Standalone Statement Of Significant Accounting Policies And Other Explanatory Notes

(A) Corporate Information

Incorporated in the year 1949, Ipca Laboratories Limited is a integrated pharmaceutical company manufacturing and marketing over 350 formulations and 80 API's covering various therapeutic segments. The products of the Company are now sold in over 120 countries across the globe. The Company has 17 manufacturing units in India manufacturing API's and formulations for the world market.

Authorization of Standalone Financial Statements

The Standalone financial statements were authorised for issue in accordance with a resolution of the Directors on May 29, 2018.

(B) Significant Accounting Policies

I) Basis of Preparation

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

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

a) certain financial assets and liabilities (including derivative instruments) are measured at fair value; and

b) defined benefit plans - plan assets measured at fair value

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

II) Use of Judgments, Estimates And Assumption

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates, judgements and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

The financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods .

a. Judgments

In the process of applying the company's accounting policies, management has made judgments, which have significant effect on the amounts recognised in the separate financial statements.

b. Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

c. Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

III) Summary of Significant Accounting Policies

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(a) Current and non-current classification

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

An asset is current when :

- It is expected to be realised or intended to be sold or consumed in normal operating cycle, or
- It is held primarily for the purpose of trading, or
- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle, or
- It is held primarily for the purpose of trading, or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for atleast twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

(b) Property, Plant and Equipment

i) Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Cost of acquisition comprises 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; any trade discount and rebates are deducted in arriving at the purchase price. Revalued assets are recorded at revalued amounts.

ii) Lease arrangements for land are identified as finance lease, in case such arrangements result in transfer of the related risks and rewards to the Company.

iii) Stores and spares which meet the definition of Property, Plant and Equipment and satisfy the recognition criteria of Ind AS 16 are capitalised as Property, Plant and Equipment.

iv) Capital Work In Progress represents expenditure incurred on capital assets that are under construction or are pending capitalisation and includes Project expenses pending allocation. Project expenses pending allocation are apportioned to the Property, Plant and Equipment of the project proportionately on capitalisation.

v) Cost of borrowing for assets taking substantial time to be ready for use is capitalised for the period up to the time the asset is ready for its intended use.

vi) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

vii) The residual useful life of Property, Plant and Equipment is reviewed at each balance sheet date and adjusted if required in the depreciation rates.

viii) Depreciation methods, estimated useful lives and residual value

Depreciation on all assets of the Company is charged on straight line method over the useful life of assets mentioned in Schedule II to the Companies Act ,2013 or the useful life previously assessed by the management based on technical review whichever is lower for the proportionate period of use during the year. Intangible assets are amortised over the economic useful life estimated by the management.

The management's estimated useful life/useful life as per schedule II whichever is lower for the various tangible assets are as follows.

Assets	Estimated useful life (Years)
Leasehold land	Period of Lease
Buildings	28 to 58
Roads	3 to 10
Plant and equipment and R&D equipments	9 to 20
Office and other equipments	5
Computers	3 to 6
Furniture and fixtures	10
Vehicles	6 to 8
Leasehold improvements	Period of Lease

c) Goodwill

Goodwill represents excess of consideration paid for acquisition of business over the fair value of net assets. Goodwill is not amortised but is tested for impairment at each reporting date.

d) Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition, and other economic factors (such as the stability of the industry, and known technological advances), and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Amortization methods and useful lives are reviewed periodically including at each financial year end.

Research costs are expensed as incurred. The costs which can be capitalized include the cost of material, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use. Research and development costs incurred under contractual arrangements with customers are accounted as expenses in the Statement of Profit and Loss.

The management has estimated the economic useful life for the various intangible assets as follows:

Assets	Estimated useful life (Years)
Brands and trademarks	4
Technical know how	4
Software for internal use	4

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 or loss when the asset is derecognised.

e) Borrowings

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

f) Impairment of assets

Carrying amount of Tangible assets, Intangible assets, Investments in Subsidiaries, Joint Venture and Associates (which are carried at cost) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

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.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Company's assets (cash-generating units). Non- financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

g) Inventories

Items of inventories are valued lower of cost or estimated net realisable value as given below:

Raw Materials and Packing Materials	Lower of cost and Net realisable value. However materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on First In First Out basis.
Work-in-process and Finished Goods	At lower of cost including material cost net of CENVAT/GST, labour cost and all overheads other than selling and distribution overheads and net realisable value. Excise duty is considered as cost for finished goods wherever applicable.
Stores and Spares	Stores and spare parts are valued at lower of purchase cost computed on First In First Out method and net realisable value.
Traded Goods	Traded Goods are valued at lower of purchase cost and net realisable value.

h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits in banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within bank borrowings in current liabilities in the balance sheet.

i) Provisions, contingent liabilities and contingent assets

Provision

A Provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Contingent liabilities

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

Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

j) Retirement and other benefits

Provident fund

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

Gratuity

Gratuity, a defined benefit obligation is provided on the basis of an actuarial valuation made at the end of each year/ period on projected unit credit method.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

Compensated absences

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using Projected Unit Credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

k) Foreign currencies

Transactions and balances:

i. The functional currency of the company is the Indian rupee. These financial statements are presented in Indian rupees.

ii. Transactions denominated in foreign currency are recorded at the exchange rate on the date of transaction. The exchange gain/loss on settlement / negotiation during the year is recognised in the statement of profit and loss.

iii. Foreign currency monetary transactions remaining unsettled at the end of the year are converted at year-end rates. The resultant gain or loss is accounted for in the statement of profit and loss.

iv. Non monetary items that are measured at historical cost denominated in foreign currency are translated using exchange rate at the date of transaction.

v. The overseas trading offices are non-integral operations and the overseas non trading offices are integral operations and are accounted accordingly.

l) 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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

m) Financial instruments

(i) Financial assets & financial liabilities

Initial recognition and measurement

All financial assets and liabilities are recognised initially at fair value.

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 is treated as cost of acquisition. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 7 details how the entity determines whether there has been a significant increase in credit risk. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

De-recognition of financial instruments

A financial asset is de-recognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or

- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

A financial liability (or a part of a financial liability) is de-recognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

(ii) Investments in subsidiaries/ associates/ joint venture

Investments in Subsidiaries / Associates / Joint venture are carried at cost in the separate financial statements.

(iii) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively.

Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under Ind AS 109 are recognised in the Statement of Profit and Loss.

Cash flow hedge

The company designates certain foreign exchange forward and options contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

n) Revenue recognition

i) Revenue from sale of goods is recognised net of returns, product expiry claims and trade discount, on transfer of significant risk and rewards in respect of ownership to the buyer which is generally on dispatch of goods. Sales for the year ended March 31, 2017 and for the period April 1, 2017 to June 30, 2017 were reported gross of excise duty and net of Value Added Tax (VAT) / Sales Tax. Consequent to the introduction of Goods and Services Tax (GST) with effect from July 1, 2017, VAT / central sales tax, excise duty etc. have been subsumed into GST and accordingly, the same is not recognised as part of sales in terms of Ind AS 18 on "Revenue".

ii) In respect of incentives attributable to the export of goods, the Company following the accounting principle of matching revenue with the cost has recognised export incentive receivable when all conditions precedent to the eligibility of benefits have been satisfied and when it is reasonably certain of deriving the benefit. Since these schemes are meant for neutralisation of duties and taxes on inputs pursuant to exports, the same are grouped under material costs.

iii) The other export incentives that do not arise out of neutralisation of duties and taxes are disclosed under other operating revenue.

iv) Revenue from services is recognised when all relevant activities are completed and the right to receive income is established.

v) Revenue in respect of insurance/other claims, commission, etc. are recognised only when it is reasonably certain that the ultimate collection will be made.

vi) For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR).

vii) Dividend from subsidiaries / associates / joint ventures is recognised in the Statement of Profit and Loss in separate financial statements when the parent company's right to receive the dividend is established.

o) Taxes

Tax expenses comprise Current Tax and Deferred Tax.:

i) Current tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the standalone financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

For items recognised in OCI or equity, deferred / current tax is also recognised in OCI or equity.

iii) MAT credit

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is reasonable certainty that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The MAT credit to the extent there is reasonable certainty that the Company will utilise the credit is recognised in the statement of profit and loss and corresponding debit is done to the deferred tax asset as unused tax credit.

p) Leases

Operating lease

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. All other leases are operating lease. Operating lease payments, as per terms of the agreement, are recognised as an expense in the Statement of Profit and Loss on a straight line basis in accordance with Ind AS 17.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

q) Research and development

Revenue expenditure on research and development is charged to statement of profit and loss in the year in which it is incurred. Capital expenditure on research and development is considered as an addition to property, plant & equipment / intangible assets.

r) Earnings per share

Earnings per share is calculated by dividing the net profit or loss before OCI for the year by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss before OCI for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

s) Dividend distribution

Dividend distribution to the Company's equity holders is recognized as a liability in the Company's annual accounts in the year in which the dividends are approved by the Company's equity holders.

t) Share-based payment transactions

Employees Stock Options Plans ("ESOPs"): The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share based payment transaction is presented as a separate component in equity under "Employee Stock Options Outstanding reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

u) Recent accounting pronouncements

i) Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant.

ii) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is being ascertained.

