Notes to the standalone financial statements

For the year ended 31 March 2018

(Currency: Indian rupees in million)

1 Company Overview

Hikal Limited ('Hikal' or 'the Company') was incorporated on July 8, 1988 having its registered office at 717/718, Maker Chamber V, Nariman Point, Mumbai 400 021.

The Company is engaged in the manufacturing of various chemical intermediates, specialty chemicals, active pharma ingredients and contract research activities.

The Company has its equity shares listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.

The Company is operating in the crop protection and pharmaceuticals space.

2 Basis of preparation

2.1 Statement of compliance

The accompanying standalone financial statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Ammendment) Rules, 2016 notified under section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The Company's standalone financial statements up to and for the year ended 31 March 2017 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006 notified under the section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, read with Companies (Accounting Standards) amendments rules, 2016 applicable with effect from 1 April 2016 and other generally accepted accounting principles (Previous GAAP) in India and other relevant provisions of the Act.

As these are the Company's first standalone financial statements prepared in accordance with Ind AS, Ind AS 101, First-time adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 52.

The standalone financial statements for the year ended 31 March 2018 have been reviewed by the Audit Committee and subsequently approved by the Board of Directors at its meeting held on 9 May 2018.

2.2 Functional and presentation currency

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

2.3 Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations.

2.4 Use of estimates and judgements

The preparation of the standalone financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2018 are as follows:

a. Property, plant and equipment

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act. 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.

b. Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

c. Recognition of deferred tax assets

Deferred tax assets are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised 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 utilised.

2.5 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, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. 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 Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.6 Current / non-current classification

An entity shall classify an asset as current when-

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when-

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

Operating cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

3. Significant accounting policies

Revenue

3.1 Sale of goods

Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates, Sales tax / VAT, GST, Octroi, freight and insurance. Revenue is recognised when significant risks and rewards of ownership in the goods are transferred to the buyer, collectability of the resulting receivable is reasonably assured, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary asstes and liabilities that are measured based on historical cost in a foreign currency are not translated. Foreign currency exchange differences are generally recognised in profit or loss.

3.3 Employee benefits

Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. These benefits include bonus and compensated absences such as paid annual leave and sickness leave. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the amount of obligation can be estimated reliably.

Post employment employee benefits

i Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions to Provident fund, Employee State Insurance and Labour Welfare Fund and are recognised as an employee benefit expense in the statement of profit and loss on an accrual basis. Contribution to Superannuation Fund, a defined contribution scheme, administered by Life Insurance Corporation of India, based on a specified percentage of eligible employees' salary.

ii Defined benefit plans

A defined benefit plan is a post-employee benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined liability (asset) after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to gratuity benefit scheme are recognised in profit or loss.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

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When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Gratuity

The Company has an obligation towards gratuity, a defined benefit scheme covering eligible employees. The Company accounts for gratuity benefits payable in future based on an independent actuarial valuation method as stated above. Gratuity for staff at Panoli plant is funded through group gratuity insurance scheme of the Life Insurance Corporation of India ('LIC').

Other long-term employee benefits

The Company's net obligation in respect of compensated absences such as paid annual leave, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains or losses comprising of experience adjustments and the effects of changes in actuarial assumptions are immediately recognised in the statement of profit and loss.

3.4 Recognition of dividend income, interest income or expense

Interest income or expense is recognised using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

Dividend income is recognised in the statement of profit or loss on the date on which the Company's right to receive the payment is established.

3.5 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss or items recognised directly in equity or in other comprehensive income.

i Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates enacted or substantively enacted by the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and curent tax 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 corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries 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.

Unrecognised 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 is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by 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 Company 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 Company.

3.6 Inventories

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. The cost of inventories is based on weighted average formula and includes expenditure incurred in acquiring the inventories, costs of production or conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of fixed production overheads based normal operating capacity of production facilities. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products. Raw materials and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on an item-by-item basis.

3.7 Property, plant and equipment

i Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. 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 directly attributable cost of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management.

c) the estimated costs of dismantling and removing the item and restoring the site on which it is located.

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 and 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 and loss.

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

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on the depreciable amount of an item of Property, plant and equipment is allocated on a systematic basis over its useful life. The Group provides depreciation on the straight-line method. The Group believes that straight line method reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. Based on internal technical evaluation, 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, etc: the management believes useful lives of the assets are appropriate. The depreciation method is reviewed at least at each financial year-end and, if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method is changed to reflect the changed pattern. Such a 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

The residual value and the useful life of an asset is reviewed at least at each financial year-end. Depreciation is calculated using the straight-line method on cost of items of property, plant and equipment less their estimated residual values over the estimated useful lives prescribed under Schedule II of the Act, except for certain assets in ‘Plant and Machinery’, where based on internal assessment and technical evaluation carried out, management believes that the useful life is 20 years, which is higher and different from the useful life of 15 years as prescribed under Part C of Schedule II of the Act.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

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The estimated useful lives of items of property, plant and equipment are as follows:

Tangible Assets	Life defined	Useful life a s per Schedule II
Buildings	30-60	30-60
Plant and equipment	9-15	10-20
Furniture and fixtures	10	10
Electrical installation	10	10
Vehicles	10	10
Office equipment	5	5
Computers	3	3
Ships	30	20

Leasehold land is amortised over the duration of the lease.

Leasehold improvements amortised over the primary period of lease.

Assets acquired on hire purchase/finance lease are generally depreciated over the period of useful life of assets on a straight-line basis unless there is no reasonable certainty that the ownership of the asset would be obtained at the end of the agreement term. Where there is no reasonable certainty that the ownership of the asset would be obtained at the end of the agreement term, such assets are depreciated over the shorter of the contract term or the asset's useful life in accordance with the Company's normal depreciation policy.

The additional depreciation charge on account of revaluation of property, plant and equipment (tangible fixed assets) is spread over the balance useful life of the revalued assets. The additional charge of depreciation on account of revaluation is debited to the statement of profit and loss and similar amount is transferred from revaluation reserve to general reserve.

Asset individually costing upto ₹ 5,000 are fully depreciated in the year of purchase.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2016, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment. (refer note 4)

3.8 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset till the date it is ready for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.9 Intangible assets

i Recognition and measurement

Expenditure on research activities is recognised in the statement of profit and loss as incurred.

Development expenditure is capitalised as part of the cost of the research and development, only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, includes computer software, which are acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is included in depreciation and amortisation in the statement of profit and loss.

Other intangible assets are amortised over the estimated useful lives as given below:-

Computer Software	5 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv Transition to Ind AS

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

3.10 Financial Instruments

a Financial assets

i Recognition and initial measurement

Trade receivables and debt instruments issued are initially recognised when they are originated. All other financial assets are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset is initially measured at fair value. In the case of financial assets which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

ii Classification

On initial recognition, a financial asset is classified as measured at

- amortised cost; or
- fair value through profit or loss (FVTPL); or
- fair value through other comprehensive income (FVOCI)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets 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 debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

Notes to the standalone financial statements (Continued)

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– how the performance of the portfolio is evaluated and reported to the Company's management;
– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

iii Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

iv Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

b Financial liabilities

i Recognition and initial measurement

All financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is initially measured at fair value. In the case of financial liabilities which are recognised at fair value through profit and loss (FVTPL), the transaction costs are recognised in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition or issue of financial liability.

ii Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii Derecognition

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the profit and loss account.

d Investment in subsidiaries

Investment in subsidiaries is carried at cost in the standalone financial statements.

3.11 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.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.

3.12 Leases

i Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

ii Assets held under lease

Leases of property, plant and equipment that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to the similar owned asset.

Assets held under leases that do not transfer to the Company substantially all risks and rewards of ownership are classified as operating leases and are not recognised in the Company's statement of financial position.

3.13 Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoveable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

The recoverable amount is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In respect of the assets for which impairment loss has been recognised in prior periods, the Comapny reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. 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, impairment loss is reversed to the extent 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.

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3.14 Cash and cash equivalents

Cash and cash equivalents 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.

3.15 Earnings per share (EPS)

Basic EPS is computed using the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be antidilutive.

3.16 Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective subsequent years as mentioned below:

Ind AS 115 – Revenue from Contracts with Customers (applicable for annual periods beginning on or after April 1, 2018)

Ind AS 21 – The effect of changes in Foreign Exchange rates (applicable for annual periods beginning on or after April 1, 2018)

Ind AS 116 – Leases (applicable for annual periods beginning on or after April 1, 2019)

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 – Revenue, Ind AS 11 – Construction Contracts when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

As at 31 March 2018

(Currency: Indian rupees in million)

4 Property, plant and equipment

Description	Gross block					Accumulated Depreciation				Net block	
	As at 1 April 2017	Additions	Deductions	Adjustments of exchange difference on borrowings	As at 31 March 2018	As at 1 April 2017	Charge for the year	Deductions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Freehold land	579.18	-	-	-	579.18	-	-	-	-	579.18	579.18
Leasehold land	657.59	34.12	-	-	691.71	8.75	8.92	-	17.67	674.04	648.84
Buildings	1,372.27	131.62	-	-	1,503.89	60.51	62.59	-	123.10	1,380.79	1,311.76
Plant and machinery	4,493.27	269.39	-	(1.58)	4,761.08	568.70	724.46	-	1,293.16	3,467.92	3,924.57
Electrical equipments and installations	81.76	12.06	-	-	93.82	22.75	20.17	-	42.92	50.90	59.01
Office equipments	36.01	18.62	-	-	54.63	6.61	16.07	-	22.68	31.95	29.40
Furniture and fixtures	47.00	11.42	-	-	73.89	11.63	15.97	-	27.60	46.29	50.85
Leasehold Improvements	5.51	0.03	-	-	5.54	0.14	0.98	-	1.12	4.42	5.37
Vehicles	41.87	2.29	-	-	44.16	8.70	1.74	-	10.44	31.47	33.17
Ships	35.75	-	-	-	35.75	1.80	1.94	-	3.74	32.01	33.95
Total	7,365.68	479.55	-	(1.58)	7,843.65	689.59	852.84	-	1,542.43	6,301.22	6,676.09
Capital work in progress										1,155.14	619.40

