INDEPENDENT AUDITOR'S REPORT

To the members of Dialforhealth India Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Dialforhealth India Limited (the "Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity 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 Ind AS 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 standards prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing ('SAs'), as 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 Ind AS 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 ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

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

In preparing the Ind AS 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.

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

– Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

– Conclude on the appropriateness of management's use of the going concern basis of accounting `and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2019, and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by 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.

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

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 the Statement of 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 financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"** to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

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

i. The Company does not have any pending litigation which would have impact on its financial position.

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

iii. The company is not required to transfer any amount to the Investor Education and Protection Fund.

For KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS
Firm Registration No. 104744W
S/d
Jinal A. Patel
Partner
Membership No.: 153599

Date : May 28, 2019
Place : Ahmedabad

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1 under '*Report on Other Legal and Regulatory Requirements*' section of our report to the members of Dialforhealth India Limited of even date)

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended March 31, 2019.

We report that:

(i) (a) The Company has maintained proper records showing full particulars; include quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned program of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. No material discrepancies were noticed in respect of such confirmations.

(iii) (a) The Company has granted loans to the companies covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grants and loans not prejudicial to the company's interest.

(b) The Company has granted loans that are payable over the period of three years, to a companies that is covered in the register maintained under section 189 of the Companies Act, 2013. The payment of interest has been regular.

(c) There is no amounts of loans granted to companies, or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are outstanding for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given, have been complied with by the Company, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit form the public within the meaning of section 73 to 76 of the Act and the Rules framed under. Therefore, the provision of clause 3(v) of the Order is not applicable.

(vi) The maintenance of cost records has not been specified by Central Government under section 148(1) of the companies Act, 2013.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employee state insurance, income-tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess, goods and services tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess, goods and services tax and other material statutory dues were in arrears as at March 31, 2019, for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, and on the basis of our examination of the records of the company, there are no any disputed dues in respect of sales Tax, income tax, service tax, value added tax, custom duty, goods & services tax and excise duty / cess deposited with the appropriate authorities.

(viii) Based on the information and explanations given by the management and on an overall examination of the balance sheet, we are of the opinion that no term loans have been raised during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

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

(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.

(xiii) Based on our examination of records of the Company and according to the information and explanations given to us, the transactions with related parties are in compliance with the Provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given 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.

(xv) Based on the examinations of the records and according to the information and explanations given by the management, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934, are not applicable to the Company.

For KANTILAL PATEL & CO.,

CHARTERED ACCOUNTANTS

Firm Registration No. 104744W

S/d

Jinal A. Patel

Partner

Membership No.: 153599

Date : May 28, 2019

Place : Ahmedabad

Annexure B to the Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of 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's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the 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 KANTILAL PATEL & CO.,
CHARTERED ACCOUNTANTS
Firm Registration No. 104744W
S/d
Jinal A. Patel
Partner
Membership No.: 153599

Date : May 28, 2019
Place : Ahmedabad

Dialforhealth India 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	688	705
Financial Assets:			
Investments	4	-	-
Loans	5	131,800	200,250
Other Non-Current Assets	6	969	-
Assets for Current tax [Net]	7	2,421	2,288
		135,878	203,243
Current Assets:			
Inventories	8	-	40
Financial Assets:			
Trade Receivables	9	3,640	4,073
Cash and Cash Equivalents	10	6,024	2,955
Other Current Assets	11	78	1,481
		9,742	8,549
Total		145,620	211,792
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	12	250,000	250,000
Other Equity	13	(105,864)	(120,403)
		144,136	129,597
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	14	-	80,412
Provisions	15	268	166
		268	80,578
Current Liabilities:			
Financial Liabilities:			
Trade Payables:			
Due to Micro, Small and Medium Enterprise	16	-	-
Due to other than Micro, Small and Medium Enterprise	16	456	1,321
Other Financial Liabilities	17	155	275
Other Current Liabilities	18	49	21
Provisions	19	54	-
Current Tax Liabilities [Net]	20	502	-
		1,216	1,617
Total		145,620	211,792
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 34		

As per our report of even date

For Kantilal Patel & Co.

