

NOTES TO FINANCIAL STATEMENTS

for the Year ended March 31, 2018

1. GENERAL INFORMATION

Piramal Enterprises Limited (PEL) (including its subsidiaries) is one of India's large diversified companies, with a presence in Healthcare, Healthcare Insights & Analytics business and Financial Services.

In Pharmaceuticals, through an end-to-end manufacturing capabilities across its manufacturing facilities and a large global distribution network, the Company sells a portfolio of niche differentiated pharma products and provides an entire pool of pharma services (including in the areas of injectable, HPAPI etc.). The Company is also strengthening its presence in the Consumer Product segment in India.

In Financial Services, PEL provides comprehensive financing solutions to real estate companies. Corporate Finance Group (CFG) provides senior and mezzanine growth capital to various businesses across varied sectors that are integral part of India's growth story. The Company has also launched Distressed Asset Investing platform that will invest in equity and/or debt in assets across sectors (other than real estate) to drive restructuring with active participation in turnaround. The Company has recently launched a retail housing finance vertical. The Company also has strategic alliances with top global funds such as APG Asset Management, Bain Capital Credit, CPPIB Credit Investment Inc. and Ivanhoé Cambridge (CDPQ). The Company has long-term equity investments in Shriram Group, a leading financial conglomerate in India.

Healthcare Insights & Analytics business, Decision Resources Group, is the premier provider of healthcare analytics, data & insight products and services to the world's leading pharma, biotech and medical technology companies and enables them to take informed business decisions

PEL is a public limited Company incorporated and domiciled in India and has its registered office at Mumbai, India. It is listed on the BSE Limited and the National Stock Exchange of India Limited in India.

2a. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of financial statements

Compliance with Ind AS

The standalone financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First Time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from the Indian Accounting Principle generally accepted in India as prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

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

Amounts for the year ended and as at March 31, 2017 were audited by previous auditors – Price Waterhouse.

Historical Cost convention

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments and plan assets of defined benefit plans, which are measured at fair value.

ii) Investments in subsidiaries, associates, joint operations and joint ventures

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Joint Arrangements

Under Ind AS 111 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has both joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The Company recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

Investments in Subsidiaries, Associates and Joint ventures are accounted at cost.

iii) Property, Plant and Equipment

Freehold Land is carried at historical cost. All other items of Property Plant & Equipment are stated at cost of acquisition, less accumulated depreciation and accumulated impairment losses, if any. Direct costs are capitalised until the assets are ready for use and includes freight, duties, taxes and expenses incidental to acquisition and installation. 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. Subsequent expenditures related to an item of Property Plant & Equipment are added to its carrying value only when it is probable that the future economic benefits from the asset will flow to the Company and cost can be reliably measured.

Losses arising from the retirement of, and gains or losses arising from disposal of Property, Plant and Equipment are recognised in the Statement of Profit and Loss.

Depreciation

Depreciation is provided on a pro-rata basis on the straight line method ('SLM') over the estimated useful lives of the assets specified in Schedule II of the Companies Act, 2013 which are as follows:

Asset Class	Useful life
Buildings	10 years - 60 years
Carpeted Roads	10 years
Furniture & Fixtures	3 years - 15 years
Plant & Machinery	3 years - 20 years
Continuous Process Plant	25 years
Office Equipment	3 years - 15 years
Vehicles	8 years
Helicopter	20 years
Ships/Yachts	13 years/28 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

iv) Intangible Assets

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the disposal proceeds and the carrying amount of the asset and are recognised as income or expense in the Statement of Profit and Loss.

The research and development (R&D) cost is accounted in accordance with Ind AS - 38 'Intangibles'.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Research

Research costs, including patent filing charges, technical know-how fees, testing charges on animal and expenses incurred on development of a molecule till the stage of Pre-clinical studies and till the receipt of regulatory approval for commencing phase I trials are treated as revenue expenses and charged off to the Statement of Profit and Loss of respective year.

Development

Development costs relating to design and testing of new or improved materials, products or processes are recognised as intangible assets and are carried forward under Intangible Assets under Development until the completion of the project when they are capitalised as Intangible assets, if the following conditions are satisfied:

- it is technically feasible to complete the asset so that it will be available for use;
- management intends to complete the asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available; and
- the expenditure attributable to the asset during its development can be reliably measured.

Intangible Assets with finite useful lives are amortised on a straight-line basis over the following period:

Asset Class	Useful life
Brands and Trademarks	10 - 15 years
Copyrights, Know-how (including qualifying Product Development Cost) and Intellectual property rights	4 - 15 years
Computer Software	3 - 6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

v) Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. For the purposes of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or group of assets, is considered as a cash generating unit. If any such indication exists, the Company estimates the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists or may have decreased, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

vi) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

STANDALONE FINANCIAL STATEMENTS**NOTES TO FINANCIAL STATEMENTS (Contd.)**

for the Year ended March 31, 2018

Investments and Other Financial Assets**Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Initial Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent Measurement

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method. Subsequently, these are measured at amortised cost using the Effective Interest Method less any impairment losses.

Fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification on derecognition of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in the statement of profit and loss.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, loan commitments, trade receivables and other contractual rights to receive cash or other financial asset.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss ('ECL') allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

In case of other than trade receivables, the expected credit loss is a product of exposure at default, probability of default and loss given default. The Company has devised an internal model to evaluate the probability of default and loss given default based on the parameters set out in Ind AS 109. Accordingly, the financial instruments are classified into Stage 1 – Standard Assets with zero to thirty days past due (DPD), Stage 2 – Significant Credit Deterioration or overdue between 31 to 90 days and Stage 3 – Default Assets with overdue for more than 90 days. The Company also takes into account the below qualitative parameters in determining the increase in credit risk for the financial assets:

- 1) Significant negative deviation in the business plan of the borrower
- 2) Internal rating downgrade for the borrower or the project
- 3) Current and expected financial performance of the borrower
- 4) Need for refinance of loan due to change in cash flow of the project
- 5) Significant decrease in the value of collateral
- 6) Change in market conditions and industry trends

For recognition of impairment loss on other financial assets and risk exposure (including off Balance Sheet Commitments), the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Default Assets wherein the management does not expect any realistic prospect of recovery are written off to the Statement of Profit and Loss.

Derecognition of financial assets

A financial asset is derecognised 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.

STANDALONE FINANCIAL STATEMENTS**NOTES TO FINANCIAL STATEMENTS (Contd.)**

for the Year ended March 31, 2018

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 derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

Financial liabilities and equity instruments**Classification as debt or equity**

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instrument

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net of direct issue costs.

Compulsorily Convertible Debenture

Convertible instruments are separated into liability and equity components based on the terms of the contract. On issuance of the convertible debentures, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity since conversion option meets Ind AS 32 criteria for fixed to fixed classification. Transaction costs are apportioned between the liability and equity components of the convertible debentures based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the Company does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Financial Guarantee Contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability

(i) Cash flow hedges that qualify for hedge accounting:

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

(ii) Derivatives that are not designated as hedges:

The group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss.

Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivatives embedded in all other host contract are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host and are measured at fair value through profit or loss. Embedded derivatives closely related to the host contracts are not separated.

Offsetting Financial Instruments

Financial Assets and Liabilities are offset and the net amount is reflected in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or counterparty.

STANDALONE FINANCIAL STATEMENTS**NOTES TO FINANCIAL STATEMENTS (Contd.)**

for the Year ended March 31, 2018

vii) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

viii) Inventories

Inventories comprise of Raw and Packing Materials, Work-in-Progress, Finished Goods (Manufactured and Traded) and Stores and Spares. Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost is determined on Weighted Average basis. Cost includes all charges in bringing the goods to their present location and condition, including octroi and other levies, transit insurance and receiving charges. The cost of Work-in-progress and Finished Goods comprises of materials, direct labour, other direct costs and related production overheads and Excise duty as applicable. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

ix) Employee Benefits**(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur. Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- Defined Contribution plans such as provident fund, superannuation, pension, employee state insurance scheme

- Defined Benefit plans such as provident fund and Gratuity

In case of Provident fund, contributions are made to a Trust administered by the Company, except in case of certain employees, where the Contributions are made to the Regional Provident Fund Office.

Defined Contribution Plans

The Company's contribution to provident fund (in case of contributions to the Regional Provident Fund office), pension and employee state insurance scheme are considered as defined contribution plans, as the Company does not carry any further obligations apart from the contributions made on a monthly basis and are charged as an expense based on the amount of contribution required to be made.

Defined Benefit Plan

The liability or asset recognised in the balance sheet in respect of defined benefit provident and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments, changes in actuarial assumptions and return on plan assets (excluding interest income) are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Bonus Plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

x) Provisions and Contingent Liabilities

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

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

xi) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods: Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, based on the applicable incoterms. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, goods and service tax, value added taxes and amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and the revenue recognition criteria have been complied.

Sale of Services: In contracts involving the rendering of services/development contracts, revenue is measured using the proportionate completion method and is recognised net of service tax and goods and service tax (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest: Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

Dividend: Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

STANDALONE FINANCIAL STATEMENTS**NOTES TO FINANCIAL STATEMENTS (Contd.)**

for the Year ended March 31, 2018

xii) Foreign Currency Transactions

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency viz. Indian Rupee are recognised at the rates of exchange prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

xiii) Exceptional Items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

xiv) Excise Duty

The excise duty in respect of closing inventory of finished goods was included as part of inventory upto June 30, 2017. From July 1, 2017 Excise duty has been subsumed into Goods and Service tax and hence closing inventory does not include excise duty. The excise duty charged to the Statement of Profit and Loss includes the difference between the Excise duty on opening stock and closing stock as on June 30, 2017.

xv) Leases**Operating Leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

xvi) Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the separate financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

xvii) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

xviii) Borrowing Costs

General and specific borrowing costs directly attributable to acquisition or construction of qualifying assets (i.e. those Property Plant & Equipments which necessarily take a substantial period of time to get ready for their intended use) are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

xix) Deferred Revenue and Unbilled Revenue

Amounts received from customers or billed to customers, in advance of services performed are recorded as deferred revenue under Other Current Liabilities. Unbilled revenue included in Other Financial Assets, represents amounts recognised in respect of services performed in accordance with contract terms, not yet billed to customers as at the year end.

xx) Segment Reporting

The Chairman of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, 'Operating Segments.'

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / Costs which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under Unallocated Income / Costs. Interest income and expense are not allocated to respective segments (except in case of Financial Services segment).

In accordance with Ind AS 108 'Operating Segments', segment information has been given in the consolidated financial statements of the Company, which are presented in the same annual report and therefore, no separate disclosure on segment information is given in these financial statements.

xxi) Dividends

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

xxii) Standards issued but not yet effective

On March 28, 2018, Ministry of Corporate Affairs ('MCA') has amongst others notified the Companies (Indian Accounting Standards) Amendment Rules, 2018. The amendments and the new standard are applicable to the Company from April 1, 2018.

STANDALONE FINANCIAL STATEMENTS**NOTES TO FINANCIAL STATEMENTS (Contd.)**

for the Year ended March 31, 2018

Amendment to Ind AS 21

The Amendment to Ind AS 21 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 Company is evaluating the requirements of the amendment and its effect on the financial statements.

Amendment to Ind AS 12

The amendment to Ind AS clarifies that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilisation are two separate steps and the carrying amount of an asset is relevant only to determine temporary differences. The carrying amount of an asset does not limit the estimation of probable inflow of taxable economic benefits that results from recovering an asset. The Company is evaluating the requirements of the amendment and its effect on the financial statements.

Notification of new standard Ind AS 115

The new standard replaces existing revenue recognition standards Ind AS 11, 'Construction Contracts', Ind AS 18, 'Revenue' and revised guidance note of the Institute of Chartered Accountants of India on Accounting for Real Estate Transactions for Ind AS entities issued in 2016. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. 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 Company is evaluating the requirements of the amendment and its effect on the financial statements.

xxiii) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crores as per the requirement of Schedule III, unless otherwise stated.

2b. Critical accounting judgements and key sources of estimation uncertainties

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

Fair Valuation

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset and liability, the Company uses market observable data to the extent it is available. When Level 1 inputs are not available, the Company engages third party qualified external valuer to establish the appropriate valuation techniques and inputs to the valuation model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 50.

Expected Credit Loss

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward-looking information.

The inputs used and process followed by the Company in determining the increase in credit risk have been detailed in Note 46f.

Impairment loss in Investments carried at cost

The Company conducts impairment reviews of investments in subsidiaries/ associates/ joint arrangements whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually. Determining whether an asset

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which base on future cash flows and a suitable discount rate in order to calculate the present value.

Useful life of Assets

Property, plant and equipment and Intangible Assets represent a significant proportion of the assets of the Company. Depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

Deferred Taxes

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of the deferred tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry-forward period are reduced.

Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

3. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Particulars	Gross Carrying Amount			Accumulated Depreciation / Amortisation			Net Carrying Amount		
	Opening As at April 1, 2017	Additions	Deductions/ Adjustments	As at March 31, 2018 (A)	Opening As at April 1, 2017	For the Year#	Deductions/ Adjustments	As at March 31, 2018 (B)	As at March 31, 2017 (A-B)
Property, Plant & Equipment									
Land Freehold	21.46	-	-	21.46	-	-	-	-	21.46
Buildings	167.68	575.12	1.10	741.70	15.78	13.30	1.10	27.98	713.72
Roads	1.28	1.26	-	2.54	0.32	0.26	-	0.58	1.96
Plant and Equipment	595.46	145.40	4.06	736.80	96.50	54.65	1.70	149.45	587.35
Furniture and fixtures	27.51	13.53	1.61	39.43	6.97	3.95	0.59	10.33	29.10
Motor Vehicles	5.18	0.63	0.22	5.59	1.16	0.72	0.12	1.76	3.83
Ships	0.88	-	-	0.88	0.17	0.09	-	0.26	0.62
Helicopter^	9.60	-	-	9.60	1.08	0.54	-	1.62	7.98
Office equipment	7.93	13.10	0.25	20.78	2.48	2.77	0.24	5.01	15.77
TOTAL (I)	836.98	749.04	7.24	1,578.78	124.46	76.28	3.75	196.99	1,381.79
Intangible Assets (Acquired)									
Product-related Intangibles – Brands and Trademarks*+	358.81	92.70	-	451.51	35.49	27.51	-	63.00	388.51
Product-related Intangibles – Copyrights, Know-how and Intellectual property rights	17.79	-	-	17.79	3.65	1.76	-	5.41	12.38
Computer Software	30.46	5.72	-	36.18	7.58	5.84	-	13.42	22.76
Intangible Assets (Internally Generated)									
Product Know-how	2.32	-	-	2.32	0.38	0.19	-	0.57	1.75
TOTAL (II)	409.38	98.42	-	507.80	47.10	35.30	-	82.40	425.40
GRAND TOTAL (I+II)	1,246.36	847.46	7.24	2,086.58	171.56	111.58	3.75	279.39	1,807.19

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

3. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

Particulars	Gross Carrying Amount			Accumulated Depreciation / Amortisation		Net Carrying Amount	
	Opening As at April 1, 2016	Additions	Deductions/ Adjustments	As at March 31, 2017 (A)	For the Year#	Deductions/ Adjustments	As at March 31, 2017 (B)
Property, Plant & Equipment							
Land Freehold	21.46	-	-	21.46	-	-	21.46
Buildings	161.30	6.39	0.01	167.68	8.32	0.01	151.90
Roads	1.05	0.23	-	1.28	0.16	-	0.96
Plant & Equipment	523.97	72.15	0.66	595.46	49.76	0.33	498.96
Furniture and fixtures	25.64	1.88	0.01	27.51	3.50	-	20.54
Motor Vehicles	4.69	0.77	0.28	5.18	0.71	0.19	4.02
Ships	1.04	-	0.16	0.88	0.10	0.02	0.71
Helicopter [^]	9.60	-	-	9.60	0.54	-	8.52
Office equipment	7.03	0.91	0.01	7.93	1.44	-	5.45
TOTAL (I)	755.78	82.33	1.13	836.98	64.52	0.55	712.52
Intangible Assets (Acquired)							
Product-related Intangibles - Brands and Trademarks* ⁺	236.97	121.84	-	358.81	23.12	-	323.32
Product-related Intangibles - Copyrights, Know-how and Intellectual property rights	17.79	-	-	17.79	1.76	-	14.14
Computer Software	19.20	11.26	-	30.46	4.90	-	22.88
Intangible Assets (Internally Generated)							
Product Know-how	2.32	-	-	2.32	0.19	-	1.94
TOTAL (II)	276.28	133.10	-	409.38	29.97	-	362.28
GRAND TOTAL (I+II)	1,032.06	215.43	1.13	1,246.36	94.49	0.55	1,074.80

*Material Intangible Assets as on March 31, 2018:

Asset Class	Carrying Value as at March 31, 2018	Carrying Value as at March 31, 2017	Remaining useful life as on March 31, 2018
Product-related Intangibles - Brands and Trademarks	388.51	323.32	6 years to 15 years

⁺Depreciation for the year includes depreciation amounting to ₹ 9.77 Crores (Previous Year ₹ 9.34 Crores) on assets used for Research and Development locations at Ennore and Mumbai.

⁺Certain Brands are in the process of being registered in the name of the Company, for which the necessary application has been made with trade mark registry.

[^]The Company has a 25% share in joint ownership of Helicopter.

Refer Note 39 for the assets mortgaged as security against borrowings.

Refer Note 26B for the contractual capital commitments for purchase of Property, Plant & Equipment.

During the year, the Company has acquired brands of Digiplex, Digemax, Decaplex and Digeplus from Shreya Lifesciences Private Limited for a consideration of ₹ 103.50 Crores (inclusive of transactions cost and Goods and Service Tax).

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

4. INVESTMENTS
Investments - Non-Current:

Particulars	As at March 31, 2018		As at March 31, 2017	
	Quantity	(₹ in Crores)	Quantity	(₹ in Crores)
Investments in Equity Instruments (fully paid up):				
A. In Subsidiaries (Unquoted) - At cost:				
i. Piramal International	1,025,000	-	1,025,000	-
ii. PHL Fininvest Private Limited	6,726,052	7.17	6,726,052	7.17
iii. Piramal Holdings (Suisse) SA	21,000	106.70	21,000	106.70
Add: Capital Contribution (Guarantee)		8.88	8.88	115.58
iv. Piramal Healthcare Inc.	100,000	55.67	100,000	55.67
Add: Capital Contribution (Guarantee)		30.77	30.77	86.44
v. Piramal Systems and Technologies Private Limited	4,500,000	4.50	4,500,000	4.50
vi. Piramal Dutch Holdings N.V.	203,189,531	1,390.54	203,189,531	1,390.54
vii. PEL Finhold Private Limited	10,000	0.01	10,000	0.01
viii. Piramal Fund Management Private Limited	190,000	108.26	190,000	108.26
ix. Piramal Finance Limited (formerly known as Piramal Finance Private Limited) [®]	-	-	2,994,401,152	2,994.64
x. Piramal Investment Advisory Services Private Limited	2,700,000	2.70	2,700,000	2.70
xi. DRG Holdco Inc.	7,150	47.85	7,150	47.85
xii. India Resurgence ARC Private Limited (formerly known as Piramal Assets Reconstruction Private Limited)**	-	-	2,000,000	2.00
xiii. India Resurgence Asset Management Business Private Limited (formerly known as PEL Asset Resurgence Advisory Private Limited)***	-	-	5,000,000	5.00
xiv. Piramal Consumer Products Private Limited	20,000	0.02	20,000	0.02
xv. Piramal Healthcare UK Limited (Capital Contribution – Guarantee)	-	1.06	-	1.06
xvi. Piramal Healthcare Canada Limited (Capital Contribution – Guarantee)	-	2.21	-	2.21
xvii. Piramal Dutch IM Holdco B.V.	20,000,000	143.49	20,000,000	143.49
xviii. PEL Pharma Inc.	1,005	6.54	2.5	0.02
xix. Piramal Capital Limited [®]	-	-	10,000,000	2.00
xx. Piramal Housing Finance Limited [®]	-	6,496.64	-	-
xxi. Searchlight Health Private Limited (formerly known as Health Super Hiway Private Limited)	11,433,749	32.47	11,433,749	32.47
		8,445.48		4,945.96
B. In Joint Ventures (Unquoted) - At Cost:				
i. Convergence Chemicals Private Limited	35,705,100	35.71	35,705,100	35.71
ii. India Resurgence ARC Private Limited (formerly known as Piramal Assets Reconstruction Private Limited)**	1,000,000	1.00	-	-
iii. India Resurgence Asset Management Business Private Limited (formerly known as PEL Asset Resurgence Advisory Private Limited)***	5,000,000	5.00	-	-
Add: Additional Investment-Shares not yet allotted	-	5.25	-	-
TOTAL	5,000,000		-	-
iv. Shrelekhya Business Consultancy Private Limited [#]	62,234,605	2,146.16	62,234,605	2,146.16
		2,193.12		2,181.87
C. In Associates:				
Quoted – At Cost:				
i. Piramal Phytocare Limited	4,550,000	4.55	4,550,000	4.55
		4.55		4.55
Unquoted – At Cost:				
i. Allergan India Private Limited	3,920,000	3.92	3,920,000	3.92
ii. Shriram Capital Limited	1,000	0.01	1,000	0.01
		3.93		3.93

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Particulars	As at March 31, 2018		As at March 31, 2017	
	Quantity	(₹ in Crores)	Quantity	(₹ in Crores)
D. Others:				
Quoted – At FVTOCI:				
i. Shriram City Union Finance Limited (Face Value of ₹ 10 each)	6,579,840	1,402.53	6,579,840	1,552.64
ii. Shriram Transport Finance Company Limited (Face Value of ₹ 10 each)	22,600,000	3,253.50	22,600,000	2,436.28
		4,656.03		3,988.92
Unquoted – At FVTPL:				
i. TCP Limited	470	*	-	-
ii. Navayuga Road Projects Private Limited	-	-	4,114	*
		-		-
Investments in Preference Shares (fully paid up):				
A. In Subsidiaries (Unquoted):				
Optionally Convertible Participative Preference Shares – at FVTPL				
Piramal Fund Management Private Limited	115,000	129.83	115,000	115.00
Investment in Debentures:				
A. In Subsidiaries (Unquoted):				
Optionally Convertible Debentures – At FVTPL				
Piramal Systems & Technologies Private Limited	360	65.09	360	38.36
		65.09		38.36
B. Other Body Corporates (Refer Note 39):				
Quoted:				
Redeemable Non-Convertible Debentures – At FVTPL		651.03		577.11
Unquoted:				
Redeemable Non-Convertible Debentures – At Amortised Cost		4,755.77		3,783.69
Less: Provision for Impairment based on Expected credit loss model		(75.00)		(69.37)
		4,680.77		3,714.32
		5,331.80		4,291.43
Investments in Alternative Investment Funds				
A. In Subsidiaries – At Cost:				
Class A Units of Piramal Investment Opportunities Fund Scheme - I	12.62	12.62	12.62	12.62
B. In Other Body Corporates – At FVTPL:		25.00		25.00
		37.62		37.62
TOTAL NON-CURRENT INVESTMENTS		20,867.45		15,607.64

*Amounts are below the rounding off norm adopted by the Company.