As at 31 March 2018

(Currency: Indian rupees in million)

4 Property, plant and equipment (Previous year)

Description	Gross block						Accumulated Depreciation				Net block	
	As at 1 April 2016	Additions	Deductions	Adjustments of revaluation on land	Adjustments of exchange difference on borrowings	As at 31 March 2017	As at 1 April 2016	Charge for the year	Deductions	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Freehold land	787.38	-	163.20	45.00	-	579.18	-	-	-	-	579.18	787.38
Leasehold land	643.47	14.12	-	-	-	657.59	-	8.75	-	8.75	648.84	643.47
Buildings	1,260.50	126.90	15.13	-	-	1,372.27	-	60.51	-	60.51	1,311.76	1,260.50
Plant and machinery	3,350.76	1,183.21	10.13	-	(30.57)	4,493.27	-	568.70	-	568.70	3,924.57	3,350.76
Electrical equipments and installations	63.96	18.12	0.32	-	-	81.76	-	22.75	-	22.75	59.01	63.96
Office equipments	15.43	24.09	3.51	-	-	36.01	-	6.61	-	6.61	29.40	15.43
Furniture and fixtures	37.35	25.26	0.14	-	-	62.47	-	11.63	-	11.63	50.84	37.35
Leasehold Improvements	5.51	-	-	-	-	5.51	-	0.14	-	0.14	5.37	5.51
Vehicles	25.56	16.30	-	-	-	41.87	-	8.70	-	8.70	33.17	25.57
Ships	35.75	-	-	-	-	35.75	-	1.80	-	1.80	33.95	35.75
Total	**6,225.68**	**1,408.00**	**192.43**	**45.00**	**(30.57)**	**7,365.68**	**-**	**689.59**	**-**	**689.59**	**6,676.09**	6,225.68
Capital work in progress											**619.40**	661.25

Note:

a. The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition i.e. 1 April 2016 and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1 April 2016 under the previous GAAP

Description	Freehold land	Leasehold land	Buildings	Plant and machinery	Electrical equipments and installations	Office equipments	Furniture and fixtures	Leasehold Improvements	Vehicles	Ships
Gross Block	787.38	715.81	1,775.07	7,557.18	254.73	137.47	124.16	5.56	49.42	51.56
Accumulated Depreciaton	-	72.34	514.57	4,206.42	190.77	122.04	86.81	0.05	23.85	15.81
Net Block	**787.38**	**643.47**	**1,260.50**	**3,350.76**	**63.96**	**15.43**	**37.35**	**5.51**	**25.57**	**35.75**

b. Exchange differences of ₹ 1.58 million (P.Y. ₹ 30.57 million) has been included in the additions to fixed assets post the exercise of option in terms of Para 46A of AS11 (pursuant to notification dated 29 December 2011 issued by the Ministry of Corporate Affairs.)

c. Plant and machinery includes assets taken on finance lease as under

Particulars	As at 31 March 2018	As at 31 March 2017
Gross block	**23.23**	23.23
Accumulated depreciation	**6.40**	3.20
Net block	**16.83**	20.03
Depreciation charge for the year	**3.20**	3.20

(Currency: Indian rupees in million)

Note 5

Other intangible assets

Description	Gross block				Accumulated Amortisation				Net block	
	As at April 01, 2017	Additions	Deductions	As at 31 March 2018	As at 1 April 2017	Change for the year	Deductions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Computer software	8.99	30.64	-	39.63	1.82	3.09	-	4.91	34.72	7.17
Total	8.99	30.64	-	39.63	1.82	3.09	-	4.91	34.72	7.17
Intangible assets under development									23.65	8.19

Other intangible assets (Previous year)

Description	Gross block				Accumulated Amortisation				Net block	
	As at April 01, 2016	Additions	Deductions	As at 31 March 2017	As at 1 April 2016	Change for the year	Deductions	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Computer software	6.14	2.85	-	8.99	-	1.82	-	1.82	7.17	6.14
Total	6.14	2.85	-	8.99	-	1.82	-	1.82	7.17	6.14
Intangible assets under development									8.19	-

Notes:

a. The Company has availed the deemed cost exemption in relation to the other intangible assets on the date of transition i.e. 1 April 2016 and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1 April 2016 under the previous GAAP

Description	Computer software
Gross Block	13.16
Accumulated Depreciation	7.02
Net Block	**6.14**

		31 March 2018	31 March 2017	1 April 2016
6	**Non-Current Investments**			
	Investments in equity instruments:			
A	**Unquoted**			
i)	Subsidiary company			
	Acoris Research Limited 15,050,080 Equity Shares of face value ₹ 10 each (PY: 15,050,080 Equity Shares of face value ₹10 each)	0.10	0.10	0.10
ii)	Other Investments			
	223,164 (P.Y. 223,164) Equity shares of ₹ 10 each of Bharuch Eco Aqua. Infrastructure Limited fully paid-up	6.67	6.67	6.67
	30,000 (P.Y. 30,000) Equity shares of ₹ 10 each of Panoli Enviro Technilogy Limited fully paid-up	0.70	0.70	0.70
	14,494 (P.Y. 14,494) Equity shares of ₹ 100 each MMA CETP Co-operative Society Limited fully paid-up	1.45	1.45	1.45
	16% (P.Y. 16%) equity shares of Jiangsu Chemstar Chemical Co Limited fully paid-up	15.47	25.47	25.47
B	**Quoted**			
	10,000 (P.Y. 10,000) Equity shares of ₹ 10 each of Bank of Baroda fully paid-up	1.44	1.49	1.52
	2,900 (P.Y. 2,900) Equity shares of ₹ 10 each of Union bank of India fully paid-up	0.28	0.38	0.38
	Total non-current investments (A + B)	26.11	36.26	36.29
	Aggregate amount of quoted investments	1.72	1.87	1.90
	Aggregate market value of quoted investments	1.72	1.87	1.90
	Aggregate amount of unquoted investments	34.39	34.39	34.39
	Aggregate amount of impairment in value of investments	(10.00)	-	-
		26.11	36.26	36.29

Note: Investment in Hikal International BV (100% Subsidiary of the Company) of 7200 equity shares of Euro 10 each fully paid-up has been fully written-off in earlier years.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

		31 March 2018	31 March 2017	1 April 2016
7	**Other financial assets**			
	Unsecured and considered good			
	To related parties			
	Loan to subsidiary - Hikal International BV	-	-	10.63
	To other than related parties			
	Loans to employee	3.27	2.46	1.93
	Deposits with original maturity of more than 12 months	1.94	38.22	-
		5.21	40.68	12.56
8	**Deferred tax assets (net)**			
	Mat credit entitlement	369.89	572.07	487.94
	Deferred tax liabilities (Refer Note 35)	(365.30)	(469.88)	(479.36)
		4.59	102.19	8.58
9	**Other non-current assets**			
	Unsecured and considered good			
	To other than related parties			
	Security deposit	70.00	70.04	59.82
	Prepaid expenses	14.47	21.25	5.39
	VAT/ CST refund receivable	40.28	142.48	217.10
	Balance with government authorities	667.89	165.62	228.12
	Capital advances	104.34	69.97	107.25
		896.98	469.36	617.68
	To related parties			
	Security deposits - given to Director	70.00	70.00	70.00
		70.00	70.00	70.00
	Total	966.98	539.36	687.68
10	**Inventories**			
	Valued at the lower of cost and net realisable value			
	Raw materials (includes goods in transit of ₹ 0.93 million, 31 March 2017 ₹ 99.57 million, 1 April 2016 ₹ 113.23 million)	1,939.74	1,762.59	1,870.59
	Packing materials	14.68	16.15	13.93
	Work-in-progress	522.14	395.90	460.17
	Finished goods	390.14	352.94	434.18
	Stores and spares	163.83	108.23	132.26
		3,030.53	2,635.81	2,911.13

Inventories which comprise raw materials, packing materials, work-in-progress and finished goods are carried at the lower of cost and net realisable value. (See detailed accounting policy in Note 3.6)

The write-down of inventories to net realisable value during the year amounted to ₹ 41.25 million (31 March 2017: ₹ 31.25 million; 1 April 2016: ₹ 28.75 million). The write down of inventories are included in cost of materials consumed or changes in inventories of finished goods and work-in-progress in the statement of profit and loss.

		31 March 2018	31 March 2017	1 April 2016
11	**Trade receivables**			
	(Unsecured)			
	Considered good	2,894.84	2,596.65	2,153.78
	Considered doubtful	23.25	21.41	77.21
		2,918.09	2,618.06	2,230.99
	Loss allowance			
	Considered good	(21.11)	(31.95)	(12.87)
	Doubtful	(23.25)	(21.41)	(77.21)
		(44.36)	(53.36)	(90.09)
	Net trade receivable	2,873.73	2,564.70	2,140.90

(Currency: Indian rupees in million)

The loss allowance on trade receivables has been computed on the basis of Ind AS 109, Financial Instruments, which requires such allowance to be made even for trade receivables considered good on the basis that credit risk exists even though it may be very low.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in Note 38.