Chartered Accountants

Firm Registration Number: 104744W

For and on behalf of the Board

Sd/-

Dr. Sharvil P. Patel

Chairman

Sd/-

Jinal A. Patel

Partner

Membership Number: 153599

Ahmedabad, Dated: May 28, 2019

Sd/-

Jayesh K. Patel

Chief Financial Officer

Sd/-

Urvi A. Kadakia

Company Secretary

Sd/-

Harish Sadana

Director

Dialforhealth India 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	22	**21,170**	19,120
Other Income	23	**19,491**	18,871
Total Income		**40,661**	37,991
EXPENSES:			
Purchases of Stock-in-Trade	24	**19,496**	16,999
Changes in Inventories of Stock-in-Trade	25	**40**	(40)
Employee Benefits Expense	26	**1,618**	1,295
Finance Costs	27	**4**	7,194
Depreciation Expense	3	**16**	54
Other Expenses	28	**377**	392
Total Expenses		**21,551**	25,894
Profit before Tax		**19,110**	12,097
Less: Tax Expense	29	**4,522**	3,018
Profit for the year		**14,588**	9,079
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement gains [losses] on post employment defined benefit plans		**(49)**	321
Income tax effect		**-**	-
Other Comprehensive Income for the year [Net of tax]		**(49)**	321
Total Comprehensive Income for the year [Net of Tax]		**14,539**	9,400
Earning per Equity Share [EPS] [INR]	30		
Basic		**2.92**	1.82
Diluted		**0.58**	0.36
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 34		

As per our report of even date
For Kantilal Patel & Co.
Chartered Accountants
Firm Registration Number: 104744W

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman

Sd/-
Jinal A. Patel
Partner
Membership Number: 153599
Ahmedabad, Dated: May 28, 2019

Sd/-
Jayesh K. Patel
Chief Financial Officer

Sd/-
Urvi A. Kadakia
Company Secretary

Sd/-
Harish Sadana
Director

Dialforhealth India Limited

Statement of Change 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	5,000,000	**50,000**
As at March 31, 2018	5,000,000	**50,000**
As at March 31, 2019	5,000,000	**50,000**
Optionally Convertible Non Cumulative Redeemable Preference Shares of INR 100/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2017	2,000,000	**200,000**
As at March 31, 2018	2,000,000	**200,000**
As at March 31, 2019	2,000,000	**200,000**

b Other Equity:

	INR-Thousand		
	Reserves and Surplus		Total
	Retained Earnings	Equity component of interest free loan	
As at March 31, 2017	**(192,060)**	**62,257**	**(129,803)**
Add: Profit for the year	9,079		**9,079**
Add: Other Comprehensive income	321		**321**
As at March 31, 2018	**(182,660)**	**62,257**	**(120,403)**
Add: Profit for the year	14,588		**14,588**
[Less]: Other Comprehensive income	(49)		**(49)**
As at March 31, 2019	**(168,121)**	**62,257**	**(105,864)**

As per our report of even date
For Kantilal Patel & Co.
Chartered Accountants
Firm Registration Number: 104744W

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman

Sd/-
Jinal A. Patel
Partner
Membership Number: 153599
Ahmedabad, Dated: May 28, 2019

Sd/-
Jayesh K. Patel
Chief Financial Officer

Sd/-
Urvi A. Kadakia
Company Secretary

Sd/-
Harish Sadana
Director

Dialforhealth India Limited

Note: 1-Company overview:

Dialforhealth India Limited [the Company] was incorporated on March 6, 2000. The company's registered office is situated at Zydus Tower, Satellite Cross Roads, Ahmedabad. The principal business of the company is to run retail pharmacy stores across India. The Company's shares are held by Cadila Healthcare Limited and its nominees [Holding Company].

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 28, 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 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 Defined benefit plans

ii Long term employment benefits

2 Use of Estimates:

The preparation of the financial statements is 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 estimates and judgments

a Income taxes:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/ recovered for uncertain tax positions.

b Property, Plant and Equipment:

Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of 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.

c 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.

d Impairment of assets and investments:

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

3 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.

The goods are often sold with volume discounts/ pricing incentives and customers have a right to return damaged or expired products. 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.

For the year ended March 31, 2018, the Company was recognising revenue as per the criterias provided in Ind AS 18 "Revenue Recognition". Note 2(3) "Significant accounting policies for Revenue Recognition" can be referred in the Annual report for the FY 2017-18 of the Company.

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.

Note: 2-Significant Accounting Policies-Continued:

4 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 co-relation 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 co-relation 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.

