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

Currency: ₹ in crore

1 BACKGROUND

Pfizer Limited, "The Company", is a Public Limited Company, incorporated under the Indian Companies Act, 1913, having its registered office in Mumbai, Maharashtra and is listed on the BSE Limited and the National Stock Exchange of India Limited. The Company is engaged in manufacturing, marketing, trading and export of pharmaceutical products. The Company has its own manufacturing facility at Goa and Thane. Thane plant is classified as assets held for sale. The Company has various independent contract / third party manufacturers based across the country. The Company sells its products through independent distributors primarily in India.

2 BASIS OF PREPARATION

a) Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended) notified under section 133 of the Companies Act, 2013 ('the Act') and other relevant provisions of the Act.

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

b) Functional and presentation currency

These financial statements are presented in Indian Rupee (₹), which is also the Company's functional currency. All amounts have been rounded off to the nearest crore or decimals thereof, unless otherwise indicated.

c) Basis of measurement

The financial statements have been prepared under the historical cost basis except for the following items:

	Items	Measurement basis
(i)	Certain financial assets and liabilities	Fair Value
(ii)	Liabilities for cash-settled-share-based payment arrangements	Fair Value
(iii)	Net defined benefit asset / (obligation)	Fair Value of plan assets less present value of defined benefit obligations

d) Use of estimates and judgements

The preparation of financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make estimates, judgements and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosures of contingent liabilities on the date of financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Application of accounting policies that requires critical accounting estimates involving complex and subjective judgements and the use of assumptions in these financial statements have been disclosed in Note 3.

Critical estimates and judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

Note 4, 5 and 6 — Useful lives of property, plant and equipment, intangible assets, investment property and impairment testing for goodwill

Note 10 — Provision for inventory obsolescence

Note 18 and 23 — Provision for sales return

Note 34 — Assets and obligations relating to employee benefits

Note 35 — Share based payments

Note 37 — Provision for expected credit loss

e) Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Act. Based on the nature of it's activities and the time between the acquisition of assets for processing and their realization in cash or cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

f) Measurement of fair values

A number of accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 35 – Share based payment arrangements

Note 5 – Investment property

Note 37 – Financial instruments.

Currency: ₹ in crore

3 SIGNIFICANT ACCOUNTING POLICIES

a) Revenue

Sale of goods:

Revenue from sale of goods in the course of ordinary activities is recognized when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection. Revenue is measured at the fair value of the consideration received or receivable net of returns, discounts, rebates and applicable indirect taxes. Revenue for the year ended 31 March 2018 includes excise duty levied on goods manufactured upto 30 June 2017 in accordance with erstwhile Central Excise Act 1944 (Refer note 24).

Multiple delivery arrangements:

When two or more revenue generating activities or deliverables are provided under a single arrangement, each deliverable that is considered to be a separate unit of account is accounted for separately. The allocation of consideration from a revenue arrangement to it's separate units of account is based on the relative fair value of each unit.

Rendering of services:

Revenue from services is recognized as and when services are rendered and related costs are incurred, in accordance with the terms of the specific contracts.

Rental income:

Rental income from investment property and sub-leasing is recognized as a part of other income in profit or loss.

Interest income:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

b) Foreign exchange transactions

Transactions in foreign exchange are accounted for at the spot exchange rates, determined by the Company on a monthly basis. The exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit or loss of the year.

Monetary assets and liabilities denominated in foreign exchange, which are outstanding as at the year end, are translated at year end at the closing exchange rate and the resultant exchange differences are recognized in profit or loss.

c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost of acquisition less accumulated depreciation / amortization and impairment losses. The cost of property, plant and equipment includes taxes (other than those subsequently recoverable from tax authorities), duties, freight and other incidental expenses related to the acquisition and installation of the respective assets.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure that are directly attributable to the property, plant and equipment are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Currency: ₹ in crore

(iii) Depreciation

a) Depreciation for the year has been provided as per the rates determined in Part C of Schedule II of the Act or based on estimated useful life of the assets determined by the management.

b) Depreciation on assets other than those specified in a) above are provided at:

Assets	Rate
Land: Leasehold	Amortized over the lease period
Buildings: On leasehold land	Rate based on lease period
Leasehold improvements	Amortized over the lease period or estimated useful life, which ever is lower

Assets acquired under the Scheme of Amalgamation from erstwhile Wyeth Limited are depreciated over the estimated residual useful life of the assets as determined by an independent expert:

Assets	Rate
Computers	16.66% to 50%
Furniture	33.33% to 50%
Office equipment	14.28% to 100%
Machinery and equipment	8.33% to 100%
Vehicles	25% to 50%

Depreciation on additions is provided on a pro-rata basis from the month of capitalization. Depreciation on deletions during the year is provided up to the month in which the asset is sold / discarded.

(iv) Reclassification to investment property

When the use of a property changes from owner occupied to investment property, the property is reclassified as investment property at it's carrying amount on the date of reclassification.

d) Goodwill and other intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortization / impairment losses.

Goodwill:

Goodwill arising on acquisition of business is carried at costs less any accumulated impairment losses.

Goodwill is not amortized and is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

Other intangible assets:

Other intangible assets comprises of trademarks and computer software.

Trademarks are amortized on a straight line basis, over a period of 10 years. Cost of computer software includes cost such as salary and other expenditure incurred on development of the computer software and is amortized on straight-line basis over a period of 10 years, which in management's estimate represents the period during which economic benefits will be derived from their use.

e) Impairment of financial and non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An

Currency: ₹ in crore

asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or of Company's assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to it's recoverable amount.

Impairment losses of continuing operations, including impairment on inventories, are recognized in profit or loss.

For assets excluding goodwill (refer note 3(d) above), an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exists or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss.

f) Investment property

Investment property is measured at cost less accumulated depreciation and impairment losses, if any. Any gain or loss on disposal of an investment property is recognized in profit or loss.

Investment property is depreciated using straight line method over its estimated useful life of 33 years.

g) Inventories

Raw materials, stock-in-trade, work-in-progress, finished goods and packing materials are valued at the lower of weighted average cost and net realizable value. Cost of finished goods and work-in-progress includes cost of materials, direct labour and an appropriate portion of overheads to bring the inventory to it's present location and condition. Stores and spares are valued at lower of weighted average cost and net realizable value.

The net realizable value of work-in-progress is determined with reference to the selling price of related finished goods. Raw materials and other supplies held for use in production of inventories are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realizable value.

The comparison of cost and net realizable value is made on an item-by-item basis.

Finished goods expiring within 90 days (near-expiry inventory) as at the balance sheet date have been fully provided for.

h) Assets held for sale

Such assets are generally measured at lower of their carrying amount and fair value less costs to sell. Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortized or depreciated.

i) Employee benefits

(i) Short - term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short - term employee benefits. Benefits such as salaries, wages, bonus, short term compensated absences and the expected cost of ex-gratia is recognized in the period in which the employee renders the related service.

(ii) Long - term employee benefits

a) Defined contribution plan

The Company's contribution towards employees' Superannuation plan is recognized as an expense in profit or loss when they are due.

b) Defined benefit plans

(i) Provident fund

Provident fund contributions are made to a trust administered by the trustees. Trust makes investments and settles members claims. Interest payable to the members shall not be at a rate lower than the statutory rate. Liability is recognized for any shortfall in the plan assets vis-à-vis actuarially determined liability of the fund obligation.

(ii) Gratuity plan

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any plan assets is deducted.

The present value of the obligation as at the balance sheet date under such defined benefit plan is determined based on actuarial valuation using the projected unit credit method by an independent actuary, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on government securities as at the reporting date.

Remeasurements of the net defined benefit obligation, which comprise of actuarial gains and losses and the return on plan assets are recognized in Other Comprehensive Income (OCI).

(iii) Other long-term employment benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation as at the reporting date using projected unit credit method by an independent actuary. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on government securities as at the reporting date.

Remeasurements of the net defined benefit obligation, which comprise of actuarial gains and losses and the return on plan assets are recognized in profit or loss.

j) Provisions and contingent liabilities

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognized in the financial statements.

k) Leases

Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments or term of lease whichever is lower. Operating lease payments are recognized as an expense in the profit or loss on a straight-line basis over the lease term, unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

Currency: ₹ in crore

Company as a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Contingent rents are recognized as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

l) Income tax

Income tax comprises of current tax and deferred tax.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amount and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

Deferred tax

Deferred tax is recognized in respect of temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date to reassess realization. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

m) Employee stock options scheme

Pfizer Inc., USA, as a part of the long-term incentive awards offers certain common stock (shares) to the employees of Pfizer Inc., and its subsidiaries.

Compensation cost relating to employee stock options granted by Pfizer Inc., to employees of the Company is measured using the fair value method. Compensation expense is amortized over the vesting period of the options on a straight-line basis.

The grant date fair value of equity settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

n) Earnings per share

Basic and diluted earnings per share are computed by dividing the net profit after tax attributable to equity shareholders for the year, with the respective weighted average number of equity shares outstanding during the year.

o) Dividends

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

p) Financial instruments

(i) Recognition and initial measurement

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

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Financial assets Classification - subsequent measurement and gains and losses:

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

a) amortized cost;

b) FVOCI – equity investment; or

c) FVTPL

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

a) Financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at FVTPL

These assets are remeasured at fair value, at each reporting date. Net gains and losses, arising from such remeasurement including any interest or dividend income, are recognized in profit or loss.

c) Financial assets at amortized cost

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

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

Financial liabilities: Classification, subsequent measurement and gains and losses:

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

Currency: ₹ in crore

expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

q) Recent accounting pronouncement - Standard issued but not effective yet

The Ministry of Corporate Affairs of the Government of India, on 28 March 2018, issued certain amendments to Ind AS. Impact of applicable amendments is presented below:

i) Ind AS 115: Revenue from contracts with customers

Applicable from 1 April 2018: The core principle of the new standard is that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at an amount to which the entity expects to be entitled. To achieve the core principle, the new standard establishes a five step model, that entities would need to apply to determine when to recognize revenue and at what amount.

Applying this core principle involves the 5 step approach.

- The standard requires to identify contract with customer as a first step.
- Having identified a contract, the entity next identifies the performance obligations within that contract. A performance obligation is a promise in a contract with a customer to transfer either a good or service or a bundle of goods or services, that are ‘distinct’.
- Third step in the model is to determine the transaction price and then as a fourth step, such transaction price needs to be allocated to the performance obligations identified in step 2.
- In accordance with this Standard, entity is required to recognize revenue when the entity satisfies the performance obligations.

The Standard requires extensive disclosure about the nature , amount , timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. The effect on adoption of Ind AS 115 is expected to be insignificant.

ii) Ind AS 21: The effects of changes in foreign exchange rates

Foreign currency transactions and advance consideration: It 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 date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The effective date for adoption of Changes in Ind AS 21 is 1 April 2018. The effect on the financial statements is being evaluated by the Company. The effect on adoption of amendments to Ind AS 21 is expected to be insignificant.

iii) Ind AS 12: Income taxes

Ind AS 12, Income taxes, has been amended to provide guidance on recognition of deferred tax assets for unrealized losses. The existing standard provides that an entity recognises deferred tax assets only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. The amended standard provides that when an entity assesses whether taxable profits will be available against which it can utilize a deductible temporary difference, it considers whether tax law restricts the source of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. If tax law restricts the utilization of losses to deduction against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. It further provides that while estimating probable future taxable profit, an entity may include the recovery of some of entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

The amendments are applicable retrospectively for annual periods beginning on or after 1 April 2018. These amended rules also state that an entity is permitted to apply these amendments retrospectively also in accordance with Ind AS 8. The effect on adoption of amendments to Ind AS 12 is expected to be insignificant.

