Notes to consolidated financial statements for the year ended March 31, 2018

b. **Investment in associates and joint ventures**

The group's interest in equity in investees comprise interests in associates and joint ventures.

An associate is an entity in which the group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the group has joint control and has right to the net assets of the arrangement, rather than the right to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to intial recognition the consolidated financial statements include the groups share of profit and loss and OCI of equity accounted investee until the date on which significant influence or joint control ceases.

c. **Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current.

Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has identified twelve months as its operating cycle for the purpose of current / non current classification of assets and liabilities.

d. **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue is stated inclusive of excise duty and excludes sales tax/value added tax (VAT)/Goods and Services Tax (GST).

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

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, cash discounts and volume rebates.

Sale of services

Income from services are recognized as and when the services are rendered.

Royalty Income

Income for Royalty is recognised on accrual basis in accordance with the substance of relevant agreement. Royalties accrue in accordance with the terms of relevant agreement and are recognised on that basis, unless having regard to the substance of the agreement, it is more appropriate to recognise revenue on some other systematic and rational basis.