5 Property, Plant and Equipment:

A 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. 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, 2015 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 impaired assets is calculated on its reduced value, if any, on a systematic basis over its remaining useful life.

E Depreciation on additions/ disposals of the Property, Plant and Equipment 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 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.

6 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.

7 Impairment of Assets:

The Property, Plant and Equipment and Intangible assets 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.

8 Inventories:

A Stock-in-Trade is valued at lower of cost [Net of Input tax credit availed] and net realisable value.

B Cost [Net of Input tax credit availed] of Stock-in-Trade is determined on Moving Average Method.

C 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.

9 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 maturity is three months or less and other short term highly liquid investments.

Note: 2-Significant Accounting Policies-Continued:

10 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 expense 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.

As a lessor:

Lease income from operating leases where the Company is lessor is recognised in income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

11 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. 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.

12 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 period 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:

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 is 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-measurement 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; and

ii Net interest expense or income.

c Defined Contribution Plans - Provident Fund Contribution:

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 employee benefits expenses when they are due in the Statement of profit and loss.

Note: 2-Significant Accounting Policies-Continued:

13 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, in the case of financial assets not recorded at fair value through profit or loss, transaction costs 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 Investments in subsidiaries:

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

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., April 1, 2015.

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 risk 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:

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

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

c 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.

Note: 2-Significant Accounting Policies-Continued:

ECL impairment loss allowance [or reversal] recognized during the period is recognized as income/ expense 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 except for loans and borrowings, as described below:

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the 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.

C 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.

D 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.

14 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.

15 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.

Dialforhealth India Limited

Notes to the Financial Statements

Note: 3-Property, Plant and Equipment:

INR-Thousands

	Plant and Equipment	Furniture and Fixtures	Office Equipment	**Total**
Gross Block:				
As at March 31, 2017	42	11,060	2,666	**13,768**
Additions	-	-	-	**-**
Disposals	-	-	-	**-**
As at March 31, 2018	42	11,060	2,666	**13,768**
Additions	-	-	-	**-**
Disposals	-	-	-	**-**
As at March 31, 2019	42	11,060	2,666	**13,768**
Depreciation:				
As at March 31, 2017	39	10,443	2,528	**13,010**
Charge for the year	-	48	5	**53**
Disposals	-	-	-	**-**
As at March 31, 2018	39	10,491	2,533	**13,063**
Charge for the year	-	16	-	**16**
Disposals	-	-	-	**-**
As at March 31, 2019	39	10,507	2,533	**13,079**
Net Block:				
As at March 31, 2018	3	569	133	**705**
As at March 31, 2019	3	553	133	**688**

	Face Value	Nos.	INR-Thousand As at March 31 **2019**	2018
Note: 4-Investments [Non-Current]				
Investments in Subsidiaries:				
Investments in Equity Instruments [^]			**-**	-
Total			**-**	-
[^] Details of Investments in Subsidiaries:				
Investment in Equity Instruments [Valued at cost]:				
Subsidiary Companies [Unquoted]:				
In fully paid-up equity shares of:				
Dialforhealth Greencross Limited [*]	10	250,000	**2,500**	2,500
Dialforhealth Unity Limited [**]	10	27,500	**275**	275
			2,775	2,775
Less: Impairment allowance			**(2,775)**	(2,775)
			-	-

[*] Considering the future business projections of both the Companies, the management had provided for Impairment allowances for both the above investments.

Note: 5-Loans:

	2019	2018
[Unsecured, Considered Good unless otherwise stated]		
Loans and Advances to Related Parties [*]		
Considered good	**131,800**	200,250
Considered doubtful	**1,500**	1,500
	133,300	201,750
Less : Impairment allowance	**1,500**	1,500
Total	**131,800**	200,250
[*] Details of loans pursuant to Section 186(4) of Companies Act, 2013 (#):		
Name of the party and relationship with the party to whom loan given:		
A Subsidiary Company:		
a Dialforhealth Unity Limited [Interest free loan] [Refer Note-4 (*)]	**1,500**	1,500
b Dialforhealth Unity Limited [Interest bearing loan]	**300**	250
B Fellow Subsidiary Company:		
a Biochem Pharmaceutical Industries Limited [Interest bearing loan]	**131,500**	200,000
	133,300	201,750

(#) Loans which are outstanding at the end of the respective financial year.

