



Krishna Datla
Director

Varadvinayak Khambete
Company Secretary

Mumbai, May 24, 2019

Thane, May 24, 2019

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

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(₹ in Lakhs)

	Notes	March 31, 2019	March 31, 2018 #
Income			
Revenue from operations	26	38,925.51	29,202.00
Other income	27	1,206.30	851.21
Total income		40,131.81	30,053.21
Expenses			
Cost of materials consumed	28	10,320.06	8,490.24
Purchases of stock-in-trade		187.54	28.80
Changes in inventories of finished goods, stock-in-trade and work-in-progress	29	(1,282.35)	(538.92)
Excise duty on sale of goods		-	30.79
Employee benefits expense	30	4,750.43	3,405.77
Finance costs	32	469.23	299.95
Depreciation and amortisation expense	31	809.12	852.62
Other expenses	33	10,197.72	8,168.06
Total expenses		25,451.75	20,737.31
Profit before tax		14,680.06	9,315.90
Tax expense:			
(1) Current tax		3,192.21	2,104.43
(2) Deferred tax charge / (credit)	44 C	182.27	(62.57)
Total tax expense		3,374.48	2,041.86
Profit for the year		11,305.58	7,274.04
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
(i) Remeasurements of defined benefit plan		(101.11)	10.50
(ii) Income tax relating to remeasurements of defined benefit plan		35.33	(3.63)
Total other comprehensive income / (loss) for the year		(65.78)	6.87
Total comprehensive income for the year		11,239.80	7,280.91
Profit for the year attributable to:			
-Owners of the Company		11,303.63	7,274.31
-Non-controlling interests		1.95	(0.27)
Total other comprehensive income / (loss) for the year attributable to:		11,305.58	7,274.04
-Owners of the Company		(65.78)	6.87
-Non-controlling interests		-	-
Total comprehensive income for the year attributable to:		(65.78)	6.87
-Owners of the Company		11,237.85	7,281.18
-Non-controlling interests		1.95	(0.27)
Earnings per equity share (nominal value per equity share ₹ 10 each)	36		
Basic (in ₹)		63.85	* 41.09
Diluted (in ₹)		63.84	* 41.09
# Refer note 1.3			
*Restated (Refer note 36)			
See accompanying notes to the consolidated financial statements	1-55		
In terms of our report attached			

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Hiranandani
Partner

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

Sanjay Buch
Chairman

Satish Varma
Managing Director

Krishna Datla
Director

Anupama Datla Desai
Executive Director

Dr. Gopakumar Nair
Director

Prashant Nigam
Chief Executive Officer

Amol Lone
Chief Financial Officer

Varadvinayak Khambete
Company Secretary

Mumbai, May 24, 2019

Thane, May 24, 2019

	March 31, 2019	March 31, 2018 #
A. Cash flows from operating activities		
Profit before tax as per Consolidated statement of profit and loss	14,680.06	9,315.90
Adjustments for:		
Depreciation and amortisation expense	809.12	852.62
Net unrealised foreign exchange gain	(139.41)	(240.69)
(Profit)/Loss on sale / write off, of property, plant and equipment (Net)	62.67	(86.12)
Allowance for doubtful debts and advances	67.58	449.87
Trade receivables, loans and advances written off (Net)	21.13	-
Share based payments to employees	52.80	-
Finance costs	469.23	299.95
Dividend income	(0.30)	(0.24)
Interest income	(402.09)	(32.26)
Operating profit before working capital changes	15,620.79	10,559.03
Movements in working capital :		
Increase in trade payables	247.65	1,187.96
Increase in provisions	149.25	57.30
Increase in other liabilities	503.38	1,359.61
Increase in inventories	(3,648.65)	(1,243.29)
(Increase) / decrease in trade receivables	261.17	(2,552.16)
Increase in other assets	(2,620.53)	(2,123.86)
Cash generated from operations	10,513.06	7,244.59
Income tax paid (Net of refunds)	(3,051.02)	(1,757.64)
Net cash generated from operating activities (A)	7,462.04	5,486.95
B. Cash flows from investing activities		
Payments for purchase of property, plant and equipment, capital work-in-progress, intangible assets and intangible assets under development	(3,481.15)	(1,257.91)
Proceeds on sale of property, plant and equipment	41.65	165.97
Inter corporate deposits given	(1,150.00)	-
Loan given	(25.00)	-
Deposits with banks not considered as cash and cash equivalents (Net)	(4,091.09)	(776.87)
Deposit with a financial institution	(300.00)	-
Interest received	281.35	10.92
Dividend received	0.30	0.24
Net cash used in investing activities (B)	(8,723.94)	(1,857.65)
C. Cash flows from financing activities		
Proceeds from long term borrowings	817.95	28.00
Repayment of long term borrowings	(295.19)	(1,348.48)
Net increase in short term borrowings	2,769.88	-
Finance costs	(465.10)	(297.55)
Net cash generated from / (used in) financing activities (C)	2,827.54	(1,618.03)
Net increase in cash and cash equivalents (A)+(B)+(C)	1,565.64	2,011.27
Cash and cash equivalents at the beginning of the year	2,162.73	151.46
Cash and cash equivalents at the end of the year	3,728.37	2,162.73
Components of cash and cash equivalents		
Cash on hand	3.05	3.24
Balances with banks	1,060.50	1,153.35
Deposits with original maturity of less than 3 months	2,899.06	1,006.14
Cash and cash equivalents (Refer note 12)	3,962.61	2,162.73
Cash credit facilities included under loans repayable on demand (Refer note 21)	(234.24)	-
Total cash and cash equivalents considered for cash flows	3,728.37	2,162.73

// Refer note 1.3

See accompanying notes to the consolidated financial statements 1-55

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants

Rajesh K. Hiranandani
 Partner

Ans RKH

Mumbai, May 24, 2019

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

Sanjay Buch
 Chairman

Anupama Datta Desai
 Executive Director

Prashant Nagre
 Chief Executive Officer
 Thane, May 24, 2019

Satish Varma
 Managing Director

Dr. Gopakumar Nair
 Director

Anil Lone
 Chief Financial Officer

Krishna Datla
 Director

Varadvinayak Khambete
 Company Secretary

(a) Equity share capital

(₹ in Lakhs)

	March 31, 2019	March 31, 2018 #
Balance at the beginning and end of the year	1,770.45	1,770.45

(b) Other equity

	Reserves and surplus					Items of other comprehensive income	Attributable to the owners of the parent Company	Non controlling interest	Total
	Securities premium	Capital redemption reserve	General reserve	Share options outstanding account	Retained earnings	Equity instruments through OCI			
Balance as at April 01, 2017 #	1,706.46	103.38	92.32	-	6,318.10	1.69	8,221.95	(0.03)	8,221.92
Profit / (Loss) for the year	-	-	-	-	7,274.31	-	7,274.31	(0.27)	7,274.04
Other comprehensive income for the year	-	-	-	-	6.87	-	6.87	-	6.87
Balance as at March 31, 2018 #	1,706.46	103.38	92.32	-	13,599.28	1.69	15,503.13	(0.30)	15,502.83
Profit for the year	-	-	-	-	11,303.63	-	11,303.63	1.95	11,305.58
Recognition of share based payments	-	-	-	52.80	-	-	52.80	-	52.80
Other comprehensive income/ (Loss) for the year	-	-	-	-	(65.78)	-	(65.78)	-	(65.78)
Balance as at March 31, 2019	1,706.46	103.38	92.32	52.80	24,837.13	1.69	26,793.78	1.65	26,795.43

*Represents remeasurement of defined benefit plan

(c) Total equity

	March 31, 2019	March 31, 2018
Total equity [(a)+(b)]	28,565.88	17,273.28

Refer note 1.3

See accompanying notes 1-55 to the consolidated financial statements
in terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Rajesh K. Ilirandani
Partner

ANS RCB

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

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Managing Director

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Director

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Director

Prashant Singh
Chief Executive Officer

Anmol Lone
Chief Financial Officer

Varadvinayak Khambete
Company Secretary

Mumbai, May 24, 2019

Thane, May 24, 2019

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

1. Corporate information

Fermenta Biotech Limited ('FBL' or 'the parent Company') is a public limited Company incorporated and domiciled in India under the Companies Act, 1956. The registered office of the Company is located at A- 1501, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) 400610, together with its subsidiaries Fermenta Biotech (UK) Limited ('FBLUK') and G.I. Biotech Private Limited ('GI BIO') collectively referred to as 'the Group', is in the business of manufacturing and selling of chemicals primarily bulk drugs and enzymes.