Note: To the extent of debentures (including interest) redeemable within 12 months of the reporting date, the amount has been presented as part of current investments as per the requirements of Schedule III. The balance amount has been presented as non-current.

**India Resurgence ARC Private Limited (formerly known as Piramal Assets Reconstruction Private Limited) was a wholly-owned subsidiary of the Company till July 18, 2017. On July 19, 2017, the Company has entered into a Joint Venture agreement with Bain Capital Credit India Investments (a company existing under the laws of the Republic of Mauritius) to sell its 50% stake in India Resurgence ARC Private Limited to the latter. The contractual arrangement states that the Company and the other shareholder shall nominate one director each to the board in addition to the two independent directors. For any meeting of the board, the quorum shall be two directors provided that one director from each party is present. This gives both the parties a joint control over India Resurgence ARC Private Limited.

Hence, the investment in India Resurgence ARC Private Limited is considered as investment in Joint Venture.

***India Resurgence Asset Management Business Private Limited (formerly known as PEL Asset Resurgence Advisory Private Limited) was a wholly-owned subsidiary of the Company till February 6, 2018. On February 7, 2018, the Company has entered into a Joint Venture agreement with Bain Capital Mauritius (a private limited company incorporated in Mauritius) to sell its 50% stake in India Resurgence Asset Management Business Private Limited to the latter. The contractual arrangement states that the Company and the other shareholder shall nominate one director each to the board in addition to the two independent directors. For any meeting of the board, the quorum shall be two directors provided that one director from each party is present. This gives both the parties a joint control over India Resurgence Asset Management Business Private Limited.

Hence the investment in India Resurgence Asset Management Business Private Limited is considered as investment in Joint Venture.

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

®During the year, a total of ₹ 3,500 Crores (approx) has been invested in Piramal Finance Limited (PFL) including ₹ 1,700 Crores by way of conversion of loan into equity.

Piramal Finance Limited (PFL) and Piramal Capital Limited (PCL), both wholly-owned subsidiaries of the Company, merged with an appointed date of March 31, 2018 with Piramal Housing Finance Limited (PHFL), a step down wholly-owned subsidiary of the Company, through a scheme of Merger by Absorption approved by the National Company Law Tribunal on April 6, 2018 and filed with the Registrar of Companies on May 23, 2018, the effective date.

As per the scheme,

- equity shareholders of PFL are to be allotted 483 fully paid up equity shares of ₹ 10/- each of PHFL to be issued for every 100 equity shares of ₹ 10/- each held by them in PFL. Fractional entitlements, if any, to the shares will be rounded off to the nearest whole number.
- equity shareholders of PFL are to be allotted 1 fully paid up equity shares of ₹ 10/- each of PHFL to be issued for every 5 equity shares of ₹ 2/- each held by them in PCL. Fractional entitlements, if any, to the shares will be rounded off to the nearest whole number.

As a result of above scheme, a total of 18,044,517,320 shares are pending to be allotted as on March 31, 2018.

"Shrilekha Business Consultancy Private Limited

The Company had a 74.95% interest in a Joint Operation called Shrilekha Financial Services which was set up as a partnership together with Shriram Ownership Trust and its nominees to invest in Shriram Capital Limited. Shrilekha Financial Services holds 26.68% in Shriram Capital Limited.

The principal place of business of the joint operation is in India.

Shrilekha Financial Services was converted into a private limited company, Shrilekha Business Consultancy Private Limited on January 9, 2017. Hence, with effect from January 9, 2017, the investment in Shrilekha Business Consultancy Private Limited was considered as investment in Joint Venture.

The details of erstwhile partnership firm-Shrilekha Financial Services is as follows:-

Name of Partners	Share in profits (%)
Piramal Enterprises Limited	74.95
Shriram Ownership Trust and its Nominees	25.05
Total capital of the partnership firm	₹8.30 Crores

Investments – Current:

Particulars	As at March 31, 2018		As at March 31, 2017	
	(₹ in Crores)		(₹ in Crores)	
Investment in Debentures:				
In Other Body Corporates				
Quoted:				
Redeemable Non-Convertible Debentures – At FVTPL		13.50		13.50
Unquoted:				
Redeemable Optionally Convertible Debentures – At Amortised Cost		-		411.45
Redeemable Non-Convertible Debentures – At Amortised Cost		1,712.39		1,111.21
Less: Provision for Impairment based on Expected credit loss model		(13.85)		(24.62)
		1,698.54		1,498.04
		1,712.04		1,511.54
Investment in Mutual Funds (Quoted) – At FVTPL:		1,151.09		155.03
TOTAL CURRENT INVESTMENTS		2,863.13		1,666.57

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

	As at March 31, 2018 (₹ in Crores)	As at March 31, 2017 (₹ in Crores)
Aggregate market value of quoted investments		
– Non-Current	5,323.74	4,603.68
– Current	1,164.59	168.53
Aggregate carrying value of unquoted investments		
– Non-Current	15,630.84	11,106.43
– Current	1,712.39	1,522.65
Aggregate amount of impairment in value of investments	88.85	93.99
Refer Note 39 for Investments mortgaged as security against borrowings.		
Details of Total Investments:		
(i) Financial Assets carried at Cost		
Investments in Equity Instruments of Subsidiaries	8,445.48	4,945.96
Investments in Equity Instruments of Joint Ventures	2,193.12	2,181.87
Investments in Equity Instruments of Associates	8.48	8.48
Investments in Alternative Investment Fund	12.62	12.62
	10,659.70	7,148.93
(ii) Financial assets carried at fair value through profit or loss (FVTPL)		
Preference Shares	129.83	115.00
Mutual Funds	1,151.09	155.03
Debentures	729.62	628.97
Alternative Investment Fund	25.00	25.00
	2,035.54	924.00
(iii) Financial assets carried at amortised cost		
Debentures	6,379.31	5,212.36
	6,379.31	5,212.36
(iv) Financial assets measured at FVTOCI		
Equity instruments – Equity Shares	4,656.03	3,988.92
	4,656.03	3,988.92
TOTAL	23,730.58	17,274.21

5. DEFERRED TAX ASSETS (NET)

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
(a) Deferred Tax Assets on account of temporary differences:		
– Measurement of financial assets at amortised cost/fair value	-	3.05
– Provision for assets of financial services	51.01	36.94
– Other Provisions	7.34	5.39
– Unused Tax Credit / losses	391.47	433.39
– Amortisation of expenses which are allowed in current year	1.45	2.55
– Expenses that are allowed on payment basis	49.78	40.00
– Effect of recognition of lease rent expense on straight-line basis	1.99	2.47
	503.04	523.79
(b) Deferred Tax Liabilities on account of temporary differences:		
– Property, Plant and Equipment and Intangible Assets	(205.43)	(167.42)
– Measurement of financial assets at amortised cost/fair value	(15.85)	-
– Measurement of financial liabilities at amortised cost	(6.25)	(3.94)
– Fair value measurement of derivative contracts	(6.13)	(2.48)
	(233.66)	(173.84)
NET DEFERRED TAX ASSETS	269.38	349.95

Deferred Tax Assets and Deferred Tax Liabilities have been offset as they relate to the same governing taxation law. Refer Note 49 for movements during the year.

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

6. LOANS – NON-CURRENT

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
AT AMORTISED COST:		
Loans (Secured and Considered Good)		
Inter Corporate Deposits	2,222.03	40.00
Less: Provision for expected credit loss	31.31	0.73
	2,190.72	39.27
Loans (Secured and Considered Doubtful)		
Term Loans	11.92	18.46
Less: Provision for expected credit loss	11.92	7.29
	-	11.17
Inter Corporate Deposits – Unsecured and Considered Good	850.00	-
Loans (Unsecured and Considered Good)		
Loans to related parties (Refer Note 38)	5,352.86	3,585.39
TOTAL	8,393.58	3,635.83

7. OTHER FINANCIAL ASSETS - NON-CURRENT

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Bank deposits with more than 12 months maturity (Refer Note 39)	8.00	-
Security Deposits	32.23	34.53
Restricted Deposit – Escrow Account (Refer Note below)	12.80	12.80
TOTAL	53.03	47.33

Note: Amounts lying in Escrow deposit represent the amounts to be invested in Searchlight Health Private Limited (formerly known as Health Super Hiway Private Limited), pending fulfilment of Conditions precedent for each tranche of investment.

8. OTHER NON-CURRENT ASSETS

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Advance tax [Net of Provision of ₹ 4,724.95 Crores as at March 31, 2018 (As on March 31, 2017 ₹ 4,463.91 Crores)]	246.54	251.73
Capital Advances	4.86	6.05
Advances recoverable	38.15	0.10
Prepayments	5.92	6.26
TOTAL	295.47	264.14

9. INVENTORIES

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Raw and Packing Materials [includes in Transit of ₹ 0.33 Crores as on March 31, 2018, ₹ 0.39 Crores as on March 31, 2017]	148.66	133.97
Work-in-Progress	128.11	129.35
Finished Goods	56.81	36.40
Stock-in-trade	30.95	28.39
Stores and Spares	18.05	15.00
TOTAL	382.58	343.11

Notes:

- Refer Note 39 for the inventories hypothecated as security against borrowings.
- The cost of inventories recognised as an expense during the year was ₹ 938.08 Crores (Previous year ₹ 1,024.52 Crores).
- The cost of inventories recognised as an expense includes a reversal of ₹ 0.02 Crores (Previous year reversal of ₹ 0.71 Crores) in respect of write downs of inventory to net realisable value and a reversal of ₹ 0.14 Crores (Previous year reversal of ₹ 1.53 Crores) in respect of provisions for slow moving/ non-moving/ expired/ near expiry products.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

10. TRADE RECEIVABLES

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Secured – Considered Good	0.18	0.20
Unsecured – Considered Good	494.29	492.65
Unsecured – Considered Doubtful	25.60	20.22
Less: Expected Credit Loss on Trade Receivables	(27.11)	(21.64)
TOTAL	492.96	491.43

The credit period on sale of goods generally ranges from 7 to 150 days.

The Company has a documented Credit Risk Management Policy for its Pharmaceuticals Manufacturing and Services business. For every new customer (except established large pharma companies), Company performs a credit rating check using an external credit agency. If a customer clears the credit rating check, the credit limit for that customer is derived using internally documented scoring systems. The credit limits for all the customers are reviewed on an ongoing basis.

Of the Trade Receivables balance as at March 31, 2018 of ₹ 520.07 Crores (as at March 31, 2017 of ₹ 513.07 Crores), the top 3 customers of the Company represent the balance of ₹ 124.04 Crores as at March 31, 2018 (as at March 31, 2017 - ₹ 163.72 Crores). There was only one customer who represents more than 5% of total balance of Trade Receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for External Trade Receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit loss (%) – For external customers
Less than 150 days	0.30%
151 days to 365 days	0.30%
More than 365 days	100.00%

Ageing	(₹ in Crores)	
	Expected credit loss March 31, 2018	March 31, 2017
Within due date	1.37	1.20
After Due date	25.74	20.44

Ageing of receivables	(₹ in Crores)	
	As at March 31, 2018	As at March 31, 2017
Less than 365 days	491.41	486.34
More than 365 days	28.66	26.73
TOTAL	520.07	513.07

If the trade receivables (discounted) are not paid at maturity, the bank has right to request the Company to pay the unsettled balance. As the Company has not transferred the risks and rewards relating to these customers, it continues to recognize the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (Refer Note 21).

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

At the end of the reporting period, the carrying amount of the trade receivables that have been transferred but have not been de-recognised amounted to ₹ 1.56 Crores (Previous year ₹ 20.59 Crores) and the carrying value of associated liability is ₹ 1.56 Crores (Previous year ₹ 20.59 Crores) (Refer Note 21).

	(₹ in Crores)	
	Year ended March 31, 2018	Year ended March 31, 2017
Movement in Expected Credit Loss Allowance:		
Balance at the beginning of the year	21.64	18.79
Less: Amounts written off	(2.66)	-
Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	8.13	2.85
Balance at the end of the year	27.11	21.64

Refer Note 38 for the receivables from Related Parties.

Refer Note 39 for the receivables hypothecated as security against borrowings.

11. CASH AND CASH EQUIVALENTS

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
i. Balance with Banks:		
– Current Accounts	18.91	35.04
– Deposit Accounts (less than 3 months original maturity)	503.00	60.00
	521.91	95.04
ii. Cash on Hand	0.03	0.06
TOTAL	521.94	95.10

Fixed Deposit amounting to ₹ 148.00 Crores represents balance held with bank from Right Issue proceeds pending utilisation. Except this, there are no repatriation restrictions with regard to Cash and Cash Equivalents as at the end of the reporting period and prior periods.

12. OTHER BANK BALANCES

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
i. Earmarked balances with banks :		
– Unclaimed Dividend Account	18.37	15.94
– Others	0.03	0.02
	18.40	15.96
ii. Margin Money	14.48	13.01
TOTAL	32.88	28.97

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

13. LOANS – CURRENT

	As at March 31, 2018 ₹ in Crores		As at March 31, 2017 ₹ in Crores	
AT AMORTISED COST:				
Loans Secured and Considered Good				
Inter Corporate Deposits	84.01		-	
Less: allowance for expected credit loss	1.38	82.63	-	-
Loans Secured and Considered Doubtful				
Term Loans	12.45		6.91	
Less: allowance for expected credit loss	12.45	-	2.73	4.18
Loans to Related Parties – Unsecured and Considered Good -(Refer Note 38)		166.34		160.69
Inter Corporate Deposits – Unsecured and Considered Good -		-		880.37
Inter Corporate Deposits Unsecured and Considered Doubtful:				
Inter Corporate Deposits	8.30		8.30	
Less: allowance for expected credit loss	8.30	-	8.30	-
TOTAL		248.97		1,045.24

14. OTHER FINANCIAL ASSETS - CURRENT

	(₹ in Crores)	
	Year ended March 31, 2018	Year ended March 31, 2017
Security Deposits	11.34	11.04
Guarantee Commission receivable (Refer Note 38)	14.03	7.42
Derivative Financial Assets	1.32	14.69
Unbilled revenues	68.52	29.82
Other Receivables from Related Parties (Refer Note 38)	22.77	11.13
Bank deposits (Refer Note 39)	8.00	20.00
Interest Accrued	4.58	5.82
Others	2.82	7.88
TOTAL	133.38	107.80

15. OTHER CURRENT ASSETS

	As at March 31, 2018 ₹ in Crores		As at March 31, 2017 ₹ in Crores	
Unsecured and Considered Good (Unless otherwise stated)				
Advances:				
Unsecured and Considered Good	95.40		47.00	
Considered Doubtful	0.08		0.08	
	95.48		47.08	
Less: Provision for doubtful advances	0.08	95.40	0.08	47.00
Balance with Government Authorities		126.74		32.60
Prepayments		16.73		18.45
Claims Receivable		19.62		16.90
TOTAL		258.49		114.95

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

16. SHARE CAPITAL

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
AUTHORISED SHARE CAPITAL		
250,000,000 (250,000,000) Equity Shares of ₹ 2/- each	50.00	50.00
3,000,000 (3,000,000) Preference Shares of ₹ 100/- each	30.00	30.00
24,000,000 (24,000,000) Preference Shares of ₹ 10/- each	24.00	24.00
105,000,000 (105,000,000) Unclassified Shares of ₹ 2/- each	21.00	21.00
	125.00	125.00
ISSUED CAPITAL		
181,098,375 (172,563,100) Equity Shares of ₹ 2/- each	36.22	34.51
TOTAL	36.22	34.51
SUBSCRIBED AND PAID UP		
180,273,674 (172,563,100) Equity Shares of ₹ 2/- each (fully paid up)	36.05	34.51
TOTAL	36.05	34.51

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
(i) Movement in Equity Share Capital				
At the beginning of the year	172,563,100	34.51	172,563,100	34.51
Add: Issued during the year (Refer Note 36)	7,710,574	1.54	-	-
Less: Shares cancelled during the year	-	-	-	-
At the end of the year	180,273,674	36.05	172,563,100	34.51

There are no equity shares due and outstanding to be credited to Investor Education and Protection Fund as at the year end.

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% Holding	No. of shares	% Holding
(ii) Details of shareholders holding more than 5% shares in the Company				
The Sri Krishna Trust through its Trustees, Mr. Ajay Piramal and Dr. (Mrs.) Swati A. Piramal (Previously held through its Corporate Trustees, Piramal Management Services Private Limited)	78,806,574	43.72%	75,458,452	43.73%

Particulars	Financial Year	No. of shares
(iii) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the current financial year:		
Equity Shares allotted as fully paid-up pursuant to merger of PHL Holdings Private Limited into the Company	2013-14	84,092,879

(iv) Terms and Rights attached to equity shares
Equity Shares:

The Company has one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

17. OTHER EQUITY

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Capital Reserve	2,358.39	2,358.39
Securities Premium Reserve	1,834.99	3.69
Capital Redemption Reserve	61.73	61.73
Debenture Redemption Reserve	690.23	655.79
Equity component of Compulsorily Convertible Debentures	4,357.72	-
General Reserve	5,798.55	5,798.55
FVTOCI – Equity Instruments	2,250.34	1,606.18
Cash Flow Hedging Reserve	-	0.13
Retained Earnings	3,948.85	3,903.63
	21,300.80	14,388.09
Capital Reserve		
At the beginning of the year	2,358.39	2,358.39
Add: Adjusted on Merger	-	-
	2,358.39	2,358.39
This reserve is outcome of past Business Combinations.		
Securities Premium Reserve		
At the beginning of the year	3.69	3.69
Add: Conversion of Compulsorily Convertible Debentures into Equity Shares (Refer Note 36)	60.14	-
Add: Rights Issue of Equity shares (Refer Note 36)	1,780.07	-
Less: Rights Issue Expenses	8.91	-
	1,834.99	3.69
Securities Premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the Provisions of the Act		
Capital Redemption Reserve		
At the beginning of the year	61.73	61.73
Add: Transferred during the year	-	-
	61.73	61.73
This reserve was created as per requirements of Companies Act pursuant to buyback of equity shares and redemption of preference shares.		
Debenture Redemption Reserve		
At the beginning of the year	655.79	524.00
Less: Transferred to General Reserve	-	-
Add: Transfer during the year	34.44	131.79
	690.23	655.79
The Debenture redemption reserve is created as per the requirements of Rule 18(7) of the Companies (Share Capital and Debentures) Rules, 2014. The amount represents 25% of the amount payable on redemption of debentures.		
Equity component of Compulsorily Convertible Debentures		
At the beginning of the year	-	-
Add: Issue of Compulsorily Convertible Debentures – Equity Component	4,357.77	-
Less: Conversion of CCDs into Equity shares	0.05	-
	4,357.72	-
This is the equity component of the issued Compulsorily Convertible Debentures. The liability component is reflected in financial liabilities (Note No. 18 and 22 (included in Current Maturities of Long-Term Debt)).		
General Reserve		
At the beginning of the year	5,798.55	5,798.55
Add: Transfer during the year	-	-
Less: Utilised during the year	-	-
	5,798.55	5,798.55

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
FVTOCI – Equity Instruments		
At the beginning of the year	1,606.18	759.83
Add: Changes in Fair value of FVTOCI Equity instruments (net of tax)	644.16	846.35
	2,250.34	1,606.18
<p>The Company has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the FVTOCI equity investments reserve within equity. The Company transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.</p>		
Cash Flow Hedging Reserve		
At the beginning of the year	0.13	-
Add: Transfer during the year	(0.13)	0.13
	-	0.13
<p>The Company uses hedging instruments as part of its management of foreign currency risk associated with its Foreign Currency Non-repatriable loans. To the extent these hedges are effective, the change in the fair value of hedging instrument is recognised in the cash flow hedging reserve.</p>		
Retained Earnings		
At the beginning of the year	3,903.63	3,259.91
Add: Profit for the year	518.47	776.78
Less: Remeasurement of Post Employment Benefit Obligations (net of tax)	3.61	1.27
Less: Transfer to Debenture Redemption Reserve	34.44	131.79
Less: Dividends paid (including Dividend Distribution Tax)	435.20	-
	3,948.85	3,903.63
TOTAL	21,300.80	14,388.09

On August 1, 2017, a Dividend of ₹ 21 per equity share (total dividend of ₹ 362.38 Crores and dividend distribution tax of ₹ 72.82 Crores) was paid to holders of fully paid equity shares.