Notes:

a All the above loans have been given for business purposes.

b The loans are repayable with tenure of 3 years.

Dialforhealth India Limited
Notes to the Financial Statements

	INR-Thousand	
	As at March 31	
	2019	2018
Note: 6-Other Non-Current Assets:		
[Unsecured, Considered Good unless otherwise stated]		
Others	**969**	-
Total	**969**	-
Note: 7-Assets for Current tax [Net]:		
Advance payment of Tax [Net of provision for taxation of INR 3,018 {as at March 31, 2018: INR 3,018} Thousand]	**2,421**	2,288
Total	**2,421**	2,288
Note: 8-Inventories:		
[The Inventory is valued at lower of cost and net realisable value]		
Stock-in-Trade	**-**	40
Total	**-**	40
Note: 9-Trade Receivables:		
Unsecured - Considered good	**3,640**	4,073
Total	**3,640**	4,073
Note: 10-Cash and Cash Equivalents:		
Balances with Banks [*]	**5,969**	2,940
Cash on Hand	**55**	15
Total	**6,024**	2,955
[*] Company keeps fixed deposits with the Nationalised/ Scheduled banks, which can be withdrawn by the company as per its own discretion/ requirement of funds.		
Note: 11-Other Current Assets:		
[Unsecured, Considered Good]		
Balances with Statutory Authorities	**78**	78
Others	**-**	1,403
Total	**78**	1,481
Note: 12-Equity Share Capital:		
Authorised:		
5,000,000 [as at March 31, 2018: 5,000,000] Equity Shares of Rs.10/- each	**50,000**	50,000
2,000,000 [as at March 31, 2018 : 2,000,000] Preference Shares of Rs.100/- each	**200,000**	200,000
	250,000	250,000
Issued, Subscribed and Paid-up:		
5,000,000 [as at March 31, 2018: 5,000,000] Equity Shares of Rs.10/- each, fully paid-up	**50,000**	50,000
2,000,000 [as at March 31, 2018: 2,000,000 Optionally Convertible non cumulative Redeemable Preference Shares of Rs.100/- each, fully paid-up	**200,000**	200,000
Total	**250,000**	250,000
A There is no change in the number of equity shares as at the beginning and end of the year.		
Number of equity shares at the beginning and at the end of year	**5,000,000**	5,000,000
B There is no change in the number of Preference shares as at the beginning and end of the year.		
Number of preference shares at the beginning and at the end of year	**2,000,000**	2,000,000
C The Company has equity shares and preference shares. All equity shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.		
D Optionally Convertible Non Cumulative Redeemable Preference [OCRPS] shares are redeemable at par. At anytime during the tenure of the OCRPS, the Issuer of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. At anytime during the tenure of the OCRPS, the Holder of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. Such conversation shall happen at a pre-determined agreed rate between the parties. The tenure of the OCRPS shall be 5 years from the date of allotment, 17th May, 13 [Rs. 150,000 thousand] and 1st Aug, 13 [Rs. 50,000 thousand]. At any time during the tenure of the OCRPS, the Company shall have a right to redeem, all or any part of outstanding OCRPS. The OCRPS shall carry a preferential right with respect to dividend on the paid up capital in the event of distribution of profits by the company.		
E All Equity shares of Rs. 10/- each, fully paid up held by Holding Company, Cadila Healthcare Limited and its nominees:		
Number of Shares	**5,000,000**	5,000,000
% to total share holding	**100%**	100.00%
F All Preference shares of Rs. 100/- each, fully paid up held by Holding Company, Cadila Healthcare Limited:		
Number of Shares	**2,000,000**	2,000,000
% to total share holding	**100%**	100%

	INR-Thousand	
	As at March 31	
	2019	2018
Note: 13-Other Equity:		
Retained Earnings:		
Balance as per last Balance Sheet	(182,660)	(192,060)
Add: Profit for the year	14,588	9,079
	(168,072)	(182,981)
Less: Items of other Comprehensive income recognised directly in Retained Earnings:		
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	(49)	321
Balance as at the end of the year	(168,121)	(182,660)
Equity component of interest free loan	62,257	62,257
Total	(105,864)	(120,403)
Note: 14-Borrowings:		
Loans and advances from Related Parties [Unsecured] [*]	-	80,412
Total	-	80,412
[*] Details of Loans and Advances from Related Parties [Refer Note-31 for relationship] are as under:		
a Cadila Healthcare Limited [Interest free loan without specific repayment terms]	-	80,412
Note: 15-Provisions:		
Provision for Employee Benefits	268	166
Total	268	166

