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Ref: DIL:DIL/BSE/2019-20/F.No.:49

June 13, 2019

**Corporate Relations**

**BSE Limited**

**Phiroze Jeejeebhoy Towers,**

**Dalal Street, Fort,**

**Mumbai – 400 001**

Dear Sir,

**Sub. : DIL Limited - Submission of Annual Report**

**Ref.: Code No. 506414**

In accordance with Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we herewith enclose the copy of Annual Report 2018-19 sent to the shareholders along with the notice of the 67<sup>th</sup> Annual General Meeting of the Company.

Kindly take the same on record.

Thanking you,

Yours faithfully,  
for **DIL LIMITED**

**SRIKANT N SHARMA**

**COMPANY SECRETARY**

CS Membership No: F3617

A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (W) 400610

Encl: as above

# Nutrition

The Future of Healthcare

DIL LIMITED 67th Annual Report, 2018-19

"The doctor of the future will give no medication, but will interest his patients in the care of the human frame, diet and in the cause and prevention of disease."

- Thomas Edison

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## About this report

This is the annual report of DIL Limited ('DIL'/the 'Company') for the financial year 2018-19 (FY2018-19). A substantial portion of the Company's consolidated revenues and profits are derived from its subsidiary Fermenta Biotech Ltd. (Fermenta). Even though the annual report is that of DIL, it has focused on the performance and prospects of Fermenta for enhanced transparency and better understanding.

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Dietary supplements.  
They provide nutrients  
extracted from natural  
or synthetic sources to  
boost immunity.

A preventive step against ailments is now  
being preferred over a reactive approach

Micronutrient-fortified foods can address  
specific health challenges.

There is a greater focus now on building  
immunity than ever.

Dietary supplements work on root causes, not  
just symptoms.

There is a greater recognition that we are what  
we eat.

Taste can transform the customer's dietary  
preference.

Fortified foods have negligible harmful side-  
effects.



# Vitamin D. The sunshine vitamin.

The one dietary supplement being increasingly recommended is Vitamin D.

This vitamin was first identified as a vitamin early in the 20<sup>th</sup> century as one that can protect humans from a variety of health issues.

Positioning it as essential for preventive healthcare and overall well-being.







# Fermenta and Vitamin D.

Fermenta is one of a handful of global Vitamin D manufacturers.

- Engaged in working with a high sense of customer proximity.
- Focused on developing new downstream applications.
- Enhancing capacities to address growing consumer demand.
- Improving quality (process and product) around global benchmarks.
- Strengthening manufacturing practices (skills, certifications and safety).
- Positioned in the business of tomorrow.









# About DIL Limited.

Established in 1951, DIL Limited (earlier known as Duphar-Interfran Limited) is a publicly-listed company that has developed a unique standing in the businesses of pharmaceuticals, biotechnology, environmental solutions and other segments.

DIL Limited holds a 91.20% equity stake in Fermenta Biotech Limited, incorporated in 1986.

A merger is underway with the objective to strengthen economies-of-scale, efficiency and value-accretion.

By pooling skills, talent and experience, the Company has increased its competitiveness, lowered its expenses, simplified its shareholding structure and reduced its borrowing costs.

DIL's portfolio comprises Vitamin D3, niche Active Pharmaceutical Ingredients (APIs), enzymes and other integrated biotechnology products.





The background of the slide is a blurred image of a surgeon in an operating room. The surgeon is wearing a blue surgical cap, black-rimmed glasses, and a white surgical mask. They are wearing a white surgical gown and have a small, square, white adhesive device on their right arm. The lighting is bright and clinical, with a soft glow from the top right.

# 5

things to know  
about Fermenta  
Biotech Limited

**State-of-  
the-art  
technology**

Fermenta possesses integrated competencies across engineering, technology and resource management. This helped it carve out a distinctive niche for itself. The Company has invested in a high-tech R&D facility in Thane.

**Rich  
experience**

Incorporated in 1986, Fermenta Biotech Limited has established a reputation in the areas of nutraceuticals, pharmaceuticals' enzyme technologies and environmental solutions. Fermenta 'thinks young' and 'moves with the times', effortlessly carrying with it its decades of rich history.

**Widespread  
presence**

The Company's quality and service capability is validated by its sales footprint in over 50 countries in addition to being a dependable supplier to more than 300 global customers.

**Fully-  
equipped  
facilities**

The Company has two manufacturing facilities:

- **Kullu, Himachal Pradesh:** Set up in 1987, this cGMP certified plant manufactures Vitamin D3, specialty APIs and Enzymes.
- **Dahej, Gujarat:** Set up in 2011, this manufacturing facility manufactures Vitamin D3.

**Diversified  
range**

Fermenta is engaged in the manufacture of Vitamin D3, other specialty APIs, biological enzymes and also offers integrated biotech-based environmental solutions. The Company also produces a range of variants: crystalline, oil, resin in oil, cold water dispersible and feed grade powder, which can be used in applications like pharmaceuticals, dietary and nutritional supplements, feed premixes, as well as food and beverage fortifications. Fermenta is a producer of Penicillin G Amidase, CAL B Lipase and other enzymes for manufacturing beta-lactam antibiotics.



## The Company's senior management

**Mr. Sanjay Buch**  
Chairman  
(Non-Executive and Independent Director)

He has been involved in a wide spectrum of legal work for the Company over the last two decades. His specialization is in business restructuring and mergers and acquisitions. He also advises several large domestic and international corporations.

**Ms. Rajeshwari Datla**  
Non-Executive Director

She joined the Company in 2005, bringing with her rich experience of working in the pharmaceutical industry.

**Mr. Vinayak Hajare**  
Non-Executive Independent Director

An alumnus of the Jamnalal Bajaj Institute of Management Studies, Mr. Hajare has experience spanning three decades in investment banking and corporate finance.

**Mr. Krishna Datla**  
Managing Director

He has been involved in decision-making and oversees new businesses of the Company. He is also the Promoter Director of Fermenta Biotech Limited. Credited with the integration of businesses across the various Group companies, he has infused a strong sense of global vision of the Company, thereby opening opportunities across international markets.

## Awards and recognitions



### India Pharma Awards 2018

Fermenta Biotech Ltd. was adjudged the winner in three categories at the India Pharma Awards 2018.

These prestigious awards were presented during the Pharma Week at CPhI India on 12th December 2018 - recognized as South Asia's largest pharmaceutical event, held. These awards recognize global thought leadership, by celebrating eminent innovators and champions from various pharma verticals. The three awards won by Fermenta were:

- Excellence in CSR for companies with turnover less than Rs. 500 Cr.
- Pharma International Excellence
- Excellence in Export Promotion

### Hindustan Times Thane Ratna Award 2019

Fermenta was bestowed this award in the category of Healthcare, Pharma and Biotech. This was the first time that Hindustan Times

presented these awards to honour organizations across industries.

### World HRD Congress 2018

Fermenta bagged three awards at the prestigious World HRD Congress held in February 2019, hosted by The Global Employer Branding Institute. The awards comprised the following:

- Fermenta was one of the winners in the National Best Employer Brands 2018 in the pharmaceutical sector.
- Mr Prashant Nagre CEO, was felicitated with the Business Leader of the Year accolade, for integrating the organization's human capital into its business strategy and effectively combining human resources with the Company's vision.
- Mr. V.K. Raveendranath, the HR head, was nominated as one of the Top 101 HR Minds in India, for his professional achievements as well as for being a thought leader and contributor of value in the field of HR.

**Mr. Satish Varma**  
*Non-Executive Director*

With an experience spanning more than two decades in operational and legal work, he has led the charge on many important projects.

**Dr. Gopakumar Nair**  
*Independent Director*

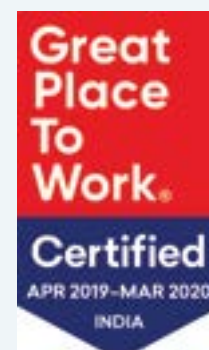
With an experience spanning for more than four decades in areas such as intellectual property rights, mediation and arbitration as well as licensing and technology transfer. Dr. Nair holds a Ph.D. from the National Chemical Laboratory, a Diploma in Management & Patent Law and an LL.B degree.

**Mr. Srikant Sharma**  
*Company Secretary and Legal Head*

He is a Law graduate, holds a Master's degree in Commerce and is a fellow member of the Institute of Company Secretaries of India. He has been working with the Company as the designated Compliance Officer of the Company since 2004.

**Mr. Sumesh Gandhi**  
*Group Chief Financial Officer*

He is a qualified Chartered Accountant and has a Master's degree in Finance with an experience spanning over 24 years in business funding, planning & analysis, financial accounting, business restructuring, commercial operations and general management.

**Pride of Maharashtra Award 2018**

Mr. Prashant Nagre, the CEO, received the prestigious Pride of Maharashtra Award 2018 for the Best CEO of the Year in the category of 'Manufacturing – Pharmaceuticals'.

**Abbott Strategic Business Partner Award 2018**

Fermenta won the preferred supplier award for the seventh year in a row in December 2018.

- Fermenta featured among the 10 most recommended pharma and life science solution providers in 2019 by *Insight Success* magazine.

- Fermenta received the Great Place to Work® certification for April 2019 to March 2020, a reflection of the inclusive engagement and trust that is ingrained in Fermenta's ethos and culture.









## Fermenta's journey

### 1986

- Established Fermenta Biotech Limited with a manufacturing facility at Kullu

### 1988

- Launched improved and polymer based PGA enzyme catalyst

### 2004

- Commenced manufacture of Cholecalciferol (Vitamin D3) and Phenyramidol Hydrochloride

### 2009

- Launched novel penicillin G acylase for  $\beta$ -lactam antibiotic synthesis
- Started exporting Vitamin D3

### 2011

- Completed construction of the Dahej facility for manufacturing Vitamin D3

### 2017

- Received CEP from EDQM for Dahej facility for Vitamin D
- Received FSSC 22000 and BRC Food Safety Approvals for both plants for Vitamin D

### 2018

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

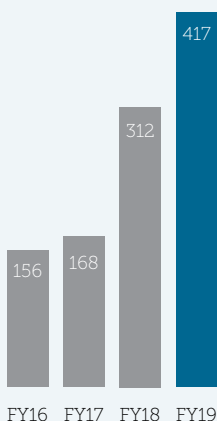
### 2019

- Executed a 99-year lease agreement for the acquisition of land aggregating about 40,000 sq meter from the Gujarat Industrial Development Corporation (GIDC) authority in Ankleshwar, Sayakha, for expansion and new projects

# This is how we have grown in the last few years

## Financial

### Revenues (Rs. crore)



#### Definition

Sales growth without deducting excise duties.

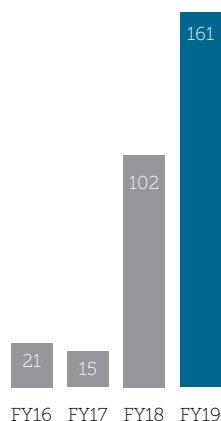
#### Why we measure

This measure reflects the result of our capacity to understand market trends and service customers with relevant products, superior technologies and a competent supply chain.

#### Performance

Our aggregate sales increased 34% to Rs. 417 cr in FY 19.

### Operating profit (Rs. crore)



#### Definition

What the Company earned before the deduction of interest, depreciation, extraordinary items and tax.

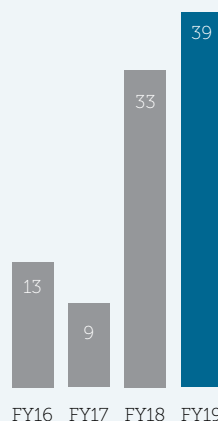
#### Why we measure

This measure is an index of the Company's operating profitability (as distinct from financial), which can be easily compared with the retrospective average and the performance of sectoral peers.

#### Performance

The Company reported a 58% increase in its operating profit in FY 19, which was the sharpest increase in two consecutive years. This was the result of timely capacity investments, cost reduction and growing customer wallet share.

### Operating margin (in %)



#### Definition

The movement in percentage points in operating profit before interest, depreciation, exceptional items and tax when divided by the Company's revenues.

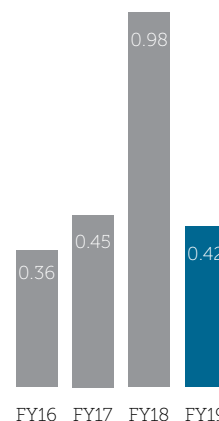
#### Why we measure

This movement essentially indicates whether the business is becoming more efficient or not. Fermenta exhibited a consistent increase in operating margins, which was higher than the sectoral average.

#### Performance

The Company reported a 600 bps increase in operating margin in FY 19 due to economies of scale and better absorption of fixed cost.

### Net debt equity ratio



#### Definition

This is derived through the ratio of debt to net worth (less revaluation reserves).

#### Why we measure

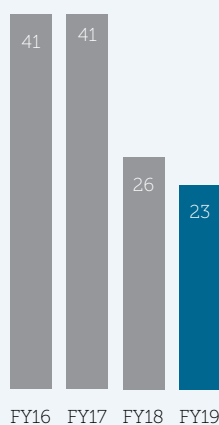
This is one of the defining measures of a company's financial health, indicating the ability of the Company to remunerate shareholders over debt providers (the lower the gearing the better). In turn, it indicates the ability of the Company to sustain growth in profits, margins and shareholder value.

#### Performance

The Company's gearing moderated from 0.98 in FY18 to 0.42 in FY19. We recommend that this ratio be read in conjunction with net debt (after considering the cash and bank reserves).



### Raw material costs (as a % of total revenues)



#### Definition

This is derived through the computation of raw material cost as a percentage of overall revenues.

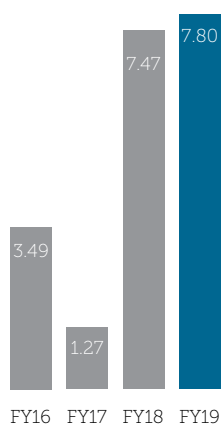
#### Why we measure

Raw material costs represent the highest cost component in the business. Any moderation in raw material costs can enhance profitability and competitiveness.

#### Performance

The Company's raw material cost has declined from a peak of 41% in FY16 to 23% in FY19 through better price realization.

### Interest cover (times)



#### Definition

This is derived through the division of EBIDTA by interest outflow.

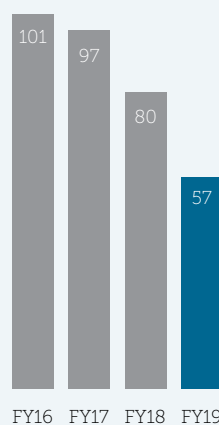
#### Why we measure

Interest cover indicates the Company's comfort in servicing interest, the higher the measure, the better.

#### Performance

The Company strengthened its interest cover from 3.49 in 2015-16 to 7.80 in 2018-19.

### Sundry debtors (days)



#### Definition

This is derived by the division of the quantum of debtors by turnover, multiplied by 365.

#### Why we measure

Sundry debtors (in days) provide a clear perspective on the speed with which revenues are coming into the company. The fewer the number of days the better.

#### Performance

The Company's sundry debtors cycle declined from 101 days of turnover equivalent in 2015-16 to 57 days in 2018-19 on account of focused collection.

## Chairman's overview



Sanjay Buch  
Chairman, DIL Limited

"Our Company is committed to extending the frontier of customer service, and in doing so, enhance value for all stakeholders in a responsible, profitable and sustainable way."

## At DIL Limited, our operating philosophy has been to extend beyond self to society.

We believed that when a company provides a learning space for employees, it manufactures a product that meets a relatively unmet need of patients, it provides shareholders with attractive returns that exceed what their invested capital would have generated from alternative investments, when it services society as a whole through timely payment of taxes or higher employment, and when it invests in direct engagements that address the needs of the marginalized, the result is business sustainability.

This sustainability is reflected in our long-term performance. The Company enhanced revenues from Rs. 98 cr in 2010-11 to Rs. 417 cr in 2018-19; profit after tax strengthened from Rs. 28 cr to Rs. 118 cr during this period.

Over the last couple of years, the Company has reinforced its sustainability through a proposal to amalgamate Fermenta Biotech into DIL Limited to make it possible to aggregate the strengths, assets and earnings of the two companies with the objective of creating a consolidated corporation with an attractive future

### Investing in our business

At DIL Limited, we intend to enhance our effectiveness through a progressive investment in capacities and capabilities. We believe that an enhanced scale will increase related economies, making it possible to service customers more efficiently and enhance our global brand as that of a company with good reputation and standing.

In addition to investing in scale, the Company widened its product basket to address existing and emerging customer needs. The idea was to allow DIL Limited, through its

subsidiary Fermenta, address diverse applications through its principal product, thereby mitigating our business risks and strengthening viability across markets cycles.

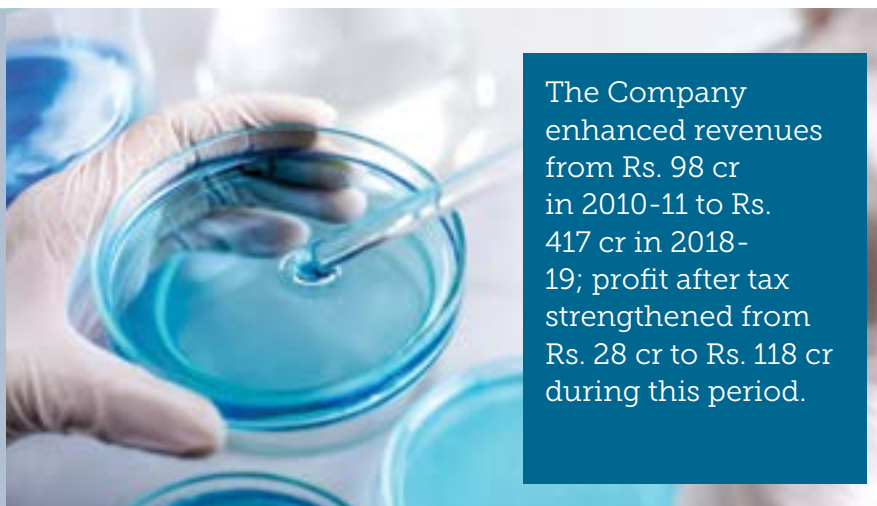
### Brand for dependability

The result of our commitment was that DIL Limited is respected as not just a provider of dependable products manufactured in a safe and globally accredited way but also as a strategic partner that takes the business of its customers ahead.

This is our brand, this is the image that we evoke and this is the recall that we expect to sustain and build upon for years to come.

**Sanjay Buch**  
Chairman, DIL Limited

Rs. **575** cr  
Market Capitalization  
(approx.)



The Company enhanced revenues from Rs. 98 cr in 2010-11 to Rs. 417 cr in 2018-19; profit after tax strengthened from Rs. 28 cr to Rs. 118 cr during this period.





Krishna Datla,  
Managing Director

## How we performed in 2018-19

**Q: Was the management pleased with the performance of the Company during the year under review?**

**A:**The management was pleased with the performance of 2018-19. Revenues increased 34% while profit after tax strengthened 115%. This represented profitable growth, indicating a favourable sectoral environment and the Company's preparedness to capitalize.

**Q: You mentioned 'the Company's preparedness to capitalise'. Can you elaborate?**

**A:**In the dynamic space of healthcare, the challenge lies in timing investments with the right market cycle.

In early 2017, the Company had invested in Vitamin D (human and nutrition) capacity. The investment enhanced the Company's Vitamin D capacity by 25%. Therefore, when the market for Vitamin D3 animal feed revived from the third quarter of 2017-18, Fermenta possessed the right capacity for the right market environment. This rebound was the result of China's Blue Skies Policy that resulted in a number of their manufacturing facilities shutting down or relocating. Fermenta was able to provide a larger output for a wider market. The result was a sharp increase in the animal nutrition product mix: from around 15% of the overall revenues to around 50% in 2018-19 with a near four-fold increase in average realisations per tonne. On the other hand, human nutrition realisations in India strengthened 17% in 2017-18 and 7% in early 2018-19 (the full impact visible through the year under review).

**Q: What was the other development at Fermenta that helped strengthen the business during the year under review?**

**A:**The promoters at Fermenta selected to buy out 21 % of the equity of their company from a private equity shareholder. We believe that this will prove business-strengthening for some good reasons: it will lead to a complete alignment of promoter and shareholder interests making it possible to accelerate decision making on the one hand and making timely business investments on the other.

**Q: The big question that shareholder will want to ask: How is the Company likely to allocate its substantial profits of 2018-19?**

**A:**The principal message that needs to be communicated is that the management will utilize the proceeds

to fund its existing business without any deviation or distraction. We believe that every rupee reinvested in the business will generate a long-term return over alternative investment options.

The principal business-strengthening initiative by the Company is a sustained increase in its manufacturing capacity. The Company invested Rs. 12 cr in this direction in 2018-19 and it intends to invest Rs. 65 cr on this count in 2019-20. These investments will be allocated towards a capacity expansion at our Dahej facility, at the multi synthesis plant in Dahej and in routine ongoing capital expenditure. We believe that these investments will create the foundation for the Company's next round of growth, validating our commitment to business sustainability.

**Q: Shareholders will also want to know about the future of the parent DIL's various business investments.**

**A:** The DIL management took a conscious call: to exit a business that did not have any synergy with the business of Fermenta. It exited the entertainment and wellness business by writing down accumulated losses. However, the management selected to retain its renting business and the

related vacant land as it believes that the rent will generate an attractive annuity income. The land assets could be monetized at a later date, resulting in access to large cash flows. As a measure of assurance, the monetization of these land assets can be potentially driven by cash-light and liability-light business alliances that do not strain the Company's Balance Sheet in any way.

**Q: What is the basis of the Company's optimism?**

**A:** The optimism derives from a simple and fundamental understanding: the market of Vitamin D3 is growing in scale and scope as new downstream applications are being continuously developing. On the other hand, the number of players is not increasing beyond a handful as the industry is protected by a high technology entry barrier and a tightly-regulated market.

Given this reality, Fermenta has chalked out a distinct strategy: grow its share of the global animal feed market by capturing a large proportion of the market expansion. Besides, the Company will continue to plug niche market gaps with relevant products. The Company will continue to address the growing

needs of customers by addressing a larger share of their wallet. By investing deeper in awareness-enhancing initiatives, the Company will continue to enlarge the market. We believe that the sum total of these initiatives will translate into enhanced share, revenues and surpluses in the foreseeable future.

**Q: How is this strategy expected to translate into projected financials?**

**A:** We believe that this strategy is in line with the Company's desired five-year 15-18% CAGR growth aspiration. We also believe that the surplus increase would be sharper in line with our desire for profitable growth.

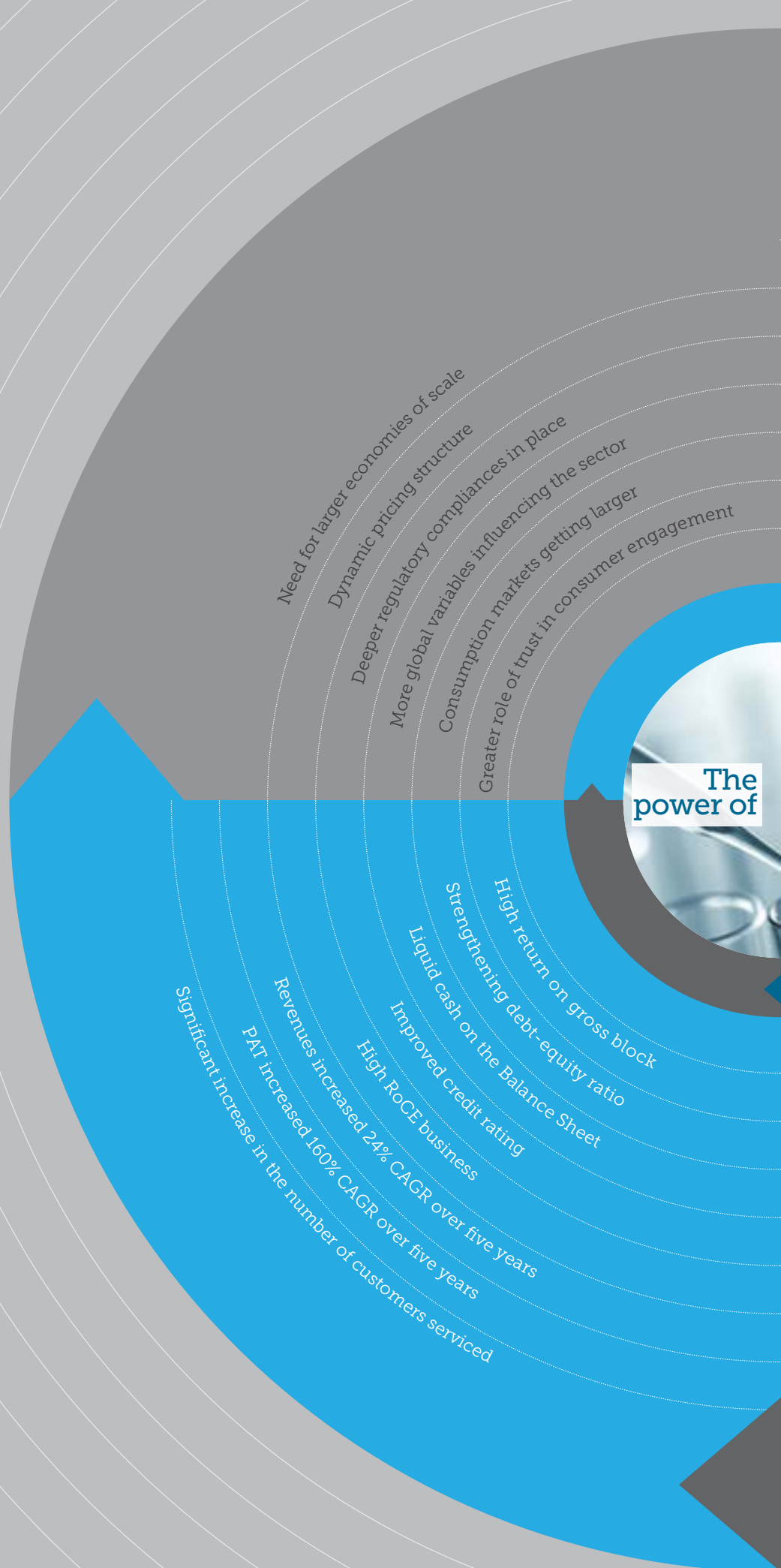
We believe that in 2018-19, a broader manufacturing pyramid will translate into business stability. We expect to stabilize our technology resulting in a shorter learning curve. The introduction of ESOPs in Fermenta, launched in 2018-19, should attract professionals and strengthen our competitiveness. Given the attractive gearing, we expect to invest through moderate debt accretion, helping enhance shareholder value.

**Q: How is the Company positioning itself for the markets of the future?**

**A:** The Company is a dependable supplier and a holistic nutraceutical ingredient supplier engaged in the development, manufacture and commercialisation of micro nutrients for humans and animals with a superior price-value proposition.

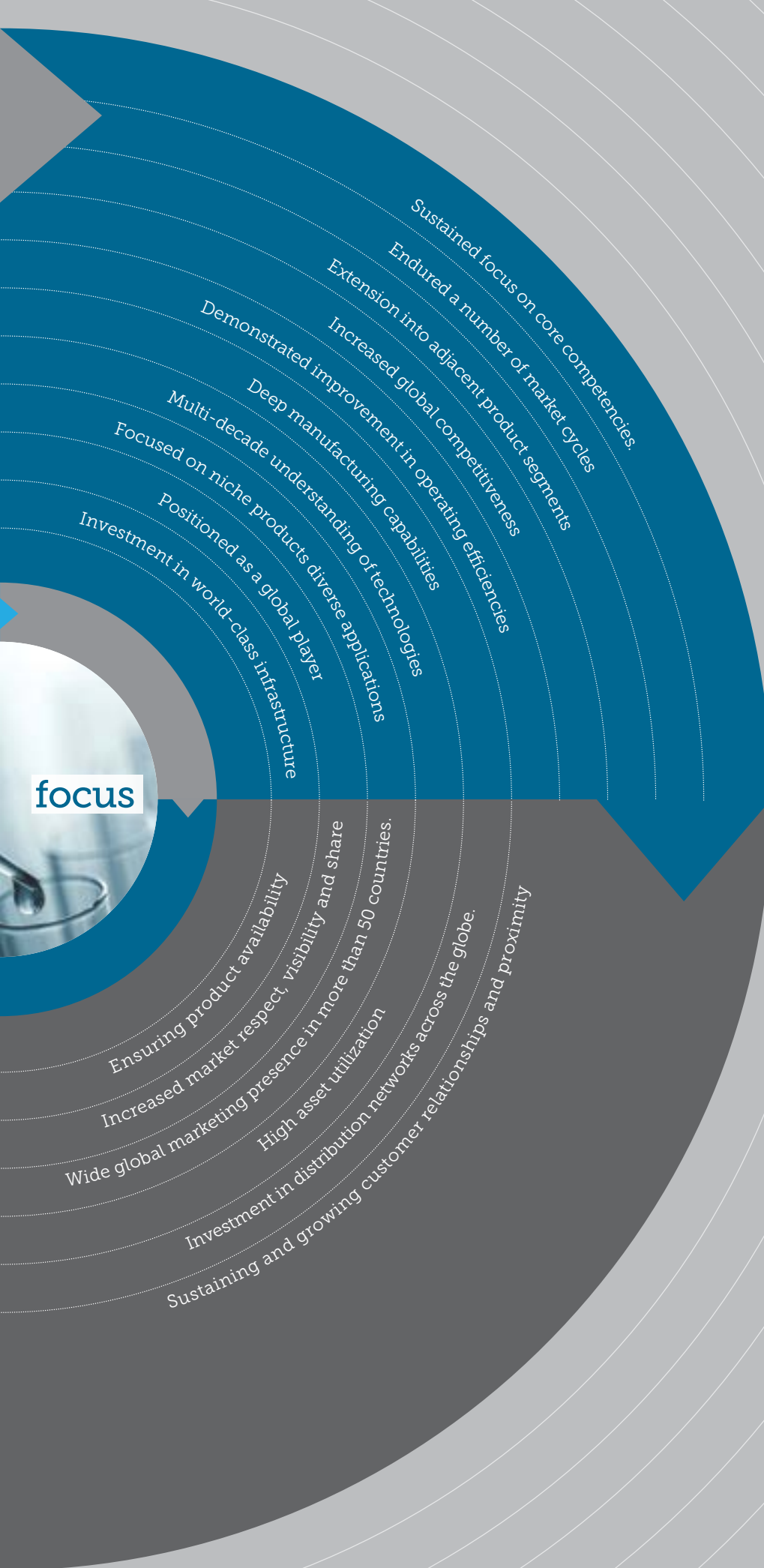
The market of Vitamin D3 is growing in scale and scope as new downstream applications are being continuously developed.












The  
power of





# How we built our business over the years

|  |   |  |   |
|--|---|--|---|
| <b>Culture</b>  <ul style="list-style-type: none"> <li>• Invested in transforming organizational principles to meet global standards</li> <li>• Graduated to a global mindset</li> <li>• Invested in a culture of comprehensive excellence</li> <li>• Invested in human capital and building organizational culture to sustain growth.</li> </ul>             | <b>Capabilities</b>  <ul style="list-style-type: none"> <li>• Invested in quality (product and process) and added global regulatory accreditations</li> <li>• Benchmarked operations with the best global standards</li> <li>• Invested in recruitment, training and retention of skilled human capital.</li> <li>• Created capability platforms for sustainable growth</li> </ul>   | <b>Work force bandwidth</b>  <ul style="list-style-type: none"> <li>• Invested in managerial bandwidth before the growth curve</li> <li>• Strong leadership succession plans</li> <li>• Invested in employee specialization in niche areas.</li> <li>• Deepened training of employees and marketing partners.</li> </ul>  | <b>Capacities</b>  <ul style="list-style-type: none"> <li>• Operationalized the first phase of Kullu expansion</li> <li>• Prepared the Company to become a global front runner.</li> <li>• Invested in world-class infrastructure and processes</li> <li>• Commissioned greenfield Dahej capacity in 2011</li> </ul> |
| <b>Customer proximity</b>  <ul style="list-style-type: none"> <li>• Positioned as a reliable supplier across the world</li> <li>• Widened and deepened the product mix</li> <li>• Prioritised meeting quality and quantity needs of customers</li> <li>• Achieved on-time and in-full order fulfilment</li> </ul>   | <b>Application wise product mix</b>  <ul style="list-style-type: none"> <li>• Widened the product mix by developing value-added formats</li> <li>• Introduced Vitamin D with animal feed application</li> <li>• Addressed widening customer needs for various applications such as pharmaceuticals, food, dietary and nutritional supplements, animal nutrition, feed and rodenticides.</li> <li>• Positioned the Company as a one-stop destination for Vitamin D</li> </ul> | <b>Marketing</b>  <ul style="list-style-type: none"> <li>• Enhanced visibility in international forums</li> <li>• Focused on building presence in highly regulated markets</li> <li>• Received accreditations for all Vitamin D3 products in both manufacturing facilities.</li> <li>• Invested in creating an application based global distribution network</li> </ul> | <b>Research</b>  <ul style="list-style-type: none"> <li>• Invested consistently in research and development projects</li> <li>• Created a world-class research centre</li> <li>• Research directed at quality improvement / cost minimization</li> </ul>   |
| <b>Safety</b>  <ul style="list-style-type: none"> <li>• Made investments in environment, health and safety, central to strategy</li> <li>• Invested in process and individual safety</li> <li>• Invested in continuous training and novel modes in safety training</li> <li>• Enhanced safety procedures in line with the best global standards.</li> </ul> | <b>Information technology</b>  <ul style="list-style-type: none"> <li>• Invested in a SAP-based ERP system to ensure operational excellence</li> <li>• No downtime during installation of new system</li> <li>• Made informed decisions core to operations</li> <li>• Created a backbone for sustainable growth</li> </ul>   |  |   |

# How Fermenta helped a major multinational company to launch a winning product

A global corporate focused on the development of a rodenticide using Vitamin D3. It worked extensively with Fermenta to develop the right Vitamin D3 product that would enhance end product effectiveness.

The result of this painstaking product co-development and corresponding documentation support was a fresh impact: the rodenticide did not affect crop quality or soil purity.

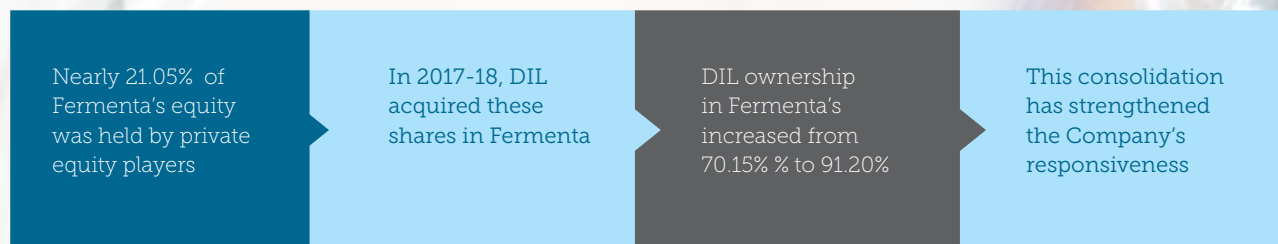
When launched, the product proved to be a success. Enjoying a wide urban application, the product can singularly transform global realities for Vitamin D3 supply.

*Securing Fermenta's interests as a dependable multi-year back-end raw material supplier.*

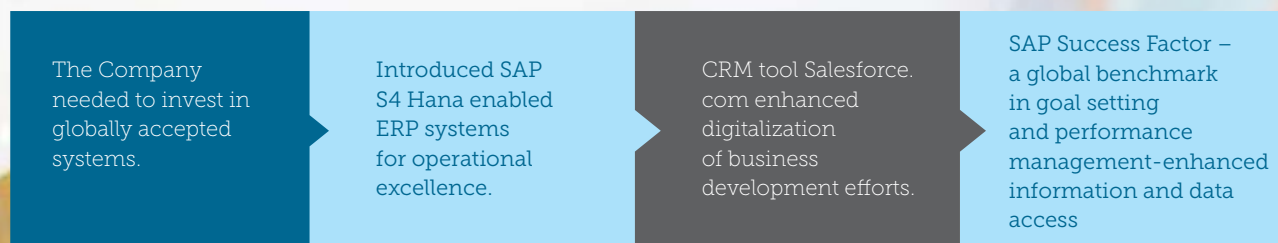


## How we transformed with speed to build a robust business model

### DIL acquired private equity shareholding in Fermenta



### Digitization initiatives – 'intelligent system'



### Increased animal feed market share



## Presence in niche segments



## Increased research spending



## Merger of DIL and Fermenta



## Improved credit rating



# How we are building a future-facing company

At Fermenta, we are focused on building a company that enhances value for all stakeholders, strengthening our ecosystem to address the needs of today and tomorrow.

➔ **Goal:** We believe that if our corporate strategies and investments deliver 15-18% growth in revenues compounded across the future, this should translate into profitable growth that enhances value for our stakeholders.

➔ **Strategy:** At Fermenta, we expect to enhance value through a growing presence in the manufacture of products addressing the preventive healthcare sector.


We expect to reinforce our presence in this space by enhancing global nutritional affordability. The most effective way of doing so will lie in positioning Fermenta as a one stop destination for nutraceutical ingredients. This competence will be derived from our ability to deepen our expertise in existing areas as well as timely extension to adjacent value-added segments.

➔ **Pioneer:** At Fermenta, we are convinced that functionally servicing the growing needs of the market will need to be complemented by statesman like vision: the role of a pioneering, manufacturer and marketing company focused on widening the market complemented by the capability of carving out a significant share of market growth.

➔ **Affordability:** At Fermenta, we understand the priority of enhancing downstream nutraceutical affordability. We believe that this affordability can become a reality only if resource providers to the downstream nutraceutical sector provide products around a superior competitive value: moderating the cost of manufacture through a combination of scale economies and process innovation, empowering our customers to widen their markets. We believe we are in business with this larger goal in mind and competently placed to make this happen.







➞ **Strategy:** At Fermenta, we have deepened our customer relevance: we customise our products and grades in line with the business needs of our customers; we invest in manufacturing infrastructure of an unquestionable global standard; our infrastructure is benchmarked in line with the evolving compliances and designed to exceed prevailing regulatory standards; our objective is to build a global manufacturing hub for nutraceutical ingredients in India.

➞ **Location:** Over the last few decades, we invested in two Indian manufacturing locations, leveraging the rich complement of a high technology understanding and low manufacturing costs. Over the foreseeable future, our objective will be to explore the possibility of extending our manufacture to a global location (with corresponding technology transfer from our Indian facilities) that could enhance our locational proximity to global customers, accelerate our delivery turnaround and strengthen our positioning as a responsible global company.

➞ **Investments:** At Fermenta, we consistently invested in cutting-edge technologies irrespective of the Company's size. These investments helped us generate superior production efficiencies, shrink our learning curve, achieve a high asset utilization, enhance product quality, strengthen process stability and safety – all shrinking the payback of our investments, generating a surplus large enough for reinvestment and accelerating our momentum.

➞ **Scale:** At Fermenta, we selected to invest aggressively in scale during the last decade – supplementing our capacity at Kullu with additional capacity at Dahej (effective October 2019) and at Sayakha (effective December 2020), completely transforming the base of our manufacturing pyramid. The result is enhanced product availability; a supply pipeline dovetailed with the downstream growth plans of our customers, superior economies of scale and enhanced competitiveness.

## The context of our sector is positive and growing



Vitamin D is a mature product that has been around for decades but is still considered a sunrise sector on account of the various emerging applications.



The concept of food fortification with vitamins is a prevalent concept in many parts of the world but still nascent in India and other developing nations.



The world is gradually recognizing the power of preventive medicine over the reactive one, partly influenced by the high cost of medical treatment



1 billion people worldwide are deficient in Vitamin D on account of limited sunlight exposure and modern lifestyles. 50% of Indian women suffer from anemia.



Most of the challenges being addressed by Vitamin D can be derived from lifestyle changes that presently appear irreversible.

## How we progressively widened the moat in our

**Merger:** Fermenta proposed to merge with the Company to strengthen economies of scale, efficiency, value and financial strength.

**Multi-decade presence:** DIL through Fermenta has been exposed to Vitamin D manufacture over the decades, resulting in rich sectoral presence and experience

**Management:** The Company is professionally managed even as it is promoter-owned, which is an effective balance.

**Cash flows:** DIL enjoys access to Fermenta's cash flow, while Fermenta enjoys access to DIL's annuity income and assets (monetizable).

**Competitive:** Fermenta is among the most competitive Vitamin D manufacturers in the world with the ability to ride through market cycles.

**Leverage:** The Company is attractively under-borrowed with a debt-equity ratio of around 1.0 that could decline as earnings strengthen.

**Competence:** The Company has demonstrated its competence in addressing complex chemistries.

**Global presence:** The Company's business addresses a large number of customers across several countries, which is an effective de-risking strategy.



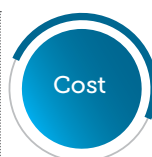
There has been a substantial increase in Vitamin D3 applications in nutrition to address diverse needs



Modern-day research indicates that a stronger connection between a number of ailments (beyond bone health towards trending towards gynecology, pediatrics, cardiology, COPD, tuberculosis and diabetes) and Vitamin D deficiency.



In India, dietary and nutritional supplements still need to be prescribed by doctors whereas they are frequently bought over the counter in developed countries.



The business of Vitamin D manufacture is marked by a high time and cost associated with switching vendors, moving the sector away from price-based decisions to a price-value proposition.



The business is marked by stability – negligible industry entries on the one hand and few exits.

## business

**Various applications:** The Company has de-risked through its presence in diverse application segments (human and animal nutrition, pharmaceuticals and rodenticides)

**Benchmarked:** The Company invested in world-class infrastructure and compliances with the

objective of addressing demanding global regulatory standards

**Distribution:** The Company invested in an extensive global distribution network to meet demand all over the world.

**Sustainability:** The Company's revenues have been driven by

repeat engagements with customers, reflected in increased wallet share.

**Rating:** The Company's credit rating strengthened from BBB to A- (for long-term debt), moderating debt costs and enhancing corporate respect.

**Liquid:** The Company's profitability has been marked by high liquidity

(only 45% of its working capital sanction was consumed as on 31 March 2019)

**Liquid assets:** The Company had Rs. 90 cr cash on the books as on 31 March 2019



# Our strategy to enhance long-term shareholder value

| Strategic focus             | Innovate and excel  | Cost leadership   | Supplier of choice   | Robust people practices   | Responsible corporate citizenship  | Value-creation  |
|-----------------------------|---|---|--|---|--|---|
| Key enablers                | We are nurturing a culture of process innovation and product excellence, reflected in the widening of our product basket, launch of customized products and the efficacy of our products in the customer's end product. | We are focused on operational excellence leading to cost leadership. We invested in cutting-edge technologies, research and extensive training. This has helped us emerge as one of the competitive Vitamin D players in the world. | We reinforced our customer relationships through adequate capacity, timely product delivery and high product quality. A good percentage of our 2018-19 revenues were derived from customers of five years or more. | We are an employer of more than 421 (Permanent payroll head count) people (full time and contractual). Our people engagement has been marked by delegation, empowerment, responsibility and accountability. The result: our workplace is marked by training, engagement, appraisal transparency, reward, ESOP ownership and outperformance. | We are a responsible corporate citizen engaged in community development. We invested Rs. 87.55 lakhs in CSR activities in 2018-19. | We enhance value through the manufacture of a quality-intensive product (Vitamin D mainly), addressing the critical needs of animal feed and human feed companies (even as the Company is engaged in the manufacture of Phenamylidol and the biotechnology business as well). |
| Material issues / addressed | Superior use of cutting-edge technology leading to product differentiation.   | Creating the basis of long-term viability through an any-market cost competitiveness.   | Enhancing revenue visibility through multi-year customer agreements; focusing on a sell-and-make approach.   | Creating a professional culture and seeking overarching excellence in everything the Company does.  | Community engagement, widening prosperity.   | Addressing the customer's needs for a customized quality product.   |
| Capitals impacted           | Manufactured, intellectual and financial.   | Financial, intellectual, natural, social and relationship.  | Intellectual, manufactured, social and relationship.   | Intellectual and human.   | Social and relationship and natural.   | Intellectual, manufactured, social and relationship.  |

# How we have enhanced value over the years

## Our resources

### Financial capital

The financial resources that we seek are based on funds we mobilise from investors, promoters, banks and financial institutions in the form of debt, net worth or accruals.

### Manufactured capital

Our manufacturing assets, technologies and equipment for production constitute our manufactured capital. The logistics for the transfer of raw materials and finished products are integral to our manufacturing competence.

### Human capital

Our management, employees and contract workers form a part of our workforce. Their experience and competence enhance our value. We believe that our success can be attributed to all the individuals who are a part of the family.

### Intellectual capital

Our focus on cost optimisation and operational excellence, as well as our repository of proprietary knowledge account for our intellectual resources.

### Natural capital

We depend on raw materials sourced from nature including polymers (derived from crude oil) and metals indicating a moderate impact on the natural environment.

### Social and relationship capital

We focus on the Triple Bottomline, by making people, planet and profit, all a part of our growth story. Our relationships with communities and partners (vendors, suppliers and customers) influence us as a responsible corporate citizen.

## Value created

### Financial capital

Turnover Rs. 417 cr  
Earnings per share Rs. 120.31  
ROCE 47%

### Human capital

Direct and indirect employees  
Number of employees 672  
Total remuneration, 2018-19 Rs. 48 cr

### Intellectual capital

Average experience in senior management 23 years  
Status of company in India's organized Vitamin D sector

### Social and relationship capital

Number of customers >300  
Number of vendors >175

## Value shared with

**Investors:** The Company enriched investors through dividends and capital appreciation

**Suppliers:** The Company consistently sourced materials from its empanelled suppliers

**Employees:** The Company provided remuneration worth Rs. 48 cr and provided stable employment

**Customers:** The Company provided application based customers, generating Rs. 401.30 cr in revenues from customers

**Government and regulations:** The Company paid Rs. 40 cr to the exchequer; the employment catalyzed the local community through downstream economic benefits

**Distributors and suppliers:** The Company enhanced value for distributors and retailers through sustained resource offtake.

# Why Vitamin D has a growing potential



The benefits of Vitamin D have been recognized for more than a century.

This recognition has been based around the conviction that adequate Vitamin D in the human body serves as a protection against a number of ailments and diseases.

Vitamin D is a fat-soluble vitamin essential for maintaining general health and wellbeing. It can be synthesized in the skin upon exposure to ultraviolet-B (UVB) radiation from sunlight.

When exposure to UVB radiation is insufficient, increased Vitamin D dietary intake becomes essential. Vitamin D supports the function of the immune system and contributes to bone and teeth health, muscle

strength and helps reduce the risk of fracture.

This recognition is based on a range of health benefits linked to the adequate consumption of Vitamin D and its critical role in sustaining health.

Vitamin D and its derivatives have a wide range of clinical applications: prophylaxis and treatment of osteoporosis, prevention of rickets and osteomalacia. The other therapeutic applications currently being investigated for Vitamin D include cardiovascular disease, diabetes, cancer, infections, multiple sclerosis, psoriasis and respiratory health and other conditions. The result is that Vitamin D is emerging as one of the most critical players in the area of nutrition.

The most important source of Vitamin D is Vitamin D3 (cholecalciferol) produced in the skin through exposure to solar ultraviolet-B (UVB) radiation. Interestingly, dietary sources contribute only a small amount in developing countries like India, marked by a low fortification of foods. The irony is that despite abundant sunlight, a large section of the Indian population (80-90%) suffers from a low level of Vitamin D.

What provides players with considerable optimism is the extent of under-penetration, coupled with a growing recognition of the role of Vitamin D, indicating an inflection point for the sector.

## 2.5

Estimated size of the global Vitamin D market, (USD, bn) 2020

## 132.8

The global dietary supplement market (USD, bn), 2016

## 220.3

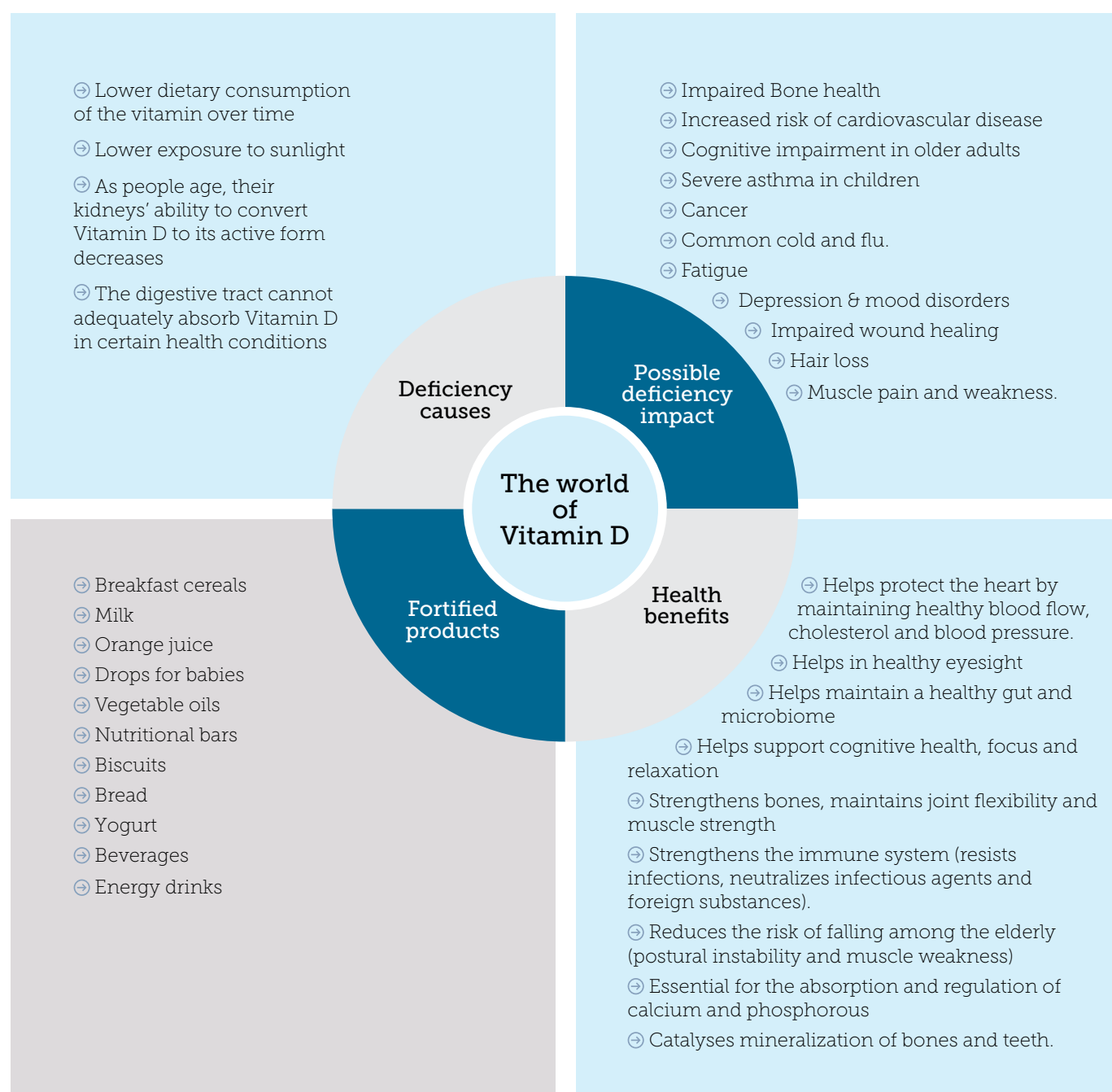
Estimated global dietary supplement market (USD, bn), 2022

## 12.4%

Projected global vitamin D supplements market growth, 2018-2023

Source: Economic Times, Business Standard, Global Newswire





Market size of vitamins and CAGR

|                             | MAT value July 2014 (in Rs. billion) | MAT value July 2018 (in Rs. billion) | 5-year CAGR (%) |
|-----------------------------|--------------------------------------|--------------------------------------|-----------------|
| Vitamin D3 market size      | 2.98                                 | 5.38                                 | 15.90           |
| Overall market for vitamins | 39.28                                | 58.08                                | 8.14            |

Market shares in vitamin segment (%)

| Vitamin sub-segment      | Market share |
|--------------------------|--------------|
| Multivitamins + minerals | 22.28        |
| Vitamin D3               | 9.27         |
| Plain vitamin B complex  | 5.45         |

Source: Ernst &amp; Young LLP and Confederation of Indian Industry



# Vitamin D: A prescription for sunlight

**There is a growing recognition that healthcare represents the foundation of a prosperous country.**

Annual Gross Domestic Product losses arising out of low weight, poor child growth and micro nutrient deficiencies averaged 11% in Asia and Africa. (Source: Global Nutrition Report 2016).

The irony is that even as undernourishment in, say, a country like India has been decreasing (17% in 2008 to 15% in 2016), malnutrition and


dietary risks associated with diseases remain prevalent on account of rapid urbanization, changing lifestyles and low nutritional awareness.

The evidence is in the numbers: globally, two billion people suffer from malnutrition in one form or the other; 156 million children under five are stunted in height and 50 million children under five do not weigh enough for their height.

These micronutrient deficiencies in India are as much an urban phenomenon as they are rural. In

Mumbai and Delhi, among the largest urban clusters in the world, vitamin deficiency accounted for almost 70% of the adults; 88% of residents of Delhi suffer from Vitamin D deficiency, indicating the magnitude of the problem.

In developing nations, mortality arising from nutrition-related factors is nearly 40%. This reality indicates a growing need for nutraceutical products.



"Millions of people in India are suffering from vitamin-D deficiency notwithstanding the fact that many regions of the country witness high temperatures during the day time. Vitamin D plays a crucial role in preventing and also keeping diabetes under check. Many side-effects, particularly with regard to bone strength among diabetes patients, could be managed without much trouble if Vitamin D levels are properly managed." - Diabetic physician and Andhra Pradesh Diabetes Federation President Dr VV Ramkumar

SRL Diagnostics did a pan-India study revealing almost 79% Indians as Vitamin D deficient.

A new study by researchers from The Irish Longitudinal Study on Ageing (TILDA) at Trinity College, Dublin, has shown for the first time in Ireland that a deficiency in vitamin D was associated with a substantially increased risk of depression (+75%) over a four-year follow-up period.