On May 28, 2018, a Dividend of ₹ 25 per equity share (Face value of ₹ 2/- each) amounting to ₹ 451.48 Crores (Dividend Distribution Tax thereon of ₹ 92.80 Crores) has been recommended by the Board of Directors which is subject to approval of the Shareholders. The amounts calculated are based on the shares existing as on May 28, 2018.

18. BORROWINGS – NON-CURRENT

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Secured - at amortised cost		
Term Loan From Banks:		
Rupee Loans	171.23	719.12
Foreign Currency Non-Repatriable Loans (FCNR)	529.14	-
Redeemable Non Convertible Debentures	3,010.78	1,112.79
Unsecured - at amortised cost		
Term Loan From Banks	-	-
Redeemable Non Convertible Debentures	124.84	907.61
Liability component of Compulsorily Convertible debentures (Refer Note 17)	175.57	-
TOTAL	4,011.56	2,739.52

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Terms of repayment, nature of security & rate of interest in case of Secured Loans (includes amount included in Current Maturities of Long-Term Debt-Refer Note no 22)

A. Term Loan from Banks -Rupee Loans

		(₹ in Crores)	
Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2018	Principal Outstanding as at March 31, 2017
Hypothecation of all movable properties of the Company i.e. plant and machinery (excluding Current Assets and Intangible Assets) both present and future at the below locations:(a) Pithampur, Madhya Pradesh (b) Ennore, Chennai (c) Digwal Village, Medak District, Andhra Pradesh (d) Mahad District Raigad, Maharashtra and the Equitable Mortgage on the immovable properties, both leasehold and freehold of the Company, both present and future at the below locations: (a) Pithampur, Madhya Pradesh (b) Mahad District Raigad, Maharashtra. The charge will be on <i>pari passu</i> basis with existing Term Lenders with a minimum Financial Asset Cover (FACR) of 1.15 times.	Repayment in 5 Half Yearly instalments of ₹ 40 Crores each commencing 24 months after the first disbursement.	160.00	200.00
First <i>pari passu</i> charge by way of hypothecation over receivables of entire secured financial services investments of borrower (excluding investments in Shriram group) whether current or in future with a minimum cover of 1.10 x of the principal and accrued interest.	Moratorium of 18 months and repayment in 2 equal quarterly instalments	150.00	150.00
Charge on brands acquired on exclusive basis	Total Tenor of 30 months from date of first drawdown with 1 year moratorium and thereafter repayable in three equal half yearly instalments	175.00	175.00
Charge on brands acquired on exclusive basis	Total Tenor of 30 months from date of first drawdown with 1 year moratorium and thereafter repayable in three equal half yearly instalments	100.00	100.00
First Charge on the present and future Property Plant & Equipment of the company with a minimum security cover of 1.15 times.	Repayment in 10 semi annual instalments	-	174.99
First <i>pari passu</i> Charge on all movable and immovable Property Plant & Equipment of the borrower for ₹ 100 Crores with a minimum Financial Asset Cover (FACR) of 1.15 times.	Repayment in seven semi annual instalments	-	71.43

The effective costs for the above loans are in the range of 7.95 % to 9.95 % per annum (Previous Year: 8.60% to 10.15% per annum).

Refer Note 39 for assets hypothecated/mortgaged as securities against the Secured Borrowings.

B. Term Loan from Banks- FCNR Loan[#]

		(₹ in Crores)	
Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2018	Principal Outstanding as at March 31, 2017
First <i>pari passu</i> charge on the underlying assets/fixed assets of the Company, with a minimum fixed assets cover 1.1X cover	Facility can be either repaid (bullet repayment) or converted into rupee term loan after 24 months from the date of first disbursement	226.14	-
First <i>pari passu</i> charge on the underlying assets/fixed assets of the Company, with a minimum fixed assets cover 1.1X cover	Facility can be either repaid (bullet repayment) or converted into rupee term loan after 24 months from the date of first disbursement	305.19	-

The effective costs for the above loans are in the range of 3.83% to 4.44 % per annum (Previous Year: Nil).

[#]Creation of charges in respect of certain loans are in process.

Refer Note 39 for assets hypothecated/mortgaged as securities against the Secured Borrowings.

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

C. Redeemable Non-Convertible Debentures:

			(₹ in Crores)	
Particulars	Nature of Security	Terms of Repayment	Principal Outstanding as at March 31, 2018	Principal Outstanding as at March 31, 2017
50 (Previous Year: 50) (payable annually) 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of ₹ 1,000,000 each	Secured by a First <i>pari passu</i> mortgage over specifically Mortgaged Premises and a first <i>pari passu</i> hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of ₹ 5 Crores redeemable at par at the end of 3,650 days from the date of allotment.	5.00	5.00
350 (Previous Year: 350) (payable annually) 9.75% Secured Rated Listed Redeemable Non-Convertible Debentures of ₹ 1,000,000 each	Secured by a First <i>pari passu</i> mortgage over specifically Mortgaged Premises and a first <i>pari passu</i> hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of ₹ 35 Crores redeemable at par at the end of 3,652 days from the date of allotment.	35.00	35.00
100 (Previous Year: 100) (payable annually) 9.57% Secured Rated Listed Redeemable Non Convertible Debentures of ₹ 1,000,000 each	Secured by a First <i>pari passu</i> mortgage over specifically Mortgaged Premises and a first <i>pari passu</i> hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of ₹ 10 Crores redeemable at par at the end of 1,826 days from the date of allotment	10.00	10.00
2,000 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (7.90%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and the Deed of Hypothecation	The amount of ₹ 200 Crores redeemable at par at the end of 1,096 days from the date of allotment	200.00	-
500 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (7.90%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and the Deed of Hypothecation	The amount of ₹ 50 Crores redeemable at par at the end of 1,096 days from the date of allotment	50.00	-
400 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (7.90%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and the Deed of Hypothecation	The amount of ₹ 40 Crores redeemable at par at the end of 1,096 days from the date of allotment	40.00	-
150 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (7.90%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and the Deed of Hypothecation	The amount of ₹ 15 Crores redeemable at par at the end of 1,096 days from the date of allotment	15.00	-
100 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (7.90%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and the Deed of Hypothecation	The amount of ₹ 10 Crores redeemable at par at the end of 1,096 days from the date of allotment	10.00	-

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

				(₹ in Crores)	
Particulars	Nature of Security	Terms of Repayment	Principal Outstanding as at March 31, 2018	Principal Outstanding as at March 31, 2017	
100 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (7.90%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and the Deed of Hypothecation	The amount of ₹ 10 Crores redeemable at par at the end of 1096 days from the date of allotment	10.00	-	
50 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (7.90%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and the Deed of Hypothecation	The amount of ₹ 5 Crores redeemable at par at the end of 1,096 days from the date of allotment	5.00	-	
550 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (7.90%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed cum Deed of Mortgage and the Deed of Hypothecation	The amount of ₹ 55 Crores redeemable at par at the end of 1,096 days from the date of allotment	55.00	-	
250 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (7.90%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed cum Deed of Mortgage and the Deed of Hypothecation	The amount of ₹ 25 Crores redeemable at par at the end of 1,096 days from the date of allotment	25.00	-	
200 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (7.90%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed cum Deed of Mortgage and the Deed of Hypothecation	The amount of ₹ 20 Crores redeemable at par at the end of 1,096 days from the date of allotment	20.00	-	
150 (Previous Year: 150) (payable annually) 9.38% Secured Rated Listed Redeemable Non Convertible Debentures of ₹ 1,000,000 each	Secured by a First <i>pari passu</i> mortgage over specifically Mortgaged Premises and a first <i>pari passu</i> hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of ₹ 15 Crores redeemable at par at the end of 1,109 days from the date of allotment.	15.00	15.00	
1,500 (Previous Year: 1,500) (payable annually) 9.45% Secured Rated Listed Redeemable Non Convertible Debentures of ₹ 1,000,000 each	Secured by a First <i>pari passu</i> mortgage over specifically Mortgaged Premises and a first <i>pari passu</i> hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	Option I – ₹ 50 Crores redeemable at par at the end of 1,092 days from the date of allotment and Option II – ₹ 100 Crores redeemable at par at the end of 1,107 days from the date of allotment.	150.00	150.00	
3,000 (Previous Year: 3,000) (payable annually) 9.45% Secured Rated Listed Redeemable Non Convertible Debentures of ₹ 1,000,000 each	Secured by a First <i>pari passu</i> mortgage over specifically Mortgaged Premises and a first <i>pari passu</i> hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	Series I – The amount of ₹ 150 Crores redeemable at par at the end of 1,050 days from the date of allotment. Series II – The amount of ₹ 150 Crores redeemable at the end of 1,090 days from the date of allotment.	300.00	300.00	

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

			(₹ in Crores)	
Particulars	Nature of Security	Terms of Repayment	Principal Outstanding as at March 31, 2018	Principal Outstanding as at March 31, 2017
2,000 (Previous Year: 2,000) (payable annually) 9.38% Secured Rated Listed Redeemable Non Convertible Debentures of ₹ 1,000,000 each	Secured by a First <i>pari passu</i> mortgage over specifically Mortgaged Premises and a first <i>pari passu</i> hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of ₹ 200 Crores redeemable at par at the end of 1,095 days from the date of allotment .	200.00	200.00
2,000 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.13%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 200 Crores redeemable at par at the end of 730 days from the date of allotment	200.00	-
1,000 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.13%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 100 Crores redeemable at par at the end of 730 days from the date of allotment	100.00	-
900 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.13%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 90 Crores redeemable at par at the end of 730 days from the date of allotment	90.00	-
700 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.13%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 70 Crores redeemable at par at the end of 730 days from the date of allotment	70.00	-
400 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.13%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 40 Crores redeemable at par at the end of 730 days from the date of allotment	40.00	-
400 (Previous Year: 400) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (9.57%) of ₹ 1,000,000 each	Secured by a First <i>pari passu</i> mortgage over specifically Mortgaged Premises and a first <i>pari passu</i> hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of ₹ 40 Crores redeemable at par at the end of 1,093 days from the date of allotment	40.00	40.00
250 (Previous Year: 250) (payable annually) 9.57% Secured Rated Listed Redeemable Non Convertible Debentures of ₹ 1,000,000 each	Secured by a First <i>pari passu</i> mortgage over specifically Mortgaged Premises and a first <i>pari passu</i> hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of ₹ 25 Crores redeemable at par at the end of 1,093 days from the date of allotment	25.00	25.00
3,000 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.13%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 300 Crores redeemable at par at the end of 730 days from the date of allotment	300.00	-

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

			(₹ in Crores)	
Particulars	Nature of Security	Terms of Repayment	Principal Outstanding as at March 31, 2018	Principal Outstanding as at March 31, 2017
2,000 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.13%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 200 Crores redeemable at par at the end of 730 days from the date of allotment	200.00	-
1,000 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.13%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 100 Crores redeemable at par at the end of 730 days from the date of allotment	100.00	-
500 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.15%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 50 Crores redeemable at par at the end of 729 days from the date of allotment	50.00	-
2,000 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.15%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 200 Crores redeemable at par at the end of 729 days from the date of allotment	200.00	-
1,350 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.15%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 135 Crores redeemable at par at the end of 729 days from the date of allotment	135.00	-
850 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.15%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 85 Crores redeemable at par at the end of 729 days from the date of allotment	85.00	-
500 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.15%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 50 Crores redeemable at par at the end of 729 days from the date of allotment	50.00	-
250 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.15%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 25 Crores redeemable at par at the end of 729 days from the date of allotment	25.00	-
150 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (8.15%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 15 Crores redeemable at par at the end of 729 days from the date of allotment	15.00	-

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

			(₹ in Crores)	
Particulars	Nature of Security	Terms of Repayment	Principal Outstanding as at March 31, 2018	Principal Outstanding as at March 31, 2017
1,000 (Previous Year: 1,000) (payable at maturity) 9.264% Secured Rated Listed Redeemable Non Convertible Debentures of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over specific identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 100 Crores redeemable at par at the end of 970 days from the date of allotment	100.00	100.00
100 (Previous Year: 100) (payable annually) 9.267% Secured Rated Listed Redeemable Non Convertible Debentures of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over specific identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 10 Crores redeemable at par at the end of 963 days from the date of allotment	10.00	10.00
200 (Previous Year: 200) (payable annually) 9.267% Secured Rated Listed Redeemable Non Convertible Debentures of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over specific identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 20 Crores redeemable at par at the end of 962 days from the date of allotment	20.00	20.00
1,150 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (7.60%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and the Deed of Hypothecation	The amount of ₹ 115 Crores redeemable at par at the end of 546 days from the date of allotment	115.00	-
500 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (7.60%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and the Deed of Hypothecation	The amount of ₹ 50 Crores redeemable at par at the end of 546 days from the date of allotment	50.00	-
250 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (7.60%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and the Deed of Hypothecation	The amount of ₹ 25 Crores redeemable at par at the end of 546 days from the date of allotment	25.00	-
100 (Previous Year: NIL) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (7.60%) of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over the identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and the Deed of Hypothecation	The amount of ₹ 10 Crores redeemable at par at the end of 546 days from the date of allotment	10.00	-

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

			(₹ in Crores)	
Particulars	Nature of Security	Terms of Repayment	Principal Outstanding as at March 31, 2018	Principal Outstanding as at March 31, 2017
500 (Previous Year: 1,000) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (9.40%) of ₹ 1,000,000 each	Secured by a First <i>pari passu</i> mortgage over specifically Mortgaged Premises and a first <i>pari passu</i> hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	Option I – ₹ 50 Crores redeemable at par at the end of 729 days from the date of allotment (Current Year Outstanding: NIL) and Option II – ₹ 50 Crores redeemable at par at the end of 1094 days from the date of allotment	50.00	100.00
1,000 (Previous Year: 1,000) (payable annually) 9.25% Secured Rated Listed Redeemable Non Convertible Debentures of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over specific identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 100 Crores redeemable at par at the end of 728 days from the date of allotment	100.00	100.00
500 (Previous Year: 500) (payable annually) 8.95 % Secured Rated Listed Redeemable Non Convertible Debentures of ₹ 1,000,000 each	Secured through a First <i>pari passu</i> charge by hypothecation over specific identified Receivables and a first ranking <i>pari passu</i> mortgage over specifically mortgaged premises or such other property as may be identified by the company as set out in the Debenture Trust deed and Deed of Hypothecation	The amount of ₹ 50 Crores redeemable at par at the end of 646 days from the date of allotment	50.00	50.00
NIL (Previous Year: 5,000) (payable annually) Secured Rated Listed Redeemable Non Convertible Debentures (9.25%) of ₹ 1,000,000 each	Secured by First <i>pari passu</i> non exclusive charge by hypothecation over the specified identified receivables and a first ranking <i>pari passu</i> mortgage over Specifically Mortgaged Premises or such other property as may be identified by the Company as set out in the Debenture Trust Deed and the Deed of Hypothecation.	Series A – ₹ 250 Crores redeemable at par at the end of 730 days from the date of allotment and Series B – ₹ 250 Crores redeemable at par at the end of 762 days from the date of allotment	-	500.00
NIL (Previous Year: 400) Secured Rated Listed Redeemable Non Convertible Debentures (9.383%) of ₹ 1,000,000 each	Secured by a First <i>pari passu</i> mortgage over specifically Mortgaged Premises and a first <i>pari passu</i> hypothecation over portions of specific identified Receivables as set out in the Debenture Trust Deed and the Deed of Hypothecation.	The amount of ₹ 40 Crores redeemable at par at the end of 561 days from the date of allotment	-	40.00

The effective costs for the above debentures are in the range of 7.60% to 9.75% per annum (As on March 31, 2017: 8.95% to 9.75% per annum).

Refer Note 39 for assets hypothecated/mortgaged as securities against the Secured Borrowings.

Terms of repayment & rate of interest in case of Unsecured Loans:

A. Term Loan from Banks – Rupee Loans

		(₹ in Crores)	
Particulars	Payment terms	As at March 31, 2018	As at March 31, 2017
Long-term Unsecured rupee loans from banks	Repaid on September 4, 2017 for an amount of ₹ 100 Crores	-	100.00
	Repayment on November 16, 2018 for an amount of ₹ 250 Crores	250.00	-

The effective costs for the above loans are in the range of 8.35% to 8.75% per annum (As on March 31, 2017: 9.50% to 10% per annum)

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

B. Term Loan from Banks – FCNR

		(₹ in Crores)	
Particulars	Payment terms	As at March 31, 2018	As at March 31, 2017
Long-term Unsecured foreign currency Non-Repatriable loans from banks	Repaid on June 30, 2017 for an amount of ₹ 250 Crores	-	249.47

The effective costs for the above loans is 9.65% per annum (Previous Year: 9.60% to 9.75% per annum).

C. Redeemable Non Convertible Debentures

		(₹ in Crores)	
Particulars	Payment terms	As at March 31, 2018	As at March 31, 2017
1,000 (Previous Year: NIL) 8.20% (payable annually) Unsecured Redeemable Non Convertible Debentures of ₹ 1,000,000 each	The amount of ₹ 100 Crores redeemable at par at the end of 1,130 days from the date of allotment.	100.00	-
250 (Previous Year: NIL) 8.20% (payable annually) Unsecured Redeemable Non Convertible Debentures of ₹ 1,000,000 each	The amount of ₹ 25 Crores redeemable at par at the end of 1,130 days from the date of allotment.	25.00	-
2,000 (Previous Year: 2,000) 9.40% (payable annually) Unsecured Redeemable Non Convertible Debentures ₹ 1,000,000 each	Series III - ₹ 200 Crores redeemable at par at the end of 1,092 days from the date of allotment.	200.00	200.00
2,240 (Previous Year: 2,450) 9.27% (payable annually) Unsecured Redeemable Non Convertible Debentures of ₹ 1,000,000 each	Series IV - ₹ 21 Crores redeemable at par at the end of 974 days from the date of allotment (Previous Year) and Series V - ₹ 224 Crores redeemable at par at the end of 1,112 days from the date of allotment.	224.00	245.00
3,850 (Previous Year: 3,850) 9.22% (payable annually) Unsecured Redeemable Non Convertible Debentures ₹ 1,000,000 each	Series B - ₹ 100 Crores redeemable at par at the end of 1,092 days from the date of allotment and Series C - ₹ 285 Crores redeemable at par at the end of 1096 days from the date of allotment.	385.00	385.00
1,000 (Previous Year: 1,000) 9.25% (payable annually) Unsecured Redeemable Non Convertible Debentures ₹ 1,000,000 each	Series D - ₹ 100 Crores redeemable at par at the end of 1,096 days from the date of allotment.	100.00	100.00
NIL (Previous Year: 1,000) 9.33% (payable annually) Unsecured Redeemable Non Convertible Debentures ₹ 1,000,000 each	The amount of ₹ 100 Crores redeemable at par at the end of 517 days from the date of allotment.	-	100.00
NIL (Previous Year: 2,000) 9.35% (payable annually) Unsecured Redeemable Non Convertible Debentures ₹ 1,000,000 each	Series II - ₹ 200 Crores redeemable at par at the end of 731 days from the date of allotment.	-	200.00
NIL (Previous Year: 2,350) 9.13% (payable annually) Unsecured Redeemable Non Convertible Debentures ₹ 1,000,000 each	Series A - ₹ 235 Crores redeemable at par at the end of 731 days from the date of allotment.	-	235.00
NIL (Previous Year: 4,000) 9.15% (payable annually) Unsecured Redeemable Non Convertible Debentures ₹ 1,000,000 each	Series A - ₹ 150 Crores redeemable at par at the end of 711 days from the date of allotment and Series B - ₹ 150 Crores redeemable at par at the end of 746 days from the date of allotment and Series C - ₹ 100 Crores redeemable at par at the end of 767 days from the date of allotment	-	400.00
NIL (Previous Year: 1,550) 9.18% (payable annually) Unsecured Redeemable Non Convertible Debentures ₹ 1,000,000 each	Series I - ₹ 75 Crores redeemable at par at the end of 532 days from the date of allotment and Series II - ₹ 15 Crores redeemable at par at the end of 644 days from the date of allotment and Series III - ₹ 65 Crores redeemable at par at the end of 731 days from the date of allotment.	-	80.00
NIL (Previous Year: 5,000) 9.43% Unsecured Redeemable Non Convertible Debentures of ₹ 1,000,000 each*	Series A - ₹ 350 Crores redeemable at par at the end of 731 days from the date of allotment and Series B - ₹ 100 Crores redeemable at par at the end of 1095 days from the date of allotment, Series C - ₹ 50 Crores redeemable at par at the end of 1,095 days from the date of allotment.	-	150.00

The effective costs for the above debentures are in the range of 8.20% to 9.43% per annum (As on March 31, 2017: 9.13 % to 9.66 % per annum)

*Interest on Series A & B is payable annually. Interest on Series C is payable at maturity.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Terms and Description of Compulsorily Convertible Debentures

Compulsorily convertible debentures outstanding as at March 31, 2018 is ₹ 4,935.66 Crores (As at March 31, 2017: Nil) . Each debenture has a par value of ₹ 107,600 and is convertible at the option of the debenture holder into Equity shares of the Company starting from October 25, 2017 on the basis of forty equity share of ₹2/- each for every one Debenture held. Any debenture not converted will be compulsorily converted into equity shares on April 19, 2019 at a price of ₹ 2,690 per share. The debentures carry a coupon of 7.80% per annum, payable half-yearly in arrears on April 24, 2018, October 21, 2018 and April 19, 2019. The basis of presentation of the liability and equity portions of these shares is explained in the summary of significant accounting policies.