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			2018		
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B Change in the present value:						
Opening obligation	195	226	896	180	350	1,029
Interest cost	14	17	64	12	23	69
Current service cost	6	20	35	6	31	53
Benefits paid	-	-	-	(3)	(47)	-
Actuarial [gains]/ losses on obligation	(7)	(8)	41	-	(131)	(255)
Closing obligation	208	255	1,036	195	226	896
C Change in the fair value of plan assets:						
Opening fair value of plan assets	-	-	1,151	-	-	1,011
Expected return on plan assets	-	-	84	-	-	69
Return on plan assets excluding amounts included in interest income			(8)			66
Contributions by employer	-	-	5	-	-	5
Benefits paid	-	-	-	-	-	-
Actuarial [losses]/ gains						
Closing fair value of plan assets	-	-	1,232	-	-	1,151
Total actuarial [losses]/ gains to be recognised	7	8	(41)	-	131	255

Dialforhealth India Limited
Notes to the Financial Statements

Note: 15-Provisions-Continued:

		As at March 31					
		2019			2018		
		Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
D	**Actual return on plan assets:**						
	Expected return on plan assets	-	-	84	-	-	69
	Actuarial [losses]/ gains on plan assets	-	-	-	-	-	-
	Actual return on plan assets	-	-	84	-	-	69
E	**Amount recognised in the balance sheet:**						
	Liabilities/ [Assets] at the end of the year	208	255	1,036	195	226	896
	Fair value of plan assets at the end of the year	-	-	(1,232)	-	-	(1,151)
	Difference	208	255	(196)	195	226	(255)
	Liabilities/ [Assets] recognised in the Balance Sheet	208	255	(196)	195	226	(255)
F	**Expenses/ [Incomes] recognised in the Statement of Profit and Loss:**						
	Current service cost	6	20	35	6	31	53
	Interest cost on benefit obligation	14	17	64	12	23	69
	Expected return on plan assets	-	-	(84)	-	-	(69)
	Return on plan assets excluding amounts included in interest income		-				
	Net actuarial [gains]/ losses in the year	(7)	(8)	-	-	(131)	-
	Amount included in "Employee Benefit Expense"	13	29	15	18	(77)	53
	Return on plan assets excluding amounts included in interest income			8			(66)
	Net actuarial [gains]/ losses in the year			41			(255)
	Amounts recognized in OCI	-	-	49	-	-	(321)
G	**Movement in net liabilities recognised in Balance Sheet:**						
	Opening net liabilities	195	226	(255)	180	350	18
	Expenses as above [P & L Charge]	13	29	15	18	(77)	53
	Employer's contribution	-	-	(5)	-	-	(5)
	Amount recognised in OCI	-	-	49	-	-	(321)
	Benefits Paid	-	-	-	(3)	(47)	-
	Liabilities/ [Assets] recognised in the Balance Sheet	208	255	(196)	195	226	(255)
H	**Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:**						
	Discount rate	7.20%	7.20%	7.20%	7.30%	7.30%	7.30%

[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]

	2019	2018
Annual increase in salary cost	12% for next 2 years & 9% thereafter	12% for next 3 years & 10% thereafter

[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:

	2019 Medical Leave	2019 Leave Wages	2019 Gratuity	2018 Medical Leave	2018 Leave Wages	2018 Gratuity
Insurance plan	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%

J Amount recognised in current and previous four years:

	As at March 31				
Gratuity:	2019	2018	2017	2016	2015
Defined benefit obligation	1,036	896	1,029	1,475	1,614
Fair value of Plan Assets	1,232	1,151	1,011	1,271	1,634
Deficit/ [Surplus] in the plan	(196)	(255)	18	204	(20)
Actuarial Loss/ [Gain] on Plan Obligation	41	(255)	(340)	94	99
Actuarial Loss/ [Gain] on Plan Assets	-	-	-	-	(7)

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

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is shown below:

