INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GODVET AGROCHEM LIMITED
Report on the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **GODVET AGROCHEM LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (Including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2019, and its profit, (financial performance including Other Comprehensive Income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion of the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and review the steps taken by the Management to communicate with those in receipt of the other information, if previously issued, to inform them of the revision.

Management's Responsibility 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Obtain an understanding of internal financial controls 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements As required by the Companies

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in **"Annexure 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 Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

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

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

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.

g) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration and hence, the provisions of section 197 is not applicable.

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, in our opinion and to the best of our information and according to the explanations given to us.

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

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

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

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number 104607W / W100166

Sd/-
FARHAD M. BHESANIA
PARTNER
Membership Number: 127355
Place: Mumbai
Dated: May 02, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in in Para 1 'Report on Other Legal and Regulatory Requirements' in our Independent Auditors' Report to the members of the Company on the Ind AS Financial Statements for the year ended March 31, 2019.

Statement on Matters specified in paragraphs 3 & 4 of the Companies (Auditor's Report) Order, 2016:

i. (a) The Company does not have any fixed assets hence the provisions of sub clause (a) and (b) of paragraph 3(i) of the Order are not applicable.

(b) According to the information and explanations given to us and on the basis of examination of the records of the Company, the title deeds of immovable properties classified as Investment Property are held in the name of the Company.

ii. The Company does not have any inventory and hence the provisions of paragraph 3(ii) of the Order are not applicable.

iii. The Company has not granted any unsecured loans to companies or firms covered in the register maintained under section 189 of the Act, hence provisions of paragraph 3(iii) of the Order are not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has not advanced any loans or made any investments or provided any guarantees or security to the parties covered under section 185 and section 186 of the Companies Act, 2013.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any Deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder are not applicable.

vi. The Company has not commenced operations; hence the provisions of paragraph 3(vi) of the Order regarding maintenance of cost records as prescribed under sub section (1) of section 148 of the Act, are not applicable.

vii. (a) According to the information and explanations given to us and the records examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues in respect of above as on March 31, 2019 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us and the records examined by us, there are no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise and Value added tax outstanding on account of any dispute.

viii. The Company does not have any loans or borrowings from any financial institutions, banks, government or debenture holders during the year. Hence, the provisions of paragraph 3 (viii) of the Order are not applicable.

ix. The Company has not raised money through initial public offer or further public offer (including debt instruments) and term loans during the year, hence the provisions of paragraph 3 (ix) of the Order are not applicable.

x. During the course of our examination of the books of account and records of the Company, and according to the information and explanation given to us and representations made by the Management, no material fraud by or on the Company by its officers or employees, has been noticed or reported during the year.

xi. According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not paid / provided for managerial remuneration. Hence, the provisions of paragraph 3 (xi) of the Order are not applicable.

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

xiii. According to the information and explanation given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.

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

xv. According to the information and explanation given to us and based on our examination of the records, the Company has not entered into non-cash transactions with the directors or persons connected with him. Hence the provisions of Section 192 of the Act are not applicable.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 hence the provisions of paragraph 3 (xvi) of the Order are not applicable.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number: 104607W / W100166

Sd/-
FARHAD M. BHESANIA
PARTNER
Membership Number: 127355
Place: Mumbai
Dated: May 02, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR’S REPORT

Referred to in Para 2 (f) ‘Report on Other Legal and Regulatory Requirements’ in our Independent Auditor’s Report to the members of the Company on the Ind AS Financial Statements for the year ended March 31, 2019.

