Textual information (53)

Disclosure of significant accounting policies [Text Block]

SIGNIFICANT ACCOUNTING POLICIES

COMPANY OVERVIEW

ZYDEN GENTEC LIMITED is incorporated as a public limited company under the provision of Companies Act 1956 now, Companies Act, 2013. The present directors and key managerial persons are Shri Vinod Kumar Gupta (Chairman and Managing Director), Anita Kumari (Director & Compliance Officer), Niranjan Kumar Agarwal(Independent Director) .

A.Basis of Preparation of Financial Statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments, which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition have been summarized.

B.First-time adoption of Ind AS
These standalone financial statements of ZYDEN GENTEC LIMITED for the year ended March 31, 2018 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, First-Time Adoption of Indian Accounting Standards, with April 1, 2016 as the transition date and IGAAP as the previous GAAP. An opening Ind AS Balance Sheet at the date of transition to Ind ASs has been prepared and presented incorporated in the Financial Statements. This is the starting point for its accounting in accordance with Ind ASs. The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out below have been applied in preparing the standalone financial statements for the year ended March 31, 2018 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet and Statement of Profit and Loss can be seen through the Reconciliation Statements prepared for Balance Sheet and Statement of Profit and Loss. Reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101:

1. Equity as at April 1, 2016 and March 31, 2017

2. Net profit for the year ended March 31, 2017

C.Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires the 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 revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in the following notes. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of the 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 financial statements.

D.Revenue Recognition
As per Ind AS 18 (Revenue Recognition)
Revenue is primarily derived from manufacturing and marketing of Active Pharmaceutical Ingredients (bulk drugs). The Income and Expenditure

are accounted on accrual basis, except dividend which is accounted for on receipt basis. Revenue is measured at the fair value of the consideration received or receivable. The amount of revenue arising on a transaction is usually determined by agreement between the entity and the buyer or user of the asset. It is measured at the fair value of the consideration received or receivable.

E.Tangible Assets and Capital work-in-progress
As per Ind AS 16 (Property, Plant and Equipment)
The company has elected Cost Model under Ind AS 16 for presentation of Property, Plant and Equipment. After recognition as an asset, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

The company has elected to measure an item of property, plant and equipment at the date of transition to Ind AS at its fair value and use that fair value as its deemed cost at that date as per Ind AS 101. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The item of property, plant and equipment that qualifies for recognition as an asset is measured at cost. The costs of the day to-day servicing of the item is not recognised in the carrying amount of an item of property, plant and equipment. Rather, these costs are recognised in profit or loss as incurred.

Fixed assets are stated at their original cost of acquisition less accumulated depreciation and impairment losses if any. Cost comprises of all costs incurred to bring the assets to their location and working condition and includes all expenses incurred up to the date of commercial utilization.

F.Depreciation and Amortization
As per Ind AS 16 (Property, Plant and Equipment)
Depreciation on fixed assets is provided to the extent of Depreciable amount on SLM method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.Salvage Value of the assets has been taken @5% of Original Cost as prescribed in Schedule II.

The depreciable amount of an asset is allocated on a systematic basis over its useful life. The residual value and the useful life of an asset is reviewed at each financial year-end and, if expectations differ from previous estimates, the change is accounted for as a change in an accounting estimate in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

G.Employees Benefits
As per Ind AS 19 (Employee Benefits)
As per Ind AS 19 followed by the company, when an employee has rendered service during an accounting period, the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service is recognized as an expense and on the other hand liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, such excess shall be recognized as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

a. Gratuity
In accordance with the Payment of Gratuity Act, 1972, the Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company. Liabilities with regard to the Gratuity Plan are not determined by actuarial valuation but by management estimate itself. The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability.

b. Provident Fund/ESI
Company's contribution paid during the year to provident fund and ESI are charged to Profit & loss Account. There are no other obligations other than contribution payable to the respective authorities.

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

c. Bonus
Bonus is eligible to employees on the maximum rate of 20% of Basic Pay as per payment of Bonus Act, 1965 and to other employees at the rate of 8.33% on Basic Pay and shown as Ex-gratia. However, payment has been made to the employees till date in respect of previous accounting years but the provision has been made in respect of current accounting period.