Assumptions	**INR-Thousand**					
	Medical Leave		**Leave Wages**		**Gratuity**	
	As at March 31					
	2019	2018	**2019**	2018	**2019**	2018
Impact on obligation:						
Discount rate increase by 0.5%	(4)	(5)	(4)	(5)	(22)	(21)
Discount rate decrease by 0.5%	4	5	6	6	23	24
Annual salary cost increase by 0.5%	4	5	6	6	22	23
Annual salary cost decrease by 0.5%	(4)	(5)	(4)	(5)	(21)	(20)

Dialforhealth India Limited
Notes to the Financial Statements

Note: 15-Provisions-Continued:

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

	INR-Thousand	
	As at March 31	
	2019	2018
Within the next 12 months [next annual reporting period]	78	124
Between 2 and 5 years	1,865	390
Between 5 and 10 years	-	1,560
Total expected payments	1,943	2,074

Note: 16-Trade Payables:

Due to Micro, Small and Medium Enterprise [*]	-	-
Due to other than Micro, Small and Medium Enterprise	456	1,321
Total	456	1,321
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at year end	-	-
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: 17-Other Financial Liabilities:

Accrued Expenses	155	275
Total	155	275

Note: 18-Other Current Liabilities:

Payable to Statutory Authorities	49	21
Total	49	21

Note: 19-Provisions:

Provision for Employee Benefits	54	-
Total	54	-

Note: 20-Current Tax Liabilities [Net]:

Provision for Taxation [Net of advance payment of tax of INR 4,020 {as at March 31, 2018: INR 5,439} Thousand]	502	-
Total	502	-

Note: 21-Contingent Liabilities and Commitments [to the extent not provided for]	-	-

	INR-Thousand	
	Year ended March 31	
	2019	2018
Note: 22-Revenue from Operations:		
Sale of Products	21,170	18,899
Other Operating Revenues	-	221
Total	21,170	19,120
Note: 23-Other Income:		
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	19,491	18,871
Total	19,491	18,871
Note: 24-Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade	19,496	16,999
Total	19,496	16,999
Note: 25-Changes in Inventories:		
Stock-in-Trade:		
Stock at commencement	40	-
Less: Stock at close	-	40
Total	40	(40)

Dialforhealth India Limited
Notes to the Financial Statements

	INR-Thousand	
	Year ended March 31	
	2019	2018
Note: 26-Employee Benefits Expense:		
Salaries and wages	**1,524**	1,173
Contribution to provident and other funds [*]	**94**	120
Staff welfare expenses	**-**	2
Total	**1,618**	1,295
[*] The Company's contribution towards defined contribution plan	**84**	72
Note: 27-Finance Cost:		
Interest Expense on Term Loan	**-**	7,186
Bank commission & charges	**4**	8
Total	**4**	7,194
Note: 28-Other Expenses:		
Power & fuel	**12**	16
Rent	**108**	122
Insurance	**3**	6
Rates and Taxes [excluding taxes on income]	**7**	14
Legal and Professional Fees [*]	**101**	88
Freight and forwarding on sales	**123**	120
Other marketing expenses	**4**	15
Miscellaneous Expenses	**19**	11
Total	**377**	392
[*] Legal and Professional Fees include Payment to the auditors:		
a Auditor	**50**	59
b For Other Services	**-**	-
c Total	**50**	59

	INR-Thousand	
	Year ended March 31	
	2019	2018
Note: 29-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	**4,522**	3,018
Adjustments in respect of current income tax of previous year	**-**	-
	4,522	3,018
Deferred tax:		
Relating to origination and reversal of temporary differences	**-**	-
Tax expense reported in the statement of profit and loss	**4,522**	3,018
OCI Section	**-**	-
B Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:		
Profit before tax	**19,110**	12,097
Enacted Tax Rate in India (%)	**27.82%**	27.55%
Expected Tax Expenses	**5,316**	3,333
Adjustments for:		
Tax effect due to non-taxable income for tax purposes	**(1,067)**	-
Effect of unrecognized deferred tax assets/ liabilities	**(195)**	-
Effect of non-deductible expenses	**1**	2,002
Effect of additional deductions in taxable income	**(14)**	(273)
Effect of MAT Credit available on which deferred tax asset is not created	**451**	(962)
Others	**30**	(1,082)
Total	**(794)**	(315)
Tax Expenses as per Statement of Profit and Loss	**4,522**	3,018