A study in British Medical Journal indicated that 68.6% women in India are Vitamin D 'deficient', whereas almost 26% have been marked 'insufficient'.



# Why we are more optimistic of the global nutraceuticals market today than ever



**In the emerging era of preventive health care, dietary and nutritional supplements have a vital role to play.**

There are a number of drivers of the food supplements (or nutraceuticals) market the world over, which are expected to endure, creating a wider market and possibly a healthier world.

☉ **Affordability:** The sharp increase in the cost of quality health care in the last couple of decades has widened the market for dietary supplements based on a growing recognition that a small cost today can potentially avert expensive medical treatment and possibly even treatment-related debt. In a country like India, where medical insurance is extensively under-penetrated, this can be the difference between financial well-being and ruin: out-of-pocket health expenditure constituted around 62% of the healthcare expenditure in India (in comparison, out of pocket hospital expenses in developed countries such as US and UK, amount to 20% and in BRICS countries about 20-25%). This high cost of medical intervention is inspiring preventive health action through health and wellness-related products.

☉ **Awareness:** Globally, there is an increasing awareness about food supplement products and benefits, largely influenced by the social media and internet. As a result, consumers are increasingly paying attention to the importance of nutrition in the prevention and treatment of diseases. In addition, health publications and fitness icons help increase an understanding of products that focus on natural health.

⇒ **Accessibility:** Almost 50% respondents of an EY survey indicated that they accessed the internet for health awareness while 70% indicated they were likely to use devices that connect to smartphones for managing health parameters. The growth of e-commerce is a game-changing development for the nutrition and health industry, allowing the healthcare business to grow at a compounded annual growth rate of 87.4%. As e-commerce in India is expected to reach USD84 billion by 2021, the nutraceuticals industry could benefit substantially. The result is that the Indian nutritional care segment is growing at a CAGR of 12% with a 27% share of the wellness industry.

⇒ **Affluence:** Food supplements were traditionally consumed by high-income groups but this has begun to change on account of increased purchasing power. The population of India between 15 and 59 years increased from 57% in 2001 to 62% in 2011 and estimated at around 66% today. India's population growth is marked by growing disposable incomes, translating into a growing capacity to pay for food supplements. Average household incomes could treble across two decades and India could become the world's third largest consumer economy by the year 2025.

⇒ **Lifestyle:** There is greater consumption of food and beverages with high salt and sugar on the one hand and low micronutrient contents on the other, creating a widening market for food supplements.

⇒ **Insurance:** The growing spread of insurance in India is expected to sustain the growth of the wellness sector. Rising geographical penetration and increasing disposable incomes are further boosting the market.

⇒ **Supply side:** New players entering the market with innovative products are catalysing sectoral growth. A growth in the supply side (providers of packaged and branded food supplements) indicates a strengthening eco-system that could continue to sustain the demand for raw materials.

⇒ **Attitudes:** With increasing research on food science and nutrition, more doctors now recognize the role of nutrition in quality care, not only for treatment, but also for prevention, resulting in enhanced prescriptions.

## 383.06

The global nutraceuticals market, 2017 (USD bn)

## 578

The estimated global nutraceuticals market 2025 (USD bn)

## 8.8

The annual global nutraceuticals market growth (per cent)

## 4

Indian nutraceuticals market (USD bn), 2017

## 18

Estimated Indian nutraceuticals market (USD bn), 2025

## 21

Expected CAGR of Indian nutraceuticals market (in %)

(Source: Financial Express, Mordor Intelligence, Nutraceuticals report ASSOCHAM 2018)

# The focus is shifting from pharmaceuticals to nutraceuticals



There is a growing movement for addressing health from a proactive perspective rather than a reactive one. In a proactive treatment, immunity is enhanced and ailments are prevented in the first place.

Besides, the increased consumption of dietary supplements and their downstream products have arrived at an interesting time in consumer behaviour: whether to consume expensive pharmaceuticals at a later date or to proactively consume affordable food-fortified products today. Today's generation is concerned about not just their life-span but also their health-span, shifting the needle from disease treatment to disease prevention. This represents the fundamental driver of the dietary supplements sector the world over.

The advent of personalized nutrition has resulted in treatments tailored closely to an individual's genetic profile. Epigenetics and nutrigenomics recognize that each individual has different nutritional requirements and responds to food in different ways. By linking diet to the genome it may be possible to not only boost health, but also reduce the risk of disease.

| Nutraceuticals   | Pharmaceuticals                                     |
|--|---|
| Works on root causes but takes a longer time to recovery | Relatively quicker in effect                        |
| Negligible side effects in rare cases                    | In case of severe illnesses, can cause side effects |
| Focus on prevention and wellness                         | Focus on illness and treatment                      |
| No prescription needed for buying                        | Sold only on prescription except OTC                |
| New sector with higher return on R&D investments         | Declining return on R&D investment                  |
| Less onerous regulatory requirements                     | 'Patent cliff'                                      |
| Most purchases are by consumers                          | Pressures on health budgets                         |
| New revenue source                                       | Stagnated and saturated market                      |
| Fast growing   | Moderate growth rate                                |



Our business

# Biotechnology



## Snapshot

### Revenues

Rs. **13.80 cr**, 2018-19  
Rs. 5.70 cr, 2017-18

**3.30%**, 2018-19  
1.84%, 2017-18

## Overview

Fermenta delivers specialized technologies through its enzyme portfolio across the biopharmaceutical product life-cycle. These services are offered across the complete lifecycle – pre-clinical stage to commercialization to enhancing project ownership, quality and customer convenience. Fermenta is a dependable technology-driven partner, enjoying customer trust irrespective of project size, phase and complexity. The Company's expertise ranges from microbiology to genetic engineering, fermentation to enzyme purification, enzyme immobilization to enzymatic synthesis and polymer beads development to scale up synthesis.

Over the years, the Company developed and manufactured enzymes (Fermase PS 250, Fermase PA 850) used in the manufacturing processes of various antibiotics. Fermenta's enzyme technology for the synthesis of beta

lactams and cephalosporin antibiotics offer unique advantages giving a competitive edge. The Company also offers enzyme immobilization optimization and supply services of various scales up to multi-tonne commercial quantities.

## Strengths

**Pioneer:** FBL is a leader in providing immobilized enzymes and enzyme technologies, and proprietary immobilization platforms that has transformed the way the antibiotics are manufactured.

**Range:** Fermenta's enzyme technologies enable new and eco-friendly manufacturing practices across sectors ranging from pharmaceuticals, fine chemicals to bio plastics and cosmetics.

**Expertise:** Fermenta has a qualified and experienced set of scientists with in-depth understandings of molecular biology and fermentation technologies.

**Responsive:** Fermenta's business support and R&D teams address customer needs with speed.

**Cutting-edge:** Fermenta implemented next-generation automation and offered complete technical support to expand its enzymatic technology platform.

**Infrastructure:** Fermenta possesses world-class infrastructure and instrumentation to cater to the needs of its customers and produce top-notch biotech APIs.

**Distinctive:** Fermenta is one of the few global companies producing next-generation enzymes, leveraging patented processes and immobilization materials.

**Unique:** Fermenta's enzyme technologies for the synthesis of beta lactams and cephalosporin antibiotics offer unique advantages, which are not only scalable but also enable competitive transformation.

## Highlights, FY 2018-19

- The Company focused on OEM sales of Fermsept® by bagging annual maintenance contracts for wastewater treatment plants
- Optimized the maintenance process of stock for production
- Streamlined the transformation process to achieve stability and improvement
- Improved the fermentation process of Penicillin G Amidase (PA 850)
- Improved immobilization and reduction in enzyme loading, ensuring better productivity
- Redesigned media to achieve improved and cleaner fermentation processes
- Improved polymer process by solvent recyclability and better matrix stability
- Initiated an expansion of biotech application projects for sterol biosynthesis
- Strengthened the potential capabilities of fermentation, immobilization, polymer technology and molecular biology
- Addressed IPR-related matters to safeguard technology and business knowhow

## Outlook

A renewed focus on the biotechnology division with a push on efficient manufacturing output and selection of key accounts could lead to a significant increase in sales volumes. Fermenta is also exploring fermentation potential in developing new product lines to cater to more customers. The R&D team will continue streamlining and improving its expertise in molecular biology to foster product development and provide biocatalyst solutions for enzymatic applications.

# Pharmaceuticals



## Snapshot

### Revenues

**Rs. 47.50 cr**, 2018-19  
Rs. 49.50 cr, 2017-18

**11%**, 2018-19  
16%, 2017-18

## Overview

Over the past 25 years, Fermenta has focused on the manufacture of specialty APIs and biocatalysts.

The Company's core strength lies in harnessing cutting-edge technology to manufacture world-class quality APIs. The Company manufactures Phenyramidol Hydrochloride and Silicon powder (Activated Dimethicone Powder) for customers across the world. Phenyramidol Hydrochloride is a potent muscle relaxant with analgesic effects. The Company took a conscious effort to offer Silicon Powder (Activated Dimethicone Powder), a pharmaceutical ingredient that could replace Simethicone oil in anti-flatulent oral formulations. Traditionally oral anti-flatulent formulations used Simethicone oil in the manufacturing process with some disadvantages. The Company scaled its API R&D to meet rising demands and took a conscious decision to manufacture Silicon powder (Activated Dimethicone

Powder as a replacement for Simethicone oil used in anti-flatulent oral formulations. The Company derived 11 % of its topline from this business during FY2018-19.

## Strengths

**Reliability:** The Company is a reliable source of specialty pharmaceutical products across 40 nations.

**Pioneering:** Fermenta was a pioneer in reviving Phenyramidol Hydrochloride as an API, successfully marketing this product in Turkey and India. The Company's efforts helped Phenyramidol Hydrochloride formulations demand grow exponentially in Turkey.

**Compliance:** Fermenta is respected for its compliance with GMP norms that translate into enhanced quality and consistency (products, processes and services).

**R&D:** Fermenta invested deeper in R&D to increase the potency of its products by using innovative alternative syntheses and acquiring more patents.

## Outlook

The pharmaceuticals business of the Company appears promising in view of a steady rise in the incidence of lower back, neck and shoulder pain due to the excessive time spent on electronic devices. Robust sales in the domestic pharma segment and key accounts in the US and EU could fuel business growth. Fermenta seeks to improve processes and achieve superior yields and cost-effectiveness.

The Company's core strength lies in harnessing cutting-edge technology to manufacture world-class quality APIs. The Company manufactures Phenyramidol hydrochloride and silicon powder (Activated Dimethicone Powder) for its customers all across the world. Phenyramidol hydrochloride is a potent muscle relaxant with analgesic effects

Our business

# Vitamin D3



## Snapshot

### Revenues

**Rs. 316 cr**, 2018-19  
Rs. 228 cr, 2017-18

**78%**, 2018-19  
73%, 2017-18

## Overview

Fermenta's Vitamin D3 business grew significantly in FY 2018-19. The newly developed rodenticide product gained momentum. When global market volatility for Vitamin D3 resulted in customers and suppliers facing supply challenges, Fermenta entered into mid-term contracts and supply assurances. To increase potency of Vitamin D3 (cholecalciferol) yield, the Company developed methods to increase process efficiencies. The Company offered complementary product offerings to strengthen its positioning.

## Strengths

**Recognition:** Recognized in the global markets as a reliable manufacturer of Vitamin D3 across all product segments, marked by on-time delivery and competitive pricing.

**Size:** Among the world's three leading Vitamin D3 producers, resulting in economies of scale.

**Serviceability:** Providing real-time updates to customers and closely following market developments helped strengthen existing relationships.

**Scale:** Manufacturing facilities (Kullu and Dahej) are benchmarked with the best global standards, backed by dedicated professionals and accreditations from a large number of global regulatory agencies.

**Diversified:** Manufactures Vitamin D3 for various applications addressing human and animal healthcare.

**Knowledge:** Manufacturing Vitamin D3 for over 50 years with more than 300 customers.

## Highlights, FY 2018-19

- Fermenta developed a new formula using spray drying technology for Vitamin D3 feed manufacture, enhancing product stability
- Developed water-soluble emulsion products of Vitamin D3, Vitamin D2, AD3 and AD2
- Introduced offerings in the competitive food pre-mixing segment in regulated markets
- Discontinued packing of glass ampoules and initiated Vitamin D3 packed in aluminium pouches to enhance ease of storage and transportation, limiting possibilities of oversight in terms of quality and manufacturing
- Tied up with an European manufacturer for exclusive sales of Vitamin D2 in India for DNS and food applications
- Received approvals from international customers and initiated supplies of Vitamin D3 from Dahej, allowing the Company to enjoy taxation benefits (facility located inside SEZ)

## Outlook

Fermenta seeks to diversify its contractual business mix, retain key accounts and engage with new customers. The Company also expects to grow the relatively new segment of rodenticides to ensure a consistent growth in business volumes. The Company plans to create a robust portfolio comprising value-added vitamins, minerals and nutritional substances. The business is primed for product portfolio expansions that supplements business growth. The Company will focus on fulfilling customer needs efficiently, strengthening its positioning itself as a reliable supplier of Vitamin D3.

# Environmental solutions



## Snapshot

### Revenues

**Rs. 1.80 cr**, 2018-19  
Rs. 1.60 cr, 2017-18

## Overview

Fermenta's environmental solutions business addresses national environmental priorities related to waste water and solid waste management and treatment.

The Company focused on clientele from private institutions (commercial and residential developers, hotels, resorts and dairies) by providing a blend of biotechnology and engineering solutions addressing sewage treatment, effluent treatment, biogas enhancement, press mud composting, municipal solid waste composting and oil sludge treatment.

The Company altered its strategy to focus on OEM sales of Fermsept® by bagging annual maintenance contracts for wastewater treatment

plants. The change was influenced by the desire to engage new customers and address multiple opportunities from existing customers.

The Company appointed engineers in the environment team for engineering, procurement and construction on Klaro technology, moving bed biofilm reactors, activated sludge process and membrane bioreactors.

The environment solutions revenues grew by 12.50% in FY2018-19 to Rs. 1.80 cr following an increase in Fermsept® sales in addition to revenues derived from the operation and maintenance of sewage treatment plants. Fermenta's proprietary brand Fermsept® helped increase biomass and bacterial

colonies that reduced obnoxious odour and improved the outlet-treated sewage quality.

Fermenta trained operators along with teams managing the annual maintenance contracts of wastewater treatment plants. Fermenta's team possesses operating annual maintenance contracts of wastewater treatment plants through an in-depth knowledge of various technologies (sequential batch reactor, moving bed bio film reactors and activated sludge process). The Company trained operators to ensure that treated water quality adheres to regulatory norms.

Fermenta collaborated with a German technology provider, Klaro, to offer state-of-the-art package sewage treatment plants comprising



the latest SBR process as per the global regulatory standards, reducing power consumption. The Company provided services to hotels, resorts, complexes and hospitals, among others, up to a capacity of 200 kilolitres per day. The Company possesses the competence to build sewage treatment plants.

The Company automated a Thane sewage treatment plant using pneumatic systems, Programmer Logical Controller (PLC) and Supervisory Control And Data Acquisition (SCADA). Fermenta's in-house development team built and modified a SCADA-based operating plant, ensuring better monitoring, gathering and processing of real-time data.

Fermenta's environment division increased business development activities with consultants, architects and developers to widen its enquiry base for sewage treatment plant solutions. Fermenta also conducted a detailed audit of an existing sewage treatment plant in a renowned hotel of India. Fermenta brought in a team of experienced and specialized engineers to provide best wastewater treatment solutions. The Company received its first order from a renowned developer for the design, supply, erection and commissioning of a packaged sewage treatment plant (20 kilolitres per day) based on state-of-the-art technology

### Strengths

**Capability:** Fermenta is respected for its ability to explore and execute environmental projects of varying magnitudes and natures.

**Team:** Fermenta's technical team comprises professionals with deep experience in design, planning, erection and commissioning of projects.

**Consistency:** Fermenta is respected for the consistent performance of its sewage treatment solutions across sectors.

**Expertise:** Fermenta possesses an in-depth knowledge on the technical aspects of various sewage treatment technologies and understanding of plant operations.

**Holistic:** Fermenta provides services like designing, monitoring, planning and managing projects. The Company's strong technical team provides end-to-end solutions.

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

**Quality-conscious:** The team provides assured outlet quality that can be reused in non-potable functions.

### Highlights, FY2018-19

- Participated in the prestigious IFAT exhibition for water and wastewater treatment along with German technology partner Klaro, enhancing Fermenta's visibility
- Received the first EPC order for design, supply, erection and commissioning of two sewage treatment plants for Valsad District Cooperative Union Limited (part of AMUL) around German technology
- Received four orders for small-sized sewage treatment plants for vacation homes in Tamil Nadu
- Renewed O&M contract for Logitech Park for two years till 2020
- Received orders in three phases for the modification of 500 kilolitres-per-day plants for redesigning, dismantling, supplying, erecting and commissioning electromechanical equipment
- Bagged a prestigious project from Karnataka Power Corporation Limited for preparing a detailed report to utilize ash generation from Raichur Thermal Power Plant

Business enabler

## Marketing

### **Fermenta undertook initiatives to increase awareness and channelising the medical fraternity's focus on Vitamin D3.**

It participated in celebrity endorsements around Vitamin D awareness, increasing its digital footprint through various social awareness initiatives. It also undertook various offline initiatives such as branding at open gyms and sports leagues as well as activities at national exhibitions such as CPhI,

India. It leveraged the following strengths: consistent volume growth due to business development activities, strong relationships that empowered Fermenta to emerge as a 'preferred supplier', as well as efficient real-time MIS reporting and coordination between cross-functional teams.

The business addresses growing Vitamin D demand from different customers, regions and segments. The ongoing engagement with distributor sales teams helped increase customer conversion.

Business enabler

## Manufacturing



**Fermenta possesses robust manufacturing capabilities, reflected in its audit-preparedness, ability to address year-on-year stretch targets, manufacture world-class products through globally validated equipment, plants and processes.**

The Company comprises two manufacturing units - at Dahej (Gujarat) and Kullu (Himachal Pradesh) even as it seeks to commission a new plant in Sayakha, Gujarat.

### **Highlights, FY 2018-19** **Kullu**

- Achieved budgeted production target with assured quality
- Cleared domestic and international audits (including USFDA) without observations.
- Maintained the plant with low downtime

- Eliminated safety hazards by investing in effective preventive maintenance
- Improved R&D technology to address higher productivity

### **Dahej**

- Increased capacity and output of Vitamin D3 40 MIU manufacture following rising demand for Vitamin D3
- Engaged in a strategic backward integration to reduce dependence on suppliers
- Implemented the CFR21 complying system for key instruments like HPLC and gas chromatography
- Enhanced the document management system, strengthening control on document issuance
- Strengthened safety through simplified operations and streamlined processes
- Implemented energy conservation, safety and cGMP initiatives
- Conducted periodic employee training across safety, cGMP, operations, worker development and behavioural skills

Business enabler

## Supply chain management

**The ability to source raw materials on schedule to be able to maximise production is an ongoing challenge.**

During the year under review, the Company addressed complexities related to regulatory compliances across countries. Fermenta catered to more than 50 countries, each country or region with its own

complexity. Keeping track of these changes and updating systems to meet these requirements remained a constant challenge, which the Company addressed by entering into collaborations with sector and product-specific trade partners.

Fermenta was actively engaged with global partners to develop an in-house repository of knowledge of products, services and packaging. The Company addressed the challenge of handling cold chain shipments by ensuring the right packaging and collaborating with competent partners.

The Company continued to upgrade technology by engaging with global partners, which enhanced access to real-time information and updates resulting in cost moderation, improved efficiency and customer satisfaction. The Company shifted from short-term contracts to mid-term sector and lane-specific contracts to strengthen value derived from third-party logistics.

Fermenta implemented an SAP-based ERP system to improve business efficiency.

Business enabler

## Human resource management



In the pharmaceutical industry, there is a premium on knowledge.

Fermenta invested in its human capital comprising multi-sectoral knowhow, technological experience and domain knowledge.

The Company empowered and motivated its workers to enhance operating efficiencies and competitiveness. Fermenta combined its knowledge of a specialized space with the passion of a young company. The Company

took decisions in alignment with the professional and personal goals of employees, helping them achieve work-life balance and enhancing their pride of association.

During the year under review, the Company undertook numerous initiatives to create a performance-based culture. The key focus areas comprised employee connect, performance support, strengthening the learning culture, strengthening performance appraisals, retaining

performing talent, providing growth opportunities and effective talent acquisition.

### Strengths

- The Company consistently invested in growing its human capital through prudent recruitment, engagement and empowerment translating into individual and organisational growth.
- The Company had 400+ people comprising MBAs, PhDs, scientists and others on its roster as of 31st March 2019.
- The Company received three awards in 2018 at the World HRD Congress. It was awarded the 'National Best Employer Brand' award in the pharmaceutical sector. The General Manager - Human Resources won the 'top 101 HR Minds' award while the Chief Executive Officer won the 'Business Leader of the Year' award.
- The Company introduced ESOPs to reward outperformance.
- The Company increased its people retention, especially at the Dahej plant, by adopting a personalised approach. The Company reported an overall retention of 89% across locations through a stronger compensation reward programme,

role enhancements and additional certification programmes, among others.

- The Company implemented ERP for manufacturing, supply chain management and finance, creating a user-friendly environment.
- The Company implemented a dashboard system to track KPIs, metrics, and other data points relevant to the business.

#### Highlights, FY 2018-19

- Started digitising employee records to set goals and identify roles / responsibilities across departments and tiers.
- Undertook team-building programmes and outbound exercises; sent employees to seminars, developed training facilities, organised regular employee meets
- Implemented the latest SAP modules under the SMART (S: specific, M: measurable, A: attainable, R: realistic, T: timely)

system to benchmark performance management across three months.

- Strengthened its focus on operational excellence through collaboration with leading institutions like Institute of Chemical Technology and Indian Institute of Foreign Trade.
- Developed a strong R&D team comprising 30 employees.
- Continued collaborating with Thomas International for employee development programmes (team building, team leadership and managerial effectiveness) at the mid-management level.
- Participated in the Great Place to Work survey in which 419 employees were audited.
- Associated with Underwriters Laboratories to conduct a three-day behavioural training programme and a weeklong technical training programme.
- Conducted a 10-day training programme on quality, production and engineering as per CGMP

guidelines to deepen quality management systems, obtain quality raw materials, formalise robust operating procedures, detect quality deviations and strengthen testing facilities.

- Enhanced gender equality by ensuring that the workforce comprised 28 female employees.

#### Fermenta's workforce (as on 31st March 2019)

14 Pharmacists

1 PhDs

1 PhDs

19 Scientists

31 MBAs and CAs

68 Post-graduates

115 Graduates

173 Under-graduates

|                              |                          |   |
|------------------------------|--------------------------|---|
| Our People Competence Matrix | New employee enablement: | Recruited personnel from diverse verticals mostly from the pharmaceutical industry, enriching the workplace with different perspectives. The Company hired 103 employees in FY2018-19.  |
|                              | Learning culture:        | The training and learning policy was revised. Digital platforms were leveraged to create e-learning modules. In line with this culture, learning was integrated into performance evaluation for all employees, which were then taken into account during the annual appraisal.  |
|                              | Diverse Human capital:   | Fermenta aggregated a diverse workforce of sectoral experiences, academic qualifications and domain knowledge drawn across ages, genders and regions to match project imperatives.  |
|                              | Training:                | Fermenta has been continuously making efforts in terms of providing a better workplace, increasing employee retention and building competencies through training and development activities. Fermenta conducted a 10-day-long training programme on quality, production and engineering as per CGMP guidelines to establish strong quality management systems, obtain quality raw materials, formalise robust operating procedures, detect quality deviations and maintain reliable testing facilities. |



# Management Discussion & Analysis



## Global economic overview

The global economy grew by 3.7% in 2018 compared to 3.8% in 2017, largely on account of the failure of Brexit negotiations, tightened financial conditions, geopolitical tensions and

higher crude oil costs. Global growth is estimated at 3.5% in 2019 and 3.6% in 2020 on account of a sustained weakening in the advanced economies. (Source: *World Economic Outlook*).

Global economic growth over six years

| Year                | 2015 | 2016 | 2017(E) | 2018(E) | 2019 (P) | 2020 (P) |
|---------------------|------|------|---------|---------|----------|----------|
| Real GDP growth (%) | 3.2  | 3.1  | 3.8     | 3.6     | 3.3      | 3.6      |

[Source: *World Economic Outlook*, April 2019] E: Estimated; P: Projected

## Indian economic overview

India emerged as the sixth-largest and retained its position as one of the fastest-growing trillion-dollar economy. However, after growing 7.2% in 2017-18, the Indian economy was expected to grow at 6.8% in 2018-19 as per the third advanced estimates of the Central Statistics Office released in May 2019.

The principal developments during the year under review comprised a sustained increase in per capita incomes, decline in national inflation, steadying interest rates, and weakened consumer sentiment starting from the second half of the financial year. The weaker sentiment was on account of a large non-banking financial company announcing its inability to address liabilities. This affected credit expansion, financial markets and consumer sentiment, which resulted in a slower GDP growth of 6.6% and 5.8% in the third and fourth quarter

of the year under review respectively compared with 8% and 7% GDP growth in the first and second quarter of 2018-19 respectively. In the fourth quarter, India lost its tag as the fastest growing economy to China (6.4%).

In 2018, the country attracted more foreign inflows than China - ~USD 38 billion, higher than China's USD 32 billion. India witnessed a 23-notch jump to a record 77th position in the World Bank's latest report on the ease of doing business that captured the performance of 190 countries. The commencement of the US-China trade war opened a new opportunity for India, particularly in the agro sector. Inflation (including food and energy prices) was pegged at 2.6% on an annual basis, one of the lowest in years and well below the Reserve Bank of India's medium-term target of 4%. The rupee rebounded after touching a low of Rs. 74.45 to a dollar to close the financial

year at Rs. 69.44. During the fiscal under review, the Indian Government continued to invest deeper in digitisation, renewable energy capacity generation and infrastructure building.

## Key government initiatives

**Bank recapitalisation scheme:** In addition to infusing Rs. 2.1 lac crore in public sector units, the Indian Government announced a capital infusion of Rs. 41,000 crore through recapitalisation bonds in FY2018-19.

**Expanding infrastructure:** The Government of India invested Rs. 1.52 trillion to construct 6,460 kilometres of roads in 2018. Its expenditure of Rs. 5.97 trillion (USD89.7 billion) towards infrastructural development for 2018-19 is expected to strengthen the national economy.

**Increasing MSPs:** The Indian Government fixed MSPs of 22 mandated kharif and rabi crops and FRP for sugarcane. The Indian Government committed

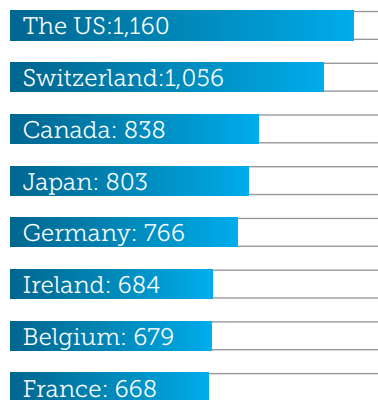
to provide a 50% return over the cost of production for all mandated crops, strengthening the rural economy.

**Budgetary allocation:** India's defence budget is projected to surpass Rs. 300,000 crore (USD 42.19 billion) in 2019-20 for the first time ever.

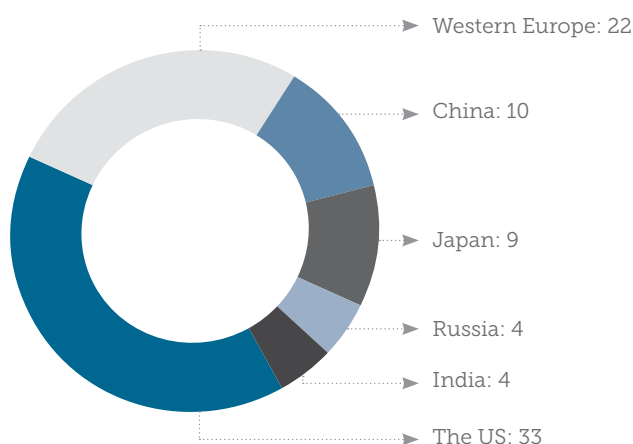
**The Insolvency and Bankruptcy code (Amendment), Ordinance 2018:** Passed in June 2018, the ordinance provides significant relief to home-buyers by recognising their status as financial creditors. The major beneficiary comprised MSMEs, empowering the Indian Government to provide them a special dispensation under the code.

**Pradhan Mantri Kisan Samman Nidhi:** The Indian Government announced in February 2019 the Pradhan Mantri Kisan Samman Nidhi, a scheme promising an annual assured income of Rs. 6,000 (USD84.5) for any farmer owning ≤2 hectares of farmland. The

## Pharmaceutical spending per capita (USD)



## Share of pharmaceutical revenues (%)



(Source: Statista)

budget for fiscal year 2020 allocated Rs. 75,000 crore for the scheme, benefiting ~120 million land-owning farmer households.

#### Direct Benefit Transfer:

The Direct Benefit Transfer initiative re-engineered the cash disbursement process in welfare schemes through simpler and faster flow of information/funds to ensure accurate targeting of beneficiaries, de-duplication and reduction of fraud. In 2018-19 alone, this scheme is estimated to have transferred >Rs. 3, 14,465 crore and the gains to have accrued since scheme implementation estimated at more than Rs. 120,000 crore.

#### Outlook

Assuming no major global and domestic political shocks, India's markets are expected to perform better due to projected earnings revival in 2019. Revenue growth for corporate India is strengthening across the previous quarters. The growth of India's manufacturing sector is

estimated at 6.9% this fiscal, up from 5.9% in 2017-18. This acceleration reflects a rebound from transitory shocks (the currency exchange initiative and implementation of the GST), with strengthening investment and robust private consumption. The fiscal deficit for 2019-20 is pegged at 3.39% with a target of 3% by the 2020-21. India is expected to grow at 7.1% in 2019-20 and 7.2% in 2020-21, benefiting from the ongoing structural reforms. (Source: CSO, Fitch, Economic Times, Business Standard, IBEF, Business Today, India Today, Money control)

#### Global pharmaceutical sector overview

The global pharmaceuticals market was worth USD934.8 billion in 2017 and could reach USD1,170 billion in 2021, growing at an accelerated pace of 5.8%, compared to 5.2% for the years before 2017.

The following factors are accelerating the growth of the healthcare market (of

which the pharmaceutical sector is a part):

- Reduced taxes and lowered drug prices in the US
- GDP growth of  $\geq 6\%$  in China and India
- Widespread ageing and sedentary lifestyles leading to increased incidence of chronic disease
- Industrialised data services in R&D enabling the use of clinical data in trial simulations
- Lowered regulatory barriers for new drugs in the US
- High urban pollution increasing the incidence of diseases

As a result, healthcare expenditure per capita is set to rise from its 2017 level of USD1,137 to USD1,427 by 2021.

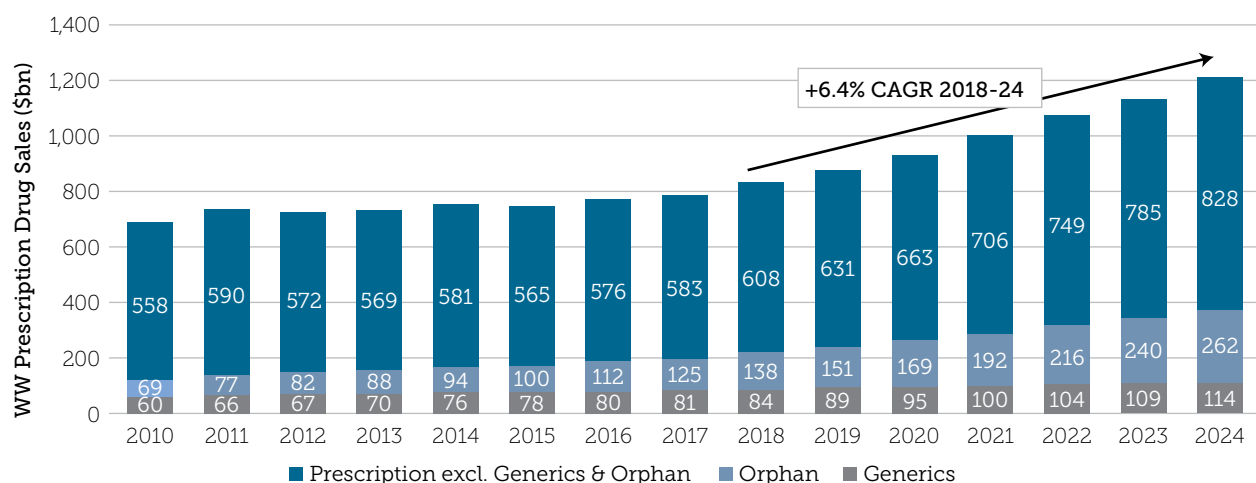
North America and Western Europe still account for 56% of the global market, but Asia Pacific has overtaken Western Europe as the second-largest consumer, catalysed by the launch of

low-priced generics. Other positive drivers comprise rise in GDP per capita, governmental programmes to support healthcare and rapid urbanisation. (Source: The Business Research Company)

#### Outlook

In 2019, the pharma industry faces a compelling need to accelerate innovation. Large transformative acquisitions in the USD60-70 billion range defined 2018 and the next year could see an increase in the appetite for mid-sized, strategic transactions that complement a company's core. A generation of start-ups and tech giants are emerging, disrupting the status quo and threatening pharma's legacy culture. Pharmaceutical giants are moving to adopt strategic, relationship-based outsourcing models as opposed to traditional transactional engagements, which could stimulate biologics and data-driven clinical innovation. (Source: Deloitte)

Worldwide Total Prescription Drug Sales (2010-2024)



Source: Evaluate, May 20

### Growth drivers of the global pharma industry

- Growing and ageing population
- Increasing access to pharmaceuticals due to rising disposable incomes
- Increasing focus on rare and specialty diseases
- Innovations in advanced biologics, DNA therapeutics, cell therapies, bioelectronics and implantables

### Challenges faced by the global pharma industry

- Increasing cost control in key pharma markets
- Tightening of governmental policies
- Decreasing R&D expenditure due to slowdown in the global pharma industry
- Decreasing returns on investment in generics due to price erosion

### Global biotechnology sector overview

Biotechnology has displayed outstanding growth in recent years. Biotech companies reported aggregate sales of ~USD140 billion in 2017, over 2x of the sectoral sales reported in 2013.

59 new drugs were approved by the FDA in 2018 and there are indications that 30 to 40 new biotech drugs could be approved annually in the US and Europe, going forward. The global biotechnology market is estimated to reach USD726.8 billion by 2025, growing at a CAGR of 8.1% from 2017 to 2025. (Source: BB Biotech, IMS Health, GII Research)

### Indian biotechnology sector overview

India is among the top-12 destinations for biotechnology in

the world, with a ~3% share of the global biotechnology industry. The biotechnology industry in India, comprising ~800 companies, is estimated to have grown at a CAGR of 20.3% to ~USD 11.6 billion in 2016-17.

Biopharma is the largest segment contributing ~62% of the total revenue followed by bio-services (18%), bio-agro (15%), bio-industry (4%), and bio-informatics (1%).

India has the second-highest number of USFDA-approved manufacturing plants outside the US. The country is currently home to >523 USFDA-approved drug manufacturing facilities. By end-2016, there were >1,000 biotechnology start-ups in India, and >50% of these were established within the previous five years.

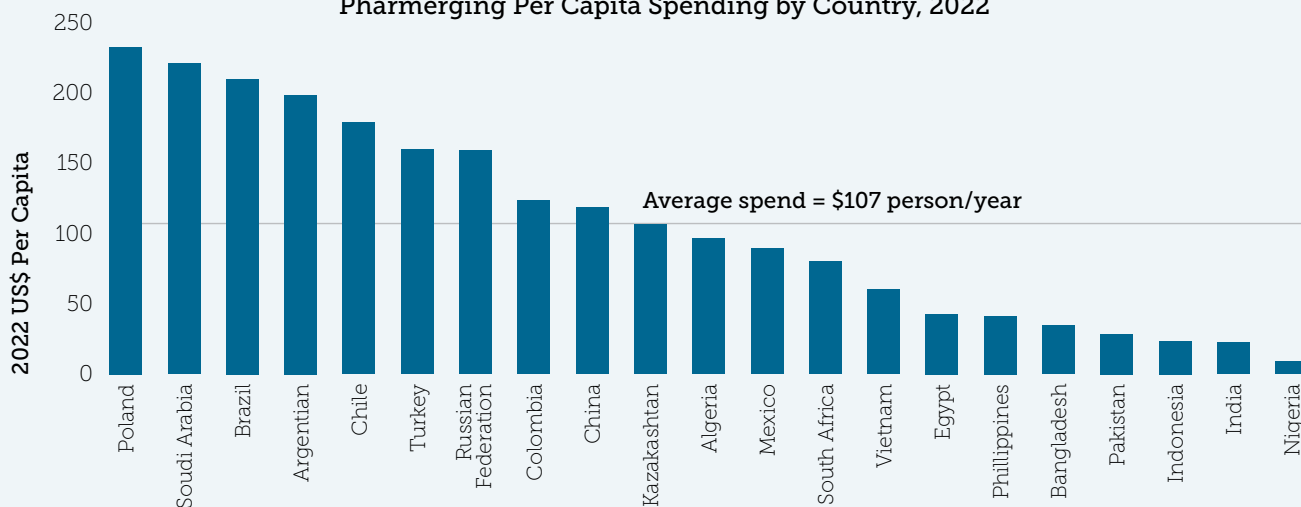
India emerged as a leading destination for clinical trials, contractual research and manufacturing activities owing to the growth in the bio-services sector.

India currently has a marginal share of the global market for industrial enzymes. Opportunities lie in focused R&D and knowledge-based innovation that can innovatively replace polluting chemical processes through eco-friendly processes. (Source: IBEF, Invest in India, Nature)

### Global API industry overview

The global active pharmaceutical ingredients market was valued at USD 165.74 billion in 2018 and is estimated to reach USD 236.7 billion in 2024, a CAGR of 6.1%. Some key factors driving the market

Pharmerging Per Capita Spending by Country, 2022



Source: IQVA Market Prognosis, Sep 2017, IQVIA Institute, Oct 2017

Notes: Spending per capita, per capita growth and overall spending growth in Constant US\$

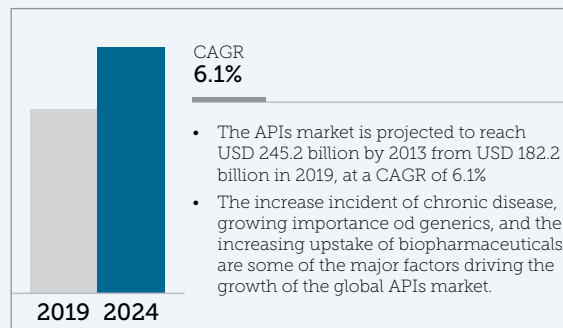


include the increasing prevalence of infectious diseases, cardiovascular conditions and other chronic disorders. Apart from these diseases, genetic disorders are significantly driving the use of biologicals and biosimilars.

The global API market reported steady growth in 2018 in terms of volume and value despite disruptions from the conventional supplier base i.e., China and India, impacting API availability or economics. Lack of supply or higher

prices of inputs meant escalation in API prices with a spillover to finished drugs in some cases. The API market was driven by patent expiration of drugs, increased generic medicine sales and high uptake of biologics. ~25-30 drugs went off-patent in 2018. North America currently dominates the market for active pharmaceutical ingredients. ~75% to 80% of the APIs imported to the US came from China and India. (Source: Indian Express, Mordor Intelligence, TAPI)

#### Attractive opportunities in the API market



■ The API market is projected to reach USD 245.2 billion by 2023 from USD 182.2 billion in 2019, growing at a CAGR of 6.1%.

■ The increasing incidence of chronic diseases, growing importance of generics and the increasing uptake of biopharmaceuticals are some of the major factors driving the growth of the global API market.

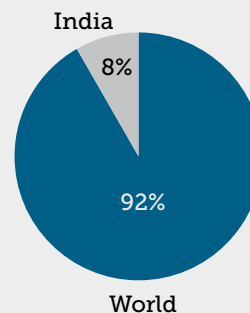
(Source: Markets and Markets)

#### Indian API industry overview

API manufacturers in India are strengthening their marketing in regulated markets by improving production yields, modifying production processes and increasing global sales. >30% of the APIs manufactured in India are exported to the US,

the UK and Japan, among others. The API market in India was valued at ~USD 11 billion in. In FY2016, the Indian API market accounted for a ~8% share of the global API market. The on-going global drug patent cliff is slated to boost API revenues for India. (Source: ASSOCHAM, Market Watch)

#### Share of India in Global API Market (%), FY 2016



Source: RNCOS

#### Global nutraceuticals market overview

The global nutraceutical market was valued at ~USD 383.06 billion in 2017 and expected to reach ~USD 561.38 billion by 2023, growing at a CAGR of 6.8% between 2018 and 2023.

The nutraceuticals market is divided into functional food and beverages, dietary supplements and personal care products. The dietary supplements segment accounted for a significant share of revenues earned by the global nutraceuticals market. A mounting elderly

population base, increasing birth rates, rising premature birth rates and more and a growing number of people suffering from malnutrition are some of the factors expected to increase the demand for nutraceutical products.

#### Growth drivers

- Increasing consumer awareness
- Spiraling healthcare costs
- Low health insurance coverage
- High incidence of lifestyle diseases like diabetes, hypertension,

cardiovascular ailments and osteoporosis, among others

- Increasing disposable incomes

#### Indian nutraceuticals market overview

The Indian nutraceuticals market is expected to grow from USD4 billion in 2017 to USD18 billion in 2025, registering a growth of 21% per annum. Changing dietary preferences and sedentary habits have made Indians more vulnerable to lifestyle ailments. At the same time, the average urban and suburban Indian is becoming more conscious about health and fitness, catalysing the growth of the nutraceuticals segment.

Functional food and beverages account for ~35% of the market in India and could experience higher growth. The functional food and beverage market is expected to reach USD7.36 billion by 2025, growing at a CAGR of 22%. The market for dietary supplements is expected to touch USD10 billion by 2025, growing at a CAGR of 19%.

#### Emerging trends

##### Rising health consciousness:

Consumers are paying increasing attention to the importance of nutrition in the prevention and treatment of diseases.

**Living standards:** Until recently, nutraceuticals, including supplements and functional foods, were mainly purchased by high-income groups, a trend that is now changing.

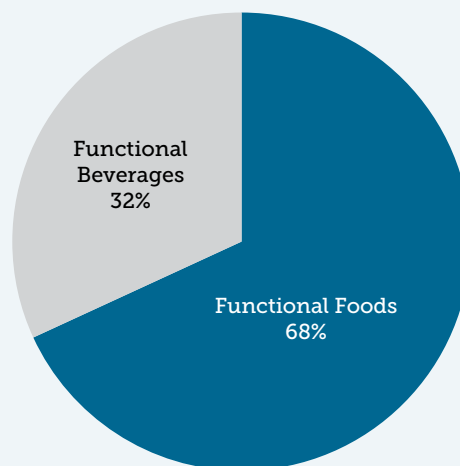
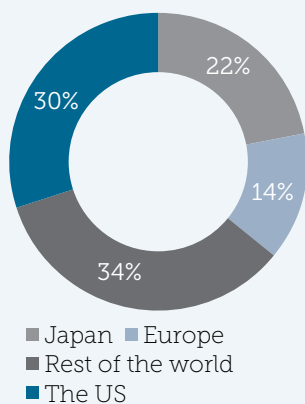
**Changing attitudes:** Most doctors now recognise the preventive role of nutrition in healthcare.

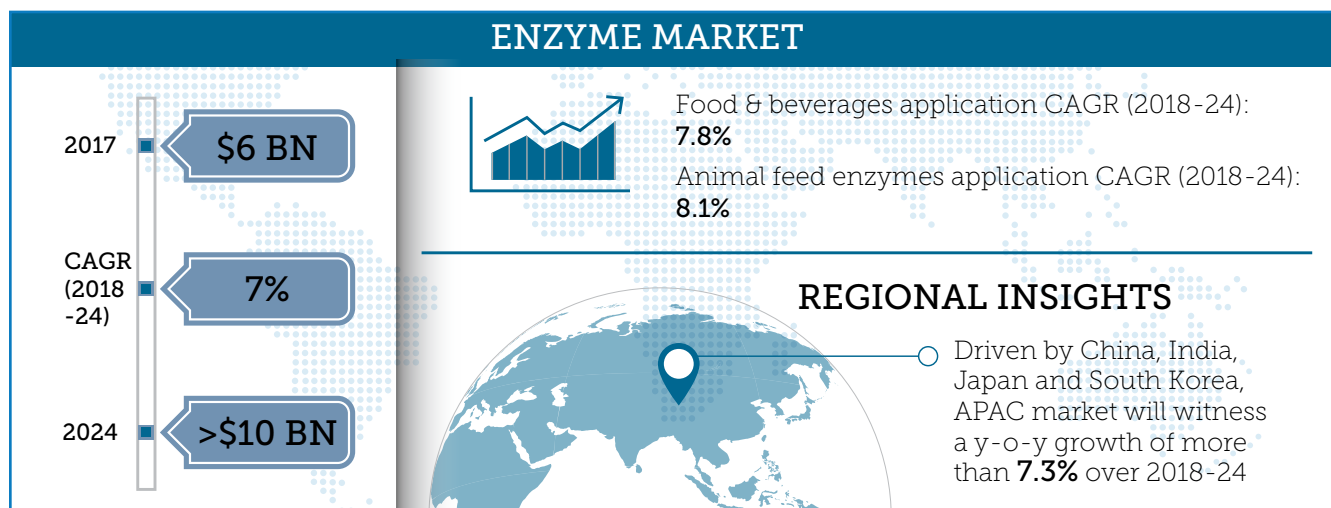
**Base expansion:** In the past the metros were the only markets for the sale of nutraceuticals, but consumption patterns have shown a distinct shift with demand in the Tier-II and III cities increasing. The growth of e-commerce industry has been a game-changer for the nutraceuticals industry.



THE MARKET FOR DIETARY SUPPLEMENTS IS EXPECTED TO TOUCH USD10 BILLION BY 2025, GROWING AT A CAGR OF 19%.

Global nutraceuticals market (by geography)





(Source: GM Insights)

\*Food beverages and animal feed enzymes will grow at CAGRs of 7.8% and 8.1%, respectively, between 2018 and 2024. This growth will be driven by China, Japan and South Korea. The Asia Pacific will witness a y-o-y growth of >7.3% during the same period.

#### Global enzymes market overview

The global enzymes market was valued at USD7,082 million in 2017. Demand for industrial enzymes is showing rapid growth due to increasing demand for food and

beverages attributed to changing lifestyles and increase in disposable incomes.

Governments have incentivised the use of bio-fuels as a cleaner alternative to fossil fuel-based energy options,

strengthening the market for industrial enzymes. Globally, hydrolase enzymes account for a ~66% share of the total market.

The global enzymes market is projected to reach USD 10 billion by

2024, registering a CAGR of 7% between 2017 and 2024. The Asia Pacific market for food enzymes is expected to account for a sizeable market share. (Source: PR Newswire, Business Wire, GM Insights)

#### Indian enzymes industry overview

India imports ~70% of its enzyme consumption. Pharmaceutical enzymes represent the bulk of the demand in India, covering ~50% of the total demand, followed by detergent enzymes (20%) and textile enzymes (20%). India's industrial enzymes market is projected to surpass USD 361 million by 2020 on account of increasing food processing facilities, tanneries and textile manufacturing facilities. Due to environmental concerns, an increasing number of detergent manufacturers are shifting

towards using enzyme-based technologies. (Source: SIS International, Pharmaion, TechSci Research)

#### Waste and wastewater management

India's per capita waste generation is increasing at a rate of 1.3% per annum. India generates 5.29 crore metric tonnes of waste a year, of which only 46% is treated. Segregation at source is non-existent, sorting is manual, coverage is limited, disposal is unscientific and service backlogs are huge.

If the present scenario of waste management is

considered, where most of the waste is dumped without treatment, ~88 square kilometres of land would be needed for landfilling that could render the land unfit for alternative use for 50 years.

India is passing through the worst water crisis in its existence even as demand continues to rise. The treatment of wastewater is vital for solving the growing water crisis. The wastewater treatment and management industry in India presents several opportunities to players.

The Indian water and wastewater treatment

chemicals market is projected to reach USD 805 million by 2023 catalysed by a rising population, increasing urbanisation and industrialisation, sewage treatment plant investments, river cleaning programmes and strict governmental policies on polluted water discharge by industries.

Factors that positively influence the country's water and wastewater treatment chemicals market include a growing textile industry, favourable government policies and rising preference for green chemicals. (Source: PwC,



*Ministry of Environment, Forest and Climate Change, Central Pollution Control Board, Red News Wire, Ministry of Housing and Urban Affairs)*

#### **Governmental initiatives**

- Allocated approximately Rs. 1 trillion in key programmes under AMRUT for the development of 500 habitations and 100 smart cities. Another Rs. 620 billion has been set aside for the Swachh Bharat Mission.

- Approved Rs. 147.86 billion under the Swachh Bharat Mission for 35 states and union territories. Of this, Rs. 74.24 billion (50%) was allocated for solid waste management projects in 4,041 towns.

- Approved Rs. 205 billion under AMRUT to improve sanitation and drainage services in urban areas via 574 septage management and sewerage projects.

- Shortlisted 60 cities for development under the Smart Cities Mission for an investment of ~Rs. 40.14 billion towards solid waste management projects.

*(Source: Red News Wire)*

#### **Financial analysis, FY2018-19**

DIL Limited followed the accrual basis of accounting under the historical cost convention method. Its accounts were prepared on the basis of accounting standards as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014.

#### **Balance Sheet**

- Net worth increased to Rs. 2505 million as on 31<sup>st</sup> March 2019 compared to Rs. 1354 million as on 31<sup>st</sup> March 2018

- Borrowings for FY2018-19 stood at Rs. 1954 million compared to Rs. 1652 million during FY2017-18

- Total non-current assets for FY2018-19 stood at Rs. 2593 million compared to Rs. 2024 million in FY2017-18

#### **Profit & Loss statement**

- Revenues increased 34% from Rs. 3119 million in FY2017-18 to Rs. 4170 million in FY2018-19

- EBITDA increased to Rs. 1612 million in FY2018-19 compared to Rs. 1020 million in FY2017-18

- Profit after tax increased 115% from Rs. 548 million in FY2017-18 to Rs. 1179 million in FY2018-19

- EBITDA margin increased by 600 bps from 33% in FY2017-18 to 39% in FY2018-19

- Total expenses for FY2018-19 stood at Rs. 2883 million compared to Rs. 2359 million in FY2017-18

- Depreciation and amortisation stood at Rs. 119 million in FY2018-19 compared to Rs. 124 million in FY2017-18

#### **Working capital management**

- Current assets as on 31<sup>st</sup> March 2019 stood at Rs. 2956 million compared to Rs. 1823 million as on 31<sup>st</sup> March 2018

- Current ratio as on 31<sup>st</sup> March 2019 stood at 1.90 compared to 1.76 as on 31<sup>st</sup> March 2018

- Inventories increased from Rs. 512 million as on 31<sup>st</sup> March 2018 compared to Rs. 877 million as on 31<sup>st</sup> March 2019

- Current liabilities stood at Rs. 156 million as on 31<sup>st</sup> March 2019 compared to Rs. 104 million as on 31<sup>st</sup> March 2018

- Cash and bank balances stood at Rs. 911 million as on 31<sup>st</sup> March 2019 compared to Rs. 327 million as on 31<sup>st</sup> March 2018



## Key ratios

| Particulars                 | FY2018-19 | FY2017-18 |
|-----------------------------|-----------|-----------|
| EBIDTA/Turnover (%)         | 38.70     | 32.70     |
| EBIDTA/Net interest (times) | 7.80      | 7.47      |
| Debt-equity ratio           | 0.42      | 0.98      |
| Return on equity (%)        | 47        | 40        |
| Earnings per share (Rs.)    | 120.31    | 36.75     |

|   |   |  |  |
|---|---|--|--|
| Risk management                             | <p><b>Industry risk:</b> A slowdown in the global pharmaceutical market may adversely affect offtake.</p> <p><b>Mitigation:</b> The global pharmaceuticals market was worth USD934.8 billion in 2017 and will reach USD1,170 billion in 2021, growing at a rate of 5.8%.</p> <p><b>Regulatory risk:</b> Unforeseen changes in the regulatory environment could lead to operational disruptions.</p> | <p><b>Mitigation:</b> Fermenta is regularly honing the skills of its employees in line with regulatory developments to ensure conformance with relevant guidelines across its plants.</p> <p><b>Finance risk:</b> Inability to secure long-term funding at competitive costs can be detrimental.</p> <p><b>Mitigation:</b> Optimising its debt-equity ratio to 0.42.</p> | <p><b>Innovation risk:</b> The products manufactured by the Company may lose their relevance in the marketplace</p> <p><b>Mitigation:</b> Fermenta has invested sizeable amounts of time and resources towards R&amp;D-based innovation to create a strong product pipeline. The Company's R&amp;D team currently has 30 people.</p> |
| Internal control systems and their adequacy | The Company's internal audit system has been continuously monitored and updated to ensure that assets are safeguarded, established regulations are complied with and pending  | issues are addressed promptly. The audit committee reviews reports presented by the internal auditors on a routine basis. The committee makes note of the audit observations   | and takes corrective actions, if necessary. It maintains constant dialogue with statutory and internal auditors to ensure that internal control systems are operating effectively.   |
| Cautionary statement                        | The management discussion and analysis report containing the Company's objectives, projections, estimates and expectations may constitute certain statements, which are forward-looking within the meaning of applicable laws and regulations. The statements in this   | management discussion and analysis report could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal   | markets, changes in governmental regulations, tax regimes, forex markets, economic developments within India and the countries with which the Company conducts business and other incidental transactions.   |

# REPORT OF THE BOARD OF DIRECTORS

*Dear members*

Your Directors are pleased to present the 67th Annual Report of the Company along with the Audited financial statements for the financial year ended March 31, 2019.

