Notes

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

1. CORPORATE INFORMATION

SeQuent Scientific Limited (the "Company") is a Company incorporated and domiciled in India and has its registered office at Thane, India. The shares of the Company are publicly traded on the National Stock Exchange of India Limited and BSE Limited. The Company is a leading integrated pharmaceutical company with a global footprint, operating in the domains of Animal Health (APIs and finished dosage formulations) and analytical services.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for

- Share-based payment transaction as defined in Ind AS 102 – Share-based payment.
- Leasing transaction as defined in Ind AS