1. Property, Plant & Equipment

(₹ Crores)

Particulars	Freehold land	Leasehold land	Building	Plant & equipment	Plant & equipment (given on lease)	Office & other equipment	Effluent treatment plant	Furniture & fixture	Vehicles	R&D building	R&D equip-ment	R&D furniture	Total
Gross Block													
As on April 1, 2016	50.28	47.79	476.12	1,232.72	3.60	16.07	69.97	44.60	15.23	14.33	106.42	2.34	2,079.47
Additions	-	-	34.28	83.06	-	2.51	7.68	3.21	1.33	-	5.28	0.33	137.68
Disposal/Adjustments	-	-	(1.82)	(4.32)	0.10	(0.07)	-	(0.02)	(0.59)	-	(0.20)	-	(6.92)
As on March 31, 2017	50.28	47.79	508.58	1,311.46	3.70	18.51	77.65	47.79	15.97	14.33	111.50	2.67	2,210.23
Additions	-	0.27	5.36	53.08	-	2.02	1.30	1.57	1.09	-	17.84	0.16	82.69
Disposal/Adjustments	-	-	(0.49)	(2.27)	0.01	(0.08)	-	-	(0.68)	-	(0.48)	-	(3.99)
As on March 31, 2018	50.28	48.06	513.45	1,362.27	3.71	20.45	78.95	49.36	16.38	14.33	128.86	2.83	2,288.93
Accumulated Deprecation /Amortisation													
As on April 1, 2016	-	0.96	16.81	100.77	0.45	3.71	5.07	5.13	3.65	0.62	14.17	0.25	151.59
For the year 2016-17	-	0.96	17.11	106.75	0.43	3.70	6.36	5.41	3.53	0.62	14.53	0.30	159.70
Disposal/Adjustments	-	-	(0.05)	(0.37)	-	(0.03)	-	(0.01)	(0.22)	-	(0.07)	-	(0.75)
As on March 31, 2017	-	1.92	33.87	207.15	0.88	7.38	11.43	10.53	6.96	1.24	28.63	0.55	310.54
For the year 2017-18	-	0.97	18.12	108.66	0.41	3.81	6.57	5.40	2.79	0.61	15.56	0.31	163.21
Disposal/Adjustments	-	-	-	(0.47)	0.01	(0.06)	-	-	(0.46)	-	(0.28)	-	(1.26)
As on March 31, 2018	-	2.89	51.99	315.34	1.30	11.13	18.00	15.93	9.29	1.85	43.91	0.86	472.49
Net Block as on Mar 31, 2017	50.28	45.87	474.71	1,104.31	2.82	11.13	66.22	37.26	9.01	13.09	82.87	2.12	1,899.69
Net Block as on Mar 31, 2018	50.28	45.17	461.46	1,046.93	2.41	9.32	60.95	33.43	7.09	12.48	84.95	1.97	1,816.44

Notes:

1. Buildings include cost of shares in co-operative societies.
2. Out of depreciation and amortisation for the year of ₹ 174.35 crore (previous year ₹ 171.03 crore), depreciation of ₹ NIL (previous year ₹ 0.03 crore) relating to project under execution for the period before start of production is transferred to project expenses pending allocation.
3. Cost of borrowing of ₹ NIL (previous year ₹ 0.50 crore) is capitalised to the project.

Notes to standalone financial statements as at and for the year ended March 31, 2018

1A : Goodwill

The Goodwill represents the excess of the consideration paid over the fair value of assets and liabilities of industrial undertaking situated at Mahad, Aurangabad and Pithampur. This Goodwill is being tested for impairment at each balance sheet date.

1B : Other Intangible Assets

(₹ Crores)

Particulars	Software	Brand/ Trade Mark	Know-How	Software - R&D	Total
Gross Block					
As on April 1, 2016	21.91	5.90	4.51	1.92	34.24
Additions	3.19	-	5.21	0.51	8.91
Disposal/Adjustments	-	-	-	-	-
As on March 31, 2017	25.10	5.90	9.72	2.43	43.15
Additions	2.58	-	-	0.45	3.03
Disposal/Adjustments	-	-	-	-	-
As on March 31, 2018	27.68	5.90	9.72	2.88	46.18
Accumulated Depreciation / Amortisation					
As on April 1, 2016	5.87	1.76	1.06	0.46	9.15
For the year 2016-17	6.77	1.76	2.24	0.56	11.33
Disposal/Adjustments	-	-	-	-	-
As on March 31, 2017	12.64	3.52	3.30	1.02	20.48
For the year 2017-18	6.24	1.75	2.49	0.66	11.14
Disposal/Adjustments	-	-	-	-	-
As on March 31, 2018	18.88	5.27	5.79	1.68	31.62
Net Block as on March 31, 2017	12.46	2.38	6.42	1.41	22.67
Net Block as on March 31, 2018	8.80	0.63	3.93	1.20	14.56

2. Financial Assets - Investments

Investments in subsidiary/ joint venture/ associate (at cost)

(₹ Crores)

Sr. no.	Particulars	As at Mar 31, 2018	As at Mar 31, 2017
1	Equity instrument in subsidiaries	21.63	21.63
2	Equity instrument in joint venture	6.51	6.51
3	Equity instrument in associates	34.30	34.30
4	Investment in preference shares of subsidiaries	86.52	38.20
5	Provision for diminution in the value of investments	(2.68)	(2.68)
	Total	146.28	97.96
2A	**Other Non-current investments**		
	Investment in equity	-	-
	Investment in preference shares	-	0.05
	Total	-	0.05
2B	**Current investments**		
	Investment in mutual fund	69.35	113.57
	Total	69.35	113.57

2 Investment in Subsidiary/ Joint Venture/ Associate

Sr. No.	Name of the body corporate	Relationship	Face value	Extent of holding (%) / no. of shares		(₹ Crores)	
				31/ 03/ 2018	31/ 03/ 2017	31/ 03/ 2018	31/ 03/ 2017
Non-current investment							
Investments at cost							
(1)	**Unquoted equity shares**						
i)	**Investment in equity instruments (at cost)**						
1	Ipca Pharmaceuticals, Inc., USA	Subsidiary	No Par Value	100.00%	100.00%	9.31	9.31
				1,000	1,000		
2	Ipca Laboratories (U.K.) Ltd., U.K.	Subsidiary	STG 1	100.00%	100.00%	8.08	8.08
				9,14,186	9,14,186		
3	Ipca Pharma Nigeria Ltd., Nigeria	Subsidiary	Niara 1	100.00%	100.00%	2.82	2.82
				5,15,89,190	5,15,89,190		
4	Ipca Pharma (Australia) Pty Ltd., Australia	Subsidiary	AUD 1	100.00%	100.00%	0.17	0.17
				26,944	26,944		
5	Ipca Pharmaceuticals Ltd. SA de CV, Mexico	Subsidiary	No Par Value	100.00%	100.00%	1.15	1.15
				-	-		
6	Tonira Exports Limited	Subsidiary	₹ 10	100.00%	100.00%	0.10	0.10
				1,00,000	1,00,000		
7	Avik Pharmaceutical Ltd	Joint Venture	₹ 100	49.02%	49.02%	6.51	6.51
				5,00,000	5,00,000		
8	CCPL Software Pvt. Ltd #	Associate	₹ 100	28.95%	28.95%	-	-
				55,000	55,000		
9	Trophic Wellness Pvt. Ltd	Associate	₹ 10	19.26%	19.26%	12.34	12.34
				7,80,000	7,80,000		
	Total (i)					40.48	40.48
ii)	**Investment in preference shares of subsidiaries(at cost)**						
1	Ipca Laboratories (U.K.) Ltd., U.K.	Subsidiary	STG 1	100.00%	100.00%	27.96	38.20
				27,25,000	37,25,000		
2	Ipca Pharmaceuticals, Inc., USA ##	Subsidiary	$1000	100.00%	-	58.56	-
				9,250	-	-	-
	Total (ii)					86.52	38.20
	Total unquoted investments (i+ii)					127.00	78.68
(2)	**Quoted equity shares**						
	Investment in equity instruments (at cost)						
1	Krebs Biochemicals & Industries Ltd.	Associate	₹10	29.83%	29.83%	21.96	21.96
				41,00,100	41,00,100		
	Total quoted investments					21.96	21.96
	Total investments (1+2)					148.96	100.64
	Less : Provision for diminution in value in equity shares (refer table (iii) below)					(2.68)	(2.68)
	Total FVTPL non-current investments (net of provision)					146.28	97.96

Cost fully written off in books

Redeemable preference shares redeemable at the option of issuer.

iii) Provision for diminution in the value of Investments till date in shares in respect of the above companies is as follows:-

(₹ Crores)

Sr. No.	Name of the body corporate	Relationship	31/ 03/ 2018	31/ 03/ 2017
1	Ipca Pharmaceuticals, Inc., USA - equity shares	Subsidiary	2.68	2.68
	Total		2.68	2.68

iv) Aggregate value of investments

(₹ Crores)

Particulars	31/ 03/ 2018	31/ 03/ 2017
Aggregate book value of quoted investments	21.96	21.96
Aggregate market value of quoted investments	67.28	41.06
Aggregate book value of unquoted investments	127.00	78.68

v) Details of investments subsidiary/ joint venture/ associate (at cost)

a) Ipca Pharmaceuticals, Inc. USA

This wholly owned subsidiary company was incorporated under the laws of the State of New Jersey in the United States on July 10, 2003. This subsidiary company is coordinating the development and registration of formulations developed by the Company in United States of America as well as distribution of Active Pharmaceutical Ingredients (API's) manufactured by the Company in the US market. During the year 2017-18, this subsidiary accquired 90% Share Capital of Pisgah Laboratories Inc. USA.

b) Ipca Laboratories (U.K.) Ltd.,U.K.

