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

(All amounts in ₹ Millions, unless otherwise stated)

Company Profile

Bayer CropScience Limited ("the Company") is a Company incorporated under the Companies Act, 1956 and having its registered office at Bayer House, Central Avenue, Hiranandani Estate, Thane (West) - 400 607, India. The Company is engaged in 'Agri Care' business which primarily includes manufacture, sale and distribution of insecticides, fungicides, herbicide and various other agrochemical products, and sale and distribution of hybrid seeds. Out of the total paid-up share capital of the Company, 68.69% is held by its promoters. The ultimate parent company is Bayer AG, Germany. The Company is listed on the Bombay Stock Exchange, Mumbai. The Company has its own manufacturing site at Himatnagar in the state of Gujarat.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

Compliance with Ind AS

The financial statements of the Company are based on the principle of historical cost except for certain financial assets and liabilities and defined benefit plan that are measured at fair value, and are drawn up to comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The accounting policies are applied consistently to all the years presented in the financial statements.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between acquisition of assets for processing and their realization in cash and 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.

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

(b) Use of Estimates and Judgements

In preparing the financial statements, the Management has to make certain assumptions and estimates that may substantially impact the presentation of the Company's financial position and/ or results of operations.

Such assumptions and estimates mainly relate to the useful life of Property, Plant and Equipment, Investment Properties and Intangible Assets and the recognition of provisions, including those for litigation, employee benefits and sales deductions.

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Although the Company regularly assesses these estimates, actual results may differ from these estimates. Changes in estimates are recorded in the periods in which they become known.

(c) Foreign Currency Transactions

The financial statements are presented in Indian Rupee, which is the Company's functional and presentation currency. A company's functional currency is that of the primary economic environment in which the company operates.

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. Foreign exchange gains/ losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the Statement of Profit and Loss.

(d) Revenue Recognition

(i) Sales are recognised in the Statement of Profit and Loss when the significant risks and rewards of ownership of the goods have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue and costs incurred or to be incurred, can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company.

Sales are measured at the fair value of the consideration received or receivable inclusive of excise duty and net of returns, trade allowances, rebates, discounts, value added taxes, goods and service tax. Appropriate provisions are recorded for rebates and returns which are estimated on the basis of historical experience, specific contractual terms and future expectations. It is unlikely that the factors other than these could materially affect sales deductions of the Company.

(d) Revenue Recognition (contd.)

The Company operates loyalty programs where direct/ indirect customers accumulate points for purchases made, which entitles them for free or discounted goods, other than Company's goods or specific services. The revenue received or receivable is allocated between the goods supplied and award credits granted. Revenue related to the award credits are deferred and recognised when the points are redeemed by the customers. The revenue related to the award credit is measured by reference to their fair value.

The Company evaluates sales and distribution arrangement with supplier whether it is acting as a principal or an agent of the supplier, considering its exposure to the significant risk and reward, and based on factors such as primary obligation for providing goods/ services to customer, credit risk, inventory risk and pricing latitude. Where the supplier retains significant risks and rewards associated with the product and the Company performs the function of selling and distribution for a margin within a range by acting as an agent, it recognises only the margin (i.e. sales less material cost) as its revenue from such transactions.

(ii) Recoveries from Group Companies and Third Parties include recoveries towards common facilities/ resources, information technology and other support provided to such parties which is recognised as per terms of agreement and in the accounting period in which the services are rendered.

(e) Other Income

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts over the expected life of the financial asset to the asset's gross carrying amount on initial recognition. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument.

Income from export incentives is recognised on accrual basis to the extent the ultimate realisation is reasonably certain.

(f) Income Tax

Income taxes comprise the taxes levied on taxable income along with changes in deferred tax assets and liabilities that are recognised in the Statement of Profit and Loss. The income taxes recognised are reflected at the amounts likely to be payable under the statutory regulations in force, or substantively enacted in relation to future periods, at the end of the reporting period.

In compliance with Ind AS 12 - Income Taxes, deferred taxes are recognised for temporary differences between the carrying amounts of assets and liabilities in the Balance Sheet prepared according to Ind AS and their tax bases.

Deferred tax assets relating to deductible temporary differences, tax credits or tax loss carryforwards are recognised where it is sufficiently probable that taxable income will be available in the future to enable them to be used. Deferred tax liabilities are recognised on temporary differences taxable in the future.

The probability that deferred tax assets resulting from temporary differences or loss carryforwards can be used in the future, is the subject of forecasts by the Company regarding its future earnings situation and other parameters.

Deferred taxes are calculated at the rates which, on the basis of the statutory regulations in force, or substantively enacted in relation to future periods, as of the closing date, are expected to apply at the time of realisation. Deferred tax assets and deferred tax liabilities are offset if they relate to income taxes levied by the same taxation authority and the Company has a legal right to settle on a net basis. Material effects of changes in tax rates or tax law on deferred tax assets and liabilities are generally accounted for in the period in which the changes are enacted. Such effects are recognised in the Statement of Profit and Loss except where they relate to deferred taxes that were recognised outside the Statement of Profit and Loss, in which case they, too, are recognised in Other Comprehensive Income or directly in Equity.

Deferred and current taxes are recognised in the Statement of Profit and Loss unless they relate to items recognised outside the Statement of Profit and Loss in Other Comprehensive Income or directly in Equity, in which case they, too, are recognised in Other Comprehensive Income or directly in Equity respectively.

(g) Leases

A lease is an agreement whereby the lessor conveys to the lessee the right to use an asset for an agreed period of time in return for a payment or series of payments. A lease is classified at the inception date as a finance lease or an operating lease. Lease transactions that transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee are classified as finance leases. All other lease agreements are classified as operating leases. Whether an agreement constitutes a lease or contains a lease is determined at the inception of the lease.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(g) Leases (contd.)

As a lessee:

In case of finance lease, the leased asset is capitalised at the lower of fair value of the leased asset and the present value of the minimum lease payments at the inception of lease. The leased asset is depreciated by the straight-line method over the shorter of its estimated useful life or the lease term.

In case of operating lease, the lease payments are recognised as expenditure in the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor:

In respect of assets given on operating lease, the lease rental income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

(h) Cash and Cash Equivalents

Cash and Cash Equivalents comprise balances with banks including demand deposits and other short term highly liquid investments that are subject to an insignificant risk of changes in value, are easily convertible into a known amount of cash and have a maturity of three months or less from the date of acquisition or investment.

(i) Inventories

Inventories encompass goods consumed in production (raw materials, packing materials and stores and spare parts), goods in the production process for sale (work-in-progress) and goods held for sale in the ordinary course of business (finished goods and stock-in-trade). Inventories are recognised at the lower of their cost of acquisition calculated by the weighted average method and at their net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses necessary to make the sale.

(j) Investment and Financial Assets

Financial assets are recognised and measured in accordance with Ind AS 109 - Financial Instruments. Accordingly, the Company recognises financial asset only when it has a contractual right to receive cash or other financial assets from another entity.

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

Subsequent to initial recognition, financial assets are measured at amortised cost, fair value through other comprehensive income (FVOCI) or FVPL. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Debt instruments

There are three measurement categories into which the Company classifies its debt instruments:

<u>At amortised cost</u>

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are accounted for at amortised cost using the effective interest method. This category comprises trade accounts receivable, loans, cash and cash equivalents, bank balances and other financial assets. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the Statement of Profit and Loss when the asset is derecognised or impaired. Interest income from these financial assets is included in Other Income using the effective interest rate method.

<u>Fair Value through Other Comprehensive Income (FVOCI)</u>

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

(j) Investment and Financial Assets (contd.)

Fair Value through Profit or Loss (FVPL)

Assets shall be measured at FVPL unless it is measured at amortised cost or at FVOCI. A gain or loss on a debt instrument that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in the Statement of Profit and Loss and presented within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in Other Income.

Equity instruments

Investment in Equity Instruments are classified as FVPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income for investment in equity instruments which are not held for trading.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The Company applies Expected Credit Loss (ECL) model for recognising impairment loss on financial assets measured at amortised cost. The Company follows ‘simplified approach’ permitted by Ind AS 109 - Financial Instruments for recognition of impairment loss on trade receivables and lease receivables based on expected lifetime losses at each reporting date right from its initial recognition. If the reasons for previously recognised impairment losses no longer apply, the impairment losses are reversed provided that this does not cause the carrying amounts to exceed the amortised cost of acquisition.

Financial assets are derecognised when contractual rights to receive cash flows from the financial assets expire or the financial assets are transferred together with all material risks and benefits.

(k) Derivatives

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks which are not designated as hedges. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recognised immediately in the Statement of Profit and Loss.

(l) Property, Plant and Equipment

Freehold land is carried at historical cost. Property, plant and equipment is carried at the cost of acquisition or construction and depreciated over its estimated useful life. An impairment loss is recognised in addition if an asset’s recoverable amount falls below its carrying amount.

If the construction phase of property, plant and equipment extends over a substantial period of time, the interest incurred on borrowed capital up to the date of completion is capitalised as part of the cost of acquisition or construction in accordance with Ind AS 23 - Borrowing Cost.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it meets the asset recognition criteria as per Ind AS 16 - Property, Plant and Equipment.

Significant asset components with different useful lives are accounted for and depreciated separately.

If there are indications that an individual item of property, plant and equipment may be impaired, the recoverable amount is compared to the carrying amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and its value in use. If the recoverable amount is less than the carrying amount, an impairment loss is recognised for the difference. If the reasons for a previously recognised impairment loss no longer apply, the impairment loss is reversed provided that the reversal does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The Company, based on internal Management assessment, depreciates property, plant and equipment under straight-line method over following estimated useful lives which are similar to the useful life prescribed in Schedule II to the Companies Act, 2013. The asset’s residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets Class	**Useful lives in years**
Buildings (including Roads)	10 to 60
Plant and Equipment	7 to 15
Furniture and Fixtures	10
Vehicles	8
Office Equipment (including Electrical Installation)	5 to 10
Computers	3 to 6

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

(l) Property, Plant and Equipment (contd.)