Refer Note 36 for movement in CCDs.

19. OTHER FINANCIAL LIABILITIES - NON-CURRENT

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Lease Equalisation Liability	3.54	5.65
TOTAL	3.54	5.65

20. NON-CURRENT PROVISIONS

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Provision for employee benefits (Refer Note 37)	28.02	25.95
Provisions for Grants - Committed*	-	4.91
TOTAL	28.02	30.86

*Refer Note 48 for movements during the year

21. BORROWINGS - CURRENT

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Secured – At Amortised Cost		
Loans from banks:		
– Working capital Demand Loan	400.00	35.05
– Overdraft with banks (including PCFC)	107.38	62.86
– Collateralised Debt Obligations (Refer Note 10)	1.56	20.59
	508.94	118.50
Unsecured – At Amortised Cost		
Loans from banks:		
– Repayable on demand	771.76	952.10
– Others	-	1.01
Commercial Papers	6,698.47	3,948.51
	7,470.23	4,901.62
TOTAL	7,979.17	5,020.12

Note:

Description of loan	Terms of repayment	Rate of Interest
Secured Loans:		
Working Capital Demand Loan*	At Call	8.25% pa to 10.45% pa
Overdraft with banks*	At Call	7.65% pa to 13.00 % pa
Others (PCFC)*	At Call	1.55 % pa to 2.94 % pa
Collateralised Debt Obligations*	By the end of credit period	0.40 % pa to 2.94 % pa
Unsecured Loans:		
Commercial Papers	Repayable within 365 days from date of disbursement	6.35 % pa to 9.00 % pa
Loans from Banks (Repayable on demand)	Repayable within 365 days from date of disbursement	7.90 % pa to 9.60 % pa

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Terms of repayment, nature of security & rate of interest in case of Secured Loans:
Working capital Demand Loan

		(₹ in Crores)	
Nature of Security	Terms of repayment	Principal Outstanding as at March 31, 2018	Principal Outstanding as at March 31, 2017
First <i>pari passu</i> charge on the standard assets receivables of the borrower along with other lenders with minimum asset cover of 1.1x (where standard receivables constitute receivables arising out of activities permitted by RBI/ NHB)	Final Maturity date of each tranche drawn down under the facility shall not extend 3 months from the date of first disbursement. Facility shall be subject to review after 3 months from the date of first disbursement.	400.00	-

*These are secured by hypothecation of inventories and book debts except as mentioned above separately.

Refer Note 39 for assets hypothecated/mortgaged as securities against the Secured Borrowings.

22. OTHER FINANCIAL LIABILITIES – CURRENT

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Current maturities of long-term debt (Refer Note 18)	2,609.76	2,495.78
Unclaimed Dividend (Refer Note below)	18.37	15.94
Employee related liabilities	89.37	62.18
Capital Creditors	3.84	42.23
Lease Equalisation	2.11	1.45
Security Deposits Received	2.02	1.44
Other payables	-	1.72
TOTAL	2,725.47	2,620.74

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at the year end.

23. OTHER CURRENT LIABILITIES

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Advances from Customers	39.38	42.33
Statutory Dues	4.33	4.43
Deferred Revenue	7.50	-
TOTAL	51.21	46.76

24. CURRENT PROVISIONS

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Provision for Employee Benefits (Refer Note 37)	35.33	23.47
Provision for Expected Credit Loss on Loan Commitments#	0.08	2.01
Provision for Wealth Tax	0.21	0.21
Provisions for Grants – Committed+	6.34	12.97
Provision For Litigations & Disputes+	3.50	3.50
TOTAL	45.46	42.16

+Refer Note 48 for movements during the year.

#Refer Note 46(f) for movements during the year.

25. CURRENT TAX LIABILITIES (NET)

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
Provision for Income Tax [Net of Advance Tax of ₹ 71.47 Crores (As on March 31, 2017 ₹151.48 Crores)]	7.29	12.95
TOTAL	7.29	12.95

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

26 CONTINGENT LIABILITIES AND COMMITMENTS

	As at March 31, 2018 ₹ in Crores	As at March 31, 2017 ₹ in Crores
A Contingent Liabilities:		
1 Claims against the Company not acknowledged as debt:		
Vide Demand dated June 5, 1984, the Government has asked for payment to the credit of the Drugs Prices Equalisation Account, the difference between the common sale price and the retention price on production of Vitamin 'A' Palmitate (Oily Form) from January 28, 1981 to March 31, 1985 which is not accepted by the Company. The Company has been legally advised that the demand is untenable.	0.61	0.61
2 Others		
i. Appeals filed in respect of disputed demands:		
Income Tax		
- where the Company is in appeal	716.01	678.37
- where the Department is in appeal	145.99	142.23
Sales Tax	16.10	17.66
Central/State Excise	28.94	22.08
Labour Matters	0.21	0.16
Stamp Duty	4.00	4.05
Legal Cases	8.97	8.50
ii. Unexpired Letters of Credit	4.36	8.07
Note: Future cash outflows in respect of 1 and 2(i) above are determinable only on receipt of judgements/decisions pending with various forums/authorities.		
B Commitments:		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	26.58	103.00
b) The Company has imported raw materials at concessional rates, under the Advance License Scheme of the Government of India, to fulfil conditions related to quantified exports in stipulated period	3.51	9.38

27. REVENUE FROM OPERATIONS

	Year Ended March 31, 2018 ₹ in Crores	Year Ended March 31, 2017 ₹ in Crores
Sale of products (including Excise Duty)	1,738.64	1,875.78
Sale of Services	247.66	205.04
Income of financing activities:		
- Interest income on instruments measured at amortised cost	1,103.73	1,483.56
- Income on instruments mandatorily measured at FVTPL	102.25	142.42
- Dividend income on instruments designated at FVTOCI (Refer Note below)	35.39	32.47
- Dividend income from Associate	15.87	8.30
- Others	1.81	4.49
	1,259.05	1,671.24
	3,245.35	3,752.06
Other operating revenues:		
- Processing Charges Received	1.17	2.88
- Miscellaneous Income	50.43	54.37
	51.60	57.25
TOTAL	3,296.95	3,809.31

Note:

All dividends from equity investments designated as at FVTOCI recognised for both the years relate to investments held at the end of each reporting period. There was no dividend income relating to investments derecognised during the reporting period.

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

28. OTHER INCOME

	Year Ended March 31, 2018 ₹ in Crores	Year Ended March 31, 2017 ₹ in Crores
Interest Income on Financial Assets		
- On Loans and Bank Deposits (at amortised costs)	303.97	268.05
	303.97	268.05
Dividend Income		
- On Non-current Equity Instruments in Subsidiaries/ JVs/ Associates	-	19.60
- On Current Investments at FVTPL	10.42	17.77
	10.42	37.37
Other Gains & Losses:		
- Foreign Exchange Gain (Net)	251.57	-
Income on instruments mandatorily measured at FVTPL	26.95	-
Profit on Sale of Investment (Net)	0.03	-
Miscellaneous Income	46.85	51.73
TOTAL	639.79	357.15

29. COST OF MATERIALS CONSUMED

	Year Ended March 31, 2018 ₹ in Crores	Year Ended March 31, 2017 ₹ in Crores
Opening Inventory	133.97	145.57
Add: Purchases	824.42	779.67
Less: Closing Inventory	148.66	133.97
TOTAL	809.73	791.27

30. PURCHASES OF STOCK-IN-TRADE

	Year Ended March 31, 2018 ₹ in Crores	Year Ended March 31, 2017 ₹ in Crores
Traded Goods	100.73	127.55
TOTAL	100.73	127.55

31. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	Year Ended March 31, 2018 ₹ in Crores	Year Ended March 31, 2017 ₹ in Crores
OPENING STOCKS:		
Work-in-Progress	129.35	142.03
Finished Goods	36.40	59.94
Stock-in-trade	28.39	11.46
Less: Excise Duty	3.11	3.34
	191.03	210.09
CLOSING STOCKS:		
Work-in-Progress	128.11	129.35
Finished Goods	56.81	36.40
Stock-in-trade	30.95	28.39
Less: Excise Duty	-	3.11
	215.87	191.03
TOTAL	(24.84)	19.06

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

32. EMPLOYEE BENEFITS EXPENSE

	Year Ended March 31, 2018 ₹ in Crores	Year Ended March 31, 2017 ₹ in Crores
Salaries and Wages	383.77	321.17
Contribution to Provident and Other Funds (Refer Note 37)	16.41	15.02
Gratuity Expenses (Refer Note 37)	3.52	2.78
Staff Welfare	39.02	31.66
TOTAL	442.72	370.63

33. FINANCE COSTS

	Year Ended March 31, 2018 ₹ in Crores	Year Ended March 31, 2017 ₹ in Crores
Finance Charge on financial liabilities measured at amortised cost	973.28	1,158.22
Other borrowing costs	16.27	20.12
TOTAL	989.55	1,178.34

During the year, the Company has capitalised borrowing costs of ₹ 22.44 Crores (Previous year ₹ 14.26 Crores) relating to projects, included in Capital Work-in-Progress. The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Company's general borrowings during the year, in this case 8.75% (Previous Year: 9.00%).

34. OTHER EXPENSES

	Year Ended March 31, 2018 ₹ in Crores	Year Ended March 31, 2017 ₹ in Crores
Processing Charges	6.59	6.98
Consumption of Stores and Spares Parts	44.14	43.54
Consumption of Laboratory materials	26.18	21.60
Power, Fuel and Water Charges	66.28	62.75
Repairs and Maintenance		
Buildings	26.87	17.81
Plant and Machinery	22.47	20.77
Others	0.16	0.39
	49.50	38.97
Rent		
Premises	23.92	27.34
Leasehold Land	0.07	0.07
Other Assets	13.93	10.93
	37.92	38.34
Rates & Taxes (includes Excise Duty)	36.99	42.31
Insurance	9.99	7.60
Travelling Expenses	36.78	37.61
Directors' Commission	2.16	1.84
Directors' Sitting Fees	1.06	0.92
Bad Debts written off during the period	2.66	-
Less: Bad Debts written off out of Provision for Doubtful Debts	(2.66)	-
Expected Credit Loss on Trade Receivables (Refer Note 10)	8.13	2.85
Expected Credit Loss on Financial Assets (including Commitments) (Refer Note 46f)	39.24	(223.38)
Loss on Sale of Property Plant & Equipment (Net)	2.30	0.16
Advertisement and Business Promotion Expenses	85.16	119.65
Expenditure towards Corporate Social Responsibility activities (Refer Note below)	28.56	27.03
Donations	2.26	2.10
Contribution to Electoral Trust	-	21.10

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

	Year Ended March 31, 2018 ₹ in Crores	Year Ended March 31, 2017 ₹ in Crores
Freight	24.55	26.65
Export Expenses	1.42	3.58
Clearing and Forwarding Expenses	8.51	7.09
Communication and Postage	10.34	12.47
Printing and Stationery	6.18	4.99
Claims	8.78	3.99
Legal Charges	5.07	5.84
Exchange Loss (net)	-	112.33
Professional Charges	34.00	49.07
Royalty Expense	12.57	9.66
Service Charges	47.43	35.41
Information Technology Costs	19.37	13.17
R & D Expenses (net) (Refer Note 47)	63.42	64.91
Miscellaneous Expenses	20.62	20.96
TOTAL	745.50	622.09

Note:

Details in respect of Corporate Social Responsibility Expenditure:

- Gross amount required to be spent during the year – ₹ 14.06 Crores
- Amount spent during the year on Revenue Expenditure – ₹ 28.56 Crores
- Amount spent during the year on Capital Expenditure – ₹ Nil

35. OTHER COMPREHENSIVE INCOME/(EXPENSE) (NET OF TAXES)

	Year Ended March 31, 2018 ₹ in Crores	Year Ended March 31, 2017 ₹ in Crores
Fair Valuation of Equity Investments	644.16	846.35
Remeasurement of post-employment benefit obligations (Refer Note 37)	(3.61)	(1.27)
Deferred gains/(losses) on cash flow hedge	(0.13)	0.13
TOTAL	640.42	845.21

36 (a) On October 25, 2017, 464,330 Compulsorily Convertible Debentures ('CCD') having face value of ₹ 107,600 per CCD were allotted to the CCD holders for an aggregate amount of ₹ 4,996.19 Crores. Each CCD is convertible into 40 equity shares of ₹ 2 each. During the year, 225,000 Equity shares were allotted by the Company upon exercise of options by the CCD holders.

Subsequent to March 31, 2018, 318,840 equity shares were allotted by the Company upon exercise of options by the CCD holders.

36 (b) During the year, the Company issued 8,310,275 Equity shares under Rights Issue at a price of ₹ 2,380 per share (including premium of ₹ 2,378 per share). Out of the aforesaid issue, 7,485,574 equity shares were allotted by the Company on March 8, 2018 and 797,748 Rights Equity shares have been Reserved for the CCD Holders (as per regulation 53 of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009) and 26,953 Rights Equity Shares have been kept in abeyance.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Proceeds from the Right Issue have been utilised upto March 31, 2018 in the following manner:

Particulars	(₹ in Crores)	
	Planned	Actual
a) Investment in Piramal Finance Limited (wholly- owned subsidiary)	750.00	750.00
b) Repayment or pre-payment, in full or part, of certain borrowings availed by the Company	1,000.00	878.91
c) General Corporate Purposes	216.22	-
Add: Issue related expenses *	11.63	6.05
TOTAL	1,977.85	1,634.96
Less: Right Shares held in Abeyance	(6.41)	-
Less: Right Shares reserved in favour of Compulsorily Convertible Debenture Holders	(189.87)	-
Less: Interest Income received from Fixed Deposits placed with Banks from Right Issue Proceeds	-	(1.39)
TOTAL	1,781.57	1,633.57
Unutilised proceeds kept as Fixed Deposit with Bank	-	148.00

* The above utilisation does not includes expenses of ₹ 1.49 Crores incurred other than through monitoring accounts opened for the purpose of Right Issue.

37 EMPLOYEE BENEFITS:

Brief description of the Plans:

Other Long-Term Employee Benefit Obligations:

Leave Encashment, which are expected to be availed or encashed beyond 12 months from the end of the year are treated as other long-term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date.

Defined Contribution plans:

The Company's defined contribution plans are Provident Fund (in case of certain employees), Superannuation, Employees State Insurance Fund and Employees' Pension Scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions to such plans.

Post-employment benefit plans:

Gratuity for employees in India is 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 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's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Company funds the plan on a periodical basis.

In case of certain employees, The Provident fund is administered through an in-house trust. Periodic contributions to the trust are invested in various instruments considering the return, maturity, safety, etc., within the overall ambit of the Provident Fund Trust Rules and investment pattern notified through the Ministry of Labour investment guidelines for exempted provident funds.

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

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. Plan investment is a mix of investments in government securities, and other debt instruments.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The gratuity plan is a funded plan and the Company makes contributions to trust administered by the Company. 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. In respect of certain employees, Provident Fund contributions are made to a Trust administered by the Company. The contributions made to the trust are recognised as plan assets. Plan assets in the Provident fund trust are governed by local regulations, including limits on contributions in each class of investments.

The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the employee benefit obligations, with the objective that assets of the gratuity/provident fund obligations match the benefit payments as they fall due. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

A large portion of assets consists of government and corporate bonds, although the Company also invests in equities, cash and mutual funds. The plan asset mix is in compliance with the requirements of the regulations in case of Provident fund.

I. Charge to the Statement of Profit and Loss based on Defined Contribution Plans:

	Year Ended March 31, 2018 ₹ in Crores	Year Ended March 31, 2017 ₹ in Crores
Employer's contribution to Regional Provident Fund Office	1.02	0.74
Employer's contribution to Superannuation Fund	0.34	0.41
Employer's contribution to Employees' State Insurance	0.85	0.61
Employer's contribution to Employees' Pension Scheme 1995	4.34	4.28

Included in Contribution to Provident and Other Funds and R&D Expenses (Refer Note 32 and 34)

II. Disclosures for defined benefit plans based on actuarial valuation reports:
A. Change in Defined Benefit Obligation

Particulars	(₹ in Crores)			
	(Funded)			
	Gratuity		Provident Fund	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Present Value of Defined Benefit Obligation as at beginning of the year	45.50	39.30	181.39	151.69
Interest Cost	3.23	3.07	15.92	12.92
Current Service Cost	3.52	3.01	10.57	9.68
Contributions from plan participants	-	-	16.26	15.31
Liability Transferred In for Employees Joined	-	-	5.81	5.56
Liability Transferred Out for Employees left	(0.32)	-	(9.78)	(4.96)
Benefits Paid from the fund	(3.67)	(2.53)	(8.58)	(8.81)
Actuarial (Gains)/loss – due to change in Demographic Assumptions	-	-	-	-
Actuarial (Gains)/loss – due to change in Financial Assumptions	(0.83)	1.58	-	-
Actuarial (Gains)/loss – due to experience adjustments	5.16	1.07	-	-
Present Value of Defined Benefit Obligation as at the end of the year	52.59	45.50	211.59	181.39

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

B. Changes in the Fair Value of Plan Assets

Particulars	(₹ in Crores)			
	(Funded)			
	Gratuity		Provident Fund	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Fair Value of Plan Assets as at beginning of the year	29.13	28.30	181.39	151.69
Interest Income	2.07	2.21	15.92	12.92
Contributions from employer	-	0.40	10.57	9.68
Contributions from plan participants	-	-	16.26	15.31
Assets Transferred In for Employees joined	-	0.04	5.81	5.56
Assets Transferred out for Employees left	-	-	(9.78)	(4.96)
Benefits Paid from the fund	(3.67)	(2.53)	(8.58)	(8.81)
Return on Plan Assets, Excluding Interest Income	(1.19)	0.71	-	-
Fair Value of Plan Assets as at the end of the year	26.34	29.13	211.59	181.39

C. Amount recognised in the Balance Sheet

Particulars	(₹ in Crores)			
	(Funded)			
	Gratuity		Provident Fund	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Present Value of Defined Benefit Obligation as at the end of the year	52.59	45.50	211.59	181.39
Fair Value of Plan Assets as at end of the year	26.34	29.13	211.59	181.39
Net Liability/(Asset) recognised in the Balance Sheet (Refer Note 20 and 24)	26.25	16.37	-	-
Recognised under:				
Non-Current provision (Refer Note 20)	26.25	6.38	-	-
Current provision (Refer Note 24)	-	9.99	-	-

The Provident Fund has a surplus that is not recognised on the basis that future economic benefits are not available to the Company in the form of a reduction in future contributions or a cash refund due to local regulations.

The Company has no legal obligation to settle the deficit in the funded plan (Gratuity) with an immediate contribution or additional one off contributions.

D. Expenses recognised in Statement of Profit and Loss

Particulars	(₹ in Crores)			
	(Funded)			
	Gratuity		Provident Fund	
	Year Ended March 31,		Year Ended March 31,	
	2018	2017	2018	2017
Current Service Cost	3.52	3.01	10.57	9.68
Past Service Cost	-	-	-	-
Net interest Cost	1.16	0.86	-	-
Curtailments Cost/ (Credit)	-	-	-	-
Settlements Cost/ (Credit)	-	-	-	-
Net Actuarial (gain)/ loss	-	-	-	-
Total Expenses/ (Income) recognised in the Statement of Profit and Loss*	4.68	3.87	10.57	9.68

*Included in Salaries and Wages, Contribution to Provident and Other Funds, Gratuity Fund and R&D Expenses (Refer Note 32 and 34).

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

E. Expenses Recognised in the Other Comprehensive Income (OCI) for Current Year

Particulars	(₹ in Crores)	
	Gratuity	
	Year Ended March 31,	
	2018	2017
Actuarial (Gains)/Losses on Obligation For the Period – Due to changes in demographic assumptions	-	-
Actuarial (Gains)/Losses on Obligation For the Period – Due to changes in financial assumptions	(0.83)	1.58
Actuarial (Gains)/Losses on Obligation For the Period – Due to experience adjustment	5.16	1.07
Return on Plan Assets, Excluding Interest Income	1.19	(0.71)
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Period Recognised in OCI	5.52	1.94

F. Significant Actuarial Assumptions

Particulars	(Funded)			
	Gratuity		Provident Fund	
	As at March 31,		As at March 31,	
	2018	2017	2018	2017
Discount Rate (per annum)	7.80	7.09	7.80	7.09
Expected Rate of return on Plan Assets (per annum)	7.80	7.09	7.80	7.09
Salary escalation rate	10.00 for 3 years thereafter 6.00	7.00	N.A	N.A

The expected rate of return on plan assets is based on market expectations at the beginning of the year. The rate of return on long-term government bonds is taken as reference for this purpose.

