INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ACME PHARMACEUTICAL PRIVATE LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **ACME PHARMACEUTICAL PRIVATE LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2019, the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit/loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Standalone 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 Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholders Information, 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.

Responsibility of Management for the Standalone Financial Statements

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

In preparing the 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

a) Identify and assess the risks of material misstatement of the 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.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 Cash Flow Statement and statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

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 B”**.

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

   i. The Company did not have any pending litigations as on the date of financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

For **MUKESH M. SHAH & CO.**
Chartered Accountants
Firm Registration No.: 106625W

sd/-

Partner

Chandresh S. Shah
Membership No.: 042132
Place: Ahmedabad
Date: May 02,2019

"Annexure – A" referred to in the Independent Auditors' Report of even date to the members of ACME PHARMACEUTICAL PRIVATE LIMITED on the Financial Statements for the year ended March 31, 2019

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

   (b) Some of the fixed assets were physically verified during the year by the management in accordance with programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

   (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2. (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable, having regard to the size of the Company and nature of its business.

   (b) In our opinion and according to the information and explanation given to us, the company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory.

3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause (iii) (a) and (iii) (b) of paragraph of the Order are not applicable to the company for the current year.

4. In our opinion and according to the information and explanations given to us, the Company has not given any loans, guarantees or security or made any investments to which provisions of section 185 and 186 of the Act is applicable, and accordingly paragraph 3 (iv) of the Order is not applicable to the Company.

5. The Company has not accepted any deposits from the Public within the meaning of the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules frames thereunder. Further, according to the information and explanations given to us, no order has been passed by the Company Law Board of National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal, in this regard.

6. The requirement of maintenance of cost records pursuant to the Rules made by the Central Government under sub-section 1 of Section 148 of the Companies Act, 2013 is not applicable to the Company.

7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Custom duty, Excise duty, Value added Tax, Cess and any other material statutory dues during the year with the appropriate authorities. Moreover, as at March 31, 2019, there are no such undisputed dues payable for a period of more than six months from the date they became payable **except Professional Tax amounting to Rs.88,100/-**

   (b) According to the information and explanations given to us, there are no such dues as at March 31, 2019 which have not been deposited/paid on account of any dispute.

8. The Company has neither taken any loan from a Financial Institution or bank nor issued any Debenture. Accordingly, paragraph 3 (viii) of the Order is not applicable to the Company.

9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans raised during the year have been utilized by the company for the purpose for which the same has been taken.

10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

11. According to the information and explanations given to us and on the basis of our examination of the books of account, the provisions of section 197 read with Schedule V to the act are not applicable to this company since the company has not paid/provided for managerial remuneration.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

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

For **MUKESH M. SHAH & CO.**
Chartered Accountants
Firm Registration No.: 106625W

sd/-

Partner

Chandresh S. Shah
Membership No.: 042132
Place: Ahmedabad
Date: May 02,2019

"**Annexure B" to the Auditors' Report – March 31, 2019**

Report on the Internal Financial Control 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 **ACME PHARMACEUTICAL PRIVATE LIMITED** ("the company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management Responsibility for Internal Financial Controls

The company's management is responsible for establishing and maintaining internal financial control 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 [ICAI]. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the act.

Auditors' Responsibility

As per Section 143(3)(i) our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Controls and, both issued by the ICAI. 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 control 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 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 authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material on the financial statements.

Inherent limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For MUKESH M. SHAH & CO.
Chartered Accountants
Firm Registration No.: 106625W

sd/-

Partner
Chandresh S. Shah
Membership No.: 042132
Place: Ahmedabad
Date: May 02,2019

ACME PHARMACEUTICALS PRIVATE LIMITED
Balance Sheet as at March 31, 2019

Particulars	Note No.	INR-Thousand	
		As at March 31	
		2019	2018
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 [A]	381,569	355,621
Capital work-in-progress		1,888	-
Other Intangible Assets	3 [B]	-	273
Financial Assets:			
Investments	4	2,213	2,213
Other Financial Assets	5	6,215	4,254
Other Non-Current Assets	6	10,108	1,265
Deferred Tax Asset [Net]	7	30,949	-
Assets for Current tax [Net]	8	5,926	2,531
		438,867	366,155
Current Assets:			
Inventories	9	1,495	1,464
Financial Assets:			
Trade Receivables	10	14,965	27,277
Cash and Cash Equivalents	11	32,758	1,238
Other Current Financial Assets	12	306	438
Other Current Assets	13	4,460	648
		53,984	31,065
Total		492,851	397,220
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	14	35,000	35,000
Other Equity	15	(162,429)	(190,632)
		(127,429)	(155,632)
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	16	-	61
Provisions	17	2,046	-
		2,046	61
Current Liabilities:			
Financial Liabilities:			
Borrowings	18	593,000	532,269
Trade Payables due to:			
- Micro and Small Enterprises	19	1,383	-
- Other than Micro and Small Enterprises	19	12,538	5,506
Other Financial Liabilities	20	4,836	5,036
Other Current Liabilities	21	6,124	9,979
Provisions	22	353	-
		618,234	552,791
Total		492,851	397,220
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 36		

As per our report of even date
For Mukesh M Shah & Co.
Chartered Accountants
Firm Registration Number:106625W

Sd/-

Chandresh Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: May 02, 2019

For and on behalf of the Board

Sd/-
Director

ACME PHARMACEUTICALS PRIVATE LIMITED

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

Particulars	Note No.	INR-Thousand Year ended March 31 2019	2018
Revenue from Operations	23	229,243	92,735
Other Income	24	475	4,389
Total Income		229,719	97,125
EXPENSES:			
Cost of Materials Consumed	25	3,040	19,750
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	26	560	(123)
Employee Benefits Expense	27	39,096	25,880
Finance Costs	28	50,855	14,482
Depreciation, Amortisation and Impairment expense	3	24,060	47,291
Other Expenses	29	114,854	55,192
Total Expenses		232,465	162,472
Loss before Tax		(2,746)	(65,347)
Less: Tax Expense:			
Current Tax	30	-	-
Deferred Tax	7	(30,949)	-
		(30,949)	-
Profit [Loss] for the year		28,203	(65,347)
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement losses on post employment defined benefit plans		-	-
Income tax effect		-	-
		-	-
Net Loss/ [Gain] on Fair Value through OCI [FVTOCI] Equity Securities		-	-
Income tax effect		-	-
		-	-
Other Comprehensive Income for the year [Net of tax]		-	-
Total Comprehensive Income for the year [Net of Tax]		28,203	(65,347)
Basic & Diluted Earning per Equity Share [EPS] [in Rupees]	31	8.06	(18.67)
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 36		

As per our report of even date

For Mukesh M Shah & Co.

