NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

1. COMPANY OVERVIEW

Emami Limited ("the Company") is one of India's leading FMCG Companies engaged in manufacturing & marketing of personal care & healthcare products with an enviable portfolio of household brand names such as BoroPlus, Navratna, Fair and Handsome, Zandu Balm, Kesh King, Zandu Pancharishta, Mentho Plus Balm and others.

The Company is a public limited company domiciled in India and is primarily listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE). The registered office of the Company is located at 687, Anandapur, E.M. Bypass, Kolkata, West Bengal.

2.1 BASIS OF PREPARATION

These standalone financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act 2013 ("Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended. These financial statements are prepared under the historical cost convention on the accrual basis except for following assets and liabilities which have been measured at fair value or revalued amount :

a) Derivative financial instruments

b) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

c) Defined benefit plans – plan assets

The financial statements were approved for issue in accordance with the resolution of the Board of Directors on 3rd May, 2018.

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Revenue Recognition

Revenue from sale of goods in the course of ordinary activities is recognised when all the significant risks and rewards of ownership are transferred to the buyer as per the terms of the contract and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. Revenue is measured at the fair value of the consideration received or receivable and includes excise duty and are net of returns and allowances, trade discounts, volume rebates, value added tax, sales tax and goods and service tax.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) / Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Profit or Loss. The Company has determined that it does not meet criteria for recognition of lease rental income on a basis other than straight-line basis.

Dividend income is recognised when the Company's right to receive dividend is established. Interest income is recognized using the effective interest method. EIR is the rate that exactly discounts the estimated future cash

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payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

b. **Property, Plant & Equipment**

Capital work in progress, plant and equipment are stated at acquisition cost, less accumulated depreciation and accumulated impairment loss, if any. The cost of Property, Plant & Equipment comprises of its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Interest and other financial charges on loans borrowed specifically for acquisition of capital assets are capitalised till the start of commercial production.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the Statement of Profit or Loss as incurred.

Depreciation is provided on the straight line method over the estimated useful lives of assets and are in line with the requirements of Part C of Schedule II of the Companies Act, 2013, except certain items of building and plant & machinery as detailed in next paragraph. The estimated useful lives are as follows:

Factory Building	30 Years
Non-factory Buildings (including Roads)	5 - 60 Years
Plant & Machinery*	10-15 Years
Furniture & Fixtures	10 Years
Office Equipment	3-5 Years
Vehicles	8 Years

Leasehold Land is amortised over the period of lease ranging from 30 to 99 years.

Freehold land is not depreciated.

*Block, Dies & Moulds (other than High-End Moulds) are depreciated @100% on prorata basis.

The Company, based on assessment made by technical expert and management estimate, depreciates certain items of building and plant and equipment over 20 years and 3 - 10 years respectively. These estimated useful lives are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as 'Capital Advances' under other 'Non-Current Assets'.

"An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The cost and related accumulated depreciation are eliminated from the financial statements upon derecognition and the resultant gains or losses are recognized in the Statement of Profit & Loss."

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

c. Investment Property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and are stated at cost less accumulated depreciation and accumulated impairment loss, if any. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the Statement of Profit & Loss as incurred.

The Company depreciates building component of investment property on the straight line method over the estimated useful life of 60 years from the date of original purchase and are in line with the requirements of Part C of Schedule II of the Companies Act, 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed internally by the Company.

d. Intangible Assets

Intangible Assets acquired separately are measured on initial recognition at cost. Intangible Assets acquired in a business combination is valued at their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of Intangible Assets are assessed as either finite or indefinite.

Intangible Assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an Intangible Asset with a finite useful life are reviewed at the end of each reporting period. The amortisation expense on Intangible Assets with finite lives is recognised in the Statement of Profit & Loss. The Company amortises intangible assets over their estimated useful lives using the straight line method.

The estimated useful lives of assets are as follows:

Softwares & Licences (Acquired)	6 Years
Brand & Trademarks (Acquired)	5 - 10 Years
Copy Rights (Acquired)	5 - 10 Years

Intangible Assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit & Loss when the asset is derecognised.

e. Research & Development Cost

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale

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- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually.

f. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

i) Raw materials, Packing materials and Stores & Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average method.

ii) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity. Cost is determined on weighted average method.

iii) Stock in trade: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on moving weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

g. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are 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 determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

h. **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The EIR amortisation is included in finance income in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at Fair Value Through Profit and Loss (FVTPL). For all other equity instruments, the Company makes an irrevocable election to present in Other Comprehensive Income (OCI) subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Investments in subsidiaries and associate are stated at cost less provision for impairment loss, if any. Investments are tested for impairment wherever event or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of investments exceeds its recoverable amount.

Derecognition

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

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

ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

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

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

ii) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18 (referred to as 'contractual revenue receivables' in these financial statements)

The Company follows 'simplified approach' for recognition of impairment loss allowance on Trade receivables or contract revenue receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original Effective Interest Rate (EIR). Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the Statement of Profit and Loss. This amount is reflected under the head 'other expenses' (or 'other income') in the Statement of Profit and Loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

i. Fair Value Measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

j. Cash & Cash Equivalents

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

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

k. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss, unless they are directly attributable to qualifying assets. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

l. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

m. Employee Benefits

Defined Contribution Plan

The Company makes contributions towards provident fund and superannuation fund to the regulatory authorities in a defined contribution retirement benefit plan for qualifying employees, where the Company has no further obligations. Both the employees and the Company make monthly contributions to the Provident Fund Plan equal to a specified percentage of the covered employee's salary.

In Vapi, Dongari and Masat Units, the superannuation fund is administered by the Life Insurance Corporation of India (LIC).

Defined Benefit Plan

i) In respect of certain employees, provident fund contributions are made to a Trust administered by the Company. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of the year and any shortfall in the fund size maintained by the Trust set up by the Company is additionally provided for.

ii) The Company operates a defined benefit gratuity plan in India, comprising of Gratuity fund with Life Insurance Corporation of India. The Company's liability is actuarially determined using the Projected Unit Credit method at the end of the year in accordance with the provision of Ind AS 19 - Employee Benefits.

The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The effect of any plan amendments are recognized in the Statement of Profit & Loss.

The Company recognises the changes in the net defined benefit obligation like service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income, as an expense in the Statement of Profit and Loss.

Other Long Term Employee Benefits

The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the end of each financial year. This benefit is not funded except in Vapi, Dongari and Masat units, where the Leave Fund is with Life Insurance Corporation of India. The Company presents the leave as current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date. Where the Company has unconditional legal and contractual right to defer the settlement for the period beyond 12 months, the same is presented as non-current liability. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

n. Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities (DTL) are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current and Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the concerned company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset, it is created by way of credit to the Statement of Profit and Loss and shown as part of deferred tax asset. The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

Certain units of the Company are entitled to tax holiday under the Income-tax Act, 1961 enacted in India. Accordingly, no deferred tax (asset or liability) relating to such units is recognized in respect of temporary differences which reverse during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognized in the year in which the temporary differences originate. However, the Company restricts recognition of deferred tax assets to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realized.

o. Foreign Currency Transactions & Translations

Functional and presentation currency

The standalone financial statements are presented in INR, the functional currency of the Company. Items included in the financial statements of the Company are recorded using the currency of the primary economic environment in which the Company operates (the 'functional currency').

Transaction and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

p. **Provisions and Contingent Liabilities**

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

q. **Government Grants**

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with and the grants will be received. Grants related to assets are treated as deferred income and are recognized as other income in the Statement of profit & loss on a systematic and rational basis over the useful life of the asset. Grants related to income are recognized on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate and are deducted from the expense in the statement of profit & loss.

r. **Earnings Per Share**

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

Cash earnings per share , a non GAAP measure is calculated by dividing cash profit for the period attributable to the equity shareholders by the weighted average number of shares outstanding during the period. Cash profit is calculated by adding depreciation and amortisation expenses to the net profit for the period.

s. **Business Combination**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable.

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When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date.

t. Current and non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

a) expected to be realised or intended to be sold or consumed in the normal operating cycle,

b) held primarily for the purpose of trading,

c) expected to be realised within twelve months after the reporting period, or

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

A liability is classified as current when:

a) it is expected to be settled in the normal operating cycle,

b) it is due to be settled within twelve months after the reporting period, or

c) there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as noncurrent.

u. Dividend:

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

v. Measurement of EBITDA

The Company presents Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) in the statement of profit or loss; this is not specifically required by Ind AS 1. The terms EBITDA are not defined in Ind AS. Ind AS complaint Schedule III allows companies to present Line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the Financial Statements when such presentation is relevant to an understanding of the company's financial position or performance or to cater to industry/sector-specific disclosure requirements or when required for compliance with the amendments to the Companies Act or under the Indian Accounting Standards.

Accordingly, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, interest income, finance costs, share of profit/ loss from associate and tax expense.

w. Rounding of amounts

All amounts disclosed in the standalone Financial Statements and notes have been rounded off to the nearest Lakhs (with two places of decimal) as per the requirement of Schedule III, unless otherwise stated.