4. PROPERTY, PLANT AND EQUIPMENT

Currency: ₹ in crore

The changes in the carrying value of property, plant and equipment for the year ended 31 March 2018 are as follows:

Particulars	Leasehold land	Leasehold improvements	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Gross carrying amount as at 1 April 2017	20.00	24.62	12.04	13.51	8.49	0.11	5.98	29.27	114.02
Additions	-	4.92	-	1.75	2.48	-	3.53	3.55	16.23
Deletions	-	0.01	-	0.01	0.03	-	-	4.14	4.19
Transferred to assets held for sale	-	-	-	-	-	-	-	-	-
Gross carrying amount as at 31 March 2018 (A)	**20.00**	**29.53**	**12.04**	**15.25**	**10.94**	**0.11**	**9.51**	**28.68**	**126.06**
Accumulated depreciation as at 1 April 2017	0.89	5.93	1.33	4.16	1.56	0.09	1.54	15.25	30.75
Depreciation for the year	0.27	3.32	0.75	1.25	0.94	0.02	1.00	9.05	16.60
Deletions	-	-	-	-	0.01	-	-	2.78	2.79
Accumulated depreciation as at 31 March 2018 (B)	**1.16**	**9.25**	**2.08**	**5.41**	**2.49**	**0.11**	**2.54**	**21.52**	**44.56**
Net carrying amount as at 31 March 2018 (A) - (B)	**18.84**	**20.28**	**9.96**	**9.84**	**8.45**	**0.00**	**6.97**	**7.16**	**81.50**

The changes in the carrying value of property, plant and equipment for the year ended 31 March 2017 are as follows:

Particulars	Leasehold land	Leasehold improvements	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computers	Total
Gross carrying amount as at 1 April 2016	18.86	23.39	20.24	12.28	7.67	0.18	4.96	23.79	111.37
Additions	1.14	1.23	-	1.23	0.82	-	1.02	6.46	11.90
Deletions	-	-	2.95	-	-	0.07	0.00	0.98	4.00
Transferred to assets held for sale	-	-	5.25	-	-	-	-	-	5.25
Gross carrying amount as at 31 March 2017 (A)	**20.00**	**24.62**	**12.04**	**13.51**	**8.49**	**0.11**	**5.98**	**29.27**	**114.02**
Accumulated depreciation as at 1 April 2016	0.63	2.12	0.57	2.23	0.58	0.07	0.59	6.25	13.04
Depreciation for the year	0.26	3.81	0.93	1.93	0.98	0.04	0.95	9.92	18.82
Deletions	-	-	0.04	-	-	0.02	-	0.92	0.98
Transferred to assets held for sale	-	-	0.13	-	-	-	-	-	0.13
Accumulated depreciation as at 31 March 2017 (B)	**0.89**	**5.93**	**1.33**	**4.16**	**1.56**	**0.09**	**1.54**	**15.25**	**30.75**
Net carrying amount as at 31 March 2017 (A) - (B)	**19.11**	**18.69**	**10.71**	**9.35**	**6.93**	**0.02**	**4.44**	**14.02**	**83.27**

Currency: ₹ in crore

5 INVESTMENT PROPERTY

A. Reconciliation of carrying amount

The changes in the carrying value of investment property for the year ended 31 March 2018 are as follows:

Particulars	Amount
Gross carrying amount as at 1 April 2017	37.89
Gross carrying amount as at 31 March 2018 (A)	**37.89**
Accumulated depreciation as at 1 April 2017	2.78
Depreciation for the year	1.39
Accumulated depreciation as at 31 March 2018 (B)	**4.17**
Net carrying amount as at 31 March 2018 (A) - (B)	**33.72**

The changes in the carrying value of investment property for the year ended 31 March 2017 are as follows:

Particulars	Amount
Deemed cost / Gross carrying amount as at 1 April 2016	37.89
Gross carrying amount as at 31 March 2017 (A)	**37.89**
Accumulated depreciation as at 1 April 2016	1.39
Depreciation for the year	1.39
Accumulated depreciation as at 31 March 2017 (B)	**2.78**
Net carrying amount as at 31 March 2017 (A) - (B)	**35.11**

The rental income recognized, from the above investment properties, in profit or loss for the year ending 31 March 2018 is ₹ 6.39 crore. (31 March 2017: ₹ 6.39 crore)

B. Measurement of fair values

i. The fair value of investment property is ₹134.99 crore as at 31 March 2018. The fair value has been determined by external, independent property valuers. The fair value measurement for all the investment properties has been categorized as a level 3 fair value based on the inputs to the valuation technique used. The independent valuers have adopted Land and Building method of valuation. The valuation has been arrived at considering the location of the property, market enquiries, sale instances etc.

6 INTANGIBLE ASSETS

The changes in the carrying value of intangible assets for the year ended 31 March 2018 are as follows:

Particulars	Goodwill	Trade marks	Computer software	Total
Gross carrying amount as at 1 April 2017	527.49	341.76	-	869.25
Additions	-	77.75	21.80	99.55
Gross carrying amount as at 31 March 2018 (A)	**527.49**	**419.51**	**21.80**	**968.80**
Accumulated amortization as at 1 April 2017	-	85.44	-	85.44
Amortization for the year	-	47.26	1.00	48.26
Accumulated amortization as at 31 March 2018 (B)	**-**	**132.70**	**1.00**	**133.70**
Net carrying amount as at 31 March 2018 (A) - (B)	**527.49**	**286.81**	**20.80**	**835.10**

The changes in the carrying value of intangible assets for the year ended 31 March 2017 are as follows:

Particulars	Goodwill	Trade marks	Computer software	Total
Gross carrying amount as at 1 April 2016	527.49	341.76	-	869.25
Gross carrying amount as at 31 March 2017 (A)	**527.49**	**341.76**	**-**	**869.25**
Accumulated amortization as at 1 April 2016	-	42.72	-	42.72
Amortization for the year	-	42.72	-	42.72
Accumulated amortization as at 31 March 2017 (B)	**-**	**85.44**	**-**	**85.44**
Net carrying amount as at 31 March 2017 (A) - (B)	**527.49**	**256.32**	**-**	**783.81**

Currency: ₹ in crore

Impairment:

The shareholders of the Company approved the Scheme of Amalgamation ('Scheme') between the Company and erstwhile Wyeth Limited ('Wyeth business') with an appointed date of 1 April 2013 whereby all the assets and liabilities of Wyeth business which were transferred to and vested in the Company have been recorded at their fair values from the appointed date. The goodwill pertains to the excess of purchase consideration over the fair values of the net assets taken over from Wyeth Limited, prior to transition to Ind AS.

For the purposes of impairment testing, carrying amount of goodwill has been allocated to the following Cash Generating Unit (CGU) as follows:

Particulars	31 March 2018	31 March 2017
Business acquired pursuant to amalgamation of erstwhile Wyeth Limited	527.49	527.49
	527.49	**527.49**

The recoverable amount of the above CGU has been assessed using a value-in-use model. Value in use is calculated as the net present value of the projected post-tax cash flows plus a terminal value of the cash generating unit to which the goodwill is allocated. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows.

The cash flow projections include specific estimates for five years developed using internal forecasts and a terminal growth rate thereafter of 2% (31 March 2017: 5%). The planning horizon reflects the assumptions for short-to-mid term market developments.

Discount rate reflects the current market assessment of the risks. The discount rate is estimated based on the weighted average cost of capital for the Company. Post-tax discount rate used for the year ended 31 March 2018 was 12.5% (31 March 2017: 11.5%) .

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

The management believes that any reasonable possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

7 FINANCIAL ASSETS - NON-CURRENT INVESTMENTS

	31 March 2018	31 March 2017
Unquoted *		
(i) Investment in equity instruments at FVTPL	0.00	0.00
(ii) Investment in government debt securities at FVTPL	0.00	0.00
	0.00	**0.00**
Aggregate amount of unquoted investment	**0.00**	0.00

* Rounded off.

Currency: ₹ in crore

8 FINANCIAL ASSETS - LONG-TERM LOANS AND ADVANCES

(Unsecured considered good, unless otherwise stated)

	31 March 2018	31 March 2017
Deposits and other advances		
Considered good	35.40	30.96
Considered doubtful	1.32	3.51
	36.72	**34.47**
Employee related loans and advances	0.14	0.28
Other loans and advances		
Considered good	7.76	0.88
Considered doubtful	2.10	2.10
	9.86	**2.98**
Allowances for doubtful advances		
Deposits and other advances	(1.32)	(3.51)
Other loans and advances	(2.10)	(2.10)
	(3.42)	(5.61)
	43.30	**32.12**

9 OTHER NON-CURRENT ASSETS

(Unsecured considered good, unless otherwise stated)

	31 March 2018	31 March 2017
Prepayments	26.95	27.51
Gratuity (Refer note 34)	4.87	3.74
Advance income tax (Net of provision for income tax)	179.94	179.94
Capital advances	0.82	**0.56**
Balance with customs and excise authorities		
Considered good	13.67	13.67
Considered doubtful	0.74	0.74
	14.41	**14.41**
Others	52.33	**34.57**
Allowances for doubtful advances		
Balance with customs and excise authorities	(0.74)	(0.74)
	(0.74)	(0.74)
	278.58	**259.99**

10 INVENTORIES

	31 March 2018	31 March 2017
Raw materials	64.90	63.05
Finished goods [1]	61.85	91.63
Work - in - progress	6.60	**13.57**
Stock - in - trade [1]	150.69	141.45
Stores	0.10	1.87
Packing materials	12.92	10.33
	297.06	**321.90**

Notes:

1. Includes assets recoverable from customers of ₹0.12 crore (31 March 2017: ₹2.79 crore)

2. The Company writes down the value of inventories towards slow moving, non-moving, expired and non-saleable inventory based on historical experience of such items and any recent trends that may suggest realizable amount could differ from historical amounts. Charge in the profit or loss on account of write down of inventory during the year is ₹3.73 crore (31 March 2017: ₹23.96 crore).

Currency: ₹ in crore

11 TRADE RECEIVABLES

	31 March 2018	31 March 2017
Secured, considered good	0.03	0.03
Unsecured, considered good	154.77	110.29
Unsecured, considered doubtful	23.84	25.42
	178.64	**135.74**
Less: Allowances for credit loss	(23.84)	(25.42)
	154.80	**110.32**

The above includes amounts due from related parties ₹15.03 crore (31 March 2017: ₹9.53 crore)

The Company's exposure to credit and currency risks, and loss allowances are disclosed in note 37.

12a CASH AND CASH EQUIVALENTS

	31 March 2018	31 March 2017
Balance with banks :		
In current accounts	10.85	4.20
In exchange earner's foreign currency account	0.21	-
In deposit accounts with maturity less than or equal to 90 days	27.04	55.00
Cheques on hand	12.63	8.39
Cash on hand *	-	0.00
	50.73	**67.59**

* 31 March 2017 Rounded off.