Chartered Accountants

Firm Registration Number:106625W

Sd/-

Chandresh Shah

Partner

Membership Number: 042132

Ahmedabad, Dated: May 02, 2019

For and on behalf of the Board

Sd/-

Director

ACME PHARMACEUTICALS PRIVATE LIMITED

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

a Equity Share Capital:

	No. of Shares	INR-Thousand
Equity Shares of INR 10/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2017	3,500,000	**35,000**
As at March 31, 2018	3,500,000	**35,000**
As at March 31, 2019	3,500,000	**35,000**

b Other Equity:

	INR-Thousand
Reserve and Surplus	**Retained Earnings**
As at March 31, 2017	**(125,285)**
Add: Profit for the year	**(65,347)**
Add: Other Comprehensive income	**-**
As at March 31, 2018	**(190,632)**
Less: Profit for the year	**28,203**
Add : Other Comprehensive income	**-**
As at March 31, 2019	**(162,429)**

As per our report of even date

For Mukesh M Shah & Co.

Chartered Accountants

Firm Registration Number:106625W

Sd/-

Chandresh Shah

Partner

Membership Number: 042132

Ahmedabad, Dated: May 02, 2019

For and on behalf of the Board

Sd/-

Director

ACME PHARMACEUTICALS PRIVATE LIMITED

Note: 1-Company overview:

ACME Pharmaceuticals Private Limited ["the Company"], a Private Limited Company by shares, incorporated and domiciled in India, operates as an integrated pharmaceutical company with business encompassing the entire value chain in the production of pharmaceutical products. The registered office of the Company is located at "PF 61&62, Sanand II, Industrial Estate, Tal. Sanand, Dist. Ahmedabad, Gujarat, India- 382110. These financial statements were authorised for issue in accordance with a resolution of the directors on May 02, 2019.

Note: 2-Significant Accounting Policies:

A The following note provides list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

1 Basis of preparation:

A The financial statements have been prepared in accordance with Indian Accounting Standards [Ind AS] notified under the Companies [Indian Accounting Standards] Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013.

B For all periods up to and including the year ended March 31, 2017, the Company has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies [Accounts] Rules, 2014 [Indian GAAP].
Effective from April 01, 2016 the Company has adopted Ind AS as per Companies [Indian Accounting Standards] [Ind AS] Rules, 2015 as notified under section 133 of the Companies Act, 2013. The adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards.

C The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- i Derivative financial instruments
- ii Certain financial assets and liabilities measured at fair value [refer accounting policy regarding financial instruments]
- iii Defined benefit plans
- iv Contingent consideration

2 Use of Estimates:

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments are provided below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Critical judgments:

a Taxes on Income:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions and possibility of utilisation of Minimum Alternate Tax [MAT] Credit in future.

b Employee benefits:

Significant judgments are involved in making judgments about the life expectancy, discounting rate, salary increase, etc. which significantly affect the working of the present value of future liabilities on account of employee benefits by way of defined benefit plans.

c Impairment of property, plant and equipment and investments:

Significant judgment is involved in determining the estimated future cash flows from the Investments, Property, Plant and Equipment and Goodwill to determine their value in use to assess whether there is any impairment in their carrying amounts as reflected in the financials.

d Contingent liabilities:

Significant judgment is involved in determining whether there is a possible obligation, that may, but probably will not require an outflow of resources.

Critical estimates:

a Property, Plant and Equipment:

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in res periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Management reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

3 Foreign Currency Transactions:

The Company's financial statements are presented in Indian Rupees [INR], which is the functional and presentation currency.

A The transactions in foreign currencies are translated into functional currency at the rates of exchange prevailing on the dates of transactions. and Loss.

B Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of Profit and Loss within finance costs. All the other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis.

Note: 2-Significant Accounting Policies-Continued:

4 Revenue Recognition:

A The Company has applied Ind AS 115 - Revenue from Contracts with Customers which is effective for an annual period beginning on or after April 1, 2018. The following is the significant accounting policy related to revenue recognition under Ind AS 115.

a Sale of Goods:

Revenue from the sale of goods is recognized as revenue on the basis of customer contracts and the performance obligations contained therein. Revenue is recognised at a point in time when the control of goods or services is transferred to a customer. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product or service. Revenues from product deliveries are recognised at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of significant risks and rewards and acceptance by the customer.

Revenue from sales is based on the price in the sales contracts, net of discounts. When a performance obligation is satisfied, Revenue is recognised with the amount of the transaction price [excluding estimates of variable consideration] that is allocated to that performance obligation. Historical experience, specific contractual terms and future expectations of sales returns are used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company.

b Service Income:

Service income is recognised as per the terms of contracts with the customers when the related services are performed as per the stage of completion or on the achievement of agreed milestones and are net of indirect taxes, wherever applicable.

B Goods and Service Tax [GST] is not received by the Company on its own account. Rather, it is a tax collected on value added to the goods by the Company on behalf of the government. Accordingly, it is excluded from revenue.

C The specific recognition criteria described below must also be met before revenue is recognised:

a Interest Income:

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate [EIR]. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

b Dividend:

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

c Other Income:

Other income is recognised when no significant uncertainty as to its determination or realisation exists.

5 Government Grants:

A Government grants are recognised in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.

B Government grants related to revenue are recognised on a systematic and gross basis in the Statement of Profit and Loss over the period during which the related costs intended to be compensated are incurred.

C Government grants related to assets are reduces from carrying value of assets.

6 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

a Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

b Current tax items are recognised in correlation to the underlying transaction either in Statement of Profit and Loss, OCI or directly in equity.

B Deferred Tax:

a Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

b Deferred tax liabilities are recognised for all taxable temporary differences.

