

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ALIVIRA ANIMAL HEALTH LIMITED

#### Report on the Audit of the Standalone Financial Statements

##### Opinion

We have audited the accompanying standalone financial statements of **ALIVIRA ANIMAL HEALTH 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 Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, 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 profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

##### Basis for Opinion

We conducted our audit of the standalone 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 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 audit opinion on the standalone financial statements.

##### 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 Board's report, but does not include the 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 management and Board of Directors are 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 statement 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

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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.

#### **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 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, 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 Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations on its financial position in its 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 were no amounts which were 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**  
Chartered Accountants  
(Firm's Registration No. 008072S)



**Sathya P. Koushik**  
Partner  
(Membership No. 206920)

**THANE**, May 14, 2019  
SPK/JKS/DSS/2019

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements'  
section of our report of even date)**

**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 **ALIVIRA ANIMAL HEALTH 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 Company's 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 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.

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

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

**Opinion**

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

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No. 008072S)



**Sathya P. Koushik**  
Partner  
(Membership No. 206920)

**THANE**, May 14, 2019  
SPK/JKS/DSS/2019

**ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
  - (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 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 noted 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 lease agreement, we report that in respect of building constructed on leased land, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on pledge documents.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies and other parties 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 loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no overdue amount remaining outstanding as at the balance sheet date.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits. Hence, reporting under clause (v) of the Order is not applicable to the company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (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, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

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- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income-tax, Goods and Services Tax, Customs Duty, Cess 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) There are no dues of Income-tax, Goods and Services Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2019 on account of disputes.
- (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 banks, and financial institutions. 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 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/ further public offer (including debt instruments) during the year.
- (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 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 (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 Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable 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 (xiv) of the Order is not applicable to the Company.
- (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 subsidiary 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**  
Chartered Accountants  
(Firm's Registration No. 008072S)



**Sathya P. Koushik**

Partner

(Membership No. 206920)

**THANE**, May 14, 2019  
SPK/JKS/DSS/2019



Alivira Animal Health Limited  
Balance Sheet as at 31 March 2019  
All amounts are in Rs. million unless otherwise stated

	Notes	As at	
		31 March 2019	31 March 2018
<b>A. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, plant and equipment	3	1,123.11	1,237.12
(b) Capital work-in-progress	3	3.77	0.17
(c) Goodwill	4	68.89	68.89
(d) Other Intangible assets	5	187.81	330.10
(e) Intangible assets under development	5	10.00	30.42
(f) Financial assets			
(i) Investments in subsidiary	6	2,893.31	680.82
(ii) Loans	6A	763.17	1,911.52
(iii) Other financial assets	7	19.84	32.85
(g) Deferred tax assets (net)	8	23.35	-
(h) Income tax assets (net)	9	-	8.58
(i) Other non-current assets	10	413.14	420.89
<b>Total non-current assets</b>		<b>5,506.39</b>	<b>4,721.36</b>
<b>2 Current assets</b>			
(a) Inventories	11	522.23	416.91
(b) Financial assets			
(i) Trade receivables	12	1,058.97	963.33
(ii) Cash and cash equivalents	13	24.61	15.92
(iii) Bank balances other than (ii) above	14	29.73	5.61
(iv) Loans	15	1.51	1.84
(v) Other financial assets	16	19.11	13.65
(c) Other current assets	17	182.50	174.11
<b>Total current assets</b>		<b>1,838.66</b>	<b>1,591.37</b>
<b>Total assets</b>		<b>7,345.05</b>	<b>6,312.73</b>
<b>B. EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	18	477.76	414.06
(b) Other equity	19	3,807.02	2,200.25
<b>Total equity</b>		<b>4,284.78</b>	<b>2,614.31</b>
<b>II Liabilities</b>			
<b>1 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	1,577.76	1,778.14
(b) Provisions	21	49.96	35.25
(c) Other non-current liabilities	22	8.18	6.94
<b>Total non-current liabilities</b>		<b>1,635.90</b>	<b>1,820.33</b>
<b>2 Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	488.13	513.48
(ii) Trade payables			
Total outstanding dues of Micro enterprises and small enterprises	24	0.87	1.29
Total outstanding dues of creditors other than Micro enterprises and small enterprises	24	551.56	1,078.54
(iii) Other financial liabilities	25	338.20	259.09
(b) Other current liabilities	26	35.46	13.13
(c) Provisions	27	5.48	12.56
(d) Current tax liabilities (net)	28	4.67	-
<b>Total current liabilities</b>		<b>1,424.37</b>	<b>1,878.09</b>
<b>Total liabilities</b>		<b>3,060.27</b>	<b>3,698.42</b>
<b>Total equity and liabilities</b>		<b>7,345.05</b>	<b>6,312.73</b>

See accompanying notes to the financial statements

In terms of our report attached  
For DELOITTE HASKINS & SELLS  
Chartered Accountants  
Firm's Registration No. 008072S  
  
Sathya P. Koushik  
Partner  
Membership No. 206920

Thane, 14 May 2019



FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

  
Manish Gupta  
Managing Director &  
Chief Executive Officer  
DIN 06805265  
  
Saurabh Modi  
Company Secretary

  
Sharat Narsapur  
Joint Managing  
Director  
DIN 02805551  
  
Tushar Mistry  
Chief Financial  
Officer



Alivira Animal Health Limited  
Statement of profit and loss for the year ended 31 March 2019  
All amounts are in Rs. million unless otherwise stated

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
1 Revenue from operations	29	3,573.57	2,959.62
2 Other income	30	35.90	142.72
3 Total income (1+2)		3,609.47	3,102.34
<b>4 Expenses</b>			
(a) Cost of materials consumed	31.a	980.52	970.58
(b) Purchases of stock-in-trade	31.b	1,064.27	797.23
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	31.c	(130.74)	(105.45)
(d) Excise duty on sale of goods		-	3.81
(e) Employee benefit expenses	32	421.93	316.65
(f) Finance costs	33	283.71	284.81
(g) Depreciation and amortisation expenses	5A	290.70	281.47
(h) Other expenses	34	603.95	648.74
Total expenses (4)		3,514.34	3,197.84
5 Profit/(loss) before tax and exceptional items (3-4)		95.13	(95.50)
6 Exceptional items	35	-	64.00
7 Profit/(loss) before tax (5-6)		95.13	(159.50)
<b>8 Tax expense</b>			
(1) Current tax	36	23.35	-
(2) Mat credit entitlement	36	(23.35)	-
(3) Current tax of earlier periods		0.01	-
Total expenses		0.01	-
9 Profit/(loss) for the year after tax (7-8)		95.12	(159.50)
<b>10 Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
(a) Re-measurement gain/(loss) on defined benefit plans		(0.95)	9.51
Other comprehensive income for the year		(0.95)	9.51
11 Total comprehensive income for the year (9+10)		94.17	(149.99)
<b>Earnings per equity share</b>			
(1) Basic (in Rs.)	37	2.15	(3.85)
(2) Diluted (in Rs.)	37	2.15	(3.85)

See accompanying notes to the financial statements

In terms of our report attached  
For DELOITTE HASKINS & SELLS  
Chartered Accountants  
Firm's Registration No. 008072S




Sathya P. Koushik  
Partner  
Membership No. 206920


Thane, 14 May 2019



FOR AND ON BEHALF OF THE BOARD OF DIRECTOR

  
Manish Gupta  
Managing Director &  
Chief Executive Officer  
DIN 06805265

  
Saurabh Modi  
Company Secretary

  
Sharat Narsapur  
Joint Managing  
Director  
DIN 02808651

  
Tushar Mistry  
Chief Financial  
Officer

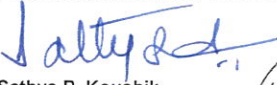


Alivira Animal Health Limited  
Statement of cash flows for the year ended 31 March 2019  
All amounts are in Rs. million unless otherwise stated

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Cash flow from operating activities</b>		
Net Loss before tax	95.13	(159.50)
Adjustments for:		
Depreciation and amortisation expenses	290.70	281.47
Bad trade receivables written off	2.42	5.76
Employee stock based compensation	23.83	18.25
Provision for doubtful trade receivables	8.68	8.67
Bad loans and advances written off	1.00	2.40
Unrealised forex loss/(gain) (net)	23.83	(21.16)
Impairment of Goodwill	-	64.00
Loss on sale of property, plant and equipment (net)	-	0.17
Finance costs	283.71	284.81
Corporate guarantee commission	(4.30)	(7.00)
Interest income	(27.71)	(108.70)
<b>Operating profit before working capital changes</b>	<b>697.29</b>	<b>369.17</b>
<b>Changes in working capital</b>		
(Increase)/decrease in trade receivables, loans and advances and other assets	(124.51)	(329.19)
(Increase)/decrease in inventories	(105.32)	(141.08)
(Increase)/decrease in margin money	(10.71)	(1.92)
Increase/(decrease) in trade payables, other payables and provisions	(475.97)	345.25
<b>Net change in working capital</b>	<b>(716.51)</b>	<b>(126.94)</b>
<b>Cash generated from operations</b>	<b>(19.22)</b>	<b>242.23</b>
Direct taxes (paid)/refund (net)	(10.10)	(0.21)
<b>Net cash generated from operating activities</b>	<b>(29.32)</b>	<b>242.02</b>
	A	
<b>Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(18.34)	(83.95)
Proceeds from sale of fixed assets	0.02	4.54
Loan given to subsidiary company	(1,051.01)	(418.10)
Interest received	0.96	2.13
<b>Net cash generated / used from investing activities</b>	<b>(1,068.37)</b>	<b>(495.38)</b>
	B	
<b>Cash flow from financing activities</b>		
Proceeds/(repayment) from short-term borrowings (net)	(25.35)	167.01
Loan received from related parties	909.51	445.67
Proceeds/(repayment) of other long-term borrowings (net)	397.88	(188.22)
Interest and other borrowings cost paid	(175.66)	(179.39)
<b>Net cash generated from financing activities</b>	<b>1,106.38</b>	<b>245.07</b>
	C	
<b>Net increase/(decrease) in cash and cash equivalents during the year</b>	<b>(A+B+C) 8.69</b>	<b>(8.29)</b>
<b>Cash and cash equivalents at the beginning of the year (Refer note 13)</b>	<b>15.92</b>	<b>24.21</b>
<b>Cash and cash equivalents at the end of the year (Refer note 13)</b>	<b>24.61</b>	<b>15.92</b>