12b BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

	31 March 2018	31 March 2017
Balance with banks :		
In deposit accounts with maturity more than 90 days	1,698.00	1,432.00
In unclaimed dividend accounts	21.87	22.11
In current account, restricted for use[1]	1.05	-
As margin money deposit	0.21	1.39
	1,721.13	**1,455.50**

The Company's exposure to credit and currency risks, and loss allowances are disclosed in note 37.

[1]Amount set aside for VAT demand

13 LOANS

(Unsecured considered good, unless otherwise stated)

	31 March 2018	31 March 2017
Deposits	0.98	2.26
Loans to employees	6.19	2.64
Others		
Considered good	20.87	22.10
Considered doubtful	-	0.12
	20.87	**22.22**
Allowances for doubtful loans		
Others	-	(0.12)
	-	(0.12)
	28.04	**27.00**

Currency: ₹ in crore

14 OTHER CURRENT FINANCIAL ASSETS

	31 March 2018	31 March 2017
Interest accrued on deposits	26.98	18.52
	26.98	**18.52**

15 OTHER CURRENT ASSETS

	31 March 2018	31 March 2017
Prepayments	8.10	6.19
Balance with Customs and Excise authorities	28.05	25.48
Goods and service tax receivable	88.15	-
	124.30	**31.67**

16 ASSETS HELD FOR SALE

	31 March 2018	31 March 2017
Business undertaking at Thane	13.54	13.54
Office premises	0.14	5.27
	13.68	**18.81**

(i) The Company has entered into an agreement (BTA) for sale of business undertaking at Thane on a slump sale basis for a consideration of ₹178.00 crore, to be paid in installments, subject to fulfillment of the conditions precedent to the closing. The impact of the transaction would be reflected upon closure of the transaction. As on 31 March 2018, the Company has received an advance of ₹178.00 crore (31 March 2017: ₹150.00 crore) as per the agreed terms and is disclosed under "Other Current Liabilities" in note 22. Upon the conclusion of the BTA, all remaining workmen at Thane Plant shall be transferred to the buyer so as to facilitate manufacturing operations. The property, plant and equipment pertaining to the plant have been disclosed under this head.

(ii) The Company intends to dispose off the premises having a carrying value of ₹0.14 crore as it no longer intends to utilize the same in the next 12 months and accordingly classified the asset as held for sale. Search for a suitable buyer is underway. No impairment loss was recognized on reclassification of the said premises as held for sale and the Company expects the fair value less cost to sell to be higher than carrying amount.

17a SHARE CAPITAL

	Particulars	31 March 2018	31 March 2017
a	**Authorized :**		
	52,844,080 (31 March 2017: 52,844,080) equity shares of ₹10/- each	52.84	52.84
	10,155,920 (31 March 2017: 10,155,920) unclassified shares of ₹10/- each	10.16	10.16
		63.00	63.00
b	**Issued**		
	45,750,372 (31 March 2017: 45,750,372) equity shares of ₹10/- each	45.75	45.75
		45.75	**45.75**
c	**Subscribed and fully paid up**		
	45,747,732 (31 March 2017: 45,747,732) equity shares of ₹10/- each	45.75	45.75
	Forfeited equity shares- 2640 (31 March 2017: 2640) equity shares of ₹10/- each *	0.00	0.00
	Total	**45.75**	**45.75**

* Rounded off

d There has been no movement in the equity shares outstanding at the beginning and end of the year.

e The Company has a single class of equity shares. Accordingly, all the equity shares rank equally with regards to voting rights, dividends and share in the Company's residual assets.

Currency: ₹ in crore

f Pursuant to the Scheme of Amalgamation of erstwhile Wyeth Limited with the Company 15,906,292 shares of face value ₹10 each were issued during the year ended 31 March 2015 to the shareholders of erstwhile Wyeth Limited for consideration other than cash. During the five reporting periods immediately preceding the reporting date, no shares have been issued by capitalization of reserves as bonus shares.

g The details of shareholders holding more than 5% shares in the company is as below:

	31 March 2018		31 March 2017	
	No. of Shares	No of shares %	No. of Shares	No of shares %
Pfizer East India B. V.	18,186,334	39.75	18,186,334	39.75
Wyeth LLC, USA	5,617,707	12.28	5,617,707	12.28
Aditya Birla Sun Life Trustee Private Limited Account (through various Mutual Fund schemes)	2,904,549	6.35	2,285,751	5.00

h Details of equity shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

	31 March 2018		31 March 2017	
	No. of Shares	Amount	No. of Shares	Amount
Equity shares of ₹10 each fully paid up held by:				
Ultimate Holding Company				
Pfizer Inc., USA	-	-	-	-
Subsidiaries of the ultimate holding company				
Pfizer East India B.V.	18,186,334	18.19	18,186,334	18.19
Wyeth LLC, USA	5,617,707	5.62	5,617,707	5.62
Wyeth Holdings Corporation, USA	1,630,164	1.63	1,630,164	1.63
Warner - Lambert Company, LLC, USA	1,187,163	1.19	1,187,163	1.19
Parke - Davis & Company, LLC, USA	955,733	0.96	955,733	0.96
John Wyeth & Brother Ltd., UK	882,000	0.88	882,000	0.88
Pharmacia Corporation, USA	783,941	0.78	783,941	0.78

17b OTHER EQUITY

Nature and purpose of reserves

(i) Securities premium account

Securities premium account is used to record the premium on issue of shares. This reserve is utilized in accordance with the said provisions of The Companies Act, 2013. This account also includes the share premium on shares issued to the shareholders of erstwhile Wyeth limited, pursuant to the Scheme of Amalgamation.

(ii) General reserve

General reserve forms part of the retained earnings and is permitted to be distributed to shareholders as part of the dividend.

(iii) Capital reserve

The share-based payment reserve is used to recognize the value of equity settled share-based payments provided to the employees by Pfizer Inc., the ultimate holding company and the Company is not liable for any recharge of the amount. Refer note 35 for further details on the plan.

Currency: ₹ in crore

(iv) Retained earnings

The amount that can be distributed by the Company as dividends to its equity shareholders.

Particulars	Reserves and surplus				Other comprehensive income	Total other equity
	Securities premium account	General reserve	Capital reserve	Retained earnings	Remeasurements of the net defined benefit plans	
Balance as at 1 April 2016	**1,320.67**	**301.92**	**8.97**	**485.15**	**1.04**	**2,117.75**
Profit for the year	-	-	-	336.78	-	336.78
Other comprehensive income for the year	-	-	-	-	(3.91)	(3.91)
Total comprehensive income for the year	**-**	**-**	**-**	**336.78**	**(3.91)**	**332.87**
Transactions during the year :						
Share based payments	-	-	5.10	-	-	5.10
Dividend including corporate dividend tax	-	-	-	(82.59)	-	(82.59)
Balance as at 31 March 2017	**1,320.67**	**301.92**	**14.07**	**739.34**	**(2.87)**	**2,373.13**
Profit for the year	-	-	-	360.07	-	360.07
Other comprehensive income for the year	-	-	-	-	6.81	6.81
Total comprehensive income for the year	**-**	**-**	**-**	**360.07**	**6.81**	**366.88**
Transactions during the year :						
Share based payment	-	-	7.56	-	-	7.56
Dividend including corporate dividend tax	-	-	-	(110.12)	-	(110.12)
Balance as at 31 March 2018	**1,320.67**	**301.92**	**21.63**	**989.29**	**3.94**	**2,637.45**

18 LONG - TERM PROVISIONS

	31 March 2018	31 March 2017
Provision for employee benefits:		
Compensated absences (Refer note 34)	7.89	9.09
Gratuity (Refer note 34)	1.38	5.81
Other provisions:		
Demands under Drug Price Control Orders (DPCO) (Refer note 39)	22.03	22.03
Sales return	4.29	5.77
Customs and Central Excise	2.15	2.15
	37.74	**44.85**

a) Movement in provisions:

	Provision for Demands under DPCO	Provision for sales return	Provision for Customs and central excise
Balance as at 1 April 2016	**19.88**	**5.59**	**2.15**
Additions during the year	2.15	2.21	-
Reversal / Utilization during the year	-	2.03	-
As at 31 March 2017	**22.03**	**5.77**	**2.15**
Additions during the year	-	-	-
Reversal / Utilization during the year	-	1.48	-
As at 31 March 2018	**22.03**	**4.29**	**2.15**

Currency: ₹ in crore

b) Nature of provisions:

Provision for sales returns:

This represents provision towards saleable and non-saleable returns expected to be made by the customers till the product expiry. Provision towards saleable returns represent products which are expected to be returned in saleable condition while non-saleable returns represent expected returns of products which are either expired or damaged, such that the sale of such products may not be possible. Management estimates the provision based on historical returns and any recent trends that may suggest future returns could differ from historical amounts.

Provision for demands under DPCO:

This represents provision recognized by the Company towards unsettled compensations claimed under DPCO from the Company.

Provision for Customs and Central Excise:

This represents provision recognized by the Company towards claims raised by Customs and Excise authorities.

19 BORROWINGS

	31 March 2018	31 March 2017
Loans and advances from related parties:		
John Wyeth & Brother Limited, India Branch	2.50	2.50
	2.50	**2.50**

The amount represents purchase consideration payable to John Wyeth and Brother Limited, UK for the transfer of its undertaking in India to erstwhile Wyeth Limited. The amount has been retained as an interest free unsecured loan as per the directives of the Reserve Bank of India in this regard pending appropriate clearance from the income tax authorities.

20 TRADE AND OTHER PAYABLES

	31 March 2018	31 March 2017
Dues to micro and small enterprises	10.68	3.23
Other trade payables	484.95	384.77
	495.63	**388.00**

Notes:

a) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

	31 March 2018	31 March 2017
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	9.59	1.78
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	0.12	0.85
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	1.09	1.45
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

b) Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

c) The above includes amounts due to related parties ₹307.67 crore (31 March 2017: ₹280.81 crore)

d) All trade payables are 'current'. The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 37.

Currency: ₹ in crore

21 CURRENT - OTHER FINANCIAL LIABILITIES

	31 March 2018	31 March 2017
Unclaimed dividends #	21.87	22.11
Employee benefits	36.00	42.38
Creditors for capital expenditure	0.60	1.56
Security deposits	7.71	6.20
	66.18	**72.25**

Investor Education and Protection Fund (IEPF) is being credited by the amount of unclaimed dividend after seven years from the due date. The balance represents amounts not yet due for deposit to the IEPF.