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

d The carrying amount of deferred tax assets is reviewed at each reporting date 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. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

e Deferred tax assets and liabilities are measured at the tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.

f Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

g Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

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Note: 2-Significant Accounting Policies-Continued:

7 Property, Plant and Equipment:

A Lease Hold Land and All other items of Property, Plant and Equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Effective from April 1, 2007, the foreign exchange loss or gain arising on long term foreign currency monetary items that existed in financial statement for the period ending on March 31, 2016, attributable to Property, Plant and Equipment is adjusted to the cost of respective Property, Plant and Equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

B Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives as compared to principal item of the asset, they are recognised separately as independent items and are depreciated over their estimated economic useful lives.

C Depreciation on tangible assets is provided on "straight line method" based on the useful lives as prescribed under Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. However, management reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods.

D Depreciation on Lease hold Land is calculated on "Straight Line Method" on a systematic basis over its remaining useful life.

E Depreciation on additions/ disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are used.

F Where the actual cost of purchase of an asset is below INR 10,000/-, the depreciation is provided @ 100%.

G Capital work in progress is stated at cost less accumulated impairment loss, if any.

H An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the statement of profit and loss when the asset is derecognised.

8 Intangible Assets:

A Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

B Capitalised cost incurred towards purchase/ development of software is amortised using straight line method over its useful life of four years as estimated by the management at the time of capitalisation.

C Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

D An item of intangible asset initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the statement of profit and loss when the asset is derecognised.

9 Borrowing Costs:

A Borrowing costs consist of interest and other borrowing costs that are incurred in connection with the borrowing of funds. Other borrowing costs include ancillary charges at the time of acquisition of a financial liability, which is recognised as per EIR method.

B Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are capitalised as part of the cost of such assets, up to the date the assets are ready for their intended use.

10 Impairment of Assets:

The Property, Plant and Equipment and Intangible assets [other than indefinite useful lives] are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, the assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets [cash generating units]. Non-financial assets other than goodwill that suffered an impairment loss are reviewed for possible reversal of impairment at the end of each reporting period. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

Note: 2-Significant Accounting Policies-Continued:

11 Inventories:

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

A Raw Materials, Finished Goods, Stock-in-Trade and Works-in-Progress are valued at lower of cost and net realisable value.

B Cost [Net of Input tax credit availed] of Raw Materials, Finished Goods & Stock-in-Trade is determined on Moving Average Method.

C Costs of Finished Goods and Works-in-Progress are determined by taking material cost [Net of Input tax credit availed], labour and relevant appropriate overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable 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.

Write down of inventories to net realisable value is recognised as an expenses and included in "Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade" and "Cost of Material Consumed" in the relevant note in the Statement of Profit and Loss.

12 Cash and Cash Equivalents:

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

13 Leases:

As a lessee:

The determination of whether an arrangement is [or contains] a lease is based on the substance of the arrangement at the inception of the lease.

Lease under which the Company assumes potentially all the risk and rewards of ownership are classified as finance lease. When acquired, such assets are capitalised at fair value or present value of the minimum lease payment at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expenses on straight line basis in the statement of profit and loss over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate lessor's expected inflationary cost increases.

14 Provisions, Contingent Liabilities and Contingent Assets:

A Provisions are recognised when the Company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure for contingent liability is made when there is a possible obligation, that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision/ disclosure is made. Contingent assets are not recognised but are disclosed separately in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates. Contingent assets are not recognised but are disclosed separately in financial statements.

B If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

15 Employee Benefits:

A Short term obligations:

Liabilities for wages and salaries, including leave encashment that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting and are measured ay the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

B Long term employee benefits obligations:

a Leave Wages and Sick Leave:

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months period after the end of the period in which the employees render the related service. They are therefore, measured at the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period using the projected unit credit method as determined by actuarial valuation, performed by an independent actuary. The benefits are discounted using the market yields at the end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognised in statement of profit and loss.

b Defined Benefit Plans:

i Gratuity:

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The Liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost in calculated by applying the discounting rate to the net balance of the defined benefit obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the statement of Profit and Loss.

Re-measurements gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements;

ii Net interest expense or income.

c Defined Contribution Plans - Provident Fund Contribution:

Specified class of employees of the Company receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The companies have no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employees benefit expenses when they are due in the statement of profit and loss.

16 Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A Financial Assets:

a Initial recognition and measurement:

All financial assets are recognised initially at fair value plus transaction costs, in the case of financial assets not recorded at fair value through profit or loss, that are attributable to the acquisition of the financial asset. Purchases 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 trades] are recognised on the settlement date, i.e., the date that the Company settles to purchase or sell the asset.

b Subsequent measurement:

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

i Debt instruments at amortised cost:

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

- The asset is held with an objective of collecting contractual cash flows
- Contractual terms of the asset give rise on specified dates to cash flows that are "solely payments of principal and interest" [SPPI] on the principal amount outstanding.

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

ii Debt instruments at fair value through other comprehensive income [FVTOCI]:

A ‘debt instrument’ is classified as at the FVTOCI if both of the following criteria are met:

- The asset is held with objective of both - for collecting contractual cash flows and selling the financial assets
- The asset’s contractual cash flows represent SPPI.

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

iii Debt instruments and derivatives at fair value through profit or loss [FVTPL]:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

iv Equity instruments:

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

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

v Investments in subsidiaries and joint ventures:

Investments in subsidiaries and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint ventures, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

c Derecognition:

A financial asset [or, where applicable, a part of a financial asset] is primarily derecognised [i.e. removed from the Company's balance sheet] when:

i The rights to receive cash flows from the asset have expired, or

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. When the Company has transferred the risks and rewards of ownership of the financial asset, the same is derecognised.

d Impairment of financial assets:

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

i Financial assets that are debt instruments, and are measured at amortised cost

ii Trade receivables or any contractual right to receive cash or another financial asset

iii Financial assets that are debt instruments and are measured as at FVTOCI

The Company follows 'simplified approach' for recognition of impairment loss allowance on Point b above.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it requires the Company to recognise the 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 a 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-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month 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 cash shortfalls], discounted at the original EIR.

ECL impairment loss allowance [or reversal] is recognized as expense/ income in the Statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance , i.e., as an integral part of the measurement of those assets in the balance sheet, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics.