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

We have audited the internal financial controls over financial reporting of **GODVET AGROCHEM LIMITED** (“the Company”) as of March 31, 2019 in conjunction with our audit of the Ind AS 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 (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial 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 Ind AS Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Ind AS 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 Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, 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 KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number: 104607W / W100166

Sd/-
FARHAD M. BHESANIA
PARTNER
Membership Number: 127355
Place: Mumbai
Dated: May 02, 2019

GODVET AGROCHEM LIMITED
BALANCE SHEET AS AT MARCH 31, 2019

INR Lakh

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
I Assets			
(A) **Non-current Assets**			
(a) Investment properties	2	1,799.52	2,114.40
(b) Deferred Tax Assets (net)	3	85.46	72.99
(c) Other Non-current Assets	4	6.89	2.50
Total Non Current Assets		1,891.87	2,189.89
(B) **Current Assets**			
(a) Financial Assets			
(i) Cash & Cash Equivalents	5	4.75	1.68
(ii) Others	6	-	13.98
(b) Current Tax Assets (net)		21.81	23.26
Total Current Assets		26.56	38.92
Total Assets		**1,918.43**	**2,228.81**
II Equity & Liabilities			
(A) **Equity**			
(a) Equity Share Capital	7	995.00	995.00
(b) Other Equity	8	199.44	140.41
Total Equity		1,194.44	1,135.41
(B) **Liabilities**			
(a) **Current Liabilities**			
(1) Financial Liabilities			
(i) Borrowings	9	719.89	1,090.50
(ii) Other Financial Liabilities	10	1.39	0.54
(2) Other Current Liabilities	11	2.71	2.36
Total Current Liabilities		723.99	1,093.40
Total Equity and Liabilities		**1,918.43**	**2,228.81**
Significant Accounting Policies	1		

Notes 1 to 22 form an integral part of the Financial Statements

As per our Report of even date

For KALYANIWALLA & MISTRY LLP CHARTERED ACCOUNTANTS
Firm Registration Number 104607W/W100166

Signatures to the Balance Sheet and Notes to the Financial Statements

For and on behalf of the Board

Sd/
S. VARADARAJ
Director
DIN:00323436

Sd/-
P. J. BHAT
Director
DIN:06762076

Sd/-
FARHAD M. BHESANIA
PARTNER
Membership Number: 127355
Mumbai
Dated: May 2, 2019

Sd/-
ANUPAMA KAMBLE
Company Secretary
ICSI Memb No ACS 53886

GODVET AGROCHEM LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

INR Lakh

	Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue from Operations		-	-
II	Other Income	12	143.60	162.03
III	Expenses			
	(a) Finance Costs	13	78.63	98.53
	(b) Other Expenses	14	1.68	0.76
	Total Expenses		80.31	99.29
IV	Profit Before Tax		63.29	62.74
V	Tax Expense			
	(1) Current Tax		16.73	16.20
	(2) Deferred Tax		(12.47)	(12.94)
	Total Tax		4.26	3.26
VI	Profit for the year after tax		59.03	59.48
VII	Other Comprehensive Income		-	-
VIII	**Total Comprehensive Income for the year**		**59.03**	**59.48**
IX	Earnings per Equity Share			
	Basic & Diluted	15	0.59	0.60
	Significant Accounting Policies	1		

Notes 1 to 22 form an integral part of the Financial Statements

As per our Report of even date

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number 104607W/W100166

Sd/-
FARHAD M. BHESANIA
PARTNER
Membership Number: 127355
Mumbai
Dated : May 2, 2019

Signatures to the Statement of Profit and Loss and Notes to the Financial Statements
For and on behalf of the Board