22 OTHER CURRENT LIABILITIES

	31 March 2018	31 March 2017
Statutory remittances	56.45	14.67
Advance from customers	1.66	3.19
Advances received (Refer note 16 (i))	178.00	151.25
	236.11	**169.11**

23 SHORT - TERM PROVISIONS

	31 March 2018	31 March 2017
Provision for employee benefits:		
Compensated absences (Refer note 34)	2.51	2.32
Gratuity (Refer note 34)	5.33	7.22
Other employee benefits (Refer note 34)	10.19	8.50
Other provisions:		
Wealth tax (Net of taxes paid)	0.22	0.22
Fringe benefit tax (Net of taxes paid)	0.55	0.55
Sales return	30.79	25.45
Provision for sales tax / VAT (net)	13.93	13.93
	63.52	**58.19**

Movement in provisions:

	Provision for other employee benefits	Provision for sales return	Provision for demands under DPCO	Provision for sales tax / VAT
Balance as at 1 April 2016	7.25	23.66	2.18	10.83
Additions during the year	1.25	25.45	-	3.10
Reversal / Utilization during the year	-	23.66	2.18	-
As at 31 March 2017	8.50	25.45	-	13.93
Additions during the year	1.69	30.79	-	-
Reversal / Utilization during the year	-	25.45	-	-
As at 31 March 2018	**10.19**	**30.79**	**-**	**13.93**

Provision for sales tax/ VAT

These represents provision recognized by the Company towards claims raised by Sales Tax authorities and VAT authorities as applicable in each state.

Refer note 18 for the nature and basis of the balance provisions.

Currency: ₹ in crore

24 REVENUE FROM OPERATIONS

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products	1,924.86	2,017.26
Sale of services	55.29	24.59
Sale of scrap	0.04	0.08
	1,980.19	**2,041.93**

Sales for the year ended 31 March 2018 includes excise duty up to 30 June 2017 and sales for the period 1 July 2017 upto 31 March 2018 is reported net of Goods and Service Tax.

25 OTHER INCOME

	Year ended 31 March 2018	Year ended 31 March 2017
Interest income		
On bank deposits	96.86	86.32
On loans to employees	0.01	0.02
On other balances	1.40	1.36
Rental income	6.39	6.39
Liabilities / provisions no longer required written back	2.38	1.32
Insurance claims	7.07	3.76
Profit on sale of assets (net)	0.06	0.73
Net gain on foreign currency transactions and translation	-	0.72
Other non-operating income	0.12	0.54
	114.29	**101.16**

26 COST OF MATERIALS CONSUMED

	Year ended 31 March 2018	Year ended 31 March 2017
Raw materials consumed		
Opening inventory (Refer note 10)	63.05	116.03
Add: Purchases	242.24	249.75
	305.29	**365.78**
Less: Closing inventory (Refer note 10)	64.90	63.05
Raw materials consumed(a)	**240.39**	302.73
Packing materials consumed		
Opening inventory (Refer note 10)	10.33	12.07
Add: Purchases	64.72	83.07
	75.05	95.14
Less: Closing inventory (Refer note 10)	12.92	10.33
Packing materials consumed (b)	**62.13**	84.81
Total cost of materials consumed (a + b)	**302.52**	**387.54**

	Year ended 31 March 2018	Year ended 31 March 2017
Purchase of stock-in-trade (Traded goods)	409.65	424.70
	409.65	**424.70**

Currency: ₹ in crore

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

	Year ended 31 March 2018	Year ended 31 March 2017
Opening inventory :		
Work in progress (Refer note 10)	13.57	9.10
Finished goods (Refer note 10)	91.63	103.31
Stock-in-trade (Traded goods) (Refer note 10)	**141.45**	**118.48**
Less:		
Closing inventory:		
Work in progress (Refer note 10)	6.60	13.57
Finished goods (Refer note 10)	61.85	91.63
Stock-in-trade (Traded goods) (Refer note 10)	150.69	141.45
Changes In Inventories:		
Work in progress	6.97	(4.47)
Finished goods	29.78	11.68
Stock-in-trade (Traded goods)	**(9.24)**	(22.97)
	27.51	**(15.76)**

28 EMPLOYEE BENEFITS EXPENSE

	Year ended 31 March 2018	Year ended 31 March 2017
Salaries and wages	270.65	267.93
Contribution to provident and other funds	15.16	14.87
Staff welfare expenses	11.04	10.98
Gratuity (Refer note 34)	9.88	5.01
Employee stock option expenses (Refer note 35)	7.56	5.10
	314.29	**303.89**

29 FINANCE COSTS

	Year ended 31 March 2018	Year ended 31 March 2017
Interest expense on others	0.42	0.96
	0.42	**0.96**

30 DEPRECIATION AND AMORTIZATION EXPENSE

	Year ended 31 March 2018	Year ended 31 March 2017
Depreciation on property, plant and equipment (Refer note 4)	16.60	18.82
Depreciation on investment property (Refer note 5)	1.39	1.39
Amortization of intangible assets (Refer note 6)	48.26	42.72
	66.25	**62.93**

Currency: ₹ in crore

31 OTHER EXPENSES

	Year ended 31 March 2018	Year ended 31 March 2017
Advertisement and sales promotion	71.23	71.03
Processing charges	44.17	51.92
Legal and professional fees	53.01	60.98
Auditors' remuneration (Refer note 31.1)	0.84	1.68
Power and fuel	12.34	10.34
Freight and forwarding expenses	72.12	81.79
Insurance	9.95	8.59
Travelling and conveyance	62.86	74.34
Rent (Refer note 36)	35.20	33.46
Communication	6.76	6.44
Provision for expected credit loss and doubtful advances	0.31	5.52
Rates and taxes	2.77	42.72
Service charges	2.97	3.81
Repairs and maintenance - buildings	2.40	1.12
Repairs and maintenance - machinery	2.93	4.19
Repairs and maintenance - others	1.13	3.01
Net loss on foreign currency transactions and translation	0.35	-
Consumption of stores and spare parts	5.98	6.49
Bank charges	0.35	1.00
Printing and stationery	1.31	1.33
Commission to directors	0.68	0.76
Miscellaneous expenses (Refer note 44 for corporate social responsibility)	24.59	46.24
	414.25	**516.76**

31.1 Auditors' Remuneration

		Year ended 31 March 2018	Year ended 31 March 2017
a)	As statutory auditor	0.77	1.06
b)	For other matters (certification work)	-	0.57
c)	Out of pocket expenses	0.07	0.05
Total		**0.84**	**1.68**

32 TAX RECONCILIATION

Tax expense

(a) Amounts recognized in profit or loss

	Year ended 31 March 2018	Year ended 31 March 2017
Current income tax	194.49	188.66
Deferred income tax charge, (net)		
Origination and reversal of temporary differences	(6.65)	(8.61)
Tax expense for the year	**187.84**	**180.05**

Currency: ₹ in crore

(b) Amounts recognized in other comprehensive income

	For the year ended 31 March 2018			For the year ended 31 March 2017		
	Before tax	Tax (expense)/ benefit	Net of tax	Before tax	Tax (expense)/ benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	10.47	(3.66)	6.81	(5.98)	2.07	(3.91)
Total	10.47	(3.66)	6.81	(5.98)	2.07	(3.91)

(c) Reconciliation of effective tax rate

	Year ended 31 March 2018	Year ended 31 March 2017
Profit before tax	547.91	516.83
Tax using the Company's domestic tax rate (current year 34.61 % and previous year 34.61 %)	189.63	178.87
Tax effect of amounts which are not deductible in calculating taxable income		
CSR expenses	0.38	2.73
Others	(2.17)	(1.55)
Tax expense as per profit or loss	**187.84**	**180.05**

The Company's effective tax rates for the years ended 31 March 2018 is 34.28 % (31 March 2017: 34.84 %). Income tax expense was ₹187.84 crore for the year ended 31 March 2018 (31 March 2017: ₹180.05 crore).

(d) Movement in deferred tax balances

The movement in deferred tax balances for the year ended 31 March 2018 is as follows:

	Net balance 1 April 2017	Recognized in profit or loss	Recognized in OCI	Net deferred tax asset/liability
Deferred tax liability (gross)				
Property, plant and equipment	(14.21)	1.04	-	(13.17)
Goodwill and intangible assets	(88.71)	14.08	-	(74.63)
Lease straight lining	(3.22)	0.29	-	(2.93)
Total deferred tax liabilities	**(106.14)**	**15.41**	**-**	**(90.73)**
Deferred tax assets (gross)				
Interest free deposits	0.26	(0.48)	-	(0.22)
Physician samples	1.27	(0.74)	-	0.53
Employee benefits	14.61	(3.89)	(0.04)	10.68
Provisions	43.71	1.14	-	44.85
Other items	28.73	(8.42)	-	20.31
Total deferred tax assets	**88.58**	**(12.39)**	**(0.04)**	**76.15**
Deferred tax liabilities (net)	**(17.56)**	**3.02**	**(0.04)**	**(14.58)**

Currency: ₹ in crore

The movement in deferred tax balances for the year ended 31 March 2017 is as follows:

	Net balance 1 April 2016	Recognized in profit or loss	Recognized in OCI	Net deferred tax asset/liability
Deferred tax liability (gross)				
Property, plant and equipment	(11.69)	(2.52)	-	(14.21)
Goodwill and intangible assets	(103.50)	14.79	-	(88.71)
Lease straight lining	(2.17)	(1.05)	-	(3.22)
Total deferred tax liabilities	**(117.36)**	**11.22**	**-**	**(106.14)**
Deferred tax assets (gross)				
Physician samples	0.19	0.07	-	0.26
Interest free deposits	1.73	(0.46)	-	1.27
Employee benefits	12.23	0.31	2.07	14.61
Provisions	37.05	6.66	-	43.71
Other items	37.92	(9.19)	-	28.73
Total deferred tax assets	**89.12**	**(2.61)**	**2.07**	**88.58**
Deferred tax liabilities (net)	**(28.24)**	**8.61**	**2.07**	**(17.56)**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income and the period over which deferred income tax assets will be recovered. Any changes in future taxable income would impact the recoverability of deferred tax assets.

33 EARNINGS PER SHARE (EPS)

		31 March 2018	31 March 2017
(i)	Profit attributable to Equity holders		
	Profit for the year		
	(i) before exceptional items (net of tax)	360.07	245.22
	(ii) after exceptional items (net of tax)	360.07	336.78
(ii)	Weighted average number of ordinary shares	45,750,372	45,750,372
(iii)	Basic and Diluted earnings per share computed on basis of profit for the year*		
	(i) before exceptional items (net of tax)	78.70	53.60
	(ii) after exceptional items	78.70	73.61

* Basic and diluted earning per share are in ₹

Currency: ₹ in crore

34 EMPLOYEE BENEFITS

(A) Defined contribution plan:

During the year, the Company has contributed ₹0.51 crore (31 March 2017: ₹0.43 crore) towards employee's superannuation fund.

(B) Long-term employee benefit - compensated absences

All eligible employees can carry forward and avail / encash leave as per Company's rules.

(C) Defined benefit plan:

(i) Provident fund

The employee's provident fund is administered by a Trust created specifically for the purpose. The employee's and employer's contributions are transferred to the trust. All liabilities arising on account of provident fund payouts on resignation or retirement from service or death while in service are made from the trust.

(ii) Gratuity plan

In accordance with the provisions of the Payment of Gratuity Act, 1972, the Company has a defined benefit plan which provides for gratuity payments. The plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amounts are based on the respective employee's last drawn salary and the years of employment with the Company.

Liabilities in respect of the gratuity plan are determined by an actuarial valuation, based upon which the Company makes annual contributions to the Group Gratuity cum Life Assurance Schemes administered by the LIC of India, a funded defined benefit plan for qualifying employees. Trustees administer the contributions made by the Company to the gratuity scheme.