B Financial liabilities:

a Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

b Subsequent measurement:

Subsequently all financial liabilities are measured as amortised cost, using EIR method. Gains and losses are recognised in Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit and loss.

c Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Note: 2-Significant Accounting Policies-Continued:

d Embedded derivatives:

An embedded derivative is a component of a hybrid [combined] instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in statement of profit and loss, unless designated as effective hedging instruments.

e Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model as per Ind AS 109.

f Offsetting of financial instruments:

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

17 Fair Value Measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a In the principal market for the asset or liability, or

b In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

a Level 1 — Quoted [unadjusted] market prices in active markets for identical assets or liabilities

b Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

c Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation [based on the lowest level input that is significant to the fair value measurement as a whole] at the end of each reporting period.

18 Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss [excluding other comprehensive income] for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, shares split and reserve share splits [consolidation of shares] that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss [excluding other comprehensive income] for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Note: 2-Significant Accounting Policies-Continued:

B Standards issued but not yet effective:

The Ministry of Corporate Affairs has issued Companies [Indian Accounting Standards] Amendment Rules, 2019 and Companies [Indian Accounting Standards] Second Amendment Rules on March 30, 2019, which notified the following standards and amendments to Ind AS applicable effective from April 1, 2019:

Ind AS 116 – Leases:

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. The standard introduces a single lease accounting model, requiring lessees to recognize right-of-use assets for granted rights of use and corresponding lease liabilities. However, Ind AS 116 contains the option of exercising exemptions for the recognition of short-term leases and those pertaining to low-value assets.

The Company will adopt Ind AS 116 effective from April 1, 2019, the Company will apply the standard to its leases, retrospectively, without restating the comparative figures. On the date of transition, the Company will be using the practical expedient provided by the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application. On the date of initial application, the Company will recognise a lease liability measured at the present value of the remaining lease payments, using the incremental borrowing rate as of that date and right-of-use asset will be measured at the amount equal to lease liability adjusted for accrual and prepayment. Initial direct costs will not be taken into account in the measurement of the right-of-use asset as of the date of first-time application. In accordance with the standard, the Company will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

The Company is in the process of evaluating the impact of Ind AS 116.

Ind AS 12 – Income Taxes:

A The Ministry of Corporate Affairs has notified Ind AS 12, Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit [or loss], tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit [tax loss], tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition:

a Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and

b Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives.

The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

B The Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, Income Taxes, in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on after April 1, 2019. The Company is in the process of evaluating the impact.

Ind AS 19 – Employee Benefits:

The Ministry of Corporate Affairs issued amendments to Ind AS 19, Employee Benefits, in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

a To use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment; and

b To recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is in the process of evaluating the impact.

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Notes to the Financial Statements

Note: 3-Property, Plant & Equipment & Intangible Assets:

[A] Property, Plant and Equipment: **INR-Thousand**

	Sanand Land	Computer	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	**Total**
Gross Block:								
As at March 31, 201	74,056	2,905	175,632	153,441	32,135	1,386	244	**439,800**
Additions	-	188	754	13,151	3,415	-	39	**17,548**
Disposals	-	-	-	-	-	-	-	**-**
Other adjustments	-	-	-	-	-	-	-	**-**
As at March 31, 201	74,056	3,094	176,386	166,591	35,550	1,386	283	**457,348**
Additions	-	505	-	50,338	149	-	38	**51,029**
Disposals	-	-	-	(2,309)	-	-	-	**(2,309)**
Other adjustments	-	-	-	-	-	-	-	**-**
As at March 31, 201	74,056	3,599	176,386	214,620	35,699	1,386	321	**506,068**
Depreciation and Impairment:								
As at March 31, 201	-	1,575	16,725	27,942	8,018	541	102	**54,904**
Depreciation for the	-	896	15,145	23,563	6,891	263	65	**46,823**
Impairment for the	-	-	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	-	-	**-**
As at March 31, 201	-	2,472	31,870	51,505	14,909	804	167	**101,727**
Depreciation for the	776	433	4,888	15,296	2,377	89	41	**23,900**
Impairment for the	-	-	-	-	-	-	-	**-**
Disposals	-	-	-	(1,128)	-	-	-	**(1,128)**
As at March 31, 201	776	2,904	36,758	65,673	17,286	893	208	**124,499**
Net Block:								
As at March 31, 201	74,056	622	144,516	115,087	20,641	582	116	**355,621**
As at March 31, 201	73,280	695	139,628	148,947	18,413	493	113	**381,569**

[B] Intangible Assets:

	Computer Software	**Total**
Gross Block:		
As at March 31, 2017	1,615	**1,615**
Additions	-	**-**
Disposals	-	**-**
Other adjustments	-	**-**
As at March 31, 2018	1,615	**1,615**
Additions	-	**-**
Disposals	(1,615)	**(1,615)**
Other adjustments	-	**-**
As at March 31, 2019	-	**-**
Amortisation and Impairment:		
As at March 31, 2017	874	**874**
Amortisation for the year	468	**468**
Impairment for the year	-	**-**
Disposals	-	**-**
As at March 31, 2018	1,342	**1,342**
Amortisation for the year	160	**160**
Impairment for the year	-	**-**
Disposals	(1,501)	**(1,501)**
As at March 31, 2019	-	**-**
Net Block:		
As at March 31, 2018	273	**273**
As at March 31, 2019	-	**-**

	INR-Thousand	
	As at March 31	
Depreciation, Amortisation and Impairment expenses:	**2019**	2018
Depreciation	**23,900**	46,823
Amortisation	**160**	468
Impairment	**-**	-
Total	**24,060**	47,291

ACME PHARMACEUTICALS PRIVATE LIMITED

Notes to the Financial Statements

Note: 4-Investments [Non-Current]:

	Face Value [*]	Nos. [**]	As at March 31 2019	2018
Investments :				
Investments in Equity Instruments - Unquoted			**2,213**	2,213
			2,213	2,213
A Details of Investments - Others [Valued at fair value through OCI]:				
Investment in Equity Instruments [Unquoted]:				
In fully paid-up Equity Shares of:				
Kalupur Commercial Cooperative Bank	25	88,500	**2,213**	2,213
			2,213	2,213
B Explanations:				
a In "Face Value [*]", figures in Indian Rupees unless stated otherwise.				
b In "Nos. [**]" figures of previous year are same unless stated in [ ].				