Sd/-
S. VARADARAJ
Director
DIN:00323436

Sd/-
P. J. BHAT
Director
DIN:06762076

Sd/-
ANUPAMA KAMBLE
Company Secretary
ICSI Memb No ACS 53886

GODVET AGROCHEM LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

INR Lakh

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A.	**Cash Flow from Operating Activities :**		
	Net Profit Before Taxes	63.29	62.74
	Adjustment for:		
	Finance Cost	78.63	98.53
	Rent Received	(143.60)	(161.84)
		(64.97)	(63.32)
	Operating Profit Before Working Capital Changes	(1.68)	(0.57)
	Adjustments for:		
	Non-current Financial assets- Others	(0.55)	-
	Current Financial assets- Others	13.99	(6.55)
	Non-current Financial liabilities- Others	0.85	(36.52)
	Other current liabilities	0.35	1.56
		14.64	(41.50)
	Cash Generated from Operations	12.96	(42.08)
	Direct Taxes paid (net of refunds received)	(15.28)	(16.40)
	Net Cash Flow from Operating Activities	**(2.32)**	**(58.48)**
B.	**Cash Flow from Investing Activities :**		
	Acquisition / Disposals of Investment properties	311.03	(109.68)
	Rent Income	143.60	161.84
	Net Cash Flow from Investing Activities	**454.63**	**52.16**
C.	**Cash Flow from Financing Activities :**		
	Repayment of Short Term Borrowings	(370.61)	-
	Proceeds from Short Term Borrowings	-	102.00
	Finance Cost	(78.63)	(98.53)
	Net Cash Flow from Financing Activities	**(449.24)**	**3.47**
	Net increase / (decrease) in Cash and Cash equivalents (A+B+C)	**3.07**	**(2.84)**
	Cash and Cash equivalents (Opening balance)	1.68	4.52
	Cash and Cash equivalents (Closing balance)	**4.75**	**1.68**

NOTES:

(a) The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS) 7 on "Cash Flow Statements", and presents cash flows by operating, investing and financing activities.

(b) Figures in brackets are outflows/deductions.

(c) Figures for the previous year have been regrouped/restated wherever necessary to conform to the current year's classification.

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number 104607W/W100166

For and on behalf of the Board

Sd/-
S. VARADARAJ
Director
DIN:00323436

Sd/-
P. J. BHAT
Director
DIN:06762076

Sd/-
FARHAD M. BHESANIA
PARTNER
Membership Number: 127355
Mumbai
Dated: May 2, 2019

Sd/-
ANUPAMA KAMBLE
Company Secretary
ICSI Memb No ACS 53886

GODVET AGROCHEM LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

(a) Equity share capital

INR Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the reporting period	995.00	995.00
Changes in equity share capital during the year	-	-
Balance at the end of the reporting period	**995.00**	**995.00**

(b) Other Equity

INR Lakh

Particulars	Attributable to the owners of the Company	
	Retained Earnings	**Total**
Balance at March 31, 2018	140.41	140.41
Profit for the year	59.03	59.03
Other comprehensive income for the year	-	-
Balance at March 31, 2019	**199.44**	**199.44**
Balance at March 31, 2017	80.93	80.93
Profit for the year	59.48	59.48
Other comprehensive income for the year	-	-
Balance at March 31, 2018	**140.41**	**140.41**

For KALYANIWALLA & MISTRY LLP
CHARTERED ACCOUNTANTS
Firm Registration Number 104607W/W100166

For and on behalf of the Board

Sd/-
S.VARADARAJ
Director
DIN:00323436

Sd/-
P. J. BHAT
Director
DIN:06762076

Sd/-
FARHAD M. BHESANIA
PARTNER
Membership Number: 127355
Mumbai
Dated: May 2, 2019

Sd/-
ANUPAMA KAMBLE
Company Secretary ICSI
Memb No ACS 53886

Note No. 2: Investment Properties INR Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Land (Refer Note No. 2.1)	1,799.52	2,114.40
Total	**1,799.52**	**2,114.40**

Note No. 2.1 : Fair Valuation of Investment Property

The Company's investment property consist of freehold land in India.
As at March 31, 2019, the fair value of the properties are INR 2,511 lakh (previous year INR 2,272.63) lakh. These valuations are based on valuations performed by Sundar Associates, an accredited independent valuer. Sundar Associates is a specialist in valuing these types of investment properties. Valuation is done based on prevailing local market rate. Local enquiry was made for similar nature plots and lowest value from enquiry is adopted for valuation purpose. No recent sale transaction details are available and hence Local enquiry is relied upon.