See accompanying notes to the financial statements

In terms of our report attached  
For DELOITTE HASKINS & SELLS  
Chartered Accountants  
Firm's Registration No. 008072S


  
Sathya P. Koushik  
Partner  
Membership No. 206920



Thane, 14 May 2019

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

  
Manish Gupta  
Managing Director &  
Chief Executive Officer  
DIN 06805265

  
Saurabh Modi  
Company Secretary

  
Sharat Narsapur  
Joint Managing  
Director  
DIN 02808651

  
Tushar Mistry  
Chief Financial Officer



**Alivra Animal Health Limited**  
Statement of Changes in Equity (SOCIE) for the year ended 31 March 2019  
All amounts are in Rs. million unless otherwise stated

	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the year	414.06	41,406,274	414.06	41,406,274
Issued during the year	63.70	6,370,196	-	-
<b>Balance at the end of the year</b>	<b>477.76</b>	<b>47,776,470</b>	<b>414.06</b>	<b>41,406,274</b>

**(a) Equity share capital**

Balance at the beginning of the year  
Issued during the year  
**Balance at the end of the year**

**(b) Other equity**

	Reserves & Surplus (Note 19)					Total
	Securities premium account	Retained earnings	General Reserve	Other reserves	Share options outstanding account	
<b>Balance at 01 April 2017</b>	2,746.47	(464.48)	-	7.26	38.36	2,327.61
Loss for the year	-	(159.50)	-	-	-	(159.50)
Other comprehensive income for the year, net of income tax	-	9.51	-	-	-	9.51
<b>Total comprehensive income for the year</b>	-	(149.99)	-	-	-	(149.99)
Recognition of share-based payments charged by parent	-	-	-	-	18.25	18.25
Guarantee given by parent on loans availed	-	-	-	4.38	-	4.38
<b>Balance at 31 March 2018</b>	2,746.47	(614.47)	-	11.64	56.61	2,200.25
Profit/(loss) for the year	-	95.12	-	-	-	95.12
Other comprehensive income for the year, net of income tax	-	(0.95)	-	-	-	(0.95)
<b>Total comprehensive income for the year</b>	-	94.17	-	-	-	94.17
Recognition of share-based payments charged by parent	-	-	-	-	23.83	23.83
Guarantee given by parent on loans availed	-	-	-	4.51	-	4.51
Premium on shares issued during the year	1,484.26	-	-	-	-	1,484.26
Vested ESOP lapsed during the year	-	-	0.46	-	-	0.46
<b>Balance at 31 March 2019</b>	4,230.73	(520.30)	0.46	16.15	80.44	3,807.48

See accompanying notes to the financial statements

In terms of our report attached  
For DELOITTE HASKINS & SELLS  
Chartered Accountants  
Firm's Registration No. 008072S

*Sathyapriya P. Koushik*  
Sathyapriya P. Koushik  
Partner  
Membership No. 206920

Thane, 14 May 2019

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

*Manish Gupta*  
Manish Gupta  
Managing Director &  
Chief Executive Officer  
DIN 06805265

*Sharat Mansapur*  
Sharat Mansapur  
Joint Managing Director  
DIN 02808851

*Tushar Mistry*  
Tushar Mistry  
Chief Financial Officer  
Company Secretary

*Saurebh Modi*  
Saurebh Modi  
Company Secretary



## 1. CORPORATE INFORMATION

Alivira Animal Health Limited (the "Company") is a Company incorporated and domiciled in India and has its registered office at Thane, India. The Company is an integrated veterinary APIs and Formulation player with significant prominence in the global animal health space.

### 2.1 Statement of Compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

### 2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

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

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. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for

- Share based payment transaction as defined in Ind AS 102 – Share based payment.
- Leasing transaction as defined in Ind AS 17 – Leases.
- Measurement that have some similarities to fair value but are not fair value, such as 'Net Realisable Value' as defined in Ind AS 2 – Inventories and value in use as defined in Ind AS 36- Impairment of Assets.

### 2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest million (up to two decimals).

### 2.4 Significant Accounting Policies

#### (i) Revenue recognition

Effective 01 April 2018, the Company adopted IND AS 115, 'Revenue from Contracts with Customers' using the modified retrospective method. In accordance with this, the comparatives have not been retrospectively adjusted and no material impact was recognised.

#### a) Sale of products

Revenue from sale of products is presented in the income statement within Revenue from operations. The Company presents revenue net of indirect taxes in its statement of profit and loss. Sale of products comprise revenue from sales of products, net of sales returns, rebates, incentives and customer discounts.

Revenue is recognized when it is probable that future economic benefits will flow to the Company and these benefits can be measured reliably. Further, revenue recognition requires that all significant risks and rewards of ownership of the goods included in the transaction have been transferred to the buyer, and that Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Performance obligations are satisfied at one point in time, typically on delivery. Revenue is recognized when the Company transfers control over the product to the customers; control of a product refers to the ability to direct the use of, and obtain substantially all of



the remaining benefits from that asset. The majority of revenue earned by the Company is derived from the satisfaction of a single performance obligation for each contract which is the sale of products.

Revenue is measured at the fair value of consideration received or receivable. The amounts of rebates/incentives based on attainment of sales targets is estimated and accrued on each of the underlying sales transactions recognised. Returns and customer discounts, as described above, are recognized in the period in which the underlying sales are recognized. The amount of sales returns is calculated on the basis of management's best estimate of the amount of product that will ultimately be returned by customers. The amount recognized for returns is estimated on the basis of past experience of sales returns.

**b) Services**

Income from technical service, support services and other management fees is recognised when the services are completed as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists.

**c) Export entitlements**

Export entitlements from Government authorities are recognised in income statement when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

**d) Interest and dividend income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the Company's right to receive payment has been established.

**(ii) Leases**

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.

**As Lessee:**

Rental expense from operating leases is 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.

**As Lessor:**

Rental income from operating leases is recognized on a straight-line basis over the term of the arrangement. 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.

**(iii) Foreign currency transactions and translation**

Transactions in currencies other than the entity'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. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss in the year in which it arises.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

**(iv) Borrowing costs**

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

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

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

**(v) Employee Benefits**

**Defined benefit plans**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's gratuity scheme is in the nature of defined benefit plans.

The gratuity scheme is funded by the Company with Life Insurance Corporation of India and SBI Life Insurance Company Limited.

For defined benefit retirement benefit plans, the cost of providing benefit is determined using projected unit credit method, with actuarial valuation being carried out at the end of each financial year. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognized in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.



### Short-term and other long-term employee benefits

A liability is recognised for short-term employee benefit obligations in respect of wages and salaries, annual leave, sick leave, medical and leave travel 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 other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by the employees up to the reporting date. Liability for un-availed leave considered to be long term is carried based on an actuarial valuation carried out at the end of each financial year.

### (vi) Taxation

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

#### a) Current tax

The tax currently payable is based on 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. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Minimum alternative tax ('MAT') paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability. MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and asset can be measured reliably.

#### b) Deferred tax

Deferred tax is recognised 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects 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.

### (vii) Property, plant and equipment

#### Recognition and measurement

Items of property, plant and equipment, properties in the course of construction are carried at cost, less any recognised impairment loss are measured at cost less accumulated depreciation and accumulated impairment losses.





Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have significant cost in relation to total cost and different useful lives, they are recognized and depreciated separately.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values, using the straight-line method, over the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful life estimated on technical assessment, past trends and differ from those provided in Schedule II of the Companies Act, 2013

Nature of the Assets	Useful life in years
Plant and machinery	2-16
Factory building	10-30

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

#### Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in income statement as incurred.

#### Derecognition of Property, Plant & 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 the asset and is recognised in the statement of profit and loss.

#### (viii) Intangible assets

##### a) Intangible assets acquired separately

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis. Cost includes any directly attributable incidental expenses necessary to make the assets ready for use.

##### b) Internally-generated intangible asset-research and development expenditure

Expenditure on research activities is recognised as an expense in the year 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 of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;



- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

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

#### Useful lives of intangible assets

Estimate useful lives of the intangible assets are as follow:

Nature of the Assets	Useful life in years
Marketing rights	5
Intellectual property rights	5
Acquired Software	3-5

Goodwill is initially recognized based on the accounting policy for business combinations (refer note (xv)) and is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

#### Subsequent costs

Subsequent costs is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated intangibles, are recognised in the statement of profit and loss as incurred.

#### Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the statement of profit and loss.

#### (ix) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on First in First out basis ( FIFO) as follows:

- Raw materials, packing materials and consumables: At actual purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.
- Work in process and Intermediates: At material cost, conversion costs and appropriate share of production overheads.
- Finished goods: At material cost, conversion costs and an appropriate share of production overheads and excise duty, wherever applicable.
- Scrap: At net realizable value.

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



**(x) Provisions and contingent liabilities**

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

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

Contingent liabilities are not recognized but are disclosed in the notes to financial statements. Contingent assets are not recognized but are disclosed in the notes to financial statements when economic inflow is probable.

**(xi) Financial instruments**

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

All financial instruments are initially measured at fair value. Transaction costs that are attributable to the acquisition or issue of the financial asset and financial liabilities (other than financial assets recorded at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate, on initial recognition. Transaction cost directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI and fair value through profit and loss account (FVTPL), non-derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

**a) Non-derivative financial assets**

**(i) Financial assets at amortised cost**

A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ('SPPI').

Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate ('EIR') method, less any impairment loss.



Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

**(ii) Debt instruments at fair value through other comprehensive income (FVTOCI)**

A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets and

(b) The asset's contractual cash flow represents SPPI.

Debt instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction costs. Fair value movements are recognised in other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain loss in statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss.