Note: 5-Other Financial Assets:

	2019	2018
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	**4,740**	2,824
Fixed Deposits with Banks [with maturity more than 12 months]	**1,475**	1,430
Total	**6,215**	4,254

Note: 6-Other Non-Current Assets:

	2019	2018
[Unsecured, Considered Good unless otherwise stated]		
Capital Advances	**10,008**	1,265
Others	**100**	-
Total	**10,108**	1,265

Note: 7-Deferred Tax :

A Break up of Deferred Tax Liabilities into major components of the respective balances are as under :

	As at March 31 2017	Charge for the previous year	As at March 31 2018	Charge for the current year	As at March 31 2019
Deferred Tax Liabilities :					
Depreciation	-	-	-	3,386	**3,386**
	-	-	-	3,386	**3,386**
Deferred Tax Assets :					
Retirement benefits	-	-	-	982	**982**
Unabsorbed depreciation	-	-	-	33,352	**33,352**
	-	-	-	34,335	**34,335**
Net Deferred Tax Asset	-	-	-	(30,949)	**30,949**

B The Net Deferred Tax asset of INR 3,09,48,696 for the year has been credited [Previous Year INR NIL] in the Statement of Profit and Loss.

C The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
Unabsorbed Depreciation is allowed to be set-off for indefinite period.

INR-Thousand

Note: 8-Current Tax Assets [Net]:

	As at March 31 2019	2018
Advance payment of Tax [Net of provision for taxation of INR NIL {as at March 31, 2018: INR NIL}]	**5,926**	2,531
Total	**5,926**	2,531

Note: 9-Inventories:

	2019	2018
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	**620**	28
Work-in-progress	**875**	1,436
Total	**1,495**	1,464

ACME PHARMACEUTICALS PRIVATE LIMITED
Notes to the Financial Statements

	INR-Thousand	
	As at March 31	
	2019	2018
Note: 10-Trade Receivables:		
Unsecured - Considered good	14,965	27,277
Total	14,965	27,277
Note: 11-Cash and Cash Equivalents:		
Balances with Banks	32,758	1,216
Cash on Hand	-	22
Total	32,758	1,238
A Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.		
B There are no amounts of cash and cash equivalent balances held by the entity that are not available for use		
Note: 12-Other Current Financial Assets:		
[Unsecured, Considered Good]		
Dividend accrued but not received	-	266
Interest accrued but not received	306	172
Total	306	438
Note: 13-Other Current Assets:		
[Unsecured, Considered Good]		
Balances with Statutory Authorities	3,696	-
Advances to Suppliers	593	322
Prepaid Expenses	171	326
Total	4,460	648
Note: 14-Equity Share Capital:		
Authorised:		
35,00,000 [as at March 31, 2018: 35,00,000] Equity Shares of INR 10/- each	35,000	35,000
60,00,000 [as at March 31, 2018: NIL] 8%, Optionally Convertible Non-Cumulative Redeemable Preference Shares of INR 100/- each	600,000	-
	635,000	35,000
Issued, Subscribed and Paid-up:		
35,00,000 [as at March 31, 2018: 35,00,000] Equity Shares of INR 10/- each, fully paid-up	35,000	35,000
Total	35,000	35,000
A There is no change in number of shares at the beginning and end of the year.		
Number of shares at the beginning and end of the year	3,500,000	3,500,000
B The Company has only one class of equity shares having a par value of INR 10/- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.		
C All Equity shares of INR. 10/- each, fully paid up held by Holding Company, Zydus Healthcare Limited and its nominees:		
Number of Shares	3,500,000	3,500,000
% to total share holding	100%	100%
Note: 15-Other Equity:		
Retained Earnings:		
Balance as per last Balance Sheet	(190,632)	(125,285)
Add [Less]: Profit [Loss] for the year	28,203	(65,347)
Balance as at the end of the year	(162,429)	(190,632)
Total	(162,429)	(190,632)

Note: 16-Borrowings:

	INR-Thousand			
	Non-current portion		Current Maturities	
	As at March 31		As at March 31	
	2019	2018	2019	2018
A Term Loans from Banks [Secured]	-	61	-	344
Total	-	61	-	344

	INR-Thousand	
	As at March 31	
	2019	2018
Note: 17-Provisions:		
Provision for Employee Benefits	2,046	-
Total	2,046	-

Defined benefit plan and long term employment benefit

A General description:

Leave wages [Long term employment benefit]:

The leave encashment scheme is administered through Life Insurance Corporation of India's Employees' Group Leave Encashment cum Life Assurance [Cash Accumulation] Scheme. The employees of the company are entitled to leave as per the leave policy of the company. The liability on account of accumulated leave as on last day of the accounting year is recognised [net of the fair value of plan assets as at the balance sheet date] at present value of the defined obligation at the balance sheet date based on the actuarial valuation carried out by an independent actuary using projected unit credit method.

Gratuity [Defined benefit plan]:

The Company has a defined benefit gratuity plan. Every employee who has completed continuous services of five years or more gets a gratuity on death or resignation or retirement at 15 days salary [last drawn salary] for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary increment risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan’s debt investments.

Longevity risk:

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

Salary risk:

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

	INR-Thousand		
	As at March 31		
	2019		
	Medical Leave	Leave Wages	Gratuity
B Change in the present value of the defined benefit obligation:			
Opening defined benefit obligation	-	-	-
Interest cost	-	-	-
Current service cost	145	1,458	861
Benefits paid	-	(65)	-
Actuarial [gains]/ losses on obligation	-	-	-
Closing defined benefit obligation	145	1,393	861

ACME PHARMACEUTICALS PRIVATE LIMITED
Notes to the Financial Statements

Note: 17-Provisions-Continued:

		INR-Thousand	
		As at March 31	
		2019	
	Medical Leave	Leave Wages	Gratuity
C Change in the fair value of plan assets:			
Opening fair value of plan assets	-	-	-
Expected return on plan assets	-	-	-
Return of plan assets excluding amounts included in interest income	-	-	-
Contributions by employer	-	-	-
Benefits paid	-	-	-
Actuarial [losses]/ gains	-	-	-
Closing fair value of plan assets	-	-	-
Total actuarial [losses]/ gains to be	-	-	-
recognised	-	-	-
D Actual return on plan assets:			
Expected return on plan assets	-	-	-
Actuarial [losses]/ gains on plan assets	-	-	-
Actual return on plan assets	-	-	-
E Amount recognised in the balance sheet:			
Liabilities/ [Assets] at the end of the year	145	1,393	861
Fair value of plan assets at the end of the year	-	-	-
Difference	145	1,393	861
Unrecognised past service cost	-	-	-
Liabilities/ [Assets] recognised in the Balance Sheet	145	1,393	861
F Expenses/ [Incomes] recognised in the Statement of Profit and Loss:			
Current service cost	145	1,458	861
Interest cost on benefit obligation	-	-	-
Expected return on plan assets	-	-	-
Return of plan assets excluding amounts included in interest income	-	-	-
Net actuarial [gains]/ losses in the year	-	-	-
Amount Included in "Employee Benefit Expen	145	1,458	861
Return of plan assets excluding amounts included in interest income	-	-	-
Net actuarial [gains]/ losses in the year	-	-	-
Amounts recognized in OCI	-	-	-
G Movement in net liabilities recognised in Balance Sheet:			
Opening net liabilities	-	-	-
Expenses as above [P & L Charge]	145	1,458	861
Employer's contribution	-	-	-
Amount recognised in OCI	-	-	-
Benefits Paid	-	(65)	-
Liabilities/ [Assets] recognised in the	-	-	-
Balance Sheet	145	1,393	861
H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:			
Discount rate [*]	7.20%	7.20%	7.20%
Annual increase in salary cost [#]		12% for 2 years & 9% thereafter	

[*] The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations.

[#] The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

I The categories of plan assets as a % of total plan assets are:			
Insurance plan	0.00%	0.00%	0.00%

ACME PHARMACEUTICALS PRIVATE LIMITED
Notes to the Financial Statements

Note: 17-Provisions-Continued:

J Amount recognised in current year *:

	As at March 31
Gratuity:	**2019**
Defined benefit obligation	861
Fair value of Plan Assets	-
Deficit/ [Surplus] in the plan	861
Actuarial Loss/ [Gain] on Plan Obligation	-
Actuarial Loss/ [Gain] on Plan Assets	-

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2018-19.

The average duration of the defined benefit plan obligation at the end of the reporting period is 29.9 years

* The Company has opted for Defined benefit plan and Employee Benefits for the first time in FY 2018-19. Hence, comparative figures of FY 2017-18 are not disclosed.

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption as is as shown below:

Assumptions	**INR-Thousand**		
	As at March 31, 2019		
	Medical Leave	**Leave Wages**	**Gratuity**
Impact on obligation:			
Discount rate increase by 0.5%	140	1,357	831
Discount rate decrease by 0.5%	151	1,431	893
Annual salary cost increase by 0.5%	151	1,430	892
Annual salary cost decrease by 0.5%	140	1,357	832

The following payments are expected contributions to the defined benefit plan in future years:

	INR- Thousand
	As at March 31
	2019
Within the next 12 months [next annual reporting period]	333
Between 2 and 5 years	896
Between 5 and 10 years	707
Total expected payments	**1,936**

	INR-Thousand	
	As at March 31	
	2019	2018
Note: 18-Borrowings:		
Loans repayable on Demand:		
Working Capital Loans from Related Parties [Unsecured] [*]	593,000	100,422
Working Capital Loans from Others [Unsecured]	-	431,848
Total	**593,000**	532,269
[*] Details of Loans and Advances from Related Parties are as under:		
A Zydus Healthcare Limited [Interest bearing loan, repayable on demand]	593,000	100,422

ACME PHARMACEUTICALS PRIVATE LIMITED
Notes to the Financial Statements

	INR-Thousand	
	As at March 31	
	2019	2018
Note: 19-Trade Payables:		
Due to Micro, Small and Medium Enterprises [*]	1,383	-
Due to other than Micro, Small & Medium Enterprise	12,538	5,506
Total	13,921	5,506
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end	1,383	-
B Interest due thereon	-	-
C Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
D Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act	-	-
E Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
F Amount of further interest remaining due and payable in succeeding years	-	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.		
Note: 20-Other Financial Liabilities:		
Current Maturities of Long Term Debt [Refer Note- 16]	-	344
Interest accrued but not due on borrowings	400	-
Accrued Expenses	3,788	2,088
Payable for Capital Goods	648	2,604
Total	4,836	5,036
Note: 21-Other Current Liabilities:		
Advances from customers	-	7,941
Payable to Statutory Authorities	6,112	2,039
Others	12	-
Total	6,124	9,979
Note: 22-Provisions:		
Provision for Employee Benefits	353	-
Total	353	-

ACME PHARMACEUTICALS PRIVATE LIMITED
Notes to the Financial Statements

	INR-Thousand	
	Year ended March 31	
	2019	2018
Note: 23-Revenue from Operations:		
Sale of Products	5,464	18,540
Processing income	220,579	74,155
Other Operating Revenues:		
Sale of Scrap	612	-
Net Gain on foreign currency transactions and translation	472	41
Miscellaneous Income	2,117	-
	3,201	41
Total	229,243	92,735
Note: 24-Other Income:		
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	409	297
	409	297
Dividend Income:		
From Other Investments	66	266
`	66	266
Other Non-operating Income	-	3,827
Total	475	4,389
Note: 25-Cost of Materials Consumed:		
Raw Materials :		
Stock at commencement	28	-
Add: Purchases	3,631	19,779
	3,659	19,779
Less: Stock at close	620	28
Total	3,040	19,750
Note: 26-Changes in Inventories:		
Stock at commencement:		
Work-in-progress	1,436	-
Finished Goods	-	1,312
	1,436	1,312
Less: Stock at close:		
Work-in-progress	875	1,436
Finished Goods	-	-
	875	1,436
Total	560	-123
Note: 27-Employee Benefits Expense:		
Salaries and wages	35,163	24,121
Contribution to provident and other funds	2,948	1,034
Staff welfare expenses	986	726
Total	39,096	25,880