Note No. 3: Deferred Tax Assets (net) INR Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Tax assets	85.46	72.99
Total	**85.46**	**72.99**

Note No. 4: Other Non-Current Assets INR Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured and Considered Good			
1	Capital Advances	6.34	2.50
2	Security Deposits	0.55	-
	Total	**6.89**	**2.50**

Note No. 5: Cash & Cash Equivalents INR Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Balance with Banks		
Current Account.	4.75	1.68
Total	**4.75**	**1.68**

Note No. 6: Other Financial Assets INR Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Non-Trade Receivables	-	13.98
Total	**-**	**13.98**

GODVET AGROCHEM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 7: Equity Share Capital

INR Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	**Authorised Share Capital**		
	(i) 1,05,00,000 (P.Y. 1,05,00,000) Equity Shares of Rs. 10/- each	1,050.00	1,050.00
	Total	**1,050.00**	**1,050.00**
(b)	**Issued, Subscribed and Paid-up Share Capital**		
	(i) 99,50,000 (P.Y. 99,50,000) Equity Shares of Rs. 10/- each	995.00	995.00
	Total	**995.00**	**995.00**
(c)	**Reconciliation of number of Shares Outstanding**		
	Equity Shares		
	At the beginning of the year: 99,50,000 (P.Y. 99,50,000) shares of Rs.10/- each	995.00	995.00
	Issued during the year:	-	-
	At the end of the year: 99,50,000 (P.Y. 99,50,000) shares of Rs.10/- each	995.00	995.00
(d)	**Shareholders holding more than 5% shares in the Company is set out below:**		
	(i) Equity Shares		
	Godrej Agrovet Limited (the Holding Company) and its nominees - 99,50,000 (P.Y. 99,50,000) Equity Shares of Rs.10/- each	100%	100%
(e)	**Rights, preferences and restrictions attached to Equity shares:**		
	The Company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held. All equity shareholders are eligible to receive dividends in proportion to their shareholdings. The dividend proposed by the Board of Directors are subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.		

Note No. 8: Other Equity

INR Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	**Reserves and Surplus**		
	(i) Retained Earnings		
	Opening Balance	140.41	80.93
	Add: Net Profit for the period	59.03	59.48
	Closing Balance	199.44	140.41
	Total	**199.44**	**140.41**

Note No. 9: Current Financial Liability - Borrowings

INR Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured		
Inter Corporate Deposit from Holding Company (Refer Note No. 9.1)	719.89	1,090.50
Total	**719.89**	**1,090.50**

Note No. 9.1: Inter Corporate Deposit from Holding Company is repayable on demand, carrying interest rate of 9.50%

GODVET AGROCHEM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 10: Other Financial Liabilities

INR Lakh

	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	Non Trade Payables	0.85	-
(b)	Other Financial Liabilities		
	(i) Other Liabilities	0.54	0.54
	Total	**1.39**	**0.54**

Note No. 11: Other Current Liabilities

INR Lakh

Particulars	As at March 31, 2019	As at March 31, 2018
Statutory Liabilities	2.71	2.36
Total	**2.71**	**2.36**

Note No. 12: Other Income

INR Lakh

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a)	Rent Income	143.60	161.84
(b)	Interest on Income Tax Refund	-	0.19
	Total	**143.60**	**162.03**

Note No. 13: Finance Costs

INR Lakh

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a)	Interest Expense - Others		
	(i) on Inter Corporate Deposit	78.63	98.53
	Total	**78.63**	**98.53**

Note No. 14: Other Expenses

INR Lakh

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
(a)	Rates and Taxes	0.05	0.12
(b)	Auditor's Remuneration - Audit Fees	0.59	0.60
(c)	Miscellaneous Expenses	1.04	0.04
	Total	**1.68**	**0.76**

GODVET AGROCHEM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 15: Earnings Per Share

	Particulars	As at March 31, 2019	As at March 31, 2018
(a)	**Calculation of weighted average number of equity shares - Basic & Diluted**		
	(i) Number of shares at the beginning of the year	9,950,000	9,950,000
	(ii) Number of equity shares outstanding at the end of the year	9,950,000	9,950,000
	Weighted average number of equity shares outstanding during the year	**9,950,000**	**9,950,000**
(b)	**Profit attributable to ordinary shareholders (Basic/Diluted)**		
	Profit for the year, attributable to the owners of the Company	59.03	59.48
	Profit for the year, attributable to ordinary shareholders	**59.03**	**59.48**
(c)	**Basic Earnings per share (Rs.)**	**0.59**	**0.60**
(d)	**Nominal Value of Shares (Rs.)**	**10.00**	**10.00**