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.1 PROPERTY PLANT & EQUIPMENT (CURRENT YEAR)

₹ in Lacs

Particulars	Gross Block				Depreciation				Net Block	
	As at 1.4.2017	Additions	(Disposals)/ Transfer In/ (Out)	As at 31.3.2018	As at 1.4.2017	For the year	(Disposals)/ Transfer In/ (Out)	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Land										
Leasehold	330.34	4.29	-	334.63	9.48	5.31	-	14.79	319.84	320.86
Freehold	4,393.48	484.44	-	4,877.92	-	-	-	-	4,877.92	4,393.48
Building (including roads)*	25,921.50	3,879.75	(369.82)	29,431.43	931.55	871.58	(38.67)	1,764.46	27,666.97	24,989.95
Plant & Equipment	39,572.34	6,076.16	(158.64)	45,489.86	5,682.40	4,383.47	(83.18)	9,982.69	35,507.17	33,889.94
Furniture & Fixture	1,429.26	331.52	(5.85)	1,754.93	97.03	290.22	(4.89)	382.36	1,372.57	1,332.23
Office Equipment	1,934.14	284.32	(11.63)	2,206.83	676.96	227.84	(5.25)	899.55	1,307.28	1,257.18
Computer	678.26	122.60	(0.08)	800.78	348.79	182.61	(0.08)	531.32	269.46	329.47
Motor Vehicles	663.54	363.64	(19.00)	1,008.18	195.05	119.63	(9.85)	304.83	703.35	468.49
Property, Plant & Equipment Total	**74,922.86**	**11,546.72**	**(565.02)**	**85,904.56**	**7,941.26**	**6,080.66**	**(141.92)**	**13,880.00**	**72,024.56**	**66,981.60**
Capital Work- In-Progress	1,132.69	3,625.06	(2,545.07)	2,212.68	-	-	-	-	2,212.68	1,132.69
Total	**76,055.55**	**15,171.78**	**(3,110.09)**	**88,117.24**	**7,941.26**	**6,080.66**	**(141.92)**	**13,880.00**	**74,237.24**	**68,114.29**

*Transfer includes ₹ 366.73 Lacs (accumulated depreciation ₹ 37.70 Lacs) transferred to Investment property.

3.2 INVESTMENT PROPERTY (CURRENT YEAR)

₹ in Lacs

Particulars	Gross Block				Depreciation				Net Block	
	As at 1.4.2017	Additions	(Disposals)/ Transfer In/ (Out)	As at 31.3.2018	As at 1.4.2017	For the year	(Disposals)/ Transfer In/ (Out)	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Building*	4,668.01	-	366.73	5,034.74	177.99	109.61	37.70	325.30	4,709.44	4,490.02
Total	**4,668.01**	**-**	**366.73**	**5,034.74**	**177.99**	**109.61**	**37.70**	**325.30**	**4,709.44**	**4,490.02**

*Transfer includes ₹ 366.73 Lacs (accumulated depreciation ₹ 37.70 Lacs) transferred from Property, Plant & Equipment.

Refer Note No 3.41 for determination of fair value of investment property.

3.3 INTANGIBLE ASSETS (CURRENT YEAR)

₹ in Lacs

Particulars	Gross Block				Amortisation				Net Block	
	As at 1.4.2017	Additions	(Disposals)	As at 31.3.2018	As at 1.4.2017	For the year	(Disposals)	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Goodwill	1,050.00	-	-	1,050.00	1,050.00	-	-	1,050.00	-	-
Software	1,344.82	175.81	(2.13)	1,518.50	548.11	352.70	(1.52)	899.29	619.21	796.71
Brands, Trade Marks, & others	1,48,068.50	-	-	1,48,068.50	38,341.31	19,842.61	-	58,183.92	89,884.58	1,09,727.19
Copyrights	20,720.00	-	-	20,720.00	7,477.97	4,145.23	-	11,623.20	9,096.80	13,242.03
Intangible Assets Total	**1,71,183.32**	**175.81**	**(2.13)**	**1,71,357.00**	**47,417.39**	**24,340.54**	**(1.52)**	**71,756.41**	**99,600.59**	**1,23,765.93**
Intangible Assets under Development	861.43	-	(71.91)	789.52	-	-	-	-	789.52	861.43
Grand Total	**1,72,044.75**	**175.81**	**(74.04)**	**1,72,146.52**	**47,417.39**	**24,340.54**	**(1.52)**	**71,756.41**	**1,00,390.11**	**1,24,627.36**

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.1 PROPERTY PLANT & EQUIPMENT (PREVIOUS YEAR)

₹ in Lacs

Particulars	Gross Block				Depreciation				Net Block	
	As at 1.4.2016	Additions	(Disposals)/ Transfer In/ (Out)	As at 31.3.2017	As at 1.4.2016	For the year	(Disposals)/ Transfer In/ (Out)	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Land										
Leasehold	330.34	-	-	330.34	4.60	4.88	-	9.48	320.86	325.74
Freehold	2,443.25	1,950.23	-	4,393.48	-	-	-	-	4,393.48	2,443.25
Building (including roads)*	14,592.36	11,209.06	120.08	25,921.50	468.93	463.66	(1.04)	931.55	24,989.95	14,123.43
Plant & Equipment	22,190.85	17,455.38	(73.89)	39,572.34	2,704.34	3,011.93	(33.87)	5,682.40	33,889.94	19,486.51
Furniture & Fixture	1,371.94	235.28	(177.96)	1,429.26	70.05	80.40	(53.42)	97.03	1,332.23	1,301.89
Office Equipment	1,447.48	511.89	(25.23)	1,934.14	325.72	368.74	(17.50)	676.96	1,257.18	1,121.76
Computer	489.06	189.61	(0.41)	678.26	165.95	183.11	(0.27)	348.79	329.47	323.11
Motor Vehicles	605.57	90.44	(32.47)	663.54	102.32	103.48	(10.75)	195.05	468.49	503.25
Property, Plant & Equipment Total	**43,470.85**	**31,641.89**	**(189.88)**	**74,922.86**	**3,841.91**	**4,216.20**	**(116.85)**	**7,941.26**	**66,981.60**	**39,628.94**
Capital Work- In-Progress	5,480.34	2,248.14	(6,595.79)	1,132.69	-	-	-	-	1,132.69	5,480.34
Total	**48,951.19**	**33,890.03**	**(6,785.67)**	**76,055.55**	**3,841.91**	**4,216.20**	**(116.85)**	**7,941.26**	**68,114.29**	**45,109.28**

*Transfer includes ₹ 137.85 Lacs (accumulated depreciation ₹ 2.61 Lacs) transferred from Investment property.

3.2 INVESTMENT PROPERTY (PREVIOUS YEAR)

₹ in Lacs

Particulars	Gross Block				Depreciation				Net Block	
	As at 1.4.2016	Additions	(Disposals)/ Transfer In/ (Out)	As at 31.3.2017	As at 1.4.2016	For the year	(Disposals)/ Transfer In/ (Out)	As at 31.3.2017	As at 31.3.2017	As at 31.03.2016
Building*	4,805.86	-	(137.85)	4,668.01	82.57	98.03	(2.61)	177.99	4,490.02	4,723.29
Total	**4,805.86**	**-**	**(137.85)**	**4,668.01**	**82.57**	**98.03**	**(2.61)**	**177.99**	**4,490.02**	**4,723.29**

*Transfer includes ₹ 137.85 Lacs (accumulated depreciation ₹ 2.61 Lacs) transferred to Property, Plant & Equipment.

Refer Note No 3.41 for determination of fair value of investment property.

3.3 INTANGIBLE ASSETS (PREVIOUS YEAR)

₹ in Lacs

Particulars	Gross Block				Amortisation				Net Block	
	As at 1.4.2016	Additions	(Disposals)	As at 31.3.2017	As at 1.4.2016	For the year	(Disposals)	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Goodwill	1,050.00	-	-	1,050.00	1,050.00	-	-	1,050.00	-	-
Software	1,180.42	164.40	-	1,344.82	255.42	292.69	-	548.11	796.71	925.00
Brands , Trade Marks,& others	1,48,068.50	-	-	1,48,068.50	16,630.32	21,710.99	-	38,341.31	1,09,727.19	1,31,438.18
Copyrights	20,720.00	-	-	20,720.00	3,328.79	4,149.18	-	7,477.97	13,242.03	17,391.21
Intangible Assets Total	**1,71,018.92**	**164.40**	**-**	**1,71,183.32**	**21,264.53**	**26,152.86**	**-**	**47,417.39**	**1,23,765.93**	**1,49,754.39**
Intangible Assets under Development	545.12	316.31	-	861.43	-	-	-	-	861.43	545.12
Grand Total	**1,71,564.04**	**480.71**	**-**	**1,72,044.75**	**21,264.53**	**26,152.86**	**-**	**47,417.39**	**1,24,627.36**	**1,50,299.51**

3.4 INVESTMENTS

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Non Current		
Investments carried at cost (Unquoted, fully paid, unless otherwise stated)		
Equity shares		
In Subsidiaries		
Emami Bangladesh Limited		
37,916 (31.03.2017- 37,916) Equity Shares of Taka 100 each	27.82	27.82
Emami International FZE		
1 (31.03.2017 - 1) Equity Share of AED 1,50,000 each	18.98	18.98
Emami Indo Lanka (Pvt) Limited		
1,13,850 (31.03.2017 - Nil) Equity Shares of LKR 10 each (Refer note (a) below)	4.79	-
In Associate		
Helios Lifestyle Private Limited	1,944.18	-
60,649 (31.03.2017 - Nil) Equity Shares of ₹10 each (Refer note (b) below)		
Investments carried at amortised cost (Unquoted)		
Government & Trust Securities		
6 Years' National Savings Certificate	0.24	0.58
(Lodged With Government Authority)		
(i)	1,996.01	47.38
Investments carried at FVTPL (Unquoted,fully paid)		
Equity Shares		
Brillare Science Private Limited	0.70	-
100 (31.03.2017 - Nil) Equity shares of ₹ 10 each		
Preference Shares		
Brillare Science Private Limited	799.32	-
1,13,887 (31.03.2017 - Nil) shares of ₹ 10 each		
Units of Alternate Investment Fund		
Fireside Ventures Investment Fund I	697.43	-
750 (31.03.2017 - Nil) Units of INR 1,00,000 each		
(ii)	1,497.45	-
Investments Carried at FVOCI (Quoted, fully Paid)		
Equity Shares		
Emami Paper Mills Limited	15,232.48	9,435.88
79,46,000 (31.03.2017 - 79,46,000) Equity Shares of ₹ 2 each		
(iii)	15,232.48	9,435.88
Total (i) + (ii) + (iii)	**18,725.94**	**9,483.26**
Aggregate Amount of Quoted Investments & Market Value thereof	**15,232.48**	**9,435.88**
Aggregate Amount of Unquoted Investments	**3,493.46**	**47.38**

Notes -

(a) During the year Company has incorporated a wholly owned subsidiary company " Emami Indo Lanka Pvt Ltd" in Sri Lanka on 27th June, 2017.