		31 March 2018	31 March 2017	1 April 2016
12	**Cash and cash equivalents**			
	Bank balances in			
	- Current account	39.74	17.91	35.47
	- Exchange earners foreign currency	0.04	0.09	1.79
	- Fixed deposit account (with original maturity of 3 months or less)	17.46	-	4.20
	Cash on hand	0.98	1.25	1.44
	Cash and cash equivalents in the statement of cash flows	58.22	19.25	42.90
13	**Bank balance other than cash and cash equivalents**			
	Other bank balances:			
	Bank deposits due to mature within 12 months of the reporting date	211.65	143.07	146.67
	Unpaid dividend accounts	2.37	2.33	1.98
		214.02	145.40	148.65

Deposits given as security

1) Margin money deposits with a carrying amount as at 31 March 2018 ₹ 96.20 million (As at 31 March 2017 ₹ 77.66 million) (As at 1 April 2016 ₹ 80.37 million) are subject to first charge to secure the Company's working capital loans.
2) Bank deposits with a carrying amount as at 31 March 2018 ₹ 134.84 million (As at 31 March 2017 ₹ 103.63 million) (As at 1 April 2016 ₹ 67.65 million) are subject to exclusive first charge to secure the Company's rupee term loans and external commercial borrowing term loan from one bank.

		31 March 2018	31 March 2017	1 April 2016
14	**Loans**			
	(Unsecured)			
	To parties other than related parties			
	Loans to employees	3.58	3.09	2.41
		3.58	3.09	2.41
15	**Other current assets**			
	(Unsecured)			
	To parties other than related parties			
	Advance to suppliers			
	Considered good	125.15	44.81	73.21
	Considered doubtful	10.00	5.00	24.41
	Advance to suppliers	135.15	49.81	97.62
	Less: Provision for doubtful advances	(10.00)	(5.00)	(24.41)
		125.15	44.81	73.21
	Balance with government authorities	448.04	245.04	169.09
	Advance to employees	1.31	-	-
	VAT / CST refund receivable	97.44	68.42	52.41
	Prepaid expenses	39.80	34.42	35.09
	Interest accrued on fixed deposit	7.74	4.47	2.71
		719.48	397.16	332.51

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

		31 March 2018	31 March 2017	1 April 2016
16	**Share Capital**			
	Authorised share capital			
	Equity	250	250	250
	Par value per share (₹)	2	2	2
	Number of equity shares	125,000,000	125,000,000	125,000,000
	Preference shares	500	500	500
	Par value per share (₹)	100	100	100
	Number of Preference shares	5,000,000	5,000,000	5,000,000
	Issued, subscribed and fully paid up -Equity	164.40	164.40	164.40
	Par value per share (₹)	2	2	2
	Number of Equity shares	82,200,500	82,200,500	82,200,500

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares

	31 March 2018		31 March 2017	
	No.millions	₹ in millions	No.millions	₹ in millions
At the beginning and at the end of the year	82.20	164.40	82.20	164.40

b. Terms/rights attached to equity shares

The Company has only single class of equity shares having a par value of ₹ 2 (P.Y. ₹ 2) per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c Details of shareholders holding more than 5% of shares:

	31 March 2018		31 March 2017	
	No of Shares	%	No of Shares	%
Equity shares of ₹ 2 (P.Y. ₹ 2) each fully paid				
Kalyani Investment Company Limited	25.78	31.36	25.78	31.36
Shri Badrinath Investment Private. Limited	13.28	16.15	13.28	16.15
Shri Rameshwara Investment Private Limited	6.54	7.96	6.54	7.96
Sugandha J Hiremath	6.45	7.84	6.45	7.84
International Finance Corporation	4.80	5.84	6.76	8.23
Reliance Capital Trustee Company Limited	1.46	1.75	4.84	5.90

		Note	31 March 2018	31 March 2017	1 April 2016
17	**Other equity**				
	Capital reserve	i	0.44	0.44	0.44
	Capital redemption reserve	ii	509.82	509.82	509.82
	Securities premium account	iii	146.92	146.92	146.92
	State subsidy	iv	5.50	5.50	5.50
	Contingency reserve	v	30.00	30.00	30.00
	General reserve	vi	1,779.56	1,779.56	1,724.56
			2,472.24	2,472.24	2,417.24

(Currency: Indian rupees in million)

		31 March 2018	31 March 2017	1 April 2016
A	**Notes**			
i	**Capital reserve**			
	Opening balance	0.44	0.44	0.44
	Additions during the year	-	-	-
	Closing balance	0.44	0.44	0.44
ii	**Capital redemption reserve**			
	Opening balance	509.82	509.82	509.82
	Additions during the year	-	-	-
	Closing balance	509.82	509.82	509.82
iii	**Securities premium account**			
	Opening balance	146.90	146.90	146.90
	Additions during the year	-	-	-
	Closing balance	146.90	146.90	146.90
iv	**State subsidy**			
	Opening balance	5.50	5.50	5.50
	Additions during the year	-	-	-
	Closing balance	5.50	5.50	5.50
v	**Contingency reserve**			
	Opening balance	30.00	30.00	30.00
	Additions during the year	-	-	-
	Closing balance	30.00	30.00	30.00
vi	**General reserve**			
	Opening balance	1779.56	1724.56	1724.56
	Transferred from retained earnings	-	100	-
	Adjustment on account of downward revaluation of land	-	45	-
	Closing balance	1779.56	1779.56	1724.56

B Nature and purpose of reserves

i. Capital reserve

Capital reserve is created on merger/amalgamation.

ii. Capital redemption reserve

Capital redemption reserve represents redemption of redeemable cumulative preference shares in earlier years.

iii. Securities premium account

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Act.

iv. State subsidy

State subsidy is created on receipt of government grants for setting up the factories in backward areas.

v. Contingency reserve

Contingency reserve is created by transferring funds from retained earnings to meet future contingencies.

vi. General reserve

General Reserve is a free reserve which is created by transferring funds from retained earnings to meet future obligations or purposes. The revaluation reserve as on 1 April 2016 has been transferred to general reserve.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

C Dividends

The following dividends were declared and paid by the Company during the years ended: (Currency : Indian Rupees in million)

	31 March 2018	31 March 2017
Interim equity dividend paid for financial year 2015-16 at ₹ 0.50 per equity share	-	41.10
Final equity dividend paid for financial year 2015-16 at ₹ 0.50 per equity share	-	41.10
Interim equity dividend paid for financial year 2016-17 at ₹ 0.60 per equity share	-	49.32
Final equity dividend paid for financial year 2016-17 at ₹ 0.60 per equity share	49.32	-
Interim equity dividend paid for financial year 2017-18 at ₹ 0.70 per equity share	57.54	-
Dividend distribution tax on the equity dividend paid above	21.75	26.77
Total	128.61	158.29

After the reporting dates the following dividends were proposed by the directors subject to the approval at the annual general meeting. These dividends and tax therenon have not been recognised as liabilities in the year to which they pertains to and is recorded in the year in whcih they have been approved by the Annual General Meeting. Dividends would attract dividend distribution tax when declared or paid:

Final equity dividend proposed for financial year 2017-18 at ₹ 0.50 per equity share	41.10	-
Dividend distribution tax on the equity dividend proposed above	8.37	-
Total	49.47	-

	31 March 2018	31 March 2017	1 April 2016
18 Borrowings			
Term loans from banks			
Rupee (refer note a (i) and b (i) below)	1,172.25	1,269.66	1,232.79
External commercial borrowing (refer note a (ii) and b (i) below)	1,002.68	732.31	192.79
Term loans from financial institutions			
Rupee (refer note a (iii) and b (ii) below)	558.01	660.82	620.27
External commercial borrowings (refer note a (iv) and b (ii) below)	-	262.19	534.82
Term loans from others			
Rupee (refer note a (v) and b (iii) below)	228.13	266.33	290.12
Vehicle loans			
From banks -Rupee (refer note a (vi) and b (iv) below)	0.50	1.29	2.73
From Others -Rupee (refer note a (vi) and b (iv) below)	4.74	8.92	3.85
	2,966.31	3,201.52	2,877.37

a Nature of security and terms of repayment for secured borrowings :

i Rupee term loan from banks is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

ii External Commercial borrowing from one bank is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore and second pari passu charge on entire current assets both present and future.

iii Rupee term loan from financial institutions is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

iv External Commercial borrowing from financial institutions is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli and Bangalore and second pari passu charge on entire current assets both present and future.

v Rupee term loan from others is secured by first pari passu charge on the fixed assets of the Company's plants situated at Taloja, Panoli, Bangalore, R & D centre at Pune and office at CBD Belapur (Navi Mumbai) and second pari passu charge on entire current assets both present and future.

vi Vehicle loans are secured by first charge on the said vehicles.

b. i) Terms of repayment as on 31 March 2018 are as under :

(i)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	359.17	Repayble quarterly - 20 instalments of ₹ 18.00 Mio starting from 30.06.2018	10.65%
b	-	89.01	Repayble quarterly - 20 instalments of ₹ 4.50 Mio starting from 30.06.2018	10.60%
c	-	574.23	Repayble quarterly - 20 instalments of ₹ 29.25 Mio starting from 30.06.2018	10.75%
d	-	177.21	Repayble quarterly - 20 instalments of ₹ 9.00 Mio starting from 30.06.2018	10.90%
e	-	176.92	Repayble quarterly - 20 instalments of ₹ 9.00 Mio starting from 30.06.2018	11.20%
f	15.41	1,002.58	Repayble quarterly - 18 instalments of US $ 0.890 Mio each starting 10.07.2019	3M Libor + 395 bps