During the financial year 2003-04, Company incorporated this wholly owned subsidiary to apply and obtain product registrations in the United Kingdom. During the year 2011-12, this subsidiary acquired 100% share capital of Onyx Research Ltd., holding company of Onyx Scientific Ltd. During the year 2015-16, Onyx Research Chemicals Ltd. , UK merged with its holding company Ipca Laboratories (UK) Ltd. and consequent to this, Onyx Scientific Ltd. has now become wholly owned subsidiary of this Company. During the year 2017-18, Onyx Scientific Ltd. has accquired 10% Share Capital of Pisgah Laboratories Inc. USA.

c) Ipca Pharma Nigeria Ltd. Nigeria

During the year 2006-07, the Company acquired the entire share capital of its stepdown subsidiary Ipca Pharma Nigeria Ltd. Thus, Ipca Pharma Nigeria Ltd became wholly owned subsidiary of the Company with effect from 31st January, 2007. The company was incorporated as a private company in Nigeria. It commenced commercial operations in December 2001. It is engaged in importation and marketing of formulations and APIs in the Nigerian market.

d) Ipca Pharma (Australia) Pty Ltd. Australia

This subsidiary company was acquired by the Company in the year 2007-08 and is engaged in the activities of holding formulations dossier registrations with TGA, Australia and sale of pharmaceuticals manufactured by the Company in Australia. This subsidiary company has a wholly owned subsidiary in New Zealand - Ipca Pharma (NZ) Pty Ltd.

e) Ipca Pharma (NZ) Pty Ltd., New Zealand

The Company was incorporated to hold formulation dossier registrations in New Zealand and to distribute formulations manufactured by the Company in the New Zealand market. This company is wholly owned subsidiary of Ipca Pharma (Australia) Pty Ltd.

f) Ipca Pharmaceuticals Ltd. SA de CV. Mexico

This subsidiary company was setup during the year 2008-09 as wholly owned subsidiary of the Company to hold formulations dossier registrations and promotion of pharmaceuticals manufactured by the Company in the Mexican market. This Company is currently in the process of registration of dossiers in Mexico.

g) Tonira Exports Limited

Tonira Exports Ltd. was incorporated as a wholly owned subsidiary of Tonira Pharma Ltd. The Company acquired management control of Tonira Pharma Ltd. in May 2008. Upon merger of Tonira Pharma Ltd. with the Company in the year 2011-12, Tonira Exports Ltd has become wholly owned subsidiary of the Company. This Company is presently not into any business.

h) Avik Pharmaceutical Ltd.

During the year 2013-14 the Company had acquired 49.02% of shares in Avik Pharmaceutical Ltd. Avik is manufacturing APIs, primarily Cortico Steroids and Hormones since 1980. Avik is pioneer in the manufacturing of steroids in India. Avik's two manufacturing facilities are located at Vapi, Gujarat.

i) Trophic Wellness Pvt. Ltd.

Trophic Wellness Pvt. Ltd. was incorporated in 2010 and is headquartered in Mumbai, India. The Company has acquired shareholding to the extent of 19.26 % in Trophic Wellness Pvt. Ltd. during the year 2010-11. Trophic Wellness Pvt. Ltd. is engaged in the manufacturing and marketing of neutraceuticals with its manufacturing unit situated in Sikkim.

j) Krebs Biochemicals & Industries Ltd.

Krebs Biochemicals and Industries Ltd. was established in 1991. During the financial year 2014-15, Krebs Biochemicals and Industries Ltd. became an associate company. The Company is presently holding 29.83% shares in this company. Krebs undertakes both contract manufacturing for large pharmaceutical and multinational companies and develops products for sale in global markets. Krebs is listed on NSE and BSE and is headquartered in Vishakapatnam, India with manufacturing plants in Nellore and Vizag. Expertise and infrastructure in the areas of chemical synthesis, fermentation and enzymatic technologies along with a focus on cost and quality makes Krebs a logical partner of the Company for the development and supply of products made using one or more of these technologies.

2A Other Long term Investments

Sr. no.	Name of the body corporate	Relationship	Face value	No. of shares		(₹ Crores)	
				31/03/2018	31/03/2017	31/03/2018	31/03/2017
Investments at fair value through P&L (fully paid)							
Unquoted equity shares							
1	Gujarat Industrial Co-op Bank Ltd.	Others	₹ 50	140	140	-	-
2	Narmada Clean Tech Ltd. (NCTL) (formerly known as Bharuch Eco Aqua Infrastructure Ltd.)	Others	₹ 10	35,000	35,000	-	-
Unquoted preference shares							
3	Enviro Infrastructure Company Limited	Others	₹ 10	-	45,000	-	0.05
Total						-	0.05

Aggregate value of investments (₹ Crores)

Particulars	31/03/2018	31/03/2017
Aggregate book value of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate book value of unquoted investments	-	0.05

2B Current Investment

Sr. no.	Name of the mutual fund scheme	No. of units		(₹ Crores)	
		31/03/2018	31/03/2017	31/03/2018	31/03/2017
Quoted investment					
Investments at fair value through P&L (fully paid)					
A.	**Investment in mutual fund**				
	Invesco India liquid Fund- Growth	1,05,029	-	25.04	-
	Kotak Low Duration Fund	1,16,320	1,48,069	25.48	30.07
	Kotak Floater Short Term Fund	66,179	1,25,499	18.83	33.43
	Reliance Liquid Fund	-	75,908	-	30.01
	Reliance Medium Term Fund	-	57,82,392	-	20.06
	Total current investments	2,87,528	61,31,868	69.35	113.57

Notes to standalone financial statements as at and for the year ended March 31, 2018

Aggregate value of investments (₹ Crores)

Particulars	March 31, 2018	March 31, 2017
Aggregate book value of quoted investments	69.35	113.57
Aggregate market value of quoted investments	69.35	113.57

Details of loans given, investments made, guarantees given and security provided covered under section 186(4) of the Companies Act,2013 are given hereunder:

(₹ Crores)

Sr. no.	Name of the company	Nature	Relation	Purpose	March 31, 2018	March 31, 2017
1	Ipca Pharmaceuticals, Inc., USA	Investment	Subsidiary	Preference Share contribution to Subsidiary	58.56	-
2	Krebs Biochemicals & Industries Ltd.	Loan Given	Associate	Loan (ICD) given to Associate for business purpose	12.36	23.57
3	Trophic Wellness Pvt. Ltd.	Investment	Associate	Partly paid up shares converted to fully paid up shares	-	3.40
	Total				70.92	26.97

The disclosure under section 186(4) is made at transaction value before Ind AS effects.

3. Financial Assets - Loans

(₹ Crores)

	Particulars	As at March 31, 2018		As at March 31, 2017	
		Non current	Current	Non current	Current
(a)	Deposits with others:				
	Considered good	47.93	0.98	44.77	0.77
	Considered doubtful	0.02	-	0.02	-
		47.95	0.98	44.79	0.77
	Less : Provision for doubtful deposits	(0.02)	-	(0.02)	-
		47.93	0.98	44.77	0.77
(b)	Loans to related parties				
	(Unsecured, considered good)	61.95	-	50.03	-
(c)	Others (Unsecured, considered good)				
	Loans given to employees	0.57	1.16	0.51	1.26
	Total	110.45	2.14	95.31	2.03

Disclosures:

a) Details of loans and advances in the nature of loan to subsidiaries, associates etc. as required under Schedule V(A)(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 :

(₹ Crores)

Sr. no.	Name of the company and relationship	Balance as at Mar 31, 2018	Maximum outstanding during the year 2017-18	Balance as at Mar 31, 2017	Maximum outstanding during the year 2016-17
i)	Ipca Laboratories (U.K.) Ltd. U.K.- 100% subsidiary	-	-	-	2.88
ii)	Krebs Biochemicals & Industries Limited - associate	47.33	47.33	34.97	34.97
iii)	Avik Pharmaceutical Limited - joint venture	14.62	15.06	15.06	16.19

Loans and advances to subsidiary company is interest free and there is no repayment schedule fixed. The disclosure in this para is made of transaction value and not the figures after application of Ind AS.

b) Investment by the loanee in the shares of the company:

None of the loanees have, per se, made investments in the shares of the company.

c) Details of Loans and advances to Related Parties. (₹ Crores)

Sr. no.	Name of the company and relationship	Balance as at Mar 31, 2018	Balance as at Mar 31, 2017
i)	Krebs Biochemicals & Industries Limited - Associate	47.33	34.97
ii)	Avik Pharmaceutical Ltd. - joint venture	14.62	15.06
	Total	61.95	50.03

d) Deposit includes ₹ 45.00 crores (previous year ₹ 45.00 crores) given as lease deposit for two manufacturing facilities of Krebs Biochemicals & Industries Limited taken on lease by the Company. The figures stated are at transaction value before Ind AS effects.

4. Financial Assets - Others

(₹ Crores)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Non current	Current	Non current	Current
Advances to employees				
- Considered good	-	0.56	-	0.79
- Considered doubtful	-	1.30	-	0.60
	-	1.86	-	1.39
Less : Provision for doubtful advances	-	(1.30)	-	(0.60)
	-	0.56	-	0.79
Deposits with others	0.82	-	1.36	-
Other income receivables	0.06	12.27	-	3.43
Claim receivables	-	6.04	-	1.65
Duties and taxes refundable	-	64.20	-	46.95
Unbilled revenue	-	4.00	-	11.86
Forward contract gain receivable	-	-	-	8.33
Hedging gain receivable	-	3.69	-	3.84
Term deposits with banks kept as margin money#	2.29	-	2.24	-
Total	3.17	90.76	3.60	76.85

Term deposits are lying with government authorities and / or as margin for guarantees issued by banks to various authorities (also refer note no. 35)

5. Other Non-Financial Assets

(₹ Crores)

	Particulars	As at March 31, 2018		As at March 31, 2017	
		Non current	Current	Non current	Current
(i)	Capital advances	4.53	-	6.86	-
	(Unsecured, considered good)				
(ii)	Prepaid expenses	4.87	16.06	8.99	13.35
(iii)	Deposits with Govt. departments				
	- Considered good	-	1.25	-	3.81
(iv)	Unutilised indirect tax credit	-	93.01	-	64.26
(v)	Advance to suppliers	-	6.87	-	6.14
(vi)	Export benefits receivables	-	25.92	-	35.40
(vii)	Advances to employees	-	2.86	-	2.83
(viii)	Others	0.01	0.37	0.24	0.36
(ix)	Prepaid taxes (net of provisions)	3.39	-	2.45	-
	Total	12.80	146.34	18.54	126.15

Notes to standalone financial statements as at and for the year ended March 31, 2018

6. Inventories

(₹ Crores)

	Particulars	As at March 31, 2018		As at March 31, 2017	
i)	Raw materials				
	In hand	349.77		299.73	
	In transit	23.53	373.30	31.61	331.34
ii)	Packing materials				
	In hand	29.49		31.13	
	In transit	0.29	29.78	0.12	31.25
iii)	Work-in-progress		177.48		185.10
iv)	Finished goods				
	In hand				
	Own	218.37		257.05	
	Traded	45.43	263.80	40.03	297.08
	In transit				
	Own	8.82		10.47	
	Traded	0.83	9.65	3.94	14.41
v)	Stores and spares		19.16		14.36
	Total		873.17		873.54

All the above inventory other than stores & spares are hypothecated to the lenders as security towards short term borrowings.