## Financial highlights:

|   | Standalone results |                   | Consolidated results |                 |
|---|--------------------|-------------------|----------------------|-----------------|
|   | 2018-19            | 2017-18           | 2018-19              | 2017-18         |
| Total Revenue                                     | 1,967.67           | 1,288.82          | 41,703.56            | 31,192.42       |
| Total Expenditure                                 | 4,532.57           | 3,635.29          | 28,832.95            | 23,595.48       |
| <b>Profit before tax ('PBT')</b>                  | <b>(2,564.90)</b>  | <b>(2,346.47)</b> | <b>12,870.61</b>     | <b>7,596.94</b> |
| Less : Provision for tax (including deferred tax) | (2,297.83)         | 69.00             | 1,080.35             | 2,113.23        |
| <b>Profit after tax ('PAT')</b>                   | <b>(267.07)</b>    | <b>(2,415.47)</b> | <b>11,790.26</b>     | <b>5,483.71</b> |
| Non-Controlling interest                          | -                  | -                 | (711.81)             | (1,262.84)      |
| Share of interest in profit/(loss) of associates  | -                  | -                 | (42.78)              | (849.44)        |
| <b>Profit for the year</b>                        | <b>(267.07)</b>    | <b>(2,415.47)</b> | <b>11,035.67</b>     | <b>3,371.43</b> |
| Proposed Dividend *                               | (114.66)           | (114.66)          | (114.66)             | (114.66)        |
| Dividend Distribution Tax *                       | (23.34)            | (23.34)           | (23.34)              | (23.34)         |
| Balance in Statement of Profit and Loss account   | 433.17             | 923.88            | 21,252.14            | 10,501.77       |

(₹ in Lakhs)

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

## RESULTS FROM OPERATIONS

In financial year 2018-19 ('FY 2018-19'), the Company on a Standalone basis earned revenue of Rs. 1,967.67 Lakhs, compared to Rs. 1,288.82 Lakhs in the previous financial year 2017-18 ('FY 2017-18'). In FY 2018-19, the Company reported a loss of Rs. 267.07 Lakhs as against loss of Rs. 2,415.47 Lakhs in FY 2017-18.

On a consolidated basis, the Company recorded a revenue of Rs. 41,703.56 Lakhs in FY 2018-19 as compared to Rs. 31,192.42 Lakhs in FY 2017-18. Profit after tax for FY 2018-19 was Rs. 11,790.26 Lakhs, as against profit of Rs. 5,483.71 Lakhs in FY 2017-18

## DIVIDEND

Your Directors are pleased to recommend an equity dividend of Rs. 1.25 per equity share (25%) of Rs. 5 each in FY 2018-19 (Previous year Rs. 1.25 per equity share). The equity dividend, if approved by the Members at the 67th Annual General Meeting ('AGM'), will result in a cash outflow of Rs. 138 lakhs including dividend distribution tax.

## CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company for FY 2018-19 including financials of its subsidiaries and associate company (collectively referred as 'Subsidiaries/ Associates') i.e. Fermenta Biotech Limited, Fermenta Biotech (UK) Limited, G.I. Biotech Private Limited, Aegean Properties Limited, CC Square Films Limited

(Subsidiaries), Health and Wellness India Private Limited (associate company) are prepared in accordance with the relevant Indian Accounting Standards (Ind AS) notified under the Company (Indian Accounting Standards) rules, 2015 and other applicable provisions and shall form part of this Annual Report.

Agastya Films LLP and Zela Wellness Private Limited ceased to be joint venture entity and associate company w.e.f. January 01, 2019 and November 29, 2018 respectively. However, the financials of Agastya Films LLP and Zela Wellness Private Limited have been considered in Consolidated financial statements upto the date of cessation.

### SUBSIDIARY COMPANIES

The individual financial statements of the Company's Subsidiaries/ Associates have not been attached to the financial statements of the Company for FY 2018-19. The financial information of the Company's Subsidiaries/ Associates provided in this section may be read along with the information provided under the heading 'Consolidated Financial Statements' in this report. In accordance with the provisions of section 129 (3) of the Act, read with Rule 5 and Rule 8 of the Companies (Accounts) Rules, 2014 [as amended from time to time], a separate statement containing salient features of the financial statements of Company's Subsidiaries/ Associates in Form AOC-I is attached to this Board's report as **Annexure II** and forms part of this Board's report.

The financial statements of the Company's Subsidiaries/ Associates will be kept open for inspection at the registered office of the Company, from 10.00 a.m. to 5.00 p.m. on all working days i.e. Monday to Friday, from the date of dispatch of the AGM notice to the date of the 67th AGM of the Company.

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

### MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

The Company focuses on the business of renting properties and has a strategic investment in its subsidiary Fermenta, which is engaged in pharmaceuticals, manufacturing and marketing APIs, biotechnology and environmental solutions. MD&A covering details of the business of the Company and its subsidiary, Fermenta Biotech Limited, is provided on page 47 and forms part of this Board's Report.

### INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

Internal controls system including the internal financial control is a crucial aspect of the Company's risk management process. Potent risks are identified, analyzed and addressed by the Company in a systematic manner on concurrent basis to mitigate such risks. Your Company has developed and implemented risk management policy and maintains adequate internal control system, commensurate to its size, nature of operations, reporting(s) and compliance with applicable laws and procedures to identify and mitigate such risks. The Company's internal control systems are regularly verified by Statutory Auditors and Internal Auditors. During the year under review, the Company's Internal Auditors, M. M. Nissim & Co., Chartered Accountants, conducted and reported the effectiveness and efficiency of internal control system including adherence to procedures as per the policies of the Company.

The Company has an experienced and qualified finance department which plays an important role in implementing and monitoring the internal control procedures and compliance with statutory requirements. The Audit Committee and the Board of Directors review the report(s) of the independent Internal Auditors at regular intervals along with the adequacy, effectiveness and observations of the Internal Auditors regarding internal control system and recommends improvements and remedial measures, wherever necessary.

### HUMAN RESOURCES

The information required under rule 5(1) and rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Section 197 (12) of the Act in respect of employee remuneration and other details forms part of this report and provided as **Annexure IV**. Other applicable information for the above provisions will be made available to the members upon their request.

The Company had a headcount of 25 employees with no major hiring done during the year under review.

The employee benefits were increased by extending the insurance benefit to the employees and their family. Employees' engagement activities like children programmes, annual sports, festival celebrations, etc. were regularly carried by the Company to motivate employees and to develop cohesiveness. Regular organization development programmes were conducted by the Company in order to bring a planned, systemic improvement in the approaches and perceptions of employees for individual as well as Company's growth.

### PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company is committed to provide protection to women against sexual harassment at workplace and thus has in place a

'Code on Redressal of Grievances Regarding Sexual Harassment' in accordance with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules framed thereunder ('POSH'). The Company has set up an 'Internal Complaints Committee' (ICC) in accordance with the requirements of POSH. Details of complaints received / pending under POSH during FY 2018-19 are as follows:

- a. number of complaints filed - NIL
- b. number of complaints disposed of - NIL
- c. number of complaints pending as on end of FY 2018-19 - NIL.

### SCHEME OF AMALGAMATION

The Board of Directors of the Company at its meeting held on June 21, 2018, approved a Scheme of Amalgamation in terms of Sections 230 to 232 of the Companies Act, 2013, involving merger of Fermenta Biotech Limited (Transferor Company) with DIL Limited (Transferee Company). The Company has filed application with the National Company Law Tribunal ('NCLT'), Mumbai on November 12, 2018 and as on the date of this report, the same is pending before NCLT, Mumbai.

### INFORMATION TECHNOLOGY

Information Technology (IT) continued to invest into advanced technology to adopt best IT practices and secured IT environment assuring support to future business growth. Alongside the investment in technology, the Company is also focusing on the solutions based on latest technologies which are necessary to cover unforeseen risks. The Company is committed to provide secured environment to all their operating locations by implementing applications to control and mitigate risks and to take corrective steps thereof.

### DEPOSITS

In FY 2018-19, your Company has not accepted any deposits under Section 73 of the Act including rules framed thereunder, and no principal or interest remains unpaid or unclaimed on deposits as on March 31, 2019.

### CREDIT RATING

The Company did not have credit ratings since there was no loan outstanding from banks during FY 2018-19. The Company has not defaulted in payment of its obligations to any financial institutions during FY 2018-19.

### DIRECTORS

#### Independent Directors:

- (a) Independent Directors have made declarations to the Company, confirming that the conditions of independence laid down in sub section 6 of section 149 of the Act and Regulation 25 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") are duly complied.
- (b) Terms of Mr. Sanjay Buch and Mr. Vinayak Hajare, Independent Directors, came to an end on March 31, 2019. As per the Board's recommendation at its meeting held on February 12, 2019, re-appointment of Mr. Sanjay Buch and Mr. Vinayak Hajare, as

Independent Directors of the Company for a period of five years w.e.f. April 1, 2019 is proposed for members' approval.

- (c) The members of the Board of Directors appointed Dr. Gopakumar Nair as an Additional (Independent) Director w.e.f. May 17, 2019. His appointment as an Independent Director on the Board of Directors of the Company w.e.f. May 17, 2019 for a term of 5 (Five) consecutive years is proposed for members' approval.

#### Retirement by rotation:

Mr. Satish Varma (DIN – 00003255) retires by rotation at the 67th AGM and being eligible, offers himself for re-appointment. Brief profile of Mr. Satish Varma is provided on page no. vii (of the Notice) of this Annual Report.

#### Directors and Key Managerial Personnel:

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

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

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

### AUDITORS

As per the members' approval at the AGM dated September 28, 2018, Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No: 117366W/W- 100018) have been appointed as Statutory Auditors of the Company and to hold office from the conclusion of 66th AGM until the conclusion of 70th AGM of the Company.

In terms of Section 134 of the Act and regulation 34 of Listing Regulations, the Statement on Impact of Audit Qualifications as stipulated in regulation 33(3)(d) including the qualification(s) made by the Auditors in their report for the FY 2018-19 and the explanation(s) of the Board thereof is stated in page no. 77 of the Corporate Governance Report.

### SECRETARIAL AUDITORS REPORTS AND CERTIFICATE

Mr. V. N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practicing Company Secretaries ('Secretarial Auditor'), was appointed to conduct the Secretarial Audit of the Company for FY 2018-19 as per the provisions of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and regulation 24A of Listing Regulations read with the Securities and Exchange Board of India ('SEBI') Circular CIR/CFD/CMD1/27/2019 dated February 08, 2019.

The Secretarial Auditor has submitted: (a) an unqualified Secretarial Audit report; and (b) a certificate confirming that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by SEBI/Ministry of Corporate Affairs or any other statutory authority, which are annexed to this Board's report as **Annexure V** and **Annexure VI** and forms part of this Board's report. The Secretarial Compliance Report for FY 2018-19 is being filed with



the BSE Limited within the stipulated time period in terms of the said circular.

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors have prepared the annual accounts on a going concern basis;
- (e) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

Extract of the annual return for FY 2018-19 in form MGT-9 is enclosed to this Board's Report as **Annexure I** and forms part of this Board's Report. Annual Return for FY 2017-18 is available on the Company's website at [www.dil.net](http://www.dil.net)

#### CODE FOR PREVENTION OF INSIDER TRADING

Policies and codes adopted by the Company pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, are displayed on the Company's website i.e. <http://www.dil.net/Company-Policies.html>.

#### NOMINATION AND REMUNERATION POLICY

Pursuant to Section 178(4) of the Act, the Nomination and Remuneration Policy ('Remuneration Policy') of the Company, including changes therein, if any, is available on Company's website at <http://www.dil.net/Company-Policies.html>. The salient features of the Nomination and Remuneration Policy, inter alia, are: (a) Objectives, (b) Matters to be recommended by the Committee to the Board, (c) Criteria for appointment of Director / KMP / Senior management, (d) Additional Criteria for Appointment of Independent Directors, (e) Appointment and Remuneration

of Directors, (f) Policy on Board Diversity, (g) Appointment and Remuneration of KMP / Senior management and other employees of the Company, (h) Criteria for Evaluation of Independent Director and the Board, (i) Removal, (j) Succession planning for appointment to the Board of Directors and Senior Management, (k) Directors' and Officers' (D & O) Liability Insurance.

#### COST RECORDS

The provisions of Section 148(1) of the Act are not applicable to the Company for FY 2018-19.

#### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has not given any loans or guarantees or made investments covered under the provisions of Section 186 of the Act during FY 2018-19.

#### RELATED PARTY TRANSACTIONS

All related party transactions entered into during FY 2018-19 were on an arm's length basis and in the ordinary course of business. During FY 2018-19, the Company has not entered into any material related party transaction. In view of this, disclosure in form AOC-2 is not applicable. The brief details of the Company's policy on dealing with Related Party transactions (RPT Policy) are covered in Corporate Governance report. The RPT policy is available on Company's website at <http://www.dil.net/Company-Policies.html>

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

- (A) **Conservation of energy and Technology absorption –**  
Information with respect to conservation of energy and technology absorption is not applicable to the present activities of the Company.
- (B) **Foreign Exchange Earnings and Outgo –**  
During FY 2018-19, there were no foreign exchange earnings.

#### CORPORATE GOVERNANCE REPORT

The Corporate Governance Report along with the Corporate Governance Certificate issued by Mr. V. N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries, in terms of Regulation 34 read with Schedule V of Listing Regulations, for FY 2018-19 is annexed as Annexure III and forms part of this Board's Report.

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

#### CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company was not required to do CSR spending in FY 2018-19 in terms of Section 135 of the Act. Therefore, no disclosure is required as per Companies (Corporate Social Responsibility Policy) Rules, 2014.

#### CHANGE IN THE NATURE OF BUSINESS, IF ANY

There was no change in business and in the nature of business of your Company during the FY 2018-19.

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

There was no order passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations during FY 2018-19.

## SECRETARIAL STANDARDS

During FY 2018-19, the Company has complied with the provisions of applicable Secretarial Standards issued by the Council of the Institute of Company Secretaries of India and approved by the Central Government.

## DETAILS OF SHARES IN DEMATERIALIZATION SUSPENSE ACCOUNT/ UNCLAIMED SUSPENSE ACCOUNT

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

|   |   |
|---|---|
| Aggregate number of shareholders and the outstanding shares in the Suspense Account lying at the beginning of the year (01.04.2018) | 237 number of shareholders and 10,463* Equity Shares of Rs. 10 each |
| Number of shareholders who approached the Company for transfer of shares from Suspense Account during the year                      | 1   |
| Less: Number of shareholders to whom shares were transferred from Suspense Account during the year                                  | NIL   |
| Aggregate number of shareholders and the outstanding shares in the Suspense Account lying at the end of the year (31.03.2019)       | 255 number of shareholders and 43,928* Equity Shares of Rs. 5 each  |
| That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.                | 43,928* Equity Shares   |

*\*During August 2018, the Company's shares were sub-divided from face value of Rs. 10 each to face value of Rs. 5 each and thereafter the Company declared bonus issue of shares in the proportion of 1:1*

## ACKNOWLEDGEMENTS

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

## CAUTIONARY STATEMENT

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

For and on behalf of the Board of Directors

**Sanjay Buch**

*Chairman*  
(DIN: 00391436)

May 24, 2019  
Thane

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

# Annexure I

## EXTRACT OF ANNUAL RETURN

As on the financial year ended 31.03.2019

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

FORM NO. MGT – 9

### I. REGISTRATION AND OTHER DETAILS:

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

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sl. no | NAME AND ADDRESS OF THE COMPANY   | CIN/GLN               | HOLDING/ SUBSIDIARY / ASSOCIATE | % of shares held | Applicable Section under the Companies Act, 2013 |
|--------|---|-----------------------|---------------------------------|------------------|--|
|        | <b>Holding Company:</b>   |                       |                                 |                  |  |
| 1.     | DVK Investments Private Limited<br>A-1601, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W), Maharashtra – 400610 | U67120MH2003PTC141695 | Holding Company                 | 53.91%           | Section 2(46)                                    |
|        | <b>Direct Subsidiaries:</b>   |                       |                                 |                  |  |
| 2      | Aegean Properties Limited \$  | U45200MH1995PLC084766 | Subsidiary Company              | 100%             | Section 2(87)                                    |

| Sl. no                         | NAME AND ADDRESS OF THE COMPANY  | CIN/GLN                                      | HOLDING/ SUBSIDIARY / ASSOCIATE                       | % of shares held | Applicable Section under the Companies Act, 2013 |
|--------------------------------|--|--|---|------------------|--|
| 3                              | CC Square Films Limited \$   | U93000MH2011PLC212089                        | Subsidiary Company                                    | 100%             | Section 2(87)                                    |
| 4                              | Fermenta Biotech Limited (FBL)<br>A-1501, Thane One, 'DIL' Complex,<br>Ghodbunder Road, Majiwada,<br>Thane (W), Maharashtra - 400610 | U99999MH1986PLC134021                        | Subsidiary Company                                    | 91.20%*          | Section 2(87)                                    |
| <b>Step down Subsidiaries:</b> |  |  |   |                  |  |
| 5.                             | Fermenta Biotech (UK) Limited<br>Charter House<br>8-10 Station Road<br>Manor Park<br>London E12 5BT                                  | Foreign Company<br>Registration no: 03308303 | Subsidiary Company [100% subsidiary of FBL]           | -                | Section 2(87)                                    |
| 6.                             | G. I. Biotech Private Limited \$   | U24230MH2004PTC148220                        | Subsidiary Company<br>[62.50% i.e. subsidiary of FBL] | -                | Section 2(87)                                    |
| <b>Associate Entities:</b>     |  |  |   |                  |  |
| 7.                             | Health and Wellness India Private Ltd.<br>Zela Health Clubs, No. 133 and No. 133/1, Residency Road, Bangalore, Karnataka 560025      | U85100KA2008PTC047190                        | Associate Company                                     | 47.15%           | Section 2(6)                                     |

\$ Registered office address at A-1401, Thane One, 'DIL' Complex, Ghodbunder Road, Majiwada, Thane (W), Maharashtra – 400610

\* The total paid up share capital of FBL includes shares issued by FBL to FBL ESOP Trust.

Note: Agastya Films LLP and Zela Wellness Private Limited ceased to be joint venture entity and associate company w.e.f. January 01, 2019 and November 29, 2018 respectively.

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

##### (i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year (31.03.2018) (FV of Rs. 10 each) |          |                |                   | No. of Shares held at the end of the year (31.03.2019) (FV of Rs. 5 each) |          |                |                   | % Change during the year |
|--------------------------|--|----------|----------------|-------------------|---|----------|----------------|-------------------|--------------------------|
|                          | Demater-ialization   | Physical | Total          | % of total shares | Demater-ialization  | Physical | Total          | % of total shares |                          |
| <b>A. PROMOTERS</b>      |  |          |                |                   |   |          |                |                   |                          |
| <b>(1) INDIAN</b>        |  |          |                |                   |   |          |                |                   |                          |
| a) Individual/ HUF       | 199085   | -        | 199085         | 8.68              | 796340  | -        | 796340         | 8.68              | -                        |
| b) Central Govt          | -  | -        | -              | -                 | -   | -        | -              | -                 | -                        |
| c) State Govt            | -  | -        | -              | -                 | -   | -        | -              | -                 | -                        |
| d) Bodies Corp.          | 1236235  | -        | 1236235        | 53.91             | 4944940   | -        | 4944940        | 53.91             | -                        |
| e) Banks / FI I)         | -  | -        | -              | -                 | -   | -        | -              | -                 | -                        |
| f) Any Other             | -  | -        | -              | -                 | -   | -        | -              | -                 | -                        |
| <b>Sub-total (A) (1)</b> | <b>1435320</b>   | <b>-</b> | <b>1435320</b> | <b>62.59</b>      | <b>5741280</b>  | <b>-</b> | <b>5741280</b> | <b>62.59</b>      | <b>-</b>                 |
| <b>(2) Foreign</b>       | <b>-</b>   | <b>-</b> | <b>-</b>       | <b>-</b>          | <b>-</b>  | <b>-</b> | <b>-</b>       | <b>-</b>          | <b>-</b>                 |
| a) NRIs - Individuals    | -  | -        | -              | -                 | -   | -        | -              | -                 | -                        |
| b) Other – Individuals   | -  | -        | -              | -                 | -   | -        | -              | -                 | -                        |
| c) Bodies Corp.          | -  | -        | -              | -                 | -   | -        | -              | -                 | -                        |
| d) Banks / FI            | -  | -        | -              | -                 | -   | -        | -              | -                 | -                        |



| Category of Shareholders  | No. of Shares held at the beginning of the year (31.03.2018) (FV of Rs. 10 each) |            |                |                   | No. of Shares held at the end of the year (31.03.2019) (FV of Rs. 5 each) |            |                |                   | % Change during the year |
|---|--|------------|----------------|-------------------|---|------------|----------------|-------------------|--------------------------|
|   | Demater-ialization   | Physical   | Total          | % of total shares | Demater-ialization  | Physical   | Total          | % of total shares |                          |
| e) Any Other  | -  | -          | -              | -                 | -   | -          | -              | -                 | -                        |
| Sub-total (A) (2)   | -  | -          | -              | -                 | -   | -          | -              | -                 | -                        |
| <b>Total shareholding of Promoter (A)= (A) (1)+(A)(2)</b>                         | <b>1435320</b>   | <b>-</b>   | <b>1435320</b> | <b>62.59</b>      | <b>5741280</b>  | <b>-</b>   | <b>5741280</b> | <b>62.59</b>      | <b>-</b>                 |
| <b>B. Public Shareholding</b>   |  |            |                |                   |   |            |                |                   |                          |
| <b>1. Institutions</b>  |  |            |                |                   |   |            |                |                   |                          |
| a) Mutual Funds   | -  | -          | -              | -                 | -   | -          | -              | -                 | -                        |
| b) Banks / FI   | 10   | -          | 10             | -                 | 40  | -          | 40             | -                 | -                        |
| c) Central Govt   | -  | -          | -              | -                 | -   | -          | -              | -                 | -                        |
| d) State Govt(s)  | -  | -          | -              | -                 | -   | -          | -              | -                 | -                        |
| e) Venture Capital Funds  | -  | -          | -              | -                 | -   | -          | -              | -                 | -                        |
| f) Insurance Companies  | -  | -          | -              | -                 | -   | -          | -              | -                 | -                        |
| g) FIs  | -  | -          | -              | -                 | -   | -          | -              | -                 | -                        |
| h) Foreign Venture Capital Funds  | -  | -          | -              | -                 | -   | -          | -              | -                 | -                        |
| i) Foreign Portfolio Investor   | 322  | -          | 322            | 0.01              | 26786   | -          | 26786          | 0.29              | 0.28                     |
| j) Others :   |  |            |                |                   |   |            |                |                   |                          |
| Foreign Bank  | -  | 157        | 157            | 0.01              | -   | 628        | 628            | 0.01              | -                        |
| Alternate Investment Funds  | -  | -          | -              | -                 | 2613  | -          | 2613           | 0.02              | 0.02                     |
| <b>Sub-total (B)(1):-</b>   | <b>332</b>   | <b>157</b> | <b>489</b>     | <b>0.02</b>       | <b>29439</b>  | <b>628</b> | <b>30067</b>   | <b>0.32</b>       | <b>0.30</b>              |
| <b>2. Non Institutions</b>  |  |            |                |                   |   |            |                |                   |                          |
| <b>a) Bodies Corp.</b>  |  |            |                |                   |   |            |                |                   |                          |
| i) Indian   | 72618  | 990        | 73608          | 3.21              | 282130  | 3960       | 286090         | 3.12              | (0.09)                   |
| ii) Overseas  | -  | -          | -              | -                 | -   | -          | -              | -                 | -                        |
| <b>b) Individuals</b>   |  |            |                |                   |   |            |                |                   |                          |
| i) Individual shareholders holding nominal share capital upto Rs.1 lakh           | 398279   | 59909      | 458188         | 19.98             | 1398057   | 195658     | 1593715        | 17.37             | (2.61)                   |
| ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh | 254793   | -          | 254793         | 11.11             | 1276594   | -          | 1276594        | 13.92             | 2.81                     |
| <b>c) Others:</b>   |  |            |                |                   |   |            |                |                   |                          |
| Clearing member   | 11615  | -          | 11615          | 0.51              | 6385  | -          | 6385           | 0.07              | (0.44)                   |
| NRI (repatriation)  | 1601   | 70         | 1671           | 0.07              | 20928   | -          | 20928          | 0.23              | 0.16                     |
| Non resident (non repatriable)  | 3689   | -          | 3689           | 0.16              | 17719   | -          | 17719          | 0.19              | 0.03                     |

| Category of Shareholders                               | No. of Shares held at the beginning of the year (31.03.2018) (FV of Rs. 10 each) |              |                |                   | No. of Shares held at the end of the year (31.03.2019) (FV of Rs. 5 each) |               |                |                   | % Change during the year |
|--|--|--------------|----------------|-------------------|---|---------------|----------------|-------------------|--------------------------|
|  | Dematerialization  | Physical     | Total          | % of total shares | Dematerialization   | Physical      | Total          | % of total shares |                          |
| Hindu Undivided Family (HUF)                           | 43362  | -            | 43362          | 1.89              | 155556  | -             | 155556         | 1.70              | (0.19)                   |
| Investor Education and Protection Fund                 | 10463  | -            | 10463          | 0.46              | 43928   | -             | 43928          | 0.48              | 0.02                     |
| NBFCs registered with RBI                              | -  | -            | -              | -                 | 530   | -             | 530            | 0.01              | 0.01                     |
| <b>Sub-total (B)(2):-</b>                              | <b>796420</b>  | <b>60969</b> | <b>857389</b>  | <b>37.39</b>      | <b>3201827</b>  | <b>199618</b> | <b>3401445</b> | <b>37.09</b>      | <b>(0.30)</b>            |
| <b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>    | <b>796752</b>  | <b>61126</b> | <b>857878</b>  | <b>37.41</b>      | <b>3231266</b>  | <b>200246</b> | <b>3431512</b> | <b>37.41</b>      | <b>-</b>                 |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b> | <b>-</b>   | <b>-</b>     | <b>-</b>       | <b>-</b>          | <b>-</b>  | <b>-</b>      | <b>-</b>       | <b>-</b>          | <b>-</b>                 |
| <b>Grand Total (A+B+C)</b>                             | <b>2232072</b>   | <b>61126</b> | <b>2293198</b> | <b>100</b>        | <b>8972546</b>  | <b>200246</b> | <b>9172792</b> | <b>100</b>        | <b>-</b>                 |

(ii) Shareholding of Promoters

| Sr. no | Shareholder's Name   | Shareholding at the beginning of the year (31.03.2018) (FV of Rs. 10 each) |                                  |  | Shareholding at the end of the year (31.03.2019) (FV of Rs. 5 each) |                                  |  | % change in shareholding during the year |
|--------|--|--|----------------------------------|--|---|----------------------------------|--|--|
|        |  | No. of shares  | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of shares   | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |  |
| 1      | DVK Investments Private Limited (Folio: IN30133021114196)                  | 1236235  | 53.91                            | -  | 4944940   | 53.91                            | -  | -  |
| 2      | Mr. Krishna Vasantkumar Datla (Folio: IN30088814475110 / IN30133021122993) | 199085   | 8.68                             | -  | 796340  | 8.68                             | -  | -  |
|        | <b>TOTAL</b>   | <b>1435320</b>   | <b>62.59</b>                     | <b>-</b>   | <b>5741280</b>  | <b>62.59</b>                     | <b>-</b>   | <b>-</b>                                 |

(iii) Change in Promoters' Shareholding:

| Sr. no |  | Shareholding at the beginning of the year |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year |                                  |
|--------|--|---|----------------------------------|------------------------------|---------------|--|----------------------------------|
|        |  | No. of shares held (FV of Rs. 10 each)    | % of total shares of the company | Date of transaction          | No. of shares | No. of shares held (FV of Rs. 5 each)          | % of total shares of the company |
| 1      | Krishna Datla (Folio: IN30088814475110 / IN30133021122993) |   |                                  |                              |               |  |                                  |
|        | At the Beginning of the Year (01.04.18)                    | 199085                                    | 8.68                             |                              |               | 199085   | 8.68                             |
|        | Split & bonus*   |   |                                  | 10 Aug 2018                  | 597255        | 796340   | 8.68                             |
|        | At the end of the year (31.03.19)                          |   |                                  |                              |               | 796340   | 8.68                             |

| Sr. no |   | Shareholding at the beginning of the year |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year |                                  |
|--------|---|---|----------------------------------|------------------------------|---------------|--|----------------------------------|
|        |   | No. of shares held (FV of Rs. 10 each)    | % of total shares of the company | Date of transaction          | No. of shares | No. of shares held (FV of Rs. 5 each)          | % of total shares of the company |
| 2      | DVK Investments Private Limited (Folio: IN30133021114196) |   |                                  |                              |               |  |                                  |
|        | At the Beginning of the Year (01.04.18)                   | 1236235                                   | 53.91                            |                              |               | 1236235  | 53.91                            |
|        | Split & bonus*  |   |                                  | 10 Aug 2018                  | 3708705       | 4944940  | 53.91                            |
|        | At the end of the year (31.03.19)                         |   |                                  |                              |               | 4944940  | 53.91                            |

\*During August 2018, the Company's shares were sub-divided from face value (FV) of Rs. 10 each to face value of Rs. 5 each and thereafter the Company declared bonus issue of shares in the proportion of 1:1

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

| Sr. no | For Each of the Top 10 Shareholders                               | Shareholding at the beginning of the year |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year |                                  |
|--------|---|---|----------------------------------|------------------------------|---------------|--|----------------------------------|
|        |   | No. of shares held (FV of Rs. 10 each)    | % of total shares of the company | Date of transaction          | No. of shares | No. of shares held (FV of Rs. 5 each)          | % of total shares of the company |
| 1      | Rakesh Kantilal Shah (Folio: IN30154916838464 / IN30154936062258) |   |                                  |                              |               |  |                                  |
|        | At the Beginning of the Year (01.04.18)                           | 85002                                     | 3.71                             |                              |               | 85002  | 3.71                             |
|        | Split & bonus*  |   |                                  | 10 Aug 2018                  | 255006        | 340008   | 3.71                             |
|        | At the end of the year (31.03.19)                                 |   |                                  |                              |               | 340008   | 3.71                             |
| 2      | Shashi Gupta (Folio: 1208160000808830)                            |   |                                  |                              |               |  |                                  |
|        | At the Beginning of the Year (01.04.18)                           | -   | -                                |                              |               | -  | -                                |
|        | Transfer  |   |                                  | 15 Jun 2018                  | 5430          | 5430   | 0.24                             |
|        | Transfer  |   |                                  | 22 Jun 2018                  | 15482         | 20912  | 0.91                             |
|        | Transfer  |   |                                  | 30 Jun 2018                  | 4221          | 25133  | 1.10                             |
|        | Split & bonus*  |   |                                  | 10 Aug 2018                  | 75399         | 100532   | 1.10                             |
|        | Transfer  |   |                                  | 23 Nov 2018                  | 5160          | 105692   | 1.15                             |
|        | Transfer  |   |                                  | 30 Nov 2018                  | 1100          | 106792   | 1.16                             |
|        | Transfer  |   |                                  | 07 Dec 2018                  | 458           | 107250   | 1.17                             |
|        | Transfer  |   |                                  | 31 Dec 2018                  | 100           | 107350   | 1.17                             |
|        | Transfer  |   |                                  | 04 Jan 2019                  | 250           | 107600   | 1.17                             |
|        | Transfer  |   |                                  | 11 Jan 2019                  | 400           | 108000   | 1.18                             |
|        | Transfer  |   |                                  | 01 Feb 2019                  | 500           | 108500   | 1.18                             |
|        | At the end of the year (31.03.19)                                 |   |                                  |                              |               | 108500   | 1.18                             |
| 3      | Anupama Datla Desai (Folio: IN30133021248390)                     |   |                                  |                              |               |  |                                  |
|        | At the Beginning of the Year (01.04.18)                           | 26499                                     | 1.16                             |                              |               | 26499  | 1.16                             |
|        | Split & bonus*  |   |                                  | 10 Aug 2018                  | 79497         | 105996   | 1.16                             |
|        | At the end of the Year (31.03.19)                                 |   |                                  |                              |               | 105996   | 1.16                             |

| Sr. no | For Each of the Top 10 Shareholders                            | Shareholding at the beginning of the year |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year |                                  |
|--------|--|---|----------------------------------|------------------------------|---------------|--|----------------------------------|
|        |  | No. of shares held (FV of Rs. 10 each)    | % of total shares of the company | Date of transaction          | No. of shares | No of shares held (FV of Rs. 5 each)           | % of total shares of the company |
| 4      | Najmuddin Gulamhusein Kheraj (Folio: IN30154916851815)         |   |                                  |                              |               |  |                                  |
|        | At the Beginning of the Year (01.04.18)                        | 30722                                     | 1.34                             |                              |               | 30722  | 1.34                             |
|        | Split & bonus*   |   |                                  | 10 Aug 2018                  | 92166         | 122888   | 1.34                             |
|        | Sale   |   |                                  | 23 Nov 2018                  | (2062)        | 120826   | 1.32                             |
|        | Sale   |   |                                  | 30 Nov 2018                  | (10800)       | 110026   | 1.20                             |
|        | Sale   |   |                                  | 07 Dec 2018                  | (2037)        | 107989   | 1.18                             |
|        | Sale   |   |                                  | 11 Jan 2019                  | (3219)        | 104770   | 1.14                             |
|        | At the end of the Year (31.03.19)                              |   |                                  |                              |               | 104770   | 1.14                             |
| 5      | Girish Gulati HUF (Folio: 1201260000155665 / 1202890001616722) |   |                                  |                              |               |  |                                  |
|        | At the Beginning of the Year (01.04.18)                        | 22943                                     | 1.00                             |                              |               | 22943  | 1.00                             |
|        | Split & bonus*   |   |                                  | 10 Aug 2018                  | 68829         | 91772  | 1.00                             |
|        | Sale   |   |                                  | 17 Aug 2018                  | (12000)       | 79772  | 0.87                             |
|        | Sale   |   |                                  | 24 Aug 2018                  | (6458)        | 73314  | 0.80                             |
|        | Sale   |   |                                  | 07 Sep 2018                  | (1004)        | 72310  | 0.79                             |
|        | At the end of the Year (31.03.19)                              |   |                                  |                              |               | 72310  | 0.79                             |
| 6      | Poonam Arora (Folio: IN30290243270608 / IN30154918081573)      |   |                                  |                              |               |  |                                  |
|        | At the Beginning of the Year (01.04.18)                        | 15767                                     | 0.69                             |                              |               | 15767  | 0.69                             |
|        | Transfer   |   |                                  | 11 May 2018                  | 237           | 16004  | 0.70                             |
|        | Transfer   |   |                                  | 18 May 2018                  | 48            | 16052  | 0.70                             |
|        | Split & bonus*   |   |                                  | 10 Aug 2018                  | 48156         | 64208  | 0.70                             |
|        | Transfer   |   |                                  | 31 Aug 2018                  | 500           | 64708  | 0.71                             |
|        | Transfer   |   |                                  | 14 Dec 2018                  | 300           | 65008  | 0.71                             |
|        | At the end of the Year (31.03.19)                              |   |                                  |                              |               | 65008  | 0.71                             |
| 7      | Edelweiss Custodial Services Limited (Folio: IN30371911036495) |   |                                  |                              |               |  |                                  |
|        | At the Beginning of the Year (01.04.18)                        | -   | -                                |                              |               | -  | -                                |
|        | Transfer   |   |                                  | 22 Feb 2019                  | 100           | 100  | 0.00                             |
|        | Transfer   |   |                                  | 29 Mar 2019                  | 59808         | 59908  | 0.65                             |
|        | At the end of the Year (31.03.19)                              |   |                                  |                              |               | 59908  | 0.65                             |
| 8      | Preeti Thakkar (Folio: IN30133020684634)                       |   |                                  |                              |               |  |                                  |
|        | At the Beginning of the Year (01.04.18)                        | 11057                                     | 0.48                             |                              |               | 11057  | 0.48                             |



| Sr. no | For Each of the Top 10 Shareholders                  | Shareholding at the beginning of the year |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year |                                  |
|--------|--|---|----------------------------------|------------------------------|---------------|--|----------------------------------|
|        |  | No. of shares held (FV of Rs. 10 each)    | % of total shares of the company | Date of transaction          | No. of shares | No of shares held (FV of Rs. 5 each)           | % of total shares of the company |
|        | Split & bonus*                                       |   |                                  | 10 Aug 2018                  | 33171         | 44228  | 0.48                             |
|        | At the end of the Year (31.03.19)                    |   |                                  |                              |               | 44228  | 0.48                             |
| 9      | Pravin Kumar Agrawal (Folio: 1201090005584117)       |   |                                  |                              |               |  |                                  |
|        | At the Beginning of the Year (01.04.18)              | 11000                                     | 0.48                             |                              |               | 11000  | 0.48                             |
|        | Split & bonus*                                       |   |                                  | 10 Aug 2018                  | 33000         | 44000  | 0.48                             |
|        | Sale   |   |                                  | 09 Nov 2018                  | (23059)       | 20941  | 0.23                             |
|        | Sale   |   |                                  | 16 Nov 2018                  | (20941)       | 0  | 0.00                             |
|        | Transfer   |   |                                  | 15 Mar 2019                  | 44000         | 44000  | 0.48                             |
|        | At the end of the Year (31.03.19)                    |   |                                  |                              |               | 44000  | 0.48                             |
| 10     | Dupen Laboratories Pvt Ltd (Folio: IN30021410472778) |   |                                  |                              |               |  |                                  |
|        | At the Beginning of the Year (01.04.18)              | 10364                                     | 0.45                             |                              |               | 10364  | 0.45                             |
|        | Split & bonus*                                       |   |                                  | 10 Aug 2018                  | 31092         | 41456  | 0.45                             |
|        | At the end of the Year (31.03.19)                    |   |                                  |                              |               | 41456  | 0.45                             |

\*During August 2018, the Company's shares were sub-divided from face value of Rs. 10 each to face value of Rs. 5 each and thereafter the Company declared bonus issue of shares in the proportion of 1:1

(v) Shareholding of Directors and Key Managerial Personnel:

| Sr. no | For Each of the Directors and KMP                          | Shareholding at the beginning of the year |                                  | Transactions during the year |               | Cumulative Shareholding at the end of the year |                                  |
|--------|--|---|----------------------------------|------------------------------|---------------|--|----------------------------------|
|        |  | No. of shares held (FV of Rs. 10 each)    | % of total shares of the company | Date of transaction          | No. of shares | No of shares held (FV of Rs. 5 each)           | % of total shares of the company |
| 1.     | Krishna Datla (Folio: IN30088814475110 / IN30133021122993) |   |                                  |                              |               |  |                                  |
|        | At the Beginning of the Year (01.04.18)                    | 199085                                    | 8.68                             |                              |               | 199085   | 8.68                             |
|        | Split & bonus*   |   |                                  | 10 Aug 2018                  | 597255        | 796340   | 8.68                             |
|        | At the end of the year (31.03.19)                          |   |                                  |                              |               | 796340   | 8.68                             |
| 2.     | Rajeshwari Datla (Folio: IN30112716154442)                 |   |                                  |                              |               |  |                                  |
|        | At the Beginning of the Year (01.04.18)                    | 31768                                     | 1.39                             |                              |               | 31768  | 1.39                             |
|        | Split & bonus*   |   |                                  | 10 Aug 2018                  | 95304         | 127072   | 1.39                             |
|        | At the end of the year (31.03.19)                          |   |                                  |                              |               | 127072   | 1.39                             |

\*During August 2018, the Company's shares were sub-divided from face value of Rs. 10 each to face value of Rs. 5 each and thereafter the Company declared bonus issue of shares in the proportion of 1:1

## V. INDEBTEDNESS

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

(Rs. In Lakhs)

| Indebtedness at the beginning of the financial year (01.4.18)  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| i) Principal Amount  | 13,702.08                        | 572.50          | -        | 14,274.58          |
| ii) Interest due but not paid                                  | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                              | 132.66                           | 67.82           | -        | 200.48             |
| <b>Total (i+ii+iii)</b>  | <b>13,834.74</b>                 | <b>640.32</b>   | <b>-</b> | <b>14,475.06</b>   |
| Change in Indebtedness during the financial year               |                                  |                 |          |                    |
| Addition   | 538.70                           | 98.59           | -        | 637.29             |
| Reduction  | 500.00                           | -               | -        | 500.00             |
| <b>Indebtedness at the end of the financial year (31.3.19)</b> | <b>38.70</b>                     | <b>98.59</b>    | <b>-</b> | <b>137.29</b>      |
| i) Principal Amount  | 13,737.36                        | 654.93          | -        | 14,392.29          |
| ii) Interest due but not paid                                  | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                              | 136.36                           | 82.52           | -        | 218.88             |
| <b>Total (i+ii+iii)</b>  | <b>13,873.72</b>                 | <b>737.45</b>   | <b>-</b> | <b>14,611.17</b>   |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sl. no. | Particulars of Remuneration   | Name of Managing Director  |
|---------|---|--|
|         |   | Mr. Krishna Datla  |
| 1.      | Gross salary  |  |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 13,804,324   |
|         | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961                      | 407,355  |
|         | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961       | -  |
| 2.      | Stock Option  | -  |
| 3.      | Sweat Equity  | -  |
| 4.      | Commission  |  |
|         | - as % of profit  | -  |
|         | - others, specify...  | -  |
| 5.      | Others (Contribution to funds)  | 19,06,113  |
|         | <b>Total (A)</b>  | <b>1,61,17,792</b>   |
|         | Ceiling as per the Act  | The total remuneration paid to the Managing Director is within the limits prescribed under the Companies Act, 2013 |

### B. Remuneration to other directors:

| Sl. no. | Particulars of Remuneration                    | Name of Directors   |                     | Total Amount         |
|---------|--|---|---------------------|----------------------|
| 1.      | Independent Directors                          | Mr. Sanjay Buch   | Mr. Vinayak Hajare  |                      |
|         | • Fee for attending board / committee meetings | Rs. 3,90,000  | Rs. 4,10,000        | Rs. 8,00,000         |
|         | • Commission                                   |   |                     |                      |
|         | • Others                                       |   |                     |                      |
|         | <b>Total (1)</b>                               | <b>Rs. 3,90,000</b>   | <b>Rs. 4,10,000</b> | <b>Rs. 8,00,000</b>  |
| 2.      | Other Non-Executive Directors                  | Ms. Rajeshwari Datla  | Mr. Satish Varma    |                      |
|         | • Fee for attending board / committee meetings | Rs. 3,30,000  | Rs. 3,60,000        | Rs. 6,90,000         |
|         | • Commission                                   |   |                     |                      |
|         | • Others                                       |   |                     |                      |
|         | <b>Total (2)</b>                               | <b>Rs. 3,30,000</b>   | <b>Rs. 3,60,000</b> | <b>Rs. 6,90,000</b>  |
|         | <b>Total (B) = (1+2)</b>                       | <b>Rs. 7,60,000</b>   | <b>Rs. 7,70,000</b> | <b>Rs. 14,90,000</b> |
|         | Total Managerial remuneration (A+B)            |   |                     |                      |
|         | Ceiling as per the Act                         | The total fees to Directors payable for attending meetings are within the limits prescribed under the Companies Act, 2013 |                     |                      |

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

| Sr. no. | Particulars of Remuneration  | Key Managerial Personnel               |                         |                             |
|---------|--|--|-------------------------|-----------------------------|
|         |  | Mr. Srikant Sharma (Company Secretary) | Mr. Sumesh Gandhi (CFO) | Total                       |
| 1.      | Gross salary<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961<br>(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961<br>(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | 45,68,672<br>32,400<br>--              | 73,82,796<br>--<br>--   | 1,19,51,468<br>32,400<br>-- |
| 2.      | Stock Option   | --                                     | --                      | --                          |
| 3.      | Sweat Equity   | --                                     | --                      | --                          |
| 4.      | Commission<br>- as % of profit<br>- others, specify  | --                                     | --                      | --                          |
| 5.      | Others (Contribution to Funds)   | 2,79,878                               | 3,88,258                | 6,68,136                    |
|         | <b>Total</b>   | <b>48,80,950</b>                       | <b>77,71,054</b>        | <b>1,26,52,004</b>          |

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For and on behalf of the Board of Directors

**Sanjay Buch**  
Chairman  
(DIN: 00391436)

May 24, 2019  
Thane

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

## Annexure II

### Form AOC-I

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

#### Part "A": Subsidiaries

| Sl. No. | Particulars   | (Rs. In Lakhs)           |                           |                         |                             |   |
|---------|---|--------------------------|---------------------------|-------------------------|-----------------------------|---|
| 1.      | Name of the subsidiary:   | Fermenta Biotech Limited | Aegean Properties Limited | CC Square Films Limited | G I Biotech Private Limited | Fermenta Biotech (UK) Limited   |
| 2.      | The date since when subsidiary was acquired   | 30.06.1988               | 01.02.2002                | 10.01.2011              | 25.08.2004                  | 10.09.2002  |
| 3.      | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | -                        | -                         | -                       | -                           | -   |
| 4.      | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | INR                      | INR                       | INR                     | INR                         | Pound Sterling £<br>(Exchange Rate:<br>1 GBP = 90.27 INR for assets, 90.73 for liabilities, and 91.78 INR for Profit and Loss account as on 31.03.2019) |
| 5.      | Share capital   | 1,770.45                 | 30.00                     | 5.00                    | 1.00                        | 183.59  |
| 6.      | Reserves & surplus  | 26,784.87                | 93.89                     | (4.99)                  | 3.39                        | (148.25)  |
| 7.      | Total assets  | 43,038.09                | 125.78                    | 0.10                    | 4.90                        | 35.34   |
| 8.      | Total Liabilities   | 14,410.24                | 1.89                      | 0.09                    | 0.51                        | -   |
| 9.      | Investments   | 40.08                    | -                         | -                       | -                           | -   |
| 10.     | Turnover  | 38,925.51                | 18.00                     | 0.10                    | -                           | -   |
| 11.     | Profit before taxation  | 14,676.65                | 13.36                     | 0.03                    | 5.11                        | (2.10)  |
| 12.     | Provision for taxation  | 3,374.57                 | 3.71                      | -                       | (0.09)                      | -   |
| 13.     | Profit after taxation   | 11,302.08                | 9.65                      | 0.03                    | 5.20                        | (2.10)  |
| 14.     | Proposed Dividend   | -                        | -                         | -                       | -                           | -   |
| 15.     | % of shareholding   | 91.20%                   | 100%                      | 100%                    | 62.50% subsidiary of FBL    | 100% subsidiary of FBL  |



## Part "B": Associates and Joint Ventures

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

| Name of Associates  | Health and Wellness India Private Ltd.                       |
|---|--|
| Name of Joint Ventures  | -  |
| 1. Latest audited Balance Sheet Date  | 31.03.2019   |
| 2. Date on which the Associate or Joint Venture was associated or acquired    | 02.02.2011   |
| 3. Shares of Associate/Joint Ventures held by the company on the year end     |  |
| Number  | 30,12,504 Equity Shares                                      |
| Amount of Investment in Associates/Joint Venture (Rs. In Lakhs)               | 475.00   |
| Extent of Holding %   | 47.15%   |
| 4. Description of how there is significant influence                          | -  |
| 5. Reason why the associate/joint venture is not consolidated                 | Being an Associate, share of Profit and loss is consolidated |
| 6. Net worth attributable to Shareholding as per latest audited Balance Sheet | -  |
| 7. Profit / Loss for the year (Rs. In Lakhs)                                  | -  |
| Considered in Consolidation (Rs. In Lakhs)                                    | -  |
| Not considered in Consolidation (Rs. In Lakhs)                                | -  |

Note: Agastya Films LLP and Zela Wellness Private Limited ceased to be joint venture entity and associate company w.e.f. January 01, 2019 and November 29, 2018 respectively.

For and on behalf of the Board of Directors

**Sanjay Buch**  
Chairman  
(DIN: 00391436)

May 24, 2019

Thane

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

## Annexure III

### CORPORATE GOVERNANCE REPORT

#### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

#### BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of executive and non-executive Directors as stipulated under Regulation 17 of the Listing Regulations. The Chairman of the Board is an Independent Director. The Board of Directors affirm that the Independent Directors fulfill the conditions specified in terms of Schedule V of Regulation 34(3) of the Listing Regulations. The composition of the Board as on March 31, 2019 is as follows:

| Name of Director                        | Category                        | Directorships in other companies | Chairmanship in other Committees | Membership in other Committees |
|---|---------------------------------|----------------------------------|----------------------------------|--------------------------------|
| Mr. Sanjay Buch (DIN: 00391436)         | Chairman (Independent Director) | 6                                | 7                                | 8                              |
| Ms. Rajeshwari Datla*** (DIN: 00046864) | Non Executive Director          | 2                                | NIL                              | NIL                            |
| Mr. Vinayak Hajare (DIN: 00004635)      | Independent Director            | 4                                | NIL                              | NIL                            |
| Mr. Krishna Datla *** (DIN: 00003247)   | Managing Director               | 6                                | NIL                              | 4                              |
| Mr. Satish Varma (DIN: 00003255)        | Non Executive Director          | 5                                | NIL                              | 1                              |

None of the Directors hold office of directorship in any listed entities.

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

Following are the core competencies of the Board members as identified and available to the Company for its effective functioning in terms of Schedule V of Regulation 34(3) of the Listing Regulations:

| Names                | Core Competencies                                     |
|----------------------|---|
| Mr. Sanjay Buch      | Corporate and business laws, mergers and acquisitions |
| Ms. Rajeshwari Datla | Pharmaceuticals                                       |
| Mr. Vinayak Hajare   | Investment Banking and Corporate Finance              |
| Mr. Krishna Datla    | Pharmaceuticals and Real Estate                       |
| Mr. Satish Varma     | Pharmaceuticals and Real Estate                       |

Brief profile of Directors being reappointed, as required under regulation 26(4), 36(3) of the Listing Regulations and secretarial standard on general meetings specified by the Institute of Company Secretaries of India and approved by the Central Government is provided in page number \_\_\_ of this Annual Report and forms parts of this Corporate Governance Report.

#### BOARD MEETINGS / PREVIOUS ANNUAL GENERAL MEETING

• During the financial year under review, seven Board Meetings were held on May 15, 2018, June 18, 2018, June 21, 2018, August 10, 2018, August 14, 2018, November 13, 2018 and February 12, 2019. The maximum gap between any two board meetings was less than 120 days, as stipulated under Regulation 17(2) of the Listing Regulations.

Attendance at the seven Board meetings and previous Annual General Meeting (AGM) held on September 28, 2018 is as follows:

| Name                 | Board Meetings attended | Attendance at previous AGM |
|----------------------|-------------------------|----------------------------|
| Mr. Sanjay Buch      | 7                       | Yes                        |
| Ms. Rajeshwari Datla | 7                       | Yes                        |
| Mr. Vinayak Hajare   | 7                       | Yes                        |
| Mr. Krishna Datla    | 7                       | Yes                        |
| Mr. Satish Varma     | 7                       | Yes                        |

## AUDIT COMMITTEE

During the year under review, five Audit Committee meetings were held on May 15, 2018, June 21, 2018, August 14, 2018, November 13, 2018 and February 12, 2019. The representatives of the Auditor(s), and Chief Financial Officer also attended the Audit Committee meeting(s).

The composition of the Audit Committee as on March 31, 2019 and the attendance of the Audit Committee members at the Committee meetings held during the financial year under review is as follows:

| Name of the Director | Designation | Meetings attended |
|----------------------|-------------|-------------------|
| Mr. Sanjay Buch      | Chairman    | 5                 |
| Ms. Rajeshwari Datla | Member      | 5                 |
| Mr. Vinayak Hajare   | Member      | 5                 |

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

The Company Secretary acts as Secretary to the Audit Committee.

### • Terms of reference:

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

- Review company's financial reporting process and accounting policies and practices.
- Review and recommend to the Board, appointment, re-appointment and removal of Statutory and Internal Auditors and fixation of auditors remuneration and other fees, including terms of appointment.
- Review with management of quarterly, half-yearly and annual financial statements and auditors' report before submission to Board for approval with particular reference to:
  - matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;
  - compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
  - modified opinion(s) in the draft audit report
- Review adequacy of internal control systems (including internal financial controls) and risk management systems;
- Review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Review reports and significant findings, if any, of the Internal and Statutory Auditor and to ensure that suitable follow-up action is taken;
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with Statutory Auditors and Internal Auditors about nature and scope of audit and areas of concern;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Review, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any areas of concern;
- Examination of disclosure aspects of related party transactions and approval or any subsequent modification of transactions of the Company with related parties;

13. Scrutiny of inter-corporate loans and investments;
14. Valuation of undertakings or assets of the Company, wherever it is necessary;
15. Monitoring the end use of funds raised through public offers and related matters;
16. Review of financial statements of subsidiary companies, joint venture and associate companies;
17. Review substantial defaults in payments to stakeholders and creditors;
18. Review the functioning of the Vigil mechanism;
19. Approval of appointment of CFO / head of finance function after assessing the qualifications, experience and background, etc. of the candidate;
20. Any other functions as may be statutorily required.

#### NOMINATION AND REMUNERATION COMMITTEE

- During the year under review, two Committee meetings were held on August 14, 2018 and February 12, 2019.
- The Composition of the said Committee as on March 31, 2019 and the attendance of the Committee members in its meeting held during the financial year under review is as follows:

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

The Company Secretary acts as Secretary to the Committee.

#### • Terms of reference:

The terms of reference include:

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

Carry out evaluation of every director's performance.