Depreciation on assets costing ₹ 5,000/- or less is provided at the rate of 100% in the year of acquisition.

Land under finance lease is amortised over the period of lease except for the lease with perpetual rights.

The Company has elected to measure all its property, plant and equipment, at their previous GAAP carrying value which has been considered as deemed cost at date of transition i.e. April 1, 2015.

(m) Investment Properties

Investment properties comprise land and buildings not being used for operational or administrative purposes. It is measured using the cost model.

The Company, based on technical assessment made by management expert, depreciates investment properties under straight-line method over estimated useful lives which are similar to the useful life prescribed in Schedule II to the Companies Act, 2013.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit and Loss in the period of derecognition.

The Company has elected to measure all its investment properties at their previous GAAP carrying value which has been considered as deemed cost at date of transition i.e. April 1, 2015.

(n) Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance such as technical knowhow, software or marketing rights. It is capitalised if the future economic benefits attributable to the asset will probably flow to the Company and the cost of acquisition or generation of the asset can be reliably measured. It is amortised from the point at which the asset is available for use.

Intangible assets are recognised at the cost of acquisition or generation less accumulated amortisation & impairment loss, if any. Those with determinable useful life are amortised on a straight-line basis over a period of up to three years for software and ten years for marketing rights. Determination of the expected useful lives of such assets and the amortisation patterns is based on estimates of the period for which they will generate cash flows. An impairment test is performed if there is an indication of possible impairment.

Any impairment losses are recognised in the Statement of Profit and Loss. If the reasons for a previously recognised impairment loss no longer apply, the impairment loss is reversed provided that the reversal does not exceed the carrying amount that would have been determined (net of amortisation) had no impairment loss been recognised for the asset in prior years.

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

The Company has elected to measure all its intangible assets at their previous GAAP carrying value which has been considered as deemed cost at the date of transition i.e. April 1, 2015.

(o) Financial Liabilities

Financial liabilities are initially recognised at fair value if the Company has a contractual obligation to transfer cash or other financial assets to another party. Borrowings and payables are recognised net of directly attributable transaction costs. In subsequent periods, such liabilities are measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the contractual obligation is discharged or cancelled, or has expired.

(p) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised for present legal or constructive obligations arising from past events that will probably give rise to a future outflow of resources, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured in accordance with Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets. Where the cash outflow to settle an obligation is expected to occur after one year, the provision is recognised at the present value of the expected cash outflow. The increase in the provision due to passage of time is considered as Finance Cost. Claims for reimbursements from third parties are separately reflected in other receivables considering they are realisable.

If the projected obligation declines as a result of a change in the estimate, the provision is reversed by the corresponding amount and the resulting income recognised in the expense item(s) in which the original charge was recognised.

Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

Contingent assets are not recognised in the financial statements.

(q) Provision for Employment Benefits

The Company provides post-employment benefits under defined contribution, defined benefit plans, other employee benefits and termination benefits.

The Company has Defined Contribution plans namely Provident Fund and Superannuation Fund which are administered through Government authorities/ trustees. The Company contributes to a Government administered Provident Fund, Employees' Deposit Linked Insurance Scheme and Family Pension Fund on behalf of its employees and has no further obligation beyond making its contribution. Under Superannuation Fund, applicable to certain employees, the Company makes contributions to Managerial employees' Superannuation Scheme which is administered by Life Insurance Corporation of India ('LIC') and has no further obligation beyond making the payment to LIC. The Company makes contributions to State plans namely Employees' State Insurance Fund and has no further obligation beyond making the payment to them. The Company's contributions to the above funds are recognised as Employee Benefits Expense in the Statement of Profit and Loss for the year in which they are due.

The Company has a Defined Benefit plan namely Gratuity covering its employees. The Gratuity scheme is funded through Group Gratuity-cum-Life Assurance Scheme and Kotak Group Balanced Fund which is administered by LIC and Kotak Life Insurance Limited respectively. The present value of provisions for defined benefit plans and the resulting expense are calculated in accordance with Ind AS 19 - Employee Benefits by the Projected Unit Credit Method. The future benefit obligations are valued by an independent actuary at the year-end and spread over the entire employment period on the basis of specific assumptions regarding beneficiary structure and the economic environment. This includes the determination of the discount rate, salary escalation, mortality rate etc. which affects the valuation. In determining the appropriate discount rate at each balance sheet date, the Management considers the interest rates which relates to the benchmark rate available for Government Securities and that have terms to maturity approximating the terms of the related defined benefit obligation.

The fair value of plan assets is deducted from the present value of the defined benefit obligation to determine the net defined benefit obligation.

The effects of re-measurements of the net defined benefit obligation are reflected in the Statement of Comprehensive Income as Other Comprehensive Income. They consist of actuarial gains and losses and the return on plan assets, less the respective amounts included in net interest. Deferred taxes relating to the effects of re-measurements are also recognised in Other Comprehensive Income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss as past service cost under 'Employee Benefits Expense'.

For other employee benefits, the effect of re-measurements arising due to experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss as 'Employee Benefits Expense' in the year in which they arise.

The net interest on net obligation for defined benefits and other employee benefits is recognised in the Statement of Profit and Loss as 'Finance Cost' in the year in which it arises.

Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

(r) Recent Accounting Pronouncements

Standards issued but not yet effective

The Ministry of Corporate Affairs has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2018 (the 'Amendment Rules') on March 28, 2018 whereby Ind AS 115 - Revenue from Contracts with Customers, Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration has been notified and changes in various applicable Ind AS have been made. These amendments are applicable to the Company from April 1, 2018.

(i) Ind AS 115- Revenue from Contracts with Customers:

The new standard establishes a five-step model related to revenue recognition from contracts with customers. Under Ind AS 115 - Revenue from Contracts with Customers, revenue is recognised at amounts that reflect the consideration that an entity expects to be entitled to in exchange for transferring goods or services to a customer. Revenue is recognised when (or as) the entity transfers control of goods or services to a customer either over time or at a point in time.

The Company will implement Ind AS 115 - Revenue from Contracts with Customers retrospectively with cumulative effect of initially applying the standard recognised at the date of initial application i.e. April 1, 2018. The aggregate amount of any transition effects will be accounted by way of an adjustment to retained earnings as of April 1, 2018, and presenting the comparative period in line with previous rules. The new standard is not expected to materially affect the timing of revenue and impact financial statements of the Company.

(ii) Appendix B to Ind AS 21- Foreign currency transactions and advance consideration:

The Appendix clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration towards such assets, expenses or income. If there are multiple payments or receipts in advance, then an entity must determine transaction date for each payment or receipts of advance consideration.

There is no impact of the Appendix on the financial statements.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

2 PROPERTY, PLANT AND EQUIPMENT [Refer Note 33(a)]

Assets	Cost/ Deemed Cost				Accumulated Depreciation				Net Carrying amount
	As at 01.04.2017	Additions	Deletions	As at 31.03.2018	As at 01.04.2017	For the year	On deletions	As at 31.03.2018	As at 31.03.2018
Freehold Land	**180**	**-**	**-**	**180**	**-**	**-**	**-**	**-**	**180**
	(180)	(-)	(-)	(180)	(-)	(-)	(-)	(-)	(180)
Land under Finance Lease	**1**	**-**	**-**	**1**	**-***	**-***	**-**	**-***	**1**
	(1)	(-)	(-)	(1)	(-)*	(-)*	(-)	(-)*	(1)
Buildings **	**1,807**	**8**	**-**	**1,815**	**89**	**45**	**-**	**134**	**1,681**
	(1,788)	(19)	(-)	(1,807)	(43)	(46)	(-)	(89)	(1,718)
Plant and Equipment **	**455**	**43**	**1**	**497**	**99**	**58**	**1**	**156**	**341**
	(320)	(135)	(-)	(455)	(47)	(52)	(-)	(99)	(356)
Furniture and Fixtures	**174**	**6**	**- ***	**180**	**37**	**23**	**-***	**60**	**120**
	(164)	(11)	(1)	(174)	(18)	(19)	(-)*	(37)	(137)
Vehicles	**518**	**142**	**31**	**629**	**97**	**74**	**14**	**157**	**472**
	(380)	(217)	(79)	(518)	(57)	(67)	(27)	(97)	(421)
Office Equipment (including Computers)	**387**	**68**	**11**	**444**	**148**	**100**	**9**	**239**	**205**
	(275)	(113)	(1)	(387)	(65)	(84)	(1)	(148)	(239)
Total	**3,522**	**267**	**43**	**3,746**	**470**	**300**	**24**	**746**	**3,000**
	(3,108)	(495)	(81)	(3,522)	(230)	(268)	(28)	(470)	(3,052)

a) Deemed cost of leasehold improvements as on April 1, 2015 is Nil i.e. fully depreciated over a period of time and hence the same has not been presented in the above table.

b) Figures shown in brackets are in respect of previous year.

* Amount is below the rounding off norm adopted by the Company.

** Additions to Buildings, Plant and Equipment represent amount of expenditure incurred in the course of its construction.

3 INVESTMENT PROPERTIES

Assets	Cost/ Deemed Cost				Accumulated Depreciation				Net Carrying amount
	As at 01.04.2017	Additions	Deletions	As at 31.03.2018	As at 01.04.2017	For the year	On deletions	As at 31.03.2018	As at 31.03.2018
Land	**34**	**-**	**-**	**34**	**-**	**-**	**-**	**-**	**34**
	(34)	(-)	(-)	(34)	(-)	(-)	(-)	(-)	(34)
Building	**283**	**-**	**-**	**283**	**10**	**5**	**-**	**15**	**268**
	(283)	(-)	(-)	(283)	(5)	(5)	(-)	(10)	(273)
Total	**317**	**-**	**-**	**317**	**10**	**5**	**-**	**15**	**302**
	(317)	(-)	(-)	(317)	(5)	(5)	(-)	(10)	(307)

a) Figures shown in brackets are in respect of previous year.

b) The Company had given Land and portion of a Building on operating lease under cancellable lease arrangement. Investment properties are distinguished from owner-occupied property based on area covered under lease arrangements. Refer Note 33 for disclosure of contractual obligations to purchase, construct or develop investment properties and for its repairs, maintenance or enhancements respectively.