GODVET AGROCHEM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 16: Financial instruments – Fair values and risk management

Note 16.1 Accounting classification and fair values

Carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy, are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	March 31, 2019 INR Lakh	Note	Carrying amount FVTPL	FVOCI	Amortised Cost	Total	Fair value Level 1	Level 2	Level 3	Total
	Financial assets									
I	**Current Financial Assets**									
(a)	Cash and cash equivalents		-	-	4.75	4.75	-	-	-	-
(b)	Other current financial assets		-	-	-	-	-	-	-	-
			-	-	**4.75**	**4.75**	-	-	-	-
II	**Financial liabilities**									
	Current Financial liabilities									
(a)	Short term borrowings		-	-	719.89	719.89	-	-	-	-
(b)	Other financial liabilities		-	-	1.39	1.39	-	-	-	-
			-	-	**721.28**	**721.28**	-	-	-	-

	March 31, 2018 INR Lakh	Note	Carrying amount FVTPL	FVOCI	Amortised Cost	Total	Fair value Level 1	Level 2	Level 3	Total
I	**Financial assets**									
	Current Financial Assets									-
(a)	Cash and cash equivalents		-	-	1.68	1.68	-	-	-	-
(b)	Other current financial assets		-	-	13.98	13.98				-
			-	-	**15.66**	**15.66**	-	-	-	-
II	**Financial liabilities**									
	Current Financial liabilities									
(a)	Short term borrowings		-	-	1,090.50	1,090.50	-	-	-	-
(b)	Other financial liabilities		-	-	0.54	0.54	-	-	-	-
			-	-	**1,091.04**	**1,091.04**	-	-	-	-

Financial risk management

The Company has exposure to the following risks arising from financial instruments:

▪ Liquidity risk ; and
▪ Market risk

i. Risk management framework

The Company’s board of directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Management is responsible for developing and monitoring the Company’s risk management policies.

The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities.

The management monitors compliance with the company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

GODVET AGROCHEM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Financial instruments – Fair values and risk management (continued)

Note 16.2: Liquidity risk

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

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

				Contractual cash flows			
March 31, 2019	Carrying amount	Total	0-6 months	6-12 months	1-2 years	2-5 years	More than 5 years
INR Lakh							
Non-derivative financial liabilities							
Current, non derivative financial liabilities							
Inter Corporate Deposit	719.89	719.89	719.89	-	-	-	-
Other current financial liabilities	1.39	1.39	1.39	-	-	-	-
Total	**721.28**	**721.28**	**721.28**	**-**	**-**	**-**	**-**

				Contractual cash flows			
March 31, 2018	Carrying amount	Total	0-6 months	6-12 months	1-2 years	2-5 years	More than 5 years
INR Lakh							
Non-derivative financial liabilities							
Current, non derivative financial liabilities							
Inter Corporate Deposit	1,090.50	1,090.50	1,090.50	-	-	-	-
Other current financial liabilities	0.54	0.54	0.54	-	-	-	-
Total	**1,091.04**	**1,091.04**	**1,091.04**	**-**	**-**	**-**	**-**

GODVET AGROCHEM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Financial instruments – Fair values and risk management (continued)
Note 16.3: Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates, if such assets/borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

Nominal amount **(INR Lakh)**

Particulars	As at March 31, 2019	As at March 31, 2018
Financial liabilities		
Short term borrowings		
Inter Corporate Deposits	719.89	1,090.50
Total	**719.89**	**1,090.50**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not have any non current borrowings hence questions of fair value through P&L does not arise.