Devising a policy on diversity of Board of Directors

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

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

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

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

#### NOMINATION AND REMUNERATION POLICY AND PERFORMANCE EVALUATION OF BOARD AND INDIVIDUAL DIRECTORS:

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

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

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

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

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



Details of remuneration of Directors for the financial year ended March 31, 2019 are as follows:

| Name of Director                               | Sitting Fees* (Rs.) | Salary (Rs.)      | Contribution to PF and other funds (Rs) | Benefits & Perquisites (Rs) | Total (Rs)         | No. of shares held (FV of Rs. 5) |
|--|---------------------|-------------------|---|-----------------------------|--------------------|----------------------------------|
| Mr. Sanjay Buch<br>Independent Director        | 3,90,000            | -                 | -                                       | -                           | 3,90,000           | NIL                              |
| Ms. Rajeshwari Datla<br>Non-Executive Director | 3,30,000            | -                 | -                                       | -                           | 3,30,000           | 1,27,072                         |
| Mr. Vinayak Hajare<br>Independent Director     | 4,10,000            | -                 | -                                       | -                           | 4,10,000           | NIL                              |
| Mr. Krishna Datla**<br>Managing Director       | -                   | 13,804,324        | 19,06,113                               | 407,355                     | 16,117,792         | 7,96,340                         |
| Mr. Satish Varma<br>Non-Executive Director     | 3,60,000            | -                 | -                                       | -                           | 3,60,000           | NIL                              |
| <b>TOTAL</b>                                   | <b>14,90,000</b>    | <b>13,804,324</b> | <b>19,06,113</b>                        | <b>407,355</b>              | <b>1,76,07,792</b> | <b>9,23,412</b>                  |

\* Sitting Fees include fees for Board and Committee Meetings @ Rs. 40,000 and Rs. 10,000 per meeting respectively.

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

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

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

#### STAKEHOLDERS RELATIONSHIP COMMITTEE

- During the year under review, four Stakeholders Relationship Committee meetings were held on May 15, 2018, August 14, 2018, November 13, 2018 and February 12, 2019. The composition of the Committee as on March 31, 2019 and the attendance at the said Committee meeting is as follows

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

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

- Terms of Reference:**

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

- Redressal of Members' grievances.
- Issue of duplicate Share Certificates.
- Review of Dematerialized shares.
- Transfer and Transmission of shares.
- Non-receipt of Annual Reports and declared dividends.
- Other matters related to shares and/or investor grievances.

## SHAREHOLDER INFORMATION

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

## INVESTOR COMPLAINTS AND THEIR REDRESSAL

- The numbers of investor complaints received and resolved during the financial year 2018-19 were 3.
- Pending complaints as on March 31, 2019 were NIL.

## GENERAL BODY MEETINGS

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

| Year    | Date and Time                      | Venue  | Special Resolution(s) passed   |
|---------|------------------------------------|--|--|
| 2015-16 | September 27, 2016<br>at 3:00 p.m. | Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610. | 1) Creation of mortgage and / or change under Section 180 (1) (a) of the Companies Act, 2013 |
| 2016-17 | September 29, 2017<br>at 3:00 p.m. | Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610. | -  |
| 2017-18 | September 28, 2018<br>at 3:00 p.m. | Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610. | 1) Re-appointment of Mr. Krishna Datla as Managing Director                                  |

## Postal Ballot

- During the financial year 2017-18, the following special resolutions were passed by way of Postal Ballot as under:

| Special Resolutions   | Number of votes cast in favour of the resolution | Number of votes cast against the resolution |
|---|--|---|
| Loans, guarantees, securities and investments                       | 1775276  | 100   |
| Increase in borrowing powers of the Company                         | 1775276  | 100   |
| Creation of charges and sale, lease or otherwise disposal of assets | 1775376  | -   |

- During the financial year 2018-19, the following special resolution was passed by way of Postal Ballot as under:

| Special Resolutions  | Number of votes cast in favour of the resolution | Number of votes cast against the resolution |
|--|--|---|
| Alteration to the Objects Clause of the Memorandum of Association of the Company | 1749809  | 10  |

The Company had provided its members the facility to exercise their right to vote through the postal ballot including the Electronic Voting on all the resolutions as set out above, in the Notices of the respective Postal Ballot. The Company had engaged the services of Central Depository Services Limited ("CDSL") to provide the remote e-voting facility. The Company appointed Mr. V. N. Deodhar (Membership No. FCS 1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries as the Scrutinizer to scrutinize the entire Postal Ballot process for the special resolution(s) as mentioned above. The above results were displayed on the Notice Board of the Company and other statutory intimation(s) of the above Postal Ballot results were completed within the stipulated timelines.

## COMPANY POLICIES

### Vigil Mechanism Policy

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

### Policy on Dealing with Related Party Transactions ('RPT Policy')

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

The RPT Policy can be viewed at the Company's website at [www.dil.net/Company-Policies.html](http://www.dil.net/Company-Policies.html)

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

#### **Policy for Determining Material Subsidiary**

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

#### **Familiarization Programme for Independent Directors**

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

**Disclosure in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is provided in page number 57 of this annual report.**

#### **Disclosures**

- The risk management reports are placed before the Audit Committee and Board of Directors for review.
- During the last three years, there were no instances of non-compliance by the Company and no penalties or strictures were imposed on the Company by the Stock Exchange(s) or SEBI or any statutory authority, on any matter related to the capital markets.
- Pursuant to Regulation 17(8) read with Part B of Schedule II of the Listing Regulations, the Managing Director and the Chief Financial Officer have submitted a certificate to the Board of Directors for the financial year ended March 31, 2019. The Certificate has been reviewed by the Audit Committee and taken on record by the Board of Directors.
- **Reconciliation of Share Capital Audit**  
Reconciliation of Share Capital Audit for during FY 2018-19, certified by a Practising Company Secretary on a quarterly- basis, confirms that the total issued / paid – up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- **Compliance with Mandatory Requirements**  
The Company has complied with all the mandatory requirements, as applicable in terms of Schedule V of the Listing Regulations.
- **Compliance with Discretionary Requirements as per Part E of Schedule II of the Listing Regulations**  
The Company has adopted D & E of the Non-Mandatory requirements as provided in Part E of Schedule II of the Listing Regulations and not adopted A, B and C since they are discretionary requirements.
- **Response of the Company's management in relation to the –**
  - (a) 'Basis of qualified opinion' and
  - (b) 'Qualified opinion';

as mentioned in the Independent Auditor's Report in page no. 89 of this Annual Report is:

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

## MEANS OF COMMUNICATION

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

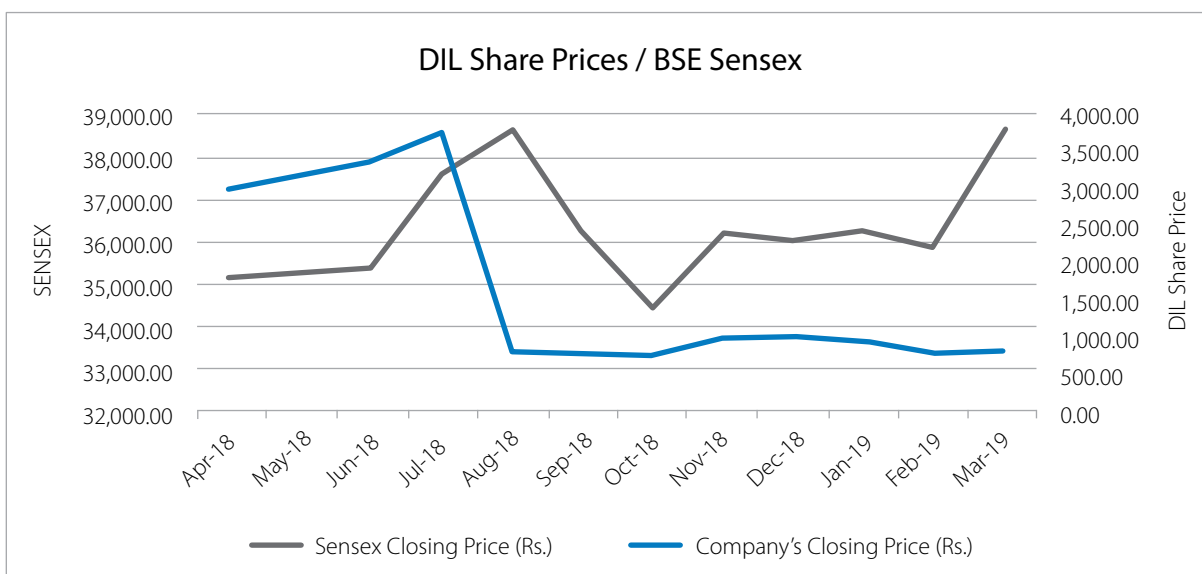
|   |   |
|---|---|
| Newspapers wherein quarterly results are published:   | Business Standard (English), Sakal (Marathi), Navakal (Marathi)*, Financial Express (English)*, Mint (English)*<br><i>*only for Q3 for FY 2018-19</i>   |
| Any website, where displayed:   | Yes, BSE website (www.bseindia.com) and the Company's website (www.dil.net)   |
| Online filing with BSE Corporate Compliance & Listing Centre:   | All periodical compliances of the Company as per Listing Regulations are also being filed online with the BSE Corporate Compliance & Listing Centre.  |
| SEBI Complaints Redress System (SCORES) :   | The investor complaints, if any, can be uploaded on the SCORES. These complaints are processed in a centralized web based complaints redress system of SEBI (SCORES). The salient features of this system is centralised database of all complaints, online upload of Action Taken Reports (ATRs) and online viewing by investors of actions taken on the complaint and its current status. |
| Whether it also displays official news releases and presentations made to institutional investors or to analysts: | Yes   |
| Management discussion and analysis report (MD&A) is a part of the Annual report or not:                           | MD&A Report forms part of the Annual Report.  |
| Annual General Meeting :  | Monday, July 8, 2019 at 3.00 p.m. at Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) – 400 610, Maharashtra, India.   |
| Financial Year  | April 01 to March 31  |
| Financial reporting for the quarter ending June 30, 2019:   | By August 14, 2019  |
| Financial reporting for the quarter ending September 30, 2019:  | By November 14, 2019  |
| Financial reporting for the quarter ending December 31, 2019:   | By February 14, 2020  |
| Financial reporting for the year ending March 31, 2020:   | By May 30, 2020   |
| Date of Book closure  | Tuesday, July 2, 2019 to Monday, July 8, 2019 (both days inclusive)   |
| Dividend Payment Date   | Final dividend (2018-19) of Rs. 1.25 per equity share (25%) of Rs. 5 each, if declared at this AGM, shall be paid on or after Saturday, July 13, 2019   |
| Listing on Stock Exchanges  | BSE Limited (Listing fees for the year 2019-20 have been paid)  |
| Scrip Code on BSE Limited   | 506414  |
| Market Price Data   | High / low of the Company's Stock Price during each month in the financial year ended March 31, 2019  |

| Month          | DIL Limited |           |
|----------------|-------------|-----------|
|                | High (Rs.)  | Low (Rs.) |
| April 2018     | 3,249.00    | 2,696.85  |
| May 2018       | 3,800.00    | 2,490.00  |
| June 2018      | 4,095.00    | 2,612.10  |
| July 2018      | 3,910.00    | 3,076.00  |
| August 2018*   | 3,900.00    | 763.60    |
| September 2018 | 907.00      | 768.60    |
| October 2018   | 828.95      | 691.00    |
| November 2018  | 1,048.00    | 777.05    |
| December 2018  | 1,027.50    | 932.00    |
| January 2019   | 1,125.00    | 863.20    |
| February 2019  | 964.00      | 763.00    |
| March 2019     | 860.00      | 725.00    |

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

| Month          | Company's Closing Price (Rs.) | Sensex Closing Price (Rs.) | No. of shares of the Company traded |
|----------------|-------------------------------|----------------------------|-------------------------------------|
| April 2018     | 3,024.10                      | 35,160.36                  | 46,918                              |
| May 2018       | 3,193.30                      | 35,322.38                  | 86,833                              |
| June 2018      | 3,385.70                      | 35,423.48                  | 96,626                              |
| July 2018      | 3,759.45                      | 37,606.58                  | 28,391                              |
| August 2018*   | 817.75                        | 38,645.07                  | 1,89,670                            |
| September 2018 | 781.75                        | 36,227.14                  | 1,04,171                            |
| October 2018   | 785.30                        | 34,442.05                  | 1,22,074                            |
| November 2018  | 1,000.35                      | 36,194.30                  | 1,88,775                            |
| December 2018  | 1,012.00                      | 36,068.33                  | 66,175                              |
| January 2019   | 957.70                        | 36,256.69                  | 1,02,046                            |
| February 2019  | 809.55                        | 35,867.44                  | 66,509                              |
| March 2019     | 823.05                        | 38,672.91                  | 53,380                              |

\* During August 2018, the Company's shares were sub-divided from face value of Rs. 10 each to face value of Rs. 5 each and thereafter the Company declared bonus issue of shares in the proportion of 1:1



Registrar and Transfer Agents

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

#### • Share Transfer System:

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



- Distribution of the Company's equity shareholding as on March 31, 2019:

| Sr. No. | Range in no. of Shares | Holding (no. of shares) | Amount (Rs.)    | % to Total Amount | No. of Holders | % to Total Holders |
|---------|------------------------|-------------------------|-----------------|-------------------|----------------|--------------------|
| 1       | 1 - 500                | 622215                  | 3110625         | 6.7823            | 4503           | 86.3968            |
| 2       | 501 - 1000             | 260311                  | 1301555         | 2.8379            | 380            | 7.2909             |
| 3       | 1001 - 2000            | 224059                  | 1120295         | 2.4426            | 158            | 3.0315             |
| 4       | 2001 - 3000            | 130581                  | 652905          | 1.4236            | 52             | 0.9977             |
| 5       | 3001 - 4000            | 91643                   | 458215          | 0.9991            | 26             | 0.4988             |
| 6       | 4001 - 5000            | 72219                   | 361095          | 0.7873            | 16             | 0.3070             |
| 7       | 5001 - 10000           | 181147                  | 905735          | 1.9748            | 27             | 0.5180             |
| 8       | 10000 and above        | 7590707                 | 37953535        | 82.7524           | 50             | 0.9593             |
|         | <b>Total</b>           | <b>9172792</b>          | <b>45863960</b> | <b>100</b>        | <b>5212</b>    | <b>100</b>         |

- Equity Shareholding Pattern as on March 31, 2019

|                                  | Shareholding (no. of shares) | % of holding |
|----------------------------------|------------------------------|--------------|
| Promoters                        | 57,41,280                    | 62.59        |
| Clearing Members                 | 6,385                        | 0.06         |
| Foreign Banks & NRIs             | 39,275                       | 0.43         |
| Other Bodies Corporate and Funds | 3,16,019                     | 3.44         |
| Nationalized Banks               | 40                           | 0            |
| General Public                   | 28,70,309                    | 31.29        |
| Hindu Undivided Family           | 1,55,556                     | 1.70         |
| IEPF                             | 43,928                       | 0.49         |
| <b>TOTAL</b>                     | <b>91,72,792</b>             | <b>100</b>   |

- Dematerialization of Shares:** The Company and Link Intime India Private Limited, has signed Tripartite Agreements with the National Securities Depository Ltd. and the Central Depository Services (India) Ltd. respectively. The shares of the Company are compulsorily traded in the dematerialized form in the Stock Exchange. Presently 97.82% of the equity shares of the Company have been dematerialized.

- Address for Correspondence:**

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

DIL Limited  
A -1601, Thane One, DIL Complex,  
Ghodbunder Road, Majiwada,  
Thane (West) – 400 610  
Maharashtra, India.  
ISIN: INE225B01013  
Tel No.: + 91 22 66230800  
Fax No.: + 91 22 6798 0899  
Email: [srikant.sharma@dil.net](mailto:srikant.sharma@dil.net)

For and on behalf of the Board of Directors

**Sanjay Buch**  
Chairman  
(DIN: 00391436)

May 24, 2019  
Thane

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

## CODE OF CONDUCT

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

All Directors and senior management of the Company have affirmed compliance with the Code of Conduct for the financial year ended March 31, 2019

For and on behalf of the Board of Directors

**Sanjay Buch**

*Chairman*

(DIN: 00391436)

May 24, 2019

Thane

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

## Annexure IV

Statement of Disclosure of Remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) and (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Information under rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2018-19:

| Sr. no. | Name              | Designation       | Ratio of remuneration of director to median Remuneration of employees |
|---------|-------------------|-------------------|---|
| 1       | Mr. Krishna Datla | Managing Director | 27:1  |

2. Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2018-19:

| Sr. no. | Name               | Designation             | % increase |
|---------|--------------------|-------------------------|------------|
| 1       | Mr. Krishna Datla  | Managing Director       | 70%        |
| 2       | Mr. Sumesh Gandhi  | Chief Financial Officer | 14%        |
| 3       | Mr. Srikant Sharma | Company Secretary       | 13%        |

3. Percentage increase in the median remuneration of employees in the financial year 2018-19: 20%
4. Number of permanent employees on the rolls of the company: 25
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

|  |        |
|--|--------|
| % increase made in the salaries of employees other than the managerial personnel | 11%    |
| % increase in the managerial remuneration  | 13.50% |

6. Affirmation that the remuneration is as per the remuneration policy of the Company: Yes

Information under rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Name          | Designation       | Remuneration received (Rs.) | Nature of employment, whether contractual or otherwise | Qualifications and experience         | Date of commencement of employment | Age (Years) | Last employment | % of shares held | Whether relative of director     |
|---------------|-------------------|-----------------------------|--|---------------------------------------|------------------------------------|-------------|-----------------|------------------|----------------------------------|
| Krishna Datla | Managing Director | 1,61,17,792                 | Contractual  | B. Com. Around 15 years of experience | 29/01/2005                         | 38          | -               | 8.68             | Relative of Ms. Rajeshwari Datla |

For and on behalf of the Board of Directors

**Sanjay Buch**  
Chairman  
(DIN: 00391436)

May 24, 2019  
Thane

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

# Annexure V

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by DIL Limited ("the Company") for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the Audit period),
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit period),
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit period),
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit period);
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit period); and
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with BSE Ltd in respect of Issue and Listing of Securities;

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

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

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

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

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

**V.N.DEODHAR**

*Proprietor.*

FCS NO.1880

C.P. No. 898

Place: Mumbai

Date: May 24, 2019

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



## Annexure A

To,  
The members,  
DIL Ltd.

Our Secretarial Audit Report of even date for the financial year ended 31st March, 2019 is to be read along with this letter.

1. Maintenance of Secretarial Record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our Audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the Secretarial Records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the Compliance of Laws, Rules & Regulations and happening of events, etc.
5. The Compliance of provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

**V.N.DEODHAR**  
*Proprietor.*  
FCS NO.1880  
C.P. No. 898

Place: Mumbai  
Date: May 24, 2019

## Annexure VI

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of DIL Limited having CIN L99999MH1951PLC008485 and having registered office at A-1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) - 400 610, (hereinafter referred to as 'the Company') produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(4) read with Schedule V Para C- sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identifications Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanation furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No | Name of Director                 | DIN      | Date of Appointment in Company |
|--------|----------------------------------|----------|--------------------------------|
| 01     | Mr. Sanjay Ramakant Buch         | 00391436 | 28/04/2007                     |
| 02     | Mr. Krishna Vasantkumar Datla    | 00003247 | 09/05/2010                     |
| 03     | Mr. Vinayak Manohar Hajare       | 00004635 | 18/06/2009                     |
| 04     | Ms. Rajeshwari Datla             | 00046864 | 21/07/2005                     |
| 05     | Mr. Satish Azad Nadimpally Varma | 00003255 | 01/07/2003                     |

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For V. N. DEODHAR & CO.,  
COMPANY SECRETARIES

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

Place: Mumbai  
Date: 24th May, 2019

# STANDALONE FINANCIAL STATEMENTS



# INDEPENDENT AUDITOR'S REPORT

## To The Members of DIL Limited Report on the Audit of the Standalone Financial Statements

### Qualified Opinion

We have audited the accompanying standalone financial statements of DIL Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section below, the aforesaid standalone 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 state of affairs of the Company as at March 31, 2019, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

### Basis for Qualified Opinion

The Company has given share application money of Rs. 597.00 Lakhs (as at March 31, 2018: Rs. 597.00 Lakhs) to an entity whose accumulated losses (other equity) at Rs. 4,635.38 Lakhs, substantially exceed its equity share capital of Rs. 1,920.55 Lakhs, as at 31st March, 2018, as per the latest available audited financial statements as at for the year ended 31st March, 2018. Further, the independent auditors of that entity, in their modified audit report dated 30th May, 2018, on the aforesaid financial statements, have inter-alia reported that the entity's operations have been suspended since December 2006, and have also expressed their inability to comment whether that entity can be considered as a "Going Concern" and whether its assets would be adequate to meet its liabilities [See note 49(b) to the standalone financial statements]. For the reasons stated in the said note 49(b), the Management of the Company believes that no impairment is deemed necessary. Having regard to the foregoing and in the absence of sufficient appropriate audit evidence, we are unable to comment whether the aforesaid outstanding share application money would be recoverable including the consequential impact, if any, of such impairment that may be required to be made in the standalone financial statements. This matter was also qualified in our report on the standalone financial statements for the year ended March 31, 2018.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company 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 standalone 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 is sufficient and appropriate to provide a basis for our qualified opinion on the standalone financial statements.

### Emphasis of Matter

We draw attention to note 1A on the standalone financial statements regarding the Company having filed an application seeking sanction of the scheme of amalgamation of Fermenta Biotech Limited, its subsidiary, with the Company, to National Company Law Tribunal, Mumbai with the appointed date of April 01, 2018. As stated in the said note 1A, the above Scheme shall be effective post receipt of required approvals.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. We have determined that there are no other key audit matters to communicate in our report beyond the matter addressed in the Basis for Qualified Opinion section of our report.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, for example, performance highlights, management discussion & analysis, board's report, etc. but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- 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 regard.

### Management's Responsibility for the Standalone Financial Statements

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

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 Company 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 Company's ability 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 standalone 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone financial statements.

We communicate with those charged with governance 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

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

- a) We have sought and except for the matter described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section above, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section above, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) The matter described in the Basis for Qualified Opinion section above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.

- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting for the reasons stated therein.
- i) 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 Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – See Note 50 to the standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Place: Mumbai  
Date: May 24, 2019

**Rajesh K. Hiranandani**  
Partner  
(Membership No. 36920)

## Annexure “A” to the Independent Auditor’s Report

(Referred to in paragraph 1 (h) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date to the members of DIL Limited)

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

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

#### Management’s Responsibility for Internal Financial Controls

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

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of

internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

#### Basis for Qualified opinion

According to the information and explanations given to us and based on our audit, a material weakness has been identified in the Company’s internal financial controls over financial reporting

in respect of the assessment of impairment in the carrying value of share application money given, wherein the Company does not have relevant internal financial controls in place, which could potentially result in recognising this financial asset at a value more than its recoverable amount and consequential understatement of loss and overstatement of other equity as at March 31, 2019.

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

#### Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance

Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2019, and the material weakness has affected our opinion on the said standalone financial statements of the Company and we have issued a qualified opinion on the standalone financial statements.

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

Place: Mumbai  
Date: May 24, 2019

**Rajesh K. Hiranandani**  
Partner  
(Membership No. 36920)

## Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date to the members of DIL Limited)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management of the Company in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered indenture and other documents, and where the title deeds have been pledged during the year and in the previous year as security for loans given to the Company, copies of the registered indenture and other documents duly acknowledged by the lenders, provided to us by the Management of the Company, we report that, the title deeds, comprising all the immovable properties of land and buildings, disclosed under ‘Property, plant and equipment’ and ‘Investment Property’ in the standalone financial statements, are held in the name of the Company as at the balance sheet date, except as described below:

(Rs. In Lakhs)

| Particulars  | As at March 31, 2019 |                 | Remarks   |
|--|----------------------|-----------------|---|
|  | Cost or deemed cost  | Carrying amount |   |
| <b>Freehold land</b><br>Located at Village Takwe (Budruk), Tal – Maval District - Pune admeasuring 21.39 Acres | 8.06                 | 8.06            | The land is held in Trust in the name of the Managing Director and one of the directors of the Company and which has been confirmed by them as at the year end. |

- (ii) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans aggregating Rs.37.00 Lakhs repayable on demand to a Company, which is an associate of the Company, covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:
- (a) The terms and conditions of the grant of such loan are, in our opinion, prima facie, not prejudicial to the interest of the Company.
- (b) The schedule of repayment of principal and payment of interest has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of the repayments or receipts of principal amounts and interest.
- (c) As stated above, the schedule of repayment of principal and payment of interest is not stipulated. The Company has, as at the year end, made an allowance to fully impair the loan and as explained to us, the Company is not taking any steps for recovery of the principal and interest.

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

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of grant of loans. The Company has not given any guarantee and has not made any investments covered under section 186 of the Companies Act, 2013, and has not granted any loan covered under section 185 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit to which the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, are applicable and hence reporting under clause 3(v) of the Order is not applicable.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Goods and Services Tax and other material statutory dues applicable to it with the appropriate authorities.



(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of Sales Tax and Service Tax on account of disputes as on March 31, 2019 are given below:

| Statute                   | Nature of Dues          | Forum where dispute is pending | Period to which the amount relates | Amount involved (Rs. In Lakhs)* | Amount paid under protest (Rs. In Lakhs) |
|---------------------------|-------------------------|--------------------------------|------------------------------------|---------------------------------|--|
| (1)                       | (2)                     | (3)                            | (4)                                | (5)                             | (6)                                      |
| The Gujarat Sales Tax Act | Sales tax and penalty   | Sales Tax Appellate Tribunal   | 1992-1994                          | 4.63                            | -  |
| Central Excise Act, 1944  | Service tax and penalty | High Court, Bombay             | 2000-2001                          | 18.75                           | 3.75                                     |

\*Net of amount paid under protest disclosed in column (6)

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

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

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

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

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

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties identified by the Management of the Company and the details of related

party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

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

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

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

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

Place: Mumbai  
Date: May 24, 2019

**Rajesh K. Hiranandani**  
Partner  
(Membership No. 36920)

# Standalone Balance Sheet as at March 31, 2019

(Rs. In Lakhs)

|   | Notes | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------|-------------------------|-------------------------|
| <b>ASSETS</b>   |       |                         |                         |
| <b>Non-current assets</b>   |       |                         |                         |
| a) Property, plant and equipment  | 3     | 1,080.51                | 1,177.82                |
| b) Investment property  | 4     | 8,177.20                | 8,409.48                |
| c) Intangible assets  | 5     | 1.36                    | 2.12                    |
| d) Investments  | 6     |                         |                         |
| i) Investments in equity instruments of subsidiaries                          |       | 10,032.20               | 10,032.20               |
| ii) Investments in associates   |       | -                       | 700.00                  |
| iii) Investments in joint ventures  |       | -                       | -                       |
| (e) Financial assets  |       |                         |                         |
| i) Investments  | 7     | 57.67                   | 7.57                    |
| ii) Share application money   | 8     | 597.00                  | 906.86                  |
| iii) Loans  | 9     | 0.32                    | 31.85                   |
| iv) Other financial assets  | 10    | 175.19                  | 222.89                  |
| f) Deferred tax assets (Net)  | 48C   | 2,297.83                | -                       |
| g) Non-current tax assets (Net)   | 11    | 328.92                  | 98.32                   |
| h) Other non-current assets   | 12    | 169.17                  | 161.53                  |
| <b>Total non-current assets</b>   |       | <b>22,917.37</b>        | <b>21,750.64</b>        |
| <b>Current assets</b>   |       |                         |                         |
| a) Financial assets   |       |                         |                         |
| i) Investments  | 13    | 114.79                  | 105.89                  |
| ii) Trade receivables   | 14    | 25.04                   | 28.20                   |
| iii) Cash and cash equivalents  | 15    | 111.46                  | 134.89                  |
| iv) Bank balances other than (iii) above                                      | 16    | 15.25                   | 22.26                   |
| v) Loans  | 17    | 30.03                   | 8.30                    |
| vi) Other financial assets  | 18    | 29.75                   | 69.19                   |
| b) Other current assets   | 19    | 79.96                   | 140.29                  |
| <b>Total current assets</b>   |       | <b>406.28</b>           | <b>509.02</b>           |
| <b>TOTAL ASSETS</b>   |       | <b>23,323.65</b>        | <b>22,259.66</b>        |
| <b>EQUITY AND LIABILITIES</b>   |       |                         |                         |
| <b>Equity</b>   |       |                         |                         |
| a) Equity share capital   | 20    | 458.64                  | 229.32                  |
| b) Other equity   | 21    | 5,525.13                | 6,242.59                |
| <b>Total equity</b>   |       | <b>5,983.77</b>         | <b>6,471.91</b>         |
| <b>Liabilities</b>  |       |                         |                         |
| <b>Non-current liabilities</b>  |       |                         |                         |
| a) Financial liabilities  |       |                         |                         |
| i) Borrowings   | 22    | 12,706.30               | 13,201.79               |
| ii) Other financial liabilities   | 23    | 353.32                  | 533.73                  |
| b) Provisions   | 24    | 189.23                  | 71.89                   |
| c) Other non-current liabilities  | 25    | 871.20                  | 171.18                  |
| <b>Total non-current liabilities</b>  |       | <b>14,120.05</b>        | <b>13,978.59</b>        |
| <b>Current liabilities</b>  |       |                         |                         |
| a) Financial liabilities  |       |                         |                         |
| i) Borrowings   | 26    | 654.93                  | 572.50                  |
| ii) Trade payables  | 27    |                         |                         |
| A) Total outstanding dues of micro and small enterprises                      |       | -                       | -                       |
| B) Total outstanding dues of creditors other than micro and small enterprises |       | 265.34                  | 179.64                  |
| iii) Other financial liabilities  | 28    | 1,680.15                | 897.54                  |
| b) Provisions   | 29    | 17.33                   | 16.48                   |
| c) Other current liabilities  | 30    | 602.08                  | 143.00                  |
| <b>Total current liabilities</b>  |       | <b>3,219.83</b>         | <b>1,809.16</b>         |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |       | <b>23,323.65</b>        | <b>22,259.66</b>        |
| See accompanying notes 1 to 51 to the standalone financial statements         |       | -                       | -                       |

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 DIL Limited**

**Sanjay Buch**  
Chairman

**Satish Varma**  
Director

**Srikant N. Sharma**  
Company Secretary

**Krishna Datla**  
Managing Director

**Vinayak Hajare**  
Director

**Sumesh Gandhi**  
Chief Financial Officer

**Rajeshwari Datla**  
Director

**Dr Gopakumar Nair**  
Additional Director

Mumbai, May 24, 2019

Thane, May 24, 2019

## Standalone Statement of Profit and Loss for the year ended March 31, 2019 (Rs. In Lakhs)

|   | Notes | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|---|-------|------------------------------|------------------------------|
| <b>Income:</b>  |       |                              |                              |
| Revenue from operations   | 31    | 1,935.41                     | 1,250.83                     |
| Other income  | 32    | 32.26                        | 37.99                        |
| <b>Total Income</b>   |       | <b>1,967.67</b>              | <b>1,288.82</b>              |
| <b>Expenses:</b>  |       |                              |                              |
| Employee benefits expense   | 33    | 567.37                       | 577.26                       |
| Depreciation and amortisation expense   | 34    | 378.53                       | 382.64                       |
| Finance costs   | 35    | 1,596.08                     | 1,063.43                     |
| Other expenses  | 36    | 1,990.59                     | 1,611.96                     |
| <b>Total expenses</b>   |       | <b>4,532.57</b>              | <b>3,635.29</b>              |
| <b>Loss before tax</b>  |       | <b>(2,564.90)</b>            | <b>(2,346.47)</b>            |
| <b>Tax expense:</b>   |       |                              |                              |
| Current tax   |       | -                            | -                            |
| Deferred tax charge/(credit)  | 48C   | (2,297.83)                   | 69.00                        |
| <b>Total tax expense</b>  |       | <b>(2,297.83)</b>            | <b>69.00</b>                 |
| <b>Loss for the year</b>  |       | <b>(267.07)</b>              | <b>(2,415.47)</b>            |
| <b>Other comprehensive income</b>   |       |                              |                              |
| <b>Items that will not be reclassified to profit or loss</b>  |       |                              |                              |
| Remeasurements of defined benefit plan  |       | (85.39)                      | (5.29)                       |
| Fair value change in investment in equity instruments measured at fair value through other comprehensive income |       | 2.57                         | 1.12                         |
| <b>Total other comprehensive income / (loss) for the year</b>   |       | <b>(82.82)</b>               | <b>(4.17)</b>                |
| <b>Total comprehensive loss for the year</b>  |       | <b>(349.89)</b>              | <b>(2,419.64)</b>            |
| <b>Earnings per equity share of Rs. 5 each (Post split &amp; post bonus)</b>                                    | 37    |                              |                              |
| Basic (in Rs.)  |       | (2.91)                       | (26.33)                      |
| Diluted (in Rs.)  |       | (2.91)                       | (26.33)                      |
| See accompanying notes 1 to 51 to the standalone financial statements   |       |                              |                              |

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 DIL Limited**

**Sanjay Buch**  
Chairman

**Krishna Datla**  
Managing Director

**Rajeshwari Datla**  
Director

**Satish Varma**  
Director

**Vinayak Hajare**  
Director

**Dr Gopakumar Nair**  
Additional Director

**Srikant N. Sharma**  
Company Secretary

**Sumesh Gandhi**  
Chief Financial Officer

Mumbai, May 24, 2019

Thane, May 24, 2019

## Standalone Cash Flow Statement for the year ended March 31, 2019

(Rs. In Lakhs)

| Particulars  | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| <b>A. Cash flows from operating activities</b>   |                              |                              |
| Loss before tax  | (2,564.90)                   | (2,346.47)                   |
| Adjustments for:   |                              |                              |
| Depreciation and amortisation expense  | 378.53                       | 382.64                       |
| (Profit)/Loss on sale of property, plant and equipment (Net)   | (4.94)                       | 5.70                         |
| Provision for impairment of non-current investment in a associate  | 863.85                       | 588.00                       |
| Loss on sale of shares of an associate   | 61.48                        | -                            |
| Net gain on fair valuation of investments through profit and loss  | (8.90)                       | (5.45)                       |
| Provision for share of loss in a joint venture in excess of cost of investment   | -                            | 13.02                        |
| Finance costs  | 1,596.08                     | 1,063.43                     |
| Interest income  | (18.30)                      | (13.10)                      |
| Dividend income  | (0.08)                       | (0.05)                       |
| Allowance for doubtful inter corporate deposit/debts and advances  | 37.00                        | 5.52                         |
| <b>Operating profit/(loss) before working capital changes</b>  | <b>339.82</b>                | <b>(306.76)</b>              |
| Movements in working capital :   |                              |                              |
| Decrease in trade receivables  | 3.16                         | 6.18                         |
| Decrease in other assets   | 68.82                        | 160.59                       |
| Increase in trade payables   | 85.68                        | 103.50                       |
| Increase/(decrease) in provisions  | 32.80                        | (17.70)                      |
| Increase in other liabilities  | 1,259.07                     | 256.39                       |
|  | <b>1,789.35</b>              | <b>202.20</b>                |
| Income taxes paid  | (230.60)                     | (69.92)                      |
| <b>Net cash generated from operations (A)</b>  | <b>1,558.75</b>              | <b>132.28</b>                |
| <b>B. Cash flows from investing activities</b>   |                              |                              |
| Payments for purchase of property, plant and equipment, investment property including capital work-in-progress and intangible assets | (45.28)                      | (452.85)                     |
| Proceeds from disposal of property, plant and equipment  | 12.23                        | 5.23                         |
| Interest received  | 11.98                        | 6.75                         |
| Purchase of investments  |                              |                              |
| In a subsidiary  | -                            | (8,292.95)                   |
| In a Joint venture   | -                            | (58.00)                      |
| Proceeds from sale of investments  |                              |                              |
| In an associate  | 37.00                        | -                            |
| Dividend received  | 0.08                         | 0.05                         |
| Bank balances not considered as cash and cash equivalents  | 7.01                         | (107.26)                     |
| <b>Net cash generated from/(used in) investing activities (B)</b>  | <b>23.02</b>                 | <b>(8,899.03)</b>            |
| <b>C. Cash flows from financing activities</b>   |                              |                              |
| Proceeds from borrowings   | 582.44                       | 14,592.50                    |
| Repayment of borrowings  | (464.72)                     | (4,744.99)                   |
| Finance costs  | (1,577.68)                   | (944.69)                     |
| Dividend paid  | (121.67)                     | (60.07)                      |
| Dividend distribution tax paid   | (23.57)                      | (11.67)                      |
| <b>Net cash (used in) / generated from financing activities (C)</b>  | <b>(1,605.20)</b>            | <b>8,831.08</b>              |

## Standalone Cash Flow Statement for the year ended March 31, 2019

(Rs. In Lakhs)

| Particulars   | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| Net increase / (decrease) in cash and cash equivalents (A)+(B)+(C)    | (23.43)                      | 64.33                        |
| Cash and cash equivalents at the beginning of the year                | 134.89                       | 70.56                        |
| Cash and cash equivalents at the end of the year                      | 111.46                       | 134.89                       |
| Components of cash and cash equivalents                               |                              |                              |
| Cash on hand  | 0.29                         | 1.65                         |
| Balances with banks in current account                                | 111.17                       | 133.24                       |
| Total cash and cash equivalents (Refer note 15)                       | 111.46                       | 134.89                       |
| See accompanying notes 1 to 51 to the standalone financial statements |                              |                              |

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 DIL Limited**

**Sanjay Buch**  
Chairman

**Krishna Datla**  
Managing Director

**Rajeshwari Datla**  
Director

**Satish Varma**  
Director

**Vinayak Hajare**  
Director

**Dr Gopakumar Nair**  
Additional Director

**Srikant N. Sharma**  
Company Secretary

**Sumesh Gandhi**  
Chief Financial Officer

Mumbai, May 24, 2019

Thane, May 24, 2019



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

### (a) Equity share capital:

(Rs. In Lakhs)

|                                      | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--------------------------------------|-------------------------|-------------------------|
| Balance at the beginning of the year | 229.32                  | 229.32                  |
| Add: Issue of Bonus shares           | 229.32                  | -                       |
| Balance at the end of the year       | 458.64                  | 229.32                  |

### (b) Other equity

(Rs. In Lakhs)

|   | Reserves and surplus |                    |                      | Items of Other<br>comprehensive income | Total      |
|---|----------------------|--------------------|----------------------|--|------------|
|   | Capital<br>reserve   | General<br>reserve | Retained<br>earnings | Equity instruments<br>through OCI      |            |
| Balance as at April 01, 2017                              | 1,140.00             | 4,171.15           | 3,413.64             | 6.44                                   | 8,731.23   |
| Loss for the year   | -                    | -                  | (2,415.47)           | -                                      | (2,415.47) |
| Other comprehensive income/(loss) for the year            | -                    | -                  | (5.29)*              | 1.12                                   | (4.17)     |
| Payment of dividend (including dividend distribution tax) | -                    | -                  | (69.00)              | -                                      | (69.00)    |
| Balance as at March 31, 2018                              | 1,140.00             | 4,171.15           | 923.88               | 7.56                                   | 6,242.59   |
| Loss for the year   | -                    | -                  | (267.07)             | -                                      | (267.07)   |
| Other comprehensive income/(loss) for the year            | -                    | -                  | (85.39)*             | 2.57                                   | (82.82)    |
| Payment of dividend (including dividend distribution tax) | -                    | -                  | (138.25)             | -                                      | (138.25)   |
| Utilised for issue of Bonus shares                        | -                    | (229.32)           | -                    | -                                      | (229.32)   |
| Balance as at March 31, 2019                              | 1,140.00             | 3,941.83           | 433.17               | 10.13                                  | 5,525.13   |

### (c) Total equity

(Rs. In Lakhs)

|                        | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|------------------------|-------------------------|-------------------------|
| Total equity [(a)+(b)] | 5,983.77                | 6,471.91                |

See accompanying notes 1 to 51 to the standalone financial statements

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 DIL Limited

Sanjay Buch  
Chairman

Krishna Datla  
Managing Director

Rajeshwari Datla  
Director

Satish Varma  
Director

Vinayak Hajare  
Director

Dr Gopakumar Nair  
Additional Director

Srikant N. Sharma  
Company Secretary

Sumesh Gandhi  
Chief Financial Officer

Mumbai, May 24, 2019

Thane, May 24, 2019

# Notes to Standalone Financial Statements for the year ended March 31, 2019

## 1. Corporate information

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

### Scheme of amalgamation

- 1A. The Board of Directors in its meeting held on June 21, 2018, have approved the scheme of amalgamation of Fermenta Biotech Limited (FBL), a subsidiary of the Company, with the Company. The 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 1st April, 2018. The above Scheme shall be effective post receipt of required approvals and accordingly, the standalone financial statements do not reflect the impact, on account of the Scheme.
- 1B. The aforesaid scheme of amalgamation, when effective, will enable the Company to utilize the funds available with FBL for purposes, including, to settle its current liabilities, which as at March 31, 2019 exceed its current assets by Rs. 2,403.77 Lakhs (other than amount aggregating Rs. 409.78 Lakhs due to FBL) as per the standalone audited financial statements of the Company and funds required for the Company for ongoing business activities. Pending the scheme becoming effective, FBL would continue to provide financial support to the Company, as and when required.

## 2. Significant accounting policies

### 2.1 Statement of Compliance

The standalone financial statements are prepared in accordance with and in compliance, in all material aspects, with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other provisions of the Act.

### 2.2 Basis of preparation and presentation

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

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

#### (a) Fair Value Measurement

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

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

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

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

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

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

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### (b) Operating cycle

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

### (c) Foreign currencies

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

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

### (d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### (e) Employee Benefits

1. Defined contribution plan: The Company contributes towards state governed provident fund scheme, employee state insurance scheme (ESIC) and superannuation scheme for eligible employees. The Company has no further payment obligations once the contributions have been paid. Hence, payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.
2. Defined benefit plan: The employees' gratuity fund scheme represents 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 the 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:
  - (1) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
  - (2) net interest expenses or income; and
  - (3) remeasurement

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

3. Short term and other long term employee benefits : A liability is recognised for benefits accruing to employees in respect of wages, salaries and bonus 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 actuarially measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### (f) Income Taxes

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

#### i) Current tax:

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

#### ii) Deferred tax:

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

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

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

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

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

#### iii) Presentation of current and deferred tax:

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

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

### (g) Revenue recognition

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

#### Rental income from investment property

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

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Rendering of services:

Revenue from services rendered is recognized pro-rata over the period of the contract in the Statement of profit and loss as the underlying services are performed. Infrastructure support services, consists of maintenance of common area in the investment property and supply of essential services. Revenue from such services is recognized in accordance with the terms of agreement entered into with individual lessees.

### Interest and dividend:

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

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

Dividend income is recognized when the Company's right to receive payment is established.

### (h) Property, plant and equipment (PPE)

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

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

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

Depreciation is recognised so as to write off the cost of assets (other than freehold land and capital work-in-progress) less their residual values on straight-line method over their useful lives as indicated in Part C of Schedule II of the Companies Act, 2013 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:

| Assets  | Estimated useful life (in years) |
|---|----------------------------------|
| Buildings   |                                  |
| - On freehold land                                    | 60                               |
| - Roads/ hardscaping works                            | 10                               |
| Leasehold improvements                                | 30                               |
| Plant and equipment                                   | 15                               |
| Computers (included in property, plant and equipment) | 3                                |
| Furniture and fixtures                                | 6                                |
| Vehicles  | 8                                |

### (i) Investment property

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



## Notes to Standalone Financial Statements for the year ended March 31, 2019

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

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

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

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

The estimated useful lives for Investment property are as follows:

| Assets              | Estimated useful life (in years) |
|---------------------|----------------------------------|
| Buildings           | 60                               |
| Plant and equipment | 15                               |

### (j) Intangible assets

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

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

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

The estimated useful lives of Intangible assets are as follows:

| Assets            | Estimated useful life (in years) |
|-------------------|----------------------------------|
| Computer Software | 3-6                              |

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

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

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

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

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

## Notes to Standalone Financial Statements for the year ended March 31, 2019

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

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

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

### (I) Financial instruments

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

#### Financial assets

##### Initial recognition and measurement:

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

##### Subsequent measurement

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

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

##### Debt instruments at amortised cost

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

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

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

##### Debt instrument at FVTOCI

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

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

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

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Debt instrument at FVTPL

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

### Equity Instruments

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

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

### Derecognition

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

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

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

### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost
- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under Ind AS 17
- d) Trade receivables or any contractual right to receive cash or another financial asset
- e) Loan commitments which are not measured as at FVTPL
- f) Financial guarantee contracts which are not measured as at FVTPL

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

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

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### **Financial liabilities and equity instruments**

#### **Classification as debts or equity:**

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

#### **Equity instruments:**

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

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

#### **Financial liabilities:**

##### **Initial recognition and measurement:**

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

##### **Subsequent measurement:**

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

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

##### **Financial liabilities at FVTPL:**

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

A financial liability is classified as held for trading if:

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

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

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

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

Fair value is determined in the manner described in notes 42.

## Notes to Standalone 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 paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### **Derecognition of financial liabilities:**

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

### **Offsetting of financial instruments**

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

### **(m) Leasing**

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

#### **The Company as lessor:**

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

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

#### **The Company as lessee:**

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

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

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



## Notes to Standalone Financial Statements for the year ended March 31, 2019

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

**(n) Investments in equity instruments of subsidiaries:**

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

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

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

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

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

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

**(p) Earnings per share**

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

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

**(q) Cash and cash equivalents**

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

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

**(r) Operating segments:**

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

**s) Cash dividends to equity holders**

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### (t) Use of estimates and Judgements

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

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

#### **Assets and obligations relating to employee benefit:**

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

#### **Tax expense: [refer note 2(f)]**

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

#### **Valuation of investment property [refer note 47]**

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

#### **Provisions and Contingencies: [refer note 2(o)]**

### (u) Recent Accounting pronouncements

#### **Standards issued but not yet effective and not early adopted by the Company.**

##### **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 Standalone 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 Company is currently evaluating the impact on account of implementation of Ind AS 116 on the standalone financial statements.

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### **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 1, 2019. The Company is evaluating the effect of the above in the standalone financial statements.

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

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

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

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

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 3 - Property, plant and equipment

(Rs. In Lakhs)

|   | Freehold land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Leasehold improvements | Total    |
|---|---------------|-----------|---------------------|------------------------|----------|------------------------|----------|
| At cost or deemed cost as at April 01, 2017 | 20.79         | 412.01    | 130.26              | 12.84                  | 110.31   | 192.77                 | 878.98   |
| Additions                                   | -             | 196.88    | 110.72              | 166.70                 | -        | -                      | 474.30   |
| Disposals                                   | -             | -         | -                   | -                      | (10.93)  | -                      | (10.93)  |
| Balance as at March 31, 2018                | 20.79         | 608.89    | 240.98              | 179.54                 | 99.38    | 192.77                 | 1,342.35 |
| Additions                                   | -             | -         | 2.13                | 16.11                  | -        | -                      | 18.24    |
| Transfer to Investment Property             | (20.79)       | -         | -                   | -                      | -        | -                      | (20.79)  |
| Disposals                                   | -             | -         | -                   | -                      | (10.33)  | -                      | (10.33)  |
| Balance as at March 31, 2019                | -             | 608.89    | 243.11              | 195.65                 | 89.05    | 192.77                 | 1,329.47 |
| Accumulated depreciation                    |               |           |                     |                        |          |                        |          |
| As at April 01, 2017                        | -             | 9.24      | 11.08               | 8.93                   | 26.37    | 9.69                   | 65.31    |
| Depreciation expense                        | -             | 12.34     | 24.12               | 28.40                  | 24.67    | 9.69                   | 99.22    |
| Eliminated on disposals of assets           | -             | -         | -                   | -                      | -        | -                      | -        |
| Balance as at March 31, 2018                | -             | 21.58     | 35.20               | 37.33                  | 51.04    | 19.38                  | 164.53   |
| Depreciation expense                        | -             | 12.50     | 23.48               | 29.61                  | 12.19    | 9.69                   | 87.47    |
| Eliminated on disposals of assets           | -             | -         | -                   | -                      | (3.04)   | -                      | (3.04)   |
| Balance as at March 31, 2019                | -             | 34.08     | 58.68               | 66.94                  | 60.19    | 29.07                  | 248.96   |
| Carrying amount                             |               |           |                     |                        |          |                        |          |
| As at March 31, 2018                        | 20.79         | 587.31    | 205.78              | 142.21                 | 48.34    | 173.39                 | 1,177.82 |
| As at March 31, 2019                        | -             | 574.81    | 184.43              | 128.71                 | 28.86    | 163.70                 | 1,080.51 |

(Refer Note 22- For details of assets pledged as security)

### Note 4 - Investment property

(Rs. In Lakhs)

|   | Freehold land | Buildings | Plant and equipment | Total    |
|---|---------------|-----------|---------------------|----------|
| At cost or deemed cost as at April 01, 2017 | -             | 6,614.08  | 2,213.13            | 8,827.21 |
| Additions                                   | -             | 117.90    | 25.64               | 143.54   |
| Disposals                                   | -             | -         | -                   | -        |
| Balance as at March 31, 2018                | -             | 6,731.98  | 2,238.77            | 8,970.75 |
| Additions                                   | -             | -         | 37.23               | 37.23    |
| Transfer from Property, plant and equipment | 20.79         | -         | -                   | 20.79    |
| Disposals                                   | -             | -         | -                   | -        |
| Balance as at March 31, 2019                | 20.79         | 6,731.98  | 2,276.00            | 9,028.77 |
| Accumulated depreciation                    |               |           |                     |          |
| As at April 01, 2017                        | -             | 135.19    | 143.44              | 278.63   |
| Depreciation expense                        | -             | 138.04    | 144.60              | 282.64   |
| Eliminated on disposals of assets           | -             | -         | -                   | -        |
| Balance as at March 31, 2018                | -             | 273.23    | 288.04              | 561.27   |
| Depreciation expense                        | -             | 138.04    | 152.26              | 290.30   |
| Eliminated on disposals of assets           | -             | -         | -                   | -        |
| Balance as at March 31, 2019                | -             | 411.27    | 440.30              | 851.57   |
| Carrying amount                             |               |           |                     |          |
| As at March 31, 2018                        | -             | 6,458.75  | 1,950.73            | 8,409.48 |
| As at March 31, 2019                        | 20.79         | 6,320.71  | 1,835.70            | 8,177.20 |

#### Notes:

Land includes Rs. 8.06 Lakhs, being cost of land held in trust by the managing director and one of the directors of the Company.

Refer Note 22- For details of assets pledged as security

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 5 - Intangible assets (other than internally generated)

(Rs. In Lakhs)

|  | Computer software | Total       |
|--|-------------------|-------------|
| <b>At cost or deemed cost as at April 01, 2017</b> | 3.78              | 3.78        |
| Additions  | -                 | -           |
| <b>Balance as at March 31, 2018</b>                | <b>3.78</b>       | <b>3.78</b> |
| Additions  | -                 | -           |
| <b>Balance as at March 31, 2019</b>                | <b>3.78</b>       | <b>3.78</b> |
| <b>Accumulated amortisation</b>                    |                   |             |
| <b>As at April 01, 2017</b>                        | 0.88              | 0.88        |
| Amortisation expense                               | 0.78              | 0.78        |
| <b>Balance as at March 31, 2018</b>                | <b>1.66</b>       | <b>1.66</b> |
| Amortisation expense                               | 0.76              | 0.76        |
| <b>Balance as at March 31, 2019</b>                | <b>2.42</b>       | <b>2.42</b> |
| <b>Carrying amount</b>                             |                   |             |
| <b>As at March 31, 2018</b>                        | <b>2.12</b>       | <b>2.12</b> |
| <b>As at March 31, 2019</b>                        | <b>1.36</b>       | <b>1.36</b> |

### Note 6 - Investments-Unquoted (Non-current)

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>i) Investments in subsidiaries- in equity instruments Unquoted (Fully paid up)<br/>(At cost less impairment in the value of investments, if any)</b> |                         |                         |
| a) Aegean Properties Limited.<br>30,000 Equity shares of Rs. 100 each (as at March 31, 2018 - 30,000)   | 30.00                   | 30.00                   |
| b) Fermenta Biotech Limited.*<br>1,65,92,536 Equity shares of Rs. 10 each (as at March 31, 2018 - 1,65,92,536)  | 10,002.20               | 10,002.20               |
| c) CC Square Films Limited<br>50,000 Equity shares of Rs. 10 each (as at March 31, 2018 - 50,000)   | 5.00                    | 5.00                    |
| Less: Impairment in the value of investment   | (5.00)                  | (5.00)                  |
|   | <b>10,032.20</b>        | <b>10,032.20</b>        |
| Aggregate amount of unquoted investments before impairment  | 10,037.20               | 10,037.20               |
| Aggregate amount of impairment in value of investments  | 5.00                    | 5.00                    |

\*During the previous year, the Company had acquired 38,30,072 equity shares (Face Value of Rs. 10 each) of Fermenta Biotech Limited, representing 21.05% of the issued and paid up equity share capital of Fermenta Biotech Limited from Evolve India Life Sciences Fund LLC for a consideration of Rs. 8,280.00 lakhs. Subsequent to the transfer of equity shares, the Company's holding in Fermenta Biotech Limited had increased to 91.20% of the total shareholding.

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>ii) Investment in associates - In equity instruments Unquoted (Fully paid up)<br/>(At cost less impairment in value of investments, if any)</b> |                         |                         |
| a) Health and Wellness India Private Limited<br>30,12,504 Equity shares of Rs. 10 each (as at March 31, 2018 - 30,12,504)                          | 475.00                  | 475.00                  |
| Less: Impairment in the value of investment  | (475.00)                | -                       |
| b) Zela Wellness Private Limited [Refer notes 49(a)]<br>1,03,234 Equity shares of Rs. 10 each as at March 31, 2018                                 | -                       | 225.00                  |
|  | <b>-</b>                | <b>700.00</b>           |
| Aggregate amount of investments before impairment  | 475.00                  | 700.00                  |
| Aggregate amount of impairment in value of investments   | 475.00                  | -                       |



## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 6 - Investments-Unquoted (Non-current)

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| iii) Investment in joint ventures In equity instruments Unquoted (Fully paid up) (At cost less impairment in value of investments, if any) |                         |                         |
| Agastya Films LLP  | -                       | 588.00                  |
| Less: Impairment in the value of investment  | -                       | (588.00)                |
|  | -                       | -                       |
| Aggregate amount of investments before impairment  | -                       | 588.00                  |
| Aggregate amount of impairment in value of investments   | -                       | 588.00                  |
|  | -                       | -                       |

Note: The list of subsidiaries, joint ventures and associates along with proportion of ownership interest held and country of incorporation are disclosed in note 47 of the consolidated financial statement.