Notes to the financial statements for the year ended March 31, 2018 (contd.)
(All amounts in ₹ Millions, unless otherwise stated)

3 INVESTMENT PROPERTIES (contd.)

c) Amount recognised in Statement of Profit and Loss for investment properties:

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
Rental Income [Refer Note 22]	**44**	39
Direct operating expenses from property that generated rental income (including Depreciation)	**32**	30
Direct operating expenses from property that did not generate rental income	**-**	-

d) Fair value

	As at 31.03.2018	As at 31.03.2017
Investment properties	**534**	530

Estimation of fair value:

The fair value of investment properties has been determined by an external independent property valuer having recognised professional qualifications for Land and based on internal valuation for Building. The current prices in an active market for similar properties has been used to determine fair value of investment properties. The fair value measurement of investment properties has been categorised as Level 3 based on the inputs in the valuation.

4 INTANGIBLE ASSETS [Refer Note 33(a)]

Assets	**Cost/ Deemed Cost**				**Accumulated Amortisation**				**Net Carrying amount**
	As at 01.04.2017	**Additions**	**Deletions**	**As at 31.03.2018**	**As at 01.04.2017**	**For the year**	**On deletions**	**As at 31.03.2018**	**As at 31.03.2018**
Software	**86**	**1**	**-***	**87**	**25**	**26**	**-***	**51**	**36**
	(34)	(52)	(-)	(86)	(9)	(16)	(-)	(25)	(61)
Marketing Rights	**-**	**6**	**-**	**6**	**-**	**-***	**-**	**-***	**6**
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total	**86**	**7**	**- ***	**93**	**25**	**26**	**-***	**51**	**42**
	(34)	(52)	(-)	(86)	(9)	(16)	(-)	(25)	(61)

Assets	**Cost/ Deemed Cost**			
	As at 01.04.2017	**Additions**	**Transfer/ Adjustment**	**As at 31.03.2018**
Intangible Assets under development	**231**	**127**	**9**	**349**
	(102)	(181)	(52)	(231)

a) Deemed cost of Goodwill and Technical Knowhow as on April 1, 2015 is Nil i.e. fully amortised over a period of time and hence the same has not been presented in the above table.

b) Figures shown in brackets are in respect of previous year.

* Amount is below the rounding off norm adopted by the Company.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

5 OTHER FINANCIAL ASSETS

	Non-Current		Current	
	As at 31.03.2018	As at 31.03.2017	**As at 31.03.2018**	As at 31.03.2017
(Unsecured, Considered good unless otherwise stated)				
Security Deposits				
- Considered Good	**173**	160	**19**	30
- Considered Doubtful	**3**	7	**-**	-
	176	167	**19**	30
Less: Provision for Expected Credit Loss [Refer Note 36(a)(i)]	**3**	7	**-**	-
	173	160	**19**	30
Accrued Interest Receivable	**-**	-	**- ***	18
Advance recoverable in cash	**-**	-	**362**	761
Other Receivables [includes due from a Private Company in which a Director is a Director 4 (Previous Year 4)]	**1**	- *	**120**	179
	174	160	**501**	988

* Amount is below the rounding off norm adopted by the Company.

6 INCOME TAX ASSET (NET)

	Non-Current	
	As at 31.03.2018	As at 31.03.2017
Advance payment of Income Tax [Net of Provision for Taxation 13,793 (Previous Year 14,249)]	**436**	432
Fringe Benefit Tax [Net of Provision for Taxation 125 (Previous Year 125)]	**3**	3
	439	435

7 OTHER ASSETS

	Non-Current		Current	
	As at 31.03.2018	As at 31.03.2017	**As at 31.03.2018**	As at 31.03.2017
(Unsecured, Considered good unless otherwise stated)				
Capital Advances	**-**	3	**-**	-
Other Advances:				
- Advance to Vendors	**-**	-	**115**	68
- Balance with Government Authorities:				
Considered Good	**244**	231	**1,931**	497
Considered Doubtful	**-**	-	**90**	-
	244	231	**2,021**	497
Less: Provision for Doubtful Advances	**-**	-	**90**	-
	244	231	**1,931**	497
- Prepaid Expenses	**8**	6	**49**	56
- Advance to Employees	**17**	16	**-**	-
	269	256	**2,095**	621

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

8 INVENTORIES

(Lower of Cost and Net Realisable Value)

	As at 31.03.2018	As at 31.03.2017
Raw Materials [includes in transit 1,268 (Previous Year 859)]	**3,892**	3,576
Packing Materials	**147**	99
Work-in-progress	**244**	159
Finished Goods [includes in transit 31 (Previous Year 92)]	**2,768**	3,495
Stock-in-Trade [includes in transit 8 (Previous Year 103)]	**328**	336
Stores and spares	**20**	16
	7,399	7,681

9 INVESTMENTS

	Current	
	As at 31.03.2018	As at 31.03.2017
At Fair value through profit or loss		
Unquoted*		
Investments in Mutual Funds		
Nil (Previous Year 6,104,834) units of ₹ 10.65 each in DHFL Pramerica Arbitrage Fund Direct Plan - Dividend Option	**-**	65
Nil (Previous Year 7,643,123) units of ₹ 10.61 each in Edelweiss Arbitrage Fund Direct Plan - Dividend Option	**-**	81
Nil (Previous Year 4,137,039) units of ₹ 10.75 each in HDFC Arbitrage Fund Direct Plan - Dividend Option	**-**	44
Nil (Previous Year 6,859,887) units of ₹ 14.59 each in ICICI Prudential Equity Arbitrage Fund Direct Plan - Dividend Option	**-**	100
Nil (Previous Year 9,272,997) units of ₹ 10.79 each in Reliance Arbitrage Advantage Fund Direct Plan - Dividend Option	**-**	100
Nil (Previous Year 69,796) units of ₹ 1,528.74 each in Reliance Liquid Fund Treasury Plan Direct Plan - Dividend Option	**-**	107
	-	497
Aggregate value of Unquoted Investment	**-**	497

* As Mutual Funds investments are not listed on stock exchange, they are considered as unquoted investments.

10 TRADE RECEIVABLES [Refer Notes 38 and 40]

	Non-Current		**Current**	
	As at 31.03.2018	As at 31.03.2017	**As at 31.03.2018**	As at 31.03.2017
Secured, considered good	**-**	-	**66**	60
Unsecured, considered good [includes due from a Private Company in which a Director is a Director 27 (Previous Year 29)] [Refer Note (a) and (b) below]	**-**	-	**6,522**	5,505
Unsecured, considered doubtful	**189**	197	**37**	-
	189	197	**6,625**	5,565
Less: Provision for Expected Credit Loss [Refer Note 36(a)(i)]	**189**	197	**37**	-
	-	-	**6,588**	5,565

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

10 TRADE RECEIVABLES (contd.)

a) The Company is the distributor of Bayer BioScience Private Limited (BBPL) operating in the territory of India and Nepal for distribution of seeds. As the Company is a limited risk distributor in this commercial arrangement, BBPL recognises the risk of overdue receivables to its account. As of March 31, 2018, the Company has certain overdue outstanding receivables towards distribution of seeds to third parties aggregating 5 (Previous Year 354). The Company has recovered this amount from BBPL towards recoupment of loss arising out of the third party overdue for which recovery is less probable. As and when the Company recovers any amount against such overdue, or any part thereof, from the respective customers, the Company is required to pay to BBPL such amounts so recovered. Accordingly, the amount recovered from BBPL is recognised as “Other Financial Liabilities” in Note 18.

b) It includes receivable from Bayer AG 607 (Previous Year 500) which exceeds 5% of total trade receivables.

11 CASH AND CASH EQUIVALENTS

	As at 31.03.2018	As at 31.03.2017
Balances with Banks:		
- In Current Accounts	**944**	327
- In Fixed Deposits (less than 3 months maturity)	**110**	5,975
Short-term highly liquid investments [Refer Note (a) below]	**3,112**	2,078
	4,166	8,380

a) Investment in Liquid Mutual Funds

Unquoted*

	As at 31.03.2018	As at 31.03.2017
3,013,379 (Previous Year Nil) units of ₹ 100.19 each in Aditya Birla Cash Plus Direct Plan - Dividend Option	**302**	-
3,019,196 (Previous Year Nil) units of ₹ 100.30 each in DHFL Premerica Insta Cash Plus Fund Direct Plan - Dividend Option	**303**	-
135,024 (Previous Year 300,743) units of ₹ 1,000.81 each in DSP Blackrock Liquidity Fund Direct Plan - Dividend Option	**135**	301
145,079 (Previous Year 299,914) units of ₹ 1,000.56 each in HSBC Cash Fund Direct Plan - Dividend Option	**145**	300
3,004,503 (Previous Year 1,000,702) units of ₹ 100.07 each in ICICI Prudential Liquid Direct Plan - Dividend Option	**301**	100
300,792 (Previous Year Nil) units of ₹ 1,001.67 each in IDFC Cash Fund Direct Plan - Dividend Option	**301**	-
302,561 (Previous Year 302,030) units of ₹ 1,000.79 each in Invesco India Liquid Fund Direct Plan - Dividend Option	**303**	302
94,198 (Previous Year Nil) units of ₹ 1,222.81 each in Kotak Liquid Fund Direct Plan - Dividend Option	**115**	-
298,420 (Previous Year 296,754) units of ₹ 1,012.89 each in L&T Liquid Fund Direct Plan - Dividend Option	**302**	301
198,064 (Previous Year 129,622) units of ₹ 1,528.74 each in Reliance Liquid Fund Treasury Direct Plan - Dividend Option	**303**	198
299,983 (Previous Year 300,431) units of ₹ 1,000.51 each in Reliance Liquidity Fund Direct Plan - Dividend Option	**300**	301
270,630 (Previous Year Nil) units of ₹ 1,114.52 each in Tata Liquid Fund Direct Plan - Dividend Option	**302**	-
Nil (Previous Year 196,604) units of ₹ 1,019.45 each in UTI Liquid Cash Plan Direct Plan - Dividend Option	**-**	200
Nil (Previous Year 74,762) units of ₹ 1,003.39 each in UTI Money Market Fund Direct Plan - Dividend Option	**-**	75
	3,112	2,078
Aggregate amount of Unquoted Investments	**3,113**	2,078