**(iii) Equity instruments at fair value through other comprehensive income (FVTOCI)**

All equity instruments other than investments in subsidiaries are measured at fair value. Equity instruments held for trading is classified as FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

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

**(iv) Financial assets at fair value through profit and loss (FVTPL)**

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. The Company has not designated any financial asset as FVTPL.

Financial assets included within the FVTPL category are measured at fair values with all changes in the statement of profit and loss.

**(v) Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or the financial assets is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new assets obtained less any new liability assumed) shall be recognised in the statement of profit and loss except for debt and equity instruments carried through FVTOCI which shall be recognised in OCI.

**b) Non-derivative financial liabilities**

**(i) Financial liabilities at amortised cost**

Financial liabilities at amortised cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the EIR method.



**(ii) Financial liabilities at Fair value through profit and loss (FVTPL)**

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the statement of profit and loss.

**c) Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities. Derivatives are recognized and measured at fair value. Attributable transaction cost are recognized in the statement of profit and loss.

**d) Derecognition of financial Liabilities**

The Company derecognises financial liabilities only when the obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit and loss.

**(xii) Impairment**

**Financial assets**

In accordance with Ind AS 109 – Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

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.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 months ECL.

Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 months ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;

(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward- looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the statement of profit and loss. This amount is reflected under the head other expenses in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:



Financial assets measured at amortised cost, contractual revenue receivable:

ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

**Non-financial assets**

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine extent of impairment, if any. Where 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 asset belong.

**(xiii) Earnings per share**

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

**(xiv) Cash and cash equivalents**

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

**(xv) Business Combination**

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Transaction costs incurred in connection with a business combination are expensed as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the excess is a negative, a bargain purchase gain is recognised in capital reserve

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

**(xvi) Exceptional items**

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the company is treated as an exceptional item and the same is disclosed in the notes to accounts.

**(xvii) Segment**

Segments have been identified taking into account the nature of services, the differing risks and returns, the organizational structure and the internal reporting system.



## 2.A Use of estimates and management judgments

In application of the accounting policies, which are described in note 3, the management of the company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

### 1. Useful life of property, plant and equipment and intangible assets

The useful life of the assets is determined in accordance with Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that or is not prescribed in Schedule II, it is based on technical advice, taking into account amongst other things, the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance.

### 2. Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected discounted future cash flows from each asset or cash-generating unit.

### 3. Deferred Tax

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

### 4. Fair Value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

### 5. Post-retirement benefit plans

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions which include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds.

### 6. Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of financial year.



## 2.B. New standards and interpretations not yet adopted

### Ind AS 116 – Leases

Ind AS 116 Leases : On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard 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 lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit & loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The standard permits two possible methods of transition:

- **Full retrospective** – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- **Modified retrospective** – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application either by:

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

The company is evaluating the effect of this new standard in the financial statements. The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019





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3 Property, plant and equipment and capital work-in-progress

Carrying amount of:	As at 31 March 2019	As at 31 March 2018
Buildings	432.25	452.27
Furniture and fixtures	4.83	5.64
Office equipments	2.22	3.66
Computers	2.98	1.62
Plant and machinery	675.49	767.57
Vehicles	5.34	6.36
	<b>1,123.11</b>	<b>1,237.12</b>
Capital work-in-progress	3.77	0.17
	<b>1,126.88</b>	<b>1,237.29</b>

Cost	Buildings	Furniture and fixtures	Office equipments	Computers	Plant and machinery	Vehicles	Total
Balance as on 01 April 2017	509.83	8.30	6.43	6.69	1,104.67	3.38	1,639.30
Additions	4.70	-	0.94	1.05	18.99	4.60	30.28
Deletions	-	-	-	0.04	6.26	-	6.30
Balance as on 31 March 2018	<b>514.53</b>	<b>8.30</b>	<b>7.37</b>	<b>7.70</b>	<b>1,117.40</b>	<b>7.98</b>	<b>1,663.28</b>
Additions	1.20	-	0.16	2.73	21.97	-	26.06
Deletions	-	-	-	0.13	-	-	0.13
Balance as on 31 March 2019	<b>515.73</b>	<b>8.30</b>	<b>7.53</b>	<b>10.30</b>	<b>1,139.37</b>	<b>7.98</b>	<b>1,689.21</b>
Accumulated depreciation	Buildings	Furniture and fixtures	Office equipments	Computers	Plant and machinery	Vehicles	Total
Balance as on 01 April 2017	41.30	1.85	2.17	4.52	234.54	0.98	285.36
Depreciation expense for the year ( Refer note 5A)	20.96	0.81	1.54	1.57	116.87	0.64	142.39
Deletions	-	-	-	0.01	1.58	-	1.59
Balance as on 31 March 2018	<b>62.26</b>	<b>2.66</b>	<b>3.71</b>	<b>6.08</b>	<b>349.83</b>	<b>1.62</b>	<b>426.16</b>
Depreciation expense for the year ( Refer note 5A)	21.22	0.81	1.60	1.35	114.05	1.02	140.05
Deletions	-	-	-	0.11	-	-	0.11
Balance as on 31 March 2019	<b>83.48</b>	<b>3.47</b>	<b>5.31</b>	<b>7.32</b>	<b>463.88</b>	<b>2.64</b>	<b>566.10</b>
Carrying amount	Buildings	Furniture and fixtures	Office equipments	Computers	Plant and machinery	Vehicles	Total
Balance as on 31 March 2018	452.27	5.64	3.66	1.62	767.57	6.36	1,237.12
Balance as on 31 March 2019	432.25	4.83	2.22	2.98	675.49	5.34	1,123.11



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#### 4 Goodwill

Carrying amount of:	As at 31 March 2019	As at 31 March 2018
Goodwill	68.89	132.89
Less: Accumulated impairment loss (Refer note 35)		64.00
	<b>68.89</b>	<b>68.89</b>

Cost	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	132.89	132.89
Additional during the year	-	-
<b>Balance at the end of the year</b>	<b>132.89</b>	<b>132.89</b>

Accumulated impairment loss	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	64.00	-
Impairment losses recognised in the year (Refer note 35)	-	64.00
<b>Balance at the end of the year</b>	<b>64.00</b>	<b>64.00</b>

#### 4.1 Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to the following cash-generating units. The carrying amount of goodwill allocated to cash-generating units is as follows:

	As at 31 March 2019	As at 31 March 2018
Lyka business	33.85	33.85
Veterinary Formulation division	35.04	35.04
<b>Total</b>	<b>68.89</b>	<b>68.89</b>

Goodwill is monitored by the directors of the Company at each cash-generating unit (CGU). The Company tests Goodwill for impairment on an annual basis. The recoverable amounts have been determined based on value in use calculations which uses cash flow projections based on financial budgets approved by directors covering a period of five years. The planning horizon reflects the assumptions for short to mid-term market developments. The key assumptions used for the calculations were as follows:

	As at 31 March 2019	As at 31 March 2018
Discount rate	16.54%	15.6%
Long term growth rate	4%	4%

The directors of the Company believe that any reasonably possible change in the key assumption on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

During the previous year, the Company had recognised impairment loss with respect to goodwill that arose on an acquisition of the Animal healthcare business of Lyka Exports Limited. The average growth rate used in extrapolating cash flows beyond the planning period is 4% for the year ended 31 March 2018. Discount rate used is 15.6% for the year ended 31 March 2018 which was estimated based on weighted average cost of capital of respective CGU. Based on the impairment assessment, the management has determined an impairment loss in the value of goodwill amounting to Rs. 64. The same has been included in the statement of profit and loss under 'Exceptional items' (Refer note 35).



5 Other intangible assets

Carrying amount of:	As at 31 March 2019	As at 31 March 2018
Software	15.02	19.59
Intellectual property rights	80.41	133.87
Marketing rights	92.38	176.64
	<b>187.81</b>	<b>330.10</b>
Intangible assets under development	10.00	30.42
<b>Total</b>	<b>197.81</b>	<b>360.52</b>

Cost	Software	Intellectual property rights	Marketing rights	Total
Balance as on 01 April 2017	0.22	304.70	389.26	694.18
Additions during the year	23.01	-	-	23.01
<b>Balance as on 31 March 2018</b>	<b>23.23</b>	<b>304.70</b>	<b>389.26</b>	<b>717.19</b>
Additions during the year	0.08	8.27	-	8.35
<b>Balance as on 31 March 2019</b>	<b>23.31</b>	<b>312.97</b>	<b>389.26</b>	<b>725.54</b>

Accumulated amortisation	Software	Intellectual property rights	Marketing rights	Total
Balance as on 01 April 2017	0.18	109.50	138.33	248.01
Amortisation expense for the year (Refer note 5A)	3.46	61.33	74.29	139.08
<b>Balance as on 31 March 2018</b>	<b>3.64</b>	<b>170.83</b>	<b>212.62</b>	<b>387.09</b>
Amortisation expense for the year (Refer note 5A)	4.65	61.74	84.26	150.65
<b>Balance as on 31 March 2019</b>	<b>8.29</b>	<b>232.57</b>	<b>296.88</b>	<b>537.74</b>

Carrying amount	Software	Intellectual property rights	Marketing rights	Total
Balance as on 31 March 2018	19.59	133.87	176.64	330.10
Balance as on 31 March 2019	15.02	80.41	92.38	187.80

5A Depreciation and amortisation expense	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation on property, plant and equipment (Refer note 3)	140.05	142.39
Amortisation on intangible assets (Refer note 5)	150.65	139.08
	<b>290.70</b>	<b>281.47</b>