The disclosure of inventories recognised as an expense in accordance with paragraph 36 of Ind AS 2 is as follows:

(₹ Crores)

	Particulars	As at March 31, 2018	As at March 31, 2017
(i)	Amount of inventories recognised as an expense during the period.	1,139.48	1,131.07
(ii)	Amount of write - down of inventories recognised as an expense during the period.	5.79	9.07
	Total	1,145.27	1,140.14

7. Financial Assets - Trade Receivables (Unsecured, At Amortised Cost)

(₹ Crores)

Particulars	As at March 31, 2018		As at March 31, 2017	
Considered good	594.85		502.54	
Considered doubtful	0.01		0.02	
	594.86		502.56	
Less: Allowance for doubtful debts	(0.47)		(0.56)	
Less: Provision for doubtful debts (lifetime credit loss)	(0.01)	594.38	(0.02)	501.98
Total		594.38		501.98

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward- looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed. The Company estimates the following matrix at the reporting date which is calculated on overdue amounts.

Particulars	As at March 31, 2018	As at March 31, 2017
Default rate - local	0.16%	0.12%
Default rate - export	0.89%	0.74%

Movement in the expected credit loss allowance

(₹ Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the period	0.56	0.63
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit	(0.09)	(0.07)
Provision at the end of the period	0.47	0.56

8. Financial Assets - Cash & Cash Equivalents (₹ Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Balances with banks	12.18	9.56
Cheques, drafts on hand	1.37	1.34
Cash on hand	0.19	0.20
Fixed deposit with bank	116.00	-
Total	129.74	11.10

9. Financial Assets - Bank balances other than (8) above (₹ Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Unpaid dividend accounts	1.29	1.43
Fixed Deposits	-	5.00
Total	1.29	6.43

10. Equity Share Capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares	(₹ Crores)	Number of shares	(₹ Crores)
Authorised capital				
Equity shares of ₹ 2 each	28,50,00,000	57.00	28,50,00,000	57.00
Issued & subscribed equity shares of ₹ 2 each				
Issued & subscribed equity shares of ₹ 2 each	12,74,80,204	25.50	12,74,80,204	25.50
Paid up equity shares of ₹ 2 each	12,61,99,109	25.24	12,61,99,109	25.24
Total		25.24		25.24

Of the above 3,22,704 Equity shares of ₹ 2/- each of the Company have been alloted during 2012-13 without payment being received in cash under the scheme of amalgamation of erstwhile Tonira Pharma Limited with the Company.

Disclosures:

i) Reconciliation of Shares

Particulars	As at March 31, 2018		As at March 31, 2017	
	Numbers	(₹ Crores)	Numbers	(₹ Crores)
Shares outstanding at the beginning of the year	12,61,99,109	25.24	12,61,99,109	25.24
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	12,61,99,109	25.24	12,61,99,109	25.24

ii) Details of Shareholding in excess of 5%

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	%	Number of shares held	%
Kaygee Investments Private Limited	2,70,18,195	21.41%	2,70,18,195	21.41%
Kaygee Laboratories Private Limited (Formerly Exon Laboratories Private Limited)	83,21,000	6.59%	83,21,000	6.59%
Chandurkar Investments Private Limited	69,78,005	5.53%	69,78,005	5.53%

iii) Rights and obligations of shareholders

The Company has only one class of share referred as equity shares having a par value of ₹ 2/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after payment of external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders. The dividend is recommended by management which is subject to shareholder's approval at the Annual General Meeting.

11. Other Equity

(₹ Crores)

Particulars		As at March 31, 2018		As at March 31, 2017	
(a)	Capital reserve		0.59		0.59
(b)	Securities premium		43.99		43.99
(c)	Capital redemption reserve		0.26		0.26
(d)	Debenture redemption reserve		-		5.00
(e)	Share option outstanding account		0.32		-
(f)	General reserve		1,310.00		1,305.00
(g)	Retained earnings		1,311.36		1,091.61
(h)	OCI reserve				
	- Cash flow hedging reserve	3.69		3.83	
	- Foreign currency translation reserve	(0.50)	3.19	(0.40)	3.43
Total			2,669.71		2,449.88

The Board of directors in their meeting held on May 29, 2018 have recommended a dividend of ₹ 1/- per equity share (previous year ₹ 1/-) to be approved by the shareholders in the ensuing Annual General Meeting. On approval, this will result in an outflow of ₹ 15.23 crores including dividend tax.

Nature and purpose of each reserve

Capital Reserve

During amalgamation / merger / acquisition, the excess of net assets taken, over the consideration paid, if any, is treated as capital reserve.

Securities Premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium reserve. This reserve is utilised in accordance with the provisions of the Companies Act 2013.

Capital Redemption Reserve

The Company has recognised Capital Redemption Reserve on buy-back of equity shares from its retained earnings. The amount in Capital Redemption Reserve is equal to nominal amount of the equity shares bought back.

Debenture Redemption Reserve

The Company is required to create a debenture redemption reserve out of the profits which is available for payment of dividend. This reserve was transferred to general reserve on redemption of debentures.

Share Options Outstanding Account

The Company has established various equity settled share based payment plan for certain categories of employees.

General Reserve

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to the statement of profit and loss.

Retained Earning

Retained earnings are the profits that the Company has earned till date and is net of amount transferred to other reserves such as general reserves, debenture redemption reserve etc., amount distributed as dividend and adjustments on account of transition to Ind AS.

Effective portion of cash flow hedges

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on the changes of the fair value of the designated portion of the hedging instruments that are recognised and accumulated under the cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

Other items of OCI

This reserve represents exchange differences arising on account of conversion of foreign operations to Company's functional currency.

12 Financial Liabilities - Borrowings

a) Long-term Borrowings - Secured

(₹ Crores)

Particulars		Non - current portion as at		Current maturities as at	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
i.	Debentures	-	-	-	4.99
ii.	Foreign currency term loan	234.01	340.42	141.23	130.00
iii.	Buyers credit	-	6.80	7.93	6.79
Total (a)		234.01	347.22	149.16	141.78

Details of above:- (₹ Crores)

Sr. No.	Name of the Instruments/ Institutions	Non - current portion as at		Current maturities as at	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
i.	**Debentures**				
1	9.25% Secured redeemable non-convertible debentures	-	-	-	4.99
	Total (i)	-	-	-	4.99
ii.	**Foreign currency term loans**				
1	BNP PARIBAS, Singapore Branch	25.07	44.90	20.06	19.96
2	DBS BANK, Singapore Branch	-	7.64	7.68	15.20
3	Citibank N.A., Jersey	32.56	-	-	-
4	a) HSBC Bank Mauritius Ltd.	-	14.31	14.48	28.87
	b) HSBC Bank Mauritius Ltd.	-	-	-	14.96
	c) HSBC Bank Mauritius Ltd.	8.14	40.49	32.55	32.33
	d) HSBC Bank Mauritius Ltd.	90.88	107.71	17.68	14.63
5	Standard Chartered Bank- London	44.81	60.80	16.30	4.05
6	United Overseas Bank Ltd.	32.55	64.57	32.48	-
	Total (ii)	234.01	340.42	141.23	130.00
iii.	**Buyers credit**				
1	Standard Chartered Bank	-	6.80	7.93	6.79
	Total (iii)	-	6.80	7.93	6.79
Total (i + ii + iii)		234.01	347.22	149.16	141.78

b) Long-term Borrowings - Unsecured

(i)	Buyers credit	-	4.52	5.35	44.93
Total (a+b)		234.01	351.74	154.51	186.71

c) Details of securities and repayment terms of secured loans stated above

(i) Debentures

Secured by first mortgage and pari-passu charge over Company's office premises at Ahmedabad, Gujarat and first charge by way of equitable mortgage charge on immovable properties being land and building situated at Sejavata, Ratlam and Polo Ground, Indore, both in the state of Madhya Pradesh; Village Athal & Village Piparia (Silvassa); plot no. 48, plot no. 142-AB, plot no. 123, plot no. 125 & plot no. 126 ABCD at Kandivli Industrial Estate in Mumbai and at Dehradun in the state of Uttarakhand. Redeemable in 4 equal annual instalments of ₹ 5.00 crores at the end of 2nd year, 3rd year,4th year and 5th year from the date of issue i.e. December 12, 2012.

(ii) Foreign currency term loans

1 BNP PARIBAS, Singapore Branch

Secured by first pari passu charge by way of hypothecation of movable fixed assets both present and future Including Pithampur Plant(Indore). Repayable in 13 equal quarterly instalments from June 30, 2017.

2 DBS BANK, Singapore Branch

Secured by first pari passu charge by way of hypothecation of all the movable fixed assets both present and future. Repayable in 17 equal quarterly instalments from September 16, 2014.

3 Citibank N.A., Jersey

Secured by first pari passu charge over movable assets of the company except assets at Unit II at Sikkim plant and specific machines at Athal and Ratlam which are financed under buyer credit. Repayable in 16 equal quarterly instalments from June 15, 2019.