* As Mutual Funds investments are not listed on stock exchange, it is considered as unquoted investments.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

12 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at 31.03.2018	As at 31.03.2017
Earmarked balances with banks in Unpaid Dividend Accounts	**12**	10
	12	10

13 EQUITY SHARE CAPITAL

	As at 31.03.2018	As at 31.03.2017
Authorised:		
46,300,000 (Previous Year 46,300,000) Equity Shares of ₹ 10/- each	**463**	463
Issued, Subscribed and Paid-up:		
34,333,593 (Previous Year 35,354,001) Equity Shares of ₹ 10/- each, fully paid-up	**343**	354

a) Rights, preferences and restrictions attached to Equity Shares:

The Company has one class of Equity Shares having a par value of ₹ 10/- per share. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

b) Movement of Issued, Subscribed and Paid-up Equity Share Capital:

	As at 31.03.2018		As at 31.03.2017	
	Number of shares	**Amount**	Number of shares	Amount
Balance as at the beginning of the year	**35,354,001**	**354**	35,354,001	354
Less: Shares bought back during the year [Refer Note (c) below]	**1,020,408**	**11**	-	-
Balance as at the end of the year	**34,333,593**	**343**	35,354,001	354

c) Pursuant to the approval of the Board of Directors on June 6, 2017 and Shareholders of the Company through postal ballot, results of which were declared on July 21, 2017, the Company bought back 1,020,408 equity shares (representing 2.89% of the equity capital) at a price of ₹ 4,900/- per equity share aggregating ₹ 4,999,999,200/- through the tender offer route, in terms of public announcement dated July 25, 2017. After extinguishment of 1,020,408 equity shares on September 26, 2017, the Issued, Subscribed and Paid-up Equity Capital of the Company reduced from 35,354,001 equity shares to 34,333,593 equity shares.

Accordingly: (i) the face value of issued, subscribed and paid-up equity share capital was reduced by 11; (ii) 11 had been transferred from Retained Earnings to Capital Redemption Reserve as per the provision of section 69(1) the Companies Act, 2013; (iii) the premium aggregating to 4,989 had been adjusted from the Retained Earnings during the year ended March 31, 2018.

d) Shares bought back during 5 years immediately preceeding the Balance Sheet:

	Number of Shares	
	01.04.2013 to 31.03.2018	01.04.2012 to 31.03.2017
Aggregate number of Equity Shares bought back	**5,165,154**	4,144,746

Notes to the financial statements for the year ended March 31, 2018 (contd.)
(All amounts in ₹ Millions, unless otherwise stated)

13 EQUITY SHARE CAPITAL (contd.)

e) Shares held by Ultimate Holding Company and its subsidiaries:

	Number of Shares	
	As at 31.03.2018	As at 31.03.2017
Ultimate Holding Company:		
Bayer AG, Germany	**3,572,577**	3,676,380
Subsidiaries of Ultimate Holding Company:		
Bayer Vapi Private Limited, India	**8,039,736**	8,248,312
Bayer S.A.S., France	**6,618,105**	6,810,399
Bayer CropScience AG, Germany	**5,354,030**	5,509,593

f) Shareholders holding more than 5% of the aggregate Equity Shares of the Company:

	Number of Shares	
	As at 31.03.2018	As at 31.03.2017
Bayer AG, Germany	**3,572,577**	3,676,380
Bayer Vapi Private Limited, India	**8,039,736**	8,248,312
Bayer S.A.S., France	**6,618,105**	6,810,399
Bayer CropScience AG, Germany	**5,354,030**	5,509,593
Aditya Birla Sun Life Trustee Private Limited, India	**1,952,344**	-

14 OTHER EQUITY

	As at 31.03.2018	As at 31.03.2017
Reserves and Surplus:		
Capital Redemption Reserve [Refer Note (i) below]	**52**	41
General Reserve [Refer Note (ii) below]	**3,868**	3,578
Retained Earnings [Refer Note (iii) below]	**13,520**	16,594
	17,440	20,213

i) Capital Redemption Reserve [Refer Note (a) below]		
Balance as at the beginning of the year	**41**	41
Add: Transfer from Retained Earnings [Refer Note 13(c)]	**11**	-
Balance as at the end of the year	**52**	41

(a) It represents transfer from Retained Earnings on buyback of equity shares by the Company as per the provision of section 69(1) of the Companies Act, 2013.

ii) General Reserve [Refer Note (a) below]		
Balance as at the beginning of the year	**3,578**	3,277
Add: Transfer from Retained Earnings during the year	**290**	301
Balance as at the end of the year	**3,868**	3,578

a) It represents transfer from Retained Earnings.

iii) Retained Earnings		
Balance as at the beginning of the year	**16,594**	14,722
Profit for the year	**3,001**	2,910
Items of Other Comprehensive Income recognised directly in retained earnings		
Remeasurement of defined benefit obligation [Refer Note 15(a)(B)(2)(ii)]	**(20)**	(21)
Tax on remeasurement of defined benefit obligation [Refer Note 16]	**7**	7
Appropriations		
Dividend [Refer Note 37(b)(i)]	**(601)**	(601)
Dividend Distribution Tax on Dividend	**(122)**	(122)
Transfer to General Reserve	**(290)**	(301)
Transfer to Capital Redemption Reserve [Refer Note 13(c)]	**(11)**	-
Premium paid on buyback of Equity shares [Refer Note 13(c)]	**(4,989)**	-
Transaction cost for buyback of Equity shares	**(49)**	-
Balance as at the end of the year	**13,520**	16,594

15 PROVISIONS

	Non-Current		Current	
	As at 31.03.2018	As at 31.03.2017	**As at 31.03.2018**	As at 31.03.2017
Provision for Employee Benefits:				
- Gratuity [Refer Note (a) below]	**148**	206	**46**	41
- Compensated Absences [Refer Note (b) below]	**156**	146	**17**	17
- Others [Refer Note (c) below]	**162**	133	**344**	447
Other Provisions [Refer Note (d) & (e) below]:				
- Direct Tax Matters [Net of Advance Tax of 155 (Previous Year 163)]	**14**	15	**-**	-
- Indirect Tax Matters	**57**	57	**-**	-
- Commercial and Other Matters [Net of Payment 5 (Previous Year 5)]	**305**	279	**-**	-
- Anticipated Sales Returns	**-**	-	**289**	121
- Discounts/ Incentives/ Compensation payable to Customers	**-**	-	**1,243**	1,496
	842	836	**1,939**	2,122

a) Employee Benefit Obligation:

Disclosure as required under Ind AS 19 - Employee Benefits:

A. Defined contribution plan:

The Company's defined contribution plans are Superannuation, Employees' State Insurance Scheme and Provident Fund administered by Government authorities/ trustees since the Company has no further obligation beyond making the contributions.

The expenses recognised during the year towards defined contribution plans are as detailed below:

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
Employer's contribution to Provident Fund	**78**	64
Employer's contribution to Superannuation Fund	**26**	24
Total (included in Note 25 - 'Employee Benefits Expense')	**104**	88

B. Defined benefit obligation:

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972/ Company policy. Employees who are in continuous service for a period of 5 years or more are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employee's last drawn salary per month computed proportionately as per the Payment of Gratuity Act, 1972/ Company policy multiplied for the number of years of service. Quantum of gratuity benefits may vary depending on the eligible employee's date of joining and salary grade.

The plan asset for the funded gratuity plan is invested in insurer managed fund administered by Life Insurance Corporation of India ('LIC') and Kotak Life Insurance Limited (Kotak) independently. 84% of the plan asset is invested in debt securities and 16% of the plan asset is investmented in equity instruments.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

15 PROVISIONS (contd.)

Provisions were established for defined benefit obligations pertaining to gratuity. The net obligation was accounted as follows:

1. Net defined benefit obligation as reflected in Balance Sheet:

	As at 31.03.2018	As at 31.03.2017
Present value of defined benefit obligation	**656**	602
Fair value of plan assets	**462**	355
Net defined benefit obligation	**194**	247

2. The expenses for defined benefit plan for gratuity comprise the following components:

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
i) Expenses recognised in the Statement of Profit and Loss		
Current service cost (included in Note 25 - 'Employee Benefits Expense')	**37**	33
Net interest cost (included in Note 26 - 'Finance Costs')	**19**	16
	56	49
ii) Expenses recognised in the Other Comprehensive Income (OCI) [Refer Note 14(iii)]		
Actuarial losses on obligation	**13**	23
Return on Plan Assets, excluding interest income	**7**	(2)
	20	21

3. The net defined obligation developed as follows:

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
i) Change in the present value of defined benefit obligation		
Opening present value of defined benefit obligation	**602**	533
Current service cost (included in Note 25 - 'Employee Benefits Expense')	**37**	33
Interest cost (included in Note 26 - 'Finance Costs')	**45**	42
Transfer of employees (Net)	**2**	9
Benefit paid from the fund	**(43)**	(38)
Actuarial (gains)/ losses due to:		
- change in financial assumptions	**(13)**	12
- experience adjustment	**26**	11
Closing present value of defined benefit obligation	**656**	602
ii) Change in the fair value of plan assets		
Opening fair value of plan assets	**355**	327
Interest Income (included in Note 26 - 'Finance Costs')	**26**	26
Contributions by the employer	**131**	38
Benefit paid from the fund	**(43)**	(38)
Expected return on plan assets (excluding interest income)	**(7)**	2
Closing fair value of plan assets	**462**	355
iii) Change in net defined benefit obligation		
Opening net defined benefit obligation	**247**	206
Current service cost (included in Note 25 - 'Employee Benefits Expense')	**37**	33
Interest cost (Net) (included in Note 26 - 'Finance Costs')	**19**	16
Transfer of employees (Net)	**2**	9
Contributions by the employer	**(131)**	(38)
Actuarial (gains)/ losses due to:		
- change in financial assumptions	**(13)**	12
- experience adjustment	**26**	11
Expected return on plan assets (excluding interest income)	**7**	(2)
Closing net defined obligation/ deficit of funded plan	**194**	247