	31 March 2018	31 March 2017
Defined benefit obligation	77.30	78.17
Fair value of plan assets	75.46	68.88
Net defined benefit assets/ (obligation)	**(1.84)**	**(9.29)**

(a) Movement in net defined benefit asset/ (obligation)

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

Gratuity plan

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset/ (obligation)	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Opening balance	78.17	65.29	68.88	60.99	(9.29)	(4.30)
Funds received from Life Insurance Corporation of India	-	-	-	-	-	-
Current service cost	5.63	4.74	-	-	(5.63)	(4.74)
Contributions	-	-	-	3.73	-	3.73
Expected returns	-	-	4.63	4.55	4.63	4.55
Past service cost	3.87	-	-	-	(3.87)	-
Interest cost / (income)	5.01	4.81	-	-	(5.01)	(4.81)
Benefit payments from plan assets	-	(3.28)	-	(3.28)	-	-
Benefit payments directly by employer	(6.85)	(2.26)	-	-	6.85	2.26
	85.83	69.30	**73.51**	65.99	**(12.32)**	(3.31)

Currency: ₹ in crore

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset/ (obligation)	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Included in OCI:						
Remeasurement loss/ (gain)	-	-	-	-	-	-
Actuarial loss/ (gain) arising from:						
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	(4.44)	4.47	1.95	2.89	6.39	(1.58)
Experience adjustment	(4.09)	4.40	-	-	4.09	(4.40)
Expected settlements	-	-	-	-	-	-
Return on plan assets excluding interest income	-	-	-	-	-	-
	(8.53)	8.87	1.95	2.89	10.48	(5.98)
Closing balance	**77.30**	78.17	**75.46**	68.88	**(1.84)**	(9.29)

Represented by

	31 March 2018	31 March 2017
Net defined benefit liability	6.71	13.03
Net defined benefit asset	4.87	3.74
	(1.84)	**(9.29)**

(b) Plan assets

	31 March 2018	31 March 2017
Plan assets comprise the following:		
Insurer managed fund (100 %)	75.46	68.88
	75.46	**68.88**

(c) Actuarial assumptions

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

	Gratuity	
	31 March 2018	31 March 2017
Discount rate	7.40 %	6.72 %
Future salary growth	**5% to 9.0%**	**5% to 9.0%**
Rate of employee turnover	**5% to 20%**	**5% to 20%**
Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Assumptions regarding future mortality have been based on published statistics and mortality tables.

(d) Sensitivity analysis

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

	31 March 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (1 % movement)	71.49	83.98	72.24	85.00
Future salary growth (1 % movement)	83.27	71.82	83.61	73.10

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Currency: ₹ in crore

(e) Expected future cash flows

The expected future cash flows in respect of gratuity as at 31 March 2018 were as follows

Expected future benefit payments

31 March 2019	5.33
31 March 2020	6.96
31 March 2021	5.80
31 March 2022	6.70
31 March 2023	6.61
Thereafter	32.91

35 SHARE-BASED PAYMENT ARRANGEMENTS

a) Employee stock options - equity settled

Certain employees of the Company are eligible for stock options, restricted stock units, portfolio performance shares and total shareholder return units granted by Pfizer Inc.

The Company has accounted ₹7.56 crore (31 March 2017: ₹5.10 crore) for share-based payment transactions among group entities in accordance with Ind AS 102, Share-based Payments.

Nature and extent of employee share-based payment plans

Pfizer Inc., as a part of the long-term incentive awards offers certain common stock (shares) to the employees of Pfizer Inc., and its subsidiaries. These shares are offered through grant of awards which is a combination of stock options and restricted stock units under the Pfizer Inc. 2004 Stock plan. As per the plan, the vesting period of the stock options and the restricted stock units is 3 years from the grant date and the stock options have a term of 10 years from the grant date. All stock options and restricted stock units are settled through equity. The employees of the Company have been issued 1,247 (31 March 2017: Nil) share options, 21,727 (31 March 2017: 22,247) restricted stock units, 940 (31 March 2017: 1,403) portfolio performance shares and 117,792 (31 March 2017: 110,467) total shareholder return units under the Pfizer Inc., 2004 Share Option Plan by Pfizer Inc.

(i) Employee stock options (ESOPs)

Employee stock options provides the employees of Pfizer Limited with a right to receive a unit of the stock of Pfizer Inc., at a predetermined exercise price upon fulfilment of vesting conditions.

Particulars	For the year ended 31 March 2018		
	Shares arising out of options	Range of exercise prices (US $)	Weighted average exercise price (US $)
Options outstanding at the beginning of the year	266,700	17.69 - 34.59	28.66
Add: Options granted during the year	1,247	34.06 - 34.06	34.06
Less: Options lapsed during the year	(9,770)	25.87 - 34.59	32.49
Less: Options exercised during the year	(45,646)	17.69 - 34.59	27.12
Less: Options forfeited during the year	(4,310)	34.59 - 34.59	34.59
Add/(Less): Transfer between entities	2,574	17.69 - 34.59	28.08
Options outstanding at the year end	210,795	17.69 - 34.59	28.72
Exercisable at the end of the period	143,960	17.69 - 34.59	26.04

The weighted average remaining contractual life of the ESOPs outstanding at the year end is 5.2 years.

Currency: ₹ in crore

Particulars	For the year ended 31 March 2017		
	Shares arising out of options	Range of exercise prices (US $)	Weighted average exercise price (US $)
Options outstanding at the beginning of the year	321,505	17.69 - 34.59	28.31
Add: Options granted during the year	-	-	-
Less: Options lapsed during the year	(3,913)	21.03 - 34.59	25.51
Less: Options exercised during the year	(47,096)	17.69 - 27.37	25.55
Less: Options forfeited during the year	(15,796)	27.37 - 34.59	33.59
Add/(Less): Transfer between entities	12,000	27.37 - 34.59	31.40
Options outstanding at the year end	266,700	17.69 - 34.59	28.66
Exercisable at the end of the period	129,756	17.69 - 34.59	23.57

The weighted average remaining contractual life of the ESOPs at the year end is 6.2 years.

The weighted average grant date fair value of stock options granted during the years ended 31 March 2018 is US $ 34.06 per option (31 March 2017: Nil).

(ii) Restricted stock units (RSUs)

RSUs which, when vested entitle the holder to receive a specified number of shares of the Ultimate Holding Company including shares resulting from dividend equivalents paid on such RSUs, are accounted for using a fair value based method at the date of grant. The value of each RSU grant is estimated on the grant date. The fair value based method utilizes the closing price of the Ultimate Holding Company's common stock on the date of grant. The exercise price of the RSU is Nil.

Particulars	For the year ended 31 March 2018	
	Shares arising out of options	Weighted average exercise price (US$)
RSUs outstanding at the beginning of the year	49,851	32.33
Add: Options granted during the year	21,727	34.06
Less: Options vested during the year	(15,484)	32.30
Less: Options forfeited during the year	(3,776)	32.43
Add: DEUs earned during the year	2,042	33.41
Add: Transfer between entities	248	32.23
RSUs outstanding at the year end	54,608	33.03

The weighted average remaining contractual life of the RSUs outstanding at the year end is 1.30 years.

Particulars	For the year ended 31 March 2017	
	Shares arising out of options	Weighted average exercise price (US$)
RSUs outstanding at the beginning of the year	47,172	31.42
Add: Options granted during the year	22,247	30.66
Less: Options vested during the year	(17,935)	27.68
Less: Options forfeited during the year	(6,098)	32.42
Add: DEUs earned during the year	1,919	32.56
Add: Transfer between entities	2,546	31.42
RSUs outstanding at the year end	49,851	32.33

The weighted average remaining contractual life of the RSUs outstanding at the year end is 1.30 years.

The weighted average grant date fair value of RSUs granted during the year ended 31 March 2018 is US $ 34.06 per RSU (31 March 2017: US $ 30.59 per RSU).

Currency: ₹ in crore

(iii) Portfolio performance shares (PPSs)

PPSs provide an opportunity to receive shares of Pfizer common stock contingent upon the company's achievement of pre-set goals related to long-term pipeline portfolio delivery over a five year performance period.

Particulars	For the year ended 31 March 2018	
	Shares arising out of options	Weighted average exercise price (US$)
Options outstanding at the beginning of the year	4,518	32.48
Add: Options granted during the year	940	34.06
Less: Options vested during the year	(939)	34.28
Less: Options forfeited during the year	(459)	34.42
Less: Transfer between entities	(688)	32.48
Options outstanding at the year end	3,372	34.42
Exercisable at the end of the year	1,627	36.22

The weighted average remaining contractual life of the PPSs outstanding at the year end is 3.0 years.

Particulars	For the year ended 31 March 2017	
	Shares arising out of options	Weighted average exercise price (US$)
Options outstanding at the beginning of the year	-	-
Add: Options granted in prior year	3,234	32.28
Add: Options granted during the year	1,403	30.59
Less: Options forfeited during the year	(119)	32.38
Options outstanding at the year end	4,518	32.48
Exercisable at the end of the year	688	32.48

The weighted average remaining contractual life of the PPSs outstanding at the year end is 3.0 years.

The weighted average grant date fair value of PPSs options granted during the years ended 31 March 2018 is US $34.06 per PPS (31 March 2017: US $30.59 per PPS.)

(iv) Total Shareholder Return Units (TSRUs)

TSRUs are awarded to senior and other key management, and, beginning in 2016, to certain other employees. TSRUs entitle the holders to receive a number of shares of our common stock with a value equal to the difference between the defined settlement price and the grant price, plus the dividends accumulated during the five-year or seven-year term, if and to the extent the total value is positive.

We measure the value of TSRU grants as of the grant date using a Monte Carlo simulation model. The values determined through this fair value methodology generally are amortized on a straight-line basis over the vesting term.

Particulars	For the year ended 31 March 2018	
	Shares arising out of options	Weighted average exercise price (US$)
TSRUs outstanding at the beginning of the year	98,262	30.59
Add: Options granted during the year	117,792	34.06
Less: Options vested during the year	(276)	30.59
Less: Options forfeited during the year	(13,462)	31.55
Less: Transfer between entities	(17)	30.59
TSRUs outstanding at the year end	202,299	32.55

The weighted average remaining contractual life of the TSRUs outstanding at the year end is 4.7 years.

Currency: ₹ in crore

Particulars	For the year ended 31 March 2017		
	Shares arising out of options	Range of exercise prices (US $)	Weighted average exercise price (US $)
TSRUs outstanding at the beginning of the year	-		-
Add: Options granted during the year	110,467	30.59-30.59	30.59
Less: Options vested during the year	-	-	-
Less: Options forfeited during the year	(12,205)	30.59-30.59	30.59
Less: Transfer between entities	-	-	-
TSRUs outstanding at the year end	98,262	30.59-30.59	30.59
Exercisable at the end of the period	-	-	-

The weighted average remaining contractual life of the TSRUs outstanding at the year end is 4.2 years.

The weighted average grant date fair value of TSRUs granted during the year ended 31 March 2018 is US $ 34.06 per TSRU (31 March 2017: US $ 30.59 per TSRU)

b) Valuation of stock options

The fair value of stock options granted during the period has been measured using the Black–Scholes-Merton option pricing model at the date of the grant. The Black-Scholes-Merton option-pricing model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. The key inputs and assumptions used are as follows:

Share price: The closing price on NYSE as on the date of grant has been considered for valuing the options granted.