(ii)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	661.45	Repayble quarterly - 20 instalments of ₹ 33.75 Mio starting from 30.06.2018	10.20%
b	2.01	130.53	Repayable half yearly - 2 instalments of US $ 1 Mio each starting from 15.07.2018	6M Libor + 300 bps
c	2.01	130.44	Repayable half yearly - 2 instalments of US $ 1 Mio each starting from 15.07.2018	6M Libor + 320 bps

(iii)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
	-	267.01	Repayble quarterly - 20 instalments of ₹ 13.50 Mio starting from 30.06.2018	10.45%

(iv)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	0.26	Repayble monthly EMI of ₹ 0.025 Mio	10.49%
b	-	0.30	Repayble monthly EMI of ₹ 0.150 Mio	9.87%
c	-	0.19	Repayble monthly EMI of ₹ 0.039 Mio	10.25%
d	-	0.52	Repayble monthly EMI of ₹ 0.070 Mio	10.74%
e	-	0.97	Repayble monthly EMI of ₹ 0.047 Mio	10.26%
f	-	0.07	Repayble monthly EMI of ₹ 0.066 Mio	10.26%
g	-	7.91	Repayble monthly EMI of ₹ 0.315 Mio	9.24%

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

b. ii) Terms of repayment as on 31 March 2017 are as under :

(i)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	327.71	Repayable quarterly - 24 instalments of ₹ 14.03 Mio starting from 30 Jun 2017	11.15%
b	-	96.78	Repayable quarterly - 24 instalments of ₹ 4.08 Mio starting from 30 Jun 2017	11.20%
c	-	623.91	Repayable quarterly - 24 instalments of ₹ 26.54 Mio starting from 30 Jun 2017	11.40%
d	-	169.03	Repayable quarterly - 24 instalments of ₹ 7.22 Mio starting from 30 Jun 2017	11.50%
e	-	175.67	Repayable quarterly - 24 instalments of ₹ 7.47 Mio starting from 30 Jun 2017	11.70%
f	11.29	732.24	Repayable quarterly - 18 instalments of US $ 0.667 Mio each starting 25 May 2019	3M Libor + 395 bps

(ii)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	720.74	Repayable quarterly - 24 instalments of ₹ 30.63 Mio starting from 30 Jun 2017	11.15%
b	4.02	261.06	Repayable half yearly - 4 instalments of US $ 1 Mio each starting from 15 Jul 2017	6M Libor + 300 bps
c	4.01	260.57	Repayable half yearly - 4 instalments of US $ 1 Mio each starting from 15 Jul 2017	6M Libor + 320 bps

(iii)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
	-	290.31	Repayable quarterly - 24 instalments of ₹ 12.25 Mio starting from 30 Jun 2018	11.15%

(iv)	US $ in Million	₹ In Million	Repayment Terms	Interest Rate p.a.
a	-	0.52	Repayable monthly EMI of ₹ 0.025 Mio	10.49%
b	-	1.98	Repayable monthly EMI of ₹ 0.150 Mio	9.87%
c	-	0.62	Repayable monthly EMI of ₹ 0.039 Mio	10.25%
d	-	1.26	Repayable monthly EMI of ₹ 0.070 Mio	10.74%
e	-	1.41	Repayable monthly EMI of ₹ 0.047 Mio	10.26%
f	-	0.81	Repayable monthly EMI of ₹ 0.066 Mio	10.26%
g	-	10.81	Repayable monthly EMI of ₹ 0.315 Mio	9.24%

(Currency: Indian rupees in million)

		31 March 2018	31 March 2017	1 April 2016
19	**Long -term provisions**			
	Term loans from banks			
	Provision for gratuity (Refer Notes 36)	78.58	72.63	52.74
	Provision for compensated absences	77.89	70.34	49.49
		156.47	142.97	102.23
20	**Short-term borrowings**			
	Secured			
	Loans repayable on demand from banks			
	Working capital loan -Rupee (refer note a and b below)	790.77	649.69	735.16
	Working capital loan -Foreign currency (refer note a and b below)	657.51	644.48	984.20
	Bill discounting (Refer note a iv)	1,323.34	1,008.18	1,042.59
		2,771.62	2,302.35	2,761.95

a. Nature of Security and terms of repayment for secured borrowings :

i Working capital loans from IDBI Bank Limited of ₹ 350 Million are secured by an exclusive charge on fixed assets of the Company's plant situated at Mahad.

ii Working capital loans from Standard Chartered Bank of ₹ 200 Million are secured by a first pari passu charge on office premises of the Company at CBD Belapur (Navi Mumbai).

iii Working capital loans from other banks are secured by first charge on all current assets of the Company and second pari passu charge on all fixed assets both present and future of the Company situated at Company's plants at Bangalore, Taloja and Panoli.

iv Loans availed under bill discounting facility are secured against specific receivables, have tenure of 30 to 90 days and carry interest ranging between 1.5% to 10.50%

b. Working capital loans are repayable on demand and carry interest ranging from 1.5% to 13.30 % p.a.

		31 March 2018	31 March 2017	1 April 2016
21	**Trade payables**			
	Trade payables			
	Payables to Micro and Small Enterprises (Refer Note 41)	61.24	47.15	40.24
	Payables to others	1,584.22	1,257.16	1,238.24
		1,645.46	1,304.31	1,278.48

The Company's exposure to currency and liquidity risk related to trade payable is disclosed in Note 38

		31 March 2018	31 March 2017	1 April 2016
22	**Other financials liabilities**			
	Current maturities of long-term debt	612.99	474.59	363.56
	Current maturities of finance lease obligations	-	-	0.42
	Interest accrued but not due on borrowings	18.60	24.02	25.43
	Payables for capital purchases	130.25	126.92	39.19
	Employee benefits payable	112.44	100.50	84.83
		874.28	726.03	513.43
23	**Other current liabilities**			
	Unpaid dividend	2.37	2.33	1.98
	Advances from customers	182.47	7.08	80.22
	Statutory dues payable			
	-Provident fund	4.01	7.67	3.31
	-Employees' state insurance	0.16	0.13	0.02
	-Tax deducted at source	16.44	12.20	19.54
	-GST /Value added tax	59.37	3.65	1.61
	-Profession tax	0.27	0.25	0.23
		265.09	33.31	106.91
24	**Short -term provisions**			
	Provision for gratuity (Refer note 36)	12.26	3.34	7.41
	Provision for compensated absences	22.87	8.58	15.56
		35.13	11.92	22.97
25	**Current tax liabilities (net)**			
	Provision for tax	8.87	22.43	3.03
	[Net of advance tax ₹ 561.23 million (31 March 2017 : ₹ 302.50 million and 1 April 2016 : ₹ 230 million)]			
		8.87	22.43	3.03

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

		31 March 2018	31 March 2017
26	**Revenue from Operations**		
	Sale of products(including excise duty)	12,802.42	10,196.67
	Sale of services	20.91	6.42
	Other operating revenues		
	Export incentive	161.72	123.92
	Scrap sales	15.82	12.59
	Revenue from operations	13,000.87	10,339.60
27	**Other income**		
	Dividend received on non current investment	0.01	0.01
	Interest income on		
	Bank deposit	13.48	12.44
	Other	16.98	12.69
	Provision for doubtful debts written back	9.00	-
	Miscellaneous income	5.16	9.21
		44.63	34.35
28	**Cost of materials consumed**		
	Raw material consumed	1,762.59	1,870.59
	Add: Purchase	7,330.31	4,840.27
	Less: Closing stock	1,939.74	1,762.59
		7,153.16	4,948.27
29	**Changes in inventories of finished goods and Work-in-progress**		
	Opening stock		
	Finished goods	352.94	434.18
	Work-in-progress	395.90	460.17
		748.84	894.35
	Less: Closing stock		
	Finished goods	390.14	352.94
	Work-in-progress	522.14	395.90
		912.28	748.84
		(163.44)	145.50
30	**Employee benefits expense**		
	Salaries and wages	1,108.70	1,012.47
	Contribution to provident and other funds	51.37	46.96
	Grautity expenses (Refer Note 36)	22.01	14.40
	Staff welfare expense	98.50	93.10
		1,280.58	1,166.93
31	**Finance costs**		
	Interest on rupee term loans	306.13	306.07
	Interest on foreign currency term loans	4.61	9.23
	Interest on working capital loans	78.84	112.00
	Interest on bills discounted	54.98	42.39
	Other interest	11.83	9.52
	Bank charges	27.84	3.53
	Exchange difference to the extent considered as an adjustment to borrowing costs	6.94	-
		491.17	482.74

(Currency: Indian rupees in million)

		31 March 2018	31 March 2017
32	**Other expenses**		
	Consumption of stores and spares	198.44	167.75
	Processing charges	14.29	15.03
	Power and fuel	1,084.05	856.29
	Advertisement	1.61	0.64
	Rent (Refer note 37)	18.17	21.40
	Rates and taxes	8.96	10.49
	Insurance	16.11	20.51
	Repairs and maintenance		
	- Plant and machinery	146.29	106.03
	- Buildings	31.45	22.41
	- Others	114.35	72.91
	Printing and stationery	21.01	14.75
	Legal and professional charges		
	- Legal charges	2.68	3.86
	- Professional charges	80.28	94.31
	Travelling and conveyance	52.19	60.78
	Vehicle expenses	16.13	13.24
	Postage, telephone and telegrams	10.25	12.64
	Payment to auditors (Refer note 47)	7.03	6.06
	Director's sitting fee	5.30	3.75
	Sales and distribution expenses	199.97	155.85
	Commission on sales	7.48	10.50
	Security service charges	29.96	29.64
	Sundry balance written off	15.01	25.56
	Service charges	31.36	29.46
	Excise duty on closing stock	(0.73)	(5.05)
	Loss on sale of assets (net)	-	23.87
	Foreign exchange loss (net)	27.39	7.73
	Provision for doubtful debts/advances	5.00	33.63
	Provision for diminution in value of investment	10.00	-
	Corporate Social Responsibility expenses (CSR)(Refer Note 45)	12.02	13.96
	Miscellaneous expenses	107.16	78.64
		2,273.21	1,906.64

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

33 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year, after considering adjustment for the effects of all dilutive potential equity shares.