1.2 Scheme of Amalgamation

The Board of Directors of DIL Limited (Holding Company), in its meeting held on June 21, 2018, have approved the scheme of amalgamation of FBL, with the Holding Company. The Holding Company, having received no adverse observation from Bombay Stock Exchange, has subsequently filed an application seeking sanction of the scheme of amalgamation to National Company Law Tribunal, Mumbai, with the appointed date of April 01, 2018. The above Scheme shall be effective post receipt of required approvals and accordingly, the consolidated financial statements do not reflect the impact, on account of the scheme.

1.3 The Consolidated Ind AS Financial Statements of the Company for the year ended March 31, 2018 have not been separately audited and reported upon the auditors, but have been extracted from the audited Consolidated Ind AS Financial Statements of the Holding Company which were prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India which were approved by the Board of Directors of the Holding Company on May 15, 2018, and prepared for internal use of the Company.

2. Significant accounting policies

2.1 Statement of compliance

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

2.2 Basis of preparation and presentation

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

(a) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, share based payment transactions that are within the scope of Ind AS 102 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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

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

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

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

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company, and its subsidiaries as disclosed in Note 53. Control is achieved when the Parent Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee and
- has the ability to use its power to affect its returns.
- the Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss from the date the Parent Company gains control until the date when the Parent Company ceases to control the subsidiary.

Profit or loss and each component or other comprehensive income are attributed to the owners of the Parent Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

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

(c) Operating cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets/liabilities and their realization/settlement in cash and cash equivalents, the Group has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

(d) Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit prorata based on the carrying amount of each assets in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(f) Foreign currencies

Foreign currency transactions

In preparing the consolidated financial statements of each individual Group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are translated at exchange rates at the dates of the transactions.

At the end of each reporting period monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange difference on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those currency borrowings;
- exchange difference on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate). When a foreign operation is disposed of, the relevant amount in the Foreign Currency Translation Reserve is reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(g) Borrowing costs

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

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

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

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

(h) Employee Benefits

i) Short term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

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

ii) Termination benefits:

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

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

Defined benefit costs are categorised as follows:

- i) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- ii) net interest expenses or income; and
- iii) remeasurement

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

iii) Share-based payments:

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 49.

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

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

(i) Income Taxes

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

i) Current tax:

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

ii) Deferred tax:

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

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

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

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

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

iii) Presentation of current and deferred tax:

Current and deferred tax are recognised in the profit and loss, except when they relate to items that are recognised in Other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. When current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

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

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

(j) Revenue recognition

The Group derives revenues primarily from sale of manufactured chemicals, bulk drugs, enzymes, pharmaceutical formulations, environmental solution products. Revenue is recognised when it is probable that economic benefits associated with a transaction flows to the Group in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates allowed by the Group. Revenue includes only the gross inflows of economic benefits, including excise duty, received and receivable by the Group, on its own account. Amounts collected on behalf of third parties such as sales tax, value added tax and Goods and Services Tax are excluded from revenue.

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

Sale of Goods:

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

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

Rendering of services:

Revenue from services rendered is recognised pro-rata over the period of the contract as the underlying services are performed.

Interest and dividend:

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

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

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

Export incentives:

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

The benefit under the Duty Drawback, Mercantile Export Incentive Scheme and other schemes as per the Import and Export policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head "Other Operating Revenue" in the consolidated statement of profit and loss and is accounted in the year of export.

(k) Property, plant and equipment (PPE)

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

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

Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

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

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

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

Asset Category	Estimated useful life (in years)
Buildings	30
Lease hold improvements (included in buildings)	5-10
Plant and equipment	5-20
Office equipment (included in plant and equipment)	5-6
Computers (included in plant and equipment)	3-6
Furniture and fixtures	10
Vehicles	8

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

(l) Intangible assets

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

(a) Intangible assets acquired separately

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

(b) Internally-generated intangible assets - Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An Internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if, all the below stated conditions are fulfilled:

- (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (ii) its intention to complete the asset and use or sell it;
- (iii) its ability to use or sell the asset;
- (iv) how the asset will generate probable future economic benefits;
- (v) the availability of adequate resources to complete the development and to use or sell the asset; and
- (vi) the ability to measure reliably the expenditure attributable to the intangible asset during development.

The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible assets first meets the recognition criteria listed above. Where no internally-generated intangible assets can be recognised, development expenditure is recognised in the consolidated statement of profit and loss in the period in which incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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

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

Asset Category	Estimated useful life (in years)
Computer software	3-6
Product know how	3-5

(m) Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

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

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

(n) Inventories

Inventories consisting of raw materials and packing materials, work-in-progress, stock-in-trade and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost of raw materials and packing materials and stock-in-trade comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

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

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

(o) Financial instruments

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

Financial assets

Initial recognition and measurement:

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

Subsequent measurement

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

- 1 Debt instruments at amortised cost
- 2 Debt instruments at fair value through other comprehensive income (FVTOCI)
- 3 Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- 4 Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debt instrument at FVTOCI

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

The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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

Debt instrument at FVTPL

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

Equity Instruments

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's balance sheet) when:

- 1) The contractual rights to receive cash flows from the asset have expired, or
- 2) The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) The Group has transferred substantially all the risks and rewards of the asset, or
 - (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement; in that case the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets measured at amortised cost, trade receivables, other contractual rights to receive cash or other financial assets, and guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit adjusted effective interest rate for purchase or originated credit-impaired financial assets). The Group estimates cash flow by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month expected credit losses. 12-month expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if the default occurs within the 12-months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12-months.

If the Group measures loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risks has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increase in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Financial liabilities and equity instruments

Classification as debts or equity:

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

Equity instruments:

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

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

Financial liabilities:

Initial recognition and measurement:

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

Subsequent measurement:

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

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

Financial liabilities at FVTPL:

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

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

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

Gains or losses on financial guarantee contracts and loan commitments issued by the company that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in note 45.

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

Financial liabilities at amortised cost:

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

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

Derecognition of financial liabilities:

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(p) **Leasing**

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

The Group as lessor:

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

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

The Group as lessee:

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

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

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

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

(q) **Provisions, contingent liabilities and contingent assets**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows "when the effect of the time value of money is material".

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

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

(r) **Earnings per share**

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

Basic earnings per share is calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. Dilutive EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

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

(s) Cash and cash equivalents:

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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

(t) Operating segments

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

(u) Use of estimates and Judgements

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

Fair value measurement of financial instruments:

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

Useful lives of property, plant and equipment and intangible assets :

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

Assets and obligations relating to employee benefit:

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

Tax expense : [refer note 2(i)]

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

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

Provisions: [refer note 2(q)]

Write down in value of inventories: (refer note 10)

Contingencies [refer note 34 (B)]

(v) Recent Accounting pronouncements

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

Ind AS 116 Leases

On March 30, 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the Consolidated statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the Standalone statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities. The Group is currently evaluating the impact on account of implementation of Ind AS 116 on the consolidated financial statements.

Amendment to Ind AS 12 'Income Taxes'

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 01, 2019. The Group is evaluating the effect of the above in the consolidated financial statements.

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

On March 30, 2019, Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 01, 2019. The Group is evaluating the effect of the above in the consolidated financial statements.

Amendment to Ind AS 19 'Employee Benefits'

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 01, 2019. The Group is evaluating the effect of the above in the consolidated financial statements.

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3 Property, plant and equipment

(₹ in Lakhs)

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Total
At cost or deemed cost as at April 01, 2017						
Additions	36.04	2,404.63	5,204.98	82.50	97.31	7,825.46
Disposals	-	420.33	558.92	24.71	71.12	1,075.08
Balance as at March 31, 2018	(1.74)	-	(54.92)	(1.14)	(37.44)	(95.24)
	34.30	2,824.96	5,708.98	106.07	130.99	8,805.30
Additions	-	132.01	921.31	51.32	91.11	1,195.74
Disposals	-	(130.86)	(81.42)	(18.21)	(34.94)	(265.43)
Balance as at March 31, 2019	34.30	2,826.11	6,548.87	139.17	187.16	9,735.61
Accumulated depreciation						
As at April 01, 2017	-	124.27	460.88	13.43	25.90	624.48
Depreciation expense	-	170.92	503.48	14.31	19.54	708.25
Balance as at March 31, 2018	-	295.19	964.36	27.74	45.44	1,332.73
Depreciation expense	-	177.57	540.78	21.31	21.34	761.00
Disposals	-	(72.04)	(46.54)	(11.27)	(31.24)	(161.09)
Balance as at March 31, 2019	-	400.72	1,458.60	37.78	35.54	1,932.64
Carrying amount						
As at March 31, 2018	34.30	2,529.77	4,744.62	78.33	85.55	7,472.57
As at March 31, 2019	34.30	2,425.39	5,090.27	101.39	151.62	7,802.97