Exercise price: Exercise Price is the market price or face value or such other price as determined by the Pfizer Inc.'s Remuneration and Compensation Committee.

Expected volatility: The historical volatility of the stock till the date of grant has been considered to calculate the fair value of the options.

Expected option life: Expected life of option is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised.

Expected dividends: Expected dividend yield has been calculated as an average of dividend yields for the four financial years preceding the date of the grant.

Risk free interest rate: The risk free interest rate on the date of grant considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero coupon yield curve for Government Securities.

These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company's control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in future periods, stock based compensation expense could be materially impacted in future years. The estimated fair value of stock options is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards. The weighted average inputs used in computing the fair value of options granted were as follows:

Particulars	Date of grant			
	28 February 2017	**28 February 2016**	**28 February 2015**	**28 February 2014**
Expected dividend yield	3.69 %	3.85 %	3.19 %	3.18 %
Risk-free interest rate	2.23 %	1.55 %	1.89 %	1.94 %
Expected stock price volatility	18.39 %	21.64 %	18.34 %	19.76 %
Expected term	6.75 years	6.75 years	6.75 years	6.50 years

Currency: ₹ in crore

36 LEASES

Operating leases

a) Leases as lessee

The Company has taken certain facilities under operating lease arrangements. The lease can be terminated at the option of either parties by giving due notice. The rental expenses under operating leases are disclosed under "Other expenses" in the profit or loss.

Future minimum lease payments under non - cancellable operating leases is as follows :

	31 March 2018	31 March 2017
not later than one year	25.93	27.72
later than one year and not later than five years	6.48	34.65
later than five years	-	-
	32.41	**62.37**

b) Leases as lessor

The Company has sub let some of its leased property during the year on operating lease. The lease terms are in the range of 1 - 3 years. The information in respect of the same is as follows:

	31 March 2018	31 March 2017
Gross book value	37.89	37.89
Accumulated depreciation	4.17	2.77
Depreciation for the lease period	1.39	1.39
Rental income	**6.39**	**6.39**

Lease income recognized in the profit or loss for the year in respect of sub let property is Nil (31 March 2017: Nil)

37 FINANCIAL INSTRUMENTS

1. Financial instruments – Fair values and measurements

Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2018, including their levels are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if their carrying amount is a reasonable approximation of fair value.

		Carrying amount					Fair value			
	Note No.	FVTPL	FVTOCI	Amortized Cost	Derivatives designated as hedges	Total	Quoted prices in active markets (Level 1)	Significant observeable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets										
Non-current investments *	7	0.00	-	-	-	0.00	0.00	-	-	0.00
Long-term loans and advances	8	-	-	43.30	-	43.30	-	-	-	-
Trade receivables	11	-	-	154.80	-	154.80	-	-	-	-
Cash and cash equivalents	12a	-	-	50.73	-	50.73	-	-	-	-
Other bank balances	12b	-	-	1,721.13	-	1,721.13	-	-	-	-
Short-term loans	13	-	-	28.04	-	28.04	-	-	-	-
Other current financial assets	14	-	-	26.98	-	26.98	-	-	-	-
		0.00	-	2,024.98	-	2,024.98	0.00	-	-	0.00

Currency: ₹ in crore

	Carrying amount						Fair value			
	Note No.	FVTPL	FVTOCI	Amortized Cost	Derivatives designated as hedges	Total	Quoted prices in active markets (Level 1)	Significant observeable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial liabilities										
Borrowings	19	-	-	2.50	-	2.50	-	-	-	-
Trade payables	20	-	-	495.63	-	495.63	-	-	-	-
Other current financial liabilities	21	-	-	66.18	-	66.18	-	-	-	-
		-	**-**	**564.31**	**-**	**564.31**	**-**	**-**	**-**	**-**

* Rounded off.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at 31 March 2017, including their levels are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if their carrying amount is a reasonable approximation of fair value.

	Carrying amount						Fair value			
	Note No.	FVTPL	FVTOCI	Amortized Cost	Derivatives designated as hedges	Total	Quoted prices in active markets (Level 1)	Significant observeable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets										
Non-current investments *	7	0.00	-	-	-	0.00	0.00	-	-	0.00
Long-term loans	8	-	-	32.12	-	32.12	-	-	-	-
Trade receivables	11	-	-	110.32	-	110.32	-	-	-	-
Cash and cash equivalents	12a	-	-	67.59	-	67.59	-	-	-	-
Other bank balances	12b	-	-	1,455.50	-	1,455.50	-	-	-	-
Short-term loans	13	-	-	27.00	-	27.00	-	-	-	-
Other current financial assets	14	-	-	18.52	-	18.52	-	-	-	-
		0.00	**-**	**1,711.05**	**-**	**1,711.05**	**0.00**	**-**	**-**	**0.00**
Financial liabilities										
Borrowings	19	-	-	2.50	-	2.50	-	-	-	-
Trade payables	20	-	-	388.00	-	388.00	-	-	-	-
Other financial liabilities- Current	21	-	-	72.25	-	72.25	-	-	-	-
		-	**-**	**462.75**	**-**	**462.75**	**-**	**-**	**-**	**-**

* Rounded off.

2. Financial risk management - objective and policies

(i) Financial risk management framework

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

- Credit risk
- Liquidity risk
- Market risk
- Currency risk

Currency: ₹ in crore

The Company's Board of Directors have overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management is carried out by the management in consultation with the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific risk areas.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and from its financing activities including deposits with banks and other financial instruments. The Company establishes an allowance for expected credit loss and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

a) Trade and other receivables

The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹154.80 crore as at 31 March 2018 (31 March 2017: ₹110.32 crore).

Trade receivables are typically unsecured and are derived from revenue earned from customers primarily located in India.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry, the country and the state in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

b) Expected credit loss assessment for customers

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. The company provided for expected credit loss based on lifetime expected credit loss. (simplified approach).

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

	Amount
Balance as at 1 April 2016	23.16
Amounts written off	0.69
Increase in provision	2.95
Balance as at 31 March 2017	25.42
Amounts written off	1.89
Increase in provision	0.31
Balance as at 31 March 2018	**23.84**

Currency: ₹ in crore

c) **Cash and bank balances**

The Company held cash and bank balances of ₹1,771.86 crore as at 31 March 2018 (31 March 2017: ₹1,523.09 crore). Credit risk on cash and bank balances is limited as these are generally held or invested in deposits with banks with good credit ratings.

d) **Investments**

There are no significant investments made by the Company and hence credit risk is not material.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's principal sources of liquidity are cash and bank balances and the cash flow that is generated from operations. The Company has no outstanding bank borrowings. The Company believes that the working capital is sufficient to meet its current requirements.

Exposure to liquidity risk

Undiscounted contractual maturities of significant financial liabilities

31 March 2018	Carrying amount	Contractual cash flows				
		Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
- Borrowings	2.50	2.50	2.50	-	-	-
- Trade payables	495.63	495.63	495.63	-	-	-
- Creditors for capital expenditure	0.60	0.60	0.60	-	-	-
- Employee benefits payable	36.00	36.00	36.00	-	-	-
- Deposits	7.71	7.71	7.71	-	-	-
- Others	21.87	21.87	21.87	-	-	-
Total	**564.31**	**564.31**	**564.31**	**-**	**-**	**-**

31 March 2017	Carrying amount	Contractual cash flows				
		Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
Non-derivative financial liabilities						
- Borrowings	2.50	2.50	2.50	-	-	-
- Trade payables	388.00	388.00	388.00	-	-	-
- Creditors for capital expenditure	1.56	1.56	1.56	-	-	-
- Employee benefits payable	42.38	42.38	42.38	-	-	-
- Deposits	6.20	6.20	6.20	-	-	-
- Others	22.11	22.11	22.11	-	-	-
Total	**462.75**	**462.75**	**462.75**	**-**	**-**	**-**

(iv) Market risk

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

Currency: ₹ in crore

Currency risk

The Company is exposed to currency risk on account of its operations. The functional currency of the Company is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may continue to fluctuate substantially in the future.

Exposure to currency risk

The foreign currency risk from financial instruments as at 31 March 2018 are as follows:

	₹	US $
Financial assets		
Cash and cash equivalents *	0.21	0.00
Trade and other receivables	1.42	0.02
	1.63	0.02
Financial liabilities		
Trade and other payables	55.65	0.85
	55.65	0.85
Net assets / (liabilities)	(54.02)	(0.83)

* Rounded off

The foreign currency risk from financial instruments as at 31 March 2017 are as follows:

	₹	US $
Financial assets		
Cash and cash equivalents		
Trade and other receivables	1.51	0.02
	1.51	0.02
Financial liabilities		
Trade and other payables	45.11	0.70
	45.11	0.70
Net assets / (liabilities)	(43.60)	(0.68)

Every percentage point depreciation / appreciation in the exchange rate between the Indian Rupee and US dollar would not have a significant impact on profit or loss for the year ended 31 March 2018.

38 CAPITAL MANAGEMENT

a) Risk management

The Company's policy is to maintain a strong capital base to sustain future development of the business.

The Company has adequate cash and bank balances and continues to remain debt-free. The Company monitors its capital by a careful scrutiny of the cash and bank balances, and a regular assessment of any debt requirements. In the absence of any debt, the maintenance of debt equity ratio etc. may not be of any relevance to the Company.

b) Dividend

(i) Equity Shares

Final Dividend for the year ended 31 March 2017 of ₹ 20 for fully paid share (31 March 2016: ₹15 for fully paid share).

Dividend distribution tax on final dividend for March 2017 ₹18.62 crore (31 March 2016: ₹13.97 crore).

(ii) Dividend not recognized at the end of reporting period ₹ 91.50 Crore

Board of directors have recommended final dividend of ₹ 20 per fully paid share for the year ended 31 March 2018. This proposed dividend is subject to the approval of the shareholders in the annual general meeting.

Currency: ₹ in crore

39 PRICING LITIGATIONS - CONTINGENCIES

(a) Oxytetracycline and other formulations

In respect of certain price fixation Orders of 1981 of the Government of India, the Hon'ble Supreme Court vide its Order of 22 March 1993 held that, pending disposal of the Company's Writ Petition in the Hon'ble High Court of Bombay, the Company may deposit 50% of the impugned amount of ₹0.88 crore (31 March 2017: ₹0.88 crore), less ₹0.2 crore (31 March 2017: ₹0.2 crore) already deposited, with the Government of India before 15 May 1993 which has been done. In the event that the Company succeeds before the Hon'ble High Court of Bombay, this amount will be returned within one month from the date of the decision of the Hon'ble High Court of Bombay with interest at the rate of 15% per annum. However, if the Company loses the Writ Petition, the balance amount of ₹0.44 crore (31 March 2017: ₹0.44 crore) with interest at the rate of 15% per annum will have to be paid to the Government of India.

(b) Multivitamin Formulations

In respect of certain price fixation Orders of 1986 of the Government of India, the Hon'ble Supreme Court vide its Order dated 3 December 1992, held that, pending disposal of the Company's Writ Petition in the Hon'ble High Court of Bombay, the Company may deposit 50% of the impugned amount of ₹0.98 crore (31 March 2017: ₹0.98 crore) with the Government of India before 31 January 1993 which has been done. In the event that the Company succeeds before the Hon'ble High Court of Bombay, this amount will be returned within one month from the date of the decision of the Hon'ble High Court of Bombay with interest at the rate of 15% per annum. However, if the Company loses the Writ Petition, the balance amount of ₹0.49 crore (31 March 2017: ₹0.49 crore) with interest at the rate of 15% per annum will have to be paid to the Government of India.