4 HSBC Bank Mauritius Ltd.

a. Secured by first pari-passu charge over current and future movable fixed assets of the Company except assets at Pithampur, Indore and at Baroda. Repayable in 9 equal quarterly instalments from September 26, 2016.

b. Secured by first pari-passu charge over current and future movable fixed assets of the Company except assets at Pithampur, Indore and at Baroda. Repayable in 13 equal quarterly instalments from November 19, 2014.

c. Secured by first pari-passu charge over current and future movable fixed assets of the Company except assets at Pithampur, Indore and at Baroda. Repayable in 16 equal quarterly instalments from September 30, 2015.

d. Secured by first pari-passu charge over current and future movable fixed assets of the Company except assets at Baroda. Repayable in 11 half yearly un-equal instalments from December 08, 2016.

5 Standard Chartered Bank- London

Secured by first pari-passu charge on movable fixed assets at company's API plant at Baroda and Formulation plant at SEZ Pithampur and the specific and exclusive charge on the unit II at Sikkim. Repayable in 16 quarterly equal instalments from February 15, 2018.

6 United Overseas Bank Ltd.

Secured by first pari passu charge by way of hypothecation on movable fixed assets both present and future Including Pithampur plant (Indore). Repayable in 4 equal half yearly instalments from June 29, 2018.

(iii) Buyer's credit - Standard Chartered Bank

Exclusive Charge by way of hypothecation on specific movable fixed assets financed through this Buyers' Credit. Repayable 10% at end of 12 months, 45% at end of 24 months and balance 45% at end of 36 months from the date of drawdown.

d) Maturity profile of borrowings other than debentures is as per the original sanction terms without Ind AS effects.

(₹ Crores)

Particulars	March 31, 2018	March 31, 2017
Instalment payable between 1 to 2 years	108.05	152.30
Instalment payable between 2 to 5 years	126.41	200.86
Total	234.46	353.16

e) The long term loans other than non convertible debentures are taken at the following rates.

Particulars	Interest Band
Foreign currency loan	Libor + 0.55% to 2.45%

13. Other Financial Liabilities

(₹ Crores)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Non current	Current	Non current	Current
Deposits from customers	-	1.03	-	1.07
Current maturities of long term debt (refer note no.12)	-	154.51	-	186.71
Interest accrued but not due on borrowings	-	1.36	-	1.71
Unpaid dividends	-	1.29	-	1.43
Amount payable on hedging transactions	-	2.10	-	0.02
Payable for capital goods	-	9.79	-	21.47
Others payables	-	61.53	-	66.82
Total	-	231.61	-	279.23

14. Provisions

(₹ Crores)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Non current	Current	Non current	Current
Gratuity	-	2.12	-	3.39
Provision for leave encashment	25.88	2.59	24.55	2.67
Other employee related provision	-	4.61	-	2.16
Provision for breakage / damage	-	2.78	-	2.38
Provision for product expiry	-	46.11	-	43.46
Provision for sales return	-	9.00	-	6.35
Total	25.88	67.21	24.55	60.41

The disclosure of provisions movement as required by Ind AS 37 is as follows:-

(₹ Crores)

	Particulars	March 31, 2018	March 31, 2017
(i)	**Provision for breakage/damage**		
	Balance at the beginning of the period	2.38	3.45
	Provisions made during the period	2.99	2.49
	Utilisations during the period	(2.59)	(3.56)
	Provision at the end of the period	2.78	2.38
(ii)	**Provision for product expiry**		
	Balance at the beginning of the period	43.46	37.28
	Provisions made during the period	32.40	30.79
	Utilisations during the period	(29.75)	(24.61)
	Provision at the end of the period	46.11	43.46
(iii)	**Provision for sales return**		
	Balance at the beginning of the period	6.35	6.62
	Provisions made during the period	22.37	17.81
	Utilisations during the period	(19.72)	(18.08)
	Provision at the end of the period	9.00	6.35
(iv)	**Provision for wage arrears under negotiation**		
	Balance at the beginning of the period	2.16	5.74
	Provisions made during the period	2.80	8.32
	Utilisations during the period	(0.35)	(11.90)
	Provision at the end of the period	4.61	2.16

14.1(i) Disclosure in accordance with Ind AS – 19 "Employee Benefits", of the Companies (Indian Accounting Standards) Rules, 2015.

Gratuity

The company provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement / termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is a funded plan and the company makes contributions to recognised funds in India. The company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Market risk (discount risk)

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Longevity risk

The impact of longevity risk will depend on whether the benefits are paid before retirement age or after. Typically for the benefits paid on or before the retirement age , the longevity risk is not very material.

Actuarial risk

Salary Increase Assumption: Actual Salary increase that are higher than the assumed salary escalation, will result in increase to the obligation at a rate that is higher than expected.

The following table summarizes the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet.

(₹ Crores)

Particulars	**As at March 31, 2018**	**As at March 31, 2017**
Expense recognised in statement of profit & loss		
Current service cost	7.14	6.13
Interest expense	3.66	3.24
Expected return on plan assets	(3.70)	(3.49)
Benefit paid but pending claim	-	-
Total	7.10	5.88
Expense recognised in Other Comprehensive Income		
Return on plan assets (greater)/less than discount rate	(0.58)	(0.17)
Actuarial (gain)/loss due to experience on DBO	(1.71)	4.61
Total	(2.29)	4.44
Present value of funded defined benefit obligation	58.12	54.49
Fair value of plan assets	(56.00)	(51.10)
Funded status	2.12	3.39
Net defined benefit (asset)	2.12	3.39

(₹ Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Movements in present value of defined benefit obligation		
Present value of defined benefit obligation at the beginning of the year	54.49	43.20
Current service cost	7.14	6.13
Interest cost	3.66	3.24
Actuarial (gain)/loss	(1.71)	4.61
Benefits paid	(5.46)	(2.69)
Present value of defined benefit obligation at the end of the year	58.12	54.49
Movements in fair value of the plan assets are as follows		
Opening fair value of plan assets	51.10	41.28
Expected returns on plan assets	3.70	3.49
Remeasurement (gains)/losses:		
Actuarial (gain)/loss on plan assets	0.58	0.17
Contribution from employer	6.07	8.85
Benefits paid	(5.46)	(2.69)
Benefit paid but pending claim	-	-
Closing fair value of the plan asset	55.99	51.10
Remeasurement effect recognised on Other Comprehensive Income		
Actuarial (gain)/loss arising from experience adjustments	(1.71)	4.61
Actuarial (gain)/loss on plan assets	(0.58)	(0.17)
Total actuarial (gain)/loss included in OCI	(2.29)	4.44

The principal assumptions used as at the balance sheet date are used for the purpose of actuarial valuations were as follows:

Particulars	As at March 31, 2018	As at March 31, 2017
Financial assumptions		
Discount rate	7.70%	7.25%
Salary increase rate	6.00%	6.00%
Demographic assumptions		
Mortality rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Withdrawal rate	5%	5%
Retirement age	58 Years	58 Years

The rate used to discount post-employment benefit obligations is determined by reference to market yields at the end of the reporting period on government bonds.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality.

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

Defined benefit obligation		
Discount rate		
a. Discount rate - 100 basis points	62.36	60.75
b. Discount rate + 100 basis points	53.67	50.56
Salary increase rate		
a. Rate - 100 basis points	53.83	51.99
b. Rate + 100 basis points	62.09	58.74

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 clear in isolation of one another as some of the assumptions may be correlated.

Further more, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(ii) Employee stock option plans

The Company has a stock option plan that provides for the granting of stock options to qualifying permanent employees including Wholetime Non- Promoter Director of the Company. The option plan is summarized below:

The Board of Directors at the meeting held on April 25, 2017 have granted 1,65,000 (One lakh sixty five thousand) option under Ipca Laboratories Limited -Employees Stock Option Scheme- 2014 (ESOS). The Option granted would be vested on completion of 1 year from the date of grant of the option. Therefore, as at the Balance sheet date there were no options exercisable as the balance contractual life was less than one year.

The option granted are pursuant to Ipca laboratories Limited - Employee Stock Option Scheme -2014 (ESOS) and subject to all applicable laws, rules and regulations and also subject to such approvals as may be required under such laws, rules and regulations, as in force from time to time.

The compensation cost for ESOS-2014 has been recognized based on the fair value at the date of grant in accordance with the Black-Scholes method determine by an independent merchant banker.
All the options are granted on a single date, which vest at the expiry of one year and have exercise period of 2 months. However, the decision on exercise of the options is dependent on the expectations of economic gains based on future outlook prevailing at the time by the option grantees. We have considered the expected life of the option as the vesting period plus exercise period from the date of grant.

Particulars	**Year ended March 31, 2018**	
	No. of options	**Exercise price**
Outstanding, beginning of year	-	-
Granted during the year	1,65,000	₹ 300
Exercised during the year	-	-
Forfeited during the year	8,500	₹ 300
Outstanding, end of year	1,56,500	₹ 300

The following table summarizes the assumptions used in calculating the grant date fair value for instrument granted in the year ended March 31, 2018:

Dividend yield	0.11%
Expected volatility	32.16%
Risk-free interest rate	7.72%
Expected life of share options (years)	1.17
Weighted average share price (₹)	₹ 595.40
Model used	Black Scholes
Grant date fair value	₹ 321.14

The Black –Scholes option-pricing model was developed for estimating fair value of trade options that have no vesting restrictions and are fully transferable. Since options pricing models require use of subjective assumptions, changes therein can materially affect fair value of the options. The options pricing models do not necessarily provide a reliable measurement of fair value of options.