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

15 PROVISIONS (contd.)

4. Risk exposure:

The risks from defined benefit plans arise partly from the defined benefit obligations and partly from the investment in plan assets. The risks lie in the possibility that higher direct gratuity payments will have to be made to the beneficiaries and/ or that additional contributions will have to be made to plan assets in order to meet current and future defined benefit obligations.

i) Demographic risk:

The gratuity plan provides a lump sum payment to vested employees at the time of retirement, death, incapacitation or termination of employment. Change in attrition rate or mortality assumption as compared to actual rate may result in change in benefit obligations, benefit expense and/ or payments than previously anticipated.

ii) Investment risk:

If the actual return on plan assets was below the return anticipated on the basis of the discount rate, the net defined benefit obligation would increase, assuming there were no changes in other parameters. This could happen as a result of a drop in return by LIC or Kotak.

iii) Interest-rate risk:

A decrease in prevailing market yield on Government securities may increase the defined benefit obligation. This effect would be at least partially offset by the ensuing increase in the market values of the debt instruments held.

5. Measurement parameters and their sensitivities:

i) The following parameters were used to measure the obligation:

	As at 31.03.2018	As at 31.03.2017
Discount rate (per annum)	**7.82%**	7.51%
Expected rate of return on plan assets (per annum)	**7.82%**	7.51%
Attrition rate (per annum)	**5 - 10%**	5 - 10%
Salary escalation rate (per annum)	**10% for next 1 year and 8% thereafter**	10% for next 2 years and 8% thereafter

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

ii) The following parameter sensitivities were computed by an independent actuary which results in increase/ (decrease) in defined benefit obligation:

	As at 31.03.2018	As at 31.03.2017
Delta effect of +0.5% change in discount rate	**(21)**	(20)
Delta effect of -0.5% change in discount rate	**22**	22
Delta effect of +0.5% change in salary escalation	**22**	21
Delta effect of -0.5% change in salary escalation	**(21)**	(20)
Delta effect of +0.5% change in attrition rate	**(1)**	(1)
Delta effect of -0.5% change in attrition rate	**1**	1

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied while calculating the defined benefit obligation recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

15 PROVISIONS (contd.)

6. Defined benefit obligation and employer's contribution

		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
i)	Expected employer's contribution for the next year	**46**	41

		As at 31.03.2018	As at 31.03.2017
ii)	The weighted average duration of the defined benefit obligation (years)	**8**	8
iii)	Projected benefits payable in future years from the date of reporting:		
	1st Following Year	**71**	58
	2nd Following Year	**53**	36
	3rd Following Year	**55**	64
	4th Following Year	**71**	52
	5th Following Year	**87**	65
	Sum of 6th to 10th Following Year	**443**	444

b) Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits for measurement purpose. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end. Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits for measurement purpose. The Company's liability is actuarially determined by an independent actuary using the Projected Unit Credit Method at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

c) Provisions for other employee benefits mainly include those recorded for performance based bonus, variable payments and long-service awards.

d) Movement in Other Provisions

	Direct Tax Matters	Indirect Tax Matters	Commercial and Other Matters	Anticipated Sales Returns	Discounts/ Incentives/ Compensation payable to Customers
Balance as at the beginning of the year	**15**	**57**	**279**	**121**	**1,496**
	(24)	(65)	(253)	(202)	(1,260)
Add: Additional provision (Net)	**-**	**-**	**26**	**289**	**3,701**
	(-)	(4)	(26)	(121)	(4,569)
Less: Provision utilised	**-**	**-**	**-**	**121**	**3,954**
	(-)	(12)	(-)	(202)	(4,333)
Less: Provision adjusted	**1**	**-**	**-**	**-**	**-**
	(9)	(-)	(-)	(-)	(-)
Balance as at the end of the year	**14**	**57**	**305**	**289**	**1,243**
	(15)	(57)	(279)	(121)	(1,496)

Figures shown in brackets are in respect of previous year.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

15 PROVISIONS (contd.)

e) Other Provisions represent:

i) Provision for estimates made for probable liabilities/ claims arising out of pending disputes, litigations/ commercial transactions with statutory authorities/ third parties. The outflow with regard to the said matters depends on the exhaustion of remedies available to the Company under the law and hence the Company is not able to reasonably ascertain the timing of the outflow and hence expected utilisation is considered as more than 1 year.

During the year, 26 (Previous Year 26) is recognised under the head Finance Costs [included in Note 26] as an additional provision towards Commercial and Other Matters.

ii) Provision for anticipated sales return. This is recognised on a net basis at the gross margin on the sales. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods to be returned. It is expected to be utilised within 12 months from the end of the year.

iii) Provision for trade discount, cash discount, incentive schemes and compensation. It is expected to be utilised within 12 months from the end of the year.

16 DEFERRED TAX ASSETS/ (LIABILITIES) (NET)

	Deferred Tax Asset						Deferred Tax Liability	Total (Net)
	Provision for Expected Credit Loss on Trade Receivables and Security Deposits	Liabilities allowed on payment basis	Provision for Defined Benefit Obligation	Disallowances u/s. 40(a)(i) and 40(a)(ia) of the Income Tax Act, 1961	Indexation of Freehold land	Others	Depreciation and Amortisation of Assets	
Balance as at 01.04.2016	39	89	71	58	9	-	(240)	26
(Charged)/ credited during the year:								
To Statement of Profit and Loss	31	6	8	(10)	2	7	(97)	(53)
To Other Comprehensive Income	-	-	7	-	-	-	-	7
Balance as at 31.03.2017	70	95	86	48	11	7	(337)	(20)
(Charged)/ credited during the year:								
To Statement of Profit and Loss	10	(13)	(25)	(11)	4	(3)	(53)	(91)
To Other Comprehensive Income	-	-	7	-	-	-	-	7
Balance as at 31.03.2018	**80**	**82**	**68**	**37**	**15**	**4**	**(390)**	**(104)**

17 TRADE PAYABLES

	Current	
	As at 31.03.2018	As at 31.03.2017
Total outstanding dues of Micro Enterprise and Small Enterprise [Refer Note (a) below]	**14**	10
Total outstanding dues of Creditors other than Micro Enterprise and Small Enterprise [Refer Notes 38 and 40]	**2,824**	2,864
	2,838	2,874

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

17 TRADE PAYABLES (contd.)

a) The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

			As at 31.03.2018	As at 31.03.2017
(I)	(i)	Principal amount due and remaining unpaid to any supplier at the end of accounting year [includes payables for Capital Purchases 0.32 (Previous Year 2)]	**14**	12
	(ii)	Interest amount due and remaining unpaid to any supplier at the end of accounting year *	**-**	-
(II)		The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the suppliers during the year	**89**	48
(III)		The amount of interest due and payable for the period of delay in making the payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act beyond the appointed date	**-**	-
(IV)		The amount of interest accrued and remaining unpaid at the end of the year	**` -**	-
(V)		The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	**-**	**-**

* Current Year Nil (Previous Year 0.01)

The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.

18 OTHER FINANCIAL LIABILITIES

	Current	
	As at 31.03.2018	As at 31.03.2017
Unpaid Dividends [Refer Note (a) below]	**12**	10
Deposits from Customers	**98**	102
Payable for Capital Purchases [Refer Note 17(a)]	**36**	82
Foreign-exchange forward contracts	**-**	29
Other liabilities [Refer Note 10(a)]	**359**	354
	505	577

a) There are no amounts as at year-end which are due for payment to Investor Education and Protection Fund under section 125 of the Companies Act, 2013.

19 OTHER CURRENT LIABILITIES

	As at 31.03.2018	As at 31.03.2017
Advances from Customers	**658**	759
Deferred Revenue [Refer Note (a) below]	**474**	285
Payable towards Statutory Liabilities	**116**	125
Others	**37**	37
	1,285	1,206

a) It relates to the award credits granted on loyalty programs and would be recognised when the points are redeemed by the customers.

20 CURRENT TAX LIABILITIES (NET)

	As at 31.03.2018	As at 31.03.2017
Provision for Income Tax [Net of Advance Tax of 2,879 (Previous Year 1,462)]	**52**	52

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
21	**REVENUE FROM OPERATIONS**		
	Sale of Goods (including Excise Duty) [Refer Notes (a) and (b) below]	**26,502**	28,634
	Other Operating Revenue:		
	Recoveries from Group Companies and Third Parties	**984**	845
	Scrap Sales	**4**	5
		27,490	29,484

a) It includes sales in accordance with a sales and distribution arrangement, net of material cost 4,235 (Previous Year 4,018).

b) The Government of India introduced the Goods and Service tax (GST) with effect from July 1, 2017. Sales for the period from July 1, 2017 is presented net of GST. Sales of earlier periods up to June 30, 2017 included Excise duty. Sales for the year ended March 31, 2018 includes Excise duty for the quarter ended June 30, 2017.