### Note 7 - Investments (Non-current):

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>Equity instruments:</b>  |                         |                         |
| <b>Unquoted Investments (all fully paid up)</b>                     |                         |                         |
| <u>Investments in equity instruments at FVTPL</u>                   |                         |                         |
| Biodil Marsing Private Limited                                      | 5.90                    | 5.90                    |
| 59,000 Equity shares of Rs. 10 each (as at March 31, 2018 - 59,000) |                         |                         |
| Less: Impairment in the value of investment                         | (5.90)                  | (5.90)                  |
| <u>Investments in equity instruments at FVTOCI</u>                  |                         |                         |
| Zela Wellness Private Limited [Refer notes 49(a)]                   |                         |                         |
| 58,048 Equity shares of Rs. 10 each                                 | 126.52                  | -                       |
| Less: Impairment in the value of investment                         | (78.99)                 | -                       |
|   | <b>47.53</b>            | -                       |
| <b>Total aggregate unquoted Investments (A)</b>                     | <b>47.53</b>            | -                       |
| <b>Quoted Investments (all fully paid)</b>                          |                         |                         |
| <u>Investments in equity instruments at FVTOCI</u>                  |                         |                         |
| Abbott India Limited  | 10.14                   | 7.57                    |
| 139 Equity shares of Rs. 10 each (as at March 31, 2018 - 139)       |                         |                         |
| <b>Total aggregate quoted investments (B)</b>                       | <b>10.14</b>            | <b>7.57</b>             |
| <b>Total Non-current investments (A+B)</b>                          | <b>57.67</b>            | <b>7.57</b>             |
| Aggregate carrying value of unquoted investment before impairment   | 132.42                  | 5.90                    |
| Aggregate amount of impairment in value of investments              | 84.89                   | 5.90                    |
| Aggregate book value of quoted investments                          | 10.14                   | 7.57                    |
| Aggregate market value of quoted investments                        | 10.14                   | 7.57                    |

### Note 8 - Share application money

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Health and Wellness India Private Limited   | 309.86                  | 309.86                  |
| Less: Impairment in the value of investment | (309.86)                | -                       |
| Noble Explochem Limited [Refer note 49(b)]  | 597.00                  | 597.00                  |
|   | <b>597.00</b>           | <b>906.86</b>           |

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 9 - Loans (Non-current)

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Inter corporate deposit- unsecured, considered doubtful   | 37.00                   | -                       |
| Less : Allowance for doubtful inter corporate deposit   | (37.00)                 | -                       |
| Loans to employees  | 0.32                    | 31.85                   |
|   | <b>0.32</b>             | <b>31.85</b>            |
| Amount outstanding as at year end   |                         |                         |
| - Health and Wellness India Private Limited   | 37.00                   | -                       |
| Maximum amount outstanding during the year  |                         |                         |
| - Health and Wellness India Private Limited   | 37.00                   | -                       |
| This loan was granted to Health and Wellness India Private Limited for the purpose of their business. |                         |                         |

### Note 10 - Other financial assets (Non-current)

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Security deposits  | 53.19                   | 100.89                  |
| Bank deposits with remaining maturity of more than 12 months* (Refer note 16)      | 122.00                  | 122.00                  |
|  | <b>175.19</b>           | <b>222.89</b>           |
| *This includes deposits,   |                         |                         |
| - held in the form of Debt Security Reserve (DSR) with Kotak Mahindra Bank Limited | 110.00                  | 110.00                  |
| - kept for fund based bank guarantee with Union Bank of India                      | 12.00                   | 12.00                   |

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

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Advance income-tax (Net of provision for tax) | 328.92                  | 98.32                   |
|   | <b>328.92</b>           | <b>98.32</b>            |

### Note 12 - Other non-current assets

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>Advance for supply of goods and services</b> |                         |                         |
| Unsecured, considered good                      | 45.91                   | 23.07                   |
| Unsecured, considered doubtful                  | 19.01                   | 19.01                   |
|   | <b>64.92</b>            | <b>42.08</b>            |
| Less: Allowance for doubtful advances           | 19.01                   | 19.01                   |
|   | <b>45.91</b>            | <b>23.07</b>            |
| Capital Advances                                | 0.61                    | -                       |
| Prepaid expenses                                | 118.90                  | 134.71                  |
| Balances with government authorities            | 3.75                    | 3.75                    |
|   | <b>123.26</b>           | <b>138.46</b>           |
|   | <b>169.17</b>           | <b>161.53</b>           |

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 13 - Investments (Current)

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| In Mutual funds at FVTPL*                              |                         |                         |
| Unquoted investments (Units of Rs. 10 each fully paid) |                         |                         |
| Union Capital Protection Oriented Fund - Series 7      | 114.79                  | 105.89                  |
| 10,00,000 units (As at March 31, 2018 - 10,00,000)     |                         |                         |
|  | <b>114.79</b>           | <b>105.89</b>           |

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

### Note 14 - Trade receivables (Current)

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Trade receivables considered good-Unsecured     |                         |                         |
| Due by a firm in which director is a partner    | -                       | 2.24                    |
| Due by others                                   | 25.04                   | 25.96                   |
| Trade receivables considered doubtful-Unsecured | 4.34                    | 4.34                    |
| Less: Allowance for doubtful debts              | (4.34)                  | (4.34)                  |
|   | <b>25.04</b>            | <b>28.20</b>            |
| Movement of allowance for doubtful debts        |                         |                         |
| Balance at the beginning of the year            | 4.34                    | -                       |
| Addition during the year                        | -                       | 4.34                    |
| Reversal during the year                        | -                       | -                       |
| Balance at the end of the year                  | 4.34                    | 4.34                    |

### Note 15 - Cash and cash equivalents

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Balances with banks in current accounts | 111.17                  | 133.24                  |
| Cash on hand                            | 0.29                    | 1.65                    |
|   | <b>111.46</b>           | <b>134.89</b>           |

### Note 16 - Bank balances other than cash and cash equivalents

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Earmarked balances with banks   |                         |                         |
| Unpaid dividend accounts  | 15.25                   | 22.26                   |
| In deposit accounts with remaining maturity of more than 12 months * (Refer note below) | 122.00                  | 122.00                  |
|   | <b>137.25</b>           | <b>144.26</b>           |
| Amount disclosed under other non-current financial assets (Refer note 10)               | (122.00)                | (122.00)                |
|   | <b>15.25</b>            | <b>22.26</b>            |
| *This consists of deposits,   |                         |                         |
| - held in the form of Debt Security Reserve (DSR) with Kotak Mahindra Bank Limited      | 110.00                  | 110.00                  |
| - kept for fund based bank guarantee with Union Bank of India                           | 12.00                   | 12.00                   |

### Note 17 - Loans (Current)

(Rs. In Lakhs)

|                                   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-----------------------------------|-------------------------|-------------------------|
| <b>Unsecured, considered good</b> |                         |                         |
| Loans to employees                | 30.03                   | 8.30                    |
|                                   | <b>30.03</b>            | <b>8.30</b>             |

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 18 - Other financial assets (Current)

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Interest accrued but not due from banks and others                            | 18.31                   | 11.99                   |
| <b>Others</b>   |                         |                         |
| Unsecured, considered good*   | 11.44                   | 57.20                   |
| Unsecured, considered doubtful  | 1.18                    | 1.18                    |
|   | <b>12.62</b>            | <b>58.38</b>            |
| Less: Allowance for doubtful advances   | (1.18)                  | (1.18)                  |
|   | <b>11.44</b>            | <b>57.20</b>            |
|   | <b>29.75</b>            | <b>69.19</b>            |
| * previous year amount includes inter-corporate deposit given to an associate |                         |                         |
| Amount outstanding as at the year end   |                         |                         |
| - Health and Wellness India Private Limited                                   | -                       | 22.50                   |
| Maximum amount outstanding during the year                                    |                         |                         |
| - Health and Wellness India Private Limited                                   | -                       | 22.50                   |

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

### Note 19 - Other current assets

(Rs. In Lakhs)

|                                      | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--------------------------------------|-------------------------|-------------------------|
| <b>Unsecured, considered good</b>    |                         |                         |
| Prepaid expenses                     | 71.02                   | 85.58                   |
| Balances with government authorities | 4.21                    | 4.58                    |
| Gratuity Fund                        | 4.73                    | -                       |
| Others                               | -                       | 50.13                   |
|                                      | <b>79.96</b>            | <b>140.29</b>           |

### Note 20 - Equity share capital

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>Authorised share capital:</b>  |                         |                         |
| 98,40,000 Equity shares of Rs. 5/- each (as at March 31, 2018 - 49,20,000 Equity shares of Rs. 10/- each)         | 492.00                  | 492.00                  |
| 1,60,000 Unclassified shares of Rs. 5/- each (as at March 31, 2018 - 80,000 Unclassified shares of Rs. 10/- each) | 8.00                    | 8.00                    |
|   | <b>500.00</b>           | <b>500.00</b>           |
| <b>Issued, subscribed and fully paid up:</b>  |                         |                         |
| 91,72,792 Equity shares of Rs. 5/- each (as at March 31, 2018 - 22,93,198 Equity shares of Rs. 10/- each)         | 458.64                  | 229.32                  |
|   | <b>458.64</b>           | <b>229.32</b>           |

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

(Rs. In Lakhs)

| Name of the shareholder<br>Equity shares of Rs. 5/- each (as at March 31, 2018 Rs. 10/- each) fully paid, | As at March 31, 2019  |                        | As at March 31, 2018  |                        |
|---|-----------------------|------------------------|-----------------------|------------------------|
|   | No of shares in lakhs | % holding in the class | No of shares in lakhs | % holding in the class |
| DVK Investments Private Limited, the holding company  | 49.44                 | 53.91%                 | 12.36                 | 53.91%                 |
| Mr. Krishna Datla   | 7.96                  | 8.68%                  | 1.99                  | 8.68%                  |

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 20 - Equity share capital

#### b) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding Company are as below.

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| DVK Investments Private Limited  |                         |                         |
| 49,44,940 Equity shares of Rs. 5/-each fully paid (as at March 31, 2018 -12,36,235 Equity shares of Rs. 10/-each fully paid) | 247.25                  | 123.62                  |

#### c) Rights, preferences and restrictions

The Company has only one class of equity shares having a par value of Rs. 5/- per share (March 31, 2018: Rs. 10/- per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend, 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.

The Board of Directors of the Company in its meeting held on May 15, 2018 had recommended dividend at the rate 25% on equity shares having face value of Rs. 10 each for the year ended March 31, 2018. Pursuant to the split and issue of bonus shares referred in note 20(d) below, the Board of Directors at their meeting held on August 14, 2018 recommended dividend of 25% on equity shares having face value of Rs. 5 each on enhanced equity share capital which has been approved by the shareholders at their Annual General Meeting held on September 28, 2018 and paid subsequently. Refer note 46 (ii) for dividend on equity shares paid by the Company during the year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

#### d) Reconciliation of shares outstanding at the beginning and at the end of the year

|                            | As at March 31, 2019<br>Number of Shares | As at March 31, 2018<br>Number of Shares |
|----------------------------|--|--|
| Equity Shares              |  |  |
| Opening Balance            | 22,93,198                                | 22,93,198                                |
| Add: Split of Shares       | 22,93,198                                | -  |
| Add: Issue of Bonus Shares | 45,86,396                                | -  |
| <b>Closing Balance</b>     | <b>91,72,792</b>                         | <b>22,93,198</b>                         |

During the year, the Company has split the face value of equity shares of the Company from face value of Rs. 10 per share to face value of Rs. 5 per share and thereafter has also allotted bonus equity shares in the ratio of one fully paid up equity share of Rs. 5 each for every one existing fully paid up equity share of Rs. 5 each held by the members, which has been approved by the shareholders through postal ballot. The record date for implementation of above corporate events was fixed on 9th August, 2018. In view of the above, the Company's revised paid up share capital as at 31st March, 2019 is Rs. 458.64 Lakhs consisting of 91,72,792 equity shares of Rs. 5 each as against paid up share capital of Rs. 229.32/- lakhs consisting of 22,93,198 equity shares of Rs. 10/- each pertaining to previous year.

The earnings per share has been adjusted for previous year presented in accordance with Ind AS 33 "Earnings per Share" prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder. (Refer Note 37)

### Note 21- Other equity

(Rs. In Lakhs)

|   | Reserves and surplus |                 |                   | Total           |
|---|----------------------|-----------------|-------------------|-----------------|
|   | Capital reserve      | General reserve | Retained earnings |                 |
| Balance as at April 01, 2017                              | 1,140.00             | 4,171.15        | 3,413.64          | 8,731.23        |
| Loss for the year   | -                    | -               | (2,415.47)        | (2,415.47)      |
| Other comprehensive income/(loss) for the year            | -                    | -               | (5.29)*           | (4.17)          |
| Payment of dividend (including dividend distribution tax) | -                    | -               | (69.00)           | (69.00)         |
| <b>Balance as at March 31, 2018</b>                       | <b>1,140.00</b>      | <b>4,171.15</b> | <b>923.88</b>     | <b>6,242.59</b> |

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 21 - Other equity (contd.)

|   | Reserves and surplus |                 |                   | Total           |
|---|----------------------|-----------------|-------------------|-----------------|
|   | Capital reserve      | General reserve | Retained earnings |                 |
| Loss for the year   | -                    | -               | (267.07)          | (267.07)        |
| Other comprehensive income/(loss) for the year            | -                    | -               | (85.39)*          | (82.82)         |
| Payment of dividend (including dividend distribution tax) | -                    | -               | (138.25)          | (138.25)        |
| Utilised for issue of Bonus shares                        | -                    | (229.32)        | -                 | (229.32)        |
| <b>Balance as at March 31, 2019</b>                       | <b>1,140.00</b>      | <b>3,941.83</b> | <b>433.17</b>     | <b>5,525.13</b> |

\* Represents remeasurement of defined benefit plan

#### Description of nature and purpose of each reserve

**Capital reserve:** Capital reserve was created in the financial years 1995-96 and 1996-97 pursuant to sale of the Company's brands for which non compete fees were received and treated as a capital receipt.

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

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

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

### Note 22 - Borrowings: (Non-current)

(Rs. In Lakhs)

| Secured   | As at March 31, 2019 |                 | As at March 31, 2018 |               |
|---|----------------------|-----------------|----------------------|---------------|
|   | Non Current          | Current         | Non Current          | Current       |
| <b>Term loan</b>  |                      |                 |                      |               |
| <b>From banks</b>   |                      |                 |                      |               |
| For vehicles [Refer note below (a)]   | -                    | -               | -                    | 3.66          |
| <b>From others</b>  |                      |                 |                      |               |
| For business operations [Refer note below (b)]  | 3,076.46             | 680.00          | 3,736.87             | 172.00        |
| For business operations [Refer note below (c)]  | 4,671.83             | 351.06          | 4,418.64             | 324.63        |
| For business operations [Refer note below (d)]  | 4,958.01             | -               | 5,046.28             | -             |
| <b>Total</b>  | <b>12,706.30</b>     | <b>1,031.06</b> | <b>13,201.79</b>     | <b>500.29</b> |
| Amount disclosed under the head "other current financial liabilities" (Refer note 28) | -                    | (1,031.06)      | -                    | (500.29)      |
| <b>Net amount</b>   | <b>12,706.30</b>     | <b>-</b>        | <b>13,201.79</b>     | <b>-</b>      |

- Vehicle loans from banks were taken during the financial year 2010-11 to 2015-16 and carried interest ranging between @ 8.20% to 12.76% p.a. The loan was repayable in 36 / 60 monthly installments including interest. The loan was secured by hypothecation of vehicles.
- Term loan from Kotak Mahindra Investments Limited under the loan against property (LAP) scheme of Rs. 4000 lakhs at interest rate of 11.00% to 12.25% p.a. payable in 15 quarterly installments starting from March 31, 2019 and secured by way of equitable Mortgage of Ground, 14,15 and 16 floors of Thane One, land admeasuring approx. 45 acres located at Takawe, Pune (owned by DIL Limited 25 acres and balance 20 acres held in a trust by the managing director of the Company and others), and pledge of 30% equity stake of the Company in Fermenta Biotech Limited. Further, the said loan has been guaranteed by the personal guarantee of the managing director of the Company and corporate guarantee of the holding company, DVK Investment Private Limited.
- Term loan of Rs. 5500 lakhs (as at March 31, 2018 Rs. 5000 lakhs) from Bajaj Finance Limited is taken at the interest rate of 9.52% to 9.82% p.a of which Rs. 2500 lakhs is in the form of top up of discounting of lease rental on Thane One property (consisting of rentals of 1st floor to 13th floor) and balance Rs. 3000 lakhs as a term loan secured by equitable mortgage of the premises at Ceejay House owned by Aegean Properties Limited (APL), a wholly owned subsidiary of the Company. Further these loans have been guaranteed by the personal guarantee of the managing director of the Company and the corporate guarantee of the holding company, DVK Investment Private Limited.



## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 22 - Borrowings: (Non-current) (contd.)

- d) Loan by way of discounting of lease rental of Thane One Building consisting of 1st floor to 13th floor from Bajaj Finance Limited of carrying interest @ 9.05% p.a repayable after 156 months on August 15, 2030 in one installment. The said loan is secured by hypothecation of the lease agreements of Thane One (consisting of 1st floor to 13th floor). Further the loan has been guaranteed by the personal guarantee of the managing director of the Company and the corporate guarantee of the holding company, DVK Investment Private Limited.

### Note 23 - Other financial liabilities (Non-current)

(Rs. In Lakhs)

|                       | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-----------------------|-------------------------|-------------------------|
| Deposits from tenants | 353.32                  | 533.73                  |
|                       | <b>353.32</b>           | <b>533.73</b>           |

### Note 24 - Provisions (Non-current)

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>Provision for employee benefits</b> |                         |                         |
| Gratuity [Refer note 38]               | 126.34                  | 35.75                   |
| Compensated absences                   | 62.89                   | 36.14                   |
|  | <b>189.23</b>           | <b>71.89</b>            |

### Note 25 - Other non-current liabilities

(Rs. In Lakhs)

|                       | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-----------------------|-------------------------|-------------------------|
| Advance from customer | 737.79                  | -                       |
| Deferred rent         | 133.41                  | 171.18                  |
|                       | <b>871.20</b>           | <b>171.18</b>           |

### Note 26 - Borrowings (Current)

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>Unsecured</b>   |                         |                         |
| From Others [Refer note below]   |                         |                         |
| Inter corporate deposits (ICD) from DVK Investments Pvt Ltd, the holding company | 250.00                  | 200.00                  |
| Inter corporate deposits (ICD) from Allegro Corporate Finance Advisors Pvt Ltd.  | 404.93                  | 372.50                  |
|  | <b>654.93</b>           | <b>572.50</b>           |

#### Note:

ICD's from DVK Investments Pvt Ltd and Allegro Corporate Finance Advisors Pvt Ltd carrying interest at rate of 12% p.a. are repayable on demand.

### Note 27 - Trade payables

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Total outstanding dues of micro and small enterprises                      | -                       | -                       |
| Total outstanding dues of creditors other than micro and small enterprises | 164.74                  | 130.23                  |
| Payable to subsidiary companies  | 100.60                  | 49.41                   |
|  | <b>265.34</b>           | <b>179.64</b>           |

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 28 - Other financial liabilities (Current)

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Current maturities of long-term borrowings (Refer note 22) | 1,031.06                | 500.29                  |
| Deposits from tenants                                      | 296.78                  | 0.20                    |
| Liability for capital expenditure                          | 49.47                   | 89.39                   |
| Interest accrued but not due on borrowings                 | 218.88                  | 200.48                  |
| Unclaimed dividend   | 15.25                   | 22.26                   |
| Due to others  | 68.71                   | 84.92                   |
|  | <b>1,680.15</b>         | <b>897.54</b>           |

### Note 29 - Provisions (Current)

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>Provision for employee benefits</b>   |                         |                         |
| Compensated absences   | 4.31                    | 3.46                    |
|  | <b>4.31</b>             | <b>3.46</b>             |
| <b>Other provisions</b>  |                         |                         |
| Provision for share of loss in a joint venture in excess of cost of investment | 13.02                   | 13.02                   |
|  | <b>13.02</b>            | <b>13.02</b>            |
|  | <b>17.33</b>            | <b>16.48</b>            |

### Note 30 - Other current liabilities

(Rs. In Lakhs)

|                        | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|------------------------|-------------------------|-------------------------|
| Statutory dues         | 126.48                  | 50.15                   |
| Deferred rent          | 66.83                   | 59.70                   |
| Advance from customers | 408.77                  | 33.15                   |
|                        | <b>602.08</b>           | <b>143.00</b>           |

### Note 31 - Revenue from operations

(Rs. In Lakhs)

|   | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| Rent Income   | 1,566.37                     | 997.89                       |
| Amortised deferred rent                                     | 70.34                        | 38.00                        |
| Service income (Infrastructure support services to tenants) | 298.70                       | 214.94                       |
|   | <b>1,935.41</b>              | <b>1,250.83</b>              |

### Note 32 - Other income:

(Rs. In Lakhs)

|   | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| Interest income on financial assets carried at amortised cost:  |                              |                              |
| Bank deposits   | 11.21                        | 3.13                         |
| Other financial assets  | 6.50                         | 9.97                         |
| Net gain arising on financial assets measured at fair value through profit and loss                             | 8.90                         | 5.45                         |
| Dividend income on investment in equity instruments designated at fair value through other comprehensive income | 0.08                         | 0.05                         |
| Sale of scrap   | 0.04                         | 0.18                         |
| Profit on sale of property, plant and equipment   | 4.94                         | -                            |
| Miscellaneous income  | 0.59                         | 19.21                        |
|   | <b>32.26</b>                 | <b>37.99</b>                 |

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 33 - Employee benefits expense

(Rs. In Lakhs)

|   | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| Salaries and wages                        | 522.88                       | 531.29                       |
| Contribution to provident and other funds | 31.30                        | 33.05                        |
| Gratuity expense                          | 11.56                        | 3.36                         |
| Staff welfare expenses                    | 1.63                         | 9.56                         |
|   | <b>567.37</b>                | <b>577.26</b>                |

### Note 34 - Depreciation and amortization expense

(Rs. In Lakhs)

|  | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| Depreciation of property, plant and equipment (Refer note 3) | 87.47                        | 99.22                        |
| Depreciation of investment property (Refer note 4)           | 290.30                       | 282.64                       |
| Amortisation of intangible assets (Refer note 5)             | 0.76                         | 0.78                         |
|  | <b>378.53</b>                | <b>382.64</b>                |

### Note 35 - Finance costs:

(Rs. In Lakhs)

|   | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| <b>Interest on</b>  |                              |                              |
| Term loans (other than those from related parties)            | 1,452.57                     | 966.95                       |
| Loans from related parties                                    | 26.93                        | 16.18                        |
| Liabilities carried at amortised cost (Unwinding of interest) | 116.58                       | 34.87                        |
| Other charges   | -                            | 45.43                        |
|   | <b>1,596.08</b>              | <b>1,063.43</b>              |

### Note 36 - Other expenses:

(Rs. In Lakhs)

|  | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|--|---------------------------|---------------------------|
| Electricity charges/fuel   | 267.47                    | 237.90                    |
| Water charges  | 10.28                     | 8.70                      |
| Rates and taxes  | 70.11                     | 65.67                     |
| Rent   | 50.00                     | 53.20                     |
| Insurance  | 13.70                     | 12.19                     |
| Repairs and maintenance:   |                           |                           |
| Plant and machinery  | 43.78                     | 49.24                     |
| Buildings  | 19.30                     | 5.43                      |
| Others   | 170.39                    | 257.96                    |
| Advertising and sales promotion expenses   | 8.75                      | 14.81                     |
| Travelling and conveyance  | 15.72                     | 21.59                     |
| Legal and professional charges   | 117.93                    | 98.21                     |
| Payment to auditors (Refer note below)   | 19.96                     | 12.15                     |
| Net loss on foreign currency transactions  | -                         | 0.13                      |
| Communication costs  | 9.09                      | 12.45                     |
| Donation   | -                         | 3.46                      |
| Write-off of an investment in a joint venture  | -                         | 188.51                    |
| Less: Provision for impairment held  | -                         | (188.51)                  |
| Allowance for doubtful debts   | -                         | 4.34                      |
| Allowance for doubtful advances  | 37.00                     | 1.18                      |
| Provision for impairment of non-current investment in a joint venture                                | -                         | 588.00                    |
| Provision for impairment of non-current investment in associates (including share application money) | 863.85                    | -                         |

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 36 - Other expenses:

(Rs. In Lakhs)

|  | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|--|---------------------------|---------------------------|
| Provision for share of loss in a joint venture in excess of cost of investment | -                         | 13.02                     |
| Loss on sale of shares in an associate   | 61.48                     | -                         |
| Loss on sale of shares in a joint venture                                      | 588.00                    | -                         |
| Less: Provision for impairment held  | (588.00)                  | -                         |
| Printing and stationery  | 6.99                      | 7.21                      |
| Staff recruitment expenses   | 0.35                      | 0.35                      |
| Net loss on sale of property, plant and equipment                              | -                         | 5.70                      |
| Initial cost for operating leases  | 52.28                     | 38.43                     |
| Miscellaneous expenses   | 152.26                    | 100.64                    |
|  | <b>1,990.59</b>           | <b>1,611.96</b>           |

(Rs. In Lakhs)

|   | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---------------------------|---------------------------|
| <b>Payment to auditors (excluding statutory levy)</b> |                           |                           |
| For audit   | 8.00                      | 8.00                      |
| For limited reviews                                   | 6.00                      | 4.00                      |
| For other services                                    | 5.25                      | 0.15                      |
| Reimbursement of expenses                             | 0.71                      | -                         |
|   | <b>19.96</b>              | <b>12.15</b>              |

### Note 37 - Earnings per share (EPS):

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

|   | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---------------------------|---------------------------|
| Loss for the year used for computation of basic and diluted earnings per share (Rs. in Lakhs)         | (267.07)                  | (2,415.47)                |
| Weighted average number of equity shares used in calculating basic and diluted EPS [Refer note 20(d)] | 91,72,792                 | 91,72,792                 |
| Basic earnings per equity share [nominal value of share Rs. 5]  | (2.91)                    | (26.33)                   |
| Diluted earnings per equity share [nominal value of share Rs. 5]                                      | (2.91)                    | (26.33)                   |

### Note: 38 - Employee benefits

The Company operates following employee benefit plans

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

(Rs. In Lakhs)

|   | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---------------------------|---------------------------|
| <b>I Defined contribution plan</b>  |                           |                           |
| The Company operates defined contribution retirement benefit plans for all qualifying employees of the Company. The contribution to defined contribution plan recognised as expenses in the Standalone statement of profit and loss for the year is as under (Refer note 33). |                           |                           |
| Employer's contribution to provident fund   | 30.61                     | 31.21                     |
| Employer's contribution to ESIC and Employees Deposit Linked Insurance (EDLI)   | 0.68                      | 1.83                      |
| Employer's contribution to labour welfare fund  | 0.01                      | 0.01                      |

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note: 38 - Employee benefits (contd.)

#### II) Defined benefit plan

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

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

#### (a) Movements in the present value of the defined benefit obligation are as follows: (Rs. In Lakhs)

|  | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| Opening defined benefit obligation   | 79.30                        | 94.38                        |
| Interest cost  | 6.15                         | 3.45                         |
| Current service cost   | 8.95                         | 4.73                         |
| Past service cost  | -                            | 1.96                         |
| Benefits paid  | (1.83)                       | (27.64)                      |
| Actuarial (Gain)/Loss on obligations- due to changes in financial assumptions  | 59.50                        | (10.64)                      |
| Actuarial (Gain)/Loss on obligations- due to change in demographic assumptions | (0.03)                       | -                            |
| Actuarial (Gain)/Loss on obligations- due to changes in experience adjustment  | 25.23                        | 13.06                        |
| Closing defined benefit obligation   | 177.27                       | 79.30                        |

#### (b) Movements in the fair value of the plan assets are as follows: (Rs. In Lakhs)

|  | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| Opening fair value of plan assets  | 43.55                        | 61.50                        |
| Employer's contributions   | 6.36                         | 5.79                         |
| Interest income  | 3.54                         | 3.70                         |
| Remeasurement (gains)/losses:  |                              |                              |
| Return on plan assets (excluding amounts included in net interest expense) | (0.69)                       | 0.20                         |
| Benefit paid   | (1.83)                       | (27.64)                      |
| Closing fair value of plan assets  | 50.93                        | 43.55                        |

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

The amount included in the standalone financial statements arising from the Company's obligation in respect of its defined benefit obligation plan is as follows: (Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Fair value of plan assets                              | 50.93                   | 43.55                   |
| Present value of defined benefit obligation            | 177.27                  | 79.30                   |
| Liabilities recognized in the Standalone balance sheet | (126.34)                | (35.75)                 |

#### (d) The amount recognised in Standalone statement of profit and loss in respect of defined benefit plan is as follows:

|   | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| Current service cost  | 8.95                         | 4.73                         |
| Past service cost   | -                            | 1.96                         |
| Net interest cost   | 2.61                         | (3.33)                       |
| Components of defined benefit costs recognised in Standalone statement of profit and loss | 11.56                        | 3.36                         |

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note: 38 - Employee benefits (contd.)

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

(Rs. In Lakhs)

|  | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| Return on plan assets (excluding amounts included in net interest expense)                 | (0.69)                       | 0.20                         |
| Actuarial gains/(losses) arising from changes in other assumptions                         | 0.03                         | -                            |
| Actuarial gains/(losses) arising from changes in financial assumptions                     | (59.50)                      | 10.64                        |
| Actuarial gains/(losses) arising from changes in experience adjustments                    | (25.23)                      | (16.13)                      |
| <b>Components of defined benefit costs recognised in other comprehensive income/(loss)</b> | <b>(85.39)</b>               | <b>(5.29)</b>                |

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

|  | As at<br>March 31, 2019                     | As at<br>March 31, 2018 |
|--|---|-------------------------|
| Discount rate (per annum)                          | 7.75%                                       | 7.85%                   |
| Salary escalation rate (per annum)                 | 10.00%                                      | 7.00%                   |
| Expected rate of return on plan assets (per annum) | 7.50%                                       | 7.50%                   |
| Mortality rate during employment (per annum)       | Indian Assured lives<br>Mortality (2006-08) |                         |
| Withdrawal rate                                    | 1% per annum                                | 1% per annum            |
| Retirement age                                     | 58 years                                    | 58 years                |

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

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

The expected contributions for defined benefit plan for the next financial year is Rs. 5.00 Lakhs (March 31, 2018: Rs. 5.00 Lakhs)

- (g) Maturity analysis of projected benefit obligation

(Rs. In Lakhs)

|   | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| Expected benefits for Year 1            | 2.34                         | 20.02                        |
| Expected benefits for Year 2            | 2.54                         | 1.81                         |
| Expected benefits for Year 3            | 19.86                        | 1.90                         |
| Expected benefits for Year 4            | 2.10                         | 15.76                        |
| Expected benefits for Year 5            | 3.12                         | 1.33                         |
| Expected benefits for Year 6            | 23.77                        | 1.77                         |
| Expected benefits for Year 7            | 3.25                         | 18.37                        |
| Expected benefits for Year 8            | 4.89                         | 2.54                         |
| Expected benefits for Year 9            | 2.87                         | 3.05                         |
| Expected benefits for Year 10 and above | 536.05                       | 201.28                       |

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

|                       | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-----------------------|-------------------------|-------------------------|
| Insurer managed funds | 100%                    | 100%                    |

- (i) Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and employee turnover. The sensitivity analysis below, have been determined based on reasonably possible changes of



## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 38 - Employee benefits (contd.)

the assumptions occurring at end of the reporting period, while holding all other assumptions constant. The result of sensitivity analysis is given below:

(Rs. In Lakhs)

|                                  | For the year ended<br>March 31, 2019<br>(Decrease)/increase in DBO* | For the year ended<br>March 31, 2018<br>(Decrease)/increase in DBO* |
|----------------------------------|---|---|
| Discount rate (- 0.50%)          | 7.26%   | 6.42%   |
| Discount rate (+ 0.50%)          | -6.65%  | -5.89%  |
| Salary escalation rate (- 0.50%) | -6.55%  | -5.97%  |
| Salary escalation rate (+ 0.50%) | 7.07%   | 6.44%   |

\*DBO: Defined benefit obligation

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

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

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

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

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

### III) Other long term benefit plan

Actuarial valuation for compensated absences is done as at the year end and the provision is made as per Company rules with corresponding charge to the statement of profit and loss amounting to Rs. 28.56 Lakhs (March 31, 2018: Rs. 1.98 Lakhs) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Obligation in respect of defined benefit plan and other long term employee benefit plans are actuarially determined at the year end using the "Projected unit credit model". Gains and losses on changes in actuarial assumptions 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 standalone statement of profit and loss.

### Note 39 - Leases:

#### 1) Assets taken on operating lease

The Company has entered into arrangements for taking on leave and license basis certain residential and office premises. These agreements are cancellable and are renewable by mutual consent and on mutually agreeable terms.

(Rs. In Lakhs)

| Particulars   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| a) Lease payments recognised in the Standalone statement of profit and loss for the year                              | 50.00                   | 53.20                   |
| b) Future minimum lease payments under non cancellable leases in the aggregate and for each of the following periods: |                         |                         |
| i) Not later than one year  | -                       | 41.14                   |
| ii) Later than one year and not later than five years   | -                       | 35.75                   |

#### 2) Assets given on operating lease

The Company has entered into operating lease agreement for sublease of property in Worli, Mumbai with original lease period expiring on December 31, 2022.

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 39 - Leases (contd.)

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

(Rs. In Lakhs)

| Particulars   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| a) Rent income recognised in the Standalone statement of profit and loss for the year<br>[Includes rentals on sub-lease of Rs. 192.01 lakhs (March 31, 2018 Rs. 46.79 lakhs)] | 1,566.37                | 997.89                  |
| b) Future minimum lease income under the non-cancellable leases in the aggregate<br>and for each of the following periods:  |                         |                         |
| i) Not later than one year  | 1,248.74                | 1,409.73                |
| ii) Later than one year and not later than five years   | 541.20                  | 1,696.48                |
| iii) More than five years   | -                       | -                       |

### Note 40 - Segment reporting

For management purposes, the Company has only one reportable segment namely, renting of properties. The Managing Director of the Company acts as the Chief Operating Decision Maker ("CODM"). The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators.

### Note 41- Related party disclosures as per Ind AS 24

#### A) Names of the related parties and related party relationships

| Particulars  | Country of<br>Incorporation | Proportion of ownership interest |                         |
|--|-----------------------------|----------------------------------|-------------------------|
|  |                             | As at<br>March 31, 2019          | As at<br>March 31, 2018 |
| a) Names of the related parties where control exists and<br>description of relationships |                             |                                  |                         |
| <b>Holding Company:</b>  |                             |                                  |                         |
| DVK Investments Private Limited.   | India                       |                                  |                         |
| <b>Subsidiaries:</b>   |                             |                                  |                         |
| Aegean Properties Limited  | India                       | 100%                             | 100%                    |
| CC Square Films Limited  | India                       | 100%                             | 100%                    |
| Fermenta Biotech Limited   | India                       | 93.72%                           | 93.72%                  |
| Fermenta Biotech (UK) Limited  | United Kingdom              | 93.72%                           | 93.72%                  |
| G.I. Biotech Pvt Limited   | India                       | 58.58%                           | 58.58%                  |

#### b) Names of the related parties where there are transactions and description of relationships

| Key Management Personnel  | Designation             |
|---|-------------------------|
| Mr. Krishna Datla (also a person controlling the holding company) | Managing Director       |
| Mr. Satish Varma  | Non-executive director  |
| Ms. Rajeshwari Datla (also relative of the Managing Director)     | Non-executive director  |
| Mr. Sanjay Buch   | Non-executive director  |
| Mr. Vinayak Hajare  | Non-executive director  |
| Mr. Sumesh Gandhi   | Chief Financial Officer |
| Mr. Srikant N. Sharma   | Company Secretary       |

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 41- Related party disclosures as per Ind AS 24

c) **Joint Ventures**

Agastya Films LLP [up to December 31, 2018]

d) **Associates**

Health and Wellness India Private Limited

Zela Wellness Private Limited [up to November 29, 2018]

e) **Enterprise under significant influence of key management personnel (KMP) or their relatives:**

Magnolia FNB Private Limited

B) **Related party transactions:**

(Rs. In Lakhs)

| Sr. No. | Particulars   | Holding company | Subsidiaries | Joint ventures / associates | Key management personnel* | Enterprise significantly influenced by KMP or their relatives. |
|---------|---|-----------------|--------------|-----------------------------|---------------------------|--|
| 1       | <b>Loans taken</b>  |                 |              |                             |                           |  |
|         | DVK Investments Private Limited.  | 50.00           | -            | -                           | -                         | -  |
|         |   | (200.00)        | (-)          | (-)                         | (-)                       | (-)  |
| 2       | <b>Remuneration*</b>  |                 |              |                             |                           |  |
|         | Mr. Krishna Datla   | -               | -            | -                           | 161.18                    | -  |
|         |   | (-)             | (-)          | (-)                         | (92.18)                   | (-)  |
|         | Mr. Sumesh Gandhi   | -               | -            | -                           | 77.71                     | -  |
|         |   | (-)             | (-)          | (-)                         | (55.61)                   | (-)  |
|         | Mr. Srikant N Sharma  | -               | -            | -                           | 48.81                     | -  |
|         |   | (-)             | (-)          | (-)                         | (49.64)                   | (-)  |
| 3       | <b>Provision for doubtful advance/trade receivable</b>                                |                 |              |                             |                           |  |
|         | CC Square Films Limited.  | -               | -            | -                           | -                         | -  |
|         |   | (-)             | (5.52)       | (-)                         | (-)                       | (-)  |
|         | Health and Wellness India Private Limited   | -               | -            | 37.00                       | -                         | -  |
|         |   | (-)             | (-)          | (-)                         | (-)                       | (-)  |
| 4       | <b>Provision for impairment in investment in a joint venture</b>                      |                 |              |                             |                           |  |
|         | Agastya Films LLP   | -               | -            | -                           | -                         | -  |
|         |   | (-)             | (-)          | (588.00)                    | (-)                       | (-)  |
| 5       | <b>Provision for impairment in the value of investments in associate</b>              |                 |              |                             |                           |  |
|         | Health and Wellness India Private Limited (including share application money)         | -               | -            | 784.86                      | -                         | -  |
|         |   | (-)             | (-)          | (-)                         | (-)                       | (-)  |
|         | Zela Wellness Private Limited   | -               | -            | 78.99                       | -                         | -  |
|         |   | (-)             | (-)          | (-)                         | (-)                       | (-)  |
| 6       | <b>Provision for share of loss in a joint venture in excess of cost of investment</b> |                 |              |                             |                           |  |
|         | Agastya Films LLP   | -               | -            | -                           | -                         | -  |
|         |   | (-)             | (-)          | (13.02)                     | (-)                       | (-)  |
| 7       | <b>Directors sitting fees</b>   |                 |              |                             |                           |  |
|         | Ms. Rajeshwari Datla  | -               | -            | -                           | 3.30                      | -  |
|         |   | (-)             | (-)          | (-)                         | (1.90)                    | (-)  |
|         | Mr. Satish Varma  | -               | -            | -                           | 3.60                      | -  |
|         |   | (-)             | (-)          | (-)                         | (2.00)                    | (-)  |

## Notes to Standalone Financial Statements for the year ended March 31, 2019

Note 41 - Related party disclosures as per Ind AS 24 (contd.)

(Rs. In Lakhs)

| Sr. No.   | Particulars                          | Holding company | Subsidiaries | Joint ventures / associates | Key management personnel* | Enterprise significantly influenced by KMP or their relatives. |
|-----------|--------------------------------------|-----------------|--------------|-----------------------------|---------------------------|--|
|           | Mr. Sanjay Buch                      | -               | -            | -                           | 3.90                      | -  |
|           |                                      | (-)             | (-)          | (-)                         | (2.20)                    | (-)  |
|           | Mr. Vinayak Hajare                   | -               | -            | -                           | 4.10                      | -  |
|           |                                      | (-)             | (-)          | (-)                         | (2.30)                    | (-)  |
| <b>8</b>  | <b>Rent and service income</b>       |                 |              |                             |                           |  |
|           | Aegean Properties Limited.           | -               | 0.30         | -                           | -                         | -  |
|           |                                      | (-)             | (0.30)       | (-)                         | (-)                       | (-)  |
|           | DVK Investments Private Limited.     | 0.30            | -            | -                           | -                         | -  |
|           |                                      | (0.30)          | (-)          | (-)                         | (-)                       | (-)  |
|           | Fermenta Biotech Limited             | -               | 387.84       | -                           | -                         | -  |
|           |                                      | (-)             | (154.94)     | (-)                         | (-)                       | (-)  |
|           | CC Square Films Limited.             | -               | -            | -                           | -                         | -  |
|           |                                      | (-)             | (0.15)       | (-)                         | (-)                       | (-)  |
|           | Agastya Films LLP                    | -               | 0.23         | -                           | -                         | -  |
|           |                                      | (-)             | (0.30)       | (-)                         | (-)                       | (-)  |
|           | Magnolia FNB Private Limited.        | -               | -            | -                           | -                         | 0.30   |
|           |                                      | (-)             | (-)          | (-)                         | (-)                       | (0.30)   |
| <b>9</b>  | <b>Rent paid</b>                     |                 |              |                             |                           |  |
|           | Aegean Properties Limited.           | -               | 18.00        | -                           | -                         | -  |
|           |                                      | (-)             | (18.00)      | (-)                         | (-)                       | (-)  |
| <b>10</b> | <b>Repairs service expenses</b>      | -               | 6.88         | -                           | -                         | -  |
|           | Fermenta Biotech Limited.            | (-)             | (5.50)       | (-)                         | (-)                       | (-)  |
| <b>11</b> | <b>Other reimbursements paid</b>     |                 |              |                             |                           |  |
|           | Fermenta Biotech Limited.            | -               | 9.04         | -                           | -                         | -  |
|           |                                      | (-)             | (6.74)       | (-)                         | (-)                       | (-)  |
|           | Aegean Properties Limited.           | -               | 16.62        | -                           | -                         | -  |
|           |                                      | (-)             | (16.63)      | (-)                         | (-)                       | (-)  |
| <b>12</b> | <b>Other reimbursements received</b> |                 |              |                             |                           |  |
|           | Fermenta Biotech Limited.            | -               | 6.87         | -                           | -                         | -  |
|           |                                      | (-)             | (14.45)      | (-)                         | (-)                       | (-)  |
|           | CC Square Films Limited.             | -               | -            | -                           | -                         | -  |
|           |                                      | (-)             | (0.09)       | (-)                         | (-)                       | (-)  |
| <b>13</b> | <b>Deposit received</b>              | -               | -            | -                           | -                         | -  |
|           | Fermenta Biotech Limited.            | (-)             | (153.12)     | (-)                         | (-)                       | (-)  |
| <b>14</b> | <b>Advance rent received</b>         | -               | 1,102.29     | -                           | -                         | -  |
|           | Fermenta Biotech Limited.            | (-)             | (-)          | (-)                         | (-)                       | (-)  |
| <b>15</b> | <b>Interest on loan</b>              |                 |              |                             |                           |  |
|           | DVK Investments Private Limited.     | 26.92           | -            | -                           | -                         | -  |
|           |                                      | (16.18)         | (-)          | (-)                         | (-)                       | (-)  |
| <b>16</b> | <b>Capital contribution</b>          |                 |              |                             |                           |  |
|           | Agastya Films LLP                    | -               | -            | -                           | -                         | -  |
|           |                                      | (-)             | (-)          | (326.00)                    | (-)                       | (-)  |

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

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

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 41 - Related party disclosures as per Ind AS 24

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

(Rs. In Lakhs)

| Particulars  | Category of related party | March 31, 2019 | March 31, 2018 |
|--|---------------------------|----------------|----------------|
| <b>a. Rent and reimbursement Payable</b>   |                           |                |                |
| Aegean Properties Limited.   | Subsidiary                | 68.49          | 42.14          |
| Fermenta Biotech Limited.  | Subsidiary                | 32.12          | 7.38           |
| <b>b. Rent and reimbursement receivables</b>   |                           |                |                |
| Fermenta Biotech Limited.  | Subsidiary                | 5.06           | 6.76           |
| CC Square Films Limited  | Subsidiary                | 5.57           | 5.52           |
| Aegean Properties Limited.   | Subsidiary                | 1.70           | 0.43           |
| <b>c. Loans and advances</b>   |                           |                |                |
| ICD given-Health and Wellness India Private Limited                                      | Associate                 | 37.00          | 22.50          |
| <b>d. Provision for doubtful debts/advances</b>  |                           |                |                |
| Health and Wellness India Private Limited  | Associate                 | 37.00          | -              |
| CC Square Films Limited  | Subsidiary                | 5.52           | 5.52           |
| <b>e. Provision for diminution in value of investments</b>                               |                           |                |                |
| Zela Wellness Private Limited  | Associate                 | 78.99          | -              |
| Health and Wellness India Private Limited (including share application money)            | Associate                 | 784.86         | -              |
| Agastya Films LLP  | Joint Venture             | -              | 588.00         |
| CC Square Films Limited  | Subsidiary                | 5.00           | 5.00           |
| <b>f. Provision for share of loss in a joint venture in excess of cost of investment</b> |                           |                |                |
| Agastya Films LLP  | Joint Venture             | 13.02          | 13.02          |
| <b>g. Loans to Key management personnel</b>  |                           |                |                |
| Mr. Srikant N Sharma   | Company Secretary         | 1.60           | 4.80           |
| <b>h. Loans taken</b>  |                           |                |                |
| DVK Investments Private Limited.   | Holding company           | 250.00         | 200.00         |
| <b>i. Other liabilities (Advance rent received)</b>                                      |                           |                |                |
| Fermenta Biotech Limited.  | Subsidiary                | 1102.29        | -              |
| <b>j. Other financial liabilities</b>  |                           |                |                |
| Fermenta Biotech Limited.  | Subsidiary                | 168.13         | 168.13         |
| <b>k. Interest accrued payable</b>   |                           |                |                |
| DVK Investments Private Limited.   | Holding company           | 38.79          | 16.18          |
| <b>l. Remuneration Payable to Key management personnel</b>                               |                           |                |                |
| Mr. Srikant N Sharma   | Company Secretary         | 10.98          | 9.72           |

### Note 42 (a) - Categories of the financial instruments

(Rs. In Lakhs)

|  | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| <b>Financial assets</b>  |                      |                      |
| Financial assets measured at fair value through Other comprehensive Income |                      |                      |
| Investments  |                      |                      |
| Investments in equity instruments -quoted                                  | 10.14                | 7.57                 |
| Investments in equity instruments -unquoted                                | 47.53                | -                    |
| Financial assets measured at fair value through profit or loss             |                      |                      |
| Investments in mutual funds - unquoted                                     | 114.79               | 105.89               |

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 42 (a) - Categories of the financial instruments (contd.)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Financial assets measured at amortised cost      |                         |                         |
| (i) Trade receivables                            | 25.04                   | 28.20                   |
| (ii) Cash and cash equivalents                   | 111.46                  | 134.89                  |
| (iii) Bank balances other than (ii) above        | 15.25                   | 22.26                   |
| (iv) Share application money                     | 597.00                  | 906.86                  |
| (v) Loans  | 30.35                   | 40.15                   |
| (vi) Other financial assets                      | 204.94                  | 292.08                  |
| <b>Total financial assets</b>                    | <b>1,156.50</b>         | <b>1,537.90</b>         |
| Financial liabilities measured at amortised cost |                         |                         |
| (i) Borrowings                                   | 14,392.29               | 14,274.58               |
| (ii) Trade payables                              | 265.34                  | 179.64                  |
| (iii) Other financial liabilities                | 1,002.41                | 930.98                  |
| <b>Total financial liabilities</b>               | <b>15,660.04</b>        | <b>15,385.20</b>        |

### Note 42(b) - Reconciliation of Level 3 fair value measurements:

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Opening balance  | -                       | -                       |
| Transferred during the year  | 47.53                   | -                       |
| Total gains or losses<br>recognised through other comprehensive income | -                       | -                       |
| <b>Closing balance</b>   | <b>47.53</b>            | <b>-</b>                |

### Note 43 - Fair Value

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

(Rs. In Lakhs)

|   | Carrying value          |                         | Fair value              |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| <b>Financial assets</b>                 |                         |                         |                         |                         |
| (i) Loans                               | 30.35                   | 40.15                   | 30.35                   | 40.15                   |
| (ii) Share application money            | 597.00                  | 906.86                  | 597.00                  | 906.86                  |
| (iii) Others financial assets           | 204.94                  | 292.08                  | 204.94                  | 292.08                  |
| (iv) Trade receivables                  | 25.04                   | 28.20                   | 25.04                   | 28.20                   |
| (v) Cash and cash equivalents           | 111.46                  | 134.89                  | 111.46                  | 134.89                  |
| (vi) Bank balances other than (v) above | 15.25                   | 22.26                   | 15.25                   | 22.26                   |
| <b>Total assets</b>                     | <b>984.04</b>           | <b>1,424.44</b>         | <b>984.04</b>           | <b>1,424.44</b>         |
| <b>Financial liabilities</b>            |                         |                         |                         |                         |
| (i) Borrowings                          | 14,392.29               | 14,274.58               | 14,392.29               | 14,274.58               |
| (ii) Trade payables                     | 265.34                  | 179.64                  | 265.34                  | 179.64                  |
| (iii) Other financial liabilities       | 1,002.41                | 930.98                  | 1,002.41                | 930.98                  |
| <b>Total liabilities</b>                | <b>15,660.04</b>        | <b>15,385.20</b>        | <b>15,660.04</b>        | <b>15,385.20</b>        |

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

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



## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 44 - Fair value hierarchy

|   | As at March 31, 2019 |                      | As at March 31, 2018 |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | Fair Value           | Fair value hierarchy | Fair Value           | Fair value hierarchy |
| <b>Financial assets measured at fair value through other comprehensive income</b> |                      |                      |                      |                      |
| Investments in equity shares-quoted   | 10.14                | Level 1              | 7.57                 | Level 1              |
| Investments in equity shares-unquoted   | 47.53                | Level 3              | -                    | -                    |
| <b>Financial assets measured at fair value through profit or (loss)</b>           |                      |                      |                      |                      |
| Investments in mutual funds   | 114.79               | Level 1              | 105.89               | Level 1              |

### Note 45 - Financial risk management objectives and policies

The Company is exposed to market risk, credit risk and liquidity risk. The Company's financial risk management is an integral part of how to plan and execute its business strategies. This note explains the sources of risk to which the Company is exposed to and how to mitigate those risks.

#### a) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise two types of risks: interest rate risk and other price risks, such as equity price risk. Financial instruments are affected by market risk include loans and borrowings and investments in securities.

##### i) Equity price risk

The Company's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Company's Board of Directors reviews and approves all equity investments.

As at March 31, 2019, the Company had exposure to equity securities measured at fair value. The changes in fair values of the equity investments were strongly positively co-related with changes in market index. As at March 31, 2019, the Company did not have material investments in / exposure to quoted or unquoted securities.

##### ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows

(Rs. In Lakhs)

| Year ended     | (+)Increase/(-) decrease in basis points | Effect on loss decrease / (increase) |
|----------------|--|--------------------------------------|
| March 31, 2018 | +0.50                                    | (71.37)                              |
|                | -0.50                                    | 71.37                                |
| March 31, 2019 | +0.50                                    | (71.96)                              |
|                | -0.50                                    | 71.96                                |

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

#### b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments. The credit risk is mitigated through credit approvals establishing credit limits and continuous monitoring of credit worthiness of the counter party.

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 45 - Financial risk management objectives and policies (contd.)

#### i) Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on rating an extensive credit scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

#### ii) Financial instruments and cash deposits

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

#### c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to settle or meet its obligations as they fall due. The company's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and investment in liquid mutual funds to meet the Company's operating requirements with an appropriate level of headroom. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

#### 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.

(Amount Rs in Lakhs)

| As at March 31, 2019        | Amount           | Less than 1 year | 1 to 5 years    | More than 5 years |
|-----------------------------|------------------|------------------|-----------------|-------------------|
| Borrowings                  | 14,392.29        | 1,685.99         | 5,475.59        | 7,230.70          |
| Other financial liabilities | 1,002.41         | 649.09           | 353.32          | -                 |
| Trade payables              | 265.34           | 265.34           | -               | -                 |
| <b>Total</b>                | <b>15,660.04</b> | <b>2,600.42</b>  | <b>5,828.91</b> | <b>7,230.70</b>   |

| As at March 31, 2018        | Amount           | Less than 1 year | 1 to 5 years    | More than 5 years |
|-----------------------------|------------------|------------------|-----------------|-------------------|
| Borrowings                  | 14,274.58        | 1,072.79         | 5,913.60        | 7,288.19          |
| Other financial liabilities | 930.98           | 397.25           | 533.73          | -                 |
| Trade payables              | 179.64           | 179.64           | -               | -                 |
| <b>Total</b>                | <b>15,385.20</b> | <b>1,649.68</b>  | <b>6,447.33</b> | <b>7,288.19</b>   |

### Note 46 - Capital management

The Company's capital management objectives are:

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

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

#### (i) The gearing ratio at the end of the year was as follows:

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Debts (Long term and short term borrowings including current maturities of long term borrowings) | 14,392.29               | 14,274.58               |
| Less: Cash and cash equivalents (Refer note 15)  | 111.46                  | 134.89                  |
| <b>Net debt</b>  | <b>14,280.83</b>        | <b>14,139.69</b>        |
| <b>Total equity</b>  | <b>5,983.77</b>         | <b>6,471.91</b>         |
| <b>Net debt to equity ratio</b>  | <b>2.39</b>             | <b>2.18</b>             |

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 46 - Capital management (contd.)