In case of certain employees, the Provident Fund contribution is made to a Trust administered by the Company. In terms of the Guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident fund liability based on the assumptions listed above and determined that there is no shortfall at the end of each reporting period.

G. Movements in the present value of net defined benefit obligation are as follows

Particulars	(₹ in Crores)	
	Gratuity	
	As at March 31,	
	2018	2017
Opening Net Liability	16.37	11.00
Expenses Recognised in Statement of Profit or Loss	4.68	3.87
Expenses Recognised in OCI	5.52	1.94
Net Liability/(Asset) Transfer In	-	(0.04)
Net (Liability)/Asset Transfer Out	(0.32)	-
Benefit Paid Directly by the Employer	-	-
Employer's Contribution	-	(0.40)
Net Liability/(Asset) Recognised in the Balance Sheet	26.25	16.37

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

H. Category of Assets

Particulars	(Funded)				(%)
	Gratuity		Provident Fund		
	As at March 31,		As at March 31,		
	2018	2017	2018	2017	
Government of India Assets (Central & State)	8.48	12.97	86.49	73.84	
Public Sector Unit Bonds	-	-	34.55	41.75	
Corporate Bonds	13.68	11.19	48.95	33.90	
Fixed Deposits under Special Deposit Schemes of Central Government*	1.05	1.34	27.87	27.05	
Equity Shares of Listed Entities	3.09	3.59	11.00	4.75	
Others*	0.04	0.04	2.73	0.10	
TOTAL	26.34	29.13	211.59	181.39	

*Except these, all the other investments are quoted.

I. Other Details

Particulars	Gratuity	
	As at March 31,	
	2018	2017
No. of Active Members	3,757	3,856
Per Month Salary For Active Members (₹ in Crores)	11.10	9.99
Average Expected Future Service (Years)	8.00	7.00
Projected Benefit Obligation (PBO) (₹ in Crores)	52.58	45.50
Prescribed Contribution for Next Year (12 Months) (₹ in Crores)	11.10	9.99

J. Cash Flow Projection: From the Fund

Projected Benefits Payable in Future Years From the Date of Reporting	(₹ in Crores)	
	Gratuity	
	Estimated for the year ended March 31,	
	2018	2017
1st Following Year	16.77	14.52
2nd Following Year	3.26	2.41
3rd Following Year	3.83	2.94
4th Following Year	4.11	3.07
5th Following Year	4.07	3.15
Sum of Years 6 to 10	20.14	17.25

The Company's Gratuity Plan is administered by an insurer and the Investments are made in various schemes of the trust. The Company funds the plan on a periodical basis. In case of certain employees, The Provident fund is administered through an in-house trust. Periodic contributions to the trust are invested in various instruments considering the return, maturity, safety etc. within the overall ambit of the Provident Fund Trust Rules and investment pattern notified through the Ministry of Labour investment guidelines for exempted provident funds.

Weighted average duration of the defined benefit obligation is 7 years (Previous Year : 7 years).

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

K. Sensitivity Analysis

	(₹ in Crores)	
	Gratuity	
	As at March 31,	
	2018	2017
Projected Benefits Payable in Future Years from the Date of Reporting		
Impact of +1% Change in Rate of Discounting	(2.38)	(2.23)
Impact of -1% Change in Rate of Discounting	2.67	2.52
Impact of +1% Change in Rate of Salary Increase	2.66	2.49
Impact of -1% Change in Rate of Salary Increase	(2.41)	(2.25)

The above sensitivity analysis are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The liability for Leave Encashment (Non-Funded) as at year end is ₹ 34.98 Crores (As at March 31, 2017 - ₹ 30.93 Crores).

The liability for Long-term Service Awards (Non-Funded) as at year end is ₹ 2.12 Crores (As at March 31, 2017 - ₹ 2.09 Crores).

38 RELATED PARTY DISCLOSURES
1. List of related parties
A. Controlling Entities

The Ajay G. Piramal Foundation[®]

Piramal Phytocare Limited Senior Employees Option Trust (Formerly known as Piramal Life Sciences Limited Senior Employees Stock Option Trust through its Trustees, Mr. P.K. Gothi and Mr. Suhail Nathani)[®]

The Sri Krishna Trust through its Trustees, Mr. Ajay Piramal and Dr. (Mrs.) Swati A. Piramal (Previously held through its Corporate Trustees, Piramal Management Services Private Limited)[®]

Aasan Info Solutions (India) Private Limited[®]

Piramal Welfare Trust (Formerly known as The Piramal Enterprise Executives Trust) through its Trustee, Piramal Corporate Services Limited[®]

PRL Realtors LLP[®]

[®]There are no transactions during the year.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

B. Subsidiaries

The Subsidiary companies including step down subsidiaries:

Name of the Company	Principal Place of Business	Proportion of Ownership interest held as at March 31, 2018	Proportion of Ownership interest held as at March 31, 2017
PHL Fininvest Private Limited	India	100%	100%
Searchlight Health Private Limited (w.e.f. December 23, 2016) (formerly known as Health Superhiway Private Limited)	India	51%	51%
Piramal International	Mauritius	100%	100%
Piramal Holdings (Suisse) SA (Piramal Holdings)	Switzerland	100%	100%
Piramal Imaging SA*	Switzerland	98.51%	98.34%
Piramal Imaging GmbH*	Germany	100%	100%
Piramal Imaging Limited*	U.K.	100%	100%
Piramal Critical Care Italia, S.P.A.**	Italy	100%	100%
Piramal Critical Care Deutschland GmbH**	Germany	100%	100%
Piramal Critical Care Limited (formerly known as Piramal Life Sciences (UK) Limited)**	U.K.	100%	100%
Piramal Healthcare (Canada) Limited** (Piramal Healthcare Canada)	Canada	100%	100%
Piramal Healthcare UK Limited** (Piramal Healthcare UK)	U.K.	100%	100%
Piramal Healthcare Pension Trustees Limited**	U.K.	100%	100%
Piramal Critical Care South Africa (Pty) Ltd.** (w.e.f. November 16, 2016)	South Africa	100%	100%
Piramal Dutch Holdings N.V. (Piramal Dutch Holdings)	Netherlands	100%	100%
Piramal Healthcare Inc.**	U.S.A.	100%	100%
Piramal Critical Care Inc.** (PCCI)	U.S.A.	100%	100%
Piramal Pharma Inc.**	U.S.A.	100%	100%
Piramal Pharma Solutions Inc. (formerly known as Coldstream Laboratories Inc.)**	U.S.A.	100%	100%
PEL Pharma Inc.** (w.e.f. July 26, 2016)	U.S.A.	100%	100%
Ash Stevens LLC** (w.e.f. August 31, 2016)	U.S.A.	100%	100%
Piramal Critical Care BV** (w.e.f. November 22, 2017)	Netherlands	100%	-
Piramal Critical Care Pty. Ltd.** (w.e.f. December 4, 2017)	Australia	100%	-
DRG Holdco Inc. \$ (DRG Holdco)	U.S.A.	100%	100%
Piramal IPP Holdings LLC ⁵	U.S.A.	100%	100%
Decision Resources Inc. ⁵	U.S.A.	100%	100%
Decision Resources International, Inc. ⁵	U.S.A.	100%	100%
DR/Decision Resources, LLC ⁵	U.S.A.	100%	100%
DR/MRG Holdings, LLC ⁵	U.S.A.	100%	100%
Millennium Research Group Inc. ⁵	Canada	100%	100%
Decision Resources Group Asia Ltd ⁵	Hong Kong	100%	100%
DRG UK Holdco Limited ⁵	U.K.	100%	100%
Decision Resources Group UK Limited ⁵	U.K.	100%	100%
Sigmatic Limited ⁵	U.K.	100%	100%
Activate Networks Inc. ⁵	U.S.A.	100%	100%
DRG Analytics & Insights Private Limited ⁵	India	100%	100%
DRG Singapore Pte Ltd ⁵ (w.e.f. July 21, 2016)	Singapore	100%	100%
Sharp Insight Limited ⁵ (w.e.f. April 6, 2017)	U.K.	100%	-
Context Matters Inc ⁵ (w.e.f. August 16, 2017)	U.S.A.	100%	-
Piramal Dutch IM Holdco B.V.	Netherlands	100%	100%
PEL-DRG Dutch Holdco B.V. ⁵	Netherlands	100%	100%
Piramal Fund Management Private Limited (Piramal Fund)	India	100%	100%
Piramal Finance Limited (Formerly known as Piramal Finance Private Limited) (Piramal Finance)***	India	100%	100%
Piramal Housing Finance Limited ⁵ (w.e.f. February 10, 2017) (Formerly known as Piramal Housing Finance Private Limited) (Piramal Housing Finance) (Refer Note 4)	India	100%	100%

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Name of the Company	Principal Place of Business	Proportion of Ownership interest held as at March 31, 2018	Proportion of Ownership interest held as at March 31, 2017
Piramal Investment Advisory Services Private Limited	India	100%	100%
Piramal Investment Opportunities Fund (PIOF)	India	100%	100%
INDIAREIT Investment Management Co. ⁵⁵	Mauritius	100%	100%
Piramal Asset Management Private Limited ⁵⁵	Singapore	100%	100%
Piramal Systems & Technologies Private Limited (Piramal System)	India	100%	100%
Piramal Technologies SA [@]	Switzerland	100%	100%
PEL Finhold Private Limited	India	100%	100%
Piramal Consumer Products Private Limited	India	100%	100%
Piramal Capital Limited (w.e.f. July 26, 2016) ^{***}	India	100%	100%
India Resurgence Asset Management Business Private Limited (Formerly known as PEL Asset Resurgence Advisory Private Limited) (Ceased to be a subsidiary w.e.f. February 7, 2018)	India	50%	100%
India Resurgence ARC Private Limited (Formerly known as Piramal Assets Reconstruction Private Limited) (Ceased to be a subsidiary w.e.f. July 19, 2017)	India	50%	100%
Healthcare Business Insights LLC ^{@@}	U.S.A.	-	100%
Cost & Quality Academy, LLC ^{@@}	U.S.A.	-	100%
Information Technology Academy, LLC ^{@@}	U.S.A.	-	100%
Labor & Productivity Academy, LLC ^{@@}	U.S.A.	-	100%
Supply Chain Academy, LLC ^{@@}	U.S.A.	-	100%
Solution Provider Academy, LLC ^{@@}	U.S.A.	-	100%
Revenue Cycle Academy, LLC ^{@@}	U.S.A.	-	100%
Revenue Cycle 360, LLC ^{@@}	U.S.A.	-	100%

^{*}held through Piramal Holdings (Suisse) SA

^{**}held through Piramal Dutch Holdings N.V.

^{***}merged into Piramal Housing Finance Limited (PHFL) w.e.f. March 31, 2018 (Refer Note 4)

[@]held through Piramal Systems & Technologies Private Limited

⁵held through Piramal Dutch IM Holdco B.V.

⁵⁵held through Piramal Fund Management Private Limited

[#]merged into DR/Decision Resources, LLC w.e.f. January 17, 2017

^{@@}merged into Decision Resources Inc. w.e.f. October 3, 2016

^{##}held through Piramal Finance Limited

CSR (Corporate Social Responsibilities) subsidiaries:

 Piramal Udgam Data Management Solutions (Udgam)^{###} (upto March 21, 2018)

 Piramal Foundation for Educational Leadership (PFEL)^{###} (upto March 21, 2018)

Piramal Swasthya Management and Research Institute (formerly known as 'Health Management and Research Institute') (PSMRI) (upto March 21, 2018)

 Piramal Healthcare Foundation^{###} (upto March 21, 2018)

 These CSR companies (^{###}) incorporated under Section 25 of the Companies Act, 1956 (Section 8 of the Companies Act, 2013), being limited by guarantee (not having share capital) and PSMRI (being a society) are engaged in Corporate Social Responsibility activities.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

C. Associates and Joint Operations/Joint Ventures

Name of the Entity	Principal Place of business	% voting power held as at March 31, 2018	% voting power held as at March 31, 2017	Relationship as at March 31, 2018	Relationship as at March 31, 2017
Convergence Chemicals Private Limited (Convergence)	India	51.00%	51.00%	Joint Venture	Joint Venture
Shrilekha Financial Services (partnership firm) (upto January 8, 2017)	India	-	-	-	Joint Operation
Shrilekha Business Consultancy Private Limited (w.e.f. January 9, 2017)	India	74.95%	74.95%	Joint Venture	Joint Venture
Shriram Capital Limited (Shriram Capital) (through Shrilekha Business Consultancy Private Limited (formerly Shrilekha Financial Services (Partnership firm))	India	20.00%	20.00%	Associate	Associate
Zebra Management Services Private Limited (w.e.f. April 1, 2015)	India	74.95%	74.95%	Joint Venture	Joint Venture
Context Matters Inc. (Ceased to be an associate w.e.f. August 16, 2017 and became a wholly owned subsidiary of the Company)	U.S.A.	100% (w.e.f. August 16, 2017)	22.73%	Subsidiary	Associate
Allergan India Private Limited (Allergan)	India	49.00%	49.00%	Associate	Associate
Piramal Phytocare Limited (PPL)	India	17.53%	17.53%	Associate	Associate
Bluebird Aero Systems Limited	Israel	27.83%	27.83%	Associate	Associate
India Resurgence ARC Private Limited (Formerly known as Piramal Assets Reconstruction Private Limited) (Ceased to be a subsidiary w.e.f. July 19, 2017)	India	50.00%	100.00%	Joint Venture	Subsidiary
India Resurgence Asset Management Business Private Limited (Formerly known as PEL Asset Resurgence Advisory Private Limited) (Ceased to be a subsidiary w.e.f. February 7, 2018) (IRAMBPL)	India	50.00%	100.00%	Joint Venture	Subsidiary
Asset Resurgence Mauritius Manager (w.e.f. October 10, 2017)	Mauritius	50.00%	-	Joint Venture	-

Other Intermediates:

Shriram Transport Finance Company Limited (Shriram Transport) (w.e.f. July 21, 2015)
 Shriram City Union Finance Limited (Shriram City Union) (w.e.f. July 21, 2015)
 Shriram Life Insurance Company Limited (Shriram Life) (w.e.f. July 21, 2015)[®]
 Shriram General Insurance Company Limited (w.e.f. July 21, 2015)[®]
 Shriram Credit Company Limited (w.e.f. July 21, 2015)[®]
 Bharat Re-insurance Brokers Private Limited (w.e.f. July 21, 2015)[®]
 Shriram Overseas Investment Private Limited (w.e.f. July 21, 2015)[®]
 Shriram Investments Holdings Limited (w.e.f. July 21, 2015)[®]

[®]There are no transactions during the year with the above companies

D. Other related parties

Entities controlled by Key Management Personnel:

Aasan Corporate Solutions Private Limited (Formerly known as Aasan Developers Private Limited) (Demerged from Piramal Estates) (Aasan Developers)
 Gopikrishna Piramal Memorial Hospital (GPMH)
 Piramal Corporate Services Limited (PCSL)
 Piramal Glass Limited (PGL)
 Piramal Forging Private Limited (Piramal Forging)
 Piramal Security Private Limited (Piramal Security)
 Piramal Hospitality Private Limited (Piramal Hospitality)
 Topzone Mercantile Company LLP (Topzone)
 PRL Developers Private Limited (PRL)
 Piramal Water Private Limited
 PRL Agastya Private Limited

Employee Benefit Trusts:

Staff Provident Fund of Piramal Healthcare Limited (PPFT)
 Piramal Healthcare Limited Employees Group Gratuity Assurance Scheme

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

E. Key Management Personnel and their relatives

Mr. Ajay G. Piramal
 Dr. (Mrs.) Swati A. Piramal
 Ms. Nandini Piramal
 Mr. Vijay Shah
 Mr. Peter De Young [husband of Ms. Nandini Piramal]

F. Non-Executive/Independent Directors

Dr. R. A. Mashelkar
 Mr. Gautam Banerjee
 Mr. Goverdhan Mehta
 Mr. N. Vaghul
 Mr. S. Ramadorai
 Mr. Deepak Satwalekar
 Mr. Keki Dadiseth
 Mr. Siddharth N. Mehta

2. Details of transactions with related parties.

Details of Transactions	(₹ in Crores)									
	Subsidiaries		Jointly Controlled Entities		Associates & Intermediates		Other Related Parties		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Purchase of Goods										
- PGL	-	-	-	-	-	-	2.38	4.70	2.38	4.70
- PCCI	12.99	16.89	-	-	-	-	-	-	12.99	16.89
- PPL	-	-	-	-	20.48	-	-	-	20.48	-
- Piramal Healthcare UK	0.33	-	-	-	-	-	-	-	0.33	-
- Others	-	-	-	-	-	-	0.02	-	0.02	-
TOTAL	13.32	16.89	-	-	20.48	-	2.40	4.70	36.20	21.59
Sale of Goods										
- Allergan	-	-	-	-	66.66	65.69	-	-	66.66	65.69
- Piramal Healthcare UK	23.45	20.15	-	-	-	-	-	-	23.45	20.15
- PCCI	43.43	78.64	-	-	-	-	-	-	43.43	78.64
- Piramal Healthcare, Canada	5.49	-	-	-	-	-	-	-	5.49	-
- Others	2.45	3.32	-	-	-	-	-	-	2.45	3.32
TOTAL	74.82	102.11	-	-	66.66	65.69	-	-	141.48	167.80
Rendering of Services										
- Piramal Finance	1.83	2.00	-	-	-	-	-	-	1.83	2.00
- Allergan	-	-	-	-	1.29	0.53	-	-	1.29	0.53
- Piramal Healthcare UK	32.03	28.37	-	-	-	-	-	-	32.03	28.37
- Piramal Critical Care Limited	21.04	23.75	-	-	-	-	-	-	21.04	23.75
- Piramal Pharma Solutions	0.64	-	-	-	-	-	-	-	0.64	-
- Ash Stevens	0.32	-	-	-	-	-	-	-	0.32	-
- Others	0.01	0.11	-	-	-	-	-	-	0.01	0.11
TOTAL	55.87	54.23	-	-	1.29	0.53	-	-	57.16	54.76
Guarantee commission income										
- Piramal Finance	8.50	9.44	-	-	-	-	-	-	8.50	9.44
- Piramal Healthcare UK	1.01	0.59	-	-	-	-	-	-	1.01	0.59
- Piramal Healthcare Inc.	-	1.82	-	-	-	-	-	-	-	1.82
- Piramal Holdings	0.10	1.24	-	-	-	-	-	-	0.10	1.24
- Piramal Dutch Holdings N.V.	2.84	3.21	-	-	-	-	-	-	2.84	3.21
- Piramal Healthcare, Canada	-	0.03	-	-	-	-	-	-	-	0.03

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

(₹ in Crores)

Details of Transactions	Subsidiaries		Jointly Controlled Entities		Associates & Intermediates		Other Related Parties		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
- DRG Holdco Inc.	7.25	5.51	-	-	-	-	-	-	7.25	5.51
- PEL Pharma Inc.	2.20	1.34	-	-	-	-	-	-	2.20	1.34
- Piramal Critical Care Limited	7.40	0.22	-	-	-	-	-	-	7.40	0.22
- Convergence	-	-	0.28	-	-	-	-	-	0.28	-
- Others	0.08	-	-	-	-	-	-	-	0.08	-
TOTAL	29.38	23.40	0.28	-	-	-	-	-	29.66	23.40
Receiving of Services										
- Piramal Pharma Inc.	35.78	23.50	-	-	-	-	-	-	35.78	23.50
- Piramal Healthcare UK	12.29	11.90	-	-	-	-	-	-	12.29	11.90
- PRL Agastya Private Limited	-	-	-	-	-	-	3.30	-	3.30	-
- Others	-	0.04	-	-	-	-	-	-	-	0.04
TOTAL	48.07	35.44	-	-	-	-	3.30	-	51.37	35.44
Royalty Expense										
- PCSL	-	-	-	-	-	-	12.57	9.66	12.57	9.66
TOTAL	-	-	-	-	-	-	12.57	9.66	12.57	9.66
Royalty Income										
- PPL	-	-	-	-	1.43	-	-	-	1.43	-
TOTAL	-	-	-	-	1.43	-	-	-	1.43	-
Rent Expense										
- Aasan Developers	-	-	-	-	-	-	11.72	12.49	11.72	12.49
- Others	-	-	-	-	-	-	0.62	1.16	0.62	1.16
TOTAL	-	-	-	-	-	-	12.34	13.65	12.34	13.65
Rent Income										
- Piramal Housing Finance	0.01	-	-	-	-	-	-	-	0.01	-
TOTAL	0.01	-	-	-	-	-	-	-	0.01	-
Reimbursement of expenses recovered										
- PCCI	1.01	0.66	-	-	-	-	-	-	1.01	0.66
- Piramal Healthcare UK	1.87	1.88	-	-	-	-	-	-	1.87	1.88
- Piramal Finance	0.32	-	-	-	-	-	-	-	0.32	-
- Piramal Healthcare, Canada	0.20	-	-	-	-	-	-	-	0.20	-
- DRG Holdco	0.25	-	-	-	-	-	-	-	0.25	-
- PPL	-	-	-	-	0.41	0.05	-	-	0.41	0.05
- IRAMBPL	4.49	3.14	7.61	-	-	-	-	-	12.10	3.14
- PEL Pharma Inc.	-	4.75	-	-	-	-	-	-	-	4.75
- PRL	-	-	-	-	-	-	0.06	0.22	0.06	0.22
- Piramal Critical Care Limited	0.32	0.52	-	-	-	-	-	-	0.32	0.52
- PGL	-	-	-	-	-	-	0.56	1.65	0.56	1.65
- Others	0.60	0.65	0.05	0.19	-	-	-	-	0.65	0.84
TOTAL	9.06	11.60	7.66	0.19	0.41	0.05	0.62	1.87	17.75	13.71
Reimbursement of expenses paid										
- PCCI	1.37	-	-	-	-	-	-	-	1.37	-
- Piramal Pharma Inc.	0.07	-	-	-	-	-	-	-	0.07	-
TOTAL	1.44	-	-	-	-	-	-	-	1.44	-