GODVET AGROCHEM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 17: Tax expense
(a) Amounts recognised in profit and loss

Particulars	For the year ended March 31, 2019 INR Lakh	For the year ended March 31, 2018 INR Lakh
Current income tax	16.73	16.20
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	(12.47)	(12.94)
Deferred tax expense	(12.47)	(12.94)
Tax expense for the year	**4.26**	**3.26**

(b) Reconciliation of effective tax rate

Particulars	For the year ended March 31, 2019 INR Lakh	For the year ended March 31, 2018 INR Lakh
Profit before tax	**63.29**	**62.74**
Company's domestic tax rate	26.00%	25.75%
Tax using the Company’s domestic tax rate	16.46	16.16
Tax effect of:		
Expense not allowed for tax purposes	0.27	0.05
Additional allowance for tax purpose	(11.65)	(16.35)
Deferred tax effect for Investment Property on account of change in tax rate	(0.82)	3.41
	4.26	**3.26**

GODVET AGROCHEM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 18: Movement in deferred tax balances

Movement in deferred tax balances for the year ended March 31, 2019

			March 31, 2019		
	Net balance April 1, 2018	**Recognised in profit or loss**	**Deferred tax asset**	**Deferred tax liability**	**Deferred tax asset**
	INR lakh	INR lakh	INR lakh	INR lakh	INR lakh
Deferred tax asset/(liabilities)					
Investment Property	72.99	12.47	85.46	-	85.46
Tax assets (Liabilities)	**72.99**	**12.47**	**85.46**	**-**	**85.46**

Movement in deferred tax balances for the year ended March 31, 2018

			March 31, 2018		
	Net balance April 1, 2017	**Recognised in profit or loss**	**Deferred tax asset**	**Deferred tax liability**	**Deferred tax asset**
	INR lakh	INR lakh	INR lakh	INR lakh	INR lakh
Deferred tax asset/(liabilities)					
Investment Property	60.05	12.94	72.99	-	72.99
Tax assets (Liabilities)	**60.05**	**12.94**	**72.99**	**-**	**72.99**

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

GODVET AGROCHEM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 19: Capital Management

The Company’s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The primary objective of the Company's Capital Management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in the light of changes in the economic environment and the requirements of the financial covenants, if any.

The Company monitors capital using a ratio of ‘adjusted net debt’ to ‘equity’. For this purpose, adjusted net debt is defined as total borrowings, comprising interest-bearing loans and borrowings less cash and cash equivalents. Equity comprises all components of equity.

The Company’s adjusted net debt to equity ratio at March 31, 2019 was as follows:

INR Lakh	**As at March 31, 2019**	**As at March 31, 2018**
Total Borrowings	719.89	1,090.50
Less : Cash and cash equivalent	4.75	1.68
Adjusted net debt	**715.14**	**1,088.82**
Equity	**1,194.44**	**1,135.41**
Adjusted net debt to equity ratio	**0.60**	**0.96**

Note 20: Commitments **(INR Lac)**

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
Estimated value of contracts remaining to be executed on capital account (net of Advances), to the extent not provided for.	-	165.66

GODVET AGROCHEM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note No. 21: Related Party Disclosures

In compliance with Ind AS 24 - “Related Party Disclosures”, as notified under Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended, the required disclosures are given below:

			GODVET AGROCHEM LIMITED
(a)	**(i)**	**Key Management Personnel**	
			Mr. S. Varadaraj (Director)
			Mr. P. J. Bhat (Director)
			Dr. P..N. Narkhede (Director)
			Ms. Tejashree Gupte (Company Secretary upto 31st October, 2018)
			Ms. Anupama Kamble (Company Secretary w.e.f. 1st November, 2018)
(b)	**(i)**	**Holding companies**	Godrej Agrovet Limited (Parent company)
			Godrej Industries Limited (Holding company)
			Vora Soaps Limited (ultimate holding company upto 23rd December, 2018)
	(ii)	**Fellow Subsidiary Companies**	Astec LifeSciences Limited
			Creamline Dairy Products Limited
			Godrej Tyson Foods Limited (w.e.f. 27th March, 2019)
			Godrej Maxximilk Private Limited (w.e.f. 27th March, 2019)
	(iii)	**Other Related Parties**	Godrej & Boyce Manufacturing Company Limited
			Godrej Consumer Products Limited
			Godrej Seeds & Genetics Limited
			Godrej Infotech Limited
			Anamudi Real Estates LLP
			Godrej Tyson Foods Limited (upto 26th March, 2019)
			ACI Godrej Agrovet Private Limited, Bangladesh
			Omnivore India Capital Trust
			Godrej Maxximilk Private Limited (upto 26th March, 2019)
			Al Rahba International Trading Limited Liability Company, United Arab Emirates (UAE)
			Godrej Properties Ltd.
			Godrej One Premises Management Private Limited
			Godrej Vikhroli Properties India Limited
			Natures Basket Limited