Dialforhealth India Limited
Notes to the Financial Statements

Note: 30-Calculation of Earnings per Equity Share [EPS]:

The numerators and denominators used to calculate the basic and diluted EPS are as follows:

A	**Basic EPS:**			
a	Profit attributable to Shareholders	INR-Thousands	**14,588**	9,079
b	Basic and weighted average number of Equity shares outstanding during the year	Numbers	**5,000,000**	5,000,000
c	Nominal value of equity share	INR	**10**	10
d	Basic EPS	INR	**2.92**	1.82
B	**Diluted EPS:**			
a	Profit attributable to Shareholders	INR-Thousands	**14,588**	9,079
b	Basic and weighted average number of Equity shares (including potential equity shares) outstanding during the year	Numbers	**25,000,000**	25,000,000
c	Nominal value of equity share	INR	**10**	10
d	Diluted EPS	INR	**0.58**	0.36

Note: 31-Segment Information:

The CODM reviews the Company as a single segment, namely " Retail Pharmacy Business", hence, segment reporting is not required.

Note: 31-Related Party Transactions:

A Name of the Related Parties and Nature of the Related Party Relationship with whom transactions have taken place:

a Holding Company:

Cadila Healthcare Limited

b Subsidiary Companies:

Dialforhealth Greencross Limited	Dialforhealth Unity Limited

c Fellow Subsidiaries:

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

d Key Managerial Personnel:

Dr. Sharvil P. Patel	Chairman
Mr. Harish Sadana	Director
Mr. Subodhchandra P. Adeshara	Independent Director
Mr. Gunvant K. Barot	Independent Director
Mr. Jayesh K. Patel	Executive Officer [Chief Financial Officer]
Ms. Urvi A. Kadakia	Executive Officer [Company Secretary]

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.

Note: 31-Related Party Transactions-Continued:

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 referred to in Note 31-A [a, b & c]

	Value of the Transactions [INR-Thousands]			
	Holding Companies		Subsidiary/ Fellow Subsidiaries	
Nature of Transactions	Year ended March 31			
	2019	2018	**2019**	2018
Rent Paid:				
Cadila Healthcare Limited	**108**	127		
Interest Income:				
Zydus Healthcare Limited			**15,583**	18,852
Dialforhealth Unity Limited			**24**	19
Total	**-**	-	**15,606**	18,871
Interest Expense:				
Cadila Healthcare Limited	**-**	7,186		
Inter Corporate Loans Repaid:				
Cadila Healthcare Limited	**76,576**	17,600		

	Holding Companies		Subsidiary/ Fellow Subsidiaries	
Nature of Transactions	As at March 31			
	2019	2018	**2019**	2018
Outstanding:				
Payable:				
Cadila Healthcare Limited	**-**	80,412		
Receivable:				
Dialforhealth Unity Limited			**1,800**	1,750
Zydus Healthcare Limited			**131,500**	200,000
Total	**-**	-	**133,300**	201,750

b Details relating to persons referred to in Note 31-A [d] above:

	INR-Thousand	
	Year ended March 31	
	2019	2018
(i) Salaries and other employee benefits to Chairman, Directors and other executive officers	**1,420**	1,306
(ii) Outstanding payable to above (i)	**68**	52

Note: 32-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.

Financial Assets:

The carrying amounts of trade receivables, loans and advances to related parties and other financial assets , cash and cash equivalents are considered to be the approximately equal to the fair values.

Financial Liabilities:

Fair values of loans, other financial liabilities and trade payables are considered to be approximately equal to the carrying values.

Dialforhealth India Limited

Notes to the Financial Statements

Note: 33-Financial Risk Management:

A Financial instruments by category:

	INR-Thousand			
	As at March 31, 2019			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Non Current Loans			131,800	131,800
Trade receivables			3,640	3,640
Cash and Cash Equivalents			6,024	6,024
Total	-	-	141,464	141,464
Financial liabilities:				
Borrowings			-	-
Trade payables			456	456
Other Current Financial Liabilities			155	155
Total	-	-	611	611
	As at March 31, 2018			
Financial assets:				
Non Current Loans			200,250	200,250
Trade receivables			4,073	4,073
Cash and Cash Equivalents			2,955	2,955
Total	-	-	207,278	207,278
Financial liabilities:				
Borrowings			80,412	80,412
Trade payables			1,321	1,321
Other Current Financial Liabilities			275	275
Total	-	-	82,008	82,008

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. 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 loans and advances to related parties, trade receivables 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 Loans to related parties : They are given for business purposes. The Company reassesses the recoverability of loans periodically.

ii 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.

iii The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base. Adequate expected credit losses are recognized as per the assessments.