(c) Protinex

In yet another case, the Company had challenged in 1986 a price fixation Order of the Government of India by a Writ Petition before the Hon'ble High Court of Bombay. The Hon'ble High Court of Bombay passed an ad interim and interim order staying the impugned order. The Petition, while it was still pending for hearing and final disposal, was withdrawn in 1989 on redressal of the Company's grievances. After protracted correspondence on the subject, in 1993 the Government of India raised a demand of ₹0.82 crore (31 March 2017: ₹0.82 crore) on the Company for the period April 1986 to July 1989 and directed the Company to deposit the same into the Drug Prices Equalization Account (DPEA). Thereafter, the Drug Prices Liability Review (DPLR) Committee sent a letter dated 15 February 1996 seeking the Company's submission/ representation against the reduced claim amount of ₹0.34 crore (31 March 2017: ₹0.34 crore) for the period April 1986 to August 1987 as intimated to the DPLR Committee by the Government of India. The Company has made its submissions to the DPLR Committee vide its letter of 29 March 1996 claiming that no amount whatsoever is due and payable having regard to the facts and relevant material of the case.

In the meantime, the Department of Chemicals and Petrochemicals vide their letter dated 11 February 1997 raised an additional demand of ₹1.78 crore (31 March 2017: ₹1.78 crore) for the earlier period of February 1984 to March 1986 over and above the revised claim of ₹0.34 crore (31 March 2017: ₹0.34 crore) for the period April 1986 to August 1987. Thus, the total demand raised now stands revised to ₹2.12 crore (31 March 2017: ₹2.12 crore). The DPLR Committee had, vide its letter dated 24 February 1997 invited the Company to make its submissions/ representations against the above said claim. The Company has made its submissions to the DPLR Committee vide its letter dated 14 May 1997 claiming that no amount whatsoever is due and payable having regard to the facts and relevant material of the case.

Pursuant to the submissions made by the Company, the DPLR Committee directed by an Order on 17 November 1998 that clarifications should be obtained from the Hon'ble High Court of Bombay on whether the Interim Stay granted in the Civil Writ Petition Number 2368 of 1996 is applicable to this matter. (This Writ Petition is filed by OPPI and IDMA jointly against any notice issued by the Government of India after 25 August 1987 to any member of the OPPI or IDMA, initiating proceedings for recovery of an amount demanded in respect of a period prior to that date).

On a Notice of Motion filed by the Company in the said Writ Petition, the Hon'ble High Court of Bombay has granted ad interim order that "pending the hearing and final disposal of this Notice of Motion, further proceedings in the said Case No 49/1996 pending before the said Drug Prices Liability Review Committee be stayed."

Currency: ₹ in crore

The Hon'ble High Court of Bombay vide its judgement dated 22 December 2011 dismissed the Writ Petition filed by OPPI & IDMA and directed the companies who have been issued show cause notices to file appropriate replies and directed the government to pass appropriate orders accordingly.

(d) Vitamin and other formulations

The Government of India has arbitrarily determined the liability of the Company at ₹14.66 crore (31 March 2017: ₹14.66 crore) being the difference in price in respect of Vitamin and other formulations sold by the Company during the years 1983 to 1989. The Company has repudiated the liability on this account. The Company's Solicitors have advised that the repudiation by the Company is legally sustainable. The Government of India has pursued the matter. The Company maintains its position that the claim by the Government of India is not legally sustainable.

(e) Chloramphenicol

The Government of India has arbitrarily determined the liability of the Company at ₹1.45 crore (31 March 2017: ₹1.45 crore) and ₹0.14 crore (31 March 2017: ₹0.14 crore) being the difference between the price of bulk drug Chloramphenicol powder and Chloramphenicol Palmitate respectively allowed in the formulation price and actual procurement price for the period 1979 to 1988. The Company has repudiated the liability on this account as advised by the Company's Solicitors. The Company has also obtained a Stay order from the Hon'ble High Court of Bombay against the demand.

Pursuant to the submissions made by the Company, the DPLR Committee directed by an Order on 17 November 1998 that clarifications should be obtained from the Hon'ble High Court of Bombay on whether the Interim Stay granted in the Civil Writ Petition Number 2368 of 1996 is applicable to this matter. (This Writ Petition is filed by OPPI and IDMA jointly against any Notice issued by the Government of India after 25 August 1987 to any member of the OPPI or IDMA, initiating proceedings for recovery of an amount demanded in respect of a period prior to that date).

Similar applications were filed as in the matter of Protinex before the Hon'ble High Court of Bombay in Writ Petition filed by OPPI & IDMA and similar order was passed i.e. Case No 23/95 pending before the said Drug Prices Liability Review (DPLR) Committee was stayed. The OPPI & IDMA Writ Petition have been disposed with the direction as aforesaid.

(f) Pursuant to the repeal of DPCO 1970, erstwhile Warner-Hindustan Limited (merged with Parke-Davis (India) Limited in 1988 and Parke – Davis (India) Limited merged with Pfizer Limited in 2003) had classified Isokin Tablets, Isokin Liquid and Pyridium tablets as decontrolled products under the DPCO 1979. The categorization was, however, challenged by the Government of India in 1984 and a demand of ₹1.13 crore (31 March 2017: ₹1.13 crore) was raised against the Company. Against this demand an excise duty set off of ₹0.07 crore (31 March 2017: ₹0.07 crore) was allowed to the Company and a final demand of ₹1.06 crore (31 March 2017: ₹1.06 crore) was raised in 1987.

The Company had deposited an amount of ₹0.3 crore (31 March 2017: ₹0.3 crore) in February 1987 and ₹0.25 crore (31 March 2017: ₹0.25 crore) in May 1990 totalling to ₹0.55 crore (31 March 2017: ₹0.55 crore) in full and final settlement of the demand, as per the arguments set forth by the Company. The Government of India subsequently raised a demand of ₹1.17 crore (31 March 2017: ₹1.17 crore) towards interest on principal demand. (i.e. interest of ₹0.43 crore (31 March 2017: ₹0.43 crore) for Pyridium for the period 1982 to August 1995 and ₹0.74 crore (31 March 2017: ₹0.74 crore) for Isokin for the period 1982 to June 1997.

The Company filed a Writ Petition in the Hon'ble High Court of Andhra Pradesh in September 1997 for staying all further proceedings against the Company. The Hon'ble High Court of Andhra Pradesh stayed the demand in respect of collection of interest but directed the Company to deposit the balance demand of ₹0.51 crore (31 March 2017: ₹0.51 crore) (which amount was deposited in November 1997).

The said Writ Petition has been heard and disposed off by final judgement of the Hon'ble High Court of Andhra Pradesh, on 15 April 2011. The Hon'ble High Court of Andhra Pradesh has inter alia set aside all the demand notices and further directed the respondents to refund the monies paid under the interim orders.

Currency: ₹ in crore

The Government of India has preferred a Special Leave Petition (SLP) before the Hon'ble Supreme Court against the above judgement. In view of there being a discrepancy in the English and Hindi Notification of DPCO, 1979 in para 13(5) of the DPCO, 1979 the SLP came to be allowed vide order dated 12 April 2013 setting aside the impugned judgment and restoring the writ petition to file, to conduct appropriate enquiry and for hearing and fresh disposal. The matter now stands remanded back to the Hon'ble High Court of Andhra Pradesh.

(g) Multivitamin Formulations:

The Government of India has arbitrarily raised a demand of ₹1.82 crore (31 March 2017: ₹1.82 crore) on account of alleged overpricing of certain multivitamin formulations marketed by erstwhile Pharmacia Healthcare Limited (merged with Pfizer Limited) for the period 1983 to 1986. The Company has repudiated the liability on this account as advised by its solicitors. The Company filed a Writ Petition No.814 of 1992 in the Hon'ble High Court of Bombay. The Supreme Court, in a SLP filed by the Company held that pending disposal of Writ Petition filed before the Hon'ble High Court of Bombay, the Company shall furnish an undertaking in respect of 50% of its liability and shall deposit the balance 50% aggregating to ₹0.91 crore (31 March 2017: ₹0.91 crore). This amount has been deposited with the Government of India and is included under the head "Long Term Loans and Advances".

Pursuant to a Transfer Petition (Civil) no 475-496 of 2003 filed under Article 139A(1) of the Constitution of India, all pending writ petitions in respect of Drug Prices Equalization Account (DPEA) liabilities are now to be transferred to the Hon'ble Supreme Court to be heard and finally decided by the Hon'ble Supreme Court of India. Consequently, as a result of the said transfer petition, Writ Petitions referred to in (a), (b), (c), (e), (f) and (g) above will now be heard and disposed of by the Hon'ble Supreme Court.

The Hon'ble Supreme Court however, by order dated 3 May 2010 disposed off the Transfer Petition, directing the concerned High Courts to take up the writ petitions before them and dispose them on merits.

The Writ Petitions filed before the Hon'ble High Court of Bombay came up for hearing on 1 February 2013. The Hon'ble High Court of Bombay was of the view that the Orders passed by the Government of India may be set aside and the Government of India may be directed to decide the matters afresh keeping all the issues and contentions open. Consequently, as directed by the Hon'ble High Court of Bombay draft minutes of the order were prepared and circulated to the Advocates of the Government of India for their perusal.

In view of the disagreement between the parties on the draft minutes, on 12 March 2013 the Government of India sought to press for their Notice of Motion for all the matters to be listed for final hearing. Thereafter, the Hon'ble High Court of Bombay passed an Order for the matters to be listed in due course and rejected the Notice of Motion of the Government of India.

Thereafter, the Government of India made an application before the Hon'ble Chief Justice for having this group of matters to be assigned to a Division Bench for expeditious hearing. However, till date no Order has been passed in the matter.

In view of matters (a), (b), (c), (e), (f) and (g) being subjudice, the legal opinion being in favor of the Company, and based on the assessment of the Management, no further provision is considered necessary over and above the sum of ₹1.98 crore (31 March 2017: ₹1.98 crore)which has been paid off in earlier years.

The Company would continue to seek legal recourse in all the above matters.

(h) The Government of India had served demand notices on erstwhile Wyeth Limited in respect of its product, claiming that an amount of ₹45.07 crore (31 March 2017: ₹45.07 crore) inclusive of interest of ₹31.87 crore (31 March 2017: ₹31.87 crore) is payable in respect of price fixation under the Drugs (Prices Control) Order 1979. The Company has disputed the demand. Without prejudice to its contention, the Company paid the principal amount of ₹13.21 crore (31 March 2017: ₹13.21 crore). The Company carries a provision of ₹14.69 crore (31 March 2017: ₹14.69 crore) in respect of the said demand. The Company has furnished corporate bonds for amount aggregating to ₹31.87 crore (31 March 2017: ₹31.87 crore) for interest.