15 Deferred Tax Liabilities (Net) **(₹ Crores)**

Particulars	As at March 31, 2018		As at March 31, 2017	
Deferred tax liabilities on account of :				
Depreciation including on R & D assets, amortisation and impairment		234.09		226.54
Deferred tax asset on account of :				
Leave encashment	9.95		9.42	
Bonus expenses	1.05		2.42	
MAT credit available	64.43		28.00	
Provision for revenue and credit loss	-	75.43	18.06	57.90
Net deferred tax liability		158.66		168.64

16 Other Non-Financial Liabilities **(₹ Crores)**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Non Current	Current	Non Current	Current
Security deposit	1.56	-	1.56	-
Revenue received in advance	-	7.77	-	9.85
Duties & taxes payable	-	17.49	-	21.73
Forward hedging payable	-	0.43	-	-
Other payables	-	4.70	-	4.54
Total	1.56	30.39	1.56	36.12

17 Financial Liabilities - Borrowings **(₹ Crores)**

Particulars		As at March 31, 2018	As at March 31, 2017
(i)	Secured loans:*		
	Working capital loan from banks	239.04	167.30
(ii)	Unsecured loans:		
	Short term loans from banks	-	10.00
Total		239.04	177.30

* Secured loans are secured by first charge by way of hypothecation of all the stocks, book debts and all other movable current assets of the Company and second charge by way of mortgage of the immovable properties of the Company and hypothecation of plant & machinery of the Company.

18 Financial Liabilities - Trade Payables **(₹ Crores)**

Particulars		As at March 31, 2018	As at March 31, 2017
a)	Trade payables for goods and services:		
	- Total outstanding dues of micro and small enterprises	2.19	2.63
	- Others	373.75	347.29
b)	Acceptances	38.81	38.14
Total		414.75	388.06

Trade payables and acceptances are non-interest bearing and are normally settled between 0-120 days.

Details of dues to micro and small enterprises as defined under MSMED Act, 2006 **(₹ Crores)**

Particulars	As at March 31, 2018	As at March 31, 2017
Principal amount due	2.19	2.63
Interest due on above	-	-
Amount paid in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006		
- Principal amount paid beyond appointed day	3.12	2.98
- Interest paid thereon	0.02	0.02
Amount of interest due and payable for the period of delay	-	-
Amount of interest accrued and remaining unpaid as at year end	0.02	0.02
Amount of further interest remaining due and payable in the succeeding year	-	-

Notes to standalone financial statements as at and for the year ended March 31, 2018

The company has compiled the above information based on written confirmations from suppliers and have been determined to the extent such parties have been identified on the basis of the information available with the company. This has been relied upon by the auditors.

19 Current Tax Liabilities (Net) (₹ Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for taxation (net of taxes paid)	9.65	5.22
Total	9.65	5.22

20 Revenue from Operations (Gross)

(₹ Crores)

Particulars	2017-18	2016-17
Sale of products (refer note no.36)	3,164.47	3090.72
Sale of services	3.57	3.98
Other operating revenues:		
Export incentives	37.42	47.03
Sundry balances w/back	2.55	2.51
Bad debts recovered	-	0.68
Miscellaneous income	11.20	13.30
Total	3,219.21	3,158.22

21 Other Income (₹ Crores)

Particulars	2017-18	2016-17
Interest income	10.69	8.79
Interest income on financial asset at amortised cost	4.44	3.93
Profit on sale of investments - current (net)	6.53	5.15
Net gain on financial asset through FVTPL	0.48	0.16
Remeasurement of financial assets	-	0.11
Profit on sale of property, plant & equipment	0.36	0.43
Miscellaneous income*	17.04	2.08
Total	39.54	20.65

* Miscellaneous income of current year includes GST refund of Sikkim Unit.

22 Cost of Materials Consumed (₹ Crores)

Particulars	2017-18		2016-17	
Raw materials consumed				
Opening stock	331.34		294.27	
Add : Purchases (net of discount)	802.21		802.17	
Add : Raw material conversion charges	16.51		11.42	
	1,150.06		1,107.86	
Less : Closing stock	373.30	776.76	331.34	776.52
Packing materials consumed				
Opening stock	31.25		32.68	
Add : Purchases (net of discount)	160.77		187.89	
	192.02		220.57	
Less : Closing stock	29.78	162.24	31.25	189.32
Neutralisation of duties and taxes on inputs for exports - drawback benefits		(15.80)		(18.53)
Total		923.20		947.31

23. Purchases of Traded Goods (₹ Crores)

Particulars	2017-18	2016-17
Formulations	123.28	142.37
Active Pharmaceutical ingredients/ Intermediates	40.67	16.64
Others	4.35	2.83
Total	168.30	161.84

24. Changes in inventories of Finished Goods(FG), Work-in-progress(WIP) and Traded Goods (₹ Crores)

Particulars	2017-18		2016-17	
Inventory adjustments - WIP				
Stock at commencement	185.10		198.14	
Less: Stock at closing	177.48	7.62	185.10	13.04
Inventory adjustments - FG				
Stock at commencement	267.52		262.96	
Less : Stock at closing	227.19	40.33	267.52	(4.56)
Inventory adjustments - traded goods				
Stock at commencement	43.97		31.12	
Less : Stock at closing	46.26	(2.29)	43.97	(12.85)
Variation in excise duty on : (refer note no.36)				
Closing stock of finished goods	-		24.68	
Less: Opening stock of finished goods	24.68	(24.68)	22.04	2.64
Total		20.98		(1.73)

25. Employee Benefits Expenses (₹ Crores)

Particulars	2017-18	2016-17
Salaries , bonus , perquisites , etc.	638.91	597.46
Contribution to provident and other funds	34.76	32.63
Leave encashment	7.57	11.17
Leave travel assistance	2.02	3.86
Gratuity fund contributions	7.10	5.88
ESOS compensation	0.32	-
Staff welfare expenses	20.24	21.32
Recruitment & training	1.86	2.61
Total	712.78	674.93

26. Finance Cost (₹ Crores)

Particulars	2017-18	2016-17
Interest expense	22.20	19.33
Other borrowing cost	0.59	3.01
Interest on income tax	1.23	1.00
Total	24.02	23.34

27. Depreciation & Amortisation (₹ Crores)

Particulars	2017-18	2016-17
Depreciation on tangible assets	163.22	159.67
Amortisation on intangible assets	11.14	11.33
Total	174.36	171.00

Notes to standalone financial statements as at and for the year ended March 31, 2018

28. Other Expenses

(₹ Crores)

Particulars	**2017-18**	**2016-17**
Consumption of stores and spares	32.79	32.72
Power and fuel	153.46	143.60
Water charges	6.43	5.33
Freight, forwarding and transportation	72.03	74.72
Outside manufacturing charges	17.43	19.94
Repairs and maintenance	90.05	85.18
Loss on sale of property, plant & equipment	0.63	1.93
Property, plant & equipment scrapped	0.32	1.54
Commission on sales and brokerage	22.34	19.31
Field staff expenses	77.16	84.13
Sales and marketing expenses	160.56	168.06
Product information catalogue	20.12	19.24
Expenditure on scientific research	26.62	41.68
Laboratory expenses and analytical charges	30.28	31.27
Rent	19.65	18.32
Rates and taxes	13.88	17.14
Travelling expenses	43.37	31.23
Professional charges	59.41	35.49
Printing and stationery	7.61	7.71
Books, subscription and software	9.85	13.47
Product registration expenses	10.72	10.79
Excise duty/ GST Expenses (refer note no. 36)	25.81	56.01
Communication expenses	5.94	6.18
Insurance	12.37	11.02
Intellectual property right expenses	1.76	1.83
Remuneration to auditors	0.54	0.62
Bank charges	3.44	2.65
Provision for doubtful debts/advances	0.64	0.51
Bad debts and other balance w/off	2.57	2.68
CSR expenses	10.17	4.28
Compensation towards failure to supply of goods/services	4.94	1.79
Foreign exchange (gain)/loss-net	(2.36)	(17.34)
Miscellaneous expenses (none of which individually forms more than 1% of the operating revenue)	11.78	10.95
Total	952.31	943.98
Details of:		
1. Repairs and maintenance:		
Building	14.01	13.50
Machinery	72.64	70.16
Others	3.40	1.52
	90.05	85.18
2. Remuneration to auditors:		
Audit fees including limited review	0.44	0.42
Tax matters	0.07	0.10
Certification and other services	0.03	0.07
Out of pocket expenses	-	0.03
	0.54	0.62

Disclosures:

Total expenditure on R & D is included in respective heads of accounts as under: **(₹ Crores)**

Particulars	**2017-18**	**2016-17**
Expenditure on Scientific Research (includes stores and chemicals, bio-availability, bio-equivalence and toxicity studies)	26.61	41.68
Cost of materials consumed	0.62	0.94
Employee benefits expenses	48.70	51.38
Other expenses	23.72	25.55
Depreciation	17.14	16.02
Total	116.79	135.57

29. Tax Expense **(₹ Crores)**

Particulars	**2017-18**	**2016-17**
Current tax	60.01	56.95
Tax expense of previous year	(0.34)	(0.04)
Deferred ttax	(9.98)	13.00
Total	49.69	69.91
i. Reconciliation of current rate of tax and effective rate of tax:		
Profit before Income taxes	282.80	258.20
Enacted tax rates in India (%)	34.61%	34.61%
Computed expected tax expenses	97.87	89.36
Tax effect due to incentives	(67.23)	(1.93)
Accelerated Depreciation	1.31	(45.66)
Effect of exempt income	-	-
Effect of non- deductible expenses	7.12	10.99
Additional deduction on Research and Development Expenses	(23.52)	(38.27)
Others	(0.15)	(14.49)
Income tax expenses - net	15.40	-
Tax liability as per Minimum Alternate Tax on book profits		
Minimum Alternate Tax rate	21.34%	21.34%
Computed tax liability on book profits	60.35	55.10
Tax effect on adjustments:		
Provision for diminution disallowed	-	0.01
Adjustment of OCI	(0.49)	0.95
Others	0.15	0.89
Minimum Alternate Tax on book profit	60.01	56.95

ii. Reconciliation of Deferred Tax

Deferred tax (assets)/ liabilities in relation to: **(₹ Crores)**

Particulars	**As at March 31, 2018**	**Recognised in profit / (loss)**	**As at March 31, 2017**
Property, plant & equipment	234.09	7.55	226.54
MAT credit available	(64.43)	(36.43)	(28.00)
Compensated absences	(9.95)	(0.53)	(9.42)
Revenue losses	-	18.06	(18.06)
Bonus expenses	(1.05)	1.37	(2.42)
Total	158.66	(9.98)	168.64

Notes to standalone financial statements as at and for the year ended March 31, 2018

30. Disclosure as required by Accounting Standard – Ind AS 33 "Earning Per Share" of the Companies (Indian Accounting Standards) Rules, 2015.