22	**OTHER INCOME**		
	Other Income		
	Interest Income from Financial Assets at amortised cost	**162**	317
	Interest on Income Tax refund	**3**	78
	Dividend Income from investments measured at fair value through profit or loss	**71**	88
	Export Incentives	**68**	125
	Rent Income [Refer Note 3(c) and Note 33(b)]	**79**	76
	Miscellaneous	**2**	5
		385	689
	Other Gains		
	Profit on Tangible Assets sold/ discarded (Net)	**-**	5
	Profit on sale of investments measured at fair value through profit or loss	**3**	6
	Fair value gain on investments measured at fair value through profit or loss	**-**	1
		3	12
		388	701
23	**COST OF MATERIALS CONSUMED**		
	Raw Materials:		
	Opening Stock	**3,576**	3,595
	Add: Purchases	**11,996**	15,144
		15,572	18,739
	Less: Closing Stock	**3,892**	3,576
	Cost of Raw Materials consumed [Refer Note (a) below]	**11,680**	15,163
	Packing Materials consumed [Refer Note (a) below]	**570**	729
		12,250	15,892

a) It includes write back 27 (Previous Year write down 52) in carrying values of Raw Materials and Packing Materials.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
24	**CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE**		
	Opening Stock:		
	- Finished goods	**3,495**	2,572
	- Work-in-progress	**159**	182
	- Stock-in-trade	**336**	191
		3,990	2,945
	Closing Stock:		
	- Finished goods	**2,768**	3,495
	- Work-in-progress	**244**	159
	- Stock-in-trade	**328**	336
		3,340	3,990
	Decrease/ (Increase) in Inventories [Refer Note (a) below]	**650**	(1,045)

a) It includes 202 (Previous Year 78) [net of amount recovered from insurance company Nil (Previous Year 1)] on account of write off/ write down in carrying values of Inventories.

		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
25	**EMPLOYEE BENEFITS EXPENSE** [Refer Note 30]		
	Salaries and Wages	**2,365**	2,221
	Contribution to Provident and Other Funds [Refer Note 15(a)(A)]	**104**	88
	Gratuity [Refer Note 15(a)(B)(2)(i)]	**37**	33
	Staff Welfare Expenses	**133**	117
		2,639	2,459
26	**FINANCE COSTS**		
	Interest Expense [Refer Note 15(a)(B)(2)(i) and 15(e)(i)]	**113**	69
		113	69
27	**DEPRECIATION AND AMORTISATION EXPENSE**		
	Depreciation and Amortisation Expense		
	- on Property, Plant and Equipment [Refer Note 2]	**300**	268
	- on Investment Properties [Refer Note 3]	**5**	5
	- on Intangible Assets [Refer Note 4]	**26**	16
		331	289

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
28	**OTHER EXPENSES** [Refer Note 30]		
	Consumption of Stores and Spare Parts	**20**	22
	Power and Fuel	**66**	64
	Rent [Refer Note 33(b)]	**154**	160
	Repairs and Maintenance:		
	- Buildings	**16**	19
	- Plant and Equipment	**1**	- *
	- Others	**87**	84
		104	103
	Insurance	**32**	27
	Rates and Taxes	**11**	27
	Job Work Charges	**365**	965
	Freight Outward and Clearing Charges	**637**	608
	Travelling and Conveyance	**405**	399
	Communication	**139**	140
	Advertisement, Publicity and Sales Promotion	**1,535**	1,510
	Legal and Professional Fees	**546**	536
	Donations	**76**	94
	Royalty	**10**	6
	Bad Debts	**-**	15
	Less: Utilisation of Provision for Expected Credit Loss on Trade Receivable	**-**	15
		-	-
	Provision for Expected Credit Loss on Trade Receivable [Refer Note 36(a)(i)]	**29**	105
	Deposits/ Advances written off	**4**	- *
	Less: Utilisation of Provision for Expected Credit Loss on Deposits	**4**	-
		-	-*
	Provision for Expected Credit Loss on Deposits [Refer Note 36(a)(i)]	**- ***	1
	Loss on Tangible Assets sold/ discarded (Net)	**1**	-
	Foreign Exchange Fluctuations (Net)	**54**	55
	Fair value loss on investments measured at fair value through profit or loss	**- ***	-
	Miscellaneous [Refer Note (a) below and Note 40(iii)]	**176**	150
		4,360	4,972

* Amount is below the rounding off norm adopted by the Company.

a) **Payments to Auditor** (included in Miscellaneous expenses):

		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
(i)	As Auditor:		
	- for statutory audit	**4**	4
	- for limited review	**2**	2
	- for tax audit	**- ***	1
	- for certification	**- ***	- *
(ii)	In other capacities:		
	- Audit of Group Reporting Package	**1**	1
	- Others	**-**	-
(iii)	Reimbursement of out-of-pocket expenses	**- ***	- *
		7	8

* Amount is below the rounding off norm adopted by the Company.

Certification fees of 1 (Previous Year Nil) paid to Auditors related to buyback of Equity shares is included in Note 14(iii) Other Equity - 'Transaction cost for buyback of Equity shares'.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

			01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
29	**TAX EXPENSES**			
	a)	**Current Tax Expense**		
		Current tax on profits for the year	**1,323**	1,514
		Adjustments for current tax of prior periods	**(377)**	2
		Total Current Tax Expense	**946**	1,516
	b)	**Deferred Tax Expense** [Refer Note 16]		
		Decrease/ (Increase) in deferred tax assets	**38**	(44)
		Increase in deferred tax liabilities	**53**	97
		Total Deferred Tax Expense	**91**	53
		Tax Expense	**1,037**	1,569
	c)	**Reconciliation of tax expense and the accounting profit multiplied by tax rate**		
		Profit Before Tax	**4,038**	4,479
		Tax at the tax rate of 34.608% (Previous Year 34.608%)	**1,397**	1,550
		Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:		
		Corporate social responsibility expenditure	**28**	35
		Dividend Income	**(25)**	(30)
		Weighted deduction on research and development expenditure	**(2)**	(6)
		Adjustment on completion of assessment for earlier years	**(377)**	2
		Change in Tax rate #	**1**	-
		Other Items	**15**	18
		Tax Expense	**1,037**	1,569

The change in tax rate from 34.608% to 34.944% is based on the enacted tax rate by Union Budget 2018.

			01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
30	**Expenses towards activities relating to Corporate Social Responsibility in compliance with section 135 of the Companies Act, 2013 (included in Operating Activities under Cash Flow Statement)**			
	a)	Gross amount required to be spent by the Company during the year	**101**	100
	b)	Amount spent during the year on:		
		(i) Construction/ acquisition of any asset	**-**	-
		(ii) On purposes other than (i) above		
		- Donations	**76**	94
		- Employee Benefits Expense	**2**	3
		- Other Expenses	**2**	3
			80	100
31	**RESEARCH AND DEVELOPMENT EXPENSES**			
		Research and Development Revenue Expenses (Net of recoveries)	**205**	204

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

32 CONTINGENT LIABILITIES

	As at 31.03.2018	As at 31.03.2017
Claims against the Company not acknowledged as debts towards:		
- Direct Tax Matters [Refer Note (a) below]	**340**	331
- Indirect Tax Matters [Refer Note (a) below]	**784**	755
- Litigation/ claims filed by customer/ vendor/ third party [Refer Note (b) below]	**49**	48
- Litigation/ demands raised by other Statutory Authorities [Refer Note (c) below]	**117**	117

Future cash flows in respect of above, if any, is determinable only on receipt of judgement/ decisions pending with relevant authorities.

a) The disputed demands for direct tax matters are mainly due to disallowance for certain expenses and for indirect tax matters are mainly due to product classification and related to forms.

b) It mainly includes demand for crop failure.

c) It mainly includes demand raised for shortfall of stamp duty related to a property.

33 COMMITMENTS

	As at 31.03.2018	As at 31.03.2017
a) Capital Commitments		
Property, Plant and Equipment	**52**	9
Intangible Assets	**26**	22
	78	31

b) Non-cancellable operating leases

The Company has taken certain residential flats and offices under non-cancellable operating leases. Some of the arrangements include escalation clause to cover inflation. Lease rent amounting to 22 (Previous Year 18) has been recognised under the head Other Expenses- 'Rent' under Note 28 to the Statement of Profit and Loss.

The future minimum lease payments under non-cancellable operating lease is as follows:

Period	**As at 31.03.2018**	As at 31.03.2017
Not later than one year	**9**	17
Later than one year and not later than five years	**- ***	5
Later than five years	**-**	-

* Amount is below the rounding off norm adopted by the Company.

The Company has entered into cancellable leasing arrangements for office, residential, guest house and warehouse premises. The lease rental of 132 (Previous Year 142) which are equivalent to minimum lease payments has been recognised under the head Other Expenses- 'Rent' under Note 28 to the Statement of Profit and Loss.

Further, the Company has recovered sub-lease rental of 7 (Previous Year 8) which has been recognised under the head Other Income – 'Rent Income' under Note 22 to the Statement of Profit and Loss.

The Company has given portion of building, other than classified as investment properties and certain other assets, on operating lease under cancellable lease arrangement during the year. The lease rental aggregating to 28 (Previous Year 29) has been recognised under the head Other Income – 'Rent Income' under Note 22 to the Statement of Profit and Loss.

	As at 31.03.2018	As at 31.03.2017
c) Other Commitments		
Contractual obligation for future repairs and maintenance on investment properties	**1**	2
Value of customs duty in respect of export obligation (against advance licenses) remaining to be met at year end	**- ***	- *

* Amount is below the rounding off norm adopted by the Company.

34 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Refer Note 37(b)(ii) Capital Management for the final dividend recommended by the directors which is subject to the approval of shareholders in the ensuing Annual General Meeting.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

35 FAIR VALUE MEASUREMENT

Financial instruments by category:

	Notes	As at 31.03.2018			As at 31.03.2017		
		FVPL	FVOCI	Amortised cost	FVPL	FVOCI	Amortised cost
Financial Assets							
Investment	9	-	-	-	497	-	-
Trade Receivables	10	-	-	6,588	-	-	5,565
Cash and Cash Equivalents	11						
Short-term highly liquid investments		-	-	3,112	-	-	2,078
Balances with Banks		-	-	1,054	-	-	6,302
Bank Balances other than Cash and Cash Equivalents	12	-	-	12	-	-	10
Other Financial Assets	5	-	-	675	-	-	1,148
		-	-	11,441	497	-	15,103
Financial Liabilities							
Trade Payables	17	-	-	2,838	-	-	2,874
Derivative Financial Liabilities	18	-	-	-	29	-	-
Other Financial Liabilities	18	-	-	505	-	-	548
		-	-	3,343	29	-	3,422

Fair Value Hierarchy:

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:

(a) recognised and measured at fair value and

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed in Ind AS 113 - Fair Value Measurement. An explanation of each level follows underneath the table.