		31 March 2018	31 March 2017
Profit attributable to equity shareholders (basic and diluted)			
Profit for the year attributable to equity shareholders	(A)	772.65	702.89
Weighted average number of equity shares for basic and diluted earnings per share Number of equity shares at beginning of the year		82,200,500	82,200,500
Equity shares issued during the year		-	-
Number of equity shares outstanding at the end of the year		82,200,500	82,200,500
Weighted average number of equity shares for the year	(B)	82,200,500	82,200,500
Basic and diluted earnings per share of face value of ₹ 2 each	(A)/(B)	9.40	8.55

(Currency: Indian rupees in million)

34 Tax expense

	31 March 2018	31 March 2017	1 April 2016
(a) Amounts recognised in balance sheet			
Current tax liabilities [net of advance tax ₹ 561.23 million (31 March 2017 : ₹ 302.50 million and 1 April 2016 : ₹ 230 million)]	8.87	22.43	3.03

Note: 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.

(b) Amounts recognised in statement of profit and loss

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax		
Current year	446.97	197.16
Earlier years	-	19.78
	446.97	216.94
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences (including MAT Credit entitlement)	(104.30)	(91.45)
Deferred tax expense	(104.30)	(91.45)
Tax expense for the year	342.67	125.49

(c) Amounts recognised in other comprehensive income

	For the year ended 31 March 2018			For the year ended 31 March 2017		
	Before tax	Tax (expense) / benefit	Net of tax	Before tax	Tax (expense) / benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	0.82	(0.28)	0.54	(5.86)	2.02	(3.84)
Fair value of investment	(0.16)	-	(0.16)	0.01	-	0.01
	0.66	(0.28)	0.38	(5.85)	2.02	(3.83)

(d) Reconciliation of effective tax rate

	31 March 2018	31 March 2017
Profit before tax	1,114.94	832.21
Tax using the Company's domestic tax rate (Current year 34.61% and Previous year 34.61%)	385.88	288.03
Tax effect of:		
Non-deductible tax expenses	2.89	25.52
Tax-exempt income	-	-
Incremental deduction allowed for research and development costs	(46.10)	(86.90)
Incremental deduction allowed for investment allowance	-	(36.60)
Tax pertaining to prior years	-	19.78
Mat credit entitlement	-	(84.34)
	342.67	125.49

The Company's standalone weighted average tax rates for the years ended 31 March 2018 and 2017 were 30.73% and 15.08%, respectively.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

35 Deferred tax liabilities (net)

a) Recognised deferred assets and liabilities

	Deferred tax assets		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Property, plant and equipment	-	-	454.31	536.08	(454.31)	(536.08)
Inventories	14.28	10.82	-	-	14.28	10.82
Trade receivables	15.35	18.46	-	-	15.35	18.46
Loans and advances	3.46	1.73	-	-	3.46	1.73
Investments	3.46	-	-	-	3.46	-
Provisions	66.31	53.61	-	-	66.31	53.61
Loan processing charges	-	-	13.85	18.42	(13.85)	(18.42)
Net Deferred tax asset/(liabilities)	102.86	84.62	468.16	554.50	(365.30)	(469.88)

b) Movement in deferred tax balances

				31 March 2018		
	Net balance 1 April 2017	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(536.08)	81.77	-	(454.31)	-	(454.31)
Inventories	10.82	3.46	-	14.28	14.28	-
Trade receivables	18.46	(3.11)	-	15.35	15.35	-
Loans and advances	1.73	1.73	-	3.46	3.46	-
Investments	-	3.46	-	3.46	3.46	-
Provisions	53.61	12.42	0.28	66.31	66.31	-
Loan processing charges	(18.42)	4.57	-	(13.85)	-	(13.85)
Net Deferred tax asset/(liabilities)	(469.88)	104.30	0.28	(365.30)	102.86	(468.16)

c) Movement in deferred tax balances (previous year)

				31 March 2017		
	Net balance 1 April 2017	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(557.06)	20.98	-	(536.08)	-	(536.08)
Inventories	9.95	0.87	-	10.82	10.82	-
Trade receivables	31.17	(12.71)	-	18.46	18.46	-
Loans and advances	8.45	(6.72)	-	1.73	1.73	-
Provisions	43.33	8.26	2.02	53.61	53.61	-
Loan processing charges	(15.20)	(3.22)	-	(18.42)	-	(18.42)
Net Deferred tax asset/(liabilities)	(479.36)	7.46	2.02	(469.88)	84.62	(554.50)

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 and the period over which deferred income tax assets will be recovered.

36 Employee benefits

i Defined Contribution Plans

The Company makes contributions towards superannuation fund and other retirement benefits to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

Contribution to defined contribution plans, recognised are charged off for the year as under :

Particulars	31 March 2018	31 March 2017
Employer's contribution to Providend Fund	48.23	44.50
Employer's contribution to Superannuation Fund	1.20	1.33
Employer's Contribution to ESIC	1.90	1.09
Employer's Contribution to Labour Welfare Fund	0.04	0.04

(Currency: Indian rupees in million)

ii Defined Benefit Plans

Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company has obtained insurance policies with the Life Insurance Corporation of India (LIC) for eligible employees at Panoli plant and makes an annual contribution to LIC for amounts notified by LIC. The Company accounts for gratuity benefits payable in future based on an independent external actuarial valuation carried out at the end of the year using the projected unit credit method. Actuarial gains and losses are recognised as Other Comprehensive Income or Loss.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's standalone financial statements as at balance sheet date:

A Reconciliation of the net defined benefit asset/(liability)

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset/(liability) and its components

Reconciliation of present value of defined benefit obligation	31 March 2018	31 March 2017	1 April 2016
Balance at the beginning of the year	90.66	74.30	66.46
Current service cost	10.42	9.69	10.71
Past service cost	5.89	-	-
Interest cost (income)	6.80	5.77	5.32
Benefits paid	(5.59)	(4.43)	(13.41)
Actuarial losses/ (gains) recognised in other comprehensive income			
- financial assumptions	(0.91)	4.19	-
- experience adjustments	0.14	1.14	5.22
Balance at the end of the year	107.41	90.66	74.30
Reconciliation of present value of plan assets			
Balance at the beginning of the year	14.69	14.15	14.12
Interest income	1.10	1.06	1.60
Remeasurements	-	-	-
Return on plan assets, excluding amount included in interest (expense)/income	0.05	(0.52)	-
Employer contributions	2.56	4.42	1.94
Benefits paid	(1.84)	(4.42)	(3.51)
Balance at the end of the year	16.57	14.69	14.15
Net defined benefit (asset)/ liability	90.84	75.97	60.15

B Plan assets

Investment	31 March 2018	31 March 2017	1 April 2016
Policy of insurance	100%	100%	100%
Bank Special Deposit	0%	0%	0%
Investment in other securities	0%	0%	0%
Corporate Bonds	0%	0%	0%
State Government Bonds	0%	0%	0%

C The components of defined benefit plan expense are as follows:

	31 March 2018	31 March 2017
Recognised in income statement		
Current service cost	10.42	9.69
Past service cost	5.89	-
Interest cost	5.70	4.71
Expected return on plan assets	-	-
Total	22.01	14.40
Recognised in Other Comprehensive Income		
Remeasurement of net defined benefit liability/(asset)	(0.77)	5.33
Return on plan assets, excluding interest income	(0.05)	0.52
Total	(0.82)	5.85

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

D. Defined benefit obligations

i Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	31 March 2018	31 March 2017	1 April 2016
Expected return on plan assets			
Discount rate	7.60%	7.50%	7.50%
Salary escalation rate	5.00%	5.00%	5.00%
Attrition rate	1.00%	1.00%	1.00%
Mortality rate table	Indian assured lives mortality (2006-08)		

ii Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	99.03	117.11	83.06	99.47
Rate of salary increase (1% movement)	116.74	99.16	97.45	83.78
Rate of employee turnover (1% movement)	107.60	107.22	90.83	90.47

The above sensitivity analyses have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the reporting date. In practice, generally it does not occur. When we change one variable, it affects to others. In calculating the sensitivity, project unit credit method at the end of the reporting period has been applied.

Maturity profile of the defined benefit obligation

Particulars	Up to 1 year	1-2 years	2-5 years	6 -10 years	Total
31 March 2018					
Defined benefit obligations (Gratuity)	11.72	6.52	18.92	53.68	90.84
Total	**11.72**	**6.52**	**18.92**	**53.68**	**90.84**
31 March 2017					
Defined benefit obligations (Gratuity)	17.60	4.42	18.18	41.77	75.97
Total	**17.60**	**4.42**	**18.18**	**41.77**	**75.97**

Other long term employee benefit plans

Compensated absences:

The obligation for leave encashment is recognised in the same manner as gratuity. The Company's liability on account of compensated absences is not funded and hence the disclosures relating to the planned assets are not applicable. Amount of ₹ 42.47 million (previous year ₹ 41.89 million) towards compensated absences is recognised as an expense and included in "Employee benefits expense" in the Statement of profit and loss during the year.