ACME PHARMACEUTICALS PRIVATE LIMITED

Notes to the Financial Statements

	INR-Thousand	
	Year ended March 31	
	2019	2018
Note: 28-Finance Cost:		
Interest expense [*]	50,711	14,387
Other Borrowing Costs	-	94
Bank commission & charges	144	-
Total	50,855	14,482
[*] The break up of interest expense into major heads is given below:		
On term loans	19	-
On working capital loans	50,692	14,345
Others	-	42
Total	50,711	14,387
Note: 29-Other Expenses:		
Analytical Expenses	2,451	4,021
Consumption of Stores and spare parts	25,238	-
Power & fuel	31,881	22,080
Labour charges	24,182	15,376
Repairs to Buildings	1,264	180
Repairs to Plant and Machinery	13,982	386
Repairs to Others	417	161
Insurance	505	382
Processing Charges	-	4,157
Traveling Expenses	36	529
Legal and Professional Fees [*]	5,269	2,057
Conveyance	3,333	-
Miscellaneous and Stationary Expense	1,662	-
Security Expense	1,482	-
Net Loss on disposal of Property, Plant and Equipment	107	-
Miscellaneous Expenses	3,046	5,862
Total	114,854	55,192
[*] Legal and Professional Fees include:		
Payment to the Statutory Auditors [excluding GST]:		
i - As Auditor	50	93
- For Other Services	-	-
Total	50	93

ACME PHARMACEUTICALS PRIVATE LIMITED
Notes to the Financial Statements

	INR-Thousand	
	Year ended March 31	
	2019	2018
Note: 30-Tax Expenses:		
The major components of income tax expense are:		
A Statement of profit and loss:		
Profit or loss section:		
Current income tax:		
Current income tax charge	-	-
Adjustments in respect of current income tax of previous year	-	-
	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(30,949)	-
Tax expense reported in the statement of profit and loss	(30,949)	-
OCI Section:		
Tax related to items recognised in OCI during in the year:		
Net loss/ (gain) on remeasurements of defined benefit plans	-	-
Net Loss/ [Gain] on Fair Value through OCI [FVTOCI] Equity Securities	-	-
Tax charged to OCI	-	-
B Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:		
Profit before tax	(2,746)	(65,347)
Enacted Tax Rate (%) of the Country	26%	26%
Expected Tax Expenses	(714)	(16,990)
Adjustments for:		
Tax effect due to non-taxable income for tax purposes	65	-
Effect of unrecognized deferred tax assets/ liabilities	(595)	-
C/f. Business Loss & unabsorbed depreciation available to the Company	(29,705)	-
Deferred tax asset no recognised	-	16,990
Total	(30,235)	16,990
Tax Expenses as per Statement of Profit and Loss	(30,949)	-

			2019	2018
Note: 31-Calculation of Earnings per Equity Share [EPS]:				
The numerators and denominators used to calculate the basic and diluted EPS are as follows:				
A	Profit attributable to Shareholders	INR	28,203	(65,347)
B	Basic and weighted average number of Equity shares outstanding during the year	Numbers	3,500,000	3,500,000
C	Nominal value of equity share	INR	10	10
D	Basic & Diluted EPS	INR	8.06	-18.67

ACME PHARMACEUTICALS PRIVATE LIMITED
Notes to the Financial Statements

Note: 32-Related Party Transactions:

A Name of the Related Parties and Nature of the Related Party Relationship:

a Ultimate Holding Company : Cadila Healthcare Limited

b Holding Company : Zydus Healthcare Limited

c Fellow Subsidiaries :

Dialforhealth India Limited	Zydus Pharmaceuticals (USA) Inc. [USA]
Dialforhealth Unity Limited	Nesher Pharmaceuticals (USA) LLC [USA]
Dialforhealth Greencross Limited	Zydus Healthcare (USA) LLC [USA]
Zydus Wellness Limited	Sentynl Therapeutics Inc. [USA]
M/s. Zydus Wellness-Sikkim, a Partnership Firm [#]	Zydus Noveltech Inc. [USA]
Zydus Nutritions Limited [#]	Hercon Pharmaceuticals LLC [USA]
Liva Pharmaceuticals Limited	Viona Pharmaceuticals Inc. [USA]
Liva Nutritions Limited	ZAHL B.V. [the Netherlands]
Liva Investment Limited	ZAHL Europe B.V. [the Netherlands]
Heinz India Private Limited	Bremer Pharma GmbH [Germany] [Refer Note-45]
Zydus Technologies Limited	Windlas Inc [USA]
Alidac Pharmaceuticals Limited	Zydus Healthcare S.A. (Pty) Ltd [South Africa]
Violio Healthcare Limited	Simayla Pharmaceuticals (Pty) Ltd [South Africa]
Violio Pharmaceuticals Limited	Script Management Services (Pty) Ltd [South Africa]
Windlas Healthcare Private Limited	Zydus France, SAS [France]
Zydus Foundation	Laboratorios Combix S.L. [Spain]
Zydus Lanka (Private) Limited [Sri Lanka]	Zydus Nikkho Farmaceutica Ltda. [Brazil]
Zydus Healthcare Philippines Inc. [Philippines]	Zydus Pharmaceuticals Mexico SA De CV [Mexico]
Zydus International Private Limited [Ireland]	Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]
Zydus Netherlands B.V. [the Netherlands]	Zydus Worldwide DMCC [Dubai]
Etna Biotech S.R.L. [Italy]	Zydus Discovery DMCC [Dubai]
Alidac Healthcare (Myanmar) Limited [Myanmar]	Alidac Healthcare (Myanmar) Limited [Myanmar]

[#] M/s. Zydus Wellness- Sikkim, a partnership firm, was converted into a public limited company, in the name of Zydus Nutritions Limited, w.e.f. February 28, 2019.

d Key Managerial Personnel:

Mr. Jyotindra B. Gor	Director
Mr. Rajib Baidya	Director
Mr. Chimanlal P. Patel	Director

e There are no parties with whom transactions have been carried out during the year under the category of enterprises significantly influenced by Directors and/or their relatives.