#### (ii) Dividend on equity shares paid during the year

(Rs. In Lakhs)

|   | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| <b>Dividend on equity shares</b>  |                              |                              |
| Dividend for the year ended March 31, 2018 of Rs. 1.25 per share on 91,72,792 equity shares of Rs. 5.00 each, fully paid up (March 31, 2017: Rs. 2.50 per share on 22,93,198 equity shares of Rs. 10.00 each, fully paid up) [Refer note 20(d)] | 114.68                       | 57.33                        |
| Dividend distribution tax on above  | 23.57                        | 11.67                        |

#### Dividends not recognised at the end of the reporting period

The Board of Directors of the Company at its meeting held on May 24, 2019 have recommended dividend of Rs. 1.25 per share on 91,72,792 equity shares having face value of Rs. 5.00 each, fully paid up for the year ended March 31, 2019. The same aggregates to Rs. 138.25 Lakhs which would include dividend distribution tax.

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

### Note 47 - Investment properties

The Company's investment properties consist of Thane One Building and freehold land located at Majiwade Thane. Out of the 16 floors, ground to 15 floors have been considered as Investment property by the Management. In addition to Thane One building and freehold land at Thane, the Company has freehold land at Takawe area.

#### Criteria used for classification of property as investment property

The Company has considered the following for classification of property as investment property:

- Investment property comprises building and other assets required to provide ancillary services to the occupants of the investment property.
- The properties that are not occupied by the Company for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment property.

The Company has a building which is primarily meant for renting is classified as an investment property, except for the part of that building which is used for administrative purposes, and hence classified as owner-occupied property. The Company has apportioned the cost of the property between investment property and owner-occupied property in the ratio of area used, respectively, as a percentage of total area.

#### Estimation of fair value

The fair value of the Investment Property has been determined as Rs. 42,508.90 Lakhs. The fair value has been determined by an external, independent property valuer, having appropriate professional qualification and recent experience in the location and category of the property being valued. The Company obtains independent valuation for its investment property annually and fair value measurement has been categorised as Level 3. The fair value has been arrived at by using comparable market rate approach. The main inputs used are quantum, area, location, demand, restrictive entry to the complex, age of building and trend of fair market rent in village Majiwada area and Takawe area.

Amount recognised in Standalone statement of profit and loss

(Rs. In Lakhs)

| Particulars  | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| Income from investment properties  | 1,743.40                     | 1,250.83                     |
| Less: Direct operating expenses (including repairs and maintenance) generating income from investment properties | 866.33                       | 1,068.34                     |
| Income arising from investment properties  | 877.07                       | 182.49                       |
| Less: Depreciation   | (290.30)                     | (282.64)                     |
| Income/(loss) arising from investment properties after depreciation  | 586.77                       | (100.15)                     |

Refer note 39 for operating lease arrangements and total future minimum lease rentals receivable

Refer note 22 for the existence of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 48 - Income tax

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

(Rs. In Lakhs)

| Particulars   | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| <b>Tax expense</b>  |                              |                              |
| <b>Current tax</b>  |                              |                              |
| Deferred tax charge/(credit)  | (2,297.83)                   | 69.00                        |
| <b>Income tax expense recognised in Standalone Statement of profit and loss</b> | <b>(2,297.83)</b>            | <b>69.00</b>                 |
| Tax expense recognised in other comprehensive income                            | -                            | -                            |
| <b>Total Tax expense</b>  | <b>(2,297.83)</b>            | <b>69.00</b>                 |

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

(Rs. In Lakhs)

| Particulars   | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| <b>Loss before tax</b>  | (2,564.90)                   | (2,346.47)                   |
| Enacted income tax rate in India (%) #  | 34.944%                      | 33.063%                      |
| Income tax expenses calculated at enacted income tax rate   | (896.28)                     | (775.81)                     |
| <b>Effect of tax on:</b>  |                              |                              |
| - non deductible expenses   | 0.47                         | 28.50                        |
| - brought forward tax loss of the past year for which DTA is created                                      | (1,732.05)                   | (195.44)                     |
| - carried forward tax loss / unabsorbed tax depreciation of the current year for which DTA is not created | 323.35                       | 942.75                       |
| - Others  | 6.68                         | -                            |
| Allowance for MAT credit entitlement recognised in previous year  | -                            | 69.00                        |
|   | <b>(2,297.83)</b>            | <b>69.00</b>                 |
| <b>Tax expense recognised in standalone statement of profit or loss</b>                                   | <b>(2,297.83)</b>            | <b>69.00</b>                 |
| Tax expense recognised in other comprehensive income  | -                            | -                            |
| <b>Total tax expense</b>  | <b>(2,297.83)</b>            | <b>69.00</b>                 |

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

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

(Rs. In Lakhs)

| Particulars   | As at<br>April 01, 2018 | For the year ended March 31, 2019 |                                  | As at<br>March 31, 2019 |
|---|-------------------------|-----------------------------------|----------------------------------|-------------------------|
|   |                         | Statement of<br>profit and loss   | Other<br>comprehensive<br>income |                         |
| <b>Deferred tax liabilities</b>   |                         |                                   |                                  |                         |
| Property, Plant and Equipment investment property and intangible assets: Impact of difference between written down value as per books of account and income tax | (525.81)                | (211.60)                          | -                                | (737.41)                |
| <b>Deferred tax assets</b>  |                         |                                   |                                  |                         |
| Expenses claimed for tax purpose on payment basis   | 25.06                   | 42.57                             | -                                | 67.63                   |
| Allowance for doubtful debts and advances   | 8.26                    | 12.83                             | -                                | 21.09                   |
| MAT credit entitlement  | -                       | -                                 | -                                | -                       |
| Unabsorbed depreciation/carried forward losses*   | 492.49                  | 2,454.02                          | -                                | 2,946.51                |
| <b>Deferred tax credit / (expense)</b>  |                         | <b>2,297.83</b>                   | <b>-</b>                         |                         |
| <b>Deferred tax assets (Net)</b>  | <b>-</b>                |                                   |                                  | <b>2,297.83</b>         |

\* Considering the Scheme of Amalgamation as mentioned in Note 1A, the Company believes that it will be able to utilise carry forward losses and depreciation against taxable profits of Fermenta Biotech Limited and hence recognised a Deferred Tax Asset.

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 48 - Income tax (contd.)

| Particulars   | As at<br>April 01, 2017 | For the year ended March 31, 2018 |                                  | As at<br>March 31, 2018 |
|---|-------------------------|-----------------------------------|----------------------------------|-------------------------|
|   |                         | Statement of<br>profit and loss   | Other<br>comprehensive<br>income |                         |
| <b>Deferred tax liabilities</b>   |                         |                                   |                                  |                         |
| Property, Plant and Equipment investment property and intangible assets: Impact of difference between written down value as per books of account and income tax | (321.86)                | (203.95)                          | -                                | (525.81)                |
| <b>Deferred tax assets</b>  |                         |                                   |                                  |                         |
| Expenses claimed for tax purpose on payment basis   | 18.52                   | 6.54                              | -                                | 25.06                   |
| Allowance for doubtful debts and advances   | 6.29                    | 1.97                              | -                                | 8.26                    |
| MAT credit entitlement  | 69.00                   | (69.00)                           | -                                | -                       |
| Unabsorbed depreciation/carried forward losses #  | 297.05                  | 195.44                            | -                                | 492.49                  |
| <b>Deferred tax credit /(expense)</b>   |                         | <b>(69.00)</b>                    | -                                |                         |
| <b>Deferred tax assets (Net)</b>  | <b>69.00</b>            |                                   |                                  | <b>-</b>                |

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

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

(Rs. In Lakhs)

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

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

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>Tax losses for financial year ended/ (benefit of tax losses expiring on:</b> |                         |                         |
| <b>Long Term Capital Losses</b>   |                         |                         |
| March 31, 2013 ( Expiring on March 31, 2021)                                    | 101.07                  | 101.07                  |
| March 31, 2014 ( Expiring on March 31, 2022)                                    | 40.18                   | 40.18                   |
| March 31, 2015 ( Expiring on March 31, 2023)                                    | 2.22                    | 2.22                    |
| March 31, 2019 ( Expiring on March 31, 2027)                                    | 925.33                  | -                       |
| <b>Business losses</b>  |                         |                         |
| March 31, 2017 ( Expiring on March 31, 2025)                                    | -                       | 614.21                  |
| March 31, 2018 ( Expiring on March 31, 2026)                                    | -                       | 1,847.36                |
|   | <b>1,068.80</b>         | <b>2,605.04</b>         |

### Note 49

- During the year ended March 31, 2019, the Company sold 45186 equity shares of Rs 10 each in Zela Wellness Private Limited (Zela). Consequently the Company's equity holding in Zela Wellness Private Limited (Zela) is reduced to 16.59 % as against earlier 29.5% and accordingly, post November 29, 2018, the entity is not an associate of the Company.
- The Company has not made any provision for share application money of Rs. 597 Lakhs given to Noble Explochem Ltd (Noble) whose total equity as at March 31, 2018 is negative. One of the creditors of Noble has moved an application to the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code, 2016. The Company has also submitted its claim as financial creditors to Insolvency Resolution Professional (IRP) to protect its interest, which has been taken on record by the NCLT. Considering large asset value Noble holds, the Management is confident of recovery of this amount, hence no provision for impairment is necessary.

## Notes to Standalone Financial Statements for the year ended March 31, 2019

### Note 50 - Contingent liabilities:

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Claims against the company not acknowledged as debts:   |                         |                         |
| Service tax department raised demand of Rs. 22.50 Lakhs consisting of Service Tax of Rs. 7.50 Lakhs and penalty of Rs. 15.00 Lakhs in connection with services rendered post demerger of the pharmaceutical division. Commissioner of Service Tax Mumbai and CESTAT has upheld the order of Joint Commissioner of Service Tax. The Company has preferred an appeal to Bombay High Court.  | 22.50                   | 22.50                   |
| The Deputy Commissioner of sales tax has confirmed the order of the Assistant Commissioner of sales tax Vapi, Gujarat for year 1992-93 and 1993-94 for demand of interest and penalty due to shortfall in tax payment on account of computation of purchase tax setoff. Company has preferred an appeal to sales tax tribunal Ahmedabad, Gujarat and obtained stay against the order/demand of the Assistant Commissioner pending final disposal. | 4.63                    | 4.63                    |
|   | <b>27.13</b>            | <b>27.13</b>            |

### Note 51

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

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

**Sanjay Buch**  
Chairman

**Krishna Datla**  
Managing Director

**Rajeshwari Datla**  
Director

**Satish Varma**  
Director

**Vinayak Hajare**  
Director

**Dr Gopakumar Nair**  
Additional Director

**Srikant N. Sharma**  
Company Secretary

**Sumesh Gandhi**  
Chief Financial Officer

Thane, May 24, 2019



# CONSOLIDATED FINANCIAL STATEMENTS

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Consolidated Financial Statements

### Qualified Opinion

We have audited the accompanying consolidated financial statements of DIL Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which includes the Group's share of loss in its associates and joint venture, 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 Cash Flow Statement 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 subsidiaries referred to in the Other Matters section below, except for the possible effects of the matter described in the Basis for Qualified Opinion 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 Qualified Opinion

The Parent has given share application money of Rs. 597.00 Lakhs (as at March 31, 2018: Rs. 597.00 Lakhs) to an entity whose accumulated losses (other equity) at Rs. 4,635.38 Lakhs, substantially exceed its equity share capital of Rs. 1,920.55 Lakhs, as at 31st March, 2018, as per the latest available audited financial statements for the year ended 31st March, 2018. Further, the independent auditors of that entity, in their modified audit report dated 30th May, 2018, on the aforesaid financial statements, have inter-alia reported that the entity's operations have been suspended since December 2006, and have also expressed their inability to comment whether that entity can be considered as a "Going Concern" and whether its assets would be adequate to meet its liabilities [See note 64 to the consolidated financial statements]. For the reasons stated in the said note 64, the Management of the Parent believes that no impairment is deemed necessary. Having regard to the foregoing and in the absence of sufficient appropriate audit evidence, we are unable to comment whether the aforesaid outstanding share application

money would be recoverable including the consequential impact, if any, of such impairment that may be required to be made in the consolidated financial statements. This matter was also qualified in our report on the consolidated financial statements for the year ended March 31, 2018.

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 qualified audit opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. We have determined that there are no other key audit matters to communicate in our report beyond the matter addressed in the Basis for Qualified Opinion section.

### 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 Annual report, for example, performance highlights, management discussion & analysis, board's report, etc. 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 subsidiaries audited by the other auditors, to the extent it relates to these entities 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 subsidiaries 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 regard.

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

The Parent's Company'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 including its associates and joint venture 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 and of its associates and joint venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and joint venture 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 and of its associates and joint venture are responsible for assessing the ability of the Group and of its associates and joint venture 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 and of its associates and joint venture are also responsible for overseeing the financial reporting process of the Group and of its associates and joint venture.

### 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 and its associates and joint venture 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 and its associates and joint venture 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 and its associates and joint venture 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 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

- (a) We did not audit the financial statements of 3 subsidiaries, whose financial statements reflect total assets of Rs. 129.86 Lakhs as at March 31, 2019, total revenues of Rs. 24.36 Lakhs and net cash outflows amounting to Rs. 14.93 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. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management of the Parent and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries 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. 35.58 Lakhs as at March 31, 2019, total revenues of Rs. Nil Lakhs and net cash outflows amounting to Rs. 1.34 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs. 42.78 Lakhs for the year ended March 31, 2019, as considered in the consolidated financial statements, in respect of 2 associates and a joint venture, whose financial information have not been audited by us. These financial information are unaudited and have been furnished to us by the Management of the Parent and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, these associates and a joint venture, 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, these financial information are not material to the Group.

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 subsidiaries, referred to in the Other Matters section above we report, to the extent applicable that:
  - a) We have sought and except for the matter described under the 'Basis for Qualified Opinion' section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section above, 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 Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section above, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) The matter described in the Basis for Qualified Opinion section above, in our opinion, may have an adverse effect on the functioning of the Group.
  - f) 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 companies 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.
  - g) The qualification relating to maintenance of accounts and other matters connected therewith is as stated in the Basis for Qualified Opinion section above.
  - h) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in the Annexure, which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India to whom internal financial controls over financial reporting is applicable. Our report expresses a qualified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Parent.
  - i) With respect to the other matters to be included in the Auditor's Report in accordance with 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.
  - j) 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, its associates and joint venture – See Note 63 to the consolidated financial statements.
    - ii) The Group, its associates and joint venture did not have any material foreseeable losses on long-term contracts including derivative contracts.
    - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies, incorporated in India.

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

**Rajesh K. Hiranandani**  
Partner  
(Membership No. 36920)

Place: Mumbai  
Date: May 24, 2019

## Annexure to the Independent Auditor's Report

(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Members of DIL 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 DIL Limited (hereinafter referred to as "the Parent") and its subsidiary companies (excluding 2 associates and a joint venture which are unaudited), which are companies incorporated in India, as of that date.

### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies, 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 companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

### Meaning of Internal Financial Controls Over Financial Reporting

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

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

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



### Basis for Qualified opinion

With respect to the Parent, according to the information and explanations given to us and based on our audit, material weakness has been identified in the Parent's internal financial controls over financial reporting in respect of the assessment of impairment in the carrying value of share application money placed wherein the Parent does not have relevant internal financial controls in place which could potentially result in recognising this financial asset at a value more than its recoverable amount and consequential understatement of loss and overstatement of other equity as at March 31, 2019.

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

### Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matter paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India have maintained, in all material respects, adequate internal financial controls over financial reporting as of 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, and except for the possible effects of the material weakness described in Basis for Qualified paragraph above on the achievement of the objectives of the control criteria,

the Parent's and its subsidiary companies internal financial controls over financial reporting were operating effectively as of March 31, 2019.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Company for the year ended March 31, 2019, and the material weakness has affected our opinion on the said consolidated financial statements of the Group and we have issued a qualified opinion on the consolidated financial statements.

### Other Matter

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

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

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

Place: Mumbai  
Date: May 24, 2019

Rajesh K. Hiranandani  
Partner  
(Membership No. 36920)

# Consolidated Balance Sheet

as at March 31, 2019

(Rs. In Lakhs)

|   | Notes | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------|-------------------------|-------------------------|
| <b>ASSETS</b>   |       |                         |                         |
| <b>Non-current assets</b>   |       |                         |                         |
| a) Property, plant and equipment  | 3     | 9,730.32                | 9,063.71                |
| b) Capital work-in-progress   |       | 2,072.16                | 250.08                  |
| c) Investment property  | 4     | 7,382.81                | 8,049.53                |
| d) Goodwill   | 5     | 412.79                  | 412.79                  |
| e) Other intangible assets  | 6     | 230.20                  | 211.04                  |
| f) Intangible assets under development  |       | 85.99                   | 99.50                   |
| g) Investments  |       |                         |                         |
| i) Investments in associates  | 7     | -                       | 120.48*                 |
| ii) Investments in joint ventures   | 8     | -                       | -                       |
| h) Financial assets   |       |                         |                         |
| i) Investments  | 9     | 58.19                   | 11.69                   |
| ii) Loans   | 10    | 25.32                   | 38.10                   |
| iii) Share application money  | 11    | 597.00                  | 790.82*                 |
| iv) Others financial assets   | 12    | 462.75                  | 479.97                  |
| i) Deferred tax assets (Net)  | 60C   | 2,297.83                | -                       |
| i) Non-current tax assets (Net)   | 13    | 333.18                  | 106.99                  |
| j) Other non-current assets   | 14    | 2,241.39                | 602.99                  |
| <b>Total non-current assets</b>   |       | <b>25,929.93</b>        | <b>20,237.69*</b>       |
| <b>Current assets</b>   |       |                         |                         |
| a) Inventories  | 15    | 8,766.53                | 5,117.88                |
| b) Financial assets   |       |                         |                         |
| i) Investments  | 16    | 114.79                  | 105.89                  |
| ii) Trade receivables   | 17    | 6,554.40                | 6,871.93                |
| iii) Cash and cash equivalents  | 18    | 4,076.50                | 3,243.69                |
| iv) Bank balances other than (iii) above                                      | 19    | 5,036.92                | 22.26                   |
| v) Loans  | 20    | 1,180.26                | 9.39                    |
| vi) Other financial assets  | 21    | 258.22                  | 90.22                   |
| c) Other current assets   | 22    | 3,573.29                | 2,765.25                |
| <b>Total current assets</b>   |       | <b>29,560.91</b>        | <b>18,226.51</b>        |
| <b>TOTAL ASSETS</b>   |       | <b>55,490.84</b>        | <b>38,464.20*</b>       |
| <b>EQUITY AND LIABILITIES</b>   |       |                         |                         |
| <b>Equity</b>   |       |                         |                         |
| a) Equity share capital   | 23    | 458.64                  | 229.32                  |
| b) Other equity   | 24    | 22,791.92               | 12,215.50*              |
| <b>Equity attributable to owners of the Company</b>                           |       | <b>23,250.56</b>        | <b>12,444.82</b>        |
| Non-controlling interests   |       | 1,806.04                | 1,098.36                |
| <b>Total equity</b>   |       | <b>25,056.60</b>        | <b>13,543.18*</b>       |
| <b>Liabilities</b>  |       |                         |                         |
| <b>Non-current liabilities</b>  |       |                         |                         |
| a) Financial liabilities  |       |                         |                         |
| i) Borrowings   | 25    | 13,520.93               | 13,536.79               |
| ii) Other financial liabilities   | 26    | 185.18                  | 365.60                  |
| b) Provisions   | 27    | 630.94                  | 272.97                  |
| c) Deferred tax liabilities (Net)   | 60C   | 366.13                  | 218.93                  |
| d) Other non-current liabilities  | 28    | 133.41                  | 171.18                  |
| <b>Total non-current liabilities</b>  |       | <b>14,836.59</b>        | <b>14,565.47</b>        |
| <b>Current liabilities</b>  |       |                         |                         |
| a) Financial liabilities  |       |                         |                         |
| i) Borrowings   | 29    | 6,021.25                | 2,985.51                |
| ii) Trade payables  |       |                         |                         |
| A) Total outstanding dues of micro and small enterprises and;                 | 66    | 97.89                   | 38.33                   |
| B) Total outstanding dues of creditors other than micro and small enterprises |       | 4,174.08                | 3,970.27                |
| iii) Other financial liabilities  | 30    | 4,251.90                | 2,332.07                |
| b) Provisions   | 31    | 50.23                   | 46.69                   |
| c) Other current liabilities  | 32    | 489.79                  | 606.19                  |
| d) Current tax liabilities (Net)  | 33    | 512.51                  | 376.49                  |
| <b>Total current liabilities</b>  |       | <b>15,597.65</b>        | <b>10,355.55</b>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |       | <b>55,490.84</b>        | <b>38,464.20*</b>       |
| * Restated (Refer note 65)  |       | -                       | -                       |
| See accompanying notes 1 to 68 to the consolidated financial statements       |       |                         |                         |

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 DIL Limited

Sanjay Buch  
Chairman

Satish Varma  
Director

Srikant N. Sharma  
Company Secretary

Krishna Datla  
Managing Director

Vinayak Hajare  
Director

Sumesh Gandhi  
Chief Financial Officer

Rajeshwari Datla  
Director

Dr Gopakumar Nair  
Additional Director

Mumbai, May 24, 2019

Thane, May 24, 2019

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

(Rs. In Lakhs)

|   | Notes         | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|---|---------------|------------------------------|------------------------------|
| <b>Income:</b>  |               |                              |                              |
| Revenue from operations   | 34            | 40,467.04                    | 30,297.58                    |
| Other income  | 35            | 1,236.52                     | 894.84                       |
| <b>Total Income</b>   |               | <b>41,703.56</b>             | <b>31,192.42</b>             |
| <b>Expenses:</b>  |               |                              |                              |
| Cost of materials consumed  | 36            | 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                   | 37            | (1,282.35)                   | (538.92)                     |
| Excise duty on sale of goods  |               | -                            | 30.79                        |
| Employee benefits expense   | 38            | 5,317.79                     | 3,983.03                     |
| Depreciation and amortisation expense   | 39            | 1,188.75                     | 1,236.31                     |
| Finance costs   | 40            | 2,065.31                     | 1,363.38                     |
| Other expenses  | 41            | 11,035.85                    | 9,001.85                     |
| <b>Total expenses</b>   |               | <b>28,832.95</b>             | <b>23,595.48</b>             |
| <b>Profit before tax</b>  |               | <b>12,870.61</b>             | <b>7,596.94</b>              |
| <b>Tax expense:</b>   |               |                              |                              |
| Current tax   |               | 3,195.65                     | 2,108.35                     |
| Deferred tax charge/(credit)  | 60C           | (2,115.30)                   | 4.88                         |
| <b>Total tax expense</b>  |               | <b>1,080.35</b>              | <b>2,113.23</b>              |
| <b>Profit for the year before share of loss of associates and a joint venture</b>               |               | <b>11,790.26</b>             | <b>5,483.71</b>              |
| -Share of loss of associates  |               | (49.82)                      | (248.38)*                    |
| -Share of profit / (loss) of a joint venture  |               | 7.04                         | (601.06)                     |
| <b>Profit for the year</b>  |               | <b>11,747.48</b>             | <b>4,634.27*</b>             |
| <b>Other comprehensive income:</b>  |               |                              |                              |
| <b>Items that will not be reclassified to profit or loss</b>                                    |               |                              |                              |
| a) (i) Remeasurements of defined benefit plan   |               | (186.51)                     | 5.20                         |
| (ii) Income tax relating to remeasurements of defined benefit plan                              |               | 35.33                        | (3.63)                       |
| b) Net fair value change in investment in equity instruments through other comprehensive income |               | 2.57                         | 1.12                         |
| <b>Total other comprehensive income / (loss) for the year (a+b)</b>                             |               | <b>(148.61)</b>              | <b>2.69</b>                  |
| <b>Total comprehensive income for the year</b>  |               | <b>11,598.87</b>             | <b>4,636.96*</b>             |
| <b>Profit for the year attributable to:</b>   |               |                              |                              |
| - Owners of the Company   |               | 11,035.67                    | 3,371.43*                    |
| - Non-controlling interests   |               | 711.81                       | 1,262.84                     |
|   |               | <b>11,747.48</b>             | <b>4,634.27*</b>             |
| <b>Total other comprehensive income / (loss) for the year</b>                                   |               |                              |                              |
| - Owners of the Company   |               | (144.48)                     | 2.69                         |
| - Non-controlling interests   |               | (4.13)                       | -                            |
|   |               | <b>(148.61)</b>              | <b>2.69</b>                  |
| <b>Total comprehensive income for the year attributable to:</b>                                 |               |                              |                              |
| - Owners of the Company   |               | 10,891.19                    | 3,374.12*                    |
| - Non-controlling interests   |               | 707.68                       | 1,262.84                     |
|   |               | <b>11,598.87</b>             | <b>4,636.96*</b>             |
| <b>Earnings per equity share of Rs. 5 each (Post split and post bonus)</b>                      | 42 and 23 (c) |                              |                              |
| Basic (in Rs.)  |               | 120.31                       | 36.75*                       |
| Diluted (in Rs.)  |               | 120.31                       | 36.75*                       |
| * Restated (Refer note 65)  |               |                              |                              |
| See accompanying notes 1 to 68 to the consolidated financial statements                         |               |                              |                              |

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 DIL Limited

Sanjay Buch  
Chairman

Satish Varma  
Director

Srikant N. Sharma  
Company Secretary

Krishna Datla  
Managing Director

Vinayak Hajare  
Director

Sumesh Gandhi  
Chief Financial Officer

Rajeshwari Datla  
Director

Dr Gopakumar Nair  
Additional Director

Mumbai, May 24, 2019

Thane, May 24, 2019

## Consolidated Cash Flow Statement for the year ended March 31, 2019

(Rs. In Lakhs)

| Particulars  | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| <b>A. Cash flows from operating activities</b>   |                              |                              |
| Profit before tax as per Statement of profit and loss  | 12,870.61                    | 7,596.94                     |
| Adjustments for:   |                              |                              |
| Depreciation and amortisation expense  | 1,188.75                     | 1,236.31                     |
| Net unrealised foreign exchange gain   | (139.41)                     | (261.02)                     |
| (Profit)/Loss on sale/write off, of property, plant and equipment (Net)  | 57.73                        | (80.42)                      |
| Allowance for doubtful debts   | 64.34                        | 444.21                       |
| Allowance for doubtful inter-corporate deposit given to an associate   | 37.00                        | -                            |
| Share based payments to employees  | 52.80                        | -                            |
| Allowance for doubtful advances  | 3.24                         | 11.18                        |
| Gain on sale of equity shares of an associate  | (2.79)                       | -                            |
| Trade receivables and advances written off   | 21.13                        | (5.53)                       |
| Provision for Impairment in the value of share application money in an associate   | 186.34                       | -                            |
| Net gain arising on financial assets measured at fair value through profit and loss  | (8.90)                       | (5.45)                       |
| Finance costs  | 2,065.31                     | 1,363.38                     |
| Interest income  | (419.81)                     | -                            |
| Dividend income  | (0.38)                       | (0.30)                       |
| <b>Operating profit before working capital changes</b>   | <b>15,975.96</b>             | <b>10,299.30</b>             |
| <b>Movements in working capital:</b>   |                              |                              |
| (Increase)/decrease in trade receivables   | 267.09                       | (2,576.56)                   |
| Increase in inventories  | (3,648.65)                   | (1,226.50)                   |
| Increase in other assets   | (1,402.67)                   | (1,475.80)                   |
| Increase in trade payables   | 279.88                       | 1,271.16                     |
| Increase/(decrease) in provisions  | 182.04                       | (2.11)                       |
| Increase in other liabilities  | 666.39                       | 1,464.15                     |
|  | <b>12,320.04</b>             | <b>7,753.64</b>              |
| Income taxes paid (net of refunds)   | (3,285.82)                   | (1,828.06)                   |
| <b>Net cash generated from operations (A)</b>  | <b>9,034.22</b>              | <b>5,925.58</b>              |
| <b>B. Cash flows from investing activities</b>   |                              |                              |
| Payments for purchase of property, plant and equipment, investment property, capital work-in-progress, intangible assets and intangible assets under development | (3,577.15)                   | (1,952.76)                   |
| Proceeds on sale of property, plant and equipment  | 53.72                        | 186.60                       |
| Intercompany deposits given  | (1,150.00)                   | -                            |
| Interest received  | 292.74                       | -                            |
| Purchase of investments  |                              |                              |
| In a Joint venture   | -                            | (58.00)                      |
| In a subsidiary  | -                            | (8,292.95)                   |
| Proceeds from sale of shares of an associate   | 37.00                        | -                            |
| Dividend received  | 0.38                         | 0.30                         |
| Deposits with a financial institution  | (300.00)                     | -                            |
| Deposits with Banks not considered as cash and cash equivalents (net)  | (5,014.66)                   | 2.74                         |
| <b>Net cash used in investing activities (B)</b>   | <b>(9,657.97)</b>            | <b>(10,114.07)</b>           |

## Consolidated Cash Flow Statement for the year ended March 31, 2019

(Rs. In Lakhs)

| Particulars   | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| <b>C. Cash flows from financing activities</b>  |                              |                              |
| Proceeds from long term borrowings  | 1,317.95                     | 14,370.00                    |
| Repayment of long term borrowings   | (759.92)                     | (5,056.51)                   |
| Net increase in short term borrowings   | 2,852.31                     | 886.87                       |
| Finance costs   | (2,042.78)                   | (1,246.69)                   |
| Dividends paid (including dividend distribution tax thereon)                              | (145.24)                     | (71.74)                      |
| <b>Net cash generated from financing activities (C)</b>                                   | <b>1,222.32</b>              | <b>8,881.93</b>              |
| Net increase in cash and cash equivalents (A)+(B)+(C )                                    | 598.57                       | 4,693.44                     |
| Cash and cash equivalents at the beginning of the year                                    | 3,243.69                     | (1,449.75)                   |
| <b>Cash and cash equivalents at the end of the year</b>                                   | <b>3,842.26</b>              | <b>3,243.69</b>              |
| <b>Components of cash and cash equivalents</b>  |                              |                              |
| Cash on hand  | 3.34                         | 4.89                         |
| Balances with banks   |                              |                              |
| In current accounts   | 1,174.10                     | 1,303.38                     |
| In deposit accounts with original maturity for less than 3 months                         | 2,899.06                     | 1,006.14                     |
| In deposit accounts with original maturity for more than 3 months but less than 12 months | -                            | 929.28                       |
| Cash credit facilities included under loans repayable on demand (Refer note 29)           | (234.24)                     | -                            |
| <b>Total cash and cash equivalents considered for cash flows</b>                          | <b>3,842.26</b>              | <b>3,243.69</b>              |
| See accompanying notes 1 to 68 to the consolidated financial statements                   |                              |                              |

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 DIL Limited**

**Sanjay Buch**  
Chairman

**Krishna Datla**  
Managing Director

**Rajeshwari Datla**  
Director

**Satish Varma**  
Director

**Vinayak Hajare**  
Director

**Dr Gopakumar Nair**  
Additional Director

**Srikant N. Sharma**  
Company Secretary

**Sumesh Gandhi**  
Chief Financial Officer

Mumbai, May 24, 2019

Thane, May 24, 2019

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

### (a) Equity share capital:

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Balance at the beginning and end of the year | 229.32                  | 229.32                  |
| Add: Issue of Bonus shares                   | 229.32                  | -                       |
| Balance at the end of the year               | 458.64                  | 229.32                  |

### (b) Other equity

(Rs. In Lakhs)

|   | Reserves and surplus |                                  |  |   |                    |  |                       | Items of Other<br>comprehensive<br>income | Attributable<br>to the<br>Owners of<br>the Parent<br>Company | Non<br>Controlling<br>Interest | Total      |
|---|----------------------|----------------------------------|--|---|--------------------|--|-----------------------|---|--|--------------------------------|------------|
|   | Capital<br>reserve   | Capital<br>Redemption<br>Reserve | Unrealised<br>gain/(loss)<br>on dilution | Foreign<br>Currency<br>Translation<br>Reserve | General<br>Reserve | Share<br>options<br>outstanding<br>account | Retained<br>Earnings  | Equity<br>instruments<br>through OCI      |  |                                |            |
| Balance as at April 01, 2017                              | 1,140.00             | 70.00                            | 1,057.98                                 | (1.60)  | 4,736.70           | -  | 7,199.37              | 8.14                                      | 14,210.59  | 2,847.11                       | 17,057.70  |
| Profit for the year                                       | -                    | -                                | -  | -   | -                  | -  | 3,371.43*             | -   | 3,371.43*  | 1,262.84                       | 4,634.27*  |
| Addition for the year                                     | -                    | -                                | (5,300.21)                               | -   | -                  | -  | -                     | -   | (5,300.21)   | (3,011.59)                     | (8,311.80) |
| Transfer to retained earnings                             | -                    | -                                | -  | 1.60  | -                  | -  | (1.60)                | -   | -  | -                              | -          |
| Payment of dividend (including dividend distribution tax) | -                    | -                                | -  | -   | -                  | -  | (69.00)               | -   | (69.00)  | -                              | (69.00)    |
| Other comprehensive income for the year                   | -                    | -                                | -  | -   | -                  | -  | 1.57 <sup>@</sup>     | 1.12                                      | 2.69   | -                              | 2.69       |
| Balance as at March 31, 2018                              | 1,140.00             | 70.00                            | (4,242.23)                               | -   | 4,736.70           | -  | 10,501.77             | 9.26                                      | 12,215.50*   | 1,098.36                       | 13,313.86* |
| Profit for the year                                       | -                    | -                                | -  | -   | -                  | -  | 11,035.67             | -   | 11,035.67  | 711.81                         | 11,747.48  |
| Utilised for issue of bonus shares                        | -                    | -                                | -  | -   | (229.32)           | -  | -                     | -   | (229.32)   | -                              | (229.32)   |
| Recognition of share based payments                       | -                    | -                                | -  | -   | -                  | 52.80                                      | -                     | -   | 52.80  | -                              | 52.80      |
| Payment of dividend (including dividend distribution tax) | -                    | -                                | -  | -   | -                  | -  | (138.25)              | -   | (138.25)   | -                              | (138.25)   |
| Other comprehensive income / (loss) for the year          | -                    | -                                | -  | -   | -                  | -  | (147.05) <sup>@</sup> | 2.57                                      | (144.48)   | (4.13)                         | (148.61)   |
| Balance as at March 31, 2019                              | 1,140.00             | 70.00                            | (4,242.23)                               | -   | 4,507.38           | 52.80                                      | 21,252.14             | 11.83                                     | 22,791.92  | 1,806.04                       | 24,597.96  |

@Represents re-measurement of defined benefit plan

### (c) Total equity

(Rs. In Lakhs)

|                        | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|------------------------|-------------------------|-------------------------|
| Total equity [(a)+(b)] | 25,056.60               | 13,543.18*              |

\* Restated (Refer note 65)

See accompanying notes 1 to 68 to the standalone financial statements

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 DIL Limited

Sanjay Buch  
Chairman

Krishna Datla  
Managing Director

Rajeshwari Datla  
Director

Satish Varma  
Director

Vinayak Hajare  
Director

Dr Gopakumar Nair  
Additional Director

Srikant N. Sharma  
Company Secretary

Sumesh Gandhi  
Chief Financial Officer

Mumbai, May 24, 2019

Thane, May 24, 2019



# Notes to Consolidated Financial Statements for the year ended March 31, 2019

## 1.1 Corporate information

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

## 1.2 Scheme of amalgamation

The Board of Directors in its meeting held on June 21, 2018, have approved the scheme of amalgamation of Fermenta Biotech Limited (FBL), a subsidiary of the Parent Company, with the Parent Company. The Parent 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.

## 2. Significant accounting policies

### 2.1 Statement of compliance

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

### 2.2 Basis of preparation and presentation

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

#### a) Fair Value Measurement

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

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

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

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

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

#### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company, and its subsidiaries as disclosed in Note 47. Control is achieved when the Parent Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee and
- has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

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.

### (c) Operating cycle

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

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

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in 'Other equity' under 'gain / (loss) on dilution' and attributed to owners of the Company.

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

### (e) Goodwill

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

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

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 asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

### (f) Investments in associates and joint ventures

Associates are those entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. The joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. The carrying value of the Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. When the Group's share of losses of an associate or a joint venture exceeds its interest in that associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has obligations or has made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture and discontinues from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there any is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### (g) Foreign currencies

#### Foreign currency transactions

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

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

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

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

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

### (h) Borrowing costs

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

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

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

### (i) Employee Benefits

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

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

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

#### ii) Termination benefits:

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

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

**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 the 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 61.

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

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

### (j) Income Taxes

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

#### i) Current tax:

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

#### ii) Deferred tax:

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognized for all the deductible temporary differences to the extent that it is 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.

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

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

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

### iii) Presentation of current and deferred tax:

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

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

### (k) Revenue recognition

The Group derives revenues primarily from sale of manufactured chemicals, bulk drugs, enzymes, pharmaceutical formulations, environmental solution products and rental income from investment property. Revenue is recognized when it is probable that economic benefits associated with a transaction flows to the Group in the ordinary course of its activities and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. Amounts collected on behalf of third parties such as sales tax, value added tax and Goods and Services Tax are excluded from revenue.

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

#### Rental income from investment in property

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

#### Sale of Goods:

The Group 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.

Infrastructure support services, consists of maintenance of common area in the investment property and supply of essentials. Revenue from such services are recognised in accordance with the terms of the agreement entered into with individual lessees.



## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Interest and dividend:

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

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

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

### Export Incentives:

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

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

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

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

### Measurement at recognition:

Items of property, plant and equipment are stated in balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

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

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

| Assets   | Estimated useful life (in years) |
|--|----------------------------------|
| Buildings  | 30-60                            |
| Lease hold improvements (included in buildings)    | 5-10                             |
| Plant and equipment                                | 5-20                             |
| Office Equipment (included in plant and equipment) | 5-6                              |
| Computers (included in plant and equipment)        | 3-6                              |
| Furniture and fixtures                             | 6-10                             |
| Vehicles   | 8                                |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### (m) Investment property

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

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

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

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

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

The estimated useful lives of Investment property are as follows:

| Assets              | Estimated useful life (in years) |
|---------------------|----------------------------------|
| Buildings           | 60                               |
| Plant and equipment | 15                               |

### (n) Intangible assets

#### (a) Intangible assets acquired separately

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

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

An intangible 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.

#### (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.

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

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.

The estimated useful lives of intangible assets are as follows:

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

### (o) Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

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

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

### (p) Inventories

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

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

### (q) Financial instruments

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

#### Financial assets

##### Initial recognition and measurement:

All financial assets are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial asset on initial recognition. Transaction costs directly attributable to the acquisition

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

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 are financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

### Subsequent measurement

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

- (1) Debt instruments at 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)

#### (1) Debt instruments at amortised cost

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

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

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

#### (2) Debt instrument at FVTOCI

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

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the contractual terms of the instrument that give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.
- Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group 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.

#### (3) Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at 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').

#### (4) Equity Instruments

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

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

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Derecognition

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

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

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

### Impairment of financial assets

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

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

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

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

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

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.

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

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

### Financial liabilities and equity instruments

#### Classification as debts or equity:

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

#### Equity instruments:

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

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

#### Financial liabilities:

Initial recognition and measurement:

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

#### Subsequent measurement:

All financial liabilities are subsequently measured at 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 Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on 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.



## Notes to Consolidated Financial Statements for the year ended March 31, 2019

Fair value is determined in the manner described in note 53.

### 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.

### (r) Leasing

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

#### The Group as a lessor:

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

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

#### The Group as a lessee:

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

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

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

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

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

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

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

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

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

**(t) Earnings per share**

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

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

**(u) Cash and cash equivalents:**

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

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

**(v) Operating segments:**

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

**(x) Cash dividends to equity holders**

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**(y) 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:

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### **Fair value measurement of financial instruments:**

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

### **Useful lives of property, plant and equipment, investment property and intangible assets:**

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

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

### **Tax expense: [refer note 2(j)]**

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

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

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

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

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

### **Contingencies (refer note 63)**

### **(z) 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 consolidated statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities. The Group is currently evaluating the impact on account of implementation of Ind AS 116 on the consolidated financial statements.

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

On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it 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 1, 2019. The Group is evaluating the effect of the above in the consolidated financial statements.

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

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

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

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

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

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 3 - Property, plant and equipment

(Rs. In Lakhs)

|  | Freehold land | Buildings       | Plant and equipment | Furniture and fixtures | Vehicles      | Leasehold improvements | Total            |
|--|---------------|-----------------|---------------------|------------------------|---------------|------------------------|------------------|
| <b>At cost or deemed cost as at April 01, 2017</b> | 56.83         | 3,156.39        | 5,428.83            | 95.36                  | 207.61        | 192.77                 | 9,137.79         |
| Additions  | -             | 622.27          | 670.74              | 191.41                 | 71.12         | -                      | 1,555.54         |
| Disposals  | (1.74)        | -               | (54.92)             | (1.14)                 | (48.38)       | -                      | (106.18)         |
| <b>Balance as at March 31, 2018</b>                | <b>55.09</b>  | <b>3,778.66</b> | <b>6,044.65</b>     | <b>285.63</b>          | <b>230.35</b> | <b>192.77</b>          | <b>10,587.15</b> |
| Additions  | -             | 63.73           | 927.32              | 135.70                 | 91.11         | -                      | 1,217.86         |
| Transfer from Investment property                  | -             | 410.63          | 136.56              | -                      | -             | -                      | 547.19           |
| Transfer to Investment Property                    | (20.79)       | (55.51)         | -                   | -                      | -             | -                      | (76.30)          |
| Disposals  | -             | (130.86)        | (81.42)             | (18.21)                | (45.27)       | -                      | (275.76)         |
| <b>Balance as at March 31, 2019</b>                | <b>34.30</b>  | <b>4,066.65</b> | <b>7,027.11</b>     | <b>403.12</b>          | <b>276.19</b> | <b>192.77</b>          | <b>12,000.14</b> |
| <b>Accumulated depreciation</b>                    |               |                 |                     |                        |               |                        |                  |
| <b>As at April 01, 2017</b>                        | -             | 140.39          | 478.10              | 22.34                  | 52.28         | 9.69                   | 702.80           |
| Depreciation expense                               | -             | 190.26          | 533.77              | 42.70                  | 44.22         | 9.69                   | 820.64           |
| <b>Balance as at March 31, 2018</b>                | <b>-</b>      | <b>330.65</b>   | <b>1,011.87</b>     | <b>65.04</b>           | <b>96.50</b>  | <b>19.38</b>           | <b>1,523.44</b>  |
| Depreciation expense                               | -             | 205.07          | 580.07              | 51.33                  | 33.54         | 9.69                   | 879.70           |
| Transfer from Investment property                  | -             | 16.67           | 17.57               | -                      | -             | -                      | 34.24            |
| Transfer to Investment Property                    | -             | (3.25)          | -                   | -                      | -             | -                      | (3.25)           |
| Disposals  | -             | (72.04)         | (46.71)             | (11.27)                | (34.29)       | -                      | (164.31)         |
| <b>Balance as at March 31, 2019</b>                | <b>-</b>      | <b>477.10</b>   | <b>1,562.80</b>     | <b>105.10</b>          | <b>95.75</b>  | <b>29.07</b>           | <b>2,269.82</b>  |
| <b>Carrying amount</b>                             |               |                 |                     |                        |               |                        |                  |
| <b>As at March 31, 2018</b>                        | <b>55.09</b>  | <b>3,448.01</b> | <b>5,032.78</b>     | <b>220.59</b>          | <b>133.85</b> | <b>173.39</b>          | <b>9,063.71</b>  |
| <b>As at March 31, 2019</b>                        | <b>34.30</b>  | <b>3,589.55</b> | <b>5,464.31</b>     | <b>298.02</b>          | <b>180.44</b> | <b>163.70</b>          | <b>9,730.32</b>  |

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

### Note 4 - Investment property

(Rs. In Lakhs)

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

#### Notes:

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

# Notes to Consolidated Financial Statements for the year ended March 31, 2019

## Note 5 - Goodwill

(Rs. In Lakhs)

|                               | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-------------------------------|-------------------------|-------------------------|
| Deemed cost                   | 533.79                  | 533.79                  |
| Accumulated impairment losses | (121.00)                | (121.00)                |
|                               | <b>412.79</b>           | <b>412.79</b>           |

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

(Rs. In Lakhs)

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

## Note 7 - Investments in associates (Non- current):

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| (carrying amount determined using equity method of accounting)                          |                         |                         |
| <b>Investment in associates - In equity instruments Unquoted (Fully paid up)</b>        |                         |                         |
| a) Health and Wellness India Private Limited  | -                       | -                       |
| 30,12,504 Equity shares of Rs. 10 each (as at March 31, 2018- 30,12,504)                |                         |                         |
| b) Zela Wellness Private Limited  |                         |                         |
| 1,03,234 Equity shares of Rs. 10 each as at March 31, 2018                              | -@                      | 120.48*                 |
|   | -                       | <b>120.48*</b>          |
| <b>Notes:</b>   |                         |                         |
| The financial information in respect of these associates are not material to the group. |                         |                         |
| Proportion of Group's ownership interest in the associates [Refer note 47]              |                         |                         |
| Accumulated unrecognised share of losses of associates                                  |                         |                         |
| Health and Wellness India Private Limited   | -                       | 66.82                   |
| Zela Wellness Private Limited   | -                       | -                       |
| Unrecognised share of losses of associates for the year                                 |                         |                         |
| Health and Wellness India Private Limited   | -                       | -                       |
| Zela Wellness Private Limited   | -                       | -                       |
| Accumulated recognised share of losses of associates                                    |                         |                         |
| Health and Wellness India Private Limited   | 598.53                  | 591.06*                 |
| Zela Wellness Private Limited   | 146.87                  | 104.52*                 |

\* Restated (Refer note 65)

@ Refer note 50(b)



## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 8 - Investments in joint ventures (Non- current):

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| (carrying amount determined using equity method of accounting)   |                         |                         |
| <b>Investment in joint ventures - In equity instruments Unquoted (Fully paid up)</b>                   |                         |                         |
| Agastya Films LLP  | -                       | 588.00                  |
|  | -                       | <b>588.00</b>           |
| Less: Impairment in the value of investments   | -                       | (588.00)                |
|  | -                       | -                       |
| <b>Note:</b>   |                         |                         |
| The financial information in respect of the joint venture is not material to the group [Refer note 45] |                         |                         |
| Aggregate amount of investments before impairment  | -                       | 588.00                  |
| Aggregate amount of impairment in value of investments   | -                       | 588.00                  |

### Note 9 - Investments (Non- current):

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>Equity instruments:</b>   |                         |                         |
| <b>Unquoted Investments (all fully paid up)</b>                      |                         |                         |
| <u>Investments in equity instruments at FVTPL</u>                    |                         |                         |
| Biodil Marsing Private Limited                                       | 5.90                    | 5.90                    |
| 59,000 Equity shares of Rs. 10 each (as at March 31, 2018 - 59,000)  |                         |                         |
| <u>Investments in equity instruments at FVTOCI</u>                   |                         |                         |
| Shivalik Solid Waste Management Limited                              | 4.11                    | 4.11                    |
| 20,000 Equity shares of Rs. 10 each. (as at March 31, 2018 - 20,000) |                         |                         |
| Zela Wellness Private Limited  | 43.94 <sup>@</sup>      | -                       |
| 58,048 Equity shares of Rs. 10 each                                  |                         |                         |
|  | <b>53.95</b>            | <b>10.01</b>            |
| Less: Impairment in the value of investments                         | (5.90)                  | (5.90)                  |
| <b>Total aggregate unquoted Investments (A)</b>                      | <b>48.05</b>            | <b>4.11</b>             |
| <b>Quoted Investments (all fully paid)</b>                           |                         |                         |
| <u>Investments in equity instruments at FVTOCI</u>                   |                         |                         |
| Abbott India Limited   | 10.14                   | 7.58                    |
| 139 Equity shares of Rs. 10 each (as at March 31, 2018 - 139)        |                         |                         |
| <b>Total aggregate quoted investments (B)</b>                        | <b>10.14</b>            | <b>7.58</b>             |
| <b>Total Non-current investments (A+B)</b>                           | <b>58.19</b>            | <b>11.69</b>            |
| Aggregate carrying value of unquoted investments before impairment   | 53.95                   | 10.01                   |
| Aggregate amount of impairment in value of investments               | 5.90                    | 5.90                    |
| Aggregate book value of quoted investments                           | 10.14                   | 7.58                    |
| Aggregate market value of quoted investments                         | 10.14                   | 7.58                    |

@ Refer note 50(b)

### Note 10 - Loans (Non- current)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Loans to employees, considered good-unsecured         | 25.32                   | 38.10                   |
| Inter corporate deposit considered doubtful-unsecured | 304.83                  | 267.83                  |
| Less : Allowance for doubtful inter corporate deposit | (304.83)                | (267.83)                |
|   | <b>25.32</b>            | <b>38.10</b>            |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 11 - Share application money

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Health and Wellness India Private Limited                | 186.34                  | 193.82*                 |
| Less: Impairment in the value of share application money | (186.34)                | -                       |
| Noble Explochem Limited (Refer note 64)                  | 597.00                  | 597.00                  |
|  | <b>597.00</b>           | <b>790.82*</b>          |

\* Restated (Refer note 65)

### Note 12 - Other financial assets (Non current)

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Bank deposits with remaining maturity of more than 12 months* (Refer note 19)      | 122.00                  | 122.00                  |
| Deposits with a financial institution  | 200.00                  | -                       |
| Security deposits  | 126.33                  | 326.61                  |
| Interest accrued but not due from a financial institution                          | 13.57                   | -                       |
| Others   | 0.85                    | 31.36                   |
|  | <b>462.75</b>           | <b>479.97</b>           |
| *This consists of deposits:  |                         |                         |
| - held in the form of Debt Security Reserve (DSR) with Kotak Mahindra Bank Limited | 110.00                  | 110.00                  |
| - kept for fund based bank guarantee with Union Bank of India                      | 12.00                   | 12.00                   |

### Note 13 - Non-current tax assets (Net)

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Advance income-tax (Net of provision for tax) | 333.18                  | 106.99                  |
|   | <b>333.18</b>           | <b>106.99</b>           |

### Note 14 - Other non-current assets

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Capital advances                            | 1,002.47                | 186.66                  |
| <b>Advances recoverable in cash or kind</b> |                         |                         |
| Unsecured considered good                   | 45.91                   | 17.63                   |
| Unsecured, considered doubtful              | 19.01                   | 19.01                   |
|   | <b>64.92</b>            | <b>36.64</b>            |
| Less: Allowance for doubtful advances       | 19.01                   | 19.01                   |
|   | <b>45.91</b>            | <b>17.63</b>            |
| Unamortised lease premium                   | 1,018.95                | 215.97                  |
| Deferred rent                               | 39.89                   | 44.27                   |
| Prepaid expenses                            | 130.42                  | 134.71                  |
| Balances with government authorities        | 3.75                    | 3.75                    |
|   | <b>2,241.39</b>         | <b>602.99</b>           |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 15 - Inventories

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>(At lower of cost and net realisable value)</b>  |                         |                         |
| Raw materials and packing materials [includes stock in transit of Rs. 66.11 Lakhs (as at March 31, 2018 Rs. 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                  |
|   | <b>8,766.53</b>         | <b>5,117.88</b>         |

#### Notes :

- The cost of inventories recognised as expense is disclosed in notes 36, 37, 41 and as purchase of stock-in-trade in the Consolidated statement of profit and loss.
- Inventory write downs are accounted considering the nature of inventory, ageing, liquidation plan and net realisable value. Write downs of inventories amounted to Rs. 17.43 Lakhs (as at March 31, 2018 - Rs. 12.09 Lakhs). The changes in write downs are recognised as an expense in the Consolidated statement of profit and loss.