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

(₹ in Crores)

Details of Transactions	Subsidiaries		Jointly Controlled Entities		Associates & Intermediates		Other Related Parties		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Expenditure towards Corporate Social Responsibility activities										
- PFEL	17.60	17.39	-	-	-	-	-	-	17.60	17.39
- Udgam	-	0.21	-	-	-	-	-	-	-	0.21
- PSMRI	9.11	9.14	-	-	-	-	-	-	9.11	9.14
- Piramal Healthcare Foundation	1.50	-	-	-	-	-	-	-	1.50	-
TOTAL	28.21	26.74	-	-	-	-	-	-	28.21	26.74
Contribution to Funds										
- PPFT	-	-	-	-	-	-	26.81	24.98	26.81	24.98
TOTAL	-	-	-	-	-	-	26.81	24.98	26.81	24.98
Donation										
- PSMRI	0.15	0.45	-	-	-	-	-	-	0.15	0.45
- Piramal Water Private Limited	-	-	-	-	-	-	-	0.02	-	0.02
TOTAL	0.15	0.45	-	-	-	-	-	0.02	0.15	0.47
Purchase of Assets										
- PRL Agastya Private Limited	-	-	-	-	-	-	52.43	408.03	52.43	408.03
TOTAL	-	-	-	-	-	-	52.43	408.03	52.43	408.03
Dividend Income/Distribution										
- Shriram Capital	-	-	-	-	15.87	8.30	-	-	15.87	8.30
- Shriram Transport	-	-	-	-	24.86	22.60	-	-	24.86	22.60
- Shriram City Union	-	-	-	-	10.53	9.87	-	-	10.53	9.87
- Allergan	-	-	-	-	-	19.60	-	-	-	19.60
- PIOF	0.67	1.78	-	-	-	-	-	-	0.67	1.78
TOTAL	0.67	1.78	-	-	51.26	60.37	-	-	51.93	62.15
Finance granted/(repayments) - Net (including loans and Equity contribution in cash or in kind)										
- Piramal Healthcare Inc.	(434.53)	65.79	-	-	-	-	-	-	(434.53)	65.79
- Piramal Dutch Holdings	214.42	345.10	-	-	-	-	-	-	214.42	345.10
- DRG Holdco	39.82	(11.58)	-	-	-	-	-	-	39.82	(11.58)
- Piramal Dutch IM Holdco B.V.	656.39	422.83	-	-	-	-	-	-	656.39	422.83
- Convergence	-	-	8.46	16.91	-	-	-	-	8.46	16.91
- Piramal Fund	(37.00)	(55.50)	-	-	-	-	-	-	(37.00)	(55.50)
- Piramal Finance (Refer Note below)	4,250.00	2,568.98	-	-	-	-	-	-	4,250.00	2,568.98
- Piramal Holding	466.42	(355.78)	-	-	-	-	-	-	466.42	(355.78)
- IRAMBPL	-	-	5.25	-	-	-	-	-	5.25	-
- PEL Pharma Inc.	48.92	6.81	-	-	-	-	-	-	48.92	6.81
- Others	25.11	23.83	-	-	-	-	-	-	25.11	23.83
TOTAL	5,229.55	3,010.48	13.71	16.91	-	-	-	-	5,243.26	3,027.39
Loan taken /(repayments) - Net										
- Piramal Finance	-	(21.00)	-	-	-	-	-	-	-	(21.00)
- Shriram Life	-	-	-	-	-	(5.00)	-	-	-	(5.00)
TOTAL	-	(21.00)	-	-	-	(5.00)	-	-	-	(26.00)

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Details of Transactions	(₹ in Crores)									
	Subsidiaries		Jointly Controlled Entities		Associates & Intermediates		Other Related Parties		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Interest Received on Loans/Investments										
- Piramal Holdings	5.53	48.99	-	-	-	-	-	-	5.53	48.99
- Piramal Healthcare Inc.	93.61	101.91	-	-	-	-	-	-	93.61	101.91
- Convergence	-	-	4.11	3.74	-	-	-	-	4.11	3.74
- Piramal Fund	9.06	15.28	-	-	-	-	-	-	9.06	15.28
- Piramal Dutch Holdings N.V.	72.71	10.26	-	-	-	-	-	-	72.71	10.26
- DRG Holdco Inc.	14.96	12.45	-	-	-	-	-	-	14.96	12.45
- Piramal Finance	41.21	0.33	-	-	-	-	-	-	41.21	0.33
- Piramal Dutch IM Holdco B.V.	30.62	4.66	-	-	-	-	-	-	30.62	4.66
- Others	5.41	3.14	-	-	-	-	-	-	5.41	3.14
TOTAL	273.11	197.02	4.11	3.74	-	-	-	-	277.22	200.76
Interest Received on debentures										
- Piramal System	2.16	2.16	-	-	-	-	-	-	2.16	2.16
TOTAL	2.16	2.16	-	-	-	-	-	-	2.16	2.16
Interest paid on loans										
- Piramal Finance	-	1.56	-	-	-	-	-	-	-	1.56
- Shriram Life	-	-	-	-	-	0.21	-	-	-	0.21
TOTAL	-	1.56	-	-	-	0.21	-	-	-	1.77

*Amounts are below the rounding off norms adopted by the Company.

Interest rates charged to subsidiaries are made at market rates comparable with prevailing rates in the respective geographies. All other transactions were made on normal commercial terms and conditions and at market rates.

During the year, the Company has transferred a portion of its lending portfolio comprising of Loan book assets of ₹ 3,001.67 Crores (Previous year ₹ 13,950.27 Crores) and Borrowings of ₹ 1,272.19 Crores (Previous Year : ₹ 12,510.58 Crores), forming part of its financial services business to its wholly-owned subsidiary Piramal Finance Limited (formerly known as Piramal Finance Private Limited), for a net consideration of ₹ 1,729.48 Crores (Previous Year : ₹ 1,439.69 Crores). Accordingly, the results for the year ended March 31, 2018 are not comparable with the previous year.

Compensation of key managerial personnel

The remuneration of directors and other members of key managerial personnel during the year was as follows:

Particulars	(₹ in Crores)	
	2018	2017
Short-term employee benefits	30.27	28.57
Post-employment benefits	2.99	3.26
Other long-term benefits	0.65	0.85
Commission and other benefits to non-executive/independent directors	3.22	2.76
TOTAL	37.13	35.44

Payments made to the directors and other members of key managerial personnel are approved by the Nomination & Remuneration Committee.

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

3. Balances of related parties.

(₹ in Crores)

Account Balances	Subsidiaries		Jointly Controlled Entities		Associates and intermediates		Other related Parties		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Loans to related parties - Unsecured (at amortised cost)										
- Piramal Healthcare Inc.	1,603.52	2,026.98	-	-	-	-	-	-	1,603.52	2,026.98
- Piramal Holdings	1,145.52	682.70	-	-	-	-	-	-	1,145.52	682.70
- Piramal Dutch Holdings N.V.	560.84	348.49	-	-	-	-	-	-	560.84	348.49
- Piramal Dutch IM Holdco B.V.	964.47	281.64	-	-	-	-	-	-	964.47	281.64
- PEL Pharma Inc.	50.04	6.85	-	-	-	-	-	-	50.04	6.85
- DRG Holdco Inc.	308.78	-	-	-	-	-	-	-	308.78	-
- Piramal Housing Finance	750.00	-	-	-	-	-	-	-	750.00	-
- Convergence	-	-	37.49	26.29	-	-	-	-	37.49	26.29
- Others	98.56	373.13	-	-	-	-	-	-	98.56	373.13
TOTAL	5,481.73	3,719.79	37.49	26.29	-	-	-	-	5,519.22	3,746.08
Current Account balances with related parties										
- Piramal Healthcare UK	1.25	1.88	-	-	-	-	-	-	1.25	1.88
- IRAMBPL	-	3.14	17.19	-	-	-	-	-	17.19	3.14
- PEL Pharma Inc.	-	4.75	-	-	-	-	-	-	-	4.75
- Piramal Healthcare Inc.	-	0.33	-	-	-	-	-	-	-	0.33
- Piramal Housing Finance	2.17	-	-	-	-	-	-	-	2.17	-
- Piramal Healthcare, Canada	0.20	-	-	-	-	-	-	-	0.20	-
- Piramal Pharma Solutions	0.22	-	-	-	-	-	-	-	0.22	-
- Ash Stevens	0.19	-	-	-	-	-	-	-	0.19	-
- PCSL	-	-	-	-	-	-	-	0.03	-	0.03
- PGL	-	-	-	-	-	-	2.37	1.71	2.37	1.71
- PPL	-	-	-	-	0.37	0.01	-	-	0.37	0.01
- PRL	-	-	-	-	-	-	0.06	0.22	0.06	0.22
- Others	0.59	0.78	-	-	-	-	-	-	0.59	0.78
TOTAL	4.62	10.88	17.19	-	0.37	0.01	2.43	1.96	24.61	12.85
Income Receivable										
- PIOF	3.61	2.22	-	-	-	-	-	-	3.61	2.22
TOTAL	3.61	2.22	-	-	-	-	-	-	3.61	2.22
Trade Receivables										
- Piramal Healthcare UK	21.05	33.61	-	-	-	-	-	-	21.05	33.61
- PCCI	2.52	17.39	-	-	-	-	-	-	2.52	17.39
- PPL	-	-	-	-	1.60	-	-	-	1.60	-
- Piramal Pharma Solutions	0.84	-	-	-	-	-	-	-	0.84	-
- Ash Stevens	1.12	-	-	-	-	-	-	-	1.12	-
- Piramal Critical Care Italia, SPA	1.52	-	-	-	-	-	-	-	1.52	-
- Piramal Healthcare, Canada	4.37	-	-	-	-	-	-	-	4.37	-
- Allergan	-	-	-	-	7.44	-	-	-	7.44	-
- Others	0.03	1.46	-	-	-	-	-	-	0.03	1.46
TOTAL	31.45	52.46	-	-	9.04	-	-	-	40.49	52.46
Unbilled Revenue										
- Piramal Healthcare UK	24.85	4.18	-	-	-	-	-	-	24.85	4.18
- Piramal Critical Care Limited	43.04	23.75	-	-	-	-	-	-	43.04	23.75
TOTAL	67.89	27.93	-	-	-	-	-	-	67.89	27.93

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

(₹ in Crores)

Account Balances	Subsidiaries		Jointly Controlled Entities		Associates and intermediates		Other related Parties		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Advance to Vendor										
- PPL	-	-	-	-	18.44	-	-	-	18.44	-
TOTAL	-	-	-	-	18.44	-	-	-	18.44	-
Long-Term Financial Assets										
- Aasan Developers	-	-	-	-	-	-	7.28	7.28	7.28	7.28
TOTAL	-	-	-	-	-	-	7.28	7.28	7.28	7.28
Trade Payable										
- Piramal Pharma Inc.	23.22	32.15	-	-	-	-	-	-	23.22	32.15
- Piramal Healthcare UK	3.10	4.29	-	-	-	-	-	-	3.10	4.29
- PCCI	9.84	6.54	-	-	-	-	-	-	9.84	6.54
- PCSL	-	-	-	-	-	-	5.42	-	5.42	-
- PGL	-	-	-	-	-	-	0.18	0.15	0.18	0.15
- Piramal Finance	-	31.36	-	-	-	-	-	-	-	31.36
- Piramal Housing Finance	7.10	-	-	-	-	-	-	-	7.10	-
- Others	-	-	-	-	-	-	0.03	-	0.03	-
TOTAL	43.26	74.34	-	-	-	-	5.63	0.15	48.89	74.49
Payable for purchase of Assets										
- PRL Agastya Private Limited	-	-	-	-	-	-	-	36.38	-	36.38
TOTAL	-	-	-	-	-	-	-	36.38	-	36.38
Guarantee Commission Receivable/ (Payable)										
- Piramal Healthcare UK	1.60	0.59	-	-	-	-	-	-	1.60	0.59
- Piramal Healthcare Inc.	(0.13)	(0.13)	-	-	-	-	-	-	(0.13)	(0.13)
- Piramal Holdings	-	1.24	-	-	-	-	-	-	-	1.24
- Piramal Dutch Holdings N.V.	-	3.21	-	-	-	-	-	-	-	3.21
- Piramal Healthcare, Canada	0.03	0.03	-	-	-	-	-	-	0.03	0.03
- DRG Holdco Inc.	3.70	1.56	-	-	-	-	-	-	3.70	1.56
- PEL Pharma Inc.	1.10	0.71	-	-	-	-	-	-	1.10	0.71
- Piramal Critical Care Limited	1.00	0.22	-	-	-	-	-	-	1.00	0.22
- Piramal Housing Finance	6.31	-	-	-	-	-	-	-	6.31	-
- Piramal Critical Care Deutschland GmbH	0.04	-	-	-	-	-	-	-	0.04	-
- Piramal Critical Care Italia, SPA	0.04	-	-	-	-	-	-	-	0.04	-
- Convergence	-	-	0.34	-	-	-	-	-	0.34	-
TOTAL	13.69	7.43	0.34	-	-	-	-	-	14.03	7.43

(₹ in Crores)

Contingent Liabilities	Subsidiaries		Jointly Controlled Entities		Associates and intermediates		Other related Parties		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Guarantees Outstanding										
- Piramal Healthcare UK	394.27	391.90	-	-	-	-	-	-	394.27	391.90
- Piramal Healthcare Inc.	-	32.43	-	-	-	-	-	-	-	32.43
- Piramal Critical Care Italia, SPA	17.31	14.83	-	-	-	-	-	-	17.31	14.83
- Piramal Critical Care Deutschland GmbH	16.16	13.86	-	-	-	-	-	-	16.16	13.86
TOTAL	427.74	453.02	-	-	-	-	-	-	427.74	453.02

All outstanding balances are unsecured and are repayable in cash.

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

39. Property, Plant & Equipment, Brands and Trademarks, Investment in Non-Convertible Debentures, Inter Corporate Deposits and Other Financial Assets are mortgaged/hypothecated to the extent of ₹ 4,596 Crores (As on March 31, 2017 and ₹ 2,653.38 Crores) as a security against long-term secured borrowings as at March 31, 2018.

Inventories, Trade receivables, Investment in Non-Convertible Debentures and Inter Corporate Deposits are hypothecated as a security to the extent of ₹ 548.94 Crores (As on March 31, 2017 ₹ 118.50 Crores) against short-term secured borrowings as at March 31, 2018.

40. Miscellaneous Expenses in Note 34 includes Auditors' Remuneration in respect of:

Particulars	(₹ in Crores)	
	For the year ended	
	March 31, 2018	March 31, 2017
A) Statutory Auditors:		
a) Audit Fees	0.63	1.00
b) Other Services	0.02	0.10
c) Reimbursement of Out of pocket Expenses	0.05	0.01
B) Previous Auditors:		
a) Audit Fees	0.15	-
b) Other Services	0.47	-
c) Reimbursement of Out of pocket Expenses	0.02	-
Expenditure considered in Equity includes Statutory Auditors' remuneration in respect of:		
Expenses in relation to Qualified Institutional Placement and Rights Issue	0.31	-
Expenditure considered in Equity includes Previous Auditors' remuneration in respect of:		
Expenses in relation to Qualified Institutional Placement and rights issue	1.13	-

41. Disclosures as required by the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') are as under:

Particulars	(₹ in Crores)	
	For the year ended	
	March 31, 2018	March 31, 2017
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	8.23	6.67
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	5.67	4.21
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	94.41	79.25
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	2.43	1.72
Further interest remaining due and payable for earlier years	3.24	2.49

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

42. The Company has advanced loans to its subsidiary companies. The disclosures pursuant to Regulation 34(3) read with para A of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Principal amounts outstanding as at the year-end were:

Subsidiary Companies	(₹ in Crores)	
	As at March 31, 2018	As at March 31, 2017
Piramal Holdings (Suisse) SA	1,143.60	677.19
Piramal Healthcare Inc.	1,578.49	2,013.02
Piramal Systems & Technologies Private Limited	14.88	14.77
Piramal Dutch Holdings N.V.	560.06	345.64
Piramal Dutch IM Holdco B.V.	935.72	279.34
Piramal Fund Management Private Limited	51.25	88.25
DRG Analytics & Insights Private Ltd.	25.00	-
Piramal Housing Finance Limited (Refer Note 4)	750.00	-
PEL Pharma Inc.	49.21	6.81
DRG Holdco Inc.	303.22	263.40
Piramal Swasthya Management Research Institute*	-	1.50

The maximum amounts due during the year were:

Subsidiary Companies	(₹ in Crores)	
	As at March 31, 2018	As at March 31, 2017
PHL Fininvest Private Limited	-	21.28
Piramal Healthcare Inc.	2,026.52	2,013.02
Piramal Holdings (Suisse) SA	1,143.60	1,143.27
Piramal Fund Management Private Limited	88.25	149.75
Piramal Housing Finance Limited (Refer Note 4)	1,700.00	47.00
Piramal Systems & Technologies Private Limited	14.88	14.77
Piramal Dutch Holdings N.V.	1,639.34	367.40
DRG Holdco Inc.	315.89	277.34
Piramal Dutch IM Holdco B.V.	935.72	289.22
PEL Pharma Inc.	49.49	7.09
DRG Analytics & Insights Private Ltd.	25.00	-
Searchlight Health Private Limited (formerly known as Health Super Hiway Private Limited)	-	3.20
Piramal Swasthya Management Research Institute*	-	4.95

*ceased to be a subsidiary w.e.f. March 21, 2018

43. The Company's significant operating lease arrangements are mainly in respect of residential/office premises and computers. The aggregate lease rentals payable on these leasing arrangements are charged as rent under 'Other Expenses' in Note 34.

These lease arrangements are for a period ranging from one year to fifteen years and are in most cases renewable by mutual consent, on mutually agreeable terms.

Future minimum aggregate lease rentals payable in respect of non-cancellable operating leases have been mentioned below:

Payable	(₹ in Crores)	
	As at March 31, 2018	As at March 31, 2017
Not Later than one year	14.99	21.22
Later than one year but not later than five years	19.27	42.66
Later than five years	-	-

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

44. Earnings Per Share (EPS) – EPS is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. The earnings and weighted average numbers of equity shares used in calculating basic and diluted earnings per equity share are as follows:

Particulars	For the year ended	
	March 31, 2018	March 31, 2017
1. Profit after tax (₹ in Crores)	518.47	776.78
2. Weighted Average Number of Equity Shares for calculating Basic EPS (nos.)	181,766,747	173,281,535
3. Weighted Average Potential Equity Shares in respect of right issue shares reserved for CCD holders and right shares held in abeyance (nos.)	54,227	-
4. Total Weighted Average Number of Equity Shares for calculating Diluted EPS (nos.) (2+3)	181,820,974	173,281,535
5. Earnings Per Share - Basic attributable to Equity Shareholders (₹) (1/2)	28.52	44.83
6. Earnings Per Share - Diluted attributable to Equity Shareholders (₹) (1/4)	28.52	44.83
7. Face value per share (₹)	2.00	2.00

Basic and diluted earnings per share for year ended March 31, 2017 have been retrospectively adjusted for effect of Rights Issue. Further, considering the effect of conversion of CCDs into equity shares, the Earnings Per Share (Basic and Diluted) for the year ended March 31, 2018 is not comparable with that of the earlier period.

45. CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in notes 18, 21 and 22 offset by cash and bank balances) and total equity of the Company.

The Company determines the amount of capital required on the basis of annual as well as long-term operating plans and other strategic investment plans. The funding requirements are met through non-convertible debt securities or other long-term/short-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The capital components of the Company are as given below:

	(₹ in Crores)	
	As at March 31, 2018	As at March 31, 2017
Equity	21,336.85	14,422.60
Total Equity	21,336.85	14,422.60
Borrowings – Non-Current	4,011.56	2,739.52
Borrowings – Current	7,979.17	5,020.12
Current Maturities of Long-Term Debt	2,609.76	2,495.78
Total Debt	14,600.49	10,255.42
Cash & Cash equivalents	(521.94)	(95.10)
Net Debt	14,078.55	10,160.32
Debt/Equity Ratio	0.66	0.70

The terms of the Secured and unsecured loans and borrowings contain certain financial covenants primarily requiring the Company to maintain certain financial ratios like Total Debt to Total Net Worth, Interest Coverage Ratio, Fixed Asset Cover ratio, Minimum net worth conditions, etc. The Company is broadly in compliance with the said covenants and the banks have generally waived/condoned such covenants.