Financial Assets and Liabilities measured at fair value - recurring fair value measurements

	Notes	Level 1	Level 2	Level 3	Total
Financial Assets as at March 31, 2017					
Financial investments at FVPL					
Investment	9	497	-	-	497
		497	**-**	**-**	**497**
Financial Liabilities as at March 31, 2017					
Derivatives					
Derivative Financial Liabilities	18	-	29	-	29
		-	**29**	**-**	**29**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices and the mutual funds are measured using the closing Net Asset Value (NAV).

Level 2: The fair value of financial instruments that are not traded in an active market (Foreign exchange forward contracts) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value forward foreign exchange contracts is determined using forward exchange rates at the Balance Sheet date.

35 FAIR VALUE MEASUREMENT (contd.)

Level 3: If one or more of the significant inputs is not based on observable market data (Security Deposits), the instrument is included in level 3. The fair value of the security deposits with definite maturity period is determined using discounted cash flow analysis using an adjusted lending rate.

There are no transfers between level 1, level 2 and level 3 during the year.

Assets which are valued at amortised cost for which fair value are disclosed

	Note	Carrying Amount	Fair Value (Level 3)
Financial Assets			
Security Deposits	5		
As at March 31, 2018		192	186
As at March 31, 2017		190	186

The carrying amounts of Trade Receivables, Cash and Cash Equivalents, Bank Balances, Accrued Interest Receivables, Advance Recoverable in Cash, Other Receivables, Trade Payables, Unpaid Dividends, Deposit from Customers, Payable for Capital Purchases and Other Financial Liabilities are considered to be the same as their fair values, due to their short term nature.

36 FINANCIAL RISK MANAGEMENT

The Company has financial opportunities at its disposal in the form of the market prices it can command, and is exposed to financial risks in the form of credit, liquidity and market risks. Market risks include currency, interest rate and price risk. The following paragraphs provide details of these and other financial opportunities and risks and how they are managed.

The management of financial opportunities and risks takes place using established, documented processes. One component is financial planning, which serves as the basis for determining liquidity risk and the future foreign currency and interest-rate risks.

a) Credit Risk:

Credit risks arise from the possibility that the value of receivables or other financial assets of the Company may be impaired because counterparties cannot meet their payment or other performance obligations.

To manage credit risks from trade receivables other than Related Party, the credit managers from Order to Cash department of the Company regularly analyse customer's receivables, overdue and payment behaviors. Some of these receivables are collateralised and the same is used according to conditions. These could include advance payments, security deposits, post-dated cheques etc. Credit limits for this trade receivables are evaluated and set in line with Company's internal guidelines. There is no significant concentration of default risk.

Credit risks from financial transactions are managed independently by Finance department. For banks and financial institutions, the Company has policies and operating guidelines in place to ensure that financial instrument transactions are only entered into with high quality banks and financial institutions. The Company had no other financial instrument that represents a significant concentration of credit risk. The surplus funds are invested in bank deposits and mutual fund investments.

i) Expected Credit Loss (ECL) for Trade Receivables and Deposits:

The Company provides for ECL for trade receivables under simplified approach. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking information.

ECL for deposits are measured considering 12-month's ECL.

Notes to the financial statements for the year ended March 31, 2018 (contd.)
(All amounts in ₹ Millions, unless otherwise stated)

36 FINANCIAL RISK MANAGEMENT (contd.)

Trade Receivables

The Company provides ECL based on following provision matrix:

		As at 31.03.2018		As at 31.03.2017	
Credit Risk Category	**Description of Category**	**Gross Trade Receivable**	**ECL**	Gross Trade Receivable	ECL
No Risk	There is no risk of defaults	**827**	**-**	1,167	-
Negligible Risk	The risk of defaults is negligible	**2,555**	**1**	2,590	1
Low Risk	The probability of defaults is low	**2,111**	**10**	1,085	3
Moderate Risk	The probability of defaults is moderate	**1,132**	**26**	742	15
Doubtful Assets	There is no reasonable expectation of recovery	**189**	**189**	178	178
		6,814	**226**	5,762	197

Following is the movement in Provision for ECL on Trade Receivables:

	As at 31.03.2018	As at 31.03.2017
Balance as at the beginning of the year	**197**	107
Add: Additional provision/ (reversal) (Net)	**29**	105
Less: Provision utilised	**-**	(15)
Balance as at the end of the year	**226**	197

Deposits

The Company provides ECL based on following provision matrix:

		As at 31.03.2018		As at 31.03.2017	
Credit Risk Category	**Description of Category**	**Gross Deposits**	**ECL**	Gross Deposits	ECL
No Risk	There is no risk of defaults	**192**	**-**	190	-
Doubtful Assets	There is no reasonable expectation of recovery	**3**	**3**	7	7
		195	**3**	197	7

Following is the movement in Provision for ECL on Deposits:

	As at 31.03.2018	As at 31.03.2017
Balance as at the beginning of the year	**7**	6
Add: Additional provision	**- ***	1
Less: Provision utilised	**(4)**	-
Balance as at the end of the year	**3**	7

* Amount is below the rounding off norm adopted by the Company.

ii) Expected Credit Loss (ECL) for Financial Assets other than Trade Receivables and Deposits:

There is no credit risk on Financial Assets other than mentioned in (i) above from initial recognition. Accordingly, no provision for ECL has been recognised.

b) Liquidity Risk:

Liquidity risks result from the possible inability of the Company to meet current or future payment obligations due to lack of cash or cash equivalents. The liquidity risk is assessed and managed by the Finance department as a part of day to day and medium term liquidity planning.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

36 FINANCIAL RISK MANAGEMENT (contd.)

The Company's liquidity risk policy is to maintain sufficient liquidity reserve at all times based on cash flow projections to meet payment obligation when it falls due. The primary source of liquidity is cash generated from operations.

Liquid assets are held mainly in the form of bank deposits and mutual fund investments. The Company maintains flexibility in funding by maintaining availability under committed credit lines set up with the banks. These include, in particular, an undrawn credit facility of as at March 31, 2018 of 1,608 (Previous Year 1,257).

The payment obligations from financial instruments are explained below:

The table below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities essential for an understanding of timing of cash flows.

Contractual maturities of Financial Liabilities	As at 31.03.2018			As at 31.03.2017		
	Less than 3 months	3 to 12 months	Total	Less than 3 months	3 to 12 months	Total
Trade Payables	2,760	78	2,838	2,783	91	2,874
Derivative Financial Liabilities	-	-	-	29	-	29
Other Financial Liabilities	505	-	505	548	-	548
	3,265	78	3,343	3,360	91	3,451

Balance due within 12 months equals their carrying balance as the impact of discounting is not significant.

c) Market Risk:

i) Currency Risk:

Foreign currency opportunities and risks for the Company result from changes in exchange rates and the related changes in the value of financial instruments (including receivables and payables) in the functional currency (INR). The Company is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to US Dollar.

To mitigate the currency fluctuation, receivables and payables in foreign currencies which arises from export and import of goods and services are hedged on net basis through forward exchange contracts. From January'18 onwards, majority of Company's import and export transactions are denominated in INR currency thereby reducing foreign exchange risk to large extent.

Sensitivities were determined on the basis of a hypothetical adverse scenario in which the INR appreciated/ depreciated by 2% (March 31, 2017 5%) against USD compared with the year-end exchange rates. In this scenario, the estimated hypothetical loss of cash flows from financial instruments would have increased/ diminished earnings as of March 31, 2018 by 0.5 (as of March 31, 2017 by 63) on net payable exposure of 27 (USD 0.41 Million) as on March 31, 2018 [on net payable exposure of 1,253 as on March 31, 2017 (USD 19 Million)]. The Company's exposure to changes in foreign currency other than USD is not material.

ii) Interest Rate Risk:

Interest-rate opportunities and risks result for the Company through changes in capital market interest rates, which in turn could lead to changes in the fair value of fixed-rate financial instruments and changes in interest payments/ income in case of floating-rate instruments.

Interest rate risk arising from borrowing is managed by negotiating fixed coupon interest rates from banks for the entire tenure. The Company has surplus cash position and does not have any borrowings as on Balance Sheet date.

iii) Price Risk:

The Company is mainly exposed to the price risk due to its investment in mutual funds. In order to manage its price risk arising from investment in mutual funds, the Company diversifies its portfolio based on past performance. The impact of price risk with respect to investment in mutual fund is insignificant.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

37 CAPITAL MANAGEMENT

a) Risk management:

The Company's objective while managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide optimum returns to the shareholders and to other stakeholders. Further its objective is to maintain an optimal capital structure to reduce the cost of capital.

b) Dividends:

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
i) Equity Shares		
Dividend approved for the year ended March 31, 2017 of ₹ 17.00 (March 31, 2016 ₹ 17.00) per fully paid equity share	**601**	601
	As at 31.03.2018	As at 31.03.2017
ii) Dividends not recognised at the end of the reporting period		
Since year end, the Directors of the Company have recommended a payment of final dividend of ₹ 18.00 per fully paid equity share (March 31, 2017 ₹ 17.00) and dividend distribution tax thereon 127 (March 31, 2017 122). The proposed dividend is subject to approval of shareholders in ensuing Annual General Meeting	**618**	601

38 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table represents the recognised financial instruments that are offseted in the Balance Sheet based on legally enforceable right and intention to settle or realise on a net basis.

	As at 31.03.2018	As at 31.03.2017
Trade Receivables		
Gross Amount	**6,588**	5,583
Amount set off in the Balance Sheet	**-**	18
Net amount presented in the Balance Sheet [Refer Note 10]	**6,588**	5,565
Trade Payables		
Gross Amount	**2,838**	2,892
Amount set off in the Balance Sheet	**-**	18
Net amount presented in the Balance Sheet [Refer Note 17]	**2,838**	2,874

39 SEGMENT REPORTING

The Vice Chairman & Managing Director and CEO, and Executive Director & CFO are identified as Chief Operating Decision Maker of the Company. They are responsible for allocating resources and assessing the performance of the operating segments. Accordingly, they have determined 'Agri Care' as its operating segment.