(b) During the year, the Company has invested in 30.87% equity shares of Helios Lifestyle Private Limited consequent to which it has become an associate of the Company with effect from 7th December 2017. The investments includes commitment to further subscribe to 24,260 equity shares (9.74%) amounting to ₹ 800 Lacs. The commited number of shares and its present value of ₹ 744.19 Lacs is included in the investment details above.

(c) Refer Note No 3.43 for determination of fair value

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.5 LOANS

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
At amortised cost		
Unsecured, Considered Good		
Security Deposits to related parties (Refer Note No 3.50)	21.45	21.65
Security Deposits to others	461.26	287.85
Loans to Related Parties (Refer Note No 3.50)	295.95	-
Loans to Employees	37.56	33.03
Total	**816.22**	**342.53**

3.6 OTHER NON CURRENT ASSETS

₹ in Lacs

Particulars	As at 31.03.2018		As at 31.03.2017	
Unsecured, Considered Good unless otherwise stated				
Capital Advances		2,232.19		2,783.61
Deposits with Government authorities		498.42		337.80
Prepaid Expenses		3.00		-
Advance Income Tax (Net of Provision)		1,259.60		544.09
Incentives Receivable	2,840.63		1,006.42	
Less: Provision for Doubtful Receivables	(119.82)	2,720.81	(119.82)	886.60
Total		**6,714.02**		**4,552.10**

3.7 INVENTORIES

₹ in Lacs

Particulars	As at 31.03.2018		As at 31.03.2017	
(At lower of cost and net realisable value)				
Raw materials and Packing materials				
Raw Materials	3,946.65		3,779.29	
Packing Materials	2,825.86	6,772.51	2,825.63	6,604.92
Work-in-Progress		376.50		400.67
Finished Goods		8,143.26		7,549.41
Traded Goods		2,648.35		2,170.15
Stores and Spares		444.40		194.99
Total		**18,385.02**		**16,920.14**

3.8 INVESTMENTS

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2018
Current		
Investments carried at FVTPL (Unquoted)		
Units of Mutual Fund		
JM Balanced Fund - (Direct) Quarterly Dividend (577)	12,077.79	-
102,440,386.680 (31.03.2017 - Nil) Units of ₹ 10 each		
HDFC Floating Rate Income Fund-Short Term Plan-Direct Plan-Wholesale Option-Growth Option	728.07	-
24,02,319.955 (31.03.2017-Nil) Units of ₹ 10 each		
Axis Treasury Advantage Fund - Direct - Growth	-	500.00
Nil (31.03.2017- 27,084.094) Units of ₹ 1000 each		

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.8 INVESTMENTS (Contd.)

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2018
Birla Sun Life Treasury Optimizer Plan- Growth - Direct Plan	-	2,030.49
Nil (31.03.2017- 9,65,321.577) Units of ₹10 each		
Sundaram Income Plus - Direct - Growth	-	801.65
Nil (31.03.2017-32,97,894.706) Units of ₹10 each		
Total	**12,805.86**	**3,332.14**
Aggregate Amount of Unquoted Investments	12,805.86	3,332.14

3.9 TRADE RECEIVABLES

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
At amortised cost		
Secured		
Considered Good	318.36	306.10
Unsecured		
Considered Good	6,684.38	3,107.09
Total	**7,002.74**	**3,413.19**

3.10 CASH AND CASH EQUIVALENTS

₹ in Lacs

Particulars	As at 31.03.2018		As at 31.03.2017	
Cash and Cash Equivalents				
Balances with Banks	953.87		36.95	
Cash on hand	16.05	969.92	25.27	62.22
Total		**969.92**		**62.22**

3.11 OTHER BANK BALANCES

₹ in Lacs

Particulars	As at 31.03.2018		As at 31.03.2017	
At amortised cost				
Other Bank Balances				
Unpaid Dividend Account #	139.87		119.32	
Deposit with Original maturity of more than 3 months but less than 12 months @	1,045.48	1,185.35	671.53	790.85
Total		**1,185.35**		**790.85**

Earmarked for payment of Unclaimed Dividend

@ Includes deposits amouting to ₹ 647.82 Lacs (31.03.2017 : ₹ 281.52 Lacs) under lien.

3.12 LOANS

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
At amortised cost		
Unsecured, considered good		
Security deposits	37.61	-
Loans to Employees	228.49	128.08
Total	**266.10**	**128.08**

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.13 OTHERS FINANCIAL ASSETS

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
At amortised cost		
Unsecured, considered good		
Interest Receivable on Deposits	34.17	10.83
Other Receivable	164.17	120.84
At FVTPL		
Foreign Currency Forward Contracts*	39.08	90.68
Total	**237.42**	**222.35**

* Refer Note No. 3.43 for determination of fair value

3.14 OTHER CURRENT ASSETS

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Unsecured, considered good		
Advances other than Capital Advances		
- For goods and services	2,571.07	4,982.56
- to employees	146.67	200.65
Balances with Government Authorities	4,906.96	1,702.80
Incentives Receivable	5,393.27	387.21
Prepaid Expenses	324.47	345.36
Total	**13,342.44**	**7618.58**

3.15 EQUITY SHARE CAPITAL

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Authorised		
25,00,00,000 (31.03.2017 - 25,00,00,000) Equity Shares of ₹ 1/- each	2,500.00	2,500.00
Issued		
22,69,67,619 (31.03.2017 - 22,69,67,619) Equity Shares of ₹ 1/- each fully paid up	2,269.68	2,269.68
Subscribed & Paid up*		
22,69,67,619 (31.03.2017 - 22,69,67,619) Equity Shares of ₹ 1/- each fully paid up	2,269.68	2,269.68
Total Issued, Subscribed and Fully paid up Share Capital	**2,269.68**	**2,269.68**

*Of the above, 7,56,55,873 (31.03.2017 : 7,56,55,873) equity shares fully paid up have been issued in consideration other than cash by way of bonus shares in last 5 years.

(a) Reconciliation of the shares oustanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2018		As at 31.03.2017	
	Number of Shares	₹ In Lacs	Number of Shares	₹ In Lacs
Shares outstanding at the beginning of the year	22,69,67,619	2,269.68	22,69,67,619	2,269.68
Shares outstanding at the end of the year	**22,69,67,619**	**2,269.68**	**22,69,67,619**	**2,269.68**

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.15 EQUITY SHARE CAPITAL (Contd.)

(b) Terms and Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares & pays dividend 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 and is accounted for in the year in which it is approved by the shareholders in the 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) Shareholders holding more than 5% shares in the Company

Particulars	As at 31.03.2018		As at 31.03.2017	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Diwakar Viniyog Private Limited	3,37,71,887	14.88	3,37,49,387	14.87
Suntrack Commerce Private Limited	3,31,36,016	14.60	3,31,13,516	14.59
Bhanu Vyapaar Private Limited	2,77,91,381	12.24	2,77,64,381	12.23
Raviraj Viniyog Private Limited (Formerly Known as Emami Enclave Makers Private Limited)	1,38,86,007	6.12	1,38,77,007	6.11
Suraj Viniyog Priviate Limited	1,29,57,139	5.71	1,29,57,139	5.71
Prabhakar Viniyog Private Limited (Formerly Known as Emami High Rise Private Limited)	1,31,99,961	5.82	1,31,90,961	5.81

3.16 OTHER EQUITY

₹ in Lacs

Particulars	As at 31.03.2018		As at 31.03.2017	
Retained Earnings				
Opening Balance	42,148.28		30,996.00	
Net Profit for the Year	30,951.53		34,636.71	
Remeasurements of the Net Defined Benefit Plans (net of tax)	195.53		58.54	
Interim Dividend#	-		(3,971.93)	
Final Dividend#	(11,915.80)		(15,887.73)	
Corporate Dividend Tax#	(2,297.54)		(3,683.31)	
Closing Balance		59,082.00		42,148.28
Other Comprehensive Income				
Opening Balance	6,052.82		1,882.84	
Equity Instruments through Other Comprehensive				
Income (net of tax)*	8,934.66		4,169.98	
Closing Balance		14,987.48		6,052.82
Other Reserves				
Capital Reserves		79.64		79.64
Securities Premium		33,205.16		33,205.16
General Reserve				

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.16 OTHER EQUITY (Contd.)

₹ in Lacs

Particulars	As at 31.03.2018		As at 31.03.2017	
Opening Balance	80,000.00		80,000.00	
Transferred from DRR on Redemption of debentures	7,500.00		-	
Closing Balance		87,500.00		80,000.00
Debenture Redemption Reserves (DRR)				
Opening Balance	7,500.00		7,500.00	
Transferred to General reserve on Redemption of debentures	(7,500.00)		-	
Closing Balance		-		7,500.00
Total		**1,94,854.28**		**1,68,985.90**

#Refer Note No : 3.45 for Distribution of Dividend

*Includes ₹ 3,138.04 lacs reclassified to OCI from Deferred Tax Diability created on fair value gain till 31st March, 2017.