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6	Non-current investments		
		As at 31 March 2019	As at 31 March 2018
	Investments in subsidiary		
	<i>Unquoted equity instruments - carried at cost</i>		
	Alivira Animal Health Limited, Ireland	2,893.31	680.82
	12,565,751 Equity Shares of EURO 1 each fully paid-up (As at 31 March 2018 9,129,148 shares)		
	<b>Total</b>	<b>2,893.31</b>	<b>680.82</b>
	Aggregate carrying value of unquoted investments	2,893.31	680.82
6A	Non-current loans		
		As at 31 March 2019	As at 31 March 2018
	Unsecured		
	Loan to related parties (Refer note 38.3)	763.17	1,911.52
	<b>Total</b>	<b>763.17</b>	<b>1,911.52</b>
7	Other non-current financial assets		
		As at 31 March 2019	As at 31 March 2018
	Security deposits	19.07	18.67
	Margin money deposits	0.77	14.18
	<b>Total</b>	<b>19.84</b>	<b>32.85</b>
8	Deferred tax assets (net) ( Refer note 36)		
		As at 31 March 2019	As at 31 March 2018
	Deferred tax liability		
	- Depreciation	(106.34)	(128.35)
	Total deferred tax liability (B)	(106.34)	(128.35)
	Deferred tax assets		
	- Disallowances u/s 43B of the Income Tax Act, 1961	19.37	16.55
	- Unabsorbed depreciation and carried forward of losses	86.97	111.80
	Total deferred tax assets (A)	106.34	128.35
	MAT Credit Entitlement	23.35	-
	<b>Total deferred tax Assets (A)</b>	<b>129.69</b>	<b>128.35</b>
	<b>Total (A-B)</b>	<b>23.35</b>	<b>-</b>
	The Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax.		
9	Income tax assets (net)		
		As at 31 March 2019	As at 31 March 2018
	Advance income tax (net of provisions Rs Nil) (As at 31 March 2018 Rs. 0.41)	-	8.58
	<b>Total</b>	<b>-</b>	<b>8.58</b>
10	Other non-current assets		
		As at 31 March 2019	As at 31 March 2018
	Capital advances	8.43	13.09
	Prepaid expenses	404.71	407.80
	<b>Total</b>	<b>413.14</b>	<b>420.89</b>
	Prepaid expense include leasehold land amounting to Rs 366 (31 March 2018 370.37)		
11	Inventories		
		As at 31 March 2019	As at 31 March 2018
	(At lower of cost and net realisable value)		
	Raw materials and packing materials	90.82	118.10
	Goods-in transit	2.26	0.52
		<b>93.08</b>	<b>118.62</b>
	Work-in-progress and intermediates (Refer note (i) below)	222.74	234.77
	Finished goods	205.03	62.26
		<b>205.03</b>	<b>62.26</b>
	Fuel	1.38	1.26
	<b>Total</b>	<b>522.23</b>	<b>416.91</b>
	Note:		
	(i) Details of inventory of work-in-progress and intermediates:		
	Bulk drugs	216.63	234.77
	Formulations	6.11	-
	<b>Total</b>	<b>222.74</b>	<b>234.77</b>



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12 Trade receivables	As at	As at
	31 March 2019	31 March 2018
Unsecured, considered good	1,058.97	963.33
Unsecured, considered doubtful	34.65	26.73
	<u>1,093.62</u>	<u>990.06</u>
Less: Allowance for doubtful trade receivables	34.65	26.73
<b>Total</b>	<u><u>1,058.97</u></u>	<u><u>963.33</u></u>

Note  
During the year, the Company discounted trade receivables with an aggregate carrying amount of Rs. 73.54 (As at 31 March 2018 Rs. 49.91) to a bank for cash proceeds of same value. If the trade receivables are not paid at maturity, the bank has the right to request the Company to pay the unsettled balance. As the Company has not transferred the significant risks and rewards relating to the trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a financial liability under Note 25-other current financial liability.

13 Cash and cash equivalents	As at	As at
	31 March 2019	31 March 2018
Balances with banks		
- In current accounts	24.53	15.81
Cash on hand	0.08	0.11
<b>Total</b>	<u><u>24.61</u></u>	<u><u>15.92</u></u>
<b>Cash and cash equivalents as defined in Ind AS 7 "Statements of Cash Flows"</b>	<u><u>24.61</u></u>	<u><u>15.92</u></u>

14 Bank balances other than (note 13) above	As at	As at
	31 March 2019	31 March 2018
In earmarked accounts		
- Margin money deposits (refer note (i) below)	29.73	5.61
<b>Total</b>	<u><u>29.73</u></u>	<u><u>5.61</u></u>

(i) Balance in margin money deposits are held as security against borrowings, guarantees and other commitments.

15 Current loans	As at	As at
	31 March 2019	31 March 2018
Unsecured, considered good		
Loan to employees	1.51	1.84
<b>Total</b>	<u><u>1.51</u></u>	<u><u>1.84</u></u>

16 Other current financial assets	As at	As at
	31 March 2019	31 March 2018
Claims receivables	17.87	13.41
Derivatives	0.91	-
Interest accrued on fixed deposits	0.33	0.24
<b>Total</b>	<u><u>19.11</u></u>	<u><u>13.65</u></u>

17 Other current assets	As at	As at
	31 March 2019	31 March 2018
Advance to suppliers	8.09	13.58
Balances with government authorities	160.87	151.25
Prepaid expenses	13.54	9.28
<b>Total</b>	<u><u>182.50</u></u>	<u><u>174.11</u></u>

Prepaid Expenses include leasehold land amounting to Rs 4.03 (31 March 2018 Rs 4.03)



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	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	Rs.	No. of Shares	Rs.
<b>18 Equity Share capital</b>				
(a) <b>Authorised</b>				
Equity shares of Rs.10 each	158,000,000	1,580.00	158,000,000	1,580.00
(b) <b>Issued, subscribed and fully paid-up</b>				
Equity shares of Rs.10 each	47,776,470	477.76	41,406,274	414.06
<b>Total</b>		<u>477.76</u>		<u>414.06</u>

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

	No. of Shares	Share capital
<b>Equity shares</b>		
Balance as on 1 April 2017	41,406,274	414.06
Share issued during the year	-	-
<b>Balance as on 31 March 2018</b>	<u>41,406,274</u>	<u>414.06</u>
Share issued during the year ( Refer note vi)	6,370,196	63.70
<b>Balance as on 31 March 2019</b>	<u>47,776,470</u>	<u>477.76</u>

(ii) **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Each equity shareholder is entitled to dividend in the Company.

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, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) **Details of shares held by holding company**

Name of the shareholder	As at 31 March 2019		As at 31 March 2018	
	No. of shares held	% of holding	No. of shares held	% of holding
Sequent Scientific Limited and its nominees	47,776,470	100%	41,406,274	100%

(iv) **Details of shares held by each shareholder holding more than 5% shares**

Name of the shareholder	As at 31 March 2019		As at 31 March 2018	
	No. of shares held	% of holding	No. of shares held	% of holding
Sequent Scientific Limited and its nominees	47,776,470	100%	41,406,274	100%

(v) **Aggregate number of shares allotted as fully paid pursuant to contract without payment of cash for a period of 5 years immediately preceding the balance sheet date:**

	As at 31 March 2019	As at 31 March 2018
Equity shares	7,400,000	7,400,000

(vi) During the year, the Company had issued 6,370,196 shares to Sequent Scientific Limited, the holding company at Rs 243 per share through right issue by adjusting sum payable towards loan taken by the Company from Sequent Scientific Limited



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	As at 31 March 2019	As at 31 March 2018
<b>19 Other equity</b>		
Retained earnings	(520.30)	(614.47)
Securities premium account	4,230.73	2,746.47
Share options outstanding account	79.98	56.61
General reserve	0.46	-
Other reserves	16.15	11.64
<b>Total</b>	<b>3,807.02</b>	<b>2,200.25</b>

(a) Retained earnings

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	(614.47)	(464.48)
Add: Profit/ (Loss) for the year	95.12	(159.50)
Other comprehensive income arising from remeasurement of defined benefit obligation	(0.95)	9.51
<b>Balance at the end of the year</b>	<b>(520.30)</b>	<b>(614.47)</b>

(b) Securities premium account

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	2,746.47	2,746.47
Add: Premium on shares issued during the year (Refer note 18 (vi))	1,484.26	-
<b>Balance at the end of the year</b>	<b>4,230.73</b>	<b>2,746.47</b>

(c) Share options outstanding account

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	56.61	38.36
Add: Employee stock option expenses	23.83	18.25
Less: Transferred to general reserve on vested ESOP lapsed during the year	(0.46)	-
<b>Balance at the end of the year</b>	<b>79.98</b>	<b>56.61</b>

(d) Other reserves

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	11.64	7.26
Add: Movement during the year	4.51	4.38
<b>Balance at the end of the year</b>	<b>16.15</b>	<b>11.64</b>

Note: The Company has availed certain loans from financial institutions/ banks which have been guaranteed by SeQuent Scientific Limited, the Parent Company, at no consideration. Other reserves represents fair value of these services availed from the Parent Company.

(e) General reserve

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	-	-
Add: Vested ESOP lapsed during the year	0.46	-
<b>Balance at the end of the year</b>	<b>0.46</b>	<b>-</b>

20 Non-current borrowings

	As at 31 March 2019	As at 31 March 2018
<b>Secured term loans - at amortised cost</b>		
Term loan from bank	336.56	-
From other parties	717.22	707.41
<b>Unsecured term loan - at amortised cost</b>		
From related parties	523.98	1,070.73
<b>Total</b>	<b>1,577.76</b>	<b>1,778.14</b>



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(i) Details of terms of repayment for the long-term borrowings and security provided in respect of the secured long-term borrowings

Particulars	As at	As at
	31 March 2019	31 March 2018
<b>Term loan from parties:</b>		
<b>Export and Import Bank of India</b> : First charge on the entire fixed assets of the Company including immovable properties both present and future, second charge over current assets of the Company both present and future, unconditional and irrevocable corporate guarantee of SeQuent Scientific Limited to the extent of the shareholding in the Company. Personal guarantee of Mr Arun Kumar Pillai, promoter of SeQuent Scientific Limited, the holding company, to the extent of Rs.50 Crores. First charge / assignment on all intangibles assets of the Company.	502.78	704.76
<b>Export and Import Bank of India</b> : First charge on the entire fixed assets of the Company including immovable properties both present and future, second charge over current assets of the Company both present and future, unconditional and irrevocable corporate guarantee of SeQuent Scientific Limited to the extent of the shareholding in the Company. Personal guarantee of Mr Arun Kumar Pillai, promoter of SeQuent Scientific Limited, the holding company, to the extent of Rs.30 Crores. First charge / assignment on all intangibles assets of the Company.	212.45	-
<b>IndusInd Bank</b> : Exclusive mortgage on land and building situated at Tarapur and Ambarnath Plant	336.55	
<b>Toyota Financial Services India Limited</b> : Hypothecation of asset (vehicle).	0.89	1.21
<b>Toyota Financial Services India Limited</b> : Hypothecation of asset (vehicle).	1.10	1.44
<b>Total</b>	<b>1,053.78</b>	<b>707.41</b>

- (ii) The interest on above term loans from Export and Import Bank of India, IndusInd bank are linked to the lender's base rates which is floating in nature and term loans from Toyota Financial Services India Limited have fixed rate of interest.  
(iii) The Company has not defaulted in repayment of loan and interest.  
(iv) For the current maturities of long-term borrowings, refer note 25 - Other current financial liabilities.