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business and at arm's length terms:

a Details relating to parties

Nature of Transactions	INR-Thousand As at March 31 2019	2018
Purchases:		
Fixed Assets:		
Cadila Healthcare Limited	1,618	-
Reimbursement of Expenses paid:		
Zydus Healthcare Limited	2	-
Sale:		
Fixed Assets:		
Zydus Healthcare Limited	1,401	-
Services:		
Zydus Healthcare Limited	74,577	-
Cadila Healthcare Limited	141,504	-
Total	216,081	-
Finance:		
Inter Corporate Loans received:		
Zydus Healthcare Limited	593,000	100,000
Interest Expense :		
Zydus Healthcare Limited	50,692	443
Outstanding:		
Payable:		
Zydus Healthcare Limited	593,445	-
Receivable:		
Zydus Healthcare Limited	1,139	-
Cadila Healthcare Limited	11,768	-
Total	12,907	-

ACME PHARMACEUTICALS PRIVATE LIMITED

Notes to the Financial Statements

Note: 33-Contingent Liabilities and Commitments [to the extent not provided for]:

		INR-Thousand	
		As at March 31	
		2019	2018
A	Contingent Liabilities	-	-
B	Commitments:		
a	Estimated amount of contracts remaining to be executed on capital account and not provided for	84,065	-
	- Net of advance of	1,146	-

Note: 34-Financial Instruments:

A Fair values hierarchy:

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices [unadjusted] in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

B Financial assets and liabilities measured at fair value - recurring fair value measurements:

	INR-Thousand			
	As at March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial Investments at FVOCI:				
Unquoted equity instruments		2,213		2,213
Total financial assets	-	2,213	-	2,213
Financial liabilities	-	-	-	-
	As at March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial Investments at FVOCI:				
Unquoted equity instruments		2,213		2,213
Total financial assets	-	2,213	-	2,213
Financial liabilities	-	-	-	-

Note: 35-Financial Risk Management:

A Financial instruments by category:

	INR-Thousand			
	As at March 31 , 2019			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments	-	2,213	-	2,213
Non Current Other Financial Assets	-	-	6,215	6,215
Trade receivables	-	-	14,965	14,965
Cash and Cash Equivalents	-	-	32,758	32,758
Other Current Financial Assets	-	-	306	306
Total	-	2,213	54,244	56,456
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	593,400	593,400
Trade payables	-	-	13,921	13,921
Other Current Financial Liabilities	-	-	4,436	4,436
Total	-	-	611,757	611,757

Note: 35-Financial Risk Management-Continued:

	INR-Thousand			
	As at March 31, 2018			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Investments:				
Equity instruments	-	2,213	-	**2,213**
Non Current Other Financial Assets	-	-	4,254	**4,254**
Trade receivables	-	-	27,277	**27,277**
Cash and Cash Equivalents	-	-	1,238	**1,238**
Other Current Financial Assets	-	-	438	**438**
Total	**-**	**2,213**	**33,207**	**35,419**
Financial liabilities:				
Borrowings [including current maturities and interest accrued but not due]	-	-	532,674	**532,674**
Trade payables	-	-	5,506	**5,506**
Other Current Financial Liabilities	-	-	4,692	**4,692**
Total	**-**	**-**	**542,872**	**542,872**

B Risk Management:

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

The Company's risk management is done in close co-ordination with the board of directors and focuses on actively securing the Company's short, medium and long-term cash flows by minimizing the exposure to volatile financial markets. Long-term financial investments are managed to generate lasting returns.

The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below:

a Credit risk:

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The Company is exposed to credit risk from investment in preference shares measured at amortised cost, loans and advances to related parties, trade receivables, bank deposits and other financial assets. The Company periodically assesses the financial reliability of the counter party taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.

i Investments at Amortised Cost : They are strategic investments in the normal course of business of the company.

ii Bank deposits : The Company maintains its Cash and cash equivalents and Bank deposits with reputed and highly rated banks. Hence, there is no significant credit risk on such deposits.

iii Trade Receivable: The Company trades with recognized and credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.

iv There are no significant credit risks with related parties of the Company. The Company is exposed to credit risk in the event of non-payment by customers.

b Liquidity risk:

a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

b Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which it operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Note: 35-Financial Risk Management:-Continued:

c Maturities of financial liabilities:

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	INR-Thousand				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
	As at March 31, 2019				
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	593,400	-	-	-	593,400
Trade payable	13,921	-	-	-	13,921
Accrued Expenses	3,788	-	-	-	3,788
Payable for Capital Goods	648	-	-	-	648
Total	**611,757**		**-**	**-**	**611,757**
	As at March 31, 2018				
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	532,674	-	-	-	532,674
Trade payable	5,506	-	-	-	5,506
Accrued Expenses	2,088	-	-	-	2,088
Payable for Capital Goods	2,604	-	-	-	2,604
Total	**542,872**	**-**	**-**	**-**	**542,872**

c Interest rate risk:

Liabilities:

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at March 31, 2019, the Company is exposed to changes in market interest rates through borrowings at variable interest rates.

Sensitivity *:

Below is the sensitivity of profit or loss and equity changes in interest rates:

	Movement in Rate	INR-Thousand As at	
		2019	2018
Interest rates	+0.50%	2,965	2,661
Interest rates	-0.50%	(2,965)	(2,661)

* Holding all other variables constant

d Foreign currency risk:

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar and Euro. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Company's operations in foreign currency creates natural foreign currency hedge. This results in insignificant net open foreign currency exposures considering the volumes and operations of the Company.

Foreign currency risk exposure:

Sensitivity:

The sensitivity of profit or loss and equity to changes in the exchange rates arises mainly from foreign currency denominated financial instruments:

	INR-Thousand					
	March 31,2019			March 31,2018		
	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]	Movement in Rate	Impact on PAT [*]	Impact on Other Equity [*]
USD	7.00%	208	-	4.00%	-	-
USD	-7.00%	-208	-	-4.00%	-	-
EUR	7.00%	252	-	7.00%	162	-
EUR	-7.00%	-252	-	-7.00%	-162	-

* Holding all other variables constant

ACME PHARMACEUTICALS PRIVATE LIMITED

Notes to the Financial Statements

Note: 36:

Figures of previous years have been regrouped/ reclassified to conform to current year's classification.

Signatures to Significant Accounting Policies and Notes 1 to 36 to the Financial Statements

As per our report of even date	For and on behalf of the Board
For Mukesh M Shah & Co.	
Chartered Accountants	
Firm Registration Number:106625W	
Sd/-	
Chandresh Shah	
Partner	Sd/-
Membership Number: 042132	Director
Ahmedabad, Dated: May 02, 2019	