(Refer Notes 18 and 21- For details of assets pledged as security)

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4 Other Intangible assets
 (Other than internally generated)

Particulars	Intangible assets		
	Computer software	Product Know -how	Total
At cost or deemed cost as at April 01, 2017	46.20	144.43	190.63
Additions	220.38	3.00	223.38
Balance as at March 31, 2018	266.58	147.43	414.01
Additions	54.68	13.35	68.03
Balance as at March 31, 2019	321.26	160.78	482.04
Accumulated amortisation			
As at April 01, 2017	15.78	44.94	60.72
Amortisation expense	42.73	101.64	144.37
Balance as at March 31, 2018	58.51	146.58	205.09
Amortisation expense	42.82	5.30	48.12
Balance as at March 31, 2019	101.33	151.88	253.21
Carrying amount			
As at March 31, 2018	208.07	0.85	208.92
As at March 31, 2019	219.93	8.90	228.83

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5 Investments - Unquoted (Non-current)

(₹ in Lakhs)

March 31, 2019 March 31, 2018

Investments in equity instrument of other entity (Fully paid) (Fair value through OCI)

Shivalik Solid Waste Management Limited

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4.11

20,000 Equity shares of ₹ 10/- each. (as at March 31, 2018: 20,000)

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Note: These investments are held in the name of the parent Company

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(₹ in Lakhs)

6 Loans (Non-current)

	March 31, 2019	March 31, 2018
Loan to employee, considered good - unsecured	25.00	-
Inter corporate deposit, considered doubtful - unsecured	267.83	267.83
Less : Allowance for doubtful inter corporate deposit	(267.83)	(267.83)
Total	25.00	-

7 Other financial assets (Non-current)

	March 31, 2019	March 31, 2018
Security and other deposits [Refer note below]	241.27	394.68
Deposits with a financial institution	200.00	-
Interest accrued but not due from a financial institution	13.57	-
Others	0.85	31.36
Total	455.69	426.04

Note : Security and other deposits paid to DIL Limited, the Holding Company, amounts to ₹ 168.13 Lakhs (as at March 31, 2018: ₹ 168.13 Lakhs).

8 Non-current tax assets (Net)

	March 31, 2019	March 31, 2018
Advance income-tax (Net of provision for tax)	3.93	8.03
Total	3.93	8.03

9 Other non-current assets

	March 31, 2019	March 31, 2018
Capital advances	1,001.86	186.66
Unamortised lease premium	1,018.95	215.97
Deferred rent	39.89	44.27
Prepaid expenses	749.30	-
Others	-	0.64
Total	2,810.00	447.54

Note : Prepaid expenses include ₹ 737.79 Lakhs of advance rent and maintenance charges paid to DIL Limited, the Holding Company, (as at March 31, 2018: ₹ NIL)

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(₹ in Lakhs)

10 Inventories

	March 31, 2019	March 31, 2018
(At lower of cost and net realisable value)		
Raw materials and packing materials [includes stock in transit of ₹ 66.11 Lakhs (as at March 31, 2018 ₹ NIL)]	4,050.21	1,814.48
Work-in-progress	2,939.87	2,225.09
Finished goods	1,482.55	914.98
Stores and spares	293.90	163.33
Total	8,766.53	5,117.88

Notes : (i) The cost of inventories recognised as an expense is disclosed in notes 28, 29, 33 and as purchase of stock-in-trade in the consolidated statement of profit and loss.

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

11 Trade receivables

	March 31, 2019	March 31, 2018
Unsecured, considered good	6,572.53	6,863.02
Unsecured, considered doubtful	304.39	1,029.29
	6,876.92	7,892.31
Less : Allowance for doubtful debts (Expected credit loss allowance)	(304.39)	(1,029.29)
Total	6,572.53	6,863.02
Movement in the expected credit loss allowance		
Balance at the beginning of the year	1,029.29	589.42
Addition during the year	64.34	471.65
Written off during the year	(789.24)	-
Reversal during the year	-	(31.78)
Balance at the end of the year	304.39	1,029.29

Note : Trade receivables outstanding includes ₹ 30.27 Lakhs (as at March 31, 2018: ₹ 7.38 Lakhs) receivable from DIL Limited, the Holding Company and ₹ 10.33 Lakhs (as at March 31, 2018: ₹ 6.33 Lakhs) receivable from Dupen Laboratories Private Limited, an enterprise owned or under significant influence of key management personnel or their relatives.

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12 Cash and cash equivalents

	March 31, 2019	March 31, 2018
Balances with banks		
In current accounts	1,060.50	1,153.35
In deposit accounts with original maturity for less than 3 months	2,899.06	1,006.14
Cash on hand	3.05	3.24
Total	3,962.61	2,162.73

12A Bank balances other than cash and cash equivalents

	March 31, 2019	March 31, 2018
Balances with banks		
In deposit accounts with original maturity for more than 3 months but less than 12 months*	5,021.67	930.58
Total	5,021.67	930.58

*This includes deposits held under lien against guarantees and other commitments amounting to ₹ 560.69 Lakhs (as at March 31, 2018: ₹ 130.57 Lakhs)

13 Loans (Current)

	March 31, 2019	March 31, 2018
Unsecured, considered good		
Inter corporate deposits #		
D.K.Pharma Lab	200.00	-
D.K.Biopharma Private Limited	950.00	-
Others	0.23	1.09
Total	1,150.23	1.09

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

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(₹ in Lakhs)

14 Other financial assets (Current)

	March 31, 2019	March 31, 2018
Interest accrued but not due		
On fixed deposits from banks	81.17	22.57
On fixed deposits with a financial institution	5.53	-
On Inter corporate deposits	43.05	-
Deposits with a financial institution	100.00	-
Others		
Unsecured, considered doubtful	-	10.00
Less: Allowance for doubtful advances	-	(10.00)
Total	229.75	22.57

15 Other current assets

	March 31, 2019	March 31, 2018
Advance for supply of goods and services		
Considered good	368.25	178.46
Considered doubtful	4.41	30.94
Less: Allowance for doubtful advances	(4.41)	(30.94)
	368.25	178.46
Deferred rent	17.13	14.27
Prepaid expenses	487.69	50.82
Unamortised lease premium	18.16	9.85
Travel advances to employees	6.02	4.78
Export incentive receivables		
Considered good	1,500.43	838.95
Considered doubtful	3.24	-
Less: Allowance for doubtful export incentive receivables	(3.24)	-
	1,500.43	838.95
Balances with government authorities	1,458.58	1,526.19
Others	0.10	-
Total	3,856.36	2,623.32

Note : Prepaid expenses include ₹ 364.50 Lakhs of advance rent and maintenance charges paid to DIL Limited, the Holding Company, (as at March 31, 2018 ₹ NIL) .

Movement in the allowance for doubtful advances and export incentive receivables

Balance at the beginning of the year	30.94	30.94
Addition during the year	3.24	-
Written off during the year	(26.53)	-
Balance at the end of the year	7.65	30.94

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16 Equity share capital (₹ in Lakhs)

	March 31, 2019	March 31, 2018
Authorised		
19,010,000 Equity shares of ₹ 10 each (as at March 31, 2018: 19,010,000)	1,901.00	1,901.00
990,000 Preference shares of ₹ 10 each (as at March 31, 2018: 990,000)	99.00	99.00
	2,000.00	2,000.00
Issued, subscribed and fully paid-up		
18,192,844 Equity shares of ₹ 10 each (as at March 31, 2018: 18,192,844)	1,819.28	1,819.28
Less: 4,88,334 Equity shares held by FBL ESOP Trust (as at March 31, 2018: 4,88,334) [Refer note (c) below]	(48.83)	(48.83)
	1,770.45	1,770.45

(a) Reconciliation of shares outstanding at the beginning and at the end of the year

	March 31, 2019		March 31, 2018	
	No. of Equity Shares	₹ In Lakhs	No. of Equity Shares	₹ In Lakhs
At the beginning of the year	1,81,92,844	1,819.28	1,81,92,844	1,819.28
At the end of the year	1,81,92,844	1,819.28	1,81,92,844	1,819.28

(b) Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholders	March 31, 2019		March 31, 2018	
	No. of Equity Shares	% Holding	No. of Equity Shares	% Holding
DIL Limited	1,65,92,536	91.20%	1,65,92,536	91.20%

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(c) Shares held by holding company and ultimate holding company

Out of the equity shares issued by the Company, shares held by its holding company and ultimate holding company are as below:

Name of the shareholders	March 31, 2019		March 31, 2018	
	No. of Equity Shares	₹ In Lakhs	No. of Equity Shares	₹ In Lakhs
DIL Limited, the Holding company DVK Investments Private Limited, the Ultimate Holding company	1,65,92,536 87,024	1,659.25 8.70	1,65,92,536 87,024	1,659.25 8.70

(d) Rights, preferences and restrictions

The Company has issued only one class of equity shares having par value of ₹ 10 per share (March 31, 2018: ₹ 10 per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays the dividend in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to shareholders' approval in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.