21 Non-current provisions

	As at	As at
	31 March 2019	31 March 2018
<b>Provision for employee benefits</b>		
Gratuity ( Refer note 41)	23.81	11.44
Compensated absences	26.15	23.81
<b>Total</b>	<b>49.96</b>	<b>35.25</b>

22 Other non-current liabilities

	As at	As at
	31 March 2019	31 March 2018
Rent equalisation liability	8.18	6.94
<b>Total</b>	<b>8.18</b>	<b>6.94</b>





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23 Current borrowings

	As at 31 March 2019	As at 31 March 2018
Loans repayable on demand		
Secured loan - at amortised cost		
From banks (Refer note (i) and (ii) below)	488.13	513.48
<b>Total</b>	<b>488.13</b>	<b>513.48</b>

Note:

- (i) Working capital loan from banks are secured by a first pari-passu charge on current assets of the Company, both present and future, a second pari-passu charge on fixed assets of the Company and unconditional irrevocable corporate guarantee of SeQuent Scientific Limited - holding company
- (ii) The Company has not defaulted in repayment of loans and interest.

24 Trade payables

	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of Micro enterprises and small enterprises (Refer note 43)	0.87	1.29
Total outstanding dues of creditors other than Micro enterprises and small enterprises	551.56	1,078.54
<b>Total</b>	<b>552.43</b>	<b>1,079.83</b>

Note:

- (i) Trade payables are non-interest bearing and are normally settled in 90-120 days.
- (ii) The Company's exposures to currency and liquidity risks related to trade payables is disclosed in note 48.

25 Other current financial liabilities

	As at 31 March 2019	As at 31 March 2018
Current maturities of long-term debt *	244.41	192.91
Interest accrued and due on borrowings	9.83	
Derivatives	-	0.14
Payables on purchase of fixed assets	7.82	13.23
Others	76.14	52.81
<b>Total</b>	<b>338.20</b>	<b>259.09</b>

\* The details of interest rates, repayment terms, securities, guarantees and others terms are disclosed under note 20. Details of current maturities of long-term debt are as below:

	As at 31 March 2019	As at 31 March 2018
<b>Secured term loan from other parties</b>		
Export and Import Bank of India	233.31	192.31
Toyota Financial Services India Limited	0.60	0.60
<b>Secured term loan from bank</b>		
IndusInd Bank	10.50	-
<b>Total</b>	<b>244.41</b>	<b>192.91</b>

26 Other current liabilities

	As at 31 March 2019	As at 31 March 2018
Statutory remittances	9.49	12.01
Advances from customers	25.97	1.12
<b>Total</b>	<b>35.46</b>	<b>13.13</b>

27 Current provisions

	As at 31 March 2019	As at 31 March 2018
<b>Provision for employee benefits</b>		
Gratuity (Refer note 41)	2.96	10.68
Compensated absences	2.52	1.88
<b>Total</b>	<b>5.48</b>	<b>12.56</b>

28 Current tax liabilities (net)

Provision for income tax (net of advance income tax Rs.9.85 ) (As at 31 March 2018 Rs. Nil)	4.67	-
<b>Total</b>	<b>4.67</b>	<b>-</b>



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29 Revenue from operations

	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products (including excise duty *) (Refer note below)	3,439.43	2,937.42
<b>Other operating revenues</b>		
Sale of scrap	1.91	4.42
Sale of Import licences	3.60	-
Duty drawback and other export incentives	128.63	17.78
<b>Total</b>	<b>3,573.57</b>	<b>2,959.62</b>

(\*) Post implementation of Goods and Services Tax (GST) with effect from 01 July 2017, revenue from operations is disclosed net of GST. Revenue from operations for the year ended 31 March 2018 included excise duty upto 30 June 2017.

**Note:**

(i) **Sale of products comprises:**

(a) **Manufactured goods**

Bulk drugs	1,639.53	1,549.66
Formulations	122.76	83.03
<b>Total- Sale of manufactured goods</b>	<b>1,762.29</b>	<b>1,632.69</b>

(b) **Traded goods**

Bulk drugs	1,153.46	730.04
Formulations	523.68	574.69
<b>Total- Sale of traded goods</b>	<b>1,677.14</b>	<b>1,304.73</b>

<b>Total-Sale of products</b>	<b>3,439.43</b>	<b>2,937.42</b>
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**Disaggregated revenue disclosures.**

The Company disaggregate the revenue based on geographic locations and it is disclosed under note 40 'Segment reporting'.

Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

**Trade receivables and Contract Balances**

The company classifies the right to consideration in exchange for deliverables as a trade receivable. A receivable is a right to consideration that is unconditional upon passage of time. Revenue for revenue contracts are recognized at a point in time when the Company transfers control over the product to the customer .

Trade receivable are presented net of impairment in the Balance Sheet.

30 Other income

	Year ended 31 March 2019	Year ended 31 March 2018
Interest income (Refer note (i) below)	27.71	108.70
Support services to subsidiaries company	-	21.32
Guarantee commission	4.30	7.00
Miscellaneous income	3.89	5.70
<b>Total</b>	<b>35.90</b>	<b>142.72</b>

(i) **Interest income comprises:**

Interest on:

Bank deposits	1.05	2.21
Loans and advances to subsidiaries	26.66	106.49
<b>Total</b>	<b>27.71</b>	<b>108.70</b>



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31.a Cost of materials consumed

	Year ended 31 March 2019	Year ended 31 March 2018
Opening stock	118.62	83.12
Add: Purchases	954.98	1,006.08
Less: Closing stock	93.08	118.62
<b>Total</b>	<b>980.52</b>	<b>970.58</b>

Materials consumed comprises:

Solvents	97.32	21.07
Chemicals	883.20	949.51
<b>Total</b>	<b>980.52</b>	<b>970.58</b>

31.b Purchases of stock-in-trade

	Year ended 31 March 2019	Year ended 31 March 2018
Purchases of stock-in-trade	1,064.27	797.23
<b>Total</b>	<b>1,064.27</b>	<b>797.23</b>

Purchases of stock-in-trade comprises:

Bulk drugs	808.14	507.08
Formulations	256.13	290.15
<b>Total</b>	<b>1,064.27</b>	<b>797.23</b>

31.c Changes in inventories of finished goods and work-in-progress & intermediates

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Opening stock</b>		
Work-in-progress and intermediates	234.77	96.72
Finished goods (including stock-in-trade)	62.26	94.86
	<b>297.03</b>	<b>191.58</b>
<b>Closing stock</b>		
Work-in-progress and intermediates	222.74	234.77
Finished goods (including stock-in-trade)	205.03	62.26
	<b>427.77</b>	<b>297.03</b>
<b>Net (increase) / decrease</b>	<b>(130.74)</b>	<b>(105.45)</b>

32 Employee benefit expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Salaries and wages	362.04	268.23
Contributions to provident fund and other funds	23.04	20.00
Share-based payments to employees (Refer note 19 (c))	23.83	18.25
Staff welfare expenses	13.02	10.17
<b>Total</b>	<b>421.93</b>	<b>316.65</b>

33 Finance costs

	Year ended 31 March 2019	Year ended 31 March 2018
Interest expense on borrowings	259.79	264.69
Other borrowing costs	23.92	20.12
<b>Total</b>	<b>283.71</b>	<b>284.81</b>



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34 Other expenses

	Year ended 31 March 2019	Year ended 31 March 2018
Travelling and conveyance	42.45	47.72
Communication expenses	5.75	5.83
Consumables	55.97	51.07
Conversion and processing charges	94.10	119.51
Contract labour charges	15.09	40.39
Legal and professional charges	24.33	23.20
Freight and forwarding	85.54	79.73
Power and fuel	91.10	95.53
Rent ( Refer note 39)	14.79	14.97
Analytical charges	33.16	22.05
Repairs and maintenance		
Buildings	7.04	6.70
Machinery	23.95	28.31
Others	26.99	27.30
Insurance	4.78	5.67
Commission on sales	26.85	37.57
Advertisement and selling expenses	11.99	15.66
Rates and taxes	5.21	3.42
Increase/(decrease) of excise duty on inventory	-	(0.69)
Bad loans and advances written off	1.00	2.40
Payments to auditors (Refer Note (i) below)	3.81	3.40
Bad trade receivables written off	2.42	5.76
Net loss/ (Gain) on foreign currency transactions and translation	(2.90)	(18.92)
Provision for doubtful trade receivables	8.68	8.67
Loss on sale of property, plant and equipment	-	0.17
Other expenses	21.85	23.32
<b>Total</b>	<b>603.95</b>	<b>648.74</b>

Note:

(i) Payments to the auditors comprises (net of Goods and Services Tax credit):

(a) As auditors - statutory audit	3.00	2.75
Fees for certifications and other services	0.55	0.55
Reimbursement of expenses	0.26	0.10
	<b>3.81</b>	<b>3.40</b>

35 Exceptional items

	Year ended 31 March 2019	Year ended 31 March 2018
Impairment of goodwill (Refer note 4)	-	64.00
<b>Total</b>	<b>-</b>	<b>64.00</b>



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36 Reconciliations of tax expenses and details of deferred tax balances  
i) Income tax expense recognised in the statement of profit and loss