46. RISK MANAGEMENT

The Company's activities expose it to market risk, liquidity risk and credit risk.

The Company has an independent and dedicated Enterprise Risk Management (ERM) system to identify, manage and mitigate business risks.

Board has approved the Asset Liability Management Policy and the formation of Asset Liability Management Committee (ALCO). The ALCO includes the Company's senior management and an external industry expert. It defines the strategy for managing liquidity and interest rate risks in the business.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial statements

Risk	Exposure arising from	Management
Liquidity risk	Borrowings and other liabilities	ALCO deliberates on the static liquidity gap statement, future asset growth plans, tenor of assets, market liquidity and pricing of various sources of funds. It decides on the optimal funding mix taking into consideration the asset strategy and a focus on diversifying sources of funds.
Market risk – Interest rate	Long-term borrowings at variable rates	ALCO reviews the interest rate gap statement and the mix of floating and fixed rate assets and liabilities. The Risk Management Group has also initiated a scenario analysis to assess the short-term impact of interest rates on net interest income (NII).
Market risk – Securities price risks	Equity Investment	The Company continue to effectively evaluate various risks involved in underlying assets, before and after making any such strategic investments.
Market risk – Foreign exchange	Transactions denominated in foreign currency	The centralised treasury function aggregates the foreign exchange exposure and takes measures to hedge the exposure based on prevalent macroeconomic conditions.
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Diversification of bank deposits, credit limits and letters of credit. Each investment in financial services is assessed by the investment team as well as independent risk team on the risk-return framework. The combined analysis of these teams is presented to the Investment Committee for investment decision. The risk is being partly mitigated by setting up a concentration risk framework, which incentivises business units to diversify portfolio across counterparties, sectors and geographies.

a) Liquidity Risk Management

Liquidity Risk refers to insufficiency of funds to meet the financial obligations. Liquidity Risk Management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

The Company has formulated an Asset Liability Management Policy. The Asset Liability Management Committee (ALCO) is responsible for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by assessing the maturity profiles of financial assets and liabilities. The Company has access to undrawn borrowing facilities at the end of each reporting period, as detailed below:

The Company has the following undrawn credit lines available as at the end of the reporting period:

Particulars	(₹ in Crores)	
	March 31, 2018	March 31, 2017
– Expiring within one year	6,814.50	8,198.56
– Expiring beyond one year	-	-
	6,814.50	8,198.56

Note: This includes Non-Convertible Debentures and Commercial Papers where only credit rating has been obtained and which can be issued, if required, within a short period of time. Further, the facilities related to Commercial Papers are generally rolled over.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the rate applicable as of reporting period ends respectively has been considered.

Maturities of Financial Liabilities	(₹ in Crores)			
	March 31, 2018			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	10,916.95	4,319.91	18.75	55.60
Trade Payables	543.57	-	-	-
Other Financial Liabilities	115.71	3.54	-	-
	11,576.23	4,323.45	18.75	55.60

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

(₹ in Crores)

Maturities of Financial Liabilities	March 31, 2017			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Borrowings	7,731.98	3,013.44	19.70	59.49
Trade Payables	533.36	-	-	-
Other Financial Liabilities	124.96	4.90	0.74	-
	8,390.30	3,018.34	20.44	59.49

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis. Hence, maturities of the relevant assets have been considered below.

(₹ in Crores)

Maturities of Financial Assets	March 31, 2018			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments & Loans	3,823.52	6,789.12	2,297.71	4,000.63
Loans to related parties	341.12	1,225.29	475.29	5,378.66
Trade Receivables	520.07	-	-	-
	4,684.71	8,014.41	2,773.00	9,379.29

(₹ in Crores)

Maturities of Financial Assets	March 31, 2017			
	Upto 1 year	1 to 3 years	3 to 5 years	5 years & above
Investments & Loans	3,125.58	4,099.23	1,021.50	850.13
Loans to related parties	327.08	385.78	385.78	4,164.07
Trade Receivables	513.07	-	-	-
	3,965.73	4,485.01	1,407.28	5,014.20

The balances disclosed in the table above are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

In case of loan commitments, the expected maturities are as under:

(₹ in Crores)

Particulars	March 31, 2018	March 31, 2017
	Upto 1 year	Upto 1 year
Commitment to invest in non-convertible debentures	-	106.45
Commitment to invest in Inter Company Deposits	5.00	-
TOTAL	5.00	106.45

(₹ in Crores)

Particulars	March 31, 2018	March 31, 2017
	1 to 3 years	1 to 3 years
Commitment to invest in AIF	75.00	75.00
TOTAL	75.00	75.00

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

b) Interest Rate Risk Management

The Company is exposed to interest rate risk as it has assets and liabilities based on floating interest rates as well. The Company has an approved Asset and Liability Management Policy which empowers the Asset and Liability Management Committee (ALCO) to assess the interest rate risk run by it and provide appropriate guidelines to the Treasury to manage the risk. The ALCO reviews the interest rate risk on periodic basis and decides on the asset profile and the appropriate funding mix. The ALCO reviews the interest rate gap statement and the interest rate sensitivity analysis.

The exposure of the Company's borrowings to the interest rate risk at the end of the reporting period is mentioned below:

Particulars	(₹ in Crores)	
	March 31, 2018	March 31, 2017
Variable rate borrowings	2,275.28	1,071.43
Fixed rate borrowings	12,168.90	9,007.80
	14,444.18	10,079.23

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liabilities/assets outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate assets and liabilities has been considered to be insignificant.

If interest rates related to borrowings had been 100 basis points higher/lower and all other variables were held constant, the Company's

- Profit before tax for the year ended/Other Equity (pre-tax) as on March 31, 2018 would decrease/increase by ₹ 22.75 Crores (Previous year ₹ 10.71 Crores) respectively. This is attributable to the Company's exposure to borrowings at floating interest rates.

If interest rates related to loans given/debentures invested had been 100 basis points higher/lower and all other variables were held constant, the Company's

- Profit before tax for the year ended/Other Equity (pre-tax) as on March 31, 2018 would increase/decrease by ₹ 84.50 Crores (Previous year ₹ 47.84 Crores). This is attributable to the Company's exposure to lendings at floating interest rates.

c) Other price risks

The Company is exposed to equity price risks arising from equity investments and classified in the Balance Sheet at fair value through Other Comprehensive Income.

Equity price sensitivity analysis:

The table below summarises the impact of increases/decreases (pre-tax) on the Company's Equity and OCI for the period. Analysis is based on the assumption that equity index had increased/decreased by 5% with all the other variables held constant, and these investments moved in the line with the index.

Particulars	(₹ in Crores)	
	Impact on OCI	
	March 31, 2018	March 31, 2017
NSE Nifty 100, Increase by 5%	232.80	199.46
NSE Nifty 100, Decrease by 5%	(232.80)	(199.46)

The Company has designated the following securities as FVTOCI Investments:

Shriram City Union Finance Limited

Shriram Transport Finance Company Limited

The Company chose this presentation alternative because the investment were made for strategic purposes rather than with a view to make profit on subsequent sale, and there are no plans to dispose of these investments.

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

d) Foreign Currency Risk Management

The Company is exposed to Currency Risk arising from its trade exposures and Capital receipt/payments denominated, in other than the Functional Currency. The Company has a detailed policy which includes setting of the recognition parameters, benchmark targets, the boundaries within which the treasury has to perform and also lays down the checks and controls to ensure the effectiveness of the treasury function.

The Company has defined strategies for addressing the risks for each category of exposures (e.g. for exports, for imports, for loans, etc.). The centralised treasury function aggregates the foreign exchange exposure and takes measures to hedge the exposure based on prevalent macro-economic conditions.

a) Derivatives outstanding as at the reporting date
i. Firm commitment and highly probable forecast transaction

Particulars	As at March 31, 2018		As at March 31, 2017	
	FC in Millions	₹ in Crores	FC in Millions	₹ in Crores
Forward contracts to sell USD/INR	78.00	519.49	53.82	351.54
Forward contracts to sell EUR/USD	-	-	5.00	37.51
Forward contracts to sell GBP/USD	-	-	1.87	19.02

ii. Receivable of Loan to related parties

Particulars	As at March 31, 2018		As at March 31, 2017	
	FC in Millions	₹ in Crores	FC in Millions	₹ in Crores
Forward contracts to sell USD	-	-	41.82	271.70

iii. Loans payable to banks

Particulars	As at March 31, 2018		As at March 31, 2017	
	FC in Millions	₹ in Crores	FC in Millions	₹ in Crores
Cross currency interest rate swap USD/ INR	-	-	37.65	244.18

b) Particulars of foreign currency exposures as at the reporting date

Currencies	As at March 31, 2018				As at March 31, 2017			
	Advances from customers		Trade receivables		Advances from customers		Trade receivables	
	FC in Millions	₹ in Crores	FC in Millions	₹ in Crores	FC in Millions	₹ in Crores	FC in Millions	₹ in Crores
AUD	0.04	0.22	0.09	0.45	-	-	0.07	0.35
EUR	-	-	2.47	20.00	0.40	2.96	3.40	23.54
GBP	-	-	0.47	4.32	1.20	9.45	15.13	122.51
USD	2.80	17.94	46.87	305.86	6.20	39.96	31.31	203.10
SGD	-	-	-	-	-	-	0.07	0.35

Currencies	As at March 31, 2018				As at March 31, 2017			
	Advances to vendors		Trade payables		Advances to vendors		Trade payables	
	FC in Millions	₹ in Crores	FC in Millions	₹ in Crores	FC in Millions	₹ in Crores	FC in Millions	₹ in Crores
AUD	*	*	0.01	0.06	-	-	-	-
CAD	*	*	0.01	0.04	*	*	-	-
CHF	0.09	0.61	0.10	0.69	0.04	0.24	0.57	3.71
EUR	1.23	9.96	1.60	12.94	0.14	0.96	0.43	3.00
GBP	0.06	0.53	0.03	0.30	0.05	0.44	0.37	2.97
THB	0.38	0.08	0.29	0.06	0.38	0.07	-	-
SEK	-	-	0.03	0.02	1.34	1.01	0.36	0.27
USD	3.06	19.93	13.40	87.32	0.98	6.36	11.67	75.69
NZD	-	-	*	*	-	-	*	*
JPY	1.40	8.63	1.62	9.98	0.91	5.31	1.29	7.49
SGD	-	-	*	*	-	-	-	-

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Currencies	As at March 31, 2018		As at March 31, 2017	
	FC in Millions	₹ in Crores	FC in Millions	₹ in Crores
	Loan from Banks		Loan from Banks	
USD	88.16	574.64	75.30	488.37

Currencies	As at March 31, 2018				As at March 31, 2017			
	Loans to Related Parties		Current Account Balances receivable (payable)		Loans to Related Parties		Current Account Balances receivable (payable)	
	FC in Millions	₹ in Crores	FC in Millions	₹ in Crores	FC in Millions	₹ in Crores	FC in Millions	₹ in Crores
USD	454.02	2,959.04	(1.87)	(12.22)	425.47	2,759.49	0.90	5.60
GBP	11.66	107.53	*	*	24.38	197.35	0.20	1.89
EUR	189.96	1,535.26	0.86	6.99	92.14	638.66	-	-
CHF	4.58	31.34	*	*	2.51	16.39	-	-

* Amounts are below the rounding off norms adopted by the Company

Sensitivity Analysis:

Of the above, the Company is mainly exposed to USD, GBP, EUR & CHF. Hence the following table analyses the Company's Sensitivity to a 5% increase and a 5% decrease in the exchange rates of these currencies against INR:

Particulars		For the year ended March 31, 2018				For the year ended March 31, 2017			
		Total Assets in FC (in Millions)	Total Liabilities in FC (In Millions)	Change in exchange rate (in ₹)	Impact on Profit or Loss before tax/ Other Equity (pre-tax) for the year (in ₹ Crores)	Total Assets in FC (in Millions)	Total Liabilities in FC (In Millions)	Change in exchange rate (in ₹)	Impact on Profit or Loss before tax/ Other Equity (pre-tax) for the year (in ₹ Crores)
Currencies	Increase /Decrease								
USD	Increase by 5%*	503.95	106.23	3.26	129.60	458.66	93.17	3.24	118.52
USD	Decrease by 5%*	503.95	106.23	(3.26)	(129.60)	458.66	93.17	(3.24)	(118.52)
GBP	Increase by 5%*	12.18	0.03	4.61	5.60	39.77	1.57	4.05	15.46
GBP	Decrease by 5%*	12.18	0.03	(4.61)	(5.60)	39.77	1.57	(4.05)	(15.46)
EUR	Increase by 5%*	194.53	1.60	4.04	77.96	95.68	0.83	3.47	32.87
EUR	Decrease by 5%*	194.53	1.60	(4.04)	(77.96)	95.68	0.83	(3.47)	(32.87)
CHF	Increase by 5%*	4.67	0.10	3.42	1.56	2.51	0.57	3.27	0.63
CHF	Decrease by 5%*	4.67	0.10	(3.42)	(1.56)	2.51	0.57	(3.27)	(0.63)

* Holding all the other variables constant.

e) Accounting for cash flow hedge

The Company has taken foreign currency floating rate borrowings which are linked to LIBOR. For managing the foreign currency risk and interest rate risk arising from changes in LIBOR on such borrowings, the Company has entered into cross-currency interest rate swap (CCIRS) for the entire loan liability. The Company has designated the CCIRS (hedging instrument) and the borrowing (hedged item) into a hedging relationship and applies hedge accounting.

Under the terms of the CCIRS, the Company pays interest at the fixed rate to the swap counterparty in INR and receives the floating interest payments based on LIBOR in foreign currency. As the critical terms of the hedged item and the hedging instrument (notional, interest periods, underlying and fixed rates) are matching and the interest cash flows are off-setting, an economic relationship exists between the two. This ensures that the hedging instrument and hedged item have values that generally move in the opposite direction.

Hedge Effectiveness Testing is assessed at designation date of the hedging relationship, and on an ongoing basis. The ongoing assessment is performed at a minimum at each reporting date or upon a significant change in circumstances affecting the hedge effectiveness requirements, whichever comes first.

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

The date on which CCIRS and the borrowings were designated into hedging relationship is later than the date on which the respective contracts were entered into. This timing difference resulted into hedge ineffectiveness to a certain extent, the effect of which was recognised in the Statement of Profit and Loss in the previous year.

Following table provides quantitative information regarding the hedging instrument as on March 31, 2018:

(₹ in Crores)							
Type of hedge and risks	Nominal value	Carrying amount of hedging instruments (included under 'other current and non-current financial liabilities')	Maturity date	Hedge ratio	Average contracted fixed interest rate	Changes in fair value of hedging instrument used as the basis for recognising hedge ineffectiveness	Changes in the value of hedged item used as the basis for recognising hedge ineffectiveness
Cash Flow Hedge:							
Foreign currency and Interest rate risk	-	-	N/A	N/A	N/A	N/A	N/A

Following table provides quantitative information regarding the hedging instrument as on March 31, 2017:

(₹ in Crores)							
Type of hedge and risks	Nominal value	Carrying amount of hedging instruments (included under 'other current and non-current financial liabilities')	Maturity date	Hedge ratio	Average contracted fixed interest rate	Changes in fair value of hedging instrument used as the basis for recognising hedge effectiveness	Changes in the value of hedged item used as the basis for recognising hedge effectiveness
	(Liabilities)	(Liabilities)					
Cash Flow Hedge:							
Foreign currency and Interest rate risk	250	6.98	30-June 2017	1:1	8.91%	(14.80)	14.80

Following table provides the effects of hedge accounting on financial performance:

(₹ in Crores)				
Type of hedge-Cash flow hedge	Changes in the value of hedging instruments recognised in Other comprehensive income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedge reserve to profit or loss	Line-item affected in statement of profit or loss because of reclassification
Interest Rate Risk and Foreign Exchange Risk:				
For the year ended March 31, 2018	4.26	-	4.06	Finance Cost
	-	-	-	Foreign Exchange gain
For the year ended March 31, 2017	14.80	-	8.35	Finance Cost
	-	-	6.65	Foreign Exchange (gain)/loss

Following table provides movements in cash flow hedge reserve:

(₹ in Crores)	
Particulars	Amount
As on April 1, 2016	-
Changes in fair value of CCIRS	(14.80)
Amounts reclassified to profit or loss	15.00
Deferred taxes related to above	(0.07)
As on March 31, 2017	0.13
Changes in fair value of CCIRS	(4.26)
Amounts reclassified to profit or loss	4.06
Deferred taxes related to above	0.07
As on March 31, 2018	-

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

f) Credit Risk

Typically, the receivables of the Company can be classified in 2 categories:

1. Pharma Trade Receivables
2. Financial Services business – i) Loan Book primarily comprising of Real estate developers, Infrastructure Companies and Others; and ii) Strategic Investment made in other corporate bodies.

Please refer Note 10 for risk mitigation techniques followed for Pharma Trade Receivables. Risk mitigation measures for Financial Services business primarily comprising of Real Estate Developers and Strategic Investment Groups are explained in the note below.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Risk management team has developed proprietary internal rating model to evaluate risk return trade-off for the loans and investments done by the Company. The output of traditional credit rating model is an estimate of Probability of Default (PD). These models are different from the traditional credit rating models as they integrate both PD and Loss Given Default (LGD) into a single model.

The lending exposure includes lending to the below sectors:

Sectors	Exposure as at	
	March 31, 2018	March 31, 2017
Real Estate	78.38%	82.61%
Infrastructure	21.36%	16.96%
Others	0.26%	0.43%

Credit Risk Management

Credit risk management is achieved by considering various factors like:

- Cash flow at risk – This is an assessment of the standalone project or business from which interest servicing and principal repayment is expected to be done.
- Security cover – This is an assessment of the value of the security under stress scenario which is further adjusted for factors like liquidity, enforceability, transparency in valuation etc. of the collateral.
- Promoter strength – This is an assessment of the promoter from financial, management and performance perspective.
- Exit – This is an assessment of the liquidity of the loan or investment.

The output from each of the analysis is converted to a risk weight equivalent. Each of the four components of the risk analysis are assigned a specific weight which differ based on type of investment. The risk weight is then converted into capital requirement. The required capital and the return is combined to create a metric which is used for deal assessment.

Based on the above assessment the risk team categorises the deals in to the below Risk Grades:

- Good Deals with very high risk adjusted returns
- Investment Grade Deals with high risk adjusted returns
- Management Review Grade Deals with risk adjusted returns required as per lending policy
- Not Advisable Grade Deals with lower than required risk adjusted returns

Further, a periodic review of the performance of the portfolio is also carried out by the Risk Group. The Risk Group adjusts the stress case considered during the initial approval based on actual performance of the deal, developments in the sector, regulatory changes etc. The deal level output is combined to form a portfolio snapshot. The trends from portfolio are used to provide strategic inputs to the management.

The credit risk on liquid funds and other financial instruments is limited because the counterparties are banks with high credit-ratings assigned by credit-rating agencies or mutual funds.

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Provision for Expected Credit Loss

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding looking parameters, which are both qualitative and quantitative. These parameters have been detailed in Note no. vi of Significant Accounting Policies. Based on the result yielded by the above assessment the Financial assets are classified into (1) Standard (Performing) Asset, (2) Significant Credit Deteriorated (Under-Performing) Asset (3) Default (Non-Performing) Asset (Credit Impaired).

Macroeconomic information (such as regulatory changes, market interest rate or growth rates) is incorporated as part of the internal rating model.

In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due.

For the purpose of expected credit loss analysis the Company defines default as any asset with more than 90 days overdues. This is also as per the rebuttable presumption provided by the standard.

The Company provides for expected credit loss based on the following:

Category – Description	Basis for Recognition of Expected Credit Loss
Stage 1 – Standard (Performing) Assets	12 month ECL
Stage 2 – Significant Credit Deteriorated Assets	Life time ECL
Stage 3 – Default (Non-Performing) Assets (Credit Impaired)	Life time ECL

The Company has developed a PD Matrix consisting of various parameters suitably tailored for various facilities like grade of the borrower, past overdue history, status from monthly asset monitoring report, deal IRR, deal tenure remaining etc.

Based on these parameters the Company has computed the PD. The Company has also built in model scorecards to determine the internal LGD. However, since there has been no default history to substantiate the internal LGD, the Company has made use of a combination of both internal as well as external LGD.