(e) Shares issued to FBL ESOP Trust :

During the year ended March 31, 2011, pursuant to approval from shareholders, the Company has allotted 488,334 equity shares at face value of ₹ 10 each per share against cash to FBL ESOP Trust. The equity shares issued are held by FBL ESOP Trust. (Refer note 49)

	March 31, 2019		March 31, 2018	
	No. of Equity Shares		No. of Equity Shares	
Outstanding at the beginning of the year	4,88,334		4,88,334	
Outstanding at the end of the year	4,88,334		4,88,334	

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17 Other equity

(₹ in Lakhs)

	Reserves and Surplus					Items of other comprehensive income	Total
	Securities premium	Capital redemption reserve	General reserve	Share options outstanding account	Retained earnings	Equity instruments through OCI	
Balance as at April 01, 2017	1,706.46	103.38	92.32	-	6,318.10	1.69	8,221.95
Profit for the year	-	-	-	-	7,274.31	-	7,274.31
Other comprehensive income for the year	-	-	-	-	6.87	-	6.87
Balance as at March 31, 2018	1,706.46	103.38	92.32	-	13,599.28	1.69	15,503.13
Profit for the year	-	-	-	-	11,303.63	-	11,303.63
Recognition of share based payments	-	-	-	52.80	-	-	52.80
Other comprehensive Income/ (Loss) for the year	-	-	-	-	(65.78)	-	(65.78)
Balance as at March 31, 2019	1,706.46	103.38	92.32	52.80	24,837.13	1.69	26,793.78

*Represents remeasurement of defined benefit plan

Description of nature and purpose of each reserve

Securities premium : Securities premium is used to record the premium on issue of shares. This reserve is utilised in accordance with the provisions of the Companies Act, 2013.

Capital redemption reserve : This reserve was created for redemption of preference shares of ₹ 33.38 lakhs in the financial year 2004-2005 and ₹ 70.00 lakhs in the financial year 2010-2011.

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

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

Retained earnings: Profits generated by the Company that are not distributed to shareholders as dividends but are reinvested in the business.

Equity instruments through other comprehensive income - This represents the cumulative gains / losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option.

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18 Borrowings (Non-current)

	March 31, 2019		March 31, 2018	
	Non-current	Current	Non-current	Current
Secured				
Term Loans				
From Banks				
For Dahej facility [Refer note below (a)]	64.84	200.00	269.04	200.00
For Dahej facility [Refer note below (b)]	736.66	44.24	-	-
For R & D Thane / registered office [Refer note below (c)]	-	46.51	47.31	75.00
For Vehicles [Refer note below (d)]	13.14	5.52	18.65	5.68
From others				
For R & D Thane [Refer note below (e)]	-	-	-	9.51
	814.64	296.27	335.00	290.19
Amount included under the head "Other financial liabilities" (Refer note 22)	-	(296.27)	-	(290.19)
Total	814.64	-	335.00	-

- a) Term loan for expansion of Dahej facility is taken from Union Bank of India with interest rate MCLR + 2% (effective rate 10.65%) repayable in 48 equal monthly instalments starting from November-2016. The said term loan is secured by way of first pari-passu charge on property, plant and equipment procured with the financial assistance of the term loan and by equitable mortgage of factory land and buildings at Dahej and Kullu.
- b) Term loan (External Commercial Borrowing) is taken from Yes Bank Limited for financing the capital expenditure for new project at Dahej SEZ with interest rate EURIBOR plus 3.5% (effective rate 3.5%), repayable in 48 equal monthly instalments starting from January 2020. The said ECB loan is secured by way of first pari-passu charge on property, plant and equipment procured with the financial assistance of the term loan, second charge on entire current assets and by equitable mortgage of factory land and buildings at Dahej and Kullu and all movable property, plant and equipment of the FBL except vehicles.
- c) Term loan for relocation of R & D units / registered office is taken from Union Bank of India with interest rate MCLR + 2% (effective rate 10.65%) repayable in 48 equal monthly instalments starting from December-2015. The said term loan is secured by way of first pari-passu charge on property, plant and equipment procured with the financial assistance of the term loan and by equitable mortgage of factory land and buildings of Dahej and Kullu.
- d) Vehicle loans are taken from the ICICI Bank Limited against hypothecation of the vehicles purchased, repayable in monthly instalments ranging between 36 to 60 months starting from May-2017 with interest rates ranging from 9.37% to 14%.
- e) Term loans from financial institutions for financing the purchase of plant and machinery at R & D Thane are taken from Siemens Financial Services Private Limited at interest rate of 13.75%, repayable in 48 equal monthly instalments starting from August-2014. The said term loan was secured by way of first charge on plant and equipment procured with financial assistance of the said term loan. The loan is repaid during the year.

19 Provisions (Non-current)

	March 31, 2019	March 31, 2018
Provisions for employee benefits:		
Gratuity [Refer note 38 (c)]	148.98	36.09
Compensated absences	292.74	165.00
Total	441.72	201.09

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20 Deferred tax liabilities (Net)

	March 31, 2019	March 31, 2018
Deferred tax liabilities		
Property, plant and equipment and intangible assets: Impact of difference between written down value as per books of accounts and income tax	720.60	741.32
Fair value and other timing adjustments	-	5.97
Total deferred tax liabilities	720.60	747.29
Deferred tax assets		
Allowance for doubtful debts and advances	202.62	459.62
Expenses claimed for tax purpose on payment basis	150.90	67.53
Total deferred tax assets	353.52	527.15
Deferred tax liabilities (Net)	367.08	220.14

21 Borrowings (Current)

	March 31, 2019	March 31, 2018
Loans repayable on demand		
From Banks (Secured)		
Cash credit	234.24	-
Packing credit	5,132.08	2,128.09
Buyers credit	-	284.92
Total	5,366.32	2,413.01

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

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

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

Buyers credit was taken from DBS Bank secured by lien on the deposit of ₹ NIL (As at March 31, 2018 ₹ 100.00 Lakhs).

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22 Other financial liabilities (Current)

	March 31, 2019	March 31, 2018
Current maturities of long term debts (Refer note 18)	296.27	290.19
Interest accrued but not due on debts	4.68	0.55
Payable to the employees / directors	1,797.26	1,084.39
Liability for capital expenditure	471.41	65.01
Dues to others	2.13	2.13
Total	2,571.75	1,442.27

23 Other current liabilities

	March 31, 2019	March 31, 2018
Advances from customers	155.10	97.65
Statutory dues	78.14	271.76
Others	18.97	92.30
Total	252.21	461.71

24 Provisions (Current)

	March 31, 2019	March 31, 2018
Provisions for employee benefit:		
Compensated absences	39.95	30.20
Total	39.95	30.20

25 Current tax liabilities (Net)

	March 31, 2019	March 31, 2018
Provision for income tax (Net of advance tax)	512.51	376.06
Total	512.51	376.06

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26 Revenue from operations

	March 31, 2019	March 31, 2018
Sale of products (Including excise duty)	37,593.72	28,316.10
Sale of services	63.92	22.43
Other operating revenues		
Scrap sales	26.42	11.15
Export incentive	1,241.45	852.32
Total	38,925.51	29,202.00

27 Other income

	March 31, 2019	March 31, 2018
Interest income on financial assets carried at amortised cost:		
Bank deposits	326.31	25.19
Other financial assets	75.78	7.07
	402.09	32.26
Dividend income on investment in equity instruments designated at fair value through other comprehensive income	0.30	0.24
Foreign exchange gain (Net)	511.02	431.57
Net gain on sale of property, plant and equipment	-	86.12
Entry tax refund	-	280.25
Insurance claims	290.88	-
Miscellaneous income	2.01	20.77
Total	1,206.30	851.21

28 Cost of materials consumed

	March 31, 2019	March 31, 2018
Inventories of raw materials / packing materials at the beginning of the year	1,814.48	1,091.95
Add : Purchases	12,555.79	9,212.77
Less : Inventories of raw materials / packing materials at the end of the year	4,050.21	1,814.48
Total	10,320.06	8,490.24

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29 Changes in inventories of finished goods, stock-in-trade and work-in-progress

	March 31, 2019	March 31, 2018
Inventory at the end of the year		
Work-in-progress	2,939.87	2,225.09
Finished goods	1,482.55	914.98
	<u>4,422.42</u>	<u>3,140.07</u>
Inventories at the beginning of the year		
Work-in-progress	2,225.09	2,281.79
Finished goods	914.98	319.36
	<u>3,140.07</u>	<u>2,601.15</u>
	(1,282.35)	(538.92)