	Year ended 31 March 2019	Year ended 31 March 2018
<b>Current tax</b>		
In respect of current year	23.35	-
In respect of earlier years	0.01	-
MAT credit entitlement recognised	(23.35)	-
	0.01	-
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	-	-
	-	-
<b>Total income tax expense recognised</b>	0.01	-

During the year the company has recognised MAT credit entitlement which is expected to be available for set off in the future years

ii) Movement in deferred tax balances

	31 March 2019					
	Net balance 1 April 2018	Recognised in profit and loss	Recognised in other comprehensive income	Net	Deferred tax asset	Deferred tax liability
Property, plant and equipment	(128.35)	22.01	-	(106.34)	-	-
Employee benefits	16.55	2.82	-	19.37	-	-
<b>Tax assets/(liabilities)</b>	<b>(111.80)</b>	<b>24.83</b>	-	<b>(86.97)</b>	-	-
Set off of deferred tax assets recognised on unabsorbed tax depreciation and carry forward off losses	111.80	(24.83)	-	86.97	-	-
<b>Net tax assets/(liabilities)</b>	-	-	-	-	-	-
MAT credit entitlement	-	(23.35)	-	(23.35)	(23.35)	-
<b>Total</b>	-	<b>(23.35)</b>	-	<b>(23.35)</b>	<b>(23.35)</b>	-

	31 March 2018					
	Net balance 1 April 2017	Recognised in profit and loss	Recognised in other comprehensive income	Net	Deferred tax asset	Deferred tax liability
Property, plant and equipment	(142.39)	14.04	-	(128.35)	-	-
Employee benefits	9.47	7.08	-	16.55	-	-
<b>Tax assets/(liabilities)</b>	<b>(132.92)</b>	<b>21.12</b>	-	<b>(111.80)</b>	-	-
Set off of deferred tax assets recognised on unabsorbed tax depreciation and carry forward off losses	132.92	(21.12)	-	111.80	-	-
<b>Net tax assets/(liabilities)</b>	-	-	-	-	-	-
MAT credit entitlement	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

iii) Unrecognised timing differences and tax losses and depreciation

	As at 31 March 2019	As at 31 March 2018
-Difference between book value and tax base of property, plant and equipment	(304.32)	(370.86)
-Disallowance relating to employee benefits	55.44	47.81
-Unabsorbed depreciation and tax losses	1,065.45	1,847.59
-Others	-	-
<b>Net unrecognised timing differences</b>	<b>816.57</b>	<b>1,524.54</b>
Tax impact of unrecognised tax losses and depreciation	285.34	527.64

iv) No deferred tax adjustments were required in respect of amounts recognised in other comprehensive income in view of the nature of items included therein and the availability of unabsorbed tax losses (including tax depreciation).



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37 Earnings per share

	Year ended 31 March 2019	Year ended 31 March 2018
Basic earnings per share(in Rs.)	2.15	(3.85)
Diluted earnings per share(in Rs.)	2.15	(3.85)

Profit attributable to equity shareholders

	Year ended 31 March 2019	Year ended 31 March 2018
Profit for the year attributable to equity holders of the Company	95.12	(159.50)
<b>Profit attributable to equity shareholders for basic and diluted earnings</b>	<b>95.12</b>	<b>(159.50)</b>

Weighted average number of equity shares

	Year ended 31 March 2019	Year ended 31 March 2018
Issued equity shares at beginning of the year	41,406,274	41,406,274
Effect of shares issued during the year	2,879,678	-
<b>Weighted average number of equity shares at end of the year for basic and diluted EPS</b>	<b>44,285,952</b>	<b>41,406,274</b>



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38 Related party transactions

38.1 List of related parties

a) Key management personnel

Mr. Manish Gupta, Chief Executive Officer & Managing Director  
Mr. Sharat Narasapur, Joint Managing Director  
Mr. Tushar Mistry, Chief Financial Officer  
Dr. Gopakumar G Nair, Independent Director  
Mr. R Ramakrishnan, Independent Director (Upto 10 February 2018)  
Dr. Kausalya Santhanam, Independent Director (Upto 09 February 2018)  
Dr. Huseyin Aydin, Non-Executive Director  
Mrs. Kalpana Mukherjee, Non Executive Director (from 09 February 2018)  
Mrs. Kalpana Mukherjee, Executive Director (from 09 August 2018)  
Mr Vinit Tanna, Company Secretary (Upto 05 April 2018)  
Mr Saurabh Modi, Company Secretary (From 16 April 2018)

b) Holding Company

SeQuent Scientific Limited

c) Subsidiaries

Wholly-owned subsidiary:

Alivira Animal Health Limited, Ireland

Step down subsidiaries:

Alivira Animal Health Australia Pty Limited  
Provet Veteriner Urunleri San. Ve Tic. A. S.  
Topkim İlaç Premiks San. ve Tic. A.S  
Fendigo SA  
Fendigo BV  
N-Vet AB  
Alivira Saude Animal Brasil Participacoes LTDA  
Interchange Veterinária Indústria E Comércio Ltda.  
Laboratorios Karizoo, S.A.  
Laboratorios Karizoo, S.A. DE C.V. (Mexico)  
Comercial Vila Veterinaria De Lleida S.L.  
Phytotherapeutic Solutions S.L.  
Vila Viña Participacions S.L.  
Alivira UA Limited  
Alivira France  
Bremer Pharma GmbH. (Refer note 1)  
Evince Saude Animal Ltda (Refer note 2)  
Alivira Italia S.R.L. (Refer note 3)

Fellow subsidiaries:

SeQuent Research Limited

Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company

Strides Pharma Science Limited ( Formerly Strides Shasun Ltd)  
Solara Active Pharma Sciences Limited

Note:

- 1 Alivira Animal Health Limited Ireland , wholly owned subsidiary of Alivira Animal Health Limited, India has acquired 100% stake in Bremer Pharma GMBH. This acquisition is effective from 01 April 2018.
- 2 During the year, the Company's step down subsidiary, Alivira Saude brasil participacoes Ltda, Brazil incorporated Evance Saude Animal Ltda. with 70% stake in Brazil.
- 3 During the year, the Company's step down subsidiary, Alivira Animal Health Limited, Ireland incorporated 'Alivira Italia S.R.L. with 100% stake.

Above mentioned provides the information about the Company's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:



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38 Related party transactions

38.2 Transactions for the year

	Holding Company		Wholly-owned subsidiary		Step down subsidiaries		Fellow subsidiaries		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company		Key management personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
<b>Sale of materials/services</b>												
SeQuent Scientific Limited	240.76	582.73			2.25	-						
Provat Veterinary (Urduel) Tic.Ltd.Srl					2.85	10.42						
Topkin Topkapo Ilac Premiks San Ve Tic.A.S					0.51	2.78						
Laboratorios Karizoo S.A.					-	3.13			62.77	16.69		
Alivira Animal Health Limited, UA					7.19	-						
Solaria Active Pharma Sciences Limited					4.03	-						
Alivira Animal Health Limited,Ireland												
Bremer Pharma GMBH												
<b>Interest and other income</b>												
Alivira Animal Health Limited, Ireland			26.66	106.49								
<b>Sale of Scrips</b>												
SeQuent Scientific Limited	3.60	-										
<b>Interest expenses</b>												
SeQuent Scientific Limited	101.88	100.09										
<b>Purchase of materials/ consumables</b>												
SeQuent Scientific Limited	848.83	701.68				0.58			216.56	213.36		
Laboratorios Karizoo S.A.									0.79	-		
Solaria Active Pharma Sciences Limited												
Strides Pharma Science Limited												
<b>Professional fees Expenses</b>												
Alivira Animal Health Limited, Ireland			1.90	-							11.80	10.93
<b>Purchase of fixed assets</b>								8.02				
SeQuent Research Limited	9.67	20.13										
SeQuent Scientific Limited												
<b>Sale of fixed assets</b>								0.02				
SeQuent Scientific Limited	0.80	1.24										
SeQuent Research Limited												
<b>Managerial remuneration</b>												
Mr. Manish Gupta											7.48	6.84
Short term benefit											2.46	0.33
Mr. Sharat Narsapur											0.25	0.85
Short term benefit												
Mrs Kalpana Mukherjee												
Short term benefit												
Mr Saurabh Modi												
Short term benefit												





38 Related party transactions

Transactions for the year

	Holding Company		Wholly-owned subsidiary		Step down subsidiaries		Fellow subsidiaries		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company		Key management personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
<i>Director sitting fees</i>											0.20	0.85
<i>Analytical charges</i> SeQuent Research Limited								18.12				
<i>Rental expense</i> SeQuent Scientific Limited	0.40	0.40					30.17					
<i>Guarantee commission income</i> Alivira Animal Health Limited, Ireland			4.30	7.00								
<i>Guarantee commission expenses</i> SeQuent Scientific Limited	4.50	4.38										
<i>Employee Stock Option expenses</i> SeQuent Scientific Limited	23.83	18.25										
<i>Loans given by the Company</i> Alivira Animal Health Limited, Ireland			1,051.01	418.10								
<i>Loans repaid to the Company</i> Alivira Animal Health Limited, Ireland (Refer note 2)			2,306.26	-								
<i>Borrowing repaid by the Company</i> SeQuent Scientific Limited (Refer note 1)	1,666.46	372.51										
<i>Borrowings</i> SeQuent Scientific Limited	1,028.00	820.26										
<i>Support services to subsidiaries</i> Fendigo SA Fendigo BV									14.89 6.43			
<i>Investment</i> Alivira Animal Health Limited, Ireland			2,306.26	-								
<i>Equity shares Issued during the year</i> SeQuent Scientific Limited (Refer note 1)	1,547.96	-										



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38 Related party transactions

38.3 Balance as at balance sheet date

	Holding Company		Wholly-owned subsidiary		Step down subsidiaries		Fellow subsidiaries		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company		Key management personnel	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
(i) Trade receivables Alivira Animal Health Limited, Ireland Topkim Topkapo Ilac Premiks San Ve Tic A.S. Fendigo SA Fendigo BV Laboratorios Karizoo S.A. Alivira Animal Health Limited, UA Solara Activo Pharma Sciences Limited Bremer Pharma GMBH			38.34	25.43	0.95 - - 3.35 1.11	4.39 14.92 6.45 2.20 3.13			50.63	180.00		
(ii) Loan receivable Alivira Animal Health Limited, Ireland			763.17	1,911.52								
(iii) Borrowings SeQuent Scientific Limited	523.98	1,070.73										
(iv) Trade Payables SeQuent Scientific Limited SeQuent Research Limited Solara Activo Pharma Sciences Limited Alivira Animal Health Limited, Ireland	126.15	623.27	1.89	-			27.06	5.25	46.93	79.95		
(v) Corporate guarantee received from SeQuent Scientific Limited	1,917.22	1,666.62										
(v) Corporate guarantee given to Alivira Animal Health Limited, Ireland			149.78	797.43								

Note 1 - During the year the Company, through right issue has issued 6,370,196 shares to Sequent Scientific Limited, the Holding company at a price of Rs 243 Per share. Out of the total borrowings amounting to Rs 1,866.46, an amount of Rs 1,547.96 has been adjusted against the amount receivable towards issue of Right shares.