37 Operating leases

Leases as lessee

The Company has taken printers, copiers and office and residential premises under cancellable and non-cancellable operating lease arrangements. Lease rentals debited to the statement of profit and loss aggregate ₹ 3.11 million (PY ₹ 5.18 million) for non-cancellable lease and ₹ 15.06 million (PY ₹16.22 million) for cancellable lease

i Future minimum lease payments

The future minimum lease payments to be made under non-cancellable operating leases are as follows:

	31 March 2018	31 March 2017
Payable within one year	3.26	3.75
Payable between one year and five years	13.06	14.06
Payable after more than five years	-	2.27
	16.32	20.08

ii Amount recognised in profit or loss

	Year ended 31 March 2018	Year ended 31 March 2017
Lease expense - minimum lease payments	18.17	21.40

(Currency: Indian rupees in million)

38 Financial instruments – Fair values and risk management

A Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include 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.

31 March 2018	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Cash and cash equivalents	-	58.22	58.22	-	-	-	-
Other bank balances	-	214.02	214.02	-	-	-	-
Loans - current	-	3.58	3.58	-	-	-	-
Trade receivables	-	2,873.73	2,873.73	-	-	-	-
	-	3,149.55	3,149.55	-	-	-	-
Financial liabilities							
Borrowing - non current	-	2,966.31	2,966.31	-	2,966.31	-	2,966.31
Borrowing - current	-	2,771.62	2,771.62	-	-	-	-
Trade payables	-	1,645.46	1,645.26	-	-	-	-
Other financial liabilities - current		874.28	874.28	-	874.28	-	874.28
		8,257.67	8,257.67	-	3840.59	-	3840.59

31 March 2017	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Cash and cash equivalents	-	19.25	19.25	-	-	-	-
Other bank balances	-	145.40	145.40	-	-	-	-
Loans - current	-	3.09	3.09	-	-	-	-
Trade receivables	-	2,564.70	2,564.70	-	-	-	-
	-	2,732.44	2,732.44	-	-	-	-
Financial liabilities							
Borrowing - non current	-	3,201.52	3,201.52	-	3,201.52	-	3,201.52
Borrowing - current	-	2,302.35	2,302.35	-	-	-	-
Trade payables	-	1,304.31	1,304.31	-	-	-	-
Other financial liabilities - current		726.03	726.03	-	726.03	-	726.03
	-	7,534.21	7,534.21	-	3927.55	-	3927.55

1 April 2016	Carrying amount			Fair value			
	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Cash and cash equivalents	-	42.90	42.90	-	-	-	-
Other bank balances	-	148.65	148.65	-	-	-	-
Loans - current	-	2.41	2.41	-	-	-	-
Trade receivables	-	2,140.90	2,140.90	-	-	-	-
Other financial assets - current	-	2.41	2.41	-	-	-	-
	-	2,337.27	2,337.27	-	-	-	-
Financial liabilities							
Borrowing - non current	-	2,877.37	2,877.37	-	2,877.37	-	2,877.37
Borrowing - current	-	2,761.95	2,761.95	-	-	-	-
Trade payables	-	1,278.48	1,278.48	-	-	-	-
Other financial liabilities - current	-	513.43	513.43	-	513.43	-	513.43
	-	7,431.23	7,431.23	-	3390.80	-	3390.80

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

B. Measurement of fair values

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward contracts for foreign exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currency.	Not applicable	Not applicable
Non current financial assets and liabilities measured at amortised cost	Discounted cash flows: The valuation model considers the present value of expected receipt/payment discounted using appropriate discounting rates.	Not applicable	Not applicable

C. Financial risk management

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

- Credit risk ;
- 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 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 Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how 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. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At 31 March 2018, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

	Carrying amount	
	31 March 2018	31 March 2017
India	791.48	896.19
Other regions	2082.25	1,668.51
	2,873.73	2564.70

At 31 March 2018, the Company's most significant customer, accounted for ₹ 1,760.32 million (31 March 2017: ₹ 1,839.29 million) of the trade and other receivables carrying amount.

(Currency: Indian rupees in million)

Impairment

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables.

31 March 2018	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	2,790.94	0.49%	6.83
Past due 0-90 days	38.76	1.55%	1.33
Past due 91-180 days	41.71	30.52%	12.73
Past due 181-365 days	14.36	39.62%	5.69
Past due 366-730 days	14.03	44.76%	6.28
Past due 731-1096 days	15.41	55.94%	8.62
More than 1096 days	2.88	100.00%	2.88
	2,918.09		**44.36**

31 March 2017	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	2,330.86	0.56%	13.13
Past due 0-90 days	234.84	4.86%	11.41
Past due 91-180 days	19.82	37.41%	7.41
Past due 181-365 days	3.19	42.30%	1.35
Past due 366-730 days	15.02	46.47%	6.98
Past due 731-1096 days	11.17	88.88%	9.93
More than 1096 days	3.15	100.00%	3.15
	2,618.05		**53.36**

1 April 2016	Carrying Amount	Weighted Average Loss Rate	Loss Allowance
Not due	1,993.61	0.34%	6.79
Past due 0-90 days	102.90	2.77%	2.85
Past due 91-180 days	19.33	16.71%	3.23
Past due 181-365 days	32.23	32.36%	10.43
Past due 366-730 days	30.20	52.88%	15.97
Past due 731-1096 days	13.94	86.37%	12.04
More than 1096 days	38.77	100.00%	38.77
	2,230.98		**90.08**

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows.

Particulars	Amount
Balance as at 31 March 2016	90.08
Impairment loss recognised / (reversal)	(36.72)
Balance as at 31 March 2017	53.36
Impairment loss recognised / (reversal)	(9.00)
Balance as at 31 March 2018	**44.36**

Cash and cash equivalents

The Company held cash and cash equivalents of ₹ 58.22 million at 31 March 2018 (31 March 2017: ₹ 19.25 million). The cash and cash equivalents are held with banks with good credit ratings and financial institution counterparties with good market standing.

Other than trade and other receivables, the Company has no other financial assets that are past due but not impaired.

iii. 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.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

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.

Contractual cash flows

31 March 2018	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings-Non current	2,966.31	2,966.31	-	2,737.33	228.98
Borrowings-Current	2,771.62	2,771.62	2,771.62	-	-
Other financial liabilities - current	874.28	874.28	874.28	-	-
Trade payables	1,645.46	1,645.46	1,645.46	-	
	8,257.67	**8,257.67**	**5291.36**	**2,737.33**	**228.98**
Derivative Financial Liabilities					
Forward Exchange Contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-

			Contractual cash flows		
31 March 2017	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings-Non current	3,201.35	3,201.35	-	2,370.07	831.28
Borrowings-Current	2,302.35	2,302.35	2,302.35	-	-
Other financial liabilities - current	726.03	726.03	726.03	-	-
Trade payables	1,304.31	1,304.31	1,304.31	-	-
	7,534.04	**7,534.04**	**4,332.69**	**2,370.07**	**831.28**
Derivative Financial Liabilities					
Forward Exchange Contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-

			Contractual cash flows		
31 March 2016	Carrying amount	Total	Upto 1 year	1-5 years	More than 5 years
Non-derivative financial liabilities					
Borrowings-Non current	2,877.37	2,877.37	-	1,829.26	1,048.11
Borrowings-Current	2,761.95	2,761.95	2,761.95	-	-
Other financial liabilities - current	513.43	513.43	513.43	-	-
Trade payables	1,278.48	1,278.48	1,278.48	-	-
	7,431.23	**7,431.23**	**4,553.86**	**1,829.26**	**1,048.11**
Derivative Financial Liabilities					
Forward Exchange Contracts					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

(Currency: Indian rupees in million)

iv Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of our investments. Thus, our exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Company is exposed to currency risk on account of its operating and financing activities. The functional currency of the Company is Indian Rupee. The Company uses forward exchange contracts to hedge its currency risk.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March 2018 and 31 March 2017 are as below:

31 March 2018	USD	EUR	GBP	Other
Financial assets	1,413.10	518.76	12.11	-
Financial liabilities	3,189.87	626.68	5.45	-
Net Exposure	**(1,776.77)**	**(107.92)**	**6.66**	**-**
31 March 2017	**USD**	**EUR**	**GBP**	**Other**
Financial assets	1,401.21	326.34	-	-
Financial liabilities	2,973.39	275.78	-	0.02
Net Exposure	**(1,572.18)**	**50.56**	**-**	**(0.02)**
31 March 2016	**USD**	**EUR**	**GBP**	**Other**
Financial assets	939.16	578.37	93.91	-
Financial liabilities	2,980.88	612.93	72.54	0.01
Net Exposure	**(2,041.72)**	**(34.56)**	**21.37**	**(0.01)**

Others includes AED and JPY

The forward contract booked during the year the includes future revenue transaction exposure.

The foreign exchange forward contracts outstanding as 31 March 2018 is Nil. (As on 31 March 2017 Nil).

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars, Euros and Singapore dollars at 31 March would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	Profit or loss	
Effect in INR	Strengthening	Weakening
31 March 2018		
USD (3% movement)	53.30	(53.30)
EUR (3% movement)	3.24	(3.24)
GBP (3% movement)	(0.20)	0.20
	56.34	(56.34)

	Profit or loss	
Effect in INR	Strengthening	Weakening
31 March 2017		
USD (3% movement)	61.25	(61.25)
EUR (3% movement)	1.04	(1.04)
GBP (3% movement)	(0.64)	0.64
	61.65	(61.65)

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018

(Currency: Indian rupees in million)

v. 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 investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Since the Company does not have any significant financial assets or financial liabilities bearing floating interest rates, a change in interest rates at the reporting date would not have any significant or material impact on the standalone financial statements of the Company.