30 Employee benefits expense

	March 31, 2019	March 31, 2018
Salaries and wages	4,142.19	2,964.32
Contribution to provident and other funds	149.35	114.42
Gratuity expense [Refer note 38]	33.22	55.51
Share based payments to employees [Refer note 49]	52.80	-
Staff welfare expenses	372.87	271.52
Total	4,750.43	3,405.77

31 Depreciation and amortisation expense

	March 31, 2019	March 31, 2018
Depreciation of property, plant and equipment (Refer note 3)	761.00	708.25
Amortisation of intangible assets (Refer note 4)	48.12	144.37
Total	809.12	852.62

32 Finance costs

	March 31, 2019	March 31, 2018
Interest on		
Term loans	49.15	87.20
Loans repayable on demand	195.98	150.49
Others	164.30	33.73
Other borrowing costs	59.80	28.53
Total	469.23	299.95

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33 Other expenses

	March 31, 2019	March 31, 2018
Manufacturing expenses		
GST other than recovered on sales	121.68	61.11
Contract labour charges	402.09	339.92
Power and fuel	1,080.71	848.40
Processing charges	816.71	735.27
Repairs to buildings	109.48	52.28
Repairs to machinery	150.07	102.45
Consumption of stores and spares	1,097.92	839.70
Water charges	29.22	16.46
	3,807.88	2,995.59
Selling and distribution expenses		
Advertising and sales promotions	265.17	252.93
Freight and forwarding charges	553.04	398.93
Commission on sales	2,312.95	2,022.99
	3,131.16	2,674.85
Administration and other expenses		
Rent (including lease rentals)	434.11	198.62
Repairs and maintenance - others	354.30	225.55
Insurance	172.67	93.18
Rates and taxes	94.58	93.21
Trade receivables, loans and advances written off	836.90	
Less: Allowance held	<u>815.77</u>	21.13
Allowance for doubtful debts and advances	67.58	449.87
Travelling and conveyance	612.38	398.53
Professional and legal fees	642.54	585.87
Payment to auditors (Refer note 35)	40.56	23.07
Postage and telephone	39.90	40.34
Printing and stationery	59.93	34.22
Staff recruitment expenses	25.76	19.65
Bank charges	57.86	51.77
Analytical Charges	127.65	56.32
Loss on sale/ write off, of property, plant and equipment (Net)	62.67	-
Donations	2.42	7.81
Miscellaneous expenses	442.64	219.61
	3,258.68	2,497.62
Total	10,197.72	8,168.06

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34 Commitments and contingent liabilities

	March 31, 2019	March 31, 2018
A) Commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	2,097.98	1.57
B) Contingent liabilities:		
Claims against the group not acknowledged as debts		
(a) Tax matters		
Sales tax - matter under appeal (including interest and penalty)	-	20.14
(b) Other claims (legal claim not accepted by the Group)	25.00	-

35 Payment to auditors excluding statutory levy

	March 31, 2019	March 31, 2018
For audit	17.10	14.10
For limited review	9.00	8.50
For other services	13.28	0.26
Reimbursement of expenses	1.18	0.21
	40.56	# 23.07

Includes ₹ 2.50 Lakhs in respect of payment to predecessor auditors.

36 Earnings per share

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

	March 31, 2019	March 31, 2018
Profit for the year attributable to owners of the Company used for computation of basic and diluted earnings per share (₹ in Lakhs)	11,303.63	7,274.31
Weighted average number of equity shares used in calculating basic and diluted EPS	1,77,04,510	1,77,04,510
Effect of dilutive potential equity shares	3,010	-
Weighted average number of equity shares used in calculating diluted EPS	1,77,07,520	1,77,04,510
Basic earnings per equity share [nominal value of share ₹ 10 (March 31, 2018: ₹ 10)]	63.85	* 41.09
Diluted earnings per equity share [nominal value of share ₹ 10 (March 31, 2018: ₹ 10)]	63.84	* 41.09

* During the year ended March 31, 2011, pursuant to approval from shareholders, the Parent Company had allotted 488,334 equity shares of face value Rs. 10 each per equity share to FBL ESOP Trust, pending implementation of ESOP Plan. During the year ended March 31, 2019, the Parent Company has granted stock options under employee stock options plan (ESOP 2019) to executives and senior employees of the Parent Company in accordance with the terms of the plan, as approved by shareholders at an Extraordinary General Meeting held on February 22, 2019 (See Note 49). During the previous year ended March 31, 2018, the weighted average number of equity shares used in calculating basic and diluted EPS was considered including the 488,334 equity shares held in FBL ESOP Trust and the EPS, both basic and diluted, was determined at ₹ 39.98. The EPS, both basic and diluted, for the year ended March 31, 2018, have now been restated at ₹ 41.09 without considering the 488,334 equity shares held by FBL ESOP Trust.

37 Operating leases

The Group has obtained certain premises for its business operations under operating lease or leave and license agreements. These are generally non-cancellable and periods range between 11 months to 5 years under leave and licence / lease and are renewable by mutual consent and on mutually agreeable terms.

	March 31, 2019	March 31, 2018
a) Lease payments recognized in the consolidated statement of profit and loss	434.11	198.62
	March 31, 2019	March 31, 2018
b) Future minimum lease payments under non cancellable leases in the aggregate and for each of the following period are as below:		
(i) Not later than one year	483.31	400.85
(ii) Later than one year and not later than five years	1,289.48	1,327.74
(iii) More than five years	-	-
	1,772.79	1,728.59

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38 Employee benefits

(₹ in Lakhs)

The Group operates following employee benefit plans

- (I) Defined contribution plans: Provident fund, superannuation fund, employee state insurance scheme (ESIC) and labour welfare Fund.
- (II) Defined benefit plan: Gratuity (funded)
- (III) Other long term benefit plan: Long term compensated absences (unfunded)

	March 31, 2019	March 31, 2018
I) Defined contribution plan		
The Group operates defined contribution retirement benefit plans for all qualifying employees of the Group. The contribution to defined contribution plan, recognised as expenses in the Consolidated statement of profit and loss for the year is as under (Refer note 30).		
Employer's contribution to provident fund	139.34	106.61
Employer's contribution to superannuation fund	1.58	0.91
Employer's contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	8.39	6.88
Employer's contribution to labour welfare fund	0.04	0.02

II) Defined benefit plan

The Group operates a defined benefit plan, viz., gratuity.

In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination. Provision for Gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Group reviews the level of funding in gratuity fund.

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

	March 31, 2019	March 31, 2018
Opening defined benefit obligation	243.02	214.63
Interest cost	16.84	13.49
Current service cost	31.19	29.27
Past service cost	-	25.18
Benefits paid	(20.30)	(21.86)
Actuarial (Gain)/loss on obligations - due to changes in financial assumptions	84.02	-
Actuarial (Gain)/loss on obligations - due to changes in demographic assumptions	(0.08)	(14.01)
Actuarial (Gain)/loss on obligations - due to changes in experience adjustment	18.15	(3.68)
Closing defined benefit obligation	372.84	243.02

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

	March 31, 2019	March 31, 2018
Opening fair value of plan assets	206.93	189.45
Employer's contributions	21.44	34.09
Interest income	14.81	12.43
Remeasurement gain / (loss) :		
Return on plan assets (excluding amounts included in net interest expense)	0.98	(7.18)
Benefit paid	(20.30)	(21.86)
Closing fair value of plan assets	223.86	206.93

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38 Employee benefits

(₹ in Lakhs)

c) Reconciliation of fair value of plan assets and defined benefit obligation:

The amount included in the Consolidated financial statements arising from the Group's obligation in respect of its defined benefit obligation plan is as follows:

	March 31, 2019	March 31, 2018
Fair value of plan assets	223.86	206.93
Present value of defined benefit obligation	372.84	243.02
Amounts recognized in the Consolidated balance sheet surplus/(deficit)	(148.98)	(36.09)

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

	March 31, 2019	March 31, 2018
Current service cost	31.19	29.27
Past service cost	-	25.18
Net interest expense / (income)	2.03	1.06
Components of defined benefit costs recognised in Consolidated statement of profit and loss	33.22	55.51

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

	March 31, 2019	March 31, 2018
Remeasurement on the net defined benefits liability:		
Return on plan assets (excluding amounts included in net interest expense)	0.98	(7.19)
Actuarial gains /(losses) arising from changes in financial assumptions	(84.02)	14.01
Actuarial gains /(losses) arising from changes in demographic assumptions	0.08	-
Actuarial gains /(losses) arising from changes in experience adjustments	(18.15)	3.68
Components of defined benefit recognised as income / (loss) in other comprehensive income	(101.11)	10.50

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

	March 31, 2019	March 31, 2018
Discount rate (per annum)	7.45%	7.75%
Salary escalation rate (per annum)	10.00%	7.00%
Expected rate of return on plan assets (per annum)	7.50%	7.50%
Retirement Age	58 Years	58 Years
Mortality rate	Indian Assured lives Mortality (2006-08)	
Leaving Service (age groups)	21-30 years - 10%	21-30 years - 10%
	31-40 years - 5%	31-40 years - 5%
	41-50 years - 3%	41-50 years - 3%
	Above 50 years - 2%	Above 50 years - 2%

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

The expected rate of return on plan assets is considered as per declaration from Life Insurance Corporation of India (LIC).