Note 2 - The company has subscribed to the right issue of 3,436,603 shares of Alivira Animal Health Limited, Ireland amounting to Rs 2,306.26. The amount payable towards right issue has been adjusted against the sum receivable towards loan given by company to Alivira Animal Health Limited, Ireland. The above total repayment of Rs 2,306.26 is adjusted towards consideration for right share.



39 Operating leases

(i) Leases as lessee

a) The Company's significant leasing arrangements are in respect of factory building, office premises and guest house. The Company has entered in to non-cancellable lease arrangement for its facilities and office premises.

(ii) Payments recognised as an expense

	Year ended 31 March 2019	Year ended 31 March 2018
Lease payments (Refer note 34)	14.79	14.97

(iii) Non-cancellable operating lease commitments:

	Year ended 31 March 2019	Year ended 31 March 2018
Less than one year	4.55	4.55
Between one and five years	18.19	18.19
More than five years	104.58	109.13

40 Segment Reporting

I. Primary segment (Business segment)

The Company is mainly engaged in the business of veterinary healthcare. Considering the nature of business and financial reporting of the Company, the Company has only one business segment viz; veterinary healthcare as primary reportable segment.

II. Secondary segment (Geographical segment)

The Company operates in three principal geographic locations.

- (i) Europe
- (ii) Asia
- (iii) Rest of the world

	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I. Revenue from operations</b>		
Europe	1,136.30	896.00
Asia	1,396.64	1,352.33
Rest of the world	1,040.63	711.29
<b>Total</b>	<b>3,573.57</b>	<b>2,959.62</b>
<b>II. Total assets</b>		
Europe	496.15	273.01
Asia	2,818.06	3,121.66
Rest of the world	349.50	315.30
<b>Total segment assets</b>	<b>3,663.71</b>	<b>3,709.97</b>
Unallocable	3,681.34	2,602.76
<b>Total assets</b>	<b>7,345.05</b>	<b>6,312.73</b>
<b>III. Cost incurred during the year to acquire segment assets</b>		
Asia	17.59	77.42
<b>Total</b>	<b>17.59</b>	<b>77.42</b>



41 Employee benefit plans

(i) Defined contribution plans:

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs 18.45 (Year ended 31 March 2018 - Rs 12.95) for Provident Fund contributions and Rs 2.05 (Year ended 31 March 2018 - Rs 1.23) for Employee State Insurance Scheme contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. As at 31 March 2019, contribution of Rs 2.42 (31 March 2018 - Rs 2.64) for Provident Fund contributions and Rs 0.27 (31 March 2018 - Rs 0.13) for Employee State Insurance Scheme is outstanding which is paid subsequent to the end of respective reporting periods.

(ii) Defined benefit plan:

The Company has a defined gratuity benefit plan. The following table summarizes the components of net employee benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

	31 March 2019	31 March 2018
	Gratuity	Gratuity
<b>Expense recognised in the statement of profit and loss:</b>		
Current service cost	4.58	5.30
Net Interest cost	1.67	1.05
Expected return on plan assets	(0.02)	(0.10)
<b>Component of defined benefit costs recognised in the statement of profit and loss</b>	<b>6.23</b>	<b>6.25</b>
<b>Remeasurement on the defined benefit liability:</b>		
Return on plan assets (excluding amounts included in net interest cost)	(0.01)	0.30
Actuarial (gains) / losses arising from changes in financial assumptions	0.45	(7.33)
Actuarial (gains) / losses arising from changes in experience adjustments	0.51	(2.48)
<b>Component of defined benefit costs recognised in other comprehensive income</b>	<b>0.95</b>	<b>(9.51)</b>
<b>Total</b>	<b>7.18</b>	<b>(3.26)</b>

The current service cost is included in 'Employee benefits expense' and the net interest cost is included in the 'Finance costs' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

Net defined benefit obligation as reflected in Balance Sheet:

	31 March 2019	31 March 2018
	Gratuity	Gratuity
Present value of defined benefit obligation (DBO)	(27.50)	(22.39)
Fair value of plan assets	0.73	0.27
Funded status [surplus / (deficit)]	(26.77)	(22.12)
<b>Net defined benefit obligation</b>	<b>(26.77)</b>	<b>(22.12)</b>

A. Movements in the present value of the defined benefit obligation are as follows:

	31 March 2019	31 March 2018
	Gratuity	Gratuity
Opening defined benefit obligation	22.39	14.93
Current service cost	4.58	5.30
Interest cost	1.67	1.05
Purchase/(sale) of undertaking	-	13.88
Benefits paid	(2.11)	(2.96)
<b>Remeasurement loss (gain):</b>		
<b>Actuarial loss (gain) arising from:</b>		
Actuarial gains and losses arising from changes in financial assumptions	0.45	(7.33)
Actuarial gains and losses arising from changes in experience adjustments	0.51	(2.48)
<b>Closing defined benefit obligation</b>	<b>27.50</b>	<b>22.39</b>

B. Movements in the fair value of plan assets are as follows:

	31 March 2019	31 March 2018
	Gratuity	Gratuity
Opening fair value of plan assets	0.27	1.49
Expected return on plan assets	0.02	0.10
Purchase of undertaking	-	-
Contributions from the employer	1.37	1.94
Benefits paid	(0.95)	(2.96)
<b>Remeasurement loss (gain):</b>		
Return on plan assets (excluding amounts included in net interest cost)	0.02	(0.30)
<b>Closing fair value of plan assets</b>	<b>0.73</b>	<b>0.27</b>

Actual return on plan assets is Rs 0.02 (31 March 2018 Rs (0.30))

Actuarial assumptions

The principal assumptions used for the purpose of actuarial valuations are shown in the table below. The assumptions as at the balance sheet date are used to determine the present value of defined benefit obligation at that date.

	31 March 2019	31 March 2018
	Gratuity	Gratuity
<b>Financial assumption:</b>		
Discount rate	7.40%	7.56%
Salary escalation rate	8.00%	8.00%
<b>Demographic assumption:</b>		
Withdrawal rate	12.00%	12.00%
Mortality rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate

As per para 83 of Ind AS 19, the rate used to discount post-employment benefit obligation (both funded and unfunded) shall be determined by reference to market yields at the end of the reporting period on government bonds.

Sensitivity analysis for significant actuarial assumptions for the determination of the defined benefit obligation is as follows:

	Impact on the defined benefit obligation	
	100 bps increase	100 bps decrease
<b>31 March 2019</b>		
Discounting rate	(1.54)	1.72
Salary escalation rate	1.69	(1.55)
<b>31 March 2018</b>		
Discounting rate	(1.20)	1.30
Salary escalation rate	1.32	(1.21)



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42 Capital commitments

	As at 31 March 2019	As at 31 March 2018
<b>Commitments</b>		
a. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
Tangible fixed assets	0.72	2.59
b. The Company has given a letter of support to its wholly owned subsidiary Alivira Animal Health Limited, Ireland to continue to assist in whatever manner that it can to financially support the operations and cash flow requirements of the subsidiary for the foreseeable future.		

43 Dues to micro, small and medium enterprises (Refer note 24)

	As at 31 March 2019	As at 31 March 2018
The amounts remaining unpaid to micro and small suppliers as at the end of the year	0.87	1.29
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.01	0.02
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year	0.01	0.02
The amount of interest accrued and remaining unpaid at the end of the accounting year	0.01	0.02
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management based on enquiries made by the Management with the creditors which have been relied upon by the auditors.

44 Deferred tax assets (net) (Refer note 36)

	As at 31 March 2019	As at 31 March 2018
<b>Deferred tax liability</b>		
- Depreciation	(106.34)	(128.35)
<b>Total deferred tax liability (B)</b>	(106.34)	(128.35)
<b>Deferred tax assets</b>		
- Unabsorbed depreciation and carried forward of losses	86.97	111.80
- Disallowance u/s 43B of Income Tax Act, 1961	19.37	16.55
<b>Total deferred tax assets (A)</b>	106.34	128.35
Mat Credit Entitlement	23.35	-
<b>Net deferred tax asset (A - B)</b>	129.69	-

45 Corporate Social Responsibility Expenses (CSR)

Details of CSR spent during the financial year:

Due to inadequate profits in recent financial years, the Company has not spent on the CSR activities. However, the Company is committed towards sustainable development of the society and the country and is confident of contributing towards the CSR activities in the coming years upon being profitable.