The history of trade receivables shows an allowance for bad and doubtful debts of INR Nil as at March 31, 2019 [INR Nil as at March 31, 2018]. The Company has made allowance of INR Nil [Previous Year- INR Nil], against trade receivables of INR 3,640 Thousands [Previous year - INR 4,073 Thousands].

b Liquidity risk:

a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

b Management monitors forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios.

Dialforhealth India Limited
Notes to the Financial Statements

Note: 33-Financial Risk Management:-Continued:

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]		-			**-**
Trade payable	456				**456**
Other Financial Liabilities	155				**155**
Total	**611**	**-**	**-**	**-**	**611**
	As at March 31, 2018				
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]		80,412			**80,412**
Trade payable	1,321				**1,321**
Other Financial Liabilities	275				**275**
Total	**1,596**	**80,412**	**-**	**-**	**82,008**

Note: 34

Figures of previous reporting periods have been regrouped/ reclassified to conform to current period's classification.

Signatures to Significant Accounting Policies and Notes 1 to 34 to the Financial Statements

As per our report of even date
For Kantilal Patel & Co.
Chartered Accountants
Firm Registration Number: 104744W

For and on behalf of the Board

Sd/-
Dr. Sharvil P. Patel
Chairman

Sd/-
Jinal A. Patel
Partner
Membership Number: 153599
Ahmedabad, Dated: May 28, 2019

Sd/-
Jayesh K. Patel
Chief Financial Officer

Sd/-
Urvi A. Kadakia
Company Secretary

Sd/-
Harish Sadana
Director

Dialforhealth India Limited

Cash Flow Statement for the year ended March 31, 2019

Particulars	INR-Thousands		
	Year ended March 31		
	2019		2018
A Cash flows from operating activities:			
Profit before tax		19,110	12,097
Adjustments for:			
Depreciation Expense	16		54
Interest Expense	4		7,194
Interest Income	(19,491)		(18,871)
Provisions for employee benefits	107		(126)
Total		(19,364)	(11,749)
Operating profit before working capital changes		(254)	348
Adjustments for:			
Decrease / [Increase] in trade receivables	433		(2,176)
Decrease / [Increase] in inventories	40		(40)
Decrease / [Increase] in other assets	68,885		(1,388)
[Decrease] / Increase in trade payables	(865)		989
[Decrease] in other liabilities	(92)		(193)
Total		68,401	(2,808)
Cash generated from operations		68,147	(2,460)
Direct taxes paid [Net of refunds]		(4,153)	(2,987)
Net cash from operating activities		63,994	(5,447)
B Cash flows from investing activities:			
Interest Received	19,491		18,871
Net cash from investing activities		19,491	18,871
C Cash flows from financing activities:			
Repayment of non current borrowings	(80,412)		(10,415)
Interest Expense	(4)		(7,194)
Net cash from financing activities		(80,416)	(17,609)
Net [Decrease]/ increase in cash and cash equivalents		3,069	(4,185)
Cash and cash equivalents at the beginning of the year		2,955	7,140
Cash and cash equivalents at the end of the year		6,024	2,955

Notes to the Cash Flow Statement

1 The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows".

2 All figures in brackets are outflows.

3 Cash and cash equivalents at the end [beginning] of the year include INR Nil [INR Nil] not available for immediate use.

4 Cash and cash equivalents comprise of:

	As at March 31		
	2019	2018	2017
a Cash on Hand	55	15	60
b Balances with Banks	5,969	2,940	7,080
d Total	6,024	2,955	7,140

As per our report of even date

For Kantilal Patel & Co.

Chartered Accountants

Firm Registration Number: 104744W

For and on behalf of the Board

Sd/-

Dr. Sharvil P. Patel

Chairman

Sd/-

Jinal A. Patel

Partner

Membership Number: 153599

Ahmedabad, Dated: May 28, 2019

Sd/-

Jayesh K. Patel

Chief Financial Officer

Sd/-

Urvi A. Kadakia

Company Secretary

Sd/-

Harish Sadana

Director