	Nominal amount		
	31 March 2018	31 March 2017	31 March 2016
Fixed-rate instruments			
Financial assets	237.90	186.84	155.21
Financial liabilities	(5,087.37)	(4,724.31)	(5,010.25)
	(4,849.47)	(4,537.47)	(4,855.04)
Variable-rate instruments			
Financial assets	-	-	-
Financial liabilities	(1263.55)	(1253.82)	(993.05)
	(1263.55)	(1253.82)	(993.05)

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

The Company does not have any financial assets or financial liabilities bearing floating interest rates. Therefore a change in interest rates at the reporting date would not affect profit or loss.

39 Capital Management

For the purpose of the Company's capital management, capital includes issued capital and other equity reserves. The primary objective of the Company's capital management is to safequard its ability to continue as going concern and to maintain and optimal capital structure so as to maximise shareholders value. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants.

As at 31 March 2018, the Company has only one class of equity shares and debt of ₹ 6,350.20 million. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Company allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans.

The Company monitors capital using adjusted net debt to equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

	31 March 2018	31 March 2017	1 April 2016
Non-current borrowings	2,966.31	3,201.29	2,877.37
Current borrowings	2,771.62	2,302.25	2,761.95
Current maturity of long term debt	612.99	474.59	363.98
Gross debt	6,350.92	5,978.13	6,003.30
Less - Cash and cash equivalents	58.22	19.25	42.90
Less - Other bank deposits	213.59	181.29	146.67
Adjusted net debt	6,079.11	5,777.59	5,813.73
Total equity	6,693.95	6,049.91	5,550.31
Adjusted net debt to equity ratio	0.91	0.95	1.05

(Currency: Indian rupees in million)

40 Contingent liabilities and commitments (to the extent not provided for)

	31 March 2018	31 March 2017
A. Contingent liabilities		
Direct and Indirect taxes		
Income Taxes	124.10	124.10
Excise Duty	40.13	40.13
B. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances,	172.93	314.82

In addition, the Company is subject to legal proceedings and claims, which have arisen in the ordinary course of business. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liability, where applicable in its financial statements. The Company's management does not reasonably expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect of the Company's results of operations or financial condition.

41 Dues to micro and small suppliers

Particulars	31 March 2018	31 March 2017
1. The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	61.24	47.15
- Interest on the above	-	-
2. The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006	-	-
3. The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
5. The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
6. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

42 Details of Specified Bank Notes (SBN)

Schedule III of the Companies Act, 2013 was amended by Ministry of Corporate Affairs vide Notification G.S.R. 308(E) dated 30 March 2017. The said amendment requires the Company to disclose the details of Specified Bank Notes held and transacted during the period from 8 November 2016 to 30 December 2016. Details of Specified Bank Notes held and transacted during the period from 8 November 2016 to 30 December 2016 are as follows:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	1.16	2.04	3.2
Add : Withdrawal from bank accounts	-	3.95	3.95
Add : Receipts from permitted transactions	-	0.32	0.32
Less : Permitted payments	-	4.5	4.5
Less : Paid for non-permitted transactions#	0.28	-	0.28
Less : Deposited in bank accounts	0.88	0.62	1.5
Closing cash in hand as on 30 December 2016	-	1.19	1.19

#These transactions pertain to payments made to the transporters for transport of goods in the ordinary course of business.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

43 Sale of Research and Development (R&D) land and building situated at Bangalore

During the previous year, the Company has sold land and building at Bangalore R&D unit at a value of ₹ 170 million. The difference between the selling price of land and the carrying value of land as on the date of sale is ₹ 0.56 million which has been adjusted against the loss on sale of Property, Plant and Equipment in Note 4.

As a consequence of the aforesaid sale, other property, plant and equipment aggregating ₹ 25.77 million situated at Bangalore R&D unit has been written-off during the previous year. The balance assets (in the form of stores and spares etc.) in the balance sheet pertaining to Bangalore R&D unit aggregating ₹ 35.79 million have also been charged to the Statement of Profit and Loss in the previous year.

44 Due relating to Investor Education and Protection fund

There are no dues which need to be credited as at the year end to the Investor Education and Protection fund

45 Corporate social responsibility

As per Section 135 of the Act, a CSR committee has been formed by the Company. The funds are utilised during the year on the activities which are specified in Schedule VII of the Act. The utilisation is done by way of direct and indirect contribution towards various activities.Gross amount required to be spent by the Company during the year: ₹ 11.98 million (previous year: ₹13.07 million)The areas of CSR activities and contributions made thereto are as follows:

Amount spent during the year on ;	31 March 2018	31 March 2017
Protection of national heritage	0.78	3.50
Promotion of education	1.08	5.39
Promotion of vocational skill	6.45	1.00
Rural development	-	1.94
Environmental sustainability	1.22	0.11
Promoting preventive health care and sanitation and making available safe water	1.70	0.98
Others	0.79	1.04
Total	12.02	13.96

The Company does not carry any provisions for corporate social responsibility expenses for the current year and the previous year.

46 Research and development expenditure :

A unit of the Company has been recognized by DSIR as in-house Research and Development unit. The Company claims 150% (P.Y 200%) exemption under Sec 35(2AB) of Income Tax Act 1961 for expenditure incurred on in-house R&D activities.

Amount in respect to	31 March 2018	31 March 2017
Capital expenditure	8.18	17.75
Revenue expenditure	392.14	344.25
	400.32	362.00

47 Payment to Auditors' (excluding goods and service tax)

	31 March 2018	31 March 2017
- Audit fees	3.55	3.55
- Limited review of quarterly results	2.50	2.25
- Certification and other matters	0.63	0.28
- Out-of-pocket expenses	0.35	0.35
Total	7.03	6.43

(Currency: Indian rupees in million)

48 Disclosure under Section 186 of the Companies Act, 2013

a) The details of loan under Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are as follows:

Name of entity / parties	As at 31 Mar 17	Loan given during the year	Written off during the year	As at 31 Mar 18
Hikal International B.V. (100% subsidiary)	-	-	-	-
	(12.54) *	-	(12.54) #	-

Note

Purpose of utilisation of above loan — Working capital

Loan repayment terms — Repayable on demand

Rate of interest — 8%

#During previous year, the Company has sold 7,200 equity shares of Euro 10 each fully paid up of Hikal International BV (100% Subsidiary of the Company) for Euro 1 (equivalent Indian ₹ 72). The said investment was fully written-off in earlier years. Consequent to sale of the investment in Hikal International BV, the Company has written-off the inter-corporate loans given to the said entity aggregating ₹ 12.54 million during the previous year.

b) Details of investment made during the year ended 31 March 2018 as per section 186 (4) of the Act:

Name of entity	31 Mar 17	Investment made during the year	Change due to fair valuation	31 Mar 18
Bharuch Eco Aqua. Infrastructure Limited	6.67	-	-	6.67
Panoli Enviro Technology Limited	0.70	-	-	0.70
Jiangsu Chemstar Chemical Co Limited	25.47	-	(10.00)	15.47
Bank of Baroda	1.49	-	(0.05)	1.44
Union Bank of India	0.38	-	(0.10)	0.28
Acoris Research Limited	0.10	-	-	0.10

49 Capitalisation of expenditure

During the year, the Company has capitalised the following expenses of revenue nature to the cost of property, plant and equipment (tangible fixed assets)/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	Year ended 31 Mar 2018	Year ended 31 Mar 2017
Salaries, wages and bonus	22.53	20.13
Finance costs	15.44	31.12
Other expenses	-	7.43
Total	37.97	58.68

50 Segment information

For management purposes, the Company is organised into business units based on its products and services and has two reportable segments, as follows:

Pharmaceuticals: Segment produces in Active Pharmaceutical Ingredients

Crop protection: Segment manufactures in pesticides, herbicides, etc.

The Chief Operating Decision Maker ("CODM") evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segments, and does not review the total assets and liabilities of an operating segment.

Based on above, following are reportable segments as per Ind AS 108

Primary Segment (Operating Segment): Based on product lines of Company	Secondary Segment (Geographical Segment): Based on geographical area of operation
Pharmaceuticals Crop Protection	India and Outside India

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

Segment wise classification :-

A i) Primary segment reporting (by business segment)

The Company's business segments based on product lines are as under :-

Pharmaceuticals :Segment produces in Active Pharmaceutical Ingredients-

Crop Protection : Segment produces in pesticides and herbicides, etc.

ii) Segment revenues, results and other information

Particulars	Crop Protection	Pharmaceutical	Total of Reportable Segment
External sales (Gross of excise duty)	5,472.80	7,528.07	13,000.87
	4,233.10	*6,106.50*	*10,339.60*
Other income	-	-	-
	-	-	-
Segment revenue	5,472.80	7,528.07	13,000.87
	4,233.10	*6,106.50*	*10,339.60*
Segment results	865.20	985.50	1,850.70
	745.20	*777.30*	*1,522.50*
Segment assets	5,304.10	9,214.40	14,518.50
	4,299.10	*8,695.60*	*12,994.70*
Segment liabilities	1,838.70	1,686.10	3,524.80
	949.70	*1,665.00*	*2,614.70*
Capital expenditure (included in segment assets)	380.31	795.57	1,175.88
	445.69	*872.53*	*1,318.22*
Depreciation/Amortisation	272.10	566.06	838.16
	153.50	*522.60*	*676.10*

Figures in italics pertain to previous year

iii) Reconciliation of reportable segments with the financial statements

	Revenues	Results / Net Profits	Assets	Liabilities	Capital Expenditure	Depreciation/ Amortisation
Total of reportable segments	13,000.87	1,850.70	14,518.50	3,524.80	1,175.88	838.16
	10,339.60	*1,522.50*	*12,994.70*	*2,614.70*	*1,318.22*	*676.10*
Corporate / Unallocated segment	-	244.59	898.68	5,198.43	97.14	17.77
	-	*207.49*	*800.05*	*5,130.14*	*28.37*	*15.31*
Finance cost	-	491.17	-	-	-	-
	-	*482.74*	-	-	-	-
Taxes	-	342.67	-	-	-	-
	-	*125.49*	-	-	-	-
As per financial statement	13,000.87	772.27	15,417.18	8,723.23	1,273.01	855.93
	10,339.60	*706.72*	*13,794.75*	*7,744.84*	*1,346.59*	*691.41*

Figures in italics pertain to previous year

B Secondary segment reporting (by geographical segment)

Particulars	India	USA and Canada	Europe	South East Asia	Others	Total
Revenue	3,926.35	2,115.46	3,767.46	2,926.93	264.67	13,000.87
	3,727.16	*802.19*	*2,848.74*	*2,792.50*	*169.01*	*10,339.60*
Total assets	15,417.18	-	-	-	-	15,417.18
	13,794.75	-	-	-	-	*13,794.75*
Capital expenditure	1,273.01	-	-	-	-	1,273.01
	1,346.59					*1,346.59*

There is no transactions with single external customer which amounts to 10% or more of the Company's revenue.