Expected Credit Loss as at end of the Reporting period:

As at March 31, 2018

				(₹ in Crores)
Particulars	Asset Group	Gross Carrying Amount (Exposure)	Expected Credit Loss	Carrying Amount net of impairment provision
Very High quality liquid assets/Related party loans	Receivable from Related Parties	5,556.00	-	5,556.00
	Other Financial Assets & Loans	999.61	-	999.61
Assets for which credit risk has not significantly increased from initial recognition	Investments at amortised cost	6,200.06	78.78	6,121.28
	Loans at amortised cost	2,306.04	32.69	2,273.35
Assets for which credit risk has increased significantly and assets which are credit impaired	Investments at amortised cost	268.09	10.07	258.02
	Loans at amortised cost	32.67	32.67	-
TOTAL		15,362.47	154.21	15,208.26

As at March 31, 2017

				(₹ in Crores)
Particulars	Asset Group	Gross Carrying Amount (Exposure)	Expected Credit Loss	Carrying Amount net of impairment provision
Very High quality liquid assets/Related party loans	Receivable from Related Parties	3,764.63	-	3,764.63
	Other Financial Assets & Loans	1016.95	-	1,016.95
Assets for which credit risk has not significantly increased from initial recognition	Investments at amortised cost	5,306.34	93.99	5,212.35
	Loans at amortised cost	40.00	0.73	39.27
Assets for which credit risk has increased significantly and assets which are credit impaired	Loans at amortised cost	33.67	18.32	15.35
TOTAL		10,161.59	113.04	10,048.55

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

i) Reconciliation of Loss Allowance

For the year ended March 31, 2018

(₹ in Crores)

Investments and Loans	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets which are credit-impaired
Balance at the beginning of the year	94.72	-	18.32
Transferred to 12-month ECL	-	-	-
Transferred to Lifetime ECL not credit impaired	(5.75)	5.75	-
Transferred to Lifetime ECL credit impaired – collective provision	-	-	-
Charge to Statement of Profit and Loss			
On Account of Rate Change	(18.37)	4.32	14.35
On Account of Disbursements	162.32	-	-
On Account of Repayments/Transfers*	(121.45)	-	-
Balance at the end of the year	111.47	10.07	32.67

For the year ended March 31, 2017

(₹ in Crores)

Investments and Loans	Loss allowance measured at 12 month expected losses	Loss allowance measured at life-time expected losses	
		Financial assets for which credit risk has increased significantly and not credit-impaired	Financial assets which are credit-impaired
Balance at the beginning of the year	264.05	4.02	32.99
Transferred to 12-month ECL	-	-	-
Transferred to Lifetime ECL not credit impaired	-	-	-
Transferred to Lifetime ECL credit impaired - collective provision	-	-	-
Charge to Statement of Profit and Loss			
On Account of Rate Change	(51.67)	-	(1.09)
On Account of Disbursements	153.82	-	-
On Account of Repayments/Transfers *	(271.48)	(4.02)	(13.58)
Balance at the end of the year	94.72	-	18.32

* The reduction in provision is on account of repayments and transfer of portfolio during the year (Refer Note 38(2)).

ii) Movement in Expected Credit Loss on undrawn loan commitments:

(₹ in Crores)

Particulars	Expected Credit Loss on Loan Commitments as at March 31,	
	2018	2017
Balances as at the beginning of the year	2.01	37.37
Additions	0.08	2.01
Amount used/reversed	(2.01)	(37.37)
Balances as at the end of the year	0.08	2.01
Classified as Non-current	-	-
Classified as Current (Refer Note 24)	0.08	2.01
TOTAL	0.08	2.01

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

- iii) The amounts of Financial Assets outstanding in the Balance Sheet along with the undrawn loan commitments (Refer Note 46(a)) as at the end of the reporting period represent the maximum exposure to credit risk.

Description of Collateral held as security and other credit enhancements

The Company generally ensures a security cover of 100-200% of the proposed facility amount. The Company periodically monitors the quality as well as the value of the security to meet the prescribed limits. The collateral held by the Company varies on case to case basis and includes:

- i) First/Subservient charge on the Land and/or Building of the project or other projects
- ii) First/Subservient charge on the fixed and current assets of the borrower
- iii) Hypothecation over receivables from funded project or other projects of the borrower
- iv) Pledge on Shares of the borrower or their related parties
- v) Guarantees of Promoters/Promoter Undertakings
- vi) Post dated/Undated cheques
- vii) Pledge on investment in shares made by borrower entity

As at the reporting date, the ratio of value of the collateral held as security for the credit impaired financial assets to the exposure at default for these assets is assessed as Nil.

- iv) The credit impaired assets as at the reporting dates were secured by charge on land and building and project receivables amounting to:

Particulars	(₹ in Crores)	
	As at March 31, 2018	As at March 31, 2017
Value of Security	-	15.35

47. The Company conducts research and development to find new sustainable chemical routes for pharmaceutical & herbal products. The Company is undertaking development activities for Oral Solids and Sterile Injectables, apart from other Active Pharmaceutical Ingredients.

The Company has research and development centers in Mumbai, Ennore and Ahmedabad.

Details of additions to Property Plant & Equipments & Intangibles under Development and qualifying Revenue Expenditure for Department of Scientific & Industrial Research (DSIR) approved research and development facilities/division of the Company at Mumbai, Ennore and Ahmedabad for the year are as follows:

Description	(₹ in Crores)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Revenue Expenditure*	89.81	43.39
TOTAL	89.81	43.39
Capital Expenditure, Net		
Additions to Property Plant & Equipment	12.37	7.11
Additions to Intangibles under Development	11.68	11.55
TOTAL	24.05	18.66

*The amount included in Note 34, under R & D Expenses (Net) does not include ₹ 57.40 Crores (Previous Year ₹ 27.93 Crores) relating to Ahmedabad location.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

48. MOVEMENT IN PROVISIONS:

Particulars	(₹ in Crores)					
	Litigations/Disputes		Provisions for Grants – Committed		Onerous Contracts	
	2018	2017	2018	2017	2018	2017
Balances as at the beginning of the year	3.50	13.39	17.88	28.83	-	1.06
Additions	-	-	-	-	-	-
Unwinding of Discount	-	-	1.38	2.72	-	-
Revaluation of closing balances	-	-	0.02	(0.42)	-	-
Amount used	-	-	(12.94)	(13.25)	-	-
Unused amounts reversed	-	(9.89)	-	-	-	(1.06)
Balances as at the end of the year	3.50	3.50	6.34	17.88	-	-
Classified as Non-current (Refer Note 20)	-	-	-	4.91	-	-
Classified as Current (Refer Note 24)	3.50	3.50	6.34	12.97	-	-
TOTAL	3.50	3.50	6.34	17.88	-	-

Provision for Onerous contracts for the previous year represents the amounts provided for contracts where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Provision for Grants – Committed represent expected contributions to be paid in FY 2018-19.

Provision for litigation/disputes represents claims against the Company not acknowledged as debts that are expected to materialise in respect of matters under litigation. Future cash outflows are determinable only on receipt of judgements/decisions pending with various forums/authorities.

49. INCOME TAXES RELATING TO OPERATIONS

a) Tax expense recognised in statement of profit and loss

Particulars	(₹ in Crores)	
	Year ended March 31, 2018	Year ended March 31, 2017
Current tax:		
In respect of the current year	152.48	146.82
In respect of prior years	22.90	48.60
	175.38	195.42
Deferred tax:		
In respect of the current year	59.60	(52.27)
	59.60	(52.27)
TOTAL TAX EXPENSE RECOGNISED	234.98	143.15

b) Tax expense recognised in other comprehensive income

Particulars	(₹ in Crores)	
	Year ended March 31, 2018	Year ended March 31, 2017
Current tax:		
	-	-
Deferred tax:		
Arising on income and expenses recognised in other comprehensive income:		
Fair value Remeasurement of hedging instruments entered into for cash flow hedges	(0.07)	0.07
Changes in fair values of equity instruments	22.95	-
Remeasurement of defined benefit obligation	(1.91)	(0.67)
TOTAL TAX EXPENSE RECOGNISED	20.97	(0.60)

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

c) Deferred tax balances

The following is the analysis of deferred tax assets/(liabilities) presented in the separate statement of financial position:

Particulars	(₹ in Crores)	
	March 31, 2018	March 31, 2017
Deferred tax assets	503.04	523.79
Deferred tax liabilities	(233.66)	(173.84)
	269.38	349.95

Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilised.

Movement of Deferred Tax during the year ended March 31, 2018

Particulars	(₹ in Crores)				
	Opening balance	Recognised in profit or loss	Utilised during the year	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to:					
Measurement of financial liabilities at amortised cost	(3.94)	(2.31)	-	-	(6.25)
Measurement of financial assets at amortised cost/fair value	3.05	4.05	-	(22.95)	(15.85)
Provision for assets of financial services	36.94	14.07	-	-	51.01
Fair value measurement of derivative contracts	(2.48)	(3.72)	-	0.07	(6.13)
Other Provisions	5.39	1.95	-	-	7.34
Property, Plant and Equipment and Intangible Assets	(167.42)	(38.01)	-	-	(205.43)
Brought forward losses	50.28	(50.28)	-	-	-
Amortisation of expenses which are allowed in current year	2.55	(1.10)	-	-	1.45
Expenses that are allowed on payment basis	40.00	7.87	-	1.91	49.78
Unused tax credit (MAT credit entitlement)	383.11	8.36	-	-	391.47
Recognition of lease rent expense using straight-line method	2.47	(0.48)	-	-	1.99
TOTAL	349.95	(59.60)	-	(20.97)	269.38

Movement of tax expense during the year ended March 31, 2017

Particulars	(₹ in Crores)				
	Opening balance	Recognised in profit or loss	Utilised during the year	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to:					
Measurement of financial liabilities at amortised cost	(4.23)	0.29	-	-	(3.94)
Measurement of financial assets at amortised cost/fair value	48.51	(45.46)	-	-	3.05
Provision for assets of financial services	114.24	(77.30)	-	-	36.94
Fair value measurement of derivative contracts	(3.07)	0.66	-	(0.07)	(2.48)
Other Provisions	4.77	0.62	-	-	5.39
Property, Plant and Equipment and Intangible Assets	(140.11)	(27.31)	-	-	(167.42)
Brought forward losses	-	50.28	-	-	50.28
Amortisation of expenses which are allowed in current year	3.67	(1.12)	-	-	2.55
Expenses that are allowed on payment basis	34.25	5.08	-	0.67	40.00
Unused tax credit (MAT credit entitlement)	236.29	146.82	-	-	383.11
Recognition of lease rent expense using straight-line method	2.76	(0.29)	-	-	2.47
TOTAL	297.08	52.27	-	0.60	349.95

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	(₹ in Crores)	
	Year ended March 31, 2018	Year ended March 31, 2017
Profit before tax from continuing operations	753.45	919.93
Income tax expense calculated at 34.608% (2016-17: 34.608%)	260.75	318.37
Effect of expenses that are not deductible in determining taxable profit	35.18	51.92
Utilisation of previously unrecognised tax losses	-	(237.71)
Effect of incomes which are exempt from tax	(30.06)	(27.04)
Effect of expenses for which weighted deduction under tax laws is allowed	(6.82)	(18.18)
Effect of deduction in tax for interest on Compulsorily Convertible Debentures	(51.91)	-
Effect of transfer of Loan book assets	-	61.16
Effect of previously unrecognised tax losses used to reduce deferred tax expense	-	(50.28)
Impact of Tax Rate changes	2.96	-
Tax provision for earlier years	22.90	48.60
Others	1.98	(3.69)
Income tax expense recognised in profit or loss	234.98	143.15

The tax rate used for the reconciliations above is the corporate tax rate of 34.608% for the year 2017-18 and 2016-17 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

In assessing the realisability of deferred tax assets, the Company considers the extent to which it is probable that the deferred tax asset will be realized. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

Based on this, the Company believes that it is probable that the Company will realise the benefits of these deductible differences. The amount of deferred tax asset considered realisable, however, could be reduced in the near term if the estimates of future taxable income during the carry-forward period are reduced.

As at March 31, 2017, the Company had recognised Deferred Tax Asset of ₹ 50.28 Crores on unused tax losses, considering profits in the past 2 years and reasonable certainty of realisation of such deferred tax asset in the future years. This was utilised during the current year.

The Company has calculated its tax liability for current domestic taxes after considering MAT. The excess tax paid under MAT provisions over and above normal tax liability can be carried forward and set-off against future tax liabilities computed under normal tax provisions. The Company was required to pay MAT during the current and previous year and accordingly, a deferred tax asset of ₹ 383.11 Crores and ₹ 391.47 Crores has been recognised in the statement of financial position as of March 31, 2017 and 2018 respectively, which can be carried forward for a period of 15 years from the year of recognition.

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

50. FAIR VALUE MEASUREMENT
a) Financial Instruments by category (net of ECL provision):

Particulars	(₹ in Crores)					
	March 31, 2018			March 31, 2017		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets						
Investments	2,035.54	4,656.03	6,379.31	924.00	3,988.92	5,212.36
Loans	-	-	8,642.55	-	-	4,681.07
Cash & Bank Balances	-	-	554.82	-	-	124.07
Trade Receivables	-	-	492.96	-	-	491.43
Other Financial Assets	1.32	-	185.09	14.69	-	140.44
	2,036.86	4,656.03	16,254.73	938.69	3,988.92	10,649.37
Financial liabilities						
Borrowings (including current maturities of Long-Term Borrowings)	-	-	14,600.49	-	-	10,255.42
Trade Payables	-	-	543.57	-	-	533.36
Other Financial Liabilities	-	-	119.25	-	-	130.61
	-	-	15,263.31	-	-	10,919.39

b) Fair Value Hierarchy and Method of Valuation

This Section explains the judgements 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.

Financial Assets	(₹ in Crores)					
	March 31, 2018					
	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL – Recurring Fair Value Measurements						
Investments						
Investments in Preference Shares	i.	129.83			129.83	129.83
Investments in debentures or bonds:						
Redeemable Optionally Convertible Debentures	ii.	65.09			65.09	65.09
Redeemable Non-Convertible Debentures	iii.	664.53			664.53	664.53
Investments in Mutual Funds	iv.	1,151.09	1,151.09			1,151.09
Investment in Alternative Investment Fund		25.00			25.00	25.00
Other Financial Assets						
Derivative Financial Assets	v.	1.32		1.32		1.32
Measured at FVTOCI						
Investments in Equity Instruments	iv.	4,656.03	4,656.03			4,656.03
Measured at Amortised Cost for which fair values are disclosed						
Investments						
Investments in debentures or bonds (Gross of Expected Credit Loss allowance)	vi.	6,468.16			6,860.94	6,860.94
Loans						
Term Loans (Gross of Expected Credit Loss allowance)	vi.	32.67			-	-
Intercompany Deposits (Gross of Expected Credit Loss allowance)	vi.	2,306.04			2,297.60	2,297.60

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

(₹ in Crores)						
March 31, 2018						
Financial Liabilities	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at Amortised Cost for which fair values are disclosed						
Borrowings (including Current Maturities of Long-Term Borrowings) (Gross)	vii.	14,600.49			14,648.16	14,648.16

(₹ in Crores)						
March 31, 2017						
Financial Assets	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at FVTPL – Recurring Fair Value Measurements						
Investments						
Investments in Preference Shares	i.	115.00			115.00	115.00
Investments in debentures or bonds:						
Redeemable Optionally Convertible Debentures	ii.	38.36			38.36	38.36
Redeemable Non-Convertible Debentures	iii.	590.61			590.61	590.61
Investments in Mutual Funds	iv.	155.03	155.03			155.03
Investment in Alternative Investment Fund		25.00			25.00	25.00
Other Financial Assets						
Derivative Financial Assets	v.	14.69		14.69		14.69
Measured at FVTOCI						
Investments in Equity Instruments	iv.	3,988.92	3,988.92			3,988.92
Measured at Amortised Cost for which fair values are disclosed						
Investments						
Investments in debentures or bonds (Gross of Expected Credit Loss allowance)	vi.	5,306.35			5,464.37	5,464.37
Loans						
Term Loans (Gross of Expected Credit Loss allowance)	vi.	25.37			15.35	15.35
Intercompany Deposits (Gross of Expected Credit Loss allowance)	vi.	40.00			41.39	41.39

(₹ in Crores)						
March 31, 2017						
Financial Liabilities	Notes	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at Amortised Cost for which fair values are disclosed						
Borrowings (including Current Maturities of Long-Term Borrowings) (Gross)	vii.	10,255.42			10,512.60	10,512.60

Except for those financial instruments for which the carrying amounts are mentioned in the above table, the Company considers that the carrying amounts recognised in the financial statements approximate their fair values.

For financial assets that are measured at fair value, the carrying amounts are equal to the fair values.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for Investment in Preference Shares, Alternative Investment Funds, Debentures, Term Loans and Inter Corporate Deposits.

STANDALONE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

Valuation techniques used to determine the fair values:

- i. The fair value of the preference shares has been calculated by using price to earnings method.
- ii. The fair value of the optionally convertible debentures has been calculated by using price to earnings method observed for comparable peers in the industry.
- iii. Discounted cash flow method has been used to determine the fair value. The yield used for discounting has been determined based on trades, market polls, levels for similar issuer with same maturity, spread over matrices, etc. For instruments where the returns are linked to the share price of the investee company the equity price has been derived using Monte Carlo simulation and local volatility model using the inputs like spot rate, volatility surface, term structures and risk free rates from globally accepted 3rd party vendor for these data.
- iv. This includes listed equity instruments and mutual funds which are fair valued using quoted prices and closing NAV in the market.
- v. This includes forward exchange contracts and cross currency interest rate swap. The fair value of the forward exchange contract is determined using forward exchange rate at the balance sheet date. The fair value of cross currency interest rate swap is calculated as the present value of future cash flow based on observable yield curves and forward exchange rates.
- vi. Discounted cash flow method has been used to determine the fair value. The discounting factor used has been arrived at after adjusting the rate of interest for the financial assets by the difference in the Government Securities rates from date of initial recognition to the reporting dates.
- vii. Fair values of borrowings are based on discounted cash flow using a current borrowing rate. They are classified as Level 3 values hierarchy due to the use of unobservable inputs, including own credit risk. The discounting factor used has been arrived at after adjusting the rate of interest for the financial liabilities by the difference in the Government Securities rates from date of initial recognition to the reporting dates.

c) Fair value measurements for financial assets measured at FVTPL using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the year ended March 31, 2018 and March 31, 2017.

Particulars	(₹ in Crores)			
	Debentures (NCDs & OCDs)	Preference shares	Alternative Investment Fund	Total
As at April 1, 2016	800.83	118.45	15.00	934.28
Acquisitions	175.00	-	10.00	185.00
Gains/(Losses) recognised in profit or loss	145.87	(3.45)	-	142.42
Transfer out during the year	(257.13)	-	-	(257.13)
Realisations	(235.60)	-	-	(235.60)
As at March 31, 2017	628.97	115.00	25.00	768.97
Acquisitions	-	-	-	-
Gains/(Losses) recognised in profit or loss	114.37	14.83	-	129.20
Transfer out during the year	-	-	-	-
Realisations	(13.72)	-	-	(13.72)
As at March 31, 2018	729.62	129.83	25.00	884.45

d) Valuation Process

The Company engages external valuation consultants to fair value below mentioned financial instruments measured at FVTPL. The main level 3 inputs used for preference shares and debentures are as follows:

1. For Non-Convertible Debentures, Waterfall approach has been used to arrive at the yields for securities held by the Company. For determining the equity prices Monte Carlo simulations and local volatility model using the inputs like spot rate, volatility surface, term structures and risk free rates from globally accepted 3rd party vendor for these data have been used.
2. For Preference Shares and Optionally Convertible Debentures, considered the value as maximum of debt value or equity value as on valuation date. For computation of debt value, discounted cash flow method has been used. For computation of equity value, market approach – comparable company multiple approach, the price to earnings multiple of peer companies in particular has been used.

NOTES TO FINANCIAL STATEMENTS (Contd.)

for the Year ended March 31, 2018

e) Sensitivity for instruments measured at FVTPL:

Nature of the instrument	Fair value As on March 31, 2018	Fair value As on March 31, 2017	Significant unobservable inputs*	Increase/Decrease in the unobservable input	Sensitivity Impact for the year ended March 31, 2018		Sensitivity Impact for the year ended March 31, 2017	
					FV Increase	FV Decrease	FV Increase	FV Decrease
Non-Convertible Debentures	664.53	590.61	Discount rate	1%	7.78	(7.61)	15.59	(15.18)
			Equity component (projections)	10%(5% for Mar 17)	0.54	(0.41)	-	-
Optionally Convertible Debentures	65.09	38.36	Discount rate	1%	-	-	3.48	(3.42)
			Equity valuation	10%(5% for Mar 17)	5.92	(5.92)	3.63	-
Preference Shares	129.83	115.00	Discount rate	1%	-	-	-	-
			Equity valuation	10%(5% for Mar 17)	12.98	(12.98)	2.83	-

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

f) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of all the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, the fair value of the financial instruments subsequent to the respective reporting dates may be different from the amounts reported at each year end.

51. In accordance with Ind AS 108 'Operating Segments', segment information has been given in the consolidated financial statements of the Company, which are presented in the same Annual Report and therefore, no separate disclosure on segment information is given in these financial statements.

52. Subsequent to March 31, 2018, Board of Directors have approved a 'Scheme of Amalgamation' ('Scheme') of Piramal Phytocare Limited, an associate of the Company with the Company and its respective shareholders. The Scheme is subject to approval of shareholders and other regulatory authorities as applicable.

53. Subsequent to March 31, 2018, the Board of Directors have approved a proposal to initiate a transfer of certain assets and liabilities forming part of Company's financial services business, to its wholly-owned subsidiaries, for a net consideration not exceeding ₹ 2,950 Crores, in one or more tranches, which is expected to be concluded by December 31, 2018.

54. The financial statements have been approved for issue by Company's Board of Directors on May 28, 2018.

Signature to note 1 to 54 of financial statements.

For and on behalf of the Board of Directors

Ajay G. Piramal
Chairman

Vivek Valsaraj
Chief Financial Officer

Leonard D'Souza
Company Secretary

Mumbai, May 28, 2018