3.17 BORROWINGS

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
At amortised cost		
Unsecured		
8.45% Non Convertible Debentures Redeemable at par as per below schedule :	**-**	**30,000.00**
- ₹ 75 cr on 22nd November'17		
- ₹ 75 cr on 22nd August'17		
- ₹ 150 cr on 22nd May'17		
Less : Current maturities of long term borrowings	**-**	**(30,000.00)**
(Refer Note No : 3.24)		
Total	**-**	**-**

3.18 OTHER FINANCIAL LIABILITIES

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
At amortised cost		
Unsecured		
Trade Deposits	594.58	519.40
Security Deposits	240.35	648.56
Total	**834.93**	**1,167.96**

3.19 PROVISIONS

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Provision for Employee Benefits		
Gratuity (Refer Note No : 3.34)	2,167.58	2,203.05
Total	**2,167.58**	**2,203.05**

3.20 DEFERRED TAX LIABILITIES (NET)

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Deferred Tax Liabilities		
Tax impact arising out of temporary differences in depreciable assets	2,826.00	2,847.00
Investment carried at fair value through Other Comprehensive Income	-	3,138.04
Deferred Tax Assets		
Tax Impact of expenses allowable against taxable income in future years	(1,432.00)	(1,614.00)
MAT Credit Entitlement	-	(1,400.00)
Total	**1,394.00**	**2,971.04**

3.21 OTHER NON CURRENT LIABILITIES

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Deferred Government grant *	2,576.36	114.35
Total	**2,576.36**	**114.35**

* To be amortised to income over the life of the assets against which such grants are received/ receivable.

3.22 BORROWINGS

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
At amortised cost		
Secured		
From Banks		
Cash Credit (including working capital demand loan)	4,156.66	1,317.72
Packing Credit	1,625.72	1,172.59
(Both cash credit & packing credit is Secured by hypothecation of inventories, book debts on first charge basis ranking pari passu amongst lenders)		
Unsecured		
From Banks		
Commercial Paper	22,154.56	10,000.00
Packing Credit	-	980.00
Total	**27,936.94**	**13,470.31**

Notes :

1. Cash credit is repayable on demand & carries interest in the range of 7.9% - 8.5%
2. Working capital demand loan is repayable within 20 days & carries interest in the range of 7.9% - 8.5% (31.03.2017 : Interest rate 8 - 8.5%)
3. Packing credit is repayable within 4 months & carries interest in the range of 4.8% - 5.0% (31.03.2017 : Interest rate 4.9 - 6.3%)
4. Commercial paper is repayable within 3 months & carries interest in the range of 6.7% - 6.8% (31.03.2017 : Interest rate 6.65%)

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.23 TRADE PAYABLES

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
At amorised cost		
Total oustanding dues of Micro, Small & Medium Enterprises (MSME) (Refer Note No 3.37)	129.39	110.07
Total oustanding dues of creditors Others than MSME	18,304.73	14,752.26
Total	**18,434.12**	**14,862.33**

3.24 OTHER FINANCIAL LIABILITIES

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
At amorised cost		
Current Maturities of Long-Term Borrowings (Refer Note No : 3.17)	-	30,000.00
Interest Accrued but not due on Borrowings	9.63	270.44
Interest Accrued and due on Trade Deposits	8.03	15.91
Creditors for Capital Goods	1,635.72	1,102.82
Unpaid Dividends	139.87	119.32
Employee Benefits	2,503.23	1,880.73
Security deposit	300.00	-
Other Payables	761.62	-
Total	**5,358.10**	**33,389.22**

3.25 OTHER CURRENT LIABILITIES

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Deferred Government grant *	205.65	11.26
Advance from Customers	687.63	547.06
Duties & Taxes	1,218.44	1,732.26
Total	**2,111.72**	**2,290.58**

*To be amortised to income over the life of the assets against which such grants are received/receivable.

3.26 PROVISIONS

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Provision for Employee Benefits		
Provident Fund (Refer Note No 3.35)	64.73	55.51
Leave Encashment	851.85	1,185.81
Others		
Provision for Litigations (Refer Note No 3.36)	933.53	1,131.37
Total	**1,850.11**	**2,372.69**

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.27 REVENUE FROM OPERATIONS

₹ in Lacs

Particulars	2017-2018	2016-2017
Sale of Products (including Excise duty)	2,32,344.49	2,33,840.69
Other Operating Revenues*	4,082.45	287.70
Total	**2,36,426.94**	**2,34,128.39**

*It includes amortisation of Capital Subsidy, Export incentives and GST Refund

3.28 OTHER INCOME

₹ in Lacs

Particulars	2017-2018		2016-2017	
Interest Received on financial assets carried as amortised cost				
Loans & Deposits	143.74		129.86	
Others	-	143.74	0.09	129.95
Dividend Income from equity investment carried at cost		629.93		1,680.81
Dividend Income from equity investment carried at fair value through OCI		95.35		47.68
Income received on investments carried at fair value through Profit or loss				
Dividend from investments in mutual funds	8,071.41		7,164.95	
Profit/ (loss) on fair value of mutual funds	(7,660.29)	411.12	(4,691.37)	2,473.58
Profit/ (loss) on Derivative Instruments		133.03		(1,093.49)
Profit/(loss) on Sale of Property, Plant & Equipments		-		159.95
Rent and Maintenance Charges Received		426.35		370.33
Sundry Balances Written Back		42.11		5.54
Miscellaneous Receipts		466.31		385.68
Foreign Exchange Gain (Net)		479.74		359.05
Total		**2,827.68**		**4,519.08**

3.29 COST OF MATERIALS CONSUMED

₹ in Lacs

Particulars	2017-2018		2016-2017	
Raw materials and Packing materials				
Opening Stock	6,604.92		5,324.07	
Add : Purchases during the year	63,083.06		62,018.42	
Less : Closing Stock	6,772.51		6,604.92	
Total		**62,915.47**		**60,737.57**

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.30 (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS, STOCK IN TRADE AND WORK-IN-PROGRESS

₹ in Lacs

Particulars	2017-2018		2016-2017	
(I) Opening Stock				
Work-in-progress	400.67		249.89	
Finished Goods	7,549.41		6,318.00	
Stock in trade	2,170.15	10,120.23	2,232.48	8,800.37
(II) Closing Stock				
Work-in-progress	376.50		400.67	
Finished Goods	8,143.26		7,549.41	
Stock in trade	2,648.35	11,168.11	2,170.15	10,120.23
(I) - (II)		**(1,047.88)**		**(1,319.86)**

3.31 EMPLOYEE BENEFIT EXPENSES

₹ in Lacs

Particulars	2017-2018	2016-2017
Salaries and Wages	19,162.09	17,241.42
Staff Contribution to Provident and other funds	1,253.07	1,077.62
Gratuity Expenses (Refer Note No 3.34)	638.11	637.62
Welfare expenses	540.53	539.62
Total	**21,593.80**	**19,496.28**

3.32 FINANCE COSTS

₹ in Lacs

Particulars	2017-2018	2016-2017
Interest Expenses	3,317.43	5,761.72
Total	**3,317.43**	**5,761.72**

3.33 OTHER EXPENSES

₹ in Lacs

Particulars	2017-2018		2016-2017	
Consumption of Stores and Spare parts		429.03		327.60
Power and Fuel		1,782.30		1,451.24
Rent (Refer Note No 3.46)		737.57		604.63
Repairs & Maintenance :				
Building	197.19		308.54	
Machinery	885.68		866.73	
Others	1,680.66	2,763.53	1,646.87	2,822.14
Insurance		283.75		298.39
Freight & Forwarding		6,173.42		6,021.20
Directors' Fees and Commission		647.45		571.88
Advertisement & Sales Promotion		40,490.15		36,578.03
Packing Charges		4,239.04		3,768.79
Commission		1,031.66		1,217.27
Loss on Sale/Disposal of Property, Plant & Equipments		45.83		21.75

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.33 OTHER EXPENSES (Contd.)

₹ in Lacs

Particulars	2017-2018		2016-2017	
Sundry Balance Written off		-		13.34
Legal and Professional Fees		1,614.74		1,662.81
Travelling and Conveyance		2,361.77		2,331.20
Expenditure on CSR Activities (Refer Note : 3.49)		962.07		755.35
Miscellaneous Expenses (Refer Note : 3.40)		2,488.69		2,505.42
Total		**66,051.00**		**60,951.04**

3.34 DEFINED BENEFIT PLAN (GRATUITY) :

i. The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payments to vested employees at retirement, death, incapacitation or termination of employment, of an amount equivalent to 15 days salary for each completed year of service.

The Company makes contributions to Himani Limited Gratuity Fund, J.B.Marketing and Services Employees Gratuity Fund, Zandu Pharmaceauticals Employees Gratuity Fund & Kemco Chemicals Employees Gratuity Fund, which is funded defined benefit plan for qualifying employees.

ii. Details as per actuarial valuations recognised in the financial statements in respect of Employees benefit scheme.