The expected contributions for defined benefit plan for the next financial year is ₹ 20.00 Lakhs (for the year ended March 31, 2018: ₹ 20.00 Lakhs).

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38 Employee benefits

(₹ in Lakhs)

g) Maturity analysis of projected benefit obligation

	March 31, 2019	March 31, 2018
Expected benefits for Year 1	50.92	51.56
Expected benefits for Year 2	15.81	15.24
Expected benefits for Year 3	23.48	12.43
Expected benefits for Year 4	38.93	17.57
Expected benefits for Year 5	31.53	37.17
Expected benefits for Year 6	19.31	22.13
Expected benefits for Year 7	31.33	12.89
Expected benefits for Year 8	45.77	19.78
Expected benefits for Year 9	57.15	29.99
Expected benefits for Year 10 and above	599.99	294.43

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

	March 31, 2019	March 31, 2018
Insurer managed funds	100%	100%
	100%	100%

i) Sensitivity analysis

Significant actuarial assumptions for determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at end of year, while holding all other assumptions constant. The result of sensitivity analysis is given below:

	March 31, 2019 (Decrease)/increase in DBO*	March 31, 2018 (Decrease)/increase in DBO*
Discount rate (- 0.50%)	4.87%	3.77%
Discount rate (+ 0.50%)	-4.49%	-3.52%
Salary escalation rate (- 0.50%)	-3.98%	-3.09%
Salary escalation rate (+ 0.50%)	4.26%	3.29%

*DBO: Defined benefit obligations

This plan typically exposes the Group to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk : The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields on government bonds denominated in Indian rupees. If the actual return on plan assets is below this rate, it will create a plan deficit. However, the risk is mitigated by investment in LIC managed fund.

Interest rate risk : A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's investments.

Longevity risk : The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk : The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

III) Other long term benefit plan

Actuarial valuation for compensated absences is done as at the year end and provision is made as per Company rules with corresponding charge to the consolidated statement of profit and loss amounting to ₹ 156.83 Lakhs (for the year ended March 31, 2018: ₹ 23.52 Lakhs) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Obligation in respect of defined benefit plan and other long term employee benefit plans are actuarially determined at the year end using the "Projected unit credit model". Gain and losses on changes in actuarial assumptions relating to defined benefit obligation are recognised in OCI where as gains and losses in respect of other long term employee benefit plans are recognised in the consolidated statement of profit and loss.

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39 Related party disclosures as per Ind AS 24

(₹ in Lakhs)

A) Names of the related parties and related party relationships

		Country of Incorporation	Proportion of ownership interest	
			March 31, 2019	March 31, 2018
a)	Names of the related parties where control exists and description of relationships Holding Company: DIL Limited	India	91.20%	91.20%
b)	Names of the related parties where there are transactions and description of relationships:			
(i)	Key Management Personnel		Designation	
	Mr. Satish Varma Ms. Anupama Datta Desai Mr. Sanjay Buch Dr. Gopakumar Nair Mr. Prashant Nagre Mr. Amol Lone - (w.e.f. June 01, 2017) Mr. Kapil Gohil - (up to May 31, 2017) Mr. Varadvinayak Khambete		Managing Director Executive Director Non-Executive Director Non-Executive Director Chief Executive Officer Chief Financial Officer Chief Financial Officer Company Secretary	
	An individual directly controlling the holding company, namely, DIL limited and can exercise significant influence Mr. Krishna Datta		Non-Executive Director	
(ii)	Enterprises under significant influence of key management personnel or their relatives:			
	Dupen Laboratories Private Limited Lacto Cosmetics (Vapi) Private . Limited.			

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39 Related party disclosures as per Ind AS 24

(₹ in Lakhs)

B) Related party transactions:

Sr.No	Particulars	Refer A (a) above	Refer A (b) (i) above	Refer A (b) (ii) above
1	Sale of products (including excise duty)			
	Dupen Laboratories Private Limited.	-	-	7.08
		(-)	(-)	(12.15)
2	Sale of services			
	DIL Limited	6.88	-	-
		(5.50)	(-)	(-)
3	Purchase of raw materials and packing materials			
	Lacto Cosmetics (Vapi) Private Limited.	-	-	1.24
		(-)	(-)	(2.16)
4	Rent			
	DIL Limited	337.39	-	-
		(129.97)	(-)	(-)
5	Processing charges			
	Lacto Cosmetics (Vapi) Private Limited.	-	-	5.66
		(-)	(-)	(10.36)
6	Repairs and maintenance - others			
	DIL Limited	59.49	-	-
		(40.33)	(-)	(-)
7	Other reimbursements received			
	DIL Limited	14.44	-	-
		(0.91)	(-)	(-)
	Lacto Cosmetics (Vapi) Private Limited.	-	-	1.05
		(-)	(-)	(2.72)
8	Deposit given			
	DIL Limited	-	-	-
		(153.12)	(-)	(-)
9	Advance rent given			
	DIL Limited	1,102.29	-	-
		(-)	(-)	(-)
10	Remuneration to key management personnel (including commission)*			
	Mr. Satish Varma		740.11	
			(501.85)	
	Ms. Anupama Datla Desai		621.77	
			(272.01)	
	Mr. Prashant Nagre		279.11	
			(240.21)	
	Mr. Amol Lone		42.16	
			(40.97)	
	Mr. Kapil Gohil		-	
			(5.53)	
	Mr. Varadvinayak Khambete		10.97	
			(10.05)	
11	Directors' sitting fees (excluding statutory levy)		8.40	
			(5.45)	
12	Commission to non-executive directors (excluding statutory levy)			
	Mr. Sanjay Buch		14.67	
			(10.77)	
	Dr. Gopakumar Nair		14.67	
			(10.77)	
	Mr. Krishna Datla		117.34	
			(86.19)	

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

* Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

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39 Related party disclosures as per Ind AS 24

(₹ in Lakhs)

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

	March 31, 2019	March 31, 2018
a. Trade Payables		
Holding company		
DIL Limited	2.73	6.76
Enterprises under significant influence of key management personnel or their relatives		
Lacto Cosmetics (Vapi) Private Limited.	1.36	4.98
b. Other financial liabilities (Payable to directors and others)		
Key management personnel		
Mr. Satish Varma	606.62	430.93
Ms. Anupama Datta Desai	530.79	215.46
Mr. Prashant Nagre	159.61	151.74
Mr. Amol Lone	6.50	8.66
Non-Executive Directors		
Mr. Sanjay Buch	14.67	10.77
Dr. Gopakumar Nair	14.67	10.77
Mr. Krishna Datta	117.34	86.19
c. Trade receivables		
Holding company		
DIL Limited	30.27	7.38
Enterprises under significant influence of key management personnel or their relatives		
Dupen Laboratories Private Limited.	10.33	6.33
d. Other financial assets (deposit given)		
Holding company		
DIL Limited	168.13	168.13
e. Other assets (prepaid expenses)		
Holding company		
DIL Limited	1,102.29	-
f. Loans and advances to employee		
Key management personnel		
Mr. Prashant Nagre	26.15	-

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40 Research and development expenditure

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

41 Commission of ₹ 1,137.54 Lakhs (March 31, 2018: ₹ 646.39 Lakhs) to the Managing Director and Executive Director and commission and directors sitting fees aggregating ₹155.08 Lakhs (March 31, 2018: ₹ 113.18 Lakhs) to the Non-Executive directors has been charged to the consolidated statement of profit and loss.

42 Capitalization of borrowing costs

During the year ended March 31, 2019, the Group capitalised the following borrowing costs attributable to qualifying assets to the cost of property, plant and equipment / capital work-in-progress (CWIP). Consequently, finance costs disclosed under note 32 are net of amounts capitalised by the Group.