	For the year ended 31 March 2019	For the year ended 31 March 2018
Gross Amount required to be spent by the company during the year	-	-
Actual amount Spent during the year (Revenue in nature)	-	-



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46 Details of research and development expenditure

	31 March 2019		31 March 2018	
	Ambernath Formulations	Vizag API ( Refer note below)	Total	
<b>Revenue expenditure</b>				
Employee benefit expenses	9.57	24.13	33.70	13.66
Legal and professional fees	1.41	0.01	1.42	1.56
Raw materials and consumables	6.48	2.71	9.19	27.35
	0.27	0.09	0.36	0.15
Analytical charges	1.47	11.00	12.47	1.68
Repairs & maintenance	0.66	0.02	0.68	0.58
Depreciation	-	-	-	0.06
Others	0.81	1.26	2.07	0.11
Sale of validation batches	-	-	-	(0.82)
Purchase of Fixed assets (including pilot plant)	-	13.66	13.66	
<b>Total</b>	<b>20.67</b>	<b>52.88</b>	<b>73.55</b>	<b>44.33</b>

Note:

Vizag R&D unit got approved by DSIR during financial year 2018-19

47 Intangible assets / Intangible assets under development

During the year, the following development expenditure have been transferred to intangible assets / intangible assets under development from the statement of profit and loss:

	31 March 2019	31 March 2018
Employee benefit expenses	-	4.44
Legal and professional fees	-	0.65
Raw material and consumables	-	25.12
Travelling and conveyance	-	0.05
Analytical charges	-	0.74
Repairs & Maintenance	-	0.19
Depreciation	-	0.02
Others	-	0.04
Sale of validation batches	-	(0.82)
<b>Total</b>	<b>-</b>	<b>30.43</b>

Movement of intangible assets under development:

	31 March 2019	31 March 2018
<b>a. Movement in internally generated intangible assets under development:</b>		
Opening balance	30.42	-
Add: Development expenses as per note 47 above	-	30.42
<b>Total</b>	<b>30.42</b>	<b>30.42</b>
<b>b. Movement of other intangible assets under development:</b>		
Other intangible assets (including SAP implementation)		
Opening balance	-	4.13
Add: Expenditure capitalised as intangible under development	-	18.88
Add: Intangible purchased during the year	9.61	-
Less: Transferred to intangible assets	8.27	23.01
Less: Intangibles sold during the year	21.76	-
<b>Total</b>	<b>(20.42)</b>	<b>-</b>
<b>Total intangible assets under development:</b>	<b>10.00</b>	<b>30.42</b>



#### 48 Financial Instruments

The carrying value and fair value of financial instruments by categories are as follows:

Financial assets	Carrying value and fair value	
	31 March 2019	31 March 2018
<b>Measured at amortised cost</b>		
Loans	764.68	1,913.36
Trade receivables	1,058.97	963.33
	24.61	15.92
Other bank balances	29.73	5.61
Other financial assets	38.04	46.50
Investment in a subsidiary	2,893.31	680.82
<b>Measured at fair value through profit &amp; loss (FVTPL)</b>		
Derivative assets	0.91	-
<b>Total</b>	<b>4,810.25</b>	<b>3,625.54</b>
<b>Financial liabilities</b>		
<b>Measured at amortised cost</b>		
Borrowings (including current maturity of long term loan)	2,310.30	2,484.53
Trade payables	552.43	1,079.83
Other financial liabilities	93.79	66.04
<b>Measured at fair value through profit &amp; loss (FVTPL)</b>		
Derivative liabilities	-	0.14
<b>Total</b>	<b>2,956.52</b>	<b>3,630.54</b>

#### 48.1 Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at 31 March 2019 and 31 March 2018:

Date of valuation	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets/ (liabilities) measured at fair value:</b>				
<b>Derivative financial assets designated at fair value through profit or loss (note 16 and 25 respectively):</b>				
Foreign exchange forward contracts- USD	31 March 2019	0.91	-	0.91
Foreign exchange forward contracts- USD	31 March 2018	(0.14)	-	(0.14)

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Notes:

(i) Refer note 2 (xi) under significant accounting policies for recognition and measurement of financial assets.

(ii) Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.



**48.2 Financial risk management objective and policies**

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

**Risk management framework**

The Company's activities makes it susceptible to various risks. The Company has taken adequate measures to address such concerns by developing adequate systems and practices. The Company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Company's financial performance.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

**48.3 Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The company the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The credit risk on liquid funds and derivatives financial instruments is limited because the counterparties are banks with high credit-ratings assigned by credit-rating agencies.

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of trade receivable spread by period of six months:

	As at 31 March 2019	As at 31 March 2018
Outstanding for more than 6 months	15.71	64.30
Others	1,043.26	899.03
	<u>1,058.97</u>	<u>963.33</u>

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls.

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit guarantee insurance cover is purchased.

There is no revenue from single external customer more than 10% of Company's total revenue for the year ended 31 March 2019.

In addition, the Company is exposed to credit risk in relation to financial guarantees provided by the company. The company's maximum exposure in this respect is the maximum amount the company may have to pay if the guarantee is called on. As at 31 March 2019, an amount of Rs.149.78 (as at 31 March 2018 Rs. 797.43) is outstanding as financial guarantee. These financial guarantees have been issued to banks and vendors under the loan and distributorship agreements entered into with the subsidiaries.

**48.4 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's treasury department is responsible for managing the short term and long term liquidity requirements of the Company. Short term liquidity situation is reviewed daily by Treasury. Long term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.





The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2019 and 31 March 2018:

	As at 31 March 2019			
	Total	Less than 1 year	1-2 years	2 years and above
Borrowings (including current maturity of long term loan)	2,310.30	732.54	280.76	1,297.00
Trade payables	552.43	552.43	-	-
Other financial liabilities	93.79	93.79	-	-
Financial guarantee	149.78	-	-	-

	As at 31 March 2018			
	Total	Less than 1 year	1-2 years	2 years and above
Borrowings (including current maturity of long term loan)	2,484.53	706.39	192.91	1,585.23
Trade payables	1,079.83	1,079.83	-	-
Other financial liabilities	66.04	66.04	-	-
Financial guarantee	797.43	-	-	-

#### 48.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is exposed to interest rate risk arises mainly from debt. The company is exposed to interest rate risk because the fair value of fixed rate borrowings and the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates.

The Company is also exposed to foreign currency risk on certain transactions that are denominated in a currency other than the respective entity's functional currency; hence exposures to exchange rate fluctuations arise. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates.

##### a) Derivative financial instruments

Derivative transactions are undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments.

(i) Outstanding forward exchange contracts entered into by the Company as on 31 March 2019.

Currency	Amount		Buy / Sell	Cross currency
	As at 31 March 2019	As at 31 March 2018		
USD	1.90	0.20	Sell	-
USD	-	-	Buy	-

b) Foreign currency risk exposure from financial instruments are given below:

Foreign currency	31 March 2019		31 March 2018	
	Receivable/ (payable)	Receivable/ (payable) in foreign currency	Receivable/ (payable)	Receivable/ (payable) in foreign currency
EURO	31.18	0.40	65.72	0.82
USD	1,616.53	23.37	2,384.98	36.67
AUD	0.11	0.00	-	-
GBP	0.02	0.00	-	-
EURO	(14.59)	(0.19)	(5.44)	(0.07)
USD	(174.19)	(2.52)	(64.62)	(0.99)
CHF	(3.11)	(0.05)	(3.11)	(0.05)
THAI BAHT	-	-	(0.14)	(0.08)

##### c) Foreign currency sensitivity analysis

The Company is mainly exposed to currency fluctuation of USD and Euro.

The following table details the Company's sensitivity to a 10% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for 10% change in foreign currency rates. A positive numbers below indicates an increase in profit or equity where the INR strengthens 10% against the relevant currency. For a 10% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity, and the balance below would be negative.

	Impact in the statement of profit and loss and total equity	
	As at	
	31 March 2019	31 March 2018
Currency of Europe (Euro)	1.66	6.03
Currency of U.S.A (USD)	144.23	232.04
Others	(0.30)	(0.33)

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.



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48.6 Financial instrument - risk exposure and fair value  
Interest rate risk exposure

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments are as follows:

	As at 31 March 2019	As at 31 March 2018
<b>Fixed-rate instruments</b>		
Financial assets		
-Margin money deposit	30.50	19.79
-Borrowings from others	2.64	3.25
	<u>33.14</u>	<u>23.04</u>
<b>Variable-rate instruments</b>		
Financial liabilities		
-Borrowings from bank	832.55	513.48
-Borrowings from others	1,477.75	1,971.05
<b>Total</b>	<u>2,310.30</u>	<u>2,484.53</u>

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

Effect	Profit and loss	
	100 bps increase	100 bps decrease
<b>31 March 2019</b>		
Variable-rate instruments	(23.10)	23.10
	<u>(23.10)</u>	<u>23.10</u>
<b>31 March 2018</b>		
Variable-rate instruments	(24.85)	24.85
	<u>(24.85)</u>	<u>24.85</u>

48.7 Capital management

The company manages its capital to ensure that entities in the company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the company consists of net debt (borrowings as detailed in notes 20, 23 and 25 offset by cash and bank balances) and total equity of the company.

The Company's gearing ratio are as follows:

	As at 31 March 2019	As at 31 March 2018
Debt (i)	2,310.30	2,484.53
Cash and cash equivalents (ii)	24.61	15.92
Other bank balances (iii)	29.73	5.61
Other non current Financial assets - margin money (iv)	0.77	14.18
<b>Net debt [ (i) - { (ii)+(iii)+(iv) } ]</b>	<u>2,255.19</u>	<u>2,448.82</u>
<b>Total Equity</b>	<u>4,284.78</u>	<u>2,614.31</u>
<b>Gearing ratio</b>	<u>52.63%</u>	<u>93.67%</u>

(i) Debt is defined as long-term (including current maturity excluding financial guarantee contracts) and short-term borrowings.  
(iii) Gearing ratio = Net debt/ Equity.

49 Transfer pricing

In respect of Transfer pricing regulations under Section 92 to 92F of the Indian Income Tax Act, 1961, the Management confirms that its international transactions and Specified Domestic Transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for tax.

50 The financial statements were approved for issue by the Board of Directors on 14 May 2019.



Thane, 14 May 2019

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

*Manish Gupta*  
Manish Gupta  
Managing Director &  
Chief Executive Officer  
DIN 06895265

*Saurabh Modi*  
Saurabh Modi  
Company Secretary

*Sharat Narsapur*  
Sharat Narsapur  
Joint Managing  
Director  
DIN 02808651

*Vishar Mistry*  
Vishar Mistry  
Chief Financial Officer