GODVET AGROCHEM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 21: Related Party Disclosures

Related party disclosures as required by Ind AS - 24, "Related Party Disclosures", are given below

The following transactions were carried out with the related parties in the ordinary course of business :
(Figures in brackets represent previous year amounts)

Sr. No.	Nature of Transactions	Holding Companies (i)	Other related Parties (ii)
1	Inter Corporate Deposit Taken	-	-
		102.00	-
2	Inter Corporate Deposit Returned / Repaid	**386.00**	-
		-	-
3	Sale of Fixed Asset	**314.87**	-
		-	-
4	Rent Received	**143.60**	-
		161.84	-
5	Expenses Charged by Other Companies	**39.04**	
		44.87	-
6	Interest Expense on Inter Corporate deposit	**78.63**	-
		98.53	-
7	Inter Corporate Deposit Outstanding	**704.50**	-
		1,090.50	-
8	Outstanding Receivables	-	
		13.98	-
9	Outstanding Payables	**16.24**	-
		-	-

GODVET AGROCHEM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Related Party Disclosures (Contd.)

Related party disclosures as required by Ind AS - 24, "Related Party Disclosures", are given below

Significant Related Party Transactions :

Sr. No.	Nature of Transaction	Current year	Previous Year
1	Inter Corporate Deposit Taken Godrej Agrovet Limited	**-**	102.00
2	Inter Corporate Deposit Returned / Repaid Godrej Agrovet Limited	**386.00**	-
3	Sale of Fixed Asset Godrej Agrovet Limited	**314.87**	-
4	Rent Received Godrej Agrovet Limited	**143.60**	161.84
5	Expenses Charged by Other Companies Godrej Agrovet Limited	**39.04**	44.87
6	Interest Expense on Inter Corporate deposit Godrej Agrovet Limited	**78.63**	98.53
7	Inter Corporate Deposit Outstanding Godrej Agrovet Limited	**704.50**	1,090.50
8	Outstanding Receivables Godrej Agrovet Limited	**-**	13.98
9	Outstanding Payables Godrej Agrovet Limited	**16.24**	-

Note 22: Comparative Accounts for the Previous Year
Figures of the previous year have been regrouped & re-classified wherever necessary to conform to the current year's classification.

GODVET AGROCHEM LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Significant Accounting Policy

1. **General information**

   Godvet Agrochem Ltd. ("the Company") is a public limited company, which is domiciled and incorporated in the Republic of India with its registered office situated at 3rd Floor, Godrej One, Pirojshanagar, Vikhroli (East), Mumbai – 400 079.

2. **Basis of preparation**

   (i) Compliance with Ind AS:

   The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act), Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act, as applicable.

   The financial statements upto year ended 31st March 2016 were prepared in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) and other relevant provisions of the Act as applicable.

   The financial statements of the Company for year ended 31st March 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 2nd May 2019.

   (ii) Historical cost convention

   The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities that are measured at fair value.

   (iii) Functional and presentation currency

   These financial statements are presented in Indian rupees, which is the Company's functional currency. All amounts have been rounded off to the nearest lakh, unless otherwise indicated.

3. **Key estimates and assumptions**

   While preparing financial statements in conformity with Ind AS, the management has made certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the statement of financial position date and the reported amount of income and expenses for the reporting period. Future events rarely develop exactly as forecasted and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions.

   Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.
   Judgement, estimates and assumptions are required in particular for:

- **Determination of the estimated useful lives of tangible assets**

  Useful lives of tangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

- **Recognition of deferred tax assets**

  Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

- **Recognition and measurement of other provisions**

  The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore, vary from the amount included in other provisions.

- **Discounting of long-term financial assets / liabilities**
  All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial liabilities/assets which are required to subsequently be measured at amortised cost, interest is accrued using the effective interest method.

- **Fair value of financial instruments**
  Derivatives are carried at fair value. Derivatives include foreign currency forward contracts, commodity futures and interest rate swaps. Fair value of foreign currency forward contracts is determined using the fair value reports provided by respective bankers. Fair value of interest rate swaps is determined with respect to current market rate of interest.

4. Measurement of fair values

The Company's accounting policies and disclosures require the measurement of fair values for, both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Compnay recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. Significant accounting policies

A. Revenue

i. <u>Interest income</u>

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that discounts the estimated future cash payments or receipts through the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial assets. Interest income is included in other income in the statement of profit or loss.

B. Income Tax

Income tax expense comprises current and deferred tax. It is recognised in net profit in the statement of profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i. **Current tax**

Current tax is the amount of tax payable (recoverable) in respect of the taxable profit / (tax loss) for the year determined in accordance with the provisions of the Income-Tax Act, 1961. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognised amounts; and

b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

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

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

C. Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises:

a) its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

b) any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in the statement of profit or loss.

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

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit or loss.

On transition to Ind AS, the Company has elected to continue with the carrying value of all if its property, plant and equipment as recognized as at April 01, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation/ Amortizations

Depreciation on tangible fixed assets is provided in accordance with the provisions of Schedule II of the Companies Act 2013, on Straight Line Method. Depreciation on additions / deductions is calculated on pro rata basis from/up to the month of additions/deductions. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets costing less than Rs. 5,000 are fully depreciated in the year of purchase/acquisition.

D. Investment properties

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its investment property as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2015.
Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.
The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.
Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by valuer applying a valuation model recommended by the International Valuation Standards Committee.
Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

E. 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. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, interest rate swaps and currency options; and embedded derivatives in the host contract.

Financial instruments also covers contracts to buy or sell a non-financial item that can be settled net in cash or another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, with the exception of contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements.

Derivatives are currently recognized at fair value on the date on which the derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

i. Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- Where assets are measured at fair value, gains and losses are either recognized entirely in the Statement of Profit and Loss (i.e. fair value through profit or loss), or recognized in Other Comprehensive Income (i.e. fair value through other comprehensive income).

- A financial asset that meets the following two conditions is measured at amortized cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

  Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).

  Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Initial recognition & measurement

At initial recognition, the Company measures a financial asset at fair value plus, in the case of a financial asset not recorded at fair value through the Statement of Profit or Loss, transaction costs that are attributable to the acquisition of the financial asset.

Derecognition

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

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

- 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.

  Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

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

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.

b) Trade receivables **-** The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. Trade receivables are tested for impairment on a specific basis after considering the sanctioned credit limits, security like letters of credit, security deposit collected etc. and expectations about future cash flows.

ii. **Financial liabilities**

Classification

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through the Statement of Profit and Loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. 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 and incremental transaction cost.

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.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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 recognized in the statement of profit and loss.

Offsetting of financial instruments

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

F. Provisions and contingent liabilities

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

The expenses relating to a provision is presented in the Statement of Profit and Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

Commitments includes the amount of purchase order (net of advance) issued to parties for completion of assets.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each balance sheet date.

G. Impairment of non-financial assets

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor that reflects current market assessments of the time value of money and the risk specific to the asset.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods which no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

H. Cash and cash equivalents

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

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

I. IND AS 116: Leases :

IND AS 116 is applicable for financial reporting periods beginning on or after 1 April 2019 and replaces existing lease accounting guidance, namely Ind AS 17. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as Ind AS 116 replaces the operating lease expense (i.e., rent) with depreciation charge for ROU assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. The Company is in the process of analysing the impact of new lease standard on its financial statements.