Thus the segment revenue, interest revenue, interest expense, depreciation and amortisation, segment assets and segment liabilities are all as reflected in the Financial Statement as at and for the year ended March 31, 2018.

39 SEGMENT REPORTING (contd.)

Geographical information

		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
a)	Revenue from external customers		
	(i) attributed to the Company's country of domicile, India	**24,765**	25,031
	(ii) attributed to all foreign countries		
	- Germany	**2,203**	3,834
	- Others	**522**	619
		27,490	29,484
b)	Revenues from transactions with a customer (Bayer AG) exceeding 10% of revenue	**2,042**	2,916

		As at 31.03.2018	As at 31.03.2017
c)	Non-current assets (excluding Deferred/ Current Tax and Financial Assets)		
	(i) located in the Company's country of domicile, India	**3,974**	3,917
	(ii) located in all foreign countries	**-**	-
		3,974	3,917

40 RELATED PARTY TRANSACTIONS

	Name of the related party	**Country of incorporation**	**% Equity interest**	
			As at 31.03.2018	**As at 31.03.2017**
i)	**Ultimate Holding Company:**			
	Bayer AG	Germany	**10%**	10%

ii) Entities under Common Group Control *:

Bayer (China) Limited, China
Bayer (Proprietary) Limited, South Africa
Bayer (South East Asia) Pte. Ltd., Singapore
Bayer BioScience Private Limited, India
Bayer Business Services GmbH, Germany
Bayer Business Services Philippines Inc., Philippines
Bayer Business and Technology Services LLC, U.S.A.
Bayer CropScience AG, Germany
Bayer CropScience Ltd, Korea
Bayer CropScience Inc., Philippines
Bayer CropScience LP, U.S.A.
Bayer CropScience Limited, Bangladesh
Bayer Direct Services GmbH, Germany
Bayer East Africa Ltd., Kenya
Bayer Holding Ltd., Japan
Bayer HealthCare Pharmaceuticals Inc., U.S.A.
Bayer Intellectual Property GmbH, Germany
Bayer Middle East FZE, UAE
Bayer Pakistan (Private) Limited, Pakistan
Bayer Pharmaceuticals Private Limited, India

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (contd.)

ii) Entities under Common Group Control *: (contd.)

Bayer S.A.S., France

Bayer Seeds Private Limited, India (formerly Nunhems India Private Limited, India)

Bayer Sp. z.o.o., Poland

Bayer Thai Company Limited, Thailand

Bayer Vapi Private Limited, India (the Enterprise in respect of which, the Company is an Associate effective April 28, 2014)

Bayer Zydus Pharma Private Limited, India

Covestro (India) Private Limited, India (upto May 4, 2018)

PT. Bayer Indonesia, Indonesia

United Breweries Limited, India (upto June 30, 2016)

* The list of parties above have been limited to entities with whom transactions have taken place during the current or previous year or balances are outstanding as at the year end.

A. The transactions with related parties:

	Party referred to in (i) above		Parties referred to in (ii) above	
	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017	**01.04.2017 to 31.03.2018**	01.04.2016 to 31.03.2017
Sale of goods				
Bayer AG	**1,978**	774	**-**	-
Bayer CropScience AG	**-**	-	**-**	2,868
Bayer Vapi Private Limited	**-**	-	**152**	52
Bayer BioScience Private Limited	**-**	-	**22**	36
Others	**-**	-	**680**	623
Recoveries made				
Bayer AG	**64**	10	**-**	-
Bayer CropScience AG	**-**	-	**-**	48
Bayer Vapi Private Limited	**-**	-	**270**	239
Bayer BioScience Private Limited	**-**	-	**153**	136
Others	**-**	-	**532**	440
Rent Income				
Bayer Vapi Private Limited	**-**	-	**7**	7
Bayer BioScience Private Limited	**-**	-	**6**	7
Others	**-**	-	**66**	62
Purchase of Goods				
Bayer AG	**10,191**	1,983	**-**	-
Bayer CropScience AG	**-**	-	**-**	8,569
Bayer Vapi Private Limited	**-**	-	**1,286**	257
Bayer BioScience Private Limited #	**-**	-	**4,258**	4,020
Others	**-**	-	**15**	247
Professional/ Support Charges incurred				
Bayer AG	**5**	7	**-**	-
Bayer CropScience AG	**-**	-	**-**	9
Bayer Vapi Private Limited	**-**	-	**6**	6
Bayer BioScience Private Limited	**-**	-	**-**	- *
Others	**-**	-	**342**	361

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (contd.)

A. The transactions with related parties: (contd.)

	Party referred to in (i) above		**Parties referred to in (ii) above**	
	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017	**01.04.2017 to 31.03.2018**	01.04.2016 to 31.03.2017
Rent Expense				
Bayer Vapi Private Limited	**-**	-	**2**	2
Bayer BioScience Private Limited	**-**	-	**14**	14
Royalty Expense				
Others	**-**	-	**10**	6
Dividend paid				
Bayer AG	**62**	62	**-**	-
Bayer CropScience AG	**-**	-	**94**	94
Bayer Vapi Private Limited	**-**	-	**140**	140
Others	**-**	-	**116**	116
Sale of Fixed Assets				
Bayer BioScience Private Limited	**-**	-	**2**	-
Purchase of License of Duty Credit Scrips				
Bayer Vapi Private Limited	**-**	-	**119**	73
Purchase of Fixed Assets (including Capital work-in-progress)				
Others	**-**	-	**-**	71
Recoupment of losses towards overdue trade receivables [Refer Note 10(a)]				
Bayer BioScience Private Limited	**-**	-	**5**	354
Employee related liability paid/ payable on transfer of employees				
Bayer Vapi Private Limited	**-**	-	**1**	1
Bayer BioScience Private Limited	**-**	-	**1**	4
Others	**-**	-	**- ***	-
Employee related liability taken over on transfer of employees				
Bayer Vapi Private Limited	**-**	-	**5**	2
Bayer BioScience Private Limited	**-**	-	**3**	10
Others	**-**	-	**3**	2
Short-term loan given to [Refer Note (a) below]				
Bayer BioScience Private Limited				
Outstanding at beginning of the year			**-**	-
Loans advanced			**-**	1,500
Loans repayment			**-**	(1,500)
Interest charged			**-**	124
Interest received			**-**	(124)
Outstanding at end of the year			**-**	-

The amount is disclosed on gross basis, against which revenue is recognised at margin (sales less material cost) since the Company is acting as an agent in substance.

* Amount is below rounding off norm adopted by the Company.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

40 RELATED PARTY TRANSACTIONS (contd.)

A. The transactions with related parties: (contd.)

a) During the previous year, the Company had given loan to Bayer BioScience Private Limited for working capital which was repaid during the year. This loan was given in compliance with section 186 of the Companies Act, 2013 and in accordance with the terms and conditions of agreement entered with the party.

B. Outstanding balances of related parties:

	As at 31.03.2018	As at 31.03.2017
Party referred to in (i) above		
Outstanding Receivables	**607**	500
Outstanding Payables	**1,714**	1,664
Parties referred to in (ii) above		
Outstanding Receivables		
Bayer Vapi Private Limited	**49**	103
Bayer BioScience Private Limited	**47**	56
Others	**142**	203
Outstanding Payables		
Bayer Vapi Private Limited	**237**	108
Bayer BioScience Private Limited	**359**	259
Others	**77**	191

iii) Key management personnel:

Name	**Designation**
- Dr. Vijay Mallya	Chairman (upto June 30, 2016)
- Mr. Pankaj Patel	Chairman (from July 5, 2016)
- Mr. Richard van der Merwe	Vice Chairman & Managing Director and CEO
- Mr. Ulrich Stefer	Executive Director & CFO (from April 1, 2016)
- Mr. Sharad Kulkarni	Non-executive Director
- Mr. A.K.R. Nedungadi	Non-executive Director (upto April 30, 2018)
- Mr. Vimal Bhandari	Non-executive Director

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
Remuneration to key management personnel		
Short term employee benefits	**114**	98
Other long-term employee benefits	**16**	10
	130	108
Directors' Sitting Fees (included in Note 28 Other Expenses - 'Miscellaneous expenses')	**2**	3
Commission to Non-Executive Directors (included in Note 28 Other Expenses - 'Miscellaneous expenses')	**5**	5

iv) Terms and conditions

There have been no guarantees provided or received for any related party receivables or payables. Outstanding balances at the year end are unsecured and interest free, and settlement occurs in cash. The Company has not recorded any impairment of receivables relating to amounts owed by related parties for the year ended March 31, 2018 and March 31, 2017.

Notes to the financial statements for the year ended March 31, 2018 (contd.)

(All amounts in ₹ Millions, unless otherwise stated)

41 EARNINGS PER SHARE

Earnings per share are determined according to Ind AS 33 - Earnings per Share by dividing Profit after tax attributable to shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

	01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
Profit for the year	**3,001**	2,910
Weighted average number of equity shares outstanding at year end	**34,831,217**	35,354,001
Nominal Value Per Equity Share (in ₹)	**10**	10
Earnings Per Share (net of tax) [Basic and Diluted] (in ₹)	**86.16**	82.31

Signature to Notes 1 to 41

For and on behalf of the Board

Chairman	**Pankaj Patel** DIN 00131852
Vice Chairman & Managing Director and CEO	**Richard van der Merwe** DIN 06768305
Directors	**Sharad Kulkarni** DIN 00003640
	Vimal Bhandari DIN 00001318
Executive Director & CFO	**Ulrich Stefer** DIN 07447177

Rajiv Wani
Head - Law, Patents & Compliance
& Company Secretary

Place : Mumbai
Date : May 23, 2018