₹ in Lacs

	Particulars	Gratuity Funded	
		2017-2018	2016-2017
A	**Expenses Recognised in the Income Statement**		
1	Current Service Cost	483.57	471.80
2	Past Service Cost	-	-
3	Loss/(Gain) on settlement	-	-
4	Net Interest Cost/(Income) on the Net Defined Benefit Liability/ (Asset)	154.54	165.82
5	Total Expenses recognised in the Statement of Profit & Loss	638.11	637.62
B	**Assets and Liability**		
1	Present value of Obligation	4,273.94	4,141.74
2	Fair Value of Plan Assets	2,106.36	1,938.69
3	Funded Status [Surplus/(deficit)]	(2,167.58)	(2,203.05)
4	Effects of Asset Ceiling, if any	-	-
5	Net asset/(liability) recognised in balance sheet	(2,167.58)	(2,203.05)
C	**Change in Present Value of Obligation**		
1	Present value of Obligation as at beginning of period	4,141.74	3,591.88
2	Current Service Cost	483.57	471.80
3	Interest Expense or Cost	295.97	283.56
4	Re-measurement (or Acturial)(gain)/loss arising from :		
	- Change in demographic assumptions	(226.44)	-
	- Change in financial assumptions	(171.02)	(152.09)
	- Experience variance (i.e. Actual experience vs assumptions)	(80.86)	77.99
5	Past Service Cost	-	-
6	Benefits Paid	(169.02)	(131.40)
7	Acquisition Adjustment	-	-
8	Effect of business combinations or disposals	-	-

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.34 DEFINED BENEFIT PLAN (GRATUITY) : (Contd.)

₹ in Lacs

	Particulars	Gratuity Funded	
		2017-2018	2016-2017
9	Present value of Obligation as at the end of period	4,273.94	4,141.74
D	**Change in Fair Value of Plan Assets**		
1	Fair Value of Plan Assets at beginning of period	1,938.69	1,491.36
2	Investment Income	141.42	117.73
3	Employer's Contribution	221.15	460.56
4	Benefits paid	(160.46)	(131.40)
5	Return on plan assets, excluding amount recognised in net interest expense	(34.44)	0.44
6	Acquisition Adjustment	-	-
7	Fair Value of Plan Assets at end of period	2,106.36	1,938.69
E	**Other Comprehensive Income**		
1	Actuarial (gains)/losses		
	- Change in demographic assumptions	(226.44)	-
	- Change in financial assumptions	(171.02)	(152.09)
	- Experience variance (i.e. Actual experience vs assumptions)	(80.86)	77.99
2	Return on plan assets, excluding amount recognised in net interest expense	34.44	(0.44)
3	Components of defined benefit costs recognised in other comprehensive income	(443.88)	(74.54)

iii. Major categories of Plan Assets (as percentage of Total Plan Assets).

Particulars	As at 31.03.2018	As at 31.03.2017
Funds managed by Insurer	100%	100%

iv. Assumptions.

Particulars	As at 31.03.2018	As at 31.03.2017
Financial Assumptions		
Discount Rate (%)	7.70%	7.30%
Salary Growth Rate (per annum)	10.00%	10.00%
Demographic Assumptions		
Mortality Rate (% of IALM 06-08)	100%	100%
Withdrawal Rate (per annum)	5.00%	1.00%

v. Sensitivity Analysis :-

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Defined Benefit Obligation (Base)	4,273.94	4,141.74

3.34 DEFINED BENEFIT PLAN (GRATUITY) : (Contd.)

₹ in Lacs

Particulars	As at 31.03.2018		As at 31.03.2017	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%) (₹ in Lacs)	4,594.64	3,993.28	4,573.00	3,775.47
(% change compared to base due to sensitivity)	7.50%	-6.60%	10.40%	-8.80%
Salary Growth Rate (- / + 1%) (₹ in Lacs)	3,996.41	4,584.46	3,780.75	4,557.42
(% change compared to base due to sensitivity)	-6.50%	7.30%	-8.70%	10.00%
Attrition Rate (- / + 50% of present attrition rate) (₹ in Lacs)	4,403.74	4,172.75	4,180.94	4,104.80
(% change compared to base due to sensitivity)	3.00%	-2.40%	0.90%	-0.90%
Mortality Rate (- / + 10%) (₹ in Lacs)	4,275.32	4,272.55	4,144.06	4,139.42
(% change compared to base due to sensitivity)	0.00%	0.00%	0.10%	-0.10%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

vi. Effect of Plan on Entity's Future Cash Flows

a) Funding arrangements and Funding Policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Expected Contribution during the next annual reporting period

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
The Company's best estimate of Contribution during the next year	300.00	250.00

c) Maturity Profile of Defined Benefit Obligation

Particulars	As at 31.03.2018	As at 31.03.2017
Weighted average duration (based on discounted cash flows)	7 Years	10 Years

₹ in Lacs

Expected cash flows over the next (valued on undiscounted basis):	As at 31.03.2018	As at 31.03.2017
1 Year	982.29	816.78
2 to 5 Years	1,417.57	853.06
6 to 10 Years	1,731.94	1,546.08
More than 10 Years	4,463.57	7,011.66

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.34 DEFINED BENEFIT PLAN (GRATUITY) : (Contd.)

vii. Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions and other regulatory frame work which may vary over time. Thus, the Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest Rate risk: The plan exposes the Company to the risk off all in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Liquidity Risk: This is the risk that the Company is not able to meet the short-term gratuity pay outs. This may arise due to non-availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.

Salary Escalation Risk: The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts.

Asset Liability Mismatching or Market Risk: The duration of the liability is longer compared to duration of assets, exposing the Company to market risk for volatilities/fall in interest rate.

Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

3.35 DEFINED BENEFIT PLAN (PROVIDENT FUND) :

i. In respect of certain employees, provident fund contributions are made to a Trust administered by the Company.

The defined benefit obligation arises from the possibility that during any time period in the future, the scheme may earn insufficient investment income to meet the guaranteed interest rate declared by government/EPFO / relevant authorities.

The net defined benefit obligation as at the valuation date, thus, represents the excess of accrued account value plus interest rate guaranteed liability over the fair value of plan assets.

ii. Details as per actuarial valuations recognised in the financial statements in respect of Employees benefit scheme.

₹ in Lacs

Assets and Liability	As at 31.03.2018	As at 31.03.2017
Accumulated Account Value of Employee's Fund	8,910.65	7,495.16
Interest Rate Guarantee Liability	176.15	141.85
Present value of benefit obligation at end of the period	**9,086.80**	**7,637.01**
Fair Value of Plan Assets	9,022.07	7,581.50
Net Asset / (Liability)	**(64.73)**	**(55.51)**

₹ in Lacs

Interest Rate Guarantee Liability	As at 31.03.2018	As at 31.03.2017
Interest Rate Guarantee Liability	176.15	141.85
Fund Reserve and Surpluses	111.42	86.34
Net Liability	64.73	55.51

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.35 DEFINED BENEFIT PLAN (PROVIDENT FUND) : (Contd.)

iii. Major categories of Plan Assets (as percentage of Total Plan Assets)

Particulars	As at 31.03.2018	As at 31.03.2017
Government of India securities	13.99%	10.62%
State Government securities	32.71%	35.94%
High quality corporate bonds	48.46%	46.68%
Equity shares of listed companies	2.47%	3.60%
Special Deposit Scheme	0.69%	1.33%
Bank Balance	1.61%	1.48%
Other Investments	0.07%	0.35%
Total	**100%**	**100%**

iv. Assumptions

Particulars	As at 31.03.2018	As at 31.03.2017
Discount Rate	7.60%	7.10%
Expected Guarantee Interest Rate	8.55%	8.65%
Mortality Rate (% of IALM 2006-08)	100.00%	100.00%
Attrition Rate (for all ages; per annum)	5.00%	1.00%

v. Liability sensitivity analysis

Significant actuarial assumptions for the determination of the guarantee liability are interest rate guarantee and discount rate.

The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Defined Benefit Obligation (Base)	9,086.80	7,637.01

₹ in Lacs

Particulars	As at 31.03.2018		As at 31.03.2017	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%) (₹ in Lacs)	9,087.69	9,058.46	7,644.07	7,619.49
(% change compared to base due to sensitivity)	0.0%	-0.3%	0.1%	-0.2%
Interest rate guarantee (-/+ 1%) (₹ in Lacs)	8,865.46	9,490.79	7,450.98	7,976.54
(% change compared to base due to sensitivity)	-2.4%	4.4%	-2.4%	4.4%

3.36 The Company has made a provision of ₹ 83.65 Lacs (31.03.2017 - ₹ 126.48 Lacs) towards cases which are under litigation/dispute as shown below:

₹ in Lacs

Description	As at 31.03.2018	As at 31.03.2017
Opening Balance	1,131.37	1,083.97
Provisions made during the year	83.65	126.48
Payment/reversals during the year	(281.49)	(79.08)
Closing Balance	933.53	1,131.37

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.37 INFORMATION RELATING TO MICRO, SMALL AND MEDIUM ENTERPRISES (MSME)'s :

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	129.39	110.07
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end.	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
Interest paid other than under Section 16 of MSMED Act to suppliers registered under the MSMED Act, beyond the appointed day during the year.	-	-
Interest paid under Section 16 of MSMED Act to suppliers registered under the MSMED Act beyond the appointed day during the year.	-	-
Interest due and payable towards suppliers registered under MSMED Act for payments already made.	-	-
Further interest remaining due and payable for earlier years	-	-
Total	**129.39**	**110.07**

3.38 (A) Disclosures pursuant to the Regulation 34(3) read with para A of Schedule V to SEBI Listing Regulation 2015

₹ in Lacs

Loans and advances in the nature of loans to subsidiaries and associates	As at 31.03.2018	As at 31.03.2017
Loan to subsidiary : Emami Indo Lanka Private Limited (including interest)	306.12	-
Maximum amount outstanding at any time during the year (including interest)	306.12	-

(B) Disclosures pursuant to Sub-Section (4) of Section 186 of Companies Act, 2013:

i) Details regarding investments made are given under Note No. 3.4

ii) Details regarding Loans and guarantees given are as follows :

₹ in Lacs

Particulars	Note No.	Purpose	As at 31.03.2018	As at 31.03.2017
Loan to Emami Indo Lanka Private Limited	3.5	Working Capital Requirements	295.95	-
Corporate Guarantee given on behalf of Emami International FZE.	3.39	Working Capital Requirements	5,203.53	3,890.32
Corporate Guarantee given on behalf of Emami Bangladesh Limited	3.39	Working Capital Requirements	-	1,851.69

(C) Security Deposit of ₹ 5.65 Lacs (P.Y.-₹ 5.75 Lacs) given to Directors of the Company against tenancies. (Maximum amount outstanding during the year - ₹ 5.75 Lacs (P.Y.-₹. 5.85 Lacs).