Figures in italics pertain to previous year

(Currency: Indian rupees in million)

51 Related party disclosures

The note provides the information about the Companys structure. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

i) List of Related parties

Subsidiaries

Name of the related party	Relationship	Country of incorporation	Ownership interest 31 March 2018	31 March 2017	1 April 2016
Hikal International B.V. Netherland ("HIBV") (Upto 11 December 2016)Subsidiary	Netherland	-	-	100%	
Acoris Research Limited ("ARL")	Subsidiary	India	**100%**	100%	100%

Other related parties

Relationship	Name of the related party
a) Company/ enterprises exercising significant influence through voting power ('significant shareholder')	Kalyani Investment Company Limited ("KICL")
b) Key Management Personnel (KMP) Executive Directors	Jai Hiremath (Chairman and Managing Director) Sameer Hiremath (President and Joint Managing Director)
c) Enterprises owned or controlled or significantly influenced by key management personnel or their relatives	Decent Electronics Private Limited ("DEPL") Marigold Investments Private Limited ("MIPL") Iris Investments Private Limited ("IIPL") Karad Engineering Consultancy Private Limited ("KECPL") Ekdant Investments Private Limited ("EIPL") Shri Rameswara Investment Private Limited ("SRIPL") Shri Badrinath Investment Private Limited ("SBIPL") Rushabh Capital Services Private Limited ("RCSPL")
d) Relatives of Key Management Personnel	Sugandha Hiremath
e) Non-executive directors	Baba Kalyani Amit Kalyani K.K. Unni Prakash Mehta S. M. Kheny Wolfang Welter Axel Kleemann Ranjit Shahani

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
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ii) Details of transactions with related parties

Particulars	Transaction value		Balances outstanding		
	Year ended 31 March 2018	Year ended 31 March 2017	31 March 2018	31 March 2017	1 April 2016
Loans and advances					
HIBV	-	-	-	-	10.63
Remuneration					
Jai Hiremath	30.35	29.88	-	-	-
Sameer Hiremath	17.14	16.31	-	-	-
Commission paid					
Jai Hiremath	11.38	9.00	11.38	9.00	5.50
Sameer Hiremath	11.38	9.00	11.38	9.00	5.50
Sitting fees					
Sugandha Hiremath	1.00	0.80	-	-	-
Baba Kalyani	0.10	0.15	-	-	-
Amit Kalyani	0.10	0.10	-	-	-
K.K. Unni	1.20	0.80	-	-	-
Prakash Mehta	1.30	0.70	-	-	-
S. M. Kheny	0.90	0.70	-	-	-
Wolfang Welter	0.40	0.25	-	-	-
Axel Kleemann	0.30	0.25	-	-	-
Dividend paid					
SBIPL	17.26	7.97	-	-	-
SRIPL	8.50	3.92	-	-	-
DEPL	0.04	0.02	-	-	-
EIPL	0.34	0.16	-	-	-
KECPL	0.06	0.03	-	-	-
KICL	33.51	15.47	-	-	-
Sugandha Hiremath	8.37	3.87	-	-	-
Jai Hiremath	1.16	0.54	-	-	-
Sameer Hiremath	0.34	0.16	-	-	-
Lease rent paid					
RCSPL	1.08	1.08	-	-	-
Sugandha Hiremath	2.40	2.40	-	-	-
Jai Hiremath	0.30	0.30	-	-	-
Security Deposit					
RCSPL	-	-	1.10	1.10	1.10
Sugandha Hiremath	-	-	50.00	50.00	50.00

52 Explanation of transition to Ind AS

For the purposes of reporting as set out in Note 1, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 3 have been applied in preparing the standalone financial statements for the year ended 31 March 2017, the comparative information presented in these standalone financial statements for the year ended 31 March 2017 and in the preparation of an opening Ind AS balance sheet at 1 April 2016 (the "transition date").

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in standalone financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

Optional exemptions availed and mandatory exceptions

In preparing these standalone financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1 Property plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

(i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date

(ii) use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

* fair value;

* or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

(iii) use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition. As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets.

2 Investment in subsidiaries:

The Company has elected to adopt the carrying value under previous GAAP as on the date of transition in its standalone financial statements.

B. Mandatory exceptions

1 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the previous GAAP are listed below

Fair valuation of financial instruments carried at FVTPL.

Impairment of financial assets based on the expected credit loss model.

Determination of the discounted value for financial instruments carried at amortised cost.

Notes to the standalone financial statements (Continued)

For the year ended 31 March 2018
(Currency: Indian rupees in million)

2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

Reconciliation of net profit as reported under previous Generally Accepted Accounting principles ("Previous GAAP") and as per IND AS is given as follows.

	Particulars	Net Profit Year ended 31 March 2017
	Net profit as per previous GAAP	667.94
	Ind AS adjustments	
1	Amortisation of upfront fees on borrowings	15.60
2	Trade receivables provision based on expected credit loss model	(18.60)
3	Deferred tax on Ind AS adjustments	37.95
4	Actuarial gain/(loss) on defined benefit plans reclassified to OCI net of tax	3.83
	Net profit as per Ind AS	**706.72**

Reconciliation of equity as reported under previous Generally Accepted Accounting principles ("Previous GAAP") and as per IND AS is given as follows.

	Particulars	As on 31 March 2017
	Equity as per previous GAAP	6,212.56
	Ind AS adjustments	
1	Amortisation of upfront fees on borrowings	16.60
2	Trade receivables provision based on expected credit loss model	(43.40)
3	Deferred tax on Ind AS adjustments	(140.85)
4	Fair valuation of investment	5.00
	Equity as per Ind AS	**6,049.91**

Notes to reconciliation

Upfront fees on borrowings:

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

Trade receivables:

Under Indian GAAP, the Company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind-AS, impairment allowance has been determined based on Expected Loss model (ECL).

Deferred tax assets (net):

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temprorary differences which was not required under Indian GAAP.

Fair valuation of investment:

Under previous GAAP, the Company accounted for current investments were carried at lower of cost or market value. Under Ind-AS, these investments are required to measured at fair value at the end of each reporting and resulting fair value changes are to recognised in Other comprehensive income.

Actuarial gain and loss:

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under previous GAAP the Company recognised actuarial gains and losses in profit or loss. However, this has no impact on the total comprehensive income and total equity as on 1 April 2016 or as on 31 March 2017.

(Currency: Indian rupees in million)

Reconciliation of equity as reported under previous Generally Accepted Accounting principles ("Previous GAAP") and as per IND AS is given as follows.

Particulars	As on 1 April 2016
Equity as per previous GAAP	5,648.98
Ind AS adjustments	
1. Amortisation of upfront fees on borrowings	1.02
2. Trade receivables provision based on expected credit loss model	(24.73)
3 Deferred tax on Ind AS adjustments	(178.89)
4. Fair valuation of investment	5.00
5 Proposed dividend	98.93
Equity as per Ind AS	5,550.31

Notes to reconciliation

Upfront fees on borrowings:

Under Indian GAAP, transaction costs incurred in connection with interest bearing loans and borrowings are amortised upfront and charged to profit or loss for the period. Under Ind-AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

Trade receivables:

Under Indian GAAP, the company has created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind-AS, impairment allowance has been determined based on Expected Loss model (ECL).

Proposed dividend:

Under Indian GAAP, proposed dividends are recognised as a liability in the period to which they relate, irrespective of when they are declared. Under Ind-AS, a proposed dividend is recognised as a liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. In the case of the company, the declaration of dividend occurs after period end. Therefore, the liability of recorded for this dividend has been derecognised against retained earnings.

Deferred tax assets (net):

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind-AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

Fair valuation of investment:

Under previous GAAP, the Company accounted for current investments were carried at lower of cost or market value. Under Ind-AS, these investments are required to measured at fair value at the end of each reporting and resulting fair value changes are to recognised in Other comprehensive income.

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Vijay Bhatt
Partner
Membership No: 036647

Mumbai
9 May 2018

For and on behalf of the Board of Directors of Hikal Limited
CIN: L24200MH1988PTC048028

Jai Hiremath
Chairman & Managing Director- DIN: 00062203

Kannan K. Unni
Director- DIN: 00227858

Sham Wahalekar
Chief Financial Officer & Company Secretary- CS Membership No: 8745

Mumbai
9 May 2018