	March 31, 2019	March 31, 2018
Finance costs	4.84	-
Total	4.84	-

43 Disclosures under the Micro, Small and Medium Enterprises Development Act, 2006

	March 31, 2019	March 31, 2018
a (i) Principal amount remaining unpaid to any supplier at the end of the accounting year	97.89	38.33
(ii) Interest due on above	-	-
The Total of (i) and (ii)	97.89	38.33
b The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
e The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

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44 Income tax

(₹ in Lakhs)

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

Particulars	March 31, 2019	March 31, 2018
Tax expenses:		
Current tax	3,192.21	2,104.43
Deferred tax charge / (credit)	182.27	(62.57)
Income tax expense reported in the Consolidated statement of profit and loss	3,374.48	2,041.86
Tax expenses/(income) recognised in other comprehensive income	(35.33)	3.63
Total tax expense	3,339.15	2,045.49

B A reconciliation of income tax expense to the amount computed by applying the statutory income tax rate to the profit before income tax is summarised below:

Particulars	March 31, 2019	March 31, 2018
Profit before tax	14,680.06	9,315.90
Enacted income tax rate in India (%) #	34.944%	34.608%
Income tax expense calculated at enacted income tax rate	5,129.80	3,224.05
Effect of tax on:		
- non deductible expenses	84.09	10.42
- incremental deduction allowed on account of research and development costs	(213.60)	(120.25)
- income exempted from tax	(2,628.46)	(1,918.58)
- others	(1.28)	-
	(2,759.25)	(2,028.41)
Differential tax effect due to effective tax rate difference	1,003.93	846.22
Total income tax expense	3,374.48	2,041.86
Tax expenses recognised in Consolidated statement of profit and loss	3,374.48	2,041.86
Tax expenses/(income) recognised in other comprehensive income	(35.33)	3.63
Total tax expense	3,339.15	2,045.49

The tax rate used for reconciliation above is the corporate tax rate of 34.944% (Previous year: 34.608%) at which the Parent Company is liable to pay tax on taxable income under the Indian tax Laws.

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

Particulars	March 31, 2019			
	April 01, 2018	Statement of profit and loss	Other comprehensive income	March 31, 2019
(i) Components of deferred tax liabilities (Net)				
Deferred tax liabilities				
Property, plant and equipment and intangible assets: Impact of difference between written down value as per books of accounts and income tax	741.32	(20.72)	-	720.60
Deferred tax assets				
Expenses claimed for tax purpose on payment basis	(67.53)	(48.04)	(35.33)	(150.90)
Allowance for doubtful debts and advances	(459.62)	257.00	-	(202.62)
Difference in carrying value and tax base of investments in equity instruments measured at FVTOCI	5.97	(5.97)	-	-
Deferred tax charge / (credit)		182.27	(35.33)	
Net deferred tax liabilities	220.14			367.08

Particulars	March 31, 2018			
	April 01, 2017	Statement of profit and loss	Other comprehensive income	March 31, 2018
(i) Components of deferred tax liabilities (Net)				
Deferred tax liabilities				
Property, plant and equipment and intangible assets: Impact of difference between written down value as per books of accounts and income tax	652.51	88.81	-	741.32
Deferred tax assets				
Expenses claimed for tax purpose on payment basis	(72.01)	0.85	3.63	(67.53)
Allowance for doubtful debts and advances	(307.39)	(152.23)	-	(459.62)
Others	5.97	-	-	5.97
Deferred tax charge / (credit)		(62.57)	3.63	
Net deferred tax liabilities	279.08			220.14

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45 Categories of the financial instruments

Particulars	March 31, 2019	March 31, 2018
a) Financial assets		
Financial assets measured at fair value through Other comprehensive income		
Investments in equity instruments -Unquoted	4.11	4.11
Financial assets measured at amortised cost		
(i) Loans	1,175.23	1.09
(ii) Security and other deposits	241.27	394.68
(iii) Deposits with financial institution	300.00	-
(iv) Others	0.85	31.36
(v) Interest accrued but not due from banks on fixed deposits	143.32	22.57
(vi) Trade receivables	6,572.53	6,863.02
(vii) Cash and cash equivalents	3,962.61	2,162.73
(viii) Bank balances other than (vii) above	5,021.67	930.58
Total Financial assets	17,421.59	10,410.14
b) Financial liabilities measured at amortised cost		
(i) Borrowings	6,477.23	3,038.20
(ii) Trade payables	4,117.43	3,886.33
(iii) Payable to the employees / directors	1,797.26	1,084.39
(iv) Liability for capital expenditure	471.41	65.01
(v) Interest accrued but not due on debts	4.68	0.55
(vi) Others	2.13	2.13
Total Financial liabilities	12,870.14	8,076.61

46 Reconciliation of Level 3 fair value measurements:

Particulars	March 31, 2019	March 31, 2018
Opening balance	4.11	4.11
Total gains or losses		
recognised through other comprehensive income	-	-
Closing balance	4.11	4.11

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47 Segments reporting

A Description of segments and principal activities

The Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM") of the Parent Company. The Managing director of the Parent Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker. The ("CODM") of Parent Company, reviews revenue as the performance indication and on that basis has identified reportable segments are as follow:

1. India.
2. Europe
- 3 USA
4. Others

The above geographical segments have been identified considering :

- a) the nature of products and services
- b) the differing risks and returns
- c) the internal organisation and management structure, and
- d) the internal financial reporting systems.

The segment information presented is in accordance with the accounting policies adopted for preparing the financial statements of the Group.

B Segment revenue from external customers, based on geographical location of customers (Sales)

Revenue by Geography		
	March 31, 2019	March 31, 2018
India	8,587.42	5,787.40
Europe	21,276.47	15,063.55
USA	4,369.68	3,099.60
Others	4,691.94	5,251.45
TOTAL	38,925.51	29,202.00

The Group's Company operating facilities are located in India. Most of the assets are not identifiable separately to any reportable segment as these are used interchangeably between segments. In view of the interwoven / intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

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

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(₹ in Lakhs)

48 Fair value

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

	Carrying value		Fair value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets				
Loans	1,175.23	1.09	1,175.23	1.09
Other financial assets	685.44	448.61	685.44	448.61
Trade receivables	6,572.53	6,863.02	6,572.53	6,863.02
Cash and cash equivalents	3,962.61	2,162.73	3,962.61	2,162.73
Bank balances other than cash and cash equivalents	5,021.67	930.58	5,021.67	930.58
Total assets	17,417.48	10,406.03	17,417.48	10,406.03
Financial liabilities				
Trade and other payables	4,117.43	3,886.33	4,117.43	3,886.33
Borrowings	6,477.23	3,038.20	6,477.23	3,038.20
Other financial liabilities	2,275.48	1,152.08	2,275.48	1,152.08
Total liabilities	12,870.14	8,076.61	12,870.14	8,076.61

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

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

Fair value hierarchy

	March 31, 2019		March 31, 2018	
	Fair Value	Fair value hierarchy	Fair Value	Fair value hierarchy
Financial assets measured at fair value through Other comprehensive income				
Investments	4.11	Level 3	4.11	Level 3

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49 Share-based payments

Employee share option plan of the Parent Company

1.1 Details of the employee share option plan of the Parent Company

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

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

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

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

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

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

1.2 Fair value of share options granted in the year

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

Inputs into the model	Option series			
	Plan 1 (60% of options granted under ESOP 2019)	Plan 1 (20% of options granted under ESOP 2019)	Plan 1 (20% of options granted under ESOP 2019)	Plan 2 (100% of options granted under ESOP 2019)
Grant date share price	563.20	563.20	563.20	563.20
Exercise price	100	100	100	100
Expected volatility	69.28%	68.83%	68.08%	69.28%
Option life	4.51 years	5.51 years	6.51 years	4.51 years
Dividend yield	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	7.14%	7.25%	7.35%	7.14%

1.3 Movements in share options during the year

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

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

No share options were exercised during the year.

1.4 Share options outstanding at the end of the year

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

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50 Financial risk management objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk. The Group's financial risk management is an integral part of how to plan and execute its business strategies. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

a) Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices). Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term borrowings. The Group is exposed to market risk related to foreign exchange rate risk and interest rate risk. Thus, the Group's exposure to market risk is a function of borrowing activities, revenue generating and operating activities in foreign currencies.

i) Interest rate risk

The Group has loan facilities on floating interest rate, which exposes the Group to risk of changes in interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate long term and short term borrowings.

For the years ended March 31, 2019 and March 31, 2018 every 50 basis point decrease in the floating interest rate component applicable to its loan and borrowings would increase the Company's profit by ₹ 32.39 Lakhs and ₹ 15.02 Lakhs respectively. A 50 basis point increase in floating interest rate would lead to an equal but opposite effect.

ii) Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. The prices of the Group's raw materials generally are stable. Cost of raw materials forms the largest portion of the Group's cost of revenues. A large portion of the Group's sales are subject to commodity rate risk having a volatile pricing. The Group monitors overall demand supply position and pricing movement to decide marketing strategies to overcome risk of changing prices of the products.

iii) Foreign currency risk

The Group's foreign exchange risk arises from its foreign currency revenues and expenses and foreign currency borrowings. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Group's revenues and expenses measured in Indian rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future. Consequently, the Group uses natural hedge by foreign currency financial liabilities, to mitigate the risk of changes in foreign currency exchange rates in respect of its highly probable forecasted transactions and recognized assets and liabilities.