H.Foreign Currency Transactions
As per Ind AS 21 (The Effects of Changes in Foreign Exchange Rates)
The cost of imported raw material (inventory) is determined by translating at the exchange rate at the date of the transaction for measurement of historical cost as prescribed in Ind AS 21- The Effects of Changes in Foreign Exchange Rates.

I. Inventories
As per Ind AS 2 (Inventories)
Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
The stock of Work-in-progress is valued on cost basis comprising of all costs of purchases, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Finished goods have been valued at the lower of cost and net realizable value. The cost has been measured on the actual cost basis and includes cost of materials, custom duty and cost of conversion to its present location and conditions.

J.Financial Instruments
As per Ind AS 109, 107 and 32
Initial recognition: The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent recognition: A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows, and 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. A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and 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. A financial asset which is not classified in any of the above categories is subsequently fair valued through profit or loss. The financial assets in case of the company fall under the last category.

K.Cash Flow Statement
As per Ind AS 7 (Statement of Cash Flows)
Cash flows are reported using the indirect method as prescribed by Ind AS - 7 Statement of Cash Flows, whereby profit is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

L.Taxation
As per Ind AS 12 (Income Taxes)
Income tax payable comprises of current tax and deferred tax charge or credit. Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year. However, the Company has not provided Deferred Tax Liability as per Deferred Tax Calculation in compliance of Ind AS 12. It is inherent in the recognition of an asset that its carrying amount will be recovered in the form of economic benefits that flow to the entity in future periods. When the carrying amount of the asset exceeds its tax base, the amount of taxable economic benefits will exceed the amount that will be allowed as a deduction for tax purposes. This difference is a taxable temporary difference and the obligation to pay the resulting income taxes in future periods is a deferred tax liability. As the entity recovers the carrying amount of the asset, the taxable temporary difference will reverse and the entity will have taxable profit. This makes it probable that economic benefits will flow from the entity in the form of tax payments. Therefore, this Standard requires the recognition of such deferred tax liabilities.

M.Impairment of Assets
As per Ind AS 36 (Impairment of Assets)
The company assesses at the end of each reporting period whether there is any indication that an asset is impaired. If any such indication exists, the company estimates the recoverable amount of the asset. But no such condition exists as per estimate of management.

N. Provisions and Contingent Liabilities
As per Ind AS 37 (Provisions, Contingent Liabilities and Contingent Assets)
A provision is recognized when the company has a present obligation (legal or constructive) as a result of a past event it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. For a liability to qualify for recognition there must be not only a present obligation but also the probability of an outflow of resources embodying economic benefits to settle that obligation. Where it is not probable that a present obligation exists, an entity discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote. The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable: (a) an estimate of its financial effect; (b) an indication of the uncertainties relating to the amount or timing of any outflow; and (c)the possibility of any reimbursement.

O. Accounting Policies and Changes in Accounting Estimates
As per Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors)
An entity shall change an accounting policy only if the change: (a) is required by an Ind AS; or (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial

performance or cash flows.
As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision but can only be estimated. Estimation involves judgements based on the latest available, reliable information. For example, estimates may be required of: (a) bad debts; (b) inventory obsolescence; (c) the fair value of financial assets or financial liabilities, etc. The effect of change in an accounting estimate (other than a change in an accounting estimate giving rise to changes in assets and liabilities, or that which relates to an item of equity) shall be recognised prospectively by including it in profit or loss in the period of the change, if the change affects that period only or the period of the change and future periods, if the change affects both.

P. Earnings per share
As per Ind AS 33 (Earning per share)
Basic earnings per share is computed by dividing the profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding (the denominator) during the period.
Diluted earnings per share is computed by dividing the profit attributable to ordinary equity holders of the company and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares. The objective of diluted earnings per share is consistent with that of basic earnings per share to provide a measure of the interest of each ordinary share in the performance of an entity while giving effect to all dilutive potential ordinary shares outstanding during the period.

Q. Cash and cash equivalents
Cash and cash equivalents comprise cash and cash on deposit with banks and financial institutions. The Company considers all liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

Textual information (54)

Description of accounting policy for cash flows [Text Block]

K.Cash Flow Statement

As per Ind AS 7 (Statement of Cash Flows)

Cash flows are reported using the indirect method as prescribed by Ind AS - 7 Statement of Cash Flows, whereby profit is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.