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.39 CONTINGENT LIABILITIES & COMMITMENTS

I. Contingent Liabilities

₹ in Lacs

	As at 31.03.2018	As at 31.03.2017
(a) Claims against the Company not acknowledged as debt (Net of Advances) :		
i) Excise Duty demands	356.86	33.82
ii) Sales Tax demands under appeal	342.14	520.85
iii) Entry Tax	9.28	9.28
iv) Income Tax	-	70.68
v) Others	16.48	64.55

Based on discussions with the solicitors/favorable decisions in similar cases/legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision there against is considered necessary. The timing of outflow of resources is not ascertainable.

₹ in Lacs

	As at 31.03.2018	As at 31.03.2017
(b) Guarantees		
Bank Guarantees	1,553.04	924.71
Corporate Guarantee issued on behalf of a subsidiary Company	5,203.53	5,742.01

II. Commitments

₹ in Lacs

	As at 31.03.2018	As at 31.03.2017
(a) Capital Commitments : Estimated amount of commitments [net of advances of ₹ 2,232.19 lacs (31.03.2017- ₹ 2,552.71 lacs)] on capital account not provided for	2,880.39	3,565.16

(b) **EPCG Commitments :** The Company had procured capital goods under the Export Promotion Capital Goods Scheme of the Government of India, at a concessional rate of customs duty / excise on an undertaking to fulfill quantified export obligation within the specified periods, failing which, the Company has to make payment to the Government of India equivalent to the duty benefit enjoyed along with interest. Related export obligation to be met is ₹ 4,629.54 Lacs (31.03.2017 -₹ 10,736.70 Lacs). In addition, the Company needs to maintain the average annual export turnover of ₹ 2,209.55 Lacs to meet the above export obligation. The Company is confident that the above export obligation will be met during the specified period.

(c) **Other Commitments :** The Company has commitment to make investments in 1,13,986 Compulsorily Convertible Preference Shares (CCPS) of ₹ 10/- each to be issued by 'Brilliare Science Private Limited' amounting to ₹ 800.00 Lacs @ ₹ 701.85 per CCPS.

3.40 PAYMENT TO AUDITORS

₹ in Lacs

Payment to Auditors	2017-2018	2016-2017
As Statutory Auditors :		
Audit Fees	30.00	40.25
Tax Audit Fees	-	4.04
Limited Review	25.00	1.73
Other Reimbursement	2.00	-

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.40 PAYMENT TO AUDITORS (Contd.)

₹ in Lacs

Payment to Auditors	2017-2018	2016-2017
In Other Capacity :		
Other Services	0.26	17.15
	57.26	**63.17**
Payment to Cost Auditors		
Audit Fees	1.35	1.55

3.41 INFORMATION REGARDING INCOME AND EXPENDITURE OF INVESTMENT PROPERTY

₹ in Lacs

Particulars	2017-2018	2016-2017
Income derived from investment properties	438.66	389.32
Less : Direct operating expenses (including repairs and maintenance) generating income from investment property	50.79	93.52
Profit arising from investment properties before depreciation and indirect expenses	387.87	295.80
Less – Depreciation	109.61	98.03
Profit arising from investment properties before indirect expenses	278.26	197.77

Reconciliation of fair value:

₹ in Lacs

Particulars	2017-2018	2016-2017
Fair value of opening balance of Investment property	2,574.25	2,614.09
Fair value adjustment on opening balance of Investment property	787.27	290.46
Fair value of transfer in/(out)	1,733.89	(330.30)
Fair value of closing balance of Investment property	5,095.41	2,574.25

3.42 CATEGORIZATION OF FINANCIAL INSTRUMENTS:

₹ in Lacs

Particulars	Carrying value /Fair value	
	As at 31.03.2018	As at 31.03.2017
(i) Financial Assets		
a) Measured at FVTPL		
- Investments in mutual funds / alternate investment fund	13,503.29	3,332.14
- Investments in Preference Shares	799.32	-
- Investments in Equity Shares	0.70	-
- Other Financial Assets (Foreign currency Forward Contracts)	39.08	90.68
b) Measured at FVOCI		
- Investments in Equity Shares	15,232.48	9,435.88
c) Measured at Amortised Cost*		
- Loans	1,082.32	470.61
- Other Financial Assets	198.34	131.67
TOTAL	**30,855.53**	**13,460.98**

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.42 CATEGORIZATION OF FINANCIAL INSTRUMENTS: (Contd.)

₹ in Lacs

Particulars	Carrying value /Fair value	
	As at 31.03.2018	As at 31.03.2017
(ii) Financial Liabilities		
a) Measured at Amortised Cost*		
- Borrowings (Secured & Unsecured)	27,936.94	13,470.31
- Other Financial Liabilities	6,193.03	34,557.18
TOTAL	34,129.97	48,027.49

*Carrying Value of assets / liabilities carried at amortized cost are reasonable approximation of its fair values.

The Company has disclosed financial instruments such as cash and cash equivalents, other bank balances, trade receivables and trade payables at carrying value because their carrying amounts are a reasonable approximation of the fair values due to their short term nature.

3.43 FAIR VALUE HIERARCHY

Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within 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 assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as at 31.03.2018:

₹ in Lacs

Particulars	Fair value measurement at end of the reporting year using			As at 31.03.2018
	Level 1	Level 2	Level 3	Total
Assets				
Investments in mutual fund units / alternate investment fund	-	13,503.29	-	13,503.29
Investments in Equity Shares	15,232.48	-	0.70	15,233.18
Investments in Preference Shares	-	-	799.32	799.32
Derivative financial instruments - foreign currency forward and option contracts	-	39.08	-	39.08

₹ in Lacs

Particulars	Fair value measurement at end of the reporting year using			As at 31.03.2017
	Level 1	Level 2	Level 3	Total
Assets				
Investments in mutual fund units	-	3,332.14	-	3,332.14
Investments in Equity Shares	9,435.88	-	-	9,435.88
Derivative financial instruments - foreign currency forward and option contracts	-	90.68	-	90.68

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.43 FAIR VALUE HIERARCHY (Contd.)

Description of significant unobservable inputs to valuation:

Particulars	Valuation technique	Significant unobservable inputs	Sensitivity of the input to fair value
Unquoted Preference Shares and Equity Shares in Brilliare Science Private Limited.	Discounting Cash Flow Method	Discount Rate	1% increase in Discount rate will have P&L loss of ₹ 103 Lacs and 1% decrease will have an equal but opposite effect
		Growth Rate	1% increase in Growth rate will have P&L gain of ₹ 82 Lacs and 1% decrease will have an equal but opposite effect

3.44 INCOME TAXES

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

₹ in Lacs

Particulars	2017-2018	2016-2017
Profit before Income Taxes	38,923.58	42,191.17
Enacted Tax Rate in India	34.61%	34.61%
Computed expected tax expenses	13,470.67	14,601.52
Tax Incentives for 80IC/IE units	(6,890.11)	(6,270.62)
Difference between tax depreciation and book depreciation estimated to be reversed during tax holiday period	(1,210.10)	(2,847.00)
CSR expenses	339.63	261.41
Excess of MAT liability over normal tax not recognized as asset	1,149.12	3,141.25
MAT credit (availment) / reversal	1,400.00	(1,400.00)
Provision of earlier years	-	67.90
Other Adjustments	(287.16)	-
Income Tax expense	**7,972.05**	**7,554.46**

Deferred Tax Assets for MAT Credit entitlement amounting to ₹ 25,344.22 Lacs (31.03.2017 - ₹ 22,666.51 Lacs) has not been recognised considering that the availability of taxable profit against which such deductible temporary difference can be utilized, cannot be ascertained with required level of certainty.

3.45 DISTRIBUTION OF DIVIDEND

₹ in Lacs

Particulars	2017-2018	2016-2017
Dividend on equity shares declared and paid :		
Final dividend for the year ended 31.03.2017 :- ₹ 5.25 per share (31.03.2016 :- ₹ 7.00 per share)	11,915.80	15,887.73
Dividend Distribution Tax (DDT) on final dividend {Net of Credit on Dividend Received from Foreign Subsidiary u/s 115-O of Income Tax Act, 1961 of ₹ 128.24 Lacs (31.03.2017 : Nil)}	2,297.54	3,234.36
Interim dividend for the year ended 31.03.2018 :- ₹ Nil per share (31.03.2017 :- ₹ 1.75 per share)	-	3,971.93
DDT on Interim dividend	-	448.95
	14,213.34	**23,542.97**

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.45 DISTRIBUTION OF DIVIDEND (Contd.)

₹ in Lacs

Particulars	2017-2018	2016-2017
Proposed dividends on Equity Shares		
Final dividend for the year ended 31.03.2018 :- ₹ 7.00 per share (31.03.2017 :- ₹ 5.25 per share)	15887.73	11,915.80
DDT on Proposed dividend	3,265.77	2,425.78
	19,153.50	**14,341.58**

Proposed dividend on equity shares are subject to approval at the annual general meeting and are recognised as a liability (including DDT thereon) in the year in which it is approved by the shareholders.