Currency: ₹ in crore

(i) The Government of India had served demand notices on erstwhile Wyeth Limited in respect of its product, claiming that an amount of ₹10.69 crore (31 March 2017: ₹10.69 crore) inclusive of interest of ₹8.32 crore (31 March 2017: ₹8.32 crore) is payable in respect of price fixation under the Drugs (Prices Control) Order 1979. The Company has disputed the demand. Without prejudice to its contention, the Company has paid principal amount of ₹2.36 crore (31 March 2017: ₹2.36 crore) under protest. The Company carries a cumulative provision of ₹ 0.41 crore (31 March 2017: ₹ 0.41 crore) in the books of accounts. Corporate bonds for amount aggregating to ₹8.32 crore (31 March 2017: ₹8.32 crore) for interest has been furnished.

(j) The Government of India had served demand notices on erstwhile Wyeth Limited in respect of its certain bulk drugs, claiming that an amount of ₹3.31 crore (31 March 2017: ₹3.31 crore) inclusive of interest ₹1.87 crore (31 March 2017: ₹1.87 crore) is payable into the Drug Prices Equalization Account (DPEA) under the Drugs (Prices Control) Order, 1979 on account of alleged unintended benefit enjoyed by the Company. The Company has disputed the demand. Without prejudice to its contentions, the Company has paid an amount of ₹0.45 crore (31 March 2017: ₹0.45 crore) under protest.

(k) The Government of India had served a demand notice on erstwhile Wyeth Limited claiming an amount of ₹17.26 crore (31 March 2017: ₹17.26 crore) inclusive of interest of ₹1.34 crore (31 March 2017: ₹1.34 crore) due thereon for alleged non compliance under the Drugs (Prices Control) Order, 1995 in respect of production of Prednisolone based formulations. Without prejudice to its contentions, the Company has provided and paid ₹12.88 crore (31 March 2017: ₹12.88 crore) and disputed the balance demand.

The demands stated in (h), (i), (j) and (k) above aggregate to ₹76.34 crore (31 March 2017: ₹76.34 crore) inclusive of interest of ₹43.41 crore (31 March 2017: ₹43.41 crore) . Based on the legal opinions obtained in respect of these cases, the Company is of the opinion that the estimated liability in respect of these cases involved shall not exceed ₹15.10 crore (31 March 2017: ₹15.10 crore) provided in the books of accounts.

(l) Other pricing related disputes

The government had raised demands on account of alleged non-adherence of certain price notifications on four products marketed / traded by the Company. The total liability in respect of these demands amounted to ₹15.11 crore (31 March 2017: ₹15.11 crore) against which the Company has made a provision of ₹4.99 crore (31 March 2017: ₹4.99 crore).

Based on the legal opinions obtained, the Company is of the opinion that the estimated liability in respect of these cases involved shall not exceed the amount provided in books of accounts.

40 RELATED PARTY TRANSACTIONS

I Names of related parties and description of relationships

A Parties where control exists:

Ultimate holding company:

Pfizer Inc., USA

B. Companies collectively exercising significant influence:

Pfizer East India B.V., Netherlands

Wyeth LLC, USA

Wyeth Holdings Corporation, USA

John Wyeth & Brother Limited, UK

Warner - Lambert Company, LLC, USA

Parke - Davis & Company, LLC, USA

Pharmacia Corporation, USA

[Collectively holding 63.92% of the aggregate of equity share capital of the Company]

Currency: ₹ in crore

C. Fellow subsidiaries with whom transactions have taken place during the year

Pfizer Products India Private Limited, India

Pfizer Investment Co. Ltd., China

Pfizer Innovative Supply Point Intl BVBA, Belgium

Pfizer Service Company BVBA, Belgium

Pfizer Worldwide Services, Ireland

D. Key managerial personnel

S. Sridhar - Managing Director

Ravi Prakash Bhagavathula - Chief Financial Officer (up to 31 March 2018)
Wholetime Director (w.e.f 30 January 2017 to 28 February 2018)

Vivek Dhariwal - Wholetime Director

Dr. Anurita Majumdar - Wholetime Director (w.e.f 4 November 2016)

Mr. R A Shah - Independent Director

Mr. Pradeep Shah - Independent Director

Mr. Uday Khanna - Independent Director

Mr. Sunil Lalbhai - Independent Director

II. Transactions during the year and balances outstanding as at the year end with the related parties are as follows:

No.	Nature of transactions	31 March 2018				31 March 2017			
		Ultimate holding company	Companies exercising significant influence	Fellow subsidiaries	Total	Ultimate holding company	Companies exercising significant influence	Fellow subsidiaries	Total
1	Service income (including service tax)	1.27	-	54.02	55.29	4.34	-	23.31	27.65
2	Recovery of expenses	-	-	1.34	1.34	0.93	-	4.08	5.01
3	Purchase of stock-in-trade	-	-	273.63	273.63	-	-	280.28	280.28
4	Purchase of raw / bulk materials	-	-	59.83	59.83	-	-	75.47	75.47
5	Royalty expense	-	-	-	-	0.05	-	-	0.05
6	Reimbursement of expenses	0.88	-	3.33	4.21	2.57	-	4.26	6.83
7	Dividend in respect of the year ended 31 March 2017 / 2016	-	58.49	-	58.49	-	43.86	-	43.86
8	Service charges (including service tax)	-	-	2.97	2.97	-	-	3.78	3.78

No.	Nature of transactions	31 March 2018				31 March 2017			
		Ultimate holding company	Companies exercising significant influence	Fellow subsidiaries	Total	Ultimate holding company	Companies exercising significant influence	Fellow subsidiaries	Total
9	Outstanding as at the year end – Due from	0.20	-	14.83	15.03	1.31	-	8.23	9.54
10	Outstanding as at the year end – Due to	9.76	7.76	290.15	307.67	6.34	7.76	266.71	280.81

Currency: ₹ in crore

Key managerial personnel

No.	Nature of transactions	Year ended 31 March 2018	Year ended 31 March 2017
1	Remuneration to key management personnel *	10.06	7.64

* Excludes amounts payable to key management personnel towards gratuity, compensated absences and provident fund.

Details of material transactions during the year:

No.	Nature of transactions	Year ended 31 March 2018	Year ended 31 March 2017
a)	**Service income (including service tax)**		
	Pfizer Products India Private Limited, India	19.79	23.31
	Pfizer Worldwide Services, Ireland	34.23	-
b)	**Service charge**		
	Pfizer Products India Private Limited, India	2.97	3.81
c)	**Recovery of expenses**		
	Pfizer Products India Private Limited, India	1.31	3.57
d)	**Purchase of stock in trade**		
	Pfizer Innovative Supply Point Intl BVBA, Belgium	242.60	255.89
	Pfizer Service Company BVBA, Belgium	27.49	14.91
e)	**Purchase of raw/ bulk materials**		
	Pfizer Service Company BVBA, Belgium	55.49	70.90
f)	**Reimbursement of expenses**		
	Pfizer Investment Co., Ltd., China	3.20	3.80
	Pfizer Inc., USA	0.88	2.57
	Pfizer Pharmaceuticals Korea Limited	-	0.15
	Pfizer Products India Private Limited, India	-	0.31
g)	**Dividend paid**		
	Pfizer East India B.V., Netherlands	36.37	27.28
	Wyeth LLC, USA	11.24	8.43
h)	**Remuneration to key management personnel**		
	S. Sridhar	3.43	2.70
	Ravi Prakash Bhagavathula	2.30	2.09
	Vivek Dhariwal	1.92	1.85
	Dr. Anurita Majumdar	1.74	0.55

No.	Nature of transactions	As on 31 March 2018	As on 31 March 2017
i)	**Outstanding as at the year end due from**		
	Pfizer Worldwide Services, Ireland	9.49	-
	Pfizer Products India Private Limited, India	5.34	8.16
j)	**Outstanding as at the year end due to**		
	Pfizer Innovative Supply Point Intl BVBA, Belgium	145.27	110.54
	Pfizer Service Company BVBA, Belgium	32.65	43.99
	Pfizer Export Company, Ireland	57.41	57.41

Currency: ₹ in crore

41 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

No.	Nature of transactions	31 March 2018	31 March 2017
(i)	**Contingent liabilities***		
	(a) Claims not acknowledged as debts	12.09	14.40
	(b) Other guarantees	5.65	7.46
	(c) Other contingent liabilities in respect of:		
	1. Duty of excise	18.53	20.10
	2. Duty of customs	1.72	1.72
	3. Sales tax / VAT	215.63	157.49
	4. Service tax	**1.93**	1.93
	5. Income tax	214.68	293.97
	6. Pending labour matters contested in various courts	1.04	1.04
(ii)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	0.62	0.47

* Management considers the service tax, duty of excise, duty of customs, sales tax / VAT and Income tax demands received from the authorities are not tenable against the Company, and therefore no provision for these tax contingencies has been made.

Refer note 39 for pricing litigations contingencies.

42 SEGMENT REPORTING

The Company has only one segment which is Pharmaceuticals and primarily operates in domestic market. The Managing Director of the Company has been identifed as the Chief Operating Decision Maker. The Company's Managing Director, reviews the operating performance of the Company as a whole on a periodic basis. Therefore, disclosure relating to segments is not applicable and accordingly not made.

The details of geographical segment for the year ended 31 March 2018 and 31 March 2017 is as under

Nature of transactions	31 March 2018	31 March 2017
Revenue from operations from India	1,933.20	2,028.63
Revenue from operations from outside of India	46.99	13.30
Total Revenue from operations	**1,980.19**	**2,041.93**

There are no non-current assets outside of India as at 31 March 2018 (31 March 2017: Nil).

43 SUBSEQUENT EVENTS

There are no significant subsequent events that would require adjustments or disclosures in the financial statements as on the reporting date.

Currency: ₹ in crore

44 CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per Section 135 of the Companies Act, 2013, ("the Act") a Company, meeting the applicability threshold, need to spend at least 2% of its average net profit for the immediately preceding three financial years on CSR activities. The areas for CSR activities are education of hunger and malnutrition, promoting education, art and culture, healthcare, destitute care and rehabilitation, environment sustainability, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the Act.

The gross amount required to be spent by the Company during the year is ₹8.22 crore. The details of the amounts spent during the year on CSR activities are as follows:

Particulars		Year ended 31 March 2018		
		In cash	Yet to be paid in cash	Total
i)	Construction / acquisition of any asset	-	-	-
		(-)	(-)	(-)
ii)	On purposes other than (i) above	**0.93**	-	**0.93**
		(7.88)	(-)	(7.88)

* figures in bracket is of 31 March 2017

45 EXCEPTIONAL ITEMS

Exceptional items for the year ended 31 March 2017 includes income of ₹26.97 crore from sale of property and guest house (net of related expenses) and ₹103.46 crore from assignment of trademarks (net of related expenses).

As per our report of even date attached
For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No: 001076N/N500013

Ashish Gupta
Partner
Membership No. 504662

Mumbai
7 May 2018

For and on behalf of the Board of Directors of **Pfizer Limited**
CIN: L24231MH1950PLC008311

R. A. Shah
Chairman
DIN:00009851

Pradip Shah
Director
DIN:00066242

S. Sridhar
Managing Director
DIN:05162648

Uday Khanna
Director
DIN:00079129

S. S. Lalbhai
Director
DIN:00045590

Vivek Dhariwal
Wholetime Director
DIN:02826679

Prajeet Nair
Company Secretary
Membership No.: A19267

Mumbai
7 May 2018