The earning per share is calculated by dividing the profit after tax by weighted average number of shares outstanding for basic & diluted EPS.

(₹ Crores)

Particulars		2017-18		2016-17	
i	Profit after tax		233.11		188.29
ii	Profit after tax and exceptional items		233.11		188.29
iii	Closing equity shares outstanding (nos.)				
	Opening equity shares outstanding (nos.)	12,61,99,109		12,61,99,109	
	Add:- issued during the year (nos.)	-		-	
	Closing equity shares outstanding (nos.)		12,61,99,109		12,61,99,109
iv	Weighted avg no. of shares outstanding (nos.) (basic)		12,61,99,109		12,61,99,109
v	Weighted avg no. of shares outstanding (nos.) (diluted)		12,62,08,734		12,61,99,109
vi	Nominal value of equity share (₹)		2.00		2.00
vii	Basic EPS (i / iv) (₹)		18.47		14.92
viii	Diluted EPS (i / v) (₹)		18.47		14.92

31. Disclosure in accordance with Ind AS – 17 "Leases", of the Companies (Indian Accounting Standards) Rules, 2015.

The Company has taken various residential / godowns / offices premises (including furniture and fittings if any) under leave and license agreements. These generally range between 11 months to 3 years under leave and license basis. These arrangements are renewable by mutual consent on mutually agreed terms. Under some of these arrangements the Company has given refundable security deposits. The lease payments are recognized in the statement of profit and loss under rent.

The Company has given certain plant and equipment under operating lease and the same is shown separately in property, plant & equipment.

32. Segment Reporting

Disclosure as required by Ind AS 108 "Operating Segment", of the Companies (Indian Accounting Standards) Rules, 2015.

Based on the "management approach" as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance in accordance with Ind AS "Operating Segment", the Company has only one reportable operating segment i.e. pharmaceuticals. The additional disclosure is being made in the consolidated financial statements.

33. Disclosure in accordance with Ind AS - 24 "Related Party Disclosures", of the Companies (Indian Accounting Standards) Rules, 2015

A. List of related parties

Relationships	Country
i. Entities having significant influence	
Shareholders of Ipca Laboratories Ltd	
Kaygee Investments Pvt. Ltd.	India
Subsidiaries	
Ipca Pharmaceuticals, Inc.	USA
Ipca Laboratories (U.K.) Ltd.	United Kingdom
Ipca Pharma (Australia) Pty Ltd.	Australia
Ipca Pharma Nigeria Ltd.	Nigeria
Ipca Pharmaceuticals Ltd.SA de CV	Mexico
Tonira Exports Limited	India

Relationships			Country
	Step-down subsidiaries		
	Ipca Pharma (NZ) Pty. Ltd.		New Zealand
	Pisgah Laboratories Inc (w.e.f.17.01.2018)		USA
	Onyx Scientific Limited		United Kingdom
ii.	**Associates**		
	Trophic Wellness Pvt. Ltd.		India
	Krebs Biochemicals & Industries Ltd.		India
iii.	**Joint venture**		
	Avik Pharmaceutical Ltd.		India
iv.	**Key management personnel**		
	Mr. Premchand Godha	Chairman & Managing Director	Indian
	Mr. Ajit Kumar Jain	Joint Managing Director & CFO	Indian
	Mr. Pranay Godha	Executive Director	Indian
	Mr. Prashant Godha	Executive Director	Indian
	Mr. Babulal Jain	Independent Director	Indian
	Mr. Anand T. Kusre	Independent Director	Indian
	Mr. Dev Parkash Yadava	Independent Director	Indian
	Dr. Ramakanta M. Panda	Independent Director	Indian
	Mrs. Manisha Premnath	Independent Director	Indian
v.	**Other related parties (Entities in which directors or their relatives have significant influence)**		
	Nipra Industries Pvt. Ltd.		India
	Nipra Packaging Pvt. Ltd.		India
	Prabhat Foundation		India
	Vandhara Resorts Pvt. Ltd.		India
	Mexin Medicaments Pvt. Ltd.		India
	Makers Laboratories Ltd.		India

Details of related party transaction are given in statement 1 attached to the financial statement.

34. CSR expenditure:

a. Gross amount required to be spent by the Company during the year ₹ 4.64 crores (previous year ₹ 7.14 crores).

b. i) Amount spent by the Company during the year is as follows:

(₹ Crores)

Sr. No.	Particulars	Paid in cash	Yet to be paid in cash	Total
1	Eradication of poverty, promotion of healthcare, sanitation, drinking water etc.	8.81	-	8.81
2	Promotion of education, vocational training & skill enhancement etc.	1.07	-	1.07
3	Environmental sustainability, animal welfare, natural resource conservation etc.	0.06	-	0.06
4	Promoting of gender equality and empowering women	-	-	-
5	Protection of national heritage, art, culture etc.	0.01	-	0.01
6	Promotion of rural sports	0.02	-	0.02
7	Rural development	0.20	-	0.20
	Total	10.17	-	10.17

Notes to standalone financial statements as at and for the year ended March 31, 2018

ii) Amount spent by the Company during the previous year is as follows: **(₹ Crores)**

Sr. No.	Particulars	Paid in cash	Yet to be paid in cash	Total
1	Eradication of poverty, promotion of healthcare, sanitation, drinking water etc.	0.38	-	0.38
2	Promotion of education, vocational training & skill enhancement etc.	3.67	-	3.67
3	Environmental sustainability, animal welfare, natural resource conservation etc.	0.01	-	0.01
4	Promoting of gender equality and empowering women	0.02	-	0.02
5	Protection of national heritage, art, culture etc.	-	-	-
6	Promotion of rural sports	0.03	-	0.03
7	Rural development	0.17	-	0.17
	Total	4.28	-	4.28

35. Contingent liabilities and Commitments

A. Contingent Liabilities **(₹ Crores)**

Particulars	As at March 31, 2018	As at March 31, 2017
Other moneys for which the Company is contingently liable for tax, excise, customs and other matters not accepted by the Company *	22.09	20.43
Amount deposited under protest	(1.23)	(1.80)
Claims against the Company not acknowledged as debts	6.98	13.25
Corporate guarantee given to others	2.28	2.28
Guarantees given by banks in favour of Govt. & others *	12.93	11.31
Total	43.05	45.47

*Note:- It includes ₹ 4.38 crores (Previous year ₹ 4.38 crores) towards interest and penalty demanded by excise department Ankleshwar, relating to erstwhile Tonira Pharma Limited since amalgamated with the Company and is not payable in accordance with the order passed by the Hon'ble Central Excise and Service Tax Appellate Tribunal (CESTAT), Ahmedabad. The Department had moved the Hon'ble Gujarat High Court against the said CESTAT order and as per the order of the said Hon'ble High Court, the Company has furnished a bank guarantee of ₹ 2.00 crores (previous year ₹ 2.00 crores) to the department.

B. Commitments **(₹ Crores)**

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for:		
Tangible Assets	10.43	14.89
Intangible Assets	27.17	27.68
	37.60	42.57
(b) Other Commitments		
Purchase orders backed by LC opened by bankers.	25.64	34.40
Total	63.24	76.97

36. Goods and Services Tax

In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, sales for the year ended March 31, 2017 and for the period April 1, 2017 to June 30, 2017 were reported gross of excise duty and net of Value Added Tax (VAT) / sales tax. Excise duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from July 1, 2017, VAT / Central sales tax, excise duty etc. have been subsumed into GST and accordingly, the same is not recognised as part of sales in terms of Ind AS 18. This has resulted in lower reported sales in the current year in comparison to the sales reported under the pre - GST structure of indirect taxes. With the change in structure of indirect taxes, expenses are also being reported net of taxes. Accordingly, figures for the year ended and as on March 31, 2018 such as sales, expenses, elements of working capital (Inventories, other current assets / current liabilities) and ratios in percentage of sales are not comparable with the figures of the previous year.

37. Financial Instruments

The carrying value and fair value of financial instruments categorywise is as follows:

(₹ Crores)

Particulars	Carrying Value		Fair Value	
	Mar 31, 2018	Mar 31, 2017	Mar 31, 2018	Mar 31, 2017
Financial assets				
Amortised cost				
Investments				
- Equity instruments	-	-	-	-
- Preference shares	-	0.05	-	0.05
Loans	112.59	97.34	112.59	97.34
Others	90.24	68.28	90.24	68.28
Trade receivables	594.38	501.98	594.38	501.98
Cash and cash equivalents	131.03	17.53	131.03	17.53
FVTPL				
Equity instruments	-	-	-	-
Mutual funds considered as cash and cash equivalents	69.35	113.57	69.35	113.57
FVTOCI				
Derivative assets	3.69	12.17	3.69	12.17
Total financial assets	1,001.28	810.92	1,001.28	810.92
Financial liabilities				
Amortised cost				
Borrowings	473.05	529.04	473.05	529.04
Trade payables	414.75	388.06	414.75	388.06
Others	229.51	279.21	229.51	279.21
FVTOCI				
Derivative liabilities	2.10	0.02	2.10	0.02
Total financial liabilities	1,119.41	1,196.33	1,119.41	1,196.33

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, book overdrafts and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

38. Fair Value Hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

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).