3.46 LEASES

The lease rentals charged during the year is as under:

₹ in Lacs

Particulars	2017-2018	2016-2017
Lease Rentals recognised during the year	737.57	604.63

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

₹ in Lacs

Future minimum lease payable	As at 31.03.2018	As at 31.03.2017
Not later than 1 year	101.31	120.84
Later than 1 year and not later than 5 years	54.88	156.19
Later than 5 years	-	-

The operating lease arrangements are renewable on a periodic basis. The period of extension depends on mutual agreement. These lease agreements have price escalation clauses.

3.47 CAPITAL MANAGEMENT

The Company's capital management is driven by its policy to maintain a sound capital base to support the continued development of its business. The Board of Directors seeks to maintain a prudent balance between different components of the Company's capital. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 10% and 25%. Net debt is defined as current and non-current borrowings (including current maturity of long term debt and interest accrued) less cash and cash equivalents.

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Net Debt	26,976.65	43,678.53
Total equity	1,97,123.96	1,71,255.58
Net Debt plus Total Equity	2,24,100.61	2,14,934.11
Gearing Ratio	12.04%	20.32%

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.48 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures.

Market risk

The Company operates both in domestic market and internationally and consequently the Company is exposed to foreign exchange risk through its sales in overseas countries, and purchases from overseas suppliers in foreign currencies. The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

The following table analyzes foreign currency risk from financial instruments

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Exposure Currency (USD)		
Trade Receivable	2,168.51	2,452.90
Loans given	295.95	-
Interest Receivable	10.17	-
Other Receivable	127.29	213.92
	2,601.92	**2,666.82**

For the year ended 31.03.2018 and 31.03.2017, every percentage appreciation in the exchange rate between the Indian rupee and U.S. dollar, would affect the Company's Profit before tax by approx ₹ 4.33 Lacs and ₹ 15.00 Lacs respectively.

Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank or a financial institution.

The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining maturity period.

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Less than 1 year		
Forward Contract (Currency - USD) – to cover both present and future export receivables	4,039.12	1,167.09
Total derivative financial instruments	**4,039.12**	**1,167.09**

Commodity Price Risk

The Company is affected by the price volatility of its key raw materials. Its operating activities requires a continuous supply of key material for manufacturing of hair oil, talc, balm and other products. The Company's procurement department continuously monitor the fluctuation in price and take necessary action to minimize its price risk exposure.

Security Price Risk

Securities price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded prices.

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.48 FINANCIAL RISK MANAGEMENT (Contd.)

The Company invests its surplus funds in various debt instruments and equity instruments. These comprise of mainly liquid schemes of mutual funds, short term debt funds & income funds (duration investments) and certain quoted equity instruments. To manage its price risk arising from investments in mutual funds and equity instruments, the Company diversifies its portfolio. Mutual fund and equity investments are susceptible to market price risk, mainly arising from changes in the interest rates or market yields which may impact the return and value of such investments.

The Company's exposer to securities price risk arises from investments in mutual funds and equity investments held by the Company and classified in the Balance Sheet as fair value through profit or loss / fair value through other comprehensive income is disclosed under Note No. 3.43

Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 7,002.74 Lacs and ₹ 3,413.19 Lacs as at 31.03.2018 and 31.03.2017, respectively. Trade receivables includes both secured and unsecured receivables and are derived from revenue earned from domestic and overseas customers. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. An impairment analysis is performed at each reporting date on an individual basis based on historical data of credit losses.

The ageing analysis of the receivables has been considered from the date the invoice falls due.

₹ in Lacs

Trade Receivable	As at 31.03.2018	As at 31.03.2017
Less than 30 days	5,874.16	2,790.81
31 - 90 Days	841.11	241.12
91 to 180 days	100.88	110.28
More than 180 days	186.59	270.98
Total	**7,002.74**	**3,413.19**

Liquidity Risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations as well as investment in mutual funds. The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities.

₹ in Lacs

Particulars	As at 31.03.2018	As at 31.03.2017
Less than 1 year		
Borrowings	28,282.38	13,470.31
Interest Payable on Borrowings in future	34.98	314.09
Trade Payables	18,434.12	14,862.33
Other financial Liabilities	5,348.47	33,118.78
	52,099.95	**61,765.51**
More than 1 year		
Other financial Liabilities	834.93	1,167.96
	834.93	**1,167.96**
Total	**52,934.88**	**62,933.47**

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.49 DETAILS OF CSR EXPENDITURE

₹ in Lacs

Particulars	2017-2018	2016-2017
a) Gross amount required to be spent by the Company during the year		
	921.00	947.00
b) Amount spent during the year		
i) Construction/Acquisition of any Asset	436.18	452.13
ii) On Purposes other than (i) above	525.89	303.22
Total	**962.06**	**755.35**

3.50 RELATED PARTY TRANSACTIONS

A. Parties where control / significant influence exists

₹ in Lacs

		Country of Incorporation	As at 31.03.2018 % of Holding	As at 31.03.2017 % of Holding
	SUBSIDIARIES (Parties where Control exists)			
i)	Emami Bangladesh Limited	Bangladesh	100.00%	100.00%
ii)	Emami International FZE	UAE	100.00%	100.00%
iii)	Emami Indo Lanka (Pvt) Limited (w.e.f 27th June 2017)	Sri Lanka	100.00%	-
iv)	Emami Overseas FZE - Subsidiary of Emami International FZE	UAE	100.00%	100.00%
v)	PharmaDerm Company SAE.- Subsidiary of Emami Overseas FZE	Egypt	90.60%	90.60%
vi)	Fravin Pty.Ltd, Australia-Subsidiary of Emami International FZE	Australia	85.00%	85.00%
vii)	Greenlab Organics, Subsidiary of Fravin Pty Ltd.	United Kingdom	85.00%	85.00%
viii)	Diamond Bio-tech Laboratories Pty Ltd., - Subsidiary of Fravin Pty Ltd.	Australia	85.00%	85.00%
ix)	Abache Pty Ltd, - Subsdiary of Diamond Bio Tech.	Australia	85.00%	85.00%
	ASSOCIATE (where significant influence exists)			
i)	Helios Lifestyle Private Limited (w.e.f 07th December 2017)	India	30.87%	-

B. Other Related Parties with whom transactions have taken place during the period

i) Key Management Personnel

1	Shri R. S. Agarwal	Chairman
2	Shri R. S. Goenka	Executive Director
3	Shri Sushil Kr. Goenka	Managing Director
4	Smt. Priti Sureka	Executive Director
5	Shri Mohan Goenka	Executive Director
6	Shri H. V. Agarwal	Executive Director
7	Shri Prashant Goenka	Executive Director
8	Sri N.H. Bhansali	CEO - Finance, Strategy & Business Development and CFO
9	Sri Arun Kumar Joshi	Company Secretary & VP- Legal

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.50 RELATED PARTY TRANSACTIONS (Contd.)

ii) Other Directors

1	Shri Aditya Vardhan Agarwal	Non Executive Director
2	Shri K.N.Memani	Independent Director
3	Shri Amit Kiran Deb	Independent Director
4	Shri Y.P.Trivedi	Independent Director
5	Shri S.B.Ganguly	Independent Director
6	Shri Sajjan Bhajanka	Independent Director (Ceased w.e.f. 2nd August, 2017)
7	Shri P.K.Khaitan	Independent Director
8	Shri M.D.Mallya	Independent Director
9	Shri C.K.Dhanuka	Independent Director (Appointed from 2nd August, 2017)
10	Smt. Rama Bijapurkar	Independent Director

iii) Relatives of Key Management Personnel

1 Ms. Usha Agarwal
2 Ms. Saroj Goenka
3 Ms. Indu Goenka
4 Ms. Rachna Bagaria
5 Ms. Laxmi Devi Bajoria
6 Ms. Jyoti Agarwal
7 Ms.Pooja Goenka
8 Ms.Smriti Agarwal
9 Ms. Sobhna Agarwal
10 Ms.Vidisha Agarwal
11 Ms.Avishi Sureka
12 Ms. Jyoti Goenka
13 Ms. Mansi Agarwal
14 Ms. Rachna Goenka
15 Ms.Rashmi Goenka
16 Ms.Richa Agarwal
17 Ms.Shreya Goenka
18 Ms.Vidula Agarwal
19 Shri Suresh Kr. Goenka
20 Shri Madan Lal Agarwal
21 Shri Raj Kr. Goenka
22 Shri Manish Goenka
23 Shri Jayant Goenka
24 Shri Sachin Goenka
25 Shri Rohin Raj Sureka
26 Shri Vibhash Vardhan Agarwal
27 Shri Yogesh Goenka
28 Shri Saswat Goenka
29 Ms. Chikky Goenka
30 Ms. Vidhishree Agarwal
31 Shri Vihan Vardhan Agarwal

iv) Entities where Key Management Personnel and their relatives have significant influence

1 Suntrack Commerce Private Limited
2 Diwakar Viniyog Private Limited
3 Bhanu Vyapaar Private Limited
4 Suraj Viniyog Private Limited
5 Emami Paper Mills Limited
6 Emami Cement Limited
7 Emami Frank Ross Limited
8 Pan Emami Cosmed Limited
9 Emami Infrastructure Limited
10 Emami Agrotech Limited
11 CRI Limited
12 Aviro Vyapar Private Limited
13 AMRI Hospital Limited
14 Zandu Realty Limited
15 Prabhakar Viniyog Private Limited
(Formerly known as Emami High Rise Pvt. Ltd.)
16 Ravi Raj Viniyog Private Limited
(Formerly known as Emami Enclave Makers Pvt. Ltd)
17 Emami Nirman Private Limited
18 Emami Vriddhi Commercial Private Limited
19 Emami Estates Private Limited
20 Emami Projects Private Limited
21 Emami Capital Markets Limited
22 Emami Group Of Companies Private Limited

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.50 RELATED PARTY TRANSACTIONS (Contd.)

iv) Entities where Key Management Personnel and their relatives have significant influence