### Note 16 - Investments (Current)

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| In Mutual funds at FVTPL*                              |                         |                         |
| Unquoted investments (Units of Rs. 10 each fully paid) |                         |                         |
| Union Capital Protection Oriented Fund - Series 7      | 114.79                  | 105.89                  |
| 10,00,000 units (as at March 31, 2018 - 10,00,000)     |                         |                         |
|  | <b>114.79</b>           | <b>105.89</b>           |

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

### Note 17 - Trade receivables

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Unsecured, considered good  | 6,554.40                | 6,871.93                |
| Unsecured, considered doubtful                                      | 308.73                  | 1,033.63                |
|   | <b>6,863.13</b>         | <b>7,905.56</b>         |
| Less: Allowance for doubtful debts (expected credit loss allowance) | (308.73)                | (1,033.63)              |
|   | <b>6,554.40</b>         | <b>6,871.93</b>         |
| <b>Movement in the expected credit loss allowance</b>               |                         |                         |
| Balance at the beginning of the year                                | 1,033.63                | 589.42                  |
| Addition during the year  | 64.34                   | 475.99                  |
| Reversal during the year  | -                       | (31.78)                 |
| Written off during the year   | (789.24)                | -                       |
| <b>Balance at the end of the year</b>                               | <b>308.73</b>           | <b>1,033.63</b>         |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 18 - Cash and cash equivalents

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>Balances with banks</b>  |                         |                         |
| In current accounts   | 1,174.10                | 1,303.38                |
| In deposit accounts with original maturity for less than 3 months                         | 2,899.06                | 1,006.14                |
| In deposit accounts with original maturity for more than 3 months but less than 12 months | -                       | 929.28                  |
| Cash on hand  | 3.34                    | 4.89                    |
|   | <b>4,076.50</b>         | <b>3,243.69</b>         |

### Note 19 - Bank balances other than cash and cash equivalents

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>Balances with banks</b>   |                         |                         |
| Unpaid dividend accounts   | 15.25                   | 22.26                   |
| In deposit accounts *  | 5,143.67                | 123.29                  |
| Out of deposit accounts:   | 5,158.92                | 145.55                  |
| Amount disclosed under other financial assets (non-current) (Refer note 12)        | (122.00)                | (122.00)                |
| Amount disclosed under other financial assets (Current) (Refer note 21)            | -                       | (1.29)                  |
|  | <b>5,036.92</b>         | <b>22.26</b>            |
| * This include deposits:   |                         |                         |
| - held in the form of Debt Security Reserve (DSR) with Kotak Mahindra Bank Limited | 110.00                  | 110.00                  |
| - kept for fund based bank guarantee with Union Bank of India                      | 12.00                   | 12.00                   |
| - held under lien against guarantees and other commitments                         | 560.69                  | 1.29                    |

### Note 20 - Loans (Current)

(Rs. In Lakhs)

|                                   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-----------------------------------|-------------------------|-------------------------|
| <b>Unsecured, considered good</b> |                         |                         |
| Inter corporate deposit           | 1,150.00                | -                       |
| Loans to employees                | 30.03                   | 8.30                    |
| Others                            | 0.23                    | 1.09                    |
|                                   | <b>1,180.26</b>         | <b>9.39</b>             |

### Note 21 - Other financial assets (Current)

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Deposit with a financial institution                                       | 100.00                  | -                       |
| Interest accrued but not due from banks and others                         | 148.06                  | 34.56                   |
| Deposit with banks with remaining maturity upto 12 months* (Refer note 19) | -                       | 1.29                    |
| <b>Others</b>  |                         |                         |
| Unsecured, considered good   | 10.16                   | 54.37                   |
| Unsecured, considered doubtful   | 1.18                    | 11.18                   |
| Less: Allowance for doubtful advances                                      | (1.18)                  | (11.18)                 |
|  | <b>10.16</b>            | <b>54.37</b>            |
|  | <b>258.22</b>           | <b>90.22</b>            |
| * held under lien against guarantees and other commitments                 | -                       | 1.29                    |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 22 - Other current assets

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>Advance for supply of goods and services</b>           |                         |                         |
| Considered good   | 368.25                  | 228.59                  |
| Considered doubtful                                       | 4.41                    | 30.94                   |
| Less: Allowance for doubtful advances                     | (4.41)                  | (30.94)                 |
|   | <b>368.25</b>           | <b>228.59</b>           |
| Deferred rent   | 17.33                   | 14.27                   |
| Prepaid expenses  | 194.24                  | 136.28                  |
| Travel advances to employees                              | 6.02                    | 4.78                    |
| Unamortised lease premium                                 | 18.16                   | 9.85                    |
| <b>Export incentive receivables</b>                       |                         |                         |
| Considered good   | 1,500.43                | 838.95                  |
| Considered doubtful                                       | 3.24                    | -                       |
| Less: Allowance for doubtful export incentive receivables | (3.24)                  | -                       |
|   | <b>1,500.43</b>         | <b>838.95</b>           |
| Balances with government authorities                      | 1,464.13                | 1,532.53                |
| Others  | 4.73                    | -                       |
|   | <b>3,573.29</b>         | <b>2,765.25</b>         |

### Note 23 - Equity Share Capital

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>Authorised:</b>  |                         |                         |
| 98,40,000 Equity shares of Rs. 5/- each (as at March 31, 2018 - 49,20,000 Equity shares of Rs. 10/- each)         | 492.00                  | 492.00                  |
| 1,60,000 Unclassified shares of Rs. 5/- each (as at March 31, 2018 - 80,000 Unclassified shares of Rs. 10/- each) | 8.00                    | 8.00                    |
|   | <b>500.00</b>           | <b>500.00</b>           |
| <b>Issued, subscribed and paid-up :</b>   |                         |                         |
| 91,72,792 Equity shares of Rs. 5/- each (as at March 31, 2018 - 22,93,198 Equity shares of Rs. 10/- each)         | 458.64                  | 229.32                  |
|   | <b>458.64</b>           | <b>229.32</b>           |

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

| Name of the shareholder   | As at March 31, 2019  |                        | As at March 31, 2018  |                        |
|---|-----------------------|------------------------|-----------------------|------------------------|
| Equity shares of Rs. 5/- each fully paid (as at March 31, 2018 Rs. 10/- each fully paid up) | No of shares in lakhs | % holding in the class | No of shares in lakhs | % holding in the class |
| DVK Investments Private Limited, the Holding Company  | 49.44                 | 53.91%                 | 12.36                 | 53.91%                 |
| Mr. Krishna Datla   | 7.96                  | 8.68%                  | 1.99                  | 8.68%                  |

#### b) Shares held by the Holding Company

Out of equity shares issued by the Company, shares held by its Holding Company are as below.

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| DVK Investments Private Limited   |                         |                         |
| 49,44,940 Equity shares of Rs. 5/- each fully paid (as at March 31, 2018 -12,36,235 Equity shares of Rs. 10/-each fully paid) | 247.25                  | 123.62                  |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 23 - Equity Share Capital (contd.)

#### c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

|                            | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------|----------------------|----------------------|
|                            | Number of Shares     | Number of Shares     |
| Equity Shares              |                      |                      |
| Opening Balance            | 22,93,198            | 22,93,198            |
| Add: Split of Shares       | 22,93,198            | -                    |
| Add: Issue of Bonus Shares | 45,86,396            | -                    |
| <b>Closing Balance</b>     | <b>91,72,792</b>     | <b>22,93,198</b>     |

During the year, the Company has split the face value of equity shares of the Company from face value of Rs. 10 per share to face value of Rs. 5 per share and thereafter has also allotted bonus equity shares in the ratio of one fully paid up equity share of Rs. 5 each for every one existing fully paid up equity share of Rs. 5 each held by the members, which has been approved by the shareholders through postal ballot. The record date for implementation of above corporate events was fixed on August 09, 2018. In view of the above, the Company's revised paid up share capital as at March 31, 2019 is Rs. 458.64 Lakhs consisting of 91,72,792 equity shares of Rs. 5 each as against paid up share capital of Rs. 229.32 lakhs consisting of 22,93,198 equity shares of Rs. 10/- each pertaining to previous year.

The earnings per share has been adjusted for previous year presented in accordance with Ind AS 33 "Earnings per Share" prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued hereunder (Refer note 42).

#### d) Rights, preferences and restrictions

The Company has issued only one class of equity shares having par value of Rs. 5 per share (as at March 31, 2018 - Rs. 10 per share). Each holder of equity shares is entitled to one vote per share. The Company declares and pays the dividend in Indian rupees. The dividend, if any, proposed by the Board of Directors is subject to shareholders' approval in the ensuing Annual General Meeting, except in case of interim dividend.

The Board of Directors of the Company in its meeting held on May 15, 2018 had recommended dividend at the rate 25% on equity shares having face value of Rs. 10 each for the year ended March 31, 2018. Pursuant to the split and issue of bonus shares referred in note 23(c) above, the Board of Directors at their meeting held on August 14, 2018 recommended dividend of 25% on equity shares having face value of Rs. 5 each on enhanced equity share capital which has been approved by the shareholders at their Annual General Meeting held on September 28, 2018 and paid subsequently. Refer note 58(ii) for dividend on equity shares paid by the Holding Company during the year.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

### Note 24 - Other equity

(Rs. In Lakhs)

|   | Reserves and surplus |                            |                                    |                                      |                 |                                   |                   | Items of Other comprehensive income | Total             |
|---|----------------------|----------------------------|------------------------------------|--------------------------------------|-----------------|-----------------------------------|-------------------|-------------------------------------|-------------------|
|   | Capital reserve      | Capital redemption reserve | Unrealised gain/(loss) on dilution | Foreign currency translation reserve | General reserve | Share options outstanding account | Retained earnings | Equity instruments through OCI      |                   |
| <b>Balance as at April 01, 2017</b>                       | 1,140.00             | 70.00                      | 1,057.98                           | (1.60)                               | 4,736.70        | -                                 | 7,199.37          | 8.14                                | 14,210.59         |
| Profit for the year                                       | -                    | -                          | -                                  | -                                    | -               | -                                 | 3,371.43*         | -                                   | 3,371.43*         |
| Addition for the year                                     | -                    | -                          | (5,300.21)                         | -                                    | -               | -                                 | -                 | -                                   | (5,300.21)        |
| Transfer to retained earnings                             | -                    | -                          | -                                  | 1.60                                 | -               | -                                 | (1.60)            | -                                   | -                 |
| Payment of dividend (including dividend distribution tax) | -                    | -                          | -                                  | -                                    | -               | -                                 | (69.00)           | -                                   | (69.00)           |
| Other comprehensive income for the year                   | -                    | -                          | -                                  | -                                    | -               | -                                 | 1.57®             | 1.12                                | 2.69              |
| <b>Balance as at March 31, 2018</b>                       | <b>1,140.00</b>      | <b>70.00</b>               | <b>(4,242.23)</b>                  | <b>-</b>                             | <b>4,736.70</b> | <b>-</b>                          | <b>10,501.77</b>  | <b>9.26</b>                         | <b>12,215.50*</b> |
| <b>Balance as at April 01, 2018</b>                       | <b>1,140.00</b>      | <b>70.00</b>               | <b>(4,242.23)</b>                  | <b>-</b>                             | <b>4,736.70</b> | <b>-</b>                          | <b>10,501.77</b>  | <b>9.26</b>                         | <b>12,215.50</b>  |



## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 24 - Other equity (contd.)

(Rs. In Lakhs)

|   | Reserves and surplus |                            |                                    |                                      |                 |                                   |                   | Items of Other comprehensive income | Total            |
|---|----------------------|----------------------------|------------------------------------|--------------------------------------|-----------------|-----------------------------------|-------------------|-------------------------------------|------------------|
|   | Capital reserve      | Capital redemption reserve | Unrealised gain/(loss) on dilution | Foreign currency translation reserve | General reserve | Share options outstanding account | Retained earnings | Equity instruments through OCI      |                  |
| Profit for the year                                       | -                    | -                          | -                                  | -                                    | -               | -                                 | 11,035.67         | -                                   | 11,035.67        |
| Utilised for issue of bonus shares                        | -                    | -                          | -                                  | -                                    | (229.32)        | -                                 | -                 | -                                   | (229.32)         |
| Recognition of share based payments                       | -                    | -                          | -                                  | -                                    | -               | 52.80                             | -                 | -                                   | 52.80            |
| Payment of dividend (including dividend distribution tax) | -                    | -                          | -                                  | -                                    | -               | -                                 | (138.25)          | -                                   | (138.25)         |
| Other comprehensive income / (loss) for the year          | -                    | -                          | -                                  | -                                    | -               | -                                 | (147.05)*         | 2.57                                | (144.48)         |
| <b>Balance as at March 31, 2019</b>                       | <b>1,140.00</b>      | <b>70.00</b>               | <b>(4,242.23)</b>                  | <b>-</b>                             | <b>4,507.38</b> | <b>52.80</b>                      | <b>21,252.14</b>  | <b>11.83</b>                        | <b>22,791.92</b> |

@Represents remeasurement of defined benefit plan

\* Restated (Refer note 65)

#### Description of nature and purpose of each reserve

**Capital reserve:** Capital reserve was created in the financial years 1995-96 and 1996-97 pursuant to sale of the Company's brands for which non compete fees were received and treated as a capital receipt.

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

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

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

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

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

**Equity instruments through other comprehensive income:** This represents the cumulative gains / losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income, under an irrevocable option, net of amounts reclassified to retained earnings when such assets are disposed off.

### Note 25 - Long-term borrowings

(Rs. In Lakhs)

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

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 25 - Long-term borrowings (contd.)

#### Notes:

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

### Note 26 - Other financial liabilities (Non- current)

(Rs. In Lakhs)

|                       | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-----------------------|-------------------------|-------------------------|
| Deposits from tenants | 185.18                  | 365.60                  |
|                       | <b>185.18</b>           | <b>365.60</b>           |

### Note 27 - Provisions (Non- current)

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>Provision for employee benefits</b> |                         |                         |
| Gratuity [Refer note 43]               | 275.32                  | 71.84                   |
| Compensated absences                   | 355.62                  | 201.13                  |
|  | <b>630.94</b>           | <b>272.97</b>           |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 28 - Other non-current liabilities

(Rs. In Lakhs)

|               | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---------------|-------------------------|-------------------------|
| Deferred rent | 133.41                  | 171.18                  |
|               | <b>133.41</b>           | <b>171.18</b>           |

### Note 29 - Borrowings (Current)

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>Loans repayable on demand</b>  |                         |                         |
| <b>From banks (Secured)</b>   |                         |                         |
| Cash credit   | 234.24                  | -                       |
| Packing credit  | 5,132.08                | 2,128.09                |
| Buyers credit   | -                       | 284.92                  |
| <b>From others (Unsecured)</b>  |                         |                         |
| Inter corporate deposits (ICD) from Allegro Corporate Finance Advisors Pvt. Ltd.  | 404.93                  | 372.50                  |
| Inter corporate deposits (ICD) from DVK Investments Pvt. Ltd, the holding Company | 250.00                  | 200.00                  |
|   | <b>6,021.25</b>         | <b>2,985.51</b>         |

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

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

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

Buyers credit was taken from DBS Bank secured by lien on the deposit of Rs. NIL (as at March 31, 2018 Rs. 100.00 Lakhs) of one of the subsidiaries viz. Fermenta Biotech Limited.

ICD's from DVK Investments Pvt Ltd and Allegro Corporate Finance Advisors Pvt Ltd carrying interest at rate of 12% p.a.

### Note 30 - Other financial liabilities (Current)

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Current maturities of long-term debts (Refer note 25) | 1,327.33                | 790.49                  |
| Deposits from tenants                                 | 296.78                  | 0.20                    |
| Payable to the employees / directors                  | 1,797.26                | 1,084.39                |
| Liability for capital expenditure                     | 520.88                  | 154.40                  |
| Interest accrued but not due on borrowings            | 223.57                  | 201.03                  |
| Unclaimed dividend                                    | 15.25                   | 22.26                   |
| Due to others   | 70.83                   | 79.30                   |
|   | <b>4,251.90</b>         | <b>2,332.07</b>         |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 31 - Provisions (Current)

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>Provision for employee benefits</b>   |                         |                         |
| Compensated absences   | 44.26                   | 33.67                   |
| Provision for share of loss in a joint venture in excess of cost of investment | 5.97                    | 13.02                   |
|  | <b>50.23</b>            | <b>46.69</b>            |

### Note 32 - Other current liabilities

(Rs. In Lakhs)

|                        | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|------------------------|-------------------------|-------------------------|
| Statutory dues         | 204.62                  | 323.39                  |
| Advance from customers | 199.37                  | 130.80                  |
| Deferred rent          | 66.83                   | 59.71                   |
| Others                 | 18.97                   | 92.29                   |
|                        | <b>489.79</b>           | <b>606.19</b>           |

### Note 33 - Current tax liabilities (Net)

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Provision for income tax (Net of advance tax) | 512.51                  | 376.49                  |
|   | <b>512.51</b>           | <b>376.49</b>           |

### Note 34 - Revenue from operations

(Rs. In Lakhs)

|   | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| Sale of products (Including excise duty)                    | 37,593.72                    | 28,316.10                    |
| Rent income   | 1,229.81                     | 867.61                       |
| Amortised deferred rent                                     | 70.34                        | 38.00                        |
| Sale of services  | 57.05                        | 22.43                        |
| Service income (infrastructure support services to tenants) | 248.25                       | 189.97                       |
| Other operating revenues                                    |                              |                              |
| Export incentive  | 1,241.45                     | 852.32                       |
| Scrap sales   | 26.42                        | 11.15                        |
|   | <b>40,467.04</b>             | <b>30,297.58</b>             |

### Note 35 - Other Income

(Rs. In Lakhs)

|  | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| Interest income on financial assets carried at amortised cost:   |                              |                              |
| Bank deposits  | 337.52                       | 28.31                        |
| Other financial assets   | 82.29                        | 17.04                        |
| Dividend income on investments in equity instruments designated at fair value through other comprehensive income | 0.38                         | 0.30                         |
| Gain on sale of equity shares of an associate  | 2.79                         | -                            |
| Entry tax refund   | -                            | 280.25                       |
| Insurance Claims   | 290.88                       | -                            |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 35 - Other Income (contd.)

(Rs. In Lakhs)

|  | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| Foreign exchange gain (Net)  | 510.71                       | 431.57                       |
| Net gain on sale of property, plant and equipment                                  | -                            | 86.12                        |
| Net gain arising on financial assets measured at fair value through profit or loss | 8.90                         | 5.45                         |
| Miscellaneous income   | 3.05                         | 45.80                        |
|  | <b>1,236.52</b>              | <b>894.84</b>                |

### Note 36 - Cost of materials consumed:

(Rs. In Lakhs)

|   | Year ended<br>March 31, 2019 | Year ended<br>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                     |
|   | <b>10,320.06</b>             | <b>8,490.24</b>              |

### Note 37 - Changes in inventories of finished goods, stock-in-trade and work-in-progress

(Rs. In Lakhs)

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

### Note 38 - Employee benefits expense

(Rs. In Lakhs)

|   | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| Salaries and wages                                | 4,665.07                     | 3,495.61                     |
| Contribution to provident and other funds         | 180.64                       | 147.46                       |
| Gratuity expense [Refer note 43]                  | 44.78                        | 58.87                        |
| Share based payments to employees [Refer note 61] | 52.80                        | -                            |
| Staff welfare expenses                            | 374.50                       | 281.09                       |
|   | <b>5,317.79</b>              | <b>3,983.03</b>              |

### Note 39 - Depreciation and amortisation expense

(Rs. In Lakhs)

|  | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| Depreciation of property, plant and equipment (Refer note 3) | 879.70                       | 820.64                       |
| Depreciation of investment property (Refer note 4)           | 260.18                       | 270.54                       |
| Amortisation of intangible assets (Refer note 6)             | 48.87                        | 145.13                       |
|  | <b>1,188.75</b>              | <b>1,236.31</b>              |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 40 - Finance costs

(Rs. In Lakhs)

|   | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| Interest on   |                              |                              |
| Term loans  | 1,501.72                     | 1,054.15                     |
| Loans repayable on demand                                     | 195.98                       | 150.49                       |
| Loans from related parties                                    | 26.93                        | 16.18                        |
| Liabilities carried at amortised cost (Unwinding of interest) | 116.59                       | 34.87                        |
| Others  | 164.30                       | 33.74                        |
| Other borrowing costs   | 59.79                        | 73.95                        |
|   | <b>2,065.31</b>              | <b>1,363.38</b>              |

### Note 41 - Other expenses

(Rs. In Lakhs)

|  | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|--|---------------------------|---------------------------|
| Consumption of stores and spares   | 1,097.92                  | 839.70                    |
| Processing charges   | 816.71                    | 735.27                    |
| Electricity charges / fuel   | 1,348.19                  | 1,086.30                  |
| Water charges  | 39.50                     | 25.16                     |
| Excise duty / GST other than recovered on sales                                  | 121.68                    | 61.11                     |
| Rates and taxes  | 167.43                    | 142.03                    |
| Rent (including lease rentals)   | 138.89                    | 78.87                     |
| Insurance  | 186.57                    | 105.55                    |
| Repairs and maintenance:   |                           |                           |
| Plant and machinery  | 186.98                    | 151.69                    |
| Buildings  | 128.78                    | 57.70                     |
| Others   | 465.19                    | 483.50                    |
| Commission on sales  | 2,312.94                  | 2,022.98                  |
| Advertising and sales promotion expenses   | 273.92                    | 267.74                    |
| Freight and forwarding charges   | 553.04                    | 398.93                    |
| Travelling and conveyance  | 628.01                    | 420.13                    |
| Professional and legal fees  | 760.77                    | 684.26                    |
| Payment to auditors (Refer note below)   | 60.67                     | 35.37                     |
| Exchange loss (Net)  | -                         | 0.13                      |
| Communication costs  | 48.99                     | 52.79                     |
| Donations  | 2.42                      | 62.94                     |
| Write-off of an investment in a joint venture                                    | -                         | 188.51                    |
| Less: Provision for impairment held  | -                         | (188.51)                  |
| Loss on sale of shares in a joint venture  | 588.00                    | -                         |
| Less: Provision for impairment held  | (588.00)                  | -                         |
| Provision for Impairment in the value of share application money in an associate | 186.34                    | -                         |
| Allowance for doubtful inter corporate deposit given to an associate             | 37.00                     | -                         |
| Allowance for doubtful debts   | 64.34                     | 444.21                    |
| Allowance for doubtful advances  | 3.24                      | 11.18                     |
| Trade receivables and advances written off                                       | 846.90                    | -                         |
| Less: Allowance held   | (825.77)                  | -                         |
| Printing and stationery  | 66.91                     | 41.43                     |
| Staff recruitment expenses   | 26.11                     | 19.99                     |
| Loss on sale/write off, of property, plant and equipment (Net)                   | 57.73                     | 5.70                      |
| Analytical Charges   | 127.65                    | 56.32                     |



## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 41 - Other expenses (contd.)

(Rs. In Lakhs)

|                                   | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|-----------------------------------|---------------------------|---------------------------|
| Contract labour charges           | 402.09                    | 339.92                    |
| Initial cost for operating leases | 52.28                     | 38.43                     |
| Miscellaneous expenses            | 652.43                    | 332.52                    |
|                                   | <b>11,035.85</b>          | <b>9,001.85</b>           |

|   | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|---|---------------------------|---------------------------|
| <b>Payment to auditors (excluding statutory levy)</b> |                           |                           |
| For audit   | 25.25                     | 22.25                     |
| For limited review                                    | 15.00                     | 12.50                     |
| For other services                                    | 18.53                     | 0.41                      |
| Reimbursement of expenses                             | 1.89                      | 0.21                      |
|   | <b>60.67</b>              | <b>35.37</b>              |

### Note 42 - Earnings per share (EPS):

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

|   | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Profit for the year used for computation of basic and diluted earnings per share (Rs. in lakhs)         | 11,035.67            | 3,371.43             |
| Weighted average number of equity shares used in calculating basic and diluted EPS [Refer notes 23 (c)] | 91,72,792            | 91,72,792            |
| Basic earnings per equity share [nominal value of share Rs. 5]  | 120.31               | 36.75*               |
| Diluted earnings per equity share [nominal value of share Rs. 5]  | 120.31               | 36.75*               |

\* Restated (Refer note 65)

### Note: 43 - Employee benefits

The Group operates following employee benefit plans

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

(Rs. In Lakhs)

|   | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| <b>I) Defined contribution plan</b>   |                      |                      |
| The Group operates defined contribution retirement benefit plans for all qualifying employees of the Group. The contribution to defined contribution plan recognised as expenses in the Consolidated statement of profit and loss for the year is as under (Refer note 38). |                      |                      |
| Employer's contribution to provident fund   | 169.94               | 137.82               |
| Employer's contribution to superannuation fund  | 1.58                 | 0.91                 |
| Employer's contribution to ESIC and Employees Deposit Linked Insurance (EDLI)   | 9.07                 | 8.69                 |
| Employer's contribution to labour welfare fund  | 0.04                 | 0.04                 |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note: 43 - Employee benefits (contd.)

#### 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: (Rs. In Lakhs)

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

#### (b) Movements in the fair value of the plan assets are as follows: (Rs. In Lakhs)

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

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

The amount included in the financial statements arising from the Group's obligation in respect of its defined benefit obligation plan is as follows: (Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Fair value of plan assets  | 274.79                  | 250.48                  |
| Present value of obligation  | 550.11                  | 322.32                  |
| <b>Amount recognized in the Consolidated balance sheet surplus/(deficit)</b> | <b>(275.32)</b>         | <b>(71.84)</b>          |

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

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

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note: 43 - Employee benefits (contd.)

- (e) The amount recognised in other comprehensive income in respect of the defined benefit plan is as follows: (Rs. In Lakhs)

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

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

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

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

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

The expected contributions for defined benefit plan for the next financial year is Rs. 25.00 Lakhs (for the year ended March 31, 2018 - Rs. 25.00 Lakhs)

- (g) Maturity analysis of projected benefit obligation (Rs. In Lakhs)

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

- (h) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows: (Rs. In Lakhs)

|                       | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-----------------------|-------------------------|-------------------------|
| Insurer Managed Funds | 100%                    | 100%                    |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 44 - Leases (contd.)

#### (i) Sensitivity analysis

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

|                                  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|----------------------------------|-------------------------|-------------------------|
| Discount rate (- 0.50%)          | 4.87% to 7.26%          | 3.77% to 6.42%          |
| Discount rate (+ 0.50%)          | -4.49% to -6.65%        | -3.52% to -5.89%        |
| Salary Escalation Rate (- 0.50%) | -3.98 to -6.55%         | -3.09 to -5.97%         |
| Salary Escalation Rate (+ 0.50%) | 4.26% to 7.07%          | 3.29% to 6.44%          |

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

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

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

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

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

#### III) Other long term benefit plan

Actuarial valuation for compensated absences is done as at the year end and the provision is made as per Group rules with corresponding charge to the Consolidated Statement of profit and loss amounting to Rs. 185.39 Lakhs (for the year ended March 31, 2018 - Rs. 25.50 Lakhs) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

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

### Note 44 - Leases

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>A. Assets taken on operating lease</b>  |                         |                         |
| During the year the Group has entered into arrangements for taking on leave and license basis certain residential and office premises. These are generally non-cancellable and periods range between 11 months to 5 years under leave and licence / lease and are renewable by mutual consent and on mutually agreeable terms. |                         |                         |
| a) Lease payments recognised in the Consolidated statement of profit and loss for the year   | 138.89                  | 78.87                   |
| b) Future minimum lease payment under non cancellable leases in the aggregate and for each of the following periods:   |                         |                         |
| i) Not later than one year   | 139.99                  | 41.14                   |
| ii) Later than one year and not later than five years  | 292.77                  | 35.75                   |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 44 - Leases (contd.)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>B. Assets given on operating lease</b>  |                         |                         |
| The Parent Company has entered into operating lease agreement for sublease of property in Worli, Mumbai with original lease period expiring on December 31, 2022.  |                         |                         |
| The Parent Company has also entered into various operating lease agreements for its properties in Thane with original lease periods expiring upto 2022. These agreements have a non-cancellable period at the beginning of the period for 3 years and have rent escalation provisions of 5% every year or 15% after 3 years. |                         |                         |
| c) Rent income recognised in the Consolidated statement of profit and loss<br>[Includes rentals on sub-lease of Rs. 192.01 lakhs (March 31, 2018: Rs. 46.79 lakhs)]  | 1,229.81                | 867.61                  |
| d) Future minimum lease income under the non-cancellable leases in the aggregate and for each of the following periods:  |                         |                         |
| i) Not later than one year   | 905.43                  | 1,182.30                |
| ii) Later than one year and not later than five years  | 372.69                  | 1,066.95                |
| iii) More than five years  | -                       | -                       |

### Note 45 - Interest in joint venture:

- (i) The Company had invested an aggregate of Rs. 188.51 Lakhs in VasKo Glider s.r.o. Czechoslovakia, a joint venture. Out of the above, Rs. 1.96 Lakhs (equivalent to Czech Koruna 1 Lakh) was towards basic capital and Rs. 186.55 Lakhs (equivalent to Czech Koruna 95.24 Lakhs) was towards voluntary additional contribution to capital. VasKo Glider was involved in manufacture of wheelchairs based on Levitation Movement Technology, acquired from the joint venture partner under the technology transfer agreement with effect from March 18, 2005 and the patent of which is registered in Czechoslovakia in the name of the joint venture partner.

The proportionate share, as disclosed below, in the assets, liabilities, income and expenditure of the above joint venture was based on financial statements prepared as per Ind AS:

| Name of joint venture | Place of incorporation and principal place of business | Proportion of ownership interest and voting rights held by the Company |                |
|-----------------------|--|--|----------------|
|                       |  | March 31, 2019   | March 31, 2018 |
| VasKo Glider s.r.o.   | Czechoslovakia   | -  | 50%            |

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

In view of the accumulated losses of this Joint Venture there was substantial erosion in the value of investment and accordingly, provision for diminution of Rs. 188.51 lakhs was made in the earlier year. During the previous year, the High court in Prague, Czech Republic, passed an order dated June 12, 2017 for dissolution of Vasko Glider s.r.o. The Parent Company had written off investment in previous year, in its books with intimation to Reserve Bank of India.

- (ii) The proportionate share, as disclosed below, in the assets, liabilities, income and expenditure of the above joint venture is based on financial statements prepared as per Ind AS:

| Name of joint venture | Place of incorporation and principal place of business | Proportion of ownership interest and voting rights held by the Company |                |
|-----------------------|--|--|----------------|
|                       |  | March 31, 2019   | March 31, 2018 |
| Agastya Films LLP     | India, Thane one, Dil complex, Thane (West)            | -  | 50%            |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 45 - Interest in joint venture (contd.)

(Rs. In Lakhs)

|                              | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|------------------------------|-------------------------|-------------------------|
| <b>Percentage of holding</b> | <b>50%</b>              | <b>50%</b>              |
| Current assets               | -                       | -                       |
| Current liabilities          | (5.97)                  | (13.02)                 |
| Net assets                   | (5.97)                  | (13.02)                 |
| Income                       | 7.04                    | -                       |
| Other expenses               | -                       | 601.06                  |
| Profit/(Loss) before tax     | 7.04                    | (601.06)                |

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

During the year ended March 31, 2019, the Parent Company sold its share of investment in the joint venture.

### Note 46 - Segment information:

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Parent Company. The Managing Director of the Parent Company, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CODM of the Parent Company. The Group has identified the following segments as reporting segments based on the information reviewed by CODM.

The business segments have been identified considering :

- the nature of products and services
- the differing risks and returns
- the internal organisation and management structure, and
- the internal financial reporting systems

The segment information presented is in accordance with the accounting policies adopted for preparing the consolidated financial statements of the Group. Segment revenues, expenses and results include inter-segment transfers.

A) The primary reporting of the Company has been performed on the basis of business segments, viz:

**Property - Renting of properties**

**Chemicals/Bulk Drug- Manufacturing** and selling of chemicals, primarily bulk drugs and enzymes.

Segments have been identified and reported based on the nature of the services, the risk and returns, the organisation structure and the internal financial reporting systems.

(Rs. In Lakhs)

|                              | 2018-2019           |          |           |
|------------------------------|---------------------|----------|-----------|
|                              | 2017-2018           |          |           |
|                              | Bulk Drug/Chemicals | Property | Total     |
| <b>a. Revenue</b>            |                     |          |           |
| 1 Segment revenue            | 38,925.52           | 1,953.41 | 40,878.93 |
|                              | 29,202.01           | 1,268.82 | 30,470.83 |
| Less : Inter-segment revenue | -                   | 411.89   | 411.89    |
|                              | -                   | 173.25   | 173.25    |
| Unallocated revenue          |                     |          | 1,236.52  |
|                              |                     |          | 894.84    |
| 2 Total                      |                     |          | 41,703.56 |
|                              |                     |          | 31,192.42 |



## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 46 - Segment information (contd.)

|  | 2018-2019           |          |            |
|--|---------------------|----------|------------|
|  | 2017-2018           |          |            |
|  | Bulk Drug/Chemicals | Property | Total      |
| <b>b. Result</b>                                     |                     |          |            |
| 1. Segment profit / (loss)                           | 15,149.14           | 582.97   | 15,732.11  |
|  | 9,466.54            | 198.50   | 9,665.04   |
| 2. Finance costs                                     |                     |          | 2,065.31   |
|  |                     |          | 1,363.38   |
| 3. Unallocable income/(expenditure) (net)            |                     |          | (1,534.91) |
|  |                     |          | (854.56)   |
| 4. Inter segment results                             |                     |          | 738.72     |
|  |                     |          | 149.84     |
| 5. Profit/(loss) before tax                          |                     |          | 12,870.61  |
|  |                     |          | 7,596.94   |
| 6. Provision for tax                                 |                     |          |            |
| - current tax  |                     |          | 3,195.65   |
|  |                     |          | 2,108.35   |
| - deferred tax charge/(credit)                       |                     |          | (2,115.30) |
|  |                     |          | 4.88       |
| 7. Profit after tax                                  |                     |          | 11,790.26  |
|  |                     |          | 5,483.71   |
| <b>c. Other information</b>                          |                     |          |            |
| 1. Segment assets                                    | 32,700.32           | 8,250.11 | 40,950.43  |
|  | 23,749.09           | 8,217.82 | 31,966.91  |
| 2. Unallocated corporate assets                      |                     |          | 14,540.41  |
|  |                     |          | 6,497.29*  |
| 3. Total assets                                      |                     |          | 55,490.84  |
|  |                     |          | 38,464.20* |
| 4. Segment liabilities                               | 7,456.78            | 1,181.03 | 8,637.81   |
|  | 7,337.40            | 1,032.06 | 8,369.46   |
| 5. Unallocated corporate liabilities                 |                     |          | 21,796.43  |
|  |                     |          | 16,551.56  |
| 6. Total liabilities                                 |                     |          | 30,434.24  |
|  |                     |          | 24,921.02  |
| 7. Cost incurred during the year to acquire          |                     |          |            |
| - segment tangible and intangible assets             | 3,481.17            | 45.88    | 3,527.05   |
|  | 1,238.73            | 341.98   | 1,580.71   |
| - unallocated segment tangible and intangible assets |                     |          | 50.10      |
|  |                     |          | 110.89     |
| 8. Depreciation and amortization expense             | 809.13              | 349.77   | 1,158.90   |
|  | 852.59              | 339.90   | 1,192.49   |
| 9. Unallocated depreciation                          |                     |          | 29.85      |
|  |                     |          | 43.82      |

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

\* Restated (Refer note 65)

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 46 - Segment information (contd.)

#### B) Geographical information

Geographical information is reported on the basis of the geographical location of the customers. The management views the Indian market and export markets as distinct geographical markets.

**Revenue by market** – The following is the distribution of the Group's revenue by geographical market: (Rs. In Lakhs)

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

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

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

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

The Group's operating facilities are located in India.

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

### Note 47 - List of entities included in the consolidated financial statements is as under

|  | Country of<br>Incorporation | Proportion of ownership interest as at |                |
|--|-----------------------------|--|----------------|
|  |                             | March 31, 2019                         | March 31, 2018 |
| <b>Parent Company:</b>                                   |                             |  |                |
| DIL Limited  | India                       |  |                |
| <b>Direct Subsidiaries</b>                               |                             |  |                |
| Fermenta Biotech Limited (FBL) #                         | India                       | 93.72%                                 | 93.72%         |
| Aegean Properties Limited                                | India                       | 100.00%                                | 100.00%        |
| CC Square Films Limited                                  | India                       | 100.00%                                | 100.00%        |
| <b>Step down Subsidiaries</b>                            |                             |  |                |
| Fermenta Biotech (UK) Limited (100% subsidiary of FBL)   | United Kingdom              | 93.72%                                 | 93.72%         |
| G.I. Biotech Private Limited (62.50 % subsidiary of FBL) | India                       | 58.58%                                 | 58.58%         |
| <b>Associates</b>  |                             |  |                |
| Health and Wellness India Private Ltd                    | India                       | 47.15%                                 | 47.15%         |
| Zela Wellness Private Limited [Refer note 50(b)]         | India                       | -                                      | 29.50%         |
| <b>Joint Venture</b>                                     |                             |  |                |
| Agastya Films LLP. [Refer note 45 (ii)]                  | India                       | -                                      | 50.00%         |

# The proportion of ownership interest upto December 15, 2017 was 72.09%

# Notes to Consolidated Financial Statements for the year ended March 31, 2019

**Note 48 - Disclosure of additional information pertaining to the Parent Company, subsidiaries, associates and joint venture as per Schedule III of Companies Act, 2013:**

| Sr No | Particulars               | Name of the Entity                        | March 31, 2019   |              |                        |              |  |              |  |              | March 31, 2018   |                         |                        |                       |  |              |  |              |
|-------|---------------------------|---|--|--------------|------------------------|--------------|--|--------------|--|--------------|--|-------------------------|------------------------|-----------------------|--|--------------|--|--------------|
|       |                           |   | Net assets, i.e., total assets minus total liabilities |              | Share in profit/(loss) |              | Share in other comprehensive income/(loss) |              | Share in total comprehensive income/(loss) |              | Net assets, i.e., total assets minus total liabilities |                         | Share in profit/(loss) |                       | Share in other comprehensive income/(loss) |              | Share in total comprehensive income/(loss) |              |
|       |                           |   | %  | Rs. in Lakhs | %                      | Rs. in Lakhs | %  | Rs. in Lakhs | %  | Rs. in Lakhs | %  | Rs. in Lakhs            | %                      | Rs. in Lakhs          | %  | Rs. in Lakhs | %  | Rs. in Lakhs |
| I     | Parent Company            | DIL Limited                               | -10%   | (2,306.74)   | 1%                     | 120.16       | 56%  | (82.83)      | 0%   | 37.33        | -29%   | (3,639.37) <sup>@</sup> | -57%                   | (1,927.47)            | -154%                                      | (4.17)       | -57%                                       | (1,931.62)   |
| II    | Subsidiary Companies      |   |  |              |                        |              |  |              |  |              |  | -                       |                        | -                     |  |              |  |              |
|       | a. India                  | Aegean Properties Limited                 | 0%   | 57.10        | 0%                     | (24.67)      | -  | -            | 0%   | (24.67)      | 1%   | 72.52                   | -1%                    | (20.58)               | -  | -            | -1%  | (20.58)      |
|       |                           | CC Square Films Limited                   | 0%   | 5.57         | 0%                     | 0.04         | -  | -            | 0%   | 0.04         | 0%   | 5.49                    | 0%                     | 5.42                  | -  | -            | 0%   | 5.42         |
|       |                           | Fermenta Biotech Limited                  | 117%   | 27,116.18    | 106%                   | 11,697.51    | 41%  | (61.65)      | 107%                                       | 11,631.73    | 136%   | 16,919.36               | 223%                   | 7,503.08              | 254%                                       | 6.87         | 223%                                       | 7,509.93     |
|       |                           | G I Biotech Private Limited               | 0%   | 0.50         | 0%                     | (0.68)       | -  | -            | 0%   | (0.68)       | 0%   | 1.19                    | 0%                     | (0.34)                | -  | -            | 0%   | (0.34)       |
|       | b. Foreign                | Fermenta Biotech (Uk) Limited             | 1%   | 183.99       | 0%                     | (2.10)       | -  | -            | 0%   | (2.10)       | 1%   | 183.99                  | -2%                    | (76.40)               | -  | -            | -2%  | (76.40)      |
| III   | Non-controlling interests |   | -8%  | (1,806.04)   | -6%                    | (711.81)     | -  | (4.13)       | -6%  | (707.68)     | -9%  | (1,098.36)              | -37%                   | (1,262.84)            | -  | -            | -37%                                       | (1,262.84)   |
| IV    | Associates *              |   |  |              |                        |              |  |              |  |              |  |                         |                        |                       |  |              |  |              |
|       | India                     | Health And Wellness India Private Limited | 0%   | -            | 0%                     | (7.48)       | -  | -            | 0%   | (7.48)       | 0%   | -                       | -4%                    | (136.65) <sup>@</sup> | -  | -            | -4%  | (136.65)     |
|       |                           | Zela Wellness Private Limited             | 0%   | -            | 0%                     | (42.34)      | -  | -            | 0%   | (42.34)      | 0%   | -                       | -3%                    | (111.73) <sup>@</sup> | -  | -            | -3%  | (111.73)     |
| V     | Joint Venture *           |   |  |              |                        |              |  |              |  |              |  |                         |                        |                       |  |              |  |              |
|       | India                     | Agastya Films LLP                         | 0%   | -            | 0%                     | 7.04         | -  | -            | 0%   | 7.04         | 0%   | -                       | -18%                   | (601.06)              | -  | -            | -18%                                       | (601.06)     |
|       | Total                     |   | 100%   | 23,250.56    | 100%                   | 11,035.67    | 97%  | -148.61      | 100%                                       | 10,891.19    | 100%   | 12,444.82               | 118%                   | 3,371.43              | 100%                                       | 2.70         | 100%                                       | 3,374.13     |

\* Investments accounted as per the equity method

@ Restated (Refer note 65)

## Note 49 - Related parties disclosures as per Ind AS 24

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

|       |   | Country of Incorporation |
|-------|---|--------------------------|
| a)    | <b>Holding Company:</b>   |                          |
|       | DVK Investments Private Limited                                   | India                    |
| b) i) | <b>Key Management Personnel</b>                                   |                          |
|       | <b>Name of Key Management Personnel</b>                           | <b>Designation</b>       |
|       | Mr. Krishna Datla (also a person controlling the holding company) | Managing Director        |
|       | Mr. Satish Varma  | Non-Executive Director   |
|       | Mr. Sanjay Buch   | Non-Executive Director   |
|       | Ms. Rajeshwari Datla (also relative of the Managing Director)     | Non-Executive Director   |
|       | Mr. Vinayak Hajare  | Non-Executive Director   |
|       | Mr. Sumesh Gandhi   | Chief Financial Officer  |
|       | Mr. Srikant N Sharma  | Company Secretary        |

### b) ii) Relative of Key Management Personnel

Ms. Anupama Datla Desai [Executive director in Fermenta Biotech Limited]

### c) Joint Venture

Agastya Films LLP (up to December 31, 2018)

### d) Associates

Health and Wellness India Private Limited

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

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 49 - Related parties disclosures as per Ind AS 24 (contd.)

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

Magnolia FNB Private Limited

Dupen Laboratories Private Limited

Lacto Cosmetics (Vapi) Private limited

B) Related party transactions:

(Rs. In Lakhs)

| Sr. No.  | Particulars   | Refer A (a) above | Refer A (b) above | Refer A (e) above | Refer A (c) and (d) above |
|----------|---|-------------------|-------------------|-------------------|---------------------------|
| <b>1</b> | <b>Remuneration to Directors and Key Management Personnel (including commission)*</b> |                   |                   |                   |                           |
|          | Mr. Krishna Datla   | -                 | 278.52            | -                 | -                         |
|          |   | (-)               | (178.37)          | (-)               | (-)                       |
|          | Mr. Satish Varma  | -                 | 740.11            | -                 | -                         |
|          |   | (-)               | (501.85)          | (-)               | (-)                       |
|          | Ms. Anupama Datla Desai   | -                 | 621.77            | -                 | -                         |
|          |   | (-)               | (272.01)          | (-)               | (-)                       |
|          | Mr. Sanjay Buch   | -                 | 14.67             | -                 | -                         |
|          |   | (-)               | (10.77)           | (-)               | (-)                       |
|          | Mr. Sumesh Gandhi   | -                 | 77.71             | -                 | -                         |
|          |   | (-)               | (55.61)           | (-)               | (-)                       |
|          | Mr. Srikant N Sharma  | -                 | 48.81             | -                 | -                         |
|          |   | (-)               | (49.64)           | (-)               | (-)                       |
| <b>2</b> | <b>Directors sitting fees</b>   |                   |                   |                   |                           |
|          | Mr. Krishna Datla   | -                 | 2.80              | -                 | -                         |
|          |   | (-)               | (1.90)            | (-)               | (-)                       |
|          | Ms. Rajeshwari Datla  | -                 | 3.30              | -                 | -                         |
|          |   | (-)               | (1.90)            | (-)               | (-)                       |
|          | Mr. Satish Varma  | -                 | 3.60              | -                 | -                         |
|          |   | (-)               | (2.00)            | (-)               | (-)                       |
|          | Mr. Sanjay Buch   | -                 | 6.70              | -                 | -                         |
|          |   | (-)               | (4.10)            | (-)               | (-)                       |
|          | Mr. Vinayak Hajare  | -                 | 4.10              | -                 | -                         |
|          |   | (-)               | (2.30)            | (-)               | (-)                       |
| <b>3</b> | <b>Sale of products (including excise duty)</b>                                       |                   |                   |                   |                           |
|          | Dupen Laboratories Private Limited  | -                 | -                 | 7.08              | -                         |
|          |   | (-)               | (-)               | (12.15)           | (-)                       |
| <b>4</b> | <b>Purchase of raw materials, packing materials and spares</b>                        |                   |                   |                   |                           |
|          | Lacto Cosmetics (Vapi) Private Limited  | -                 | -                 | 1.24              | -                         |
|          |   | (-)               | (-)               | (2.16)            | (-)                       |
| <b>5</b> | <b>Processing charges</b>   |                   |                   |                   |                           |
|          | Lacto Cosmetics (Vapi) Private Limited  | -                 | -                 | 5.66              | -                         |
|          |   | (-)               | (-)               | (10.36)           | (-)                       |
| <b>6</b> | <b>Other reimbursements received</b>  |                   |                   |                   |                           |
|          | Lacto Cosmetics (Vapi) Private Limited  | -                 | -                 | 1.05              | -                         |
|          |   | (-)               | (-)               | (2.72)            | (-)                       |
| <b>7</b> | <b>Rent income</b>  |                   |                   |                   |                           |
|          | DVK Investments Private Limited   | 0.30              | -                 | -                 | -                         |
|          |   | (0.30)            | (-)               | (-)               | (-)                       |
|          | Magnolia FNB Private Limited  | -                 | -                 | 0.30              | -                         |
|          |   | (-)               | (-)               | (0.30)            | (-)                       |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 49 - Related parties disclosures as per Ind AS 24 (contd.)

| Sr. No. | Particulars   | Refer A (a) above | Refer A (b) above | Refer A (e) above | Refer A (c) and (d) above |
|---------|---|-------------------|-------------------|-------------------|---------------------------|
| 8       | <b>Provision for impairment in the value of share application money and inter corporate deposit in an associate</b> |                   |                   |                   |                           |
|         | Health and Wellness India Private Limited   | -                 | -                 | -                 | 223.34                    |
|         |   | (-)               | (-)               | (-)               | (-)                       |
| 9       | <b>Provision for impairment of non-current investment in a joint venture</b>  |                   |                   |                   |                           |
|         | Agastya Films LLP   | -                 | -                 | -                 | -                         |
|         |   | (-)               | (-)               | (-)               | (588.00)                  |
| 10      | <b>Provision for share of loss in a joint venture in excess of cost of investment</b>                               |                   |                   |                   |                           |
|         | Agastya Films LLP   | -                 | -                 | -                 | 7.05                      |
|         |   | (-)               | (-)               | (-)               | (13.02)                   |
| 11      | <b>Loans taken</b>  |                   |                   |                   |                           |
|         | DVK Investments Private Limited   | 50.00             | -                 | -                 | -                         |
|         |   | (200.00)          | (-)               | (-)               | (-)                       |
| 12      | <b>Interest on loan taken</b>   |                   |                   |                   |                           |
|         | DVK Investments Private Limited   | 26.92             | -                 | -                 | -                         |
|         |   | (16.18)           | (-)               | (-)               | (-)                       |
| 13      | <b>Capital contribution</b>   |                   |                   |                   |                           |
|         | Agastya Films LLP   | -                 | -                 | -                 | -                         |
|         |   | (-)               | (-)               | (-)               | (326.00)                  |

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

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

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

(Rs. In Lakhs)

|  | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| <b>a. Trade Payables</b>   |                |                |
| Enterprises under significant influence of key management personnel or their relatives   |                |                |
| Lacto Cosmetics (Vapi) Pvt Ltd   | 1.36           | 4.98           |
| <b>b. Trade receivables</b>  |                |                |
| Enterprises under significant influence of key management personnel or their relatives   |                |                |
| Dupen Laboratories Pvt Ltd   | 10.33          | 6.33           |
| <b>c. Other financial liabilities</b>  |                |                |
| Key management personnel and relative of Key management personnel                        |                |                |
| Mr. Krishna Datla  | 117.34         | 86.19          |
| Mr. Satish Varma   | 606.69         | 430.93         |
| Ms. Anupama Datla Desai  | 530.85         | 215.46         |
| Mr. Sanjay Buch  | 14.67          | 10.77          |
| Mr. Srikant N Sharma   | 10.98          | 9.72           |
| <b>d. Provision for diminution in the value of investment and other financial assets</b> |                |                |
| Joint venture  |                |                |
| Agastya Films LLP  | -              | 588.00         |
| Associate  |                |                |
| Health and Wellness India Private Limited  | 223.34         | -              |
| <b>e. Loans to employees</b>   |                |                |
| Key management personnel   |                |                |
| Mr. Srikant N Sharma   | 1.60           | 4.80           |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 49 - Related parties disclosures as per Ind AS 24 (contd.)

|  | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| <b>f. Loans repayable on demand</b>  |                |                |
| Holding company  |                |                |
| DVK Investments Private Limited  | 250.00         | 200.00         |
| <b>g. Other financial liabilities (Interest accrued but not due)</b>                     |                |                |
| Holding company  |                |                |
| DVK Investments Private Limited  | 38.79          | 16.18          |
| <b>h. Provision for share of loss in a joint venture in excess of cost of investment</b> |                |                |
| Joint venture  |                |                |
| Agastya Films LLP  | 5.97           | 13.02          |

### Note 50

- (a) During the previous year ended March 31, 2018, the Parent Company acquired stake of 21.05% in Fermenta Biotech Limited (Equivalent to 38,30,072 equity shares of Rs. 10 each fully paid) held by Evolve Life Science Fund LLP for consideration of Rs. 8,292.95 Lakhs.
- (b) The Parent Company has sold 45,186 equity shares of Rs. 10/- each in Zela Wellness Private Limited (Zela). Consequently, the Groups holding in Zela has reduced from 29.50% to 16.59% and accordingly post November 29, 2018, the entity is not an associate of the Group.

### Note 51 - Research and development expenditure:

During the year ended March 31, 2019, the research and development expenditure of Rs. 879.10 Lakhs (March 31, 2018: Rs. 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 Rs. 115.16 Lakhs (March 31, 2018: Rs. 91.60 Lakhs).

### Note 52

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

Parent Company - Director sitting fees of Rs. 14.90 Lakhs (March 31, 2018: Rs. 8.40 Lakhs) to Non-Executive directors

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

### Note 53 - Categories of the financial instruments

(Rs. In Lakhs)

|  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>Financial assets</b>  |                         |                         |
| Financial assets measured at fair value through Other comprehensive income |                         |                         |
| Investments in equity instruments - quoted                                 | 10.14                   | 7.58                    |
| Investments in equity instruments - unquoted                               | 48.05                   | 4.11                    |
| Financial assets measured at fair value through profit or loss             |                         |                         |
| Investments in mutual funds - unquoted                                     | 114.79                  | 105.89                  |
| Financial assets measured at amortised cost                                |                         |                         |
| (i) Trade receivables  | 6,554.40                | 6,871.93                |
| (ii) Cash and cash equivalents   | 4,076.50                | 3,243.69                |
| (iii) Bank balances other than (ii) above                                  | 5,036.92                | 22.26                   |
| (iv) Share application money   | 597.00                  | 790.82*                 |
| (v) Loans  | 1,205.58                | 47.49                   |
| (vi) Other financial assets  | 720.97                  | 570.19                  |
| <b>Total Financial assets</b>  | <b>18,364.35</b>        | <b>11,663.96*</b>       |
| Financial liabilities measured at amortised cost                           |                         |                         |
| (i) Borrowings   | 20,869.51               | 17,312.79               |
| (ii) Trade payables  | 4,271.97                | 4,008.60                |
| (iii) Other financial liabilities  | 3,109.75                | 1,907.18                |
| <b>Total Financial liabilities</b>   | <b>28,251.23</b>        | <b>23,228.57</b>        |

\* Restated (Refer note 65)



## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 54 - Reconciliation of Level 3 fair value measurements:

(Rs. In Lakhs)

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

### Note 55 - Fair Value

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

(Rs. In Lakhs)

|   | Carrying value          |                         | Fair value              |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
| <b>Financial assets</b>                 |                         |                         |                         |                         |
| (i) Loans                               | 1,205.58                | 47.49                   | 1,205.58                | 47.49                   |
| (ii) Share application money            | 597.00                  | 790.82*                 | 597.00                  | 790.82*                 |
| (iii) Others financial assets           | 720.97                  | 570.19                  | 720.97                  | 570.19                  |
| (iv) Trade receivables                  | 6,554.40                | 6,871.93                | 6,554.40                | 6,871.93                |
| (v) Cash and cash equivalents           | 4,076.50                | 3,243.69                | 4,076.50                | 3,243.69                |
| (vi) Bank balances other than (v) above | 5,036.92                | 22.26                   | 5,036.92                | 22.26                   |
| <b>Total assets</b>                     | <b>18,191.37</b>        | <b>11,546.38</b>        | <b>18,191.37</b>        | <b>11,546.38</b>        |
| <b>Financial liabilities</b>            |                         |                         |                         |                         |
| (i) Borrowings                          | 20,869.51               | 17,312.79               | 20,869.51               | 17,312.79               |
| (ii) Trade payables                     | 4,271.97                | 4,008.60                | 4,271.97                | 4,008.60                |
| (iii) Other financial liabilities       | 3,109.75                | 1,907.18                | 3,109.75                | 1,907.18                |
| <b>Total liabilities</b>                | <b>28,251.23</b>        | <b>23,228.57</b>        | <b>28,251.23</b>        | <b>23,228.57</b>        |

\*Restated (Refer note 65)

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

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

### Note 56 - Fair value hierarchy :

(Rs. In Lakhs)

|   | As at March 31, 2019 |                      | As at March 31, 2018 |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | Fair Value           | Fair value hierarchy | Fair Value           | Fair value hierarchy |
| <b>Financial assets measured at fair value through Other comprehensive income</b> |                      |                      |                      |                      |
| Investments -quoted   | 10.14                | Level 1              | 7.58                 | Level 1              |
| Investment-unquoted   | 48.05                | Level 3              | 4.11                 | Level 3              |
| <b>Financial assets measured at fair value through profit or loss</b>             |                      |                      |                      |                      |
| Investments in mutual funds   | 114.79               | Level 1              | 105.89               | Level 1              |

### Note 57 - Financial risk management objectives and policies

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

#### a) Market risk:

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates, commodity prices and equity price risk). Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term borrowings. The Group is exposed to market risks related to foreign exchange rate risk, commodity rate risk, interest rate risk and other price risks, such

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 57 - Financial risk management objectives and policies (contd.)

as equity price risks. Thus, the Group's exposure to market risk is a function of borrowing activities, revenue generating and operating activities in foreign currencies.

#### i) Equity price risk

The Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investments in securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. The Group's Board of Directors review and approve, all investments in the equity investments.

As at March 31, 2019, the group had exposure to equity securities measured at fair value. The changes in fair values of the equity investments were strongly positively co-related with changes in market index. As at March 31, 2019 and March 31, 2018, the Group did not have material investments in / exposure to quoted or unquoted securities.

#### ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term and short term borrowings obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate long term and short term borrowings.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the borrowings. With all other variables held constant, the Group's profit before tax will be affected as below due to change in interest rate:

| Year ended     | (+)Increase/(-) decrease in basis points | Effect on loss decrease / (increase) |
|----------------|--|--------------------------------------|
| March 31, 2018 | +0.50                                    | (104.35)                             |
|                | -0.50                                    | 104.35                               |
| March 31, 2019 | +0.50                                    | (86.56)                              |
|                | -0.50                                    | 86.56                                |

# Loss before tax will have an equal but opposite impact.

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

#### iii) Commodity rate risk

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

#### iv) Foreign currency risk

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

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

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 57 - Financial risk management objectives and policies (contd.)