Notes to standalone financial statements as at and for the year ended March 31, 2018

(₹ Crores)

Particulars	Date of Valuation	Fair Value measurement using: Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets measured at fair value					
Mutual funds - growth plan	31/03/2018	69.35	-	-	69.35
Derivative financial assets	31/03/2018	-	3.69	-	3.69
Total financial assets		69.35	3.69	-	73.04
Financial liabilities					
Derivative financial liabilities	31/03/2018	-	2.10	-	2.10
Total financial liabilities		-	2.10	-	2.10
Financial assets measured at fair value					
Mutual funds - growth plan	31/03/2017	113.57	-	-	113.57
Derivative financial assets	31/03/2017	-	12.16	-	12.16
Total financial assets		113.57	12.16	-	125.73
Financial liabilities					
Derivative financial liabilities	31/03/2017	-	0.02	-	0.02
Total financial liabilities		-	0.02	-	0.02

39. Financial Risk Factors

The Company's business activities are exposed to a variety of financial risks: market/business risk, credit risk, exchange risk, etc. The Company's focus is to foresee the unpredictability of financial and business risks and seek to minimize potential adverse effects of these risks on its business and financial performance.

i. Business/ Market Risk

The primary business/market risk to the Company is the price risk and its ability to pass on the same to its customers. The Company's operations extend to a number of countries across the globe and its products pricing competitiveness is a primary factor for the acceptability of Company's products in those markets. The Company has a robust procurement process, which ensures that its pricing power is not adversely affected by price changes in the market place for its raw materials. The backward integration into manufacturing of several API's for its own use in the formulations manufacturing also works as a mitigating strategy for price risk faced by the Company.

The other business risk is regulatory risk and regulatory audits of its manufacturing facilities by the regulators to ensure that the manufacturing facilities meet the current Good Manufacturing Practices (cGMP) requirements. The Company is already exposed to certain audit observations from the US FDA for 3 of its manufacturing plants and has taken the necessary corrective measures to redress those US FDA audit observations so as to be able to market all its products once again in the US market. While the stringent regulatory requirements and audits works as a business risk, the successful audit of its facilities by regulators coupled with price competitiveness results in higher business and margins for the Company.

The Company's products are also subjected to product liability claims/litigations. To mitigate these risks, the Company has obtained adequate Product Liability Insurance.

The Company, however, has a reduced risk from dependence on any single customer as no single customer or customer group accounts for more than 10% of Company's annual revenue. The Company also continuously forays into different markets/countries to reduce its dependence on any particular country or customer group. The Company also has a diversified therapeutic product portfolio and therefore no single product account for more than 10% of Company's annual revenue.

ii. Credit risk

The Company has exposure to credit risks associated with sales to various developing markets/countries. To mitigate these credit risks arising out of this, the Company obtains credit insurance on a regular basis after evaluating the credit risk associated with a country/customer. Country/customer where no credit insurance is available, the Company monitors such risk by continuously monitoring its exposure to such country/customer. There was no historically significant credit risk in the domestic market for the Company. Based on the historical data, the Company has made adequate provisions for expected loss because of credit risk, which is neither significant nor material.

iii. Interest risk

The Company has borrowings mainly in foreign currencies which is linked to Libor. The Company mitigates these risks associated with floating Libor rates by entering into interest rate swaps to move them to fixed Libor rates. The domestic interest risk is exposed to the changes in the RBI bank rate. The Company manages this risk by managing its working capital effectively.

iv. Foreign currency risk

The Company continuously manages its risks associated with foreign currency by adopting various hedging strategies in consultation with internal and external experts. The Company has a system of regularly monitoring its currency wise exposures. The significant part of Company's receivables and borrowings are in US Dollars which operates as a natural hedge against each other. The Company has a policy not to borrow in a currency where it has no business exposure.

v. The unhedged foreign currency exposure is as follows:

Sr. no.	Particulars	Currency	As at March 31, 2018		As at March 31, 2017	
			Amount in foreign currency (in millions)	Amount (₹ Crores)	Amount in foreign currency (in millions)	Amount (₹ Crores)
I)	**Unhedged foreign exchange liability**					
a.	ECB term loan & interest	USD	57.88	377.26	72.91	472.86
b.	Buyers credit & interest	USD	-	-	7.01	45.43
		EURO	1.65	13.35	2.64	18.27
c.	Packing credit & interest	USD	17.93	116.89	1.00	6.49
		AUD	-	-	3.47	17.23
		GBP	-	-	2.00	16.19
d.	Trade & other payables incl. advances received	USD	15.47	100.85	14.93	96.83
		EURO	0.32	2.62	0.09	0.65
		GBP	-	0.03	-	0.03
		NZD	-	-	-	0.01
		JPY	-	-	0.14	0.01
		CHF	-	0.01	-	-
II)	**Unhedged receivables in foreign currency**					
a.	Trade & other receivables incl. advances given	USD	38.76	252.60	42.83	277.75
		EUR	4.32	34.88	5.03	34.88
		GBP	5.15	47.55	3.76	30.46
		AUD	3.43	17.14	1.50	7.44
		CAD	2.23	11.32	0.44	2.15
		NZD	2.14	10.11	0.64	2.92
		COP	864.46	2.02	649.63	1.46
b.	Unbilled revenue	USD	0.04	0.26	1.79	11.59
		CAD	0.74	3.74	0.04	0.27

The Company has entered into various derivatives transactions, which are not intended for trading or speculative purpose but to hedge the export receivables including future receivables and foreign currency loan interest rate risks.

40. Capital Management

For the purpose of the Company's capital management, capital includes paid-up equity share capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholders' value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust its dividend payment ratio to shareholders, return capital to shareholders or issue fresh shares. The Company monitors capital using a gearing ratio, which is net debt divided by its total capital. The Company includes within its net debt the interest bearing loans and borrowings, trade and other payables less cash and cash equivalents.

(₹ Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Borrowings other than convertible preference shares	473.05	529.04
Trade payables	414.75	388.06
Other payables	231.61	279.23
Less: Cash and cash equivalents (C&CE)	(131.03)	(17.53)
Less: Investment in MF (part of C&CE)	(69.35)	(113.57)
Net debt	919.03	1,065.23
Total equity	2,694.95	2,475.12
Capital and net debt gearing ratio	34.10%	43.04%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets the financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the lending institutions to immediately call back the loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing the capital during the year ended March 31, 2018 and March 31, 2017.

41. Derivative Financial Instruments

The details of outstanding foreign exchange forward contracts and other derivatives designated as cash flow hedges:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Currency	In million	Currency	In million
Derivatives designated as cash flow hedges	USD	24.00	USD	13.00
Forward contracts exports	STG	6.00	STG	13.00
	EUR	2.00	EUR	-
	AUD	5.00	AUD	1.00
	NZD	0.74	NZD	-
Forward contracts - imports (Maturity more than 3 months less than one year)	-	-	EUR	0.98
Other derivatives: Interest rate swaps (notional O/s)	USD	37.08	USD	49.20

The foreign exchange forward contracts mature within twelve months or more. The table below analyses the derivative financial instruments into relevant maturity groupings based on the remaining period as at balance sheet date:

Particulars	Currency	As at March 31, 2018 In million	As at March 31, 2017 In million
Not later than one month	USD	6.00	2.50
	STG	0.00	1.50
	AUD	1.00	1.00
	NZD	0.74	-
Later than one month and not later than three months	USD	14.00	7.50
	STG	2.00	4.00
	AUD	2.00	-
Later than three months and not later than one year	USD	4.00	3.00
	STG	4.00	7.50
	AUD	2.00	-
	EUR	2.00	-
Later than one year and not later than two years		NIL	NIL

During the year ended March 31, 2018 the Company has designated certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. The related transactions for the balance in the cash flow hedging reserve are expected to occur and reclassified to revenue in the statement of profit and loss . However, as at March 31, 2018 , there are no transactions in the hedge reserve that are required to be reclassified to the revenue in the statement of profit & loss account.

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and the hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be re-balanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedged ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted in the statement of profit and loss at the time of hedge relationship re-balancing.

The reconciliation of cash flow hedge reserve for the year ended March 31, 2018 is as follows:

(₹ Crores)

Particulars	As at March 31, 2018	As at March 31, 2017
Balance at the beginning of the period	3.83	(3.84)
Changes in the fair value of effective portion of cash flow hedges	0.78	7.67
Gain/(loss) transferred to the statement of profit & loss on occurrence of forecasted hedge transactions	(0.92)	-
Deferred tax on gain/(loss) transferred to the statement of profit & loss on occurrence of forecasted hedge transactions.	-	-
Balance at the end of the period	3.69	3.83

The Company offsets a financial asset and a financial liability when it currently has a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. During the year, the Company has not settled any such transactions.

(₹ Crores)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Derivative financial asset	Derivative financial liability	Derivative financial asset	Derivative financial liability
Gross amount of recognised financial asset / liability	3.69	-	3.83	-
Amount set-off	-	-	-	-
Net amount presented in balance sheet	3.69	-	3.83	-

Notes to standalone financial statements as at and for the year ended March 31, 2018

42. The balance sheet, statement of profit and loss, cash flow statement, statement of changes in equity, statement of significant accounting policies and the other explanatory notes forms an integral part of the financial statements of the company for the year ended March 31, 2018.

As per our report of even date attached
For **G. M. Kapadia & Co.**
Chartered Accountants
Firm's Registration No. 104767W

Atul Shah
Partner
Membership No. 39569
Mumbai,
May 29, 2018

For and on behalf of the Board of Directors
Premchand Godha
Chairman & Managing Director (DIN 00012691)
Ajit Kumar Jain
Joint Managing Director & CFO (DIN 00012657)
Prashant Godha
Executive Director (DIN 00012759)
Harish P. Kamath
Company Secretary (ACS - 6792)