23 Emami Home Private Limited
24 Emami Centre for Creativity Pvt. Ltd. (Formerly known as Emami Institute Of Corporate Solutions Private Limited)
25 Emami Power Limited
26 Narcissus Bio-Crops Private Limited (Formerly known as Emami International Private Limited)
27 Emami (Meghalaya) Cement Limited
28 Emami Natural Resouces Private Limited
29 Emami Constructions Private Limited
30 Emami Buildcon Private Limited
31 Dev Infracity Private Limited
32 Emami Beverage Limited
33 TMT Viniyogan Limited
34 EPL Securities

v) Trust where Key Management Personnel and their relatives have significant influence

1 Himani Limited Staff Provident Institution
2 Emami Foundation
3 Aradhana Trust

C. Disclosure of Transactions between the Company and Related Parties.

₹ in Lacs

Particulars	Subsidiaries		Associate		Directors,Key Management Personnel & Relatives		Entities / Trust where Key Management Personnel and their relatives have significant influence		Total	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
1. Remuneration and Employee Benefits										
i) EXECUTIVE DIRECTORS										
- Short Term Employee benefits	-	-	-	-	1,106.83	1,052.04	-	-	**1,106.83**	**1,052.04**
- Post Employment benefits	-	-	-	-	47.33	47.33	-	-	**47.33**	**47.33**
- Commission	-	-	-	-	500.00	500.00	-	-	**500.00**	**500.00**
ii) OTHER DIRECTORS										
- Sitting Fees	-	-	-	-	28.65	28.35	-	-	**28.65**	**28.35**
- Commission	-	-	-	-	116.75	39.00	-	-	**116.75**	**39.00**
iii) CEO & COMPANY SECRETARY										
- Short Term Employee benefits	-	-	-	-	261.23	241.38	-	-	**261.23**	**241.38**
- Post Employment benefits	-	-	-	-	9.93	17.66	-	-	**9.93**	**17.66**
2. Sales										
- Sale of Goods	9,542.68	6,381.02	-	-	-	-	174.82	128.89	**9,717.50**	**6,509.91**
- Sale of Export Benefit Licence	-	-	-	-	-	-	190.09	110.24	**190.09**	**110.24**
3. Other Income										
- Sale of Property, Plant & Equipment	1.00	10.16	-	-	-	-	-	510.00	**1.00**	**520.16**
- Sale of Shares	-	-	-	-	-	-	-	304.82	**-**	**304.82**
- Rent, Maintenance & Other Charges Received	-	-	-	-	-	-	306.47	308.99	**306.47**	**308.99**
- Royalty Received	78.22	87.61	-	-	-	-	101.54	90.75	**179.76**	**178.36**

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.50 RELATED PARTY TRANSACTIONS (Contd.)

₹ in Lacs

Particulars	Subsidiaries		Associate		Directors,Key Management Personnel & Relatives		Entities / Trust where Key Management Personnel and their relatives have significant influence		Total	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
- Dividend Received	629.93	1,680.81	-	-	-	-	95.35	47.68	**725.28**	**1,728.49**
- Guarantee Commission Received	48.78	33.23	-	-	-	-	-	-	**48.78**	**33.23**
- Interest Received	10.17	-	-	-	-	-	-	-	**10.17**	**-**
4. Purchase										
- Purchase of Gift and Promotional Items	-	-	0.67	-	-	-	73.63	27.13	**74.30**	**27.13**
- Purchase of Raw Materials	-	-	-	-	-	-	1,210.66	529.91	**1,210.66**	**529.91**
5. Other Expenses										
- Rent, Maintenance & Other Charges Paid	-	-	-	-	4.53	4.80	4.89	3.53	**9.42**	**8.33**
- Donation Paid	-	-	-	-	-	-	256.23	337.07	**256.23**	**337.07**
- Commission Paid	-	-	-	-	-	-	2.05	10.06	**2.05**	**10.06**
- Business Promotion Allowance	1,508.50	-	-	-	-	-	-	-	**1,508.50**	**-**
- Others	-	-	-	-	-	-	49.17	44.66	**49.17**	**44.66**
6. Dividend Paid	-	-	-	-	928.47	1,542.93	7,356.43	12,160.03	**8,284.90**	**13,702.96**
7. Loan Given	295.95	-	-	-	-	-	-	-	**295.95**	**-**
8. Investment including Commitments	4.79	-	1,944.19	-	-	-	-	-	**1,948.98**	**-**
9. Security Deposit Received	-	-	-	-	-	-	3.50	3.00	**3.50**	**3.00**
10. Refund against Security Deposit Paid	-	-	-	-	0.20	0.20	-	-	**0.20**	**0.20**
11. Refund against Security Deposit Received	-	-	-	-	-	-	4.18	29.73	**4.18**	**29.73**
12. Reimbursement of Expenses	77.55	27.23	9.82	-	-	-	175.22	114.00	**262.59**	**141.23**
13. Contribution to Provident Fund	-	-	-	-	-	-	531.63	472.86	**531.63**	**472.86**

D. The details of amount due to or due from related parties as at 31.03.2018 and 31.03.2017 as follows :

₹ in Lacs

Particulars	Related Party	As at 31.03.2018	As at 31.03.2017
Investment	Subsidiaries	51.59	46.79
	Associate	1,944.19	-
	Entities where Key Management Personnel and their relatives have significant influence	15,232.48	9,435.88
		17,228.26	**9,482.67**
Trade Receivable	Subsidiaries	1,720.01	203.77
	Entities where Key Management Personnel and their relatives have significant influence	9.56	-
		1,729.57	**203.77**

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.50 RELATED PARTY TRANSACTIONS (Contd.)

₹ in Lacs

Particulars	Related Party	As at 31.03.2018	As at 31.03.2017
Loan Receivable	Subsidiaries	295.95	-
Other Receivable	Subsidiaries	137.46	213.82
	Associate	0.35	-
		137.81	**213.82**
Trade Payables	Entities where Key Management Personnel and their relatives have significant influence	33.78	-
Other Payable	Entities where Key Management Personnel and their relatives have significant influence	3.35	1.03
Security Deposit Paid	Key Management Personnel & Relatives	14.45	14.65
	Entities where Key Management Personnel and their relatives have significant influence	7.00	7.00
		21.45	**21.65**
Security Deposit Received	Entities where Key Management Personnel and their relatives have significant influence	21.71	22.39
Corporate Guarantee given	Subsidiaries	5,203.53	5,742.01
Remuneration, Siting Fees & Commission Payable	Key Management Personnel & Relatives	616.75	539.00

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

3.51 RECENT INDIAN ACCOUNTING STANDARDS (IND AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind AS's which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115	Revenue from Contracts with Customers
Ind AS 21	The Effect of Changes in Foreign Exchange Rates
Ind AS 12	Income Taxes
Ind AS 40	Investment Property
Ind AS 28	Investments in Associates and Joint ventures

Ind AS 115 – Revenue from Contracts with Customers

The Company is currently evaluating the impact of implementation of Ind AS 115 "Revenue from Contracts with Customers" which is applicable to it w.e.f 01.04.2018. However, based on the evaluation done so far and based on the arrangement that the Company has with its customers for sale of its products, the implementation of Ind AS 115 will not have any significant recognition and measurement impact. However, there will be additional presentation and disclosure requirement, which will be provided in the next year's financial statements.

3.51 RECENT INDIAN ACCOUNTING STANDARDS (IND AS) (Contd.)

Ind AS 21 – The Effect of Changes in Foreign Exchange Rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The Company is evaluating the impact of this amendment on its financial statements.

Ind AS 12 - Income Taxes

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

Ind AS 40 - Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

Ind AS 28 - Investments in Associates and Joint ventures

Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice :

i) An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss

ii) If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

NOTES TO FINANCIAL STATEMENTS

as at & for the year ended 31st March, 2018

3.52 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. These estimates and associated assumptions are based on historical experience and management's best knowledge of current events and actions the Company may take in future.

Information about critical estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities are included in the following notes:

i) Estimation of defined benefit obligations

The liabilities of the Company arising from employee benefit obligations and the related current service cost, are determined on an actuarial basis using various assumptions Refer Note No. 3.34 for significant assumption used.

ii) Estimation of current tax expenses and payable

Taxes recognized in the financial statements reflect management's best estimate of the outcome based on the facts known at the balance sheet date. These facts include but are not limited to interpretation of tax laws of various jurisdictions where the company operates. Any difference between the estimates and final tax assessments will impact the income tax as well the resulting assets and liabilities. Refer Note No. 3.20 and 3.44.

iii) Estimation of provisions and contingencies

Provisions are liabilities of uncertain amount or timing recognised where a legal or constructive obligation exists at the balance sheet date, as a result of a past event, where the amount of the obligation can be reliably estimated and where the outflow of economic benefit is probable. Contingent liabilities are possible obligations that may arise from past event whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events which are not fully within the control of the company. The Company exercises judgement and estimates in recognizing the provisions and assessing the exposure to contingent liabilities relating to pending litigations. Judgement is necessary in assessing the likelihood of the success of the pending claim and to quantify the possible range of financial settlement. Due to this inherent uncertainty in the evaluation process, actual losses may be different from originally estimated provision. Refer Note No. 3.26, 3.36 and 3.39.

iv) Estimation of expected useful lives and residual values of property, plants and equipment

Property, plant and equipment are depreciated at historical cost using straight-line method based on the estimated useful life, taken into account at residual value. The asset's residual value and useful life are based on the Company's best estimates and reviewed, and adjusted if required, at each Balance Sheet date. Refer Note No. 3.1.

v) Fair Value Measurements

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques which involve various judgements and assumptions that may differ from actual developments in the future. For further details refer Note No. 3.43