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

|                           | Currency | As at March 31, 2019       |              | As at March 31, 2018       |              |
|---------------------------|----------|----------------------------|--------------|----------------------------|--------------|
|                           |          | Amount in foreign currency | Rs. in Lakhs | Amount in foreign currency | Rs. in Lakhs |
| <b>Financial assets</b>   |          |                            |              |                            |              |
| Cash and cash equivalents | EURO     | 0.30                       | 23.66        | 0.00*                      | 0.30         |
|                           | USD      | 0.72                       | 49.99        | -                          | -            |
| Trade receivables         | USD      | 46.38                      | 3,215.33     | 64.61                      | 4,018.27     |
|                           | EURO     | 35.45                      | 2,756.26     | 23.57                      | 1,773.50     |

\* Amount less than thousand

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

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

#### C) Foreign currency sensitivity

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

#### b) Credit risk

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

##### Exposure to credit risk

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

##### i) Trade receivables

The Group has used expected credit loss (ECL) model for assessing the impairment loss. For this purpose, the Group uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers. The Group evaluates the concentration of risk with respect to trade receivables which is low, as its customers are widely spread with small outstanding amounts (For detailed movement in provision for trade receivables - Refer note 17)

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 57 - Financial risk management objectives and policies (contd.)

(Rs. In Lakhs)

| Trade receivables | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|-------------------|-------------------------|-------------------------|
| Not due           | 4,407.05                | 4,904.74                |
| 1 - 90 days       | 2,029.47                | 1,131.65                |
| 91 -180 days      | 104.95                  | -                       |
| Beyond 180 days   | 321.66                  | 1,869.17                |
|                   | <b>6,863.13</b>         | <b>7,905.56</b>         |

#### ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counter parties and within credit limits assigned to each counter party. Counter party credit limits are reviewed by the Group's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments.

#### c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle or meet its obligations as they fall due. The Group's policy on liquidity risk is to maintain sufficient liquidity in the form of cash and investment in liquid mutual funds to meet the Group's operating requirements with an appropriate level of headroom. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

#### Maturity profile of financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities outstanding as at the reporting date.

(Rs. In Lakhs)

| March 31, 2019              | Amount           | Less than 1 year | 1 to 5 years    | More than 5 years |
|-----------------------------|------------------|------------------|-----------------|-------------------|
| Borrowings                  | 20,869.51        | 7,348.58         | 6,290.23        | 7,230.70          |
| Other financial liabilities | 3,109.75         | 2,924.57         | 185.18          | -                 |
| Trade payables              | 4,271.97         | 4,271.97         | -               | -                 |
| <b>Total</b>                | <b>28,251.23</b> | <b>14,545.12</b> | <b>6,475.41</b> | <b>7,230.70</b>   |

| March 31, 2018              | Amount           | Less than 1 year | 1 to 5 years    | More than 5 years |
|-----------------------------|------------------|------------------|-----------------|-------------------|
| Borrowings                  | 17,312.79        | 3,776.00         | 6,542.45        | 6,994.34          |
| Other financial liabilities | 1,907.18         | 1,541.58         | 365.60          | -                 |
| Trade payables              | 4,008.60         | 4,008.60         | -               | -                 |
| <b>Total</b>                | <b>23,228.57</b> | <b>9,326.18</b>  | <b>6,908.05</b> | <b>6,994.34</b>   |

### Note 58 - 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.

#### (i) The gearing ratio at the end of the year was as follows:

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Debts (Term loans and loans repayable on demand including current maturities of long term borrowings) | 20,869.51               | 17,312.79               |
| Less: Cash and cash equivalents (Refer note 18)   | (4,076.50)              | (3,243.69)              |
| <b>Net debt</b>   | <b>16,793.01</b>        | <b>14,069.10</b>        |
| <b>Total equity</b>   | <b>23,250.56</b>        | <b>12,444.82</b>        |
| <b>Net debt to equity ratio</b>   | <b>0.72</b>             | <b>1.13</b>             |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 58 - Capital management (contd.)

#### (ii) Dividend on equity shares paid during the year

(Rs. In Lakhs)

|   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Dividend on equity shares   |                         |                         |
| Dividend for the year ended March 31, 2018 of Rs. 1.25 per share on 91,72,792 equity shares of Rs. 5.00 each, fully paid up (March 31, 2017: Rs. 2.50 per share on 22,93,198 equity shares of Rs. 10.00 each, fully paid up) [Refer note 23(c)] | 114.68                  | 57.33                   |
| Dividend distribution tax on above  | 23.57                   | 11.67                   |

#### Dividends not recognised at the end of the reporting period

The Board of Directors of the parent Company at its meeting held on May 24, 2019 have recommended dividend of Rs. 1.25 per share on 91,72,792 equity shares having face value of Rs. 5.00 each, fully paid up for the year ended March 31, 2019. The same aggregates to Rs. 138.25 Lakhs which would include dividend distribution tax.

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

### Note 59 - Investment properties

The Group's investment properties consist of Thane One Building and freehold land located at Majiwade Thane. Out of the 16 floors, ground to 13 floors have been considered as Investment property by the Management. In addition to Thane One building and freehold land at Thane, the Group has freehold land at Takawe and also premises at Ceejay House, Worli, Mumbai.

#### Criteria used for classification of property as investment property

The Group has considered the following for classification of property as investment property:

- Investment property comprises building and other assets required to provide ancillary services to the occupants of the investment property.
- The properties that are not occupied by the Group for use in production or supply of goods or services or for administrative purposes, or for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation are classified as investment property.

The Group has a building which is primarily meant for renting, is classified as an investment property, except for the part of that building which is used for administrative purposes, and hence classified as owner-occupied property. The Group has apportioned the cost of the property between investment property and owner-occupied property in the ratio of area used, respectively, as a percentage of total area.

#### Estimation of fair value

The fair value of the Investment properties as at March 31, 2019 has been determined at Rs. 44,688.19 Lakhs. The fair value has been determined by an external, independent property valuers, having appropriate professional qualification and recent experience in the location and category of the property being valued. The Group obtains independent valuation for its investment property annually and fair value measurement has been categorised as Level 3. The fair value has been arrived at by using comparable market rate approach. The main inputs used are quantum, area, location, demand, restrictive entry to the complex, age of building and trend of fair market rent in village Majiwade area, Takawe area and Worli area.

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

(Rs. In Lakhs)

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

Refer note 44 for operating lease arrangements and total future minimum lease rentals receivable.

Refer note 25 for the existence of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

# Notes to Consolidated Financial Statements for the year ended March 31, 2019

## Note 60 - Income tax

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

(Rs. In Lakhs)

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

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

(Rs. In Lakhs)

| Particulars   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| Profit/(loss) before tax  | 12,870.61               | 7,596.94                |
| Enacted income tax rate in India (%) #  | 34.944%                 | 33.063%                 |
| Income tax expense calculated at enacted income tax rate  | 4,497.50                | 2,511.78                |
| <b>Effect of tax on:</b>  |                         |                         |
| - non deductible expenses   | 84.56                   | 38.92                   |
| - brought forward tax loss of the past year for which DTA is created                                      | (1,732.05)              | (195.44)                |
| - carried forward tax loss / unabsorbed tax depreciation of the current year for which DTA is not created | 62.06                   | 941.01                  |
| - income exempted from tax  | (2,628.46)              | (1,918.58)              |
| - incremental deduction allowed on account of research and development costs                              | (213.60)                | (120.25)                |
| - Differential tax effect due to effective tax rate difference  | 1,003.66                | 786.79                  |
| - Others  | 6.68                    | -                       |
| MAT entitlement written off   | -                       | 69.00                   |
| <b>Total income tax expense</b>   | <b>1,080.35</b>         | <b>2,113.23</b>         |
| <b>Tax expense recognised in profit or loss</b>   | <b>1,080.35</b>         | <b>2,113.23</b>         |
| Tax expense recognised in other comprehensive income  | (35.33)                 | 3.63                    |
| <b>Total tax expense</b>  | <b>1,045.02</b>         | <b>2,116.86</b>         |

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

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

(Rs. In Lakhs)

| Particulars  | As at<br>March 31, 2018 | For the year ended March 31, 2019 |                                  | As at<br>March 31, 2019 |
|--|-------------------------|-----------------------------------|----------------------------------|-------------------------|
|  |                         | Statement of<br>profit and loss   | Other<br>comprehensive<br>income |                         |
| <b>(I) Components of deferred tax liabilities (Net)</b>  |                         |                                   |                                  |                         |
| <b>Deferred tax liabilities</b>  |                         |                                   |                                  |                         |
| Property, Plant and Equipment, investment property and intangible assets: Impact of difference between written down value as per books of account and income tax | 740.12                  | (20.46)                           | -                                | 719.66                  |
| <b>Deferred tax assets</b>   |                         |                                   |                                  |                         |
| Expenses claimed for tax purpose on payment basis  | (67.53)                 | (48.04)                           | (35.33)                          | (150.90)                |
| Allowance for doubtful debts and advances  | (459.62)                | 256.99                            | -                                | (202.63)                |
| Others   | 5.96                    | (5.96)                            | -                                | -                       |
|  | (521.19)                | 202.99                            | (35.33)                          | (353.53)                |
| <b>Net deferred tax liabilities (a)</b>  | <b>218.93</b>           | <b>182.53</b>                     | <b>(35.33)</b>                   | <b>366.13</b>           |



## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 60 - Income tax (contd.)

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

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

(Rs. In Lakhs)

| Particulars  | As at<br>March 31, 2017 | For the year ended March 31, 2018 |                                  | As at<br>March 31, 2018 |
|--|-------------------------|-----------------------------------|----------------------------------|-------------------------|
|  |                         | Statement of<br>profit and loss   | Other<br>comprehensive<br>income |                         |
| <b>(I) Components of deferred tax liabilities (Net)</b>  |                         |                                   |                                  |                         |
| <b>Deferred tax liabilities</b>  |                         |                                   |                                  |                         |
| Property, Plant and Equipment, investment property and intangible assets: Impact of difference between written down value as per books of account and income tax | 652.87                  | 87.25                             | -                                | 740.12                  |
| <b>Deferred tax assets</b>   |                         |                                   |                                  |                         |
| Expenses claimed for tax purpose on payment basis  | (72.01)                 | 0.85                              | 3.63                             | (67.53)                 |
| Allowance for doubtful debts and advances  | (307.39)                | (152.23)                          | -                                | (459.62)                |
| Others   | 0.42                    | -                                 | -                                | 5.96                    |
|  | <b>(378.98)</b>         | <b>(151.38)</b>                   | <b>3.63</b>                      | <b>(521.19)</b>         |
| <b>Net deferred tax liabilities (a)</b>  | <b>273.89</b>           | <b>(64.13)</b>                    | <b>3.63</b>                      | <b>218.93</b>           |
| <b>(II) Components of deferred tax assets (Net)</b>  |                         |                                   |                                  |                         |
| <b>Deferred tax assets</b>   |                         |                                   |                                  |                         |
| Expenses claimed for tax purpose on payment basis  | 18.52                   | 6.54                              | -                                | 25.06                   |
| Allowance for doubtful debts and advances  | 6.29                    | 1.97                              | -                                | 8.26                    |
| Unabsorbed depreciation/carried forward losses#  | 297.05                  | 195.44                            | -                                | 492.49                  |
| MAT credit entitlement   | 69.00                   | (69.00)                           | -                                | -                       |
|  | <b>390.86</b>           | <b>134.95</b>                     | <b>-</b>                         | <b>525.81</b>           |
| <b>Deferred tax liabilities</b>  |                         |                                   |                                  |                         |
| Property, Plant and Equipment, investment property and intangible assets: Impact of difference between written down value as per books of account and income tax | (321.86)                | (203.95)                          | -                                | (525.81)                |
| <b>Net deferred tax assets (b)</b>   | <b>69.00</b>            | <b>(69.00)</b>                    | <b>-</b>                         | <b>-</b>                |
| <b>Total deferred tax charge/(credit) (a+b)</b>  | <b>-</b>                | <b>4.87*</b>                      | <b>3.63</b>                      | <b>-</b>                |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 60 - Income tax (contd.)

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

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

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

(Rs. In Lakhs)

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

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

(Rs. In Lakhs)

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

### Note 61 - Share-based payments

#### Employee share option plan of the Subsidiary Company

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

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

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

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

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

| Options series                                   | Number   | Grant date | Expiry date | Exercise price | Fair value at<br>grant date |
|--|----------|------------|-------------|----------------|-----------------------------|
| Plan 1 (60% of options granted under ESOP 2019)  | 1,02,000 | 25/02/19   | 25/02/25    | 100            | 504.03                      |
| Plan 1 (20% of options granted under ESOP 2019)  | 34,000   | 25/02/19   | 25/02/26    | 100            | 504.03                      |
| Plan 1 (20% of options granted under ESOP 2019)  | 34,000   | 25/02/19   | 25/02/27    | 100            | 504.03                      |
| Plan 2 (100% of options granted under ESOP 2019) | 1,81,900 | 25/02/19   | 25/02/25    | 100            | 499.87                      |

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

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 61 - Share-based payments (contd.)

#### 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 Rs. 501.88. Options were priced using Black-Scholes option pricing model. Where relevant, the expected life used in the model has been calculated based on a weighted average of vests. Expected volatility is based on the historical share price information of similar listed entities.

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

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

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

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

No share options were exercised during the year.

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

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

### Note 62 - Commitments:

(Rs. In Lakhs)

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

### Note 63 - Contingent liabilities:

(Rs. In Lakhs)

| Particulars   | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Claims against the Group not acknowledged as debts;     |                      |                      |
| a) Tax matters  |                      |                      |
| - Service tax - matter under appeal                     | 22.50                | 22.50                |
| - Sales tax - matter under appeal                       | 4.63                 | 24.77                |
| b) Other claims (legal claim not accepted by the Group) | 25.00                | -                    |
|   | 52.13                | 47.27                |

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 64

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

### Note 65

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

### Note 66 - Details of dues to micro and small enterprises as per Micro, Small and Medium Enterprise Development Act, 2006

(Rs. In Lakhs)

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

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

## Notes to Consolidated Financial Statements for the year ended March 31, 2019

### Note 67 - Capitalisation of borrowing costs

During the year ended March 31, 2019, the Group capitalised the following borrowing costs attributable to qualifying assets to the cost of property, plant and equipment / capital work-in-progress (CWIP). Consequently, finance costs disclosed under note 40 are net of amounts capitalised by the Group Company.

(Rs. In Lakhs)

| Particulars   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---------------|-------------------------|-------------------------|
| Finance costs | 4.84                    | -                       |
| <b>Total</b>  | <b>4.84</b>             | <b>-</b>                |

### Note 68

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 DIL Limited

**Sanjay Buch**  
Chairman

**Krishna Datla**  
Managing Director

**Rajeshwari Datla**  
Director

**Satish Varma**  
Director

**Vinayak Hajare**  
Director

**Dr Gopakumar Nair**  
Additional Director

**Srikant N. Sharma**  
Company Secretary

**Sumesh Gandhi**  
Chief Financial Officer

Thane, May 24, 2019

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## DIL LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485

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

Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899 • Email: contact@dil.net • Website: www.dil.net

## NOTICE

Notice is hereby given that the Sixty-Seventh Annual General Meeting ("AGM") of the Members of DIL LIMITED will be held at Thane One, DIL Complex, Ghodbunder Road, Majiwada, Thane (West) - 400 610, Maharashtra on Monday, July 8, 2019 at 4.45 pm to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt:
  - (a) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2019, Reports of the Board of Directors and the Auditors thereon; and
  - (b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 along with the Report of the Auditors thereon.
2. To declare dividend of Rs.1.25 per equity share of Rs. 5 each for the financial year ended March 31, 2019.
3. To appoint a Director in place of Mr. Satish Varma (DIN – 00003255), who retires by rotation and, being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS

4. To consider, and if thought fit, pass with or without modification(s), the following resolution as a Special Resolution:

**Re-appointment of Mr. Sanjay Buch, as an Independent Director of the Company for a period of five years effective from April 1, 2019**

"RESOLVED THAT, pursuant to the provisions of Section 149, 150 and 152 Companies Act, 2013 ('Act') read with Schedule IV and Companies (Appointment and Qualification of Directors) Rules, 2014 and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of the Company be and is hereby accorded to re-appoint Mr. Sanjay Buch (DIN: 00391436) as an Independent Director, in respect of whom the Company has received a notice under Section 160 of the Act from a member proposing his candidature for the office of independent director on the Board of Directors of the Company, for a second term of 5 (five) consecutive years with effect from April 01, 2019.

**RESOLVED FURTHER THAT** the Board be and is hereby

authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

5. To consider, and if thought fit, pass with or without modification(s), the following resolution as a Special Resolution:

**Re-appointment of Mr. Vinayak Hajare, as an Independent Director of the Company for a period of five years effective from April 1, 2019**

"RESOLVED THAT, pursuant to the provisions of Section 149, 150 and 152 Companies Act, 2013 ('Act') read with Schedule IV and Companies (Appointment and Qualification of Directors) Rules, 2014 and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of the Company be and is hereby accorded to re-appoint Mr. Vinayak Hajare (DIN: 00004635), as an Independent Director, in respect of whom the Company has received a notice under Section 160 of the Act from a member proposing his candidature for the office of Director on the Board of Directors of the Company, for a second term of 5 (five) consecutive years w.e.f. April 01, 2019.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

6. To consider, and if thought fit, pass with or without modification(s), the following resolution as a Special Resolution:

Appointment of Dr. Gopakumar Nair, as an Independent Director of the Company for a period of five years effective from May 17, 2019

"RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152 Companies Act, 2013 ('Act') read with Schedule IV and Companies (Appointment and Qualification of Directors) Rules, 2014 and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the consent of the Company be and is hereby given to appoint Dr. Gopakumar





Nair (DIN: 00092637) as an Independent Director, in respect of whom the Company has received a notice under Section 160 of the Act from a member proposing his candidature for the office of Director on the Board of Directors of the Company for a term of 5 (five) consecutive years with effect from May 17, 2019.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution."

By Order of the Board of Directors of  
**DIL Limited**

**SRIKANT N. SHARMA**

*Company Secretary*

Membership No: FCS - 3617

May 24, 2019

Thane

Registered Office:

A -1601, Thane One, DIL Complex,

Ghodbunder Road, Majiwada,

Thane (West) – 400 610

Maharashtra, India.

#### Notes:

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ('Act') with respect to the special business set out in the Notice is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY, DULY STAMPED, COMPLETED, AND SIGNED, NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME FOR COMMENCEMENT OF THE 67TH AGM. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten (10) percent of the total share capital of the Company. A member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person cannot act as a proxy for any other member. Proxy submitted on behalf of any company, society, entity, etc., must be supported by an appropriate resolution/ authority letter, as applicable.
3. During the period beginning 24 hours before the time fixed for the commencement of the AGM till the conclusion of the AGM, a member would be entitled to inspect the proxies received by the Company, between 10.00 a.m. to 5.00 p.m., provided that not less than three (3) days' prior notice in writing is given to the Company.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, July 2, 2019 to Monday, July 8, 2019 (both days inclusive) for the purpose of 67th AGM and payment of final equity dividend for the financial year 2018-19.
5. Subject to the provisions of the Act, the final equity dividend as recommended by the Board of Directors, if declared at the AGM, will be paid on or after Saturday, July 13, 2019 to those members whose names appear:
  - (a) in the Register of members of the Company after giving effect to valid share transfers lodged with the Company on or before Monday, July 1, 2019 and
  - (b) as beneficial owners as at the end of business hours on Monday, July 1, 2019 as per the list furnished by National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) in respect of shares held in dematerialized form.
6. Members are requested to avail National Electronic Clearing Service (NECS) facility for quick remittance of dividends in order to avoid postal delay and fraudulent interception of dividend warrants. NECS mandate form is available at the Company's Registrar and Transfer Agent ('R&T Agent') website [www.linkintime.co.in](http://www.linkintime.co.in) or members may write to the R&T Agent for the same.
7. Unclaimed interim equity dividend for the financial year 2011-12 has already been transferred to Investor Education and Protection Fund (IEPF). Members are hereby informed that pursuant to Sections 124 and 125 of the Act and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, as may be amended from time to time (IEPF Rules), dividend which is remaining unpaid / unclaimed by shareholders for a period of seven consecutive years shall be transferred to IEPF. IEPF Rules mandate the companies to transfer the shares of members whose dividends remain unpaid / unclaimed for a period of seven consecutive years shall be transferred to the dematerialization account of IEPF Authority. The details of unclaimed dividends and its due dates for transfer to IEPF are available on the website of the Company i.e. [www.dil.net/Unpaid-Dividend.html](http://www.dil.net/Unpaid-Dividend.html). Members who have not claimed their dividend(s) so far in respect of the unclaimed dividend(s) and which is due for transfer to IEPF, are requested to write to the Company's R&T Agent, well in advance before the respective due dates. The Members whose dividend(s) and/or shares have been transferred to IEPF Authority can now claim their dividend(s) and/or shares from the IEPF Authority by following the 'Procedure to claim Refund' as detailed on the website of IEPF Authority [www.iepf.gov.in/IEPF/refund.html](http://www.iepf.gov.in/IEPF/refund.html). Unclaimed final equity dividend for the financial year 2011-12 is due for transfer to IEPF by November 3, 2019. Members are required to claim their unencashed dividend, if any, for the financial year 2011-12 by writing a letter to the Company on or before October 1, 2019.
8. The profile of Directors recommended for re-appointment and appointment at the AGM under item no. 4, 5 and 6 of the Notice, as required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Secretarial Standard on General Meetings (SS-2) as specified by the Institute of Company Secretaries of India, is furnished in the Explanatory Statement to Notice.
9. (a) The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act and the Register of contracts or arrangements in which the Directors are interested, under Section 189 of the Act will be available for inspection at the venue of the AGM.
  - (b) All documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on all working days i.e. Monday to Friday, up to the date of the 67th AGM of the Company.

10. Updation of Members' details: The format of the Register of Members prescribed by the Ministry of Corporate Affairs under the Act requires the Company/ R&T Agents to record additional details of Members, including their PAN details, email address, bank details for payment of dividend, etc. Members holding shares in physical form are requested to furnish the above details to the Company or its R&T Agents. Members holding shares in dematerialization mode are requested to furnish the details to their respective Depository Participant(s) ("DP")
11. In order to improve ease, convenience and safety of transactions and in view of SEBI notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 which mandate that request for effecting the transfer of listed securities shall not be processed unless the securities are held in dematerialized form, effective April 1, 2019. Members are, therefore, advised to dematerialize their equity shares currently held in physical form, by contacting their DP(s).
12. Members holding shares in physical form can avail the nomination facility by filing Form SH-13 (in duplicate) prescribed under Section 72 of the Act and Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014 with the Company or with its R&T Agent. In case of shares held in dematerialized form, the nomination may be lodged with the member's Depository Participant. The above form is available at the R&T Agent's website or will be made available on request.
13. The 67th Annual Report of the Company along with the Notice of the AGM, Remote e-voting procedure, Ballot Form, Attendance Slip and Proxy Form is being sent: (a) by electronic mode to those Members whose e-mail addresses are registered with the Company / Depository Participant(s), unless any such Member has requested for a physical copy of the same; and (b) to those Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode(s). ***To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with the Company or with the R&T Agent at the earliest.***
14. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder read with Regulation 44 of Listing Regulations, the Company is pleased to provide the Members with the facility of remote e-voting provided by Central Depository Services Limited ('CDSL') through which the Members may exercise their votes electronically on all resolutions set forth in this Notice.

The instructions for remote e-voting ('e-voting') are as under:

- (A) Members are requested to follow the steps as mentioned in clauses (i) to (xxi) on page no. \_\_\_\_ of Annual Report and

Other Instructions mentioned in para (B) below to cast their votes electronically (e-voting) and through ballot form.

(B) Other instructions for e-voting:

- i. The e-voting period commences on Friday, July 5, 2019 (9.00 a.m. IST) and ends on Sunday, July 7, 2019 (5.00 p.m. IST). During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on Monday, July 1, 2019, may cast their vote through remote e-voting facility. The facility for remote e-voting shall remain open for not less than three days and shall close at 5.00 p.m. on Sunday, July 7, 2019. Once the vote on a resolution is cast by the Member, the same shall not be allowed to change subsequently. A Member may participate in the AGM even after exercising his/her right to vote through remote e-voting, however, his/her voting at the AGM shall not be considered.
- ii. The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on Monday, July 1, 2019.
- iii. In case the members have any queries or issues regarding e-voting, they may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under 'Help Section' or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- iv. Members who do not have access to remote e-voting facility may send duly completed Ballot Form (enclosed in page no. ix of the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. V. N. Deodhar (Membership No. FCS 1880), Proprietor of V.N. Deodhar & Co., Practising Company Secretaries, at the Registered Office of the Company not later than Sunday, July 7, 2019 (5.00 p.m. IST). Ballot Form received after the said date shall be treated as invalid. A Member may participate in the AGM even after exercising his/her right to vote through Ballot Form, however his/her voting at the AGM shall not be considered.
- v. A Member can opt for only one mode of voting i.e. either through remote e-voting or by Ballot Form. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot Form shall be treated as invalid.
- vi. Mr. V. N. Deodhar (Membership No. FCS-1880), Proprietor of V. N. Deodhar & Co., Practising Company Secretaries, has been appointed as the Scrutinizer to scrutinize the e-voting process and Ballot forms in a fair and transparent manner.

- vii. The facility for voting through Ballot Forms will be made available at the AGM. The Members attending the AGM and have not voted will be able to exercise their voting right at the AGM through Ballot Forms.
- viii. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later 48 (forty eight) hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
- ix. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.dil.net](http://www.dil.net) and on the website of CDSL [www.cdslindia.com](http://www.cdslindia.com) within 48 (forty eight) hours of passing of resolutions at the 67th AGM of the Company and communicated to BSE Limited, where the shares of the Company are listed.

15. Members seeking any information or clarification on the Annual Report are requested to send written queries to the

Company Secretary at the Registered Office of the Company at least one week before the date of the 67th AGM, in order to make the information available at the AGM.

- 16. Members / proxies are requested to bring their copies of the Annual Report along with the attendance slip, duly filled in, for attending the AGM.
- 17. The route map (including the prominent landmark) for easy location of the AGM venue, is provided on page no. xiv of the Annual Report.

By Order of the Board of Directors of  
**DIL Limited**

**SRIKANT N. SHARMA**  
Company Secretary  
Membership No: FCS - 3617

May 24, 2019  
Thane

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

#### Annexure to Notice

Explanatory Statement Pursuant to Section 102 of the Companies Act, 2013 ('Act').

##### Item no. 4 and 5:

Mr. Sanjay Buch was appointed as an Independent Director of the Company with effect from April 28, 2007 under the provisions of the Companies Act, 1956 and the Listing Agreement with the Bombay Stock Exchange. Presently, he is also the Chairman of the Company.

Mr. Vinayak Hajare was appointed as an Independent Director of the Company with effect from June 18, 2009 under the provisions of the Companies Act, 1956 and the Listing Agreement with the Bombay Stock Exchange.

Pursuant to the provisions of Section 149 and 152 of the Companies Act, 2013 read with Rules made thereunder ('Act'), the Company is required to have at least one third of total directors as Independent Directors, not liable to retire by rotation. An independent director shall hold office for a term up to five consecutive years on the Board of a Company, and shall be eligible for re-appointment on passing of a special resolution by the Company. However, no independent director shall hold office for more than two consecutive terms under the provisions of the Act. Independent directors' tenure governed by the Companies Act, 1956 shall not be counted for above terms under the Act.

Further, as per Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'),

where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors. As required under the aforesaid provisions of the Act, Mr. Sanjay Buch and Mr. Vinayak Hajare were appointed as Independent Directors to hold the office for a first term of 5 (Five) years effective from April 01, 2014 to March 31, 2019.

Over the last two decades, Mr. Sanjay Buch has been involved in a wide spectrum of legal advisory and practice. With his expertise in policy making, legal business understanding, restructuring, mergers and acquisitions, he plays a vital role in overall business decisions making process of the Company.

Mr. Vinayak Hajare has over three decades of work experience in areas such as Investment Banking and Corporate Finance. With his competency in policy making, business understanding, banking and finance, he plays an important role in overall business decisions making process of the Company.

As required under Listing Regulations and Secretarial Standards on General Meetings (SS-2) as specified by the Institute of Company Secretaries of India, brief profile of Mr. Sanjay Buch and Mr. Vinayak Hajare is provided is annexed to this notice. The Company has received notices under Section 160 of the Act from members proposing their candidature for the office of independent directors on the Board of Directors of the Company.

On the recommendation of the Nomination and Remuneration Committee of the Company and in the opinion of the Board of

Directors ('Board'), Mr. Sanjay Buch and Mr. Vinayak Hajare fulfil conditions specified in the Act and the rules made thereunder and the proposed directors are independent of the management.

Considering the above and based on the performance evaluation reports, and in compliance with the provisions of Section 149, 150 and 152 read with Schedule IV and Companies (Appointment and Qualification of Directors) Rules, 2014 of the Act and applicable provisions of Listing Regulations, it is proposed to re-appoint Mr. Sanjay Buch and Mr. Vinayak Hajare as Independent Directors on the Board of Directors of the Company, not liable to retire by rotation, for second term of 5 (Five) consecutive years, effective from April 01, 2019.

The Board of Directors, therefore, recommends the respective resolutions for approval of the Members, as Special Resolutions.

A copy of the draft Letters of Appointment for the above Independent Directors, setting out the terms and conditions, are available for inspection by the members at the Company's registered office between 11:00 a.m. to 1:00 p.m. on any working date from Monday to Friday up to the date of AGM.

Mr. Sanjay Buch and Mr. Vinayak Hajare do not hold any shares in the Company.

Except Mr. Sanjay Buch and Mr. Vinayak Hajare, none of the directors, key managerial personnel or their relatives is interested in the resolutions.

#### **Item No. 6**

The members are hereby informed that the members of the Board of Directors approved the appointment of Dr. Gopakumar Nair (Age: 78 years) as an Additional (Independent) Director with effect from May 17, 2019 in terms of Section 161 of the Companies Act, 2013 ('Act') and his appointment as an Independent Director is subject to approval by the members at a general meeting.

Dr. Gopakumar Nair has been associated with pharmaceutical industry for more than four decades and has expertise in areas such as Intellectual Property Rights, Mediation and Arbitration, and Licensing and Technology Transfer. His competency in policy making, business understanding, and in above mentioned areas would play an important role in overall strategic decisions making process of the Company.

As required under Listing Regulations and Secretarial Standards on General Meetings (SS-2) as specified by the Institute of Company Secretaries of India, a brief profile of Dr. Gopakumar Nair is annexed

to this notice. The Company has received notice under Section 160 of the Act from a member proposing his candidature for the office of Director on the Board of Directors of the Company.

On recommendation of the Nomination and Remuneration Committee of the Company and in the opinion of the Board, Dr. Gopakumar Nair fulfils conditions specified in the Act and the rules made thereunder and that he is independent of the management.

Considering the above and in compliance with the provisions of Section 149, 150 and 152 read with Schedule IV and Companies (Appointment and Qualification of Directors) Rules, 2014 of the Act and applicable provisions of Listing Regulations including Regulation 17, it is proposed to appoint Dr. Gopakumar Nair as an Independent Director on the Board of Directors of the Company, not liable to retire by rotation, for a term of 5 (Five) consecutive years, effective from May 17, 2019.

Therefore, the Board of Directors recommends this resolution for approval of the Members, as Special Resolution.

A copy of the draft Letter of Appointment for Dr. Gopakumar Nair, setting out the terms and conditions, is available for inspection by the members at the Company's registered office between 11:00 a.m. to 1:00 p.m. on any working date from Monday to Friday up to the date of AGM.

Dr. Gopakumar Nair holds 2,000 shares (0.02%) in the Company as on the date of this notice.

Except Dr. Gopakumar Nair, none of the directors, key managerial personnel or their relatives is interested in the resolution.

By Order of the Board of Directors of  
**DIL Limited**

**SRIKANT N. SHARMA**

*Company Secretary*

Membership No: FCS - 3617

May 24, 2019

Thane

Registered Office:

A -1601, Thane One, DIL Complex,

Ghodbunder Road, Majiwada,

Thane (West) – 400 610

Maharashtra, India.

Brief profile of Directors being appointed or re-appointed, as required under regulation 26(4), 36(3) of the listing regulations and secretarial standard on general meetings specified by the Institute of Company Secretaries of India and approved by the Central Government

| Name of the Director  | Satish Varma<br>Non-Executive Director   | Sanjay Buch<br>Independent Director  | Vinayak Hajare<br>Independent Director   | Dr. Gopakumar Nair<br>Additional<br>(Independent) Director  |
|---|--|--|--|---|
| Age   | 49 years   | 51 years   | 59 years   | 78 years  |
| Date of first appointment on the Board  | 01/07/2003   | 28/04/2007   | 18/06/2009   | 17/05/2019  |
| Qualifications  | Computer Science   | B.A (Economics);<br>L.L.B and Solicitor  | M.B.A (Finance)  | Ph.D. from National Chemical Laboratory;<br>Diploma in Management & Patent Law;<br>LL.B.  |
| Experience  | More than two decades of experience.   | More than two decades of experience.   | More than three decades of experience.   | More than four decades of experience.   |
| Area of specialization  | Extensive operational, management and legal experience across the full scope of the DIL enterprise   | Wide spectrum of legal advisory and practice. Expertise in Policy Making, Legal Business Understanding, Business Restructuring, Mergers and Acquisitions and advisor.  | Investment Banking and Corporate Finance   | Core competency in pharmaceutical industry, Mediation and Arbitration as well as in licensing and technology transfer.  |
| Number of meetings of the Board of the Company attended during FY 2018-19                 | 7 (Seven)  | 7 (Seven)  | 7 (Seven)  | Not Applicable  |
| Directorship held in other companies  | <ul style="list-style-type: none"> <li>G I Biotech Private Limited;</li> <li>Aegean Properties Limited;</li> <li>DVK Investments Private Limited;</li> <li>CC Square Films Limited;</li> <li>Fermenta Biotech Limited</li> </ul> | <ul style="list-style-type: none"> <li>Convergence Chemicals Private Limited;</li> <li>Sulphur Mills Limited;</li> <li>Indofil Industries Limited;</li> <li>Indo Baijin Chemicals Private Limited;</li> <li>JM Foundation for Excellence in Journalism;</li> <li>Fermenta Biotech Limited</li> </ul> | <ul style="list-style-type: none"> <li>Lohr India Private Limited;</li> <li>Intergest South Asia Private Limited;</li> <li>Gumpro Drilling Fluids Private Limited;</li> <li>Icunet Consulting India Private Limited</li> </ul> | <ul style="list-style-type: none"> <li>Sequent Scientific Limited;</li> <li>Alivira Animal Health Limited;</li> <li>Fermenta Biotech Limited</li> </ul>                         |
| Chairmanships /Memberships of Committee* of other Company's Boards (as on March 31, 2019) | Member of SRC of Fermenta Biotech Limited  | Member of NRC of Fermenta Biotech Limited;<br><br>Chairman of AC of Convergence Chemicals Private Limited, Indofil Industries Limited and Fermenta Biotech Limited;<br><br>Chairman of SRC and CSRC Committee of Indofil Industries Limited and Fermenta Biotech Limited                             | NIL  | Member of AC of Fermenta Biotech Limited; NRC, CSRC and STC of Sequent Scientific Limited;<br><br>Chairman of NRC of Fermenta Biotech Limited, AC of Sequent Scientific Limited |

| Name of the Director  | Satish Varma<br>Non-Executive Director   | Sanjay Buch<br>Independent Director   | Vinayak Hajare<br>Independent Director  | Dr. Gopakumar Nair<br>Additional<br>(Independent) Director  |
|---|--|---|---|---|
| Terms and conditions of re- appointment along with remuneration proposed to be paid and Remuneration last drawn | <ul style="list-style-type: none"> <li>Re-appointment as Director pursuant to retirement by rotation;</li> <li>Remuneration: N.A.</li> </ul> | <ul style="list-style-type: none"> <li>Re-appointment as Independent Director for second term of 5 (five) consecutive years w.e.f. April 01, 2019;</li> <li>Remuneration: N.A.</li> </ul> | <ul style="list-style-type: none"> <li>Re-appointment as Independent Director for second term of 5 (five) consecutive years w.e.f. April 01, 2019;</li> <li>Remuneration: N.A.</li> </ul> | <ul style="list-style-type: none"> <li>Appointment as Independent Director for a term of 5 (five) years w.e.f. May 17, 2019;</li> <li>Remuneration: N.A.</li> </ul> |
| Shareholding of Director (as on March 31, 2019)   | NIL  | NIL   | NIL   | 2,000 equity shares   |
| Relationship with other Directors, Manager and other Key Managerial Personnel of the Company                    | Not Applicable   | Not Applicable  | Not Applicable  | Not Applicable  |

\* AC = Audit Committee, CSRC = Corporate Social Responsibility Committee, SRC = Stakeholders Relationship Committee, NRC = Nomination & Remuneration Committee





## DIL LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485

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

Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899 • Email: contact@dil.net • Website: www.dil.net

### BALLOT FORM

#### 67th Annual General Meeting

(To be sent, duly filled and signed to the Scrutinizer appointed by the Company)

(Please read the instructions printed overleaf carefully before completing this form)

Name(s) of Member(s), including Joint holder(s), if any, (in block letters) :

Registered Address of the Sole / First named Member / Beneficial Owner :

Registered Folio No. / DP ID and Client ID No :

Number of Equity Shares held :

I / We hereby exercise my / our vote in respect of the Resolutions set out in the Notice of the Annual General Meeting dated May 24, 2019 by sending my / our assent or dissent to the following Resolutions by placing the tick (✓) mark at the appropriate box below:

| Resolution No. | Description   | No. of shares | I/ We assent to the Resolution | I/ We dissent to the Resolution |
|----------------|---|---------------|--------------------------------|---------------------------------|
| 1              | To receive, consider and adopt:<br>(a) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2019, Reports of the Board of Directors and the Auditors thereon; and<br>(b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 along with the Report of the Auditors thereon. |               |                                |                                 |
| 2              | To declare dividend of Rs. 1.25 per equity share of Rs. 5 each for the financial year ended March 31, 2019.   |               |                                |                                 |
| 3              | To appoint a Director in place of Mr. Satish Varma, who retires by rotation and, being eligible, offers himself for re-appointment.   |               |                                |                                 |
| 4              | Re-appointment of Mr. Sanjay Buch, as an Independent Director of the Company for a period of five years effective from April 1, 2019  |               |                                |                                 |
| 5              | Re-appointment of Mr. Vinayak Hajare, as an Independent Director of the Company for a period of five years effective from April 1, 2019   |               |                                |                                 |
| 6.             | Appointment of Dr. Gopakumar Nair, as an Independent Director of the Company for a period of five years effective from May 17, 2019   |               |                                |                                 |

### ELECTRONIC VOTING PARTICULARS

Place :

Date :

Signature of the Member

| EVSN (Electronic Voting Sequence Number) | User ID | Password |
|--|---------|----------|
| 190530008                                |         |          |

Note: For e-voting, please refer the instructions under "E-Voting Facility" in the Notice attached herewith.

## INSTRUCTIONS

### Process and manner for Members opting to vote by using the Ballot Form:

1. This Ballot Form is provided for the benefit of Members who do not have access to remote e-voting facility, to enable them to send their assent or dissent by post.
2. A Member can opt for only one mode of voting, i.e. either by Ballot Form or through remote e-voting. If a Member casts votes by both modes, then voting done through remote e-voting shall prevail and Ballot Form shall be treated as invalid.
3. For detailed instructions on remote e-voting, please refer to the Notes appended to the Notice of Annual General Meeting.
4. The Scrutinizer will collate the votes downloaded from the remote e-voting system and votes received through Ballot Form to declare the final result for each of the Resolutions forming part of the Annual General Meeting Notice
5. Please complete and sign the Ballot Form (no other form or photocopy thereof is permitted) and send it to the Scrutinizer appointed by the Board of Directors of the Company, i.e. Mr. V. N. Deodhar & Co (Membership No.898), Practising Company Secretaries, at the registered office address of the Company, not later than Sunday, July 7, 2019 (5.00 p.m. IST). For this purpose, a self-addressed prepaid envelope is enclosed by the Company. The envelope bears the name of the Scrutinizer and address of the registered office of the Company. However, envelopes containing the Ballot Form(s), if deposited in person or sent by courier or registered/ speed post will be at the expense of the Member and will also be accepted. Ballot Form received after the above date i.e. July 07, 2019 will be treated as invalid.
6. The Form should be signed by the Member as per the specimen signature registered with the Company/ Depository Participants. In case of joint holding, the Form should be completed and signed by the first named Member and in his/ her absence, by the next named joint holder. There will be one Form for every Folio/ Client ID irrespective of the number of joint holders.
7. For shares held by companies/ entities duly completed Form should be accompanied by a certified true copy of the Board Resolution / Authorization together with attested specimen signature(s) of the duly authorized representative(s).
8. Votes should be cast in case of each resolution, either in favour or against by putting the tick mark in the column provided for assent/ dissent. Members may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed the member's total shareholding. If the Member does not indicate either "FOR" or "AGAINST" in case of any resolution, it will be treated as "ABSTAIN" for that resolution and the shares held will not be counted under either head.
9. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on Monday, July 1, 2019 ("Cut Off Date") as per the Register of Members of the Company and as informed to the Company by the Depositories in case of Beneficial Owners.
10. A Member may request for a duplicate Ballot Form, if so required. However, the duly filled in and signed duplicate Form should reach the Scrutinizer not later than the date specified at Sr. No. 5 above.
11. Unsigned, incomplete, improperly or incorrectly tick marked Ballot Forms will be rejected. A Form will also be rejected if it is received torn, defaced or mutilated to an extent which makes it difficult for the Scrutinizer to identify either the Member or the number of votes or as to whether the votes are in favour or against or if the signature cannot be verified.
12. The Scrutinizer's decision on the validity of a Ballot will be final.
13. Except as otherwise mentioned herein, Members are requested not to send any other paper along with the Ballot Form in the enclosed self-addressed envelope as all such envelopes will be sent to the Scrutinizer and any other paper found in such envelope would be destroyed by him. Members are also requested not to write anything on the Ballot Form except giving their assent or dissent and putting their signature.
14. The results of the voting shall be declared on or after the Annual General Meeting of the Company. The Results declared, along with the Scrutinizer's Report, shall be published in newspapers, placed on the Company's website [www.dil.net](http://www.dil.net) and communicated to the Stock Exchange where the Company shares are listed viz. BSE Ltd.
15. Members may address any query to Mr. Srikant Sharma, Compliance Officer, at the Registered Office of the Company, Tel: 022 6623 0800 Fax: 022 6798 0899 or by e-mail to [srikant.sharma@dil.net](mailto:srikant.sharma@dil.net).

## MEMBER/SHAREHOLDER INSTRUCTIONS FOR REMOTE E-VOTING ('E-VOTING')

The instructions for Members voting electronically are as under:

- (i) The voting period begins on Friday, July 5, 2019 (9.00 a.m. IST) and ends on Sunday, July 7, 2019 (5.00 p.m. IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. Monday, July 1, 2019 (Record Date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Members who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The Members should log on to the e-voting website of CDSL viz. [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on Members.
- (v) Now Enter your User ID
  - a. For Members having demat account with DP connected to CDSL: Please enter 16 digits beneficiary ID as your User ID,
  - b. For Members having demat account with DP connected to NSDL: Please enter 8 Characters DP ID followed by 8 Digits Client ID as your User ID,
  - c. For Members holding shares in physical form: Please enter Folio Number registered with the Company as your User ID.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user, please follow the steps given below:

|  | For Members holding shares in Demat Form and Physical Form  |
|--|---|
| PAN  | <p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department. (Applicable for both demat Members as well as physical Members)</p> <ul style="list-style-type: none"><li>Members who have not updated their PAN with the Company/Depository Participant, are requested to use the Electronic Voting Sequence Number which is printed on Ballot form indicated in the PAN field.</li></ul> |
| Dividend Bank Details OR Date of Birth (DOB) | <ul style="list-style-type: none"><li>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</li><li>If both the details are not recorded with the depository or company please enter the Member ID / folio number in the Dividend Bank details field as mentioned in instruction (v).</li></ul>      |

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company Selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the Electronic Voting Sequence Number (EVSN) 190530008 for DIL Limited on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

**(xix) Members can also cast their votes using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting through your mobile.**

(xx) Note for Non-Individual Members and Custodians

- Non-Individual Members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager (CDSL) Central Depository Services (India) Limited, A wing, 25th floor, Marathon Futurex, Mafatlal Mill Compounds, N. M. Joshi Marg, Lower Parel (East), Mumbai 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533



## DIL LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485

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

Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899 • Email: contact@dil.net • Website: www.dil.net

### ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

Folio No. ....DP ID No .....

Client ID No. ....No. of Shares .....

NAME OF THE MEMBER(S)/PROXY HOLDER (IN BLOCK LETTERS)

.....  
.....

I hereby record my presence at the Sixty-Seventh Annual General Meeting of the Company held at Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (West) 400 610 on July 8, 2019 at 4.45 p.m.

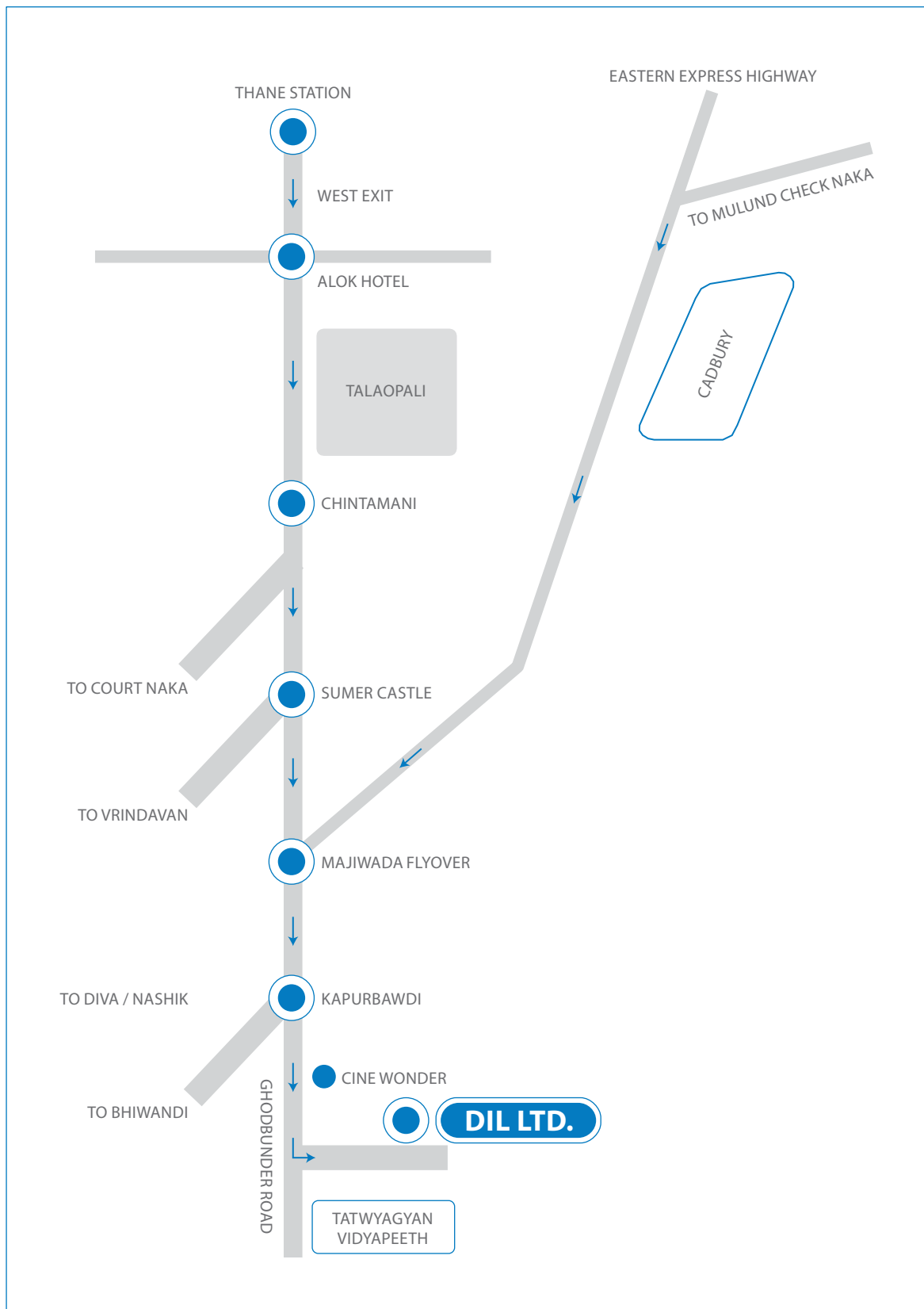
.....  
Member(s)/Proxy's Signature

**Note:**

- (1) This meeting is of Members only. Members are requested not to bring along any person who is not a Member.
- (2) Please carry this Attendance Slip with you and hand over the same at the entrance of place of meeting.



## 67TH AGM VENUE'S ROADMAP





## DIL LIMITED

Corporate Identification Number (CIN): L99999MH1951PLC008485

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

Tel: +91-22-6798 0800/888 • Fax: +91-22-6798 0899 • Email: [contact@dil.net](mailto:contact@dil.net) • Website: [www.dil.net](http://www.dil.net)

### PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the member (s): .....

Registered address: .....

E-mail Id: .....

Folio No/ Client Id:..... DP ID: .....

I/We, being the Member(s) of ..... shares of the above named Company, hereby appoint

1. Name: ..... E-mail ID: .....

Address: .....

Signature: ..... or failing him / her

2. Name: ..... E-mail ID: .....

Address: .....

Signature: ..... or failing him / her

3. Name: ..... E-mail ID: .....

Address: .....

Signature: ..... or failing him / her

as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the Sixty Seventh Annual General Meeting of the Company, to be held on July 8, 2019 at 4.45 p.m. at Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (W) – 400 610 and at any adjournment thereof in respect of such resolutions as are indicated herein:



| Resolution No. | Description   |
|----------------|---|
| 1              | To receive, consider and adopt:<br>(a) the audited Standalone Financial Statements of the Company for the financial year ended March 31, 2019, Reports of the Board of Directors and the Auditors thereon; and<br>(b) the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2019 along with the Report of the Auditors thereon. |
| 2              | To declare dividend of Rs. 1.25 per equity share of Rs. 5 each for the financial year ended March 31, 2019.   |
| 3              | To appoint a Director in place of Mr. Satish Varma, who retires by rotation and, being eligible, offers himself for re-appointment.   |
| 4              | Re-appointment of Mr. Sanjay Buch, as an Independent Director of the Company for a period of five years effective from April 1, 2019  |
| 5              | Re-appointment of Mr. Vinayak Hajare, as an Independent Director of the Company for a period of five years effective from April 1, 2019   |
| 6              | Appointment of Dr. Gopakumar Nair, as an Independent Director of the Company for a period of five years effective from May 17, 2019   |

Affix  
Revenue  
Stamp

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature of Member: .....

Place:

Signature of Proxy(s): .....

**Note:**

This form of Proxy, to be effective, should be deposited at the Registered Office of the Company at A -1601, Thane One, DIL Complex, Ghodbunder Road, Majiwade, Thane (W) – 400 610 not later than 48 hours before the commencement of the aforesaid meeting.

# Corporate Information

## CHAIRMAN EMERITUS

Mr. G. G Desai  
(Ceded office w.e.f. March 31, 2019)

## BOARD OF DIRECTORS

Mr. Sanjay Buch  
Chairman and Independent Director

**Mr. Vinayak Hajare**  
Independent Director

**Ms. Rajeshwari Datla**  
Non-Executive Director

**Mr. Satish Varma**  
Non-Executive Director

**Mr. Krishna Datla**  
Managing Director

## COMPANY SECRETARY

Mr. Srikant N. Sharma

## CHIEF FINANCIAL OFFICER

Mr. Sumesh Gandhi

## SOLICITORS

Crawford Bayley & Co.  
Bharucha, Singh, Mundkur &  
Partners

## AUDITORS

Deloitte Haskins & Sells LLP  
Chartered Accountants

## TAX AUDITORS

SCA & Associates  
Chartered Accountants

## INTERNAL AUDITORS

M. M. Nissim & Co.  
Chartered Accountants

## BANKERS

Standard Chartered Bank  
The Hongkong and Shanghai  
Banking  
Corporation Limited  
Bank of Baroda  
Union Bank of India  
Indusind Bank  
Kotak Mahindra Bank

## CORPORATE IDENTIFICATION NUMBER (CIN)

L99999MH1951PLC008485

## INTERNATIONAL SECURITIES IDENTIFICATION NUMBER (ISIN):

INE225B01021

## REGISTERED OFFICE

A -1601, Thane One, DIL Complex,  
Ghodbunder Road, Majiwada,  
Thane (West) – 400 610  
Maharashtra, India.  
Tel No : + 91 22 66230800  
Fax No : + 91 22 6798 0899  
E-mail : [contact@dil.net](mailto:contact@dil.net)

## WEBSITES

[www.dil.net](http://www.dil.net)  
[www.thaneone.com](http://www.thaneone.com)  
[www.fermentabiotech.com](http://www.fermentabiotech.com)  
[www.vitamindguru.com](http://www.vitamindguru.com)  
[www.zelalife.com](http://www.zelalife.com)

## REGISTRAR AND TRANSFER AGENTS

Link Intime India Private Limited  
C 101, 247 Park,  
L B S Marg, Vikhroli West,  
Mumbai 400 083  
Maharashtra, India  
Tel No : +91 22 49186000  
Fax No: +91 22 49186060  
Email : [mt.helpdesk@linkintime.co.in](mailto:mt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.co.in](http://www.linkintime.co.in)

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## WEBSITE

[www.dil.net](http://www.dil.net)