The Group did not enter into any derivative instruments for hedge or speculation. The year end foreign currency exposures that have not been hedged (before giving effects of natural hedge) by derivative instrument or otherwise are given below:

A) Significant foreign currency risk exposure relating to trade receivables, cash and cash equivalents :

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

* Amount less than thousand

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

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

* Amount less than thousand

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C) Foreign currency sensitivity

For the years ended March 31, 2019 and March 31, 2018, every 5% strengthening in the exchange rate between the Indian rupee and the respective currencies for the above mentioned financial assets / liabilities would increase the Group's profit and increase the Group's total equity by approximately ₹ 4.80 Lakhs and ₹ 128.23 Lakhs, respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to equal but opposite effect. In Management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

b) Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and loans. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Group grants credit terms in the normal course of business.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

i) Trade receivables

The Group has used expected credit loss (ECL) model for assessing the impairment loss. For this purpose, the Group uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers. The Group evaluates the concentration of risk with respect to trade receivables which is low, as its customers are widely spread with small outstanding amounts (For detailed movement in provision for trade receivables - Refer note 11)

Trade receivables	March 31, 2019	March 31, 2018
Not due	4,420.84	4,904.74
1 - 90 days	2,029.47	1,118.40
91 -180 days	104.95	-
Beyond 180 days	321.66	1,869.17
	6,876.92	7,892.31

ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments. Credit risk in case of Intercompany deposit (ICD) given is managed by the Group in accordance with the Group's policy. ICD is given out of surplus funds and are made only with the approval of the Board of Directors and are reviewed by the Board on an annual basis.

c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation.

i) Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

March 31, 2019	within 1 year	1 to 5 years	Total
Borrowings (Including current maturities of long term debt)	5,662.59	814.64	6,477.23
Trade payables	4,117.43	-	4,117.43
Other financial liabilities	2,275.48	-	2,275.48
Total	12,055.50	814.64	12,870.14

March 31, 2018	within 1 year	1 to 5 years	Total
Borrowings (Including current maturities of long term debt)	2,703.20	335.00	3,038.20
Trade payables	3,886.33	-	3,886.33
Other financial liabilities	1,152.08	-	1,152.08
Total	7,741.61	335.00	8,076.61

The Group had unutilised credit limit of borrowing facilities as at March 31, 2019: ₹ 5,587.82 lakhs and as at March 31, 2018: ₹ 1,486.99 lakhs from banks.

51 Capital management

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Group monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the consolidated financial statements. The Group's objective for capital management is to maintain an optimum overall financial structure.

The gearing ratio at the end of the year was as follows:

	March 31, 2019	March 31, 2018
Debts (Term loans and loans repayable on demand including current maturities of long term debts)	6,477.23	3,038.20
Less: Cash and cash equivalents (See Note 12)	3,962.61	2,162.73
Net debt	2,514.62	875.47
Total equity	28,564.23	17,273.58
Net debt to equity ratio	9%	5%

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		March 31, 2019						March 31, 2018									
		Net assets, i.e., total assets minus total liabilities		Share in profit/(loss)		Share in other comprehensive income/(loss)		Share in total comprehensive income/(loss)		Net assets, i.e., total assets minus total liabilities		Share in profit/(loss)		Share in other comprehensive income/(loss)		Share in total comprehensive income/(loss)	
Sr No	Particulars	% #	₹ in Lakhs	% #	₹ in Lakhs	% #	₹ in Lakhs	% #	₹ in Lakhs	% #	₹ in Lakhs	% #	₹ in Lakhs	% #	₹ in Lakhs	% #	₹ in Lakhs
I	Parent Company	92.86%	28,524.50	100.0%	11,300.52	100%	(65.78)	100%	11,234.74	99.70%	17,238.90	101.1%	7,351.16	100%	6.87	101.00%	7,358.03
II	Subsidiary Companies a India	0.02%	4.40	0.05%	5.21	-	-	0.05%	5.21	0.00%	(0.81)	-0.01%	(0.44)	-	-	-0.01%	(0.44)
	b Foreign	0.12%	35.33	-0.02%	(2.10)	-	-	-0.02%	(2.10)	0.22%	37.43	-1.1%	(76.40)	-	-	-1.05%	(76.40)
III	Non-controlling interests	0.01%	1.65	0.02%	1.95	-	-	0.02%	1.95	0.00%	(0.30)	0.00%	(0.27)	-	-	0.00%	(0.27)
	Total	100%	28,565.88	100%	11,305.58	100%	(65.78)	100%	11,239.80	100%	17,273.28	100%	7,274.05	100%	6.87	100%	7,283.82
Percentage (%) to the corresponding consolidated balances																	

Percentage (%) to the corresponding consolidated balances

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

	Country of Incorporation	Proportion of ownership interest	
		March 31, 2019	March 31, 2018
Parent Company :			
Fermenta Biotech Limited (FBL)	India		
Subsidiaries			
Fermenta Biotech (UK) Limited	United Kingdom	100.00%	100.00%
G I Biotech Private Limited	India	62.50%	62.50%

54 Consequent to the introduction of Goods and Service Tax ("GST") with effect from July, 01, 2017, indirect taxes including duty of excise have been subsumed in to GST. In accordance with Ind AS 115 on "Revenue from contracts with customers" and Schedule III of the Companies Act, 2013, unlike duty of excise, GST is not part of revenue from operations. Accordingly, the figures for the year ended March 31, 2019 is not comparable with the corresponding year.


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


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



Sanjay Buch
Chairman


Anupama Datla Desai
Executive Director


Anil Lone
Chief Financial Officer


Satish Varma
Managing Director


Dr. Gopakumar Nair
Director


Varadvinayak Khambete
Company Secretary


Krishna Datla
Director


Prashant Nair
Chief Executive Officer

Thane, May 24, 2019

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INDEPENDENT AUDITOR'S REPORT

To The Members of Fermenta Biotech Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Fermenta Biotech Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiary referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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 the sub-paragraph (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to note 1.2 on the consolidated financial statements regarding DIL Limited (the Holding Company), having filed an application seeking sanction of the scheme of amalgamation of Fermenta Biotech Limited with the Holding Company, to National Company Law Tribunal, Mumbai with the appointed date of April 1, 2018. As stated in the said note 1.2, the above Scheme shall be effective post receipt of required approvals.

Our opinion is not modified in respect of this matter.



Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiary audited by the other auditors, to the extent it relates to this entity and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiary, is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard²⁴.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. 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 the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always



detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Other Matters

- (a) We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs. 4.91 Lakhs as at March 31, 2019, total revenues of Rs. 6.26 Lakhs and net cash outflows amounting to Rs. 0.55 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The above figures are before giving effects of any consolidation adjustments. This financial statements have been audited by other auditors whose reports have been furnished to us by the Management of the Parent and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.
- (b) We did not audit the financial information of a subsidiary, whose financial information reflect total assets of Rs. 36.58 Lakhs as at March 31, 2019, total revenues of Rs. Nil and net cash outflows amounting to Rs. 1.34 Lakhs for the year ended on that date, as considered in the consolidated financial statements. This financial information is unaudited and has been furnished to us by the Management of the Parent and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management of the Parent, this financial information is not material to the Group.
- (c) The corresponding financial information as at and for the year ended March 31, 2018 have not been separately audited and reported upon by us, but have been extracted from the Consolidated Ind AS Financial Statements of DIL Limited ("the Holding Company") which were prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India which were approved by the Board of Directors of the Holding Company on May 15, 2018.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, 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 information certified by the Management of the Parent.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiary referred to in the Other Matters section above we report, to the extent applicable that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the

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consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in the Annexure which is based on the auditors' reports of the Parent and subsidiary company incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, 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 the consolidated financial position of the Group - See Note 34(B) to the consolidated financial statements.
 - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary company, incorporated in India.

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



Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Place: Mumbai
Date: May 24, 2019

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ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of Fermenta Biotech Limited)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Fermenta Biotech Limited (hereinafter referred to as "Parent") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of 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 internal financial controls over financial reporting of the Parent and its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

RLH

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company, which are companies incorporated in India, 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 of the Parent and its subsidiary company, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

RCB

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Other Matter

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

Our opinion is not modified in respect of the above matter.

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



Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Place: Mumbai
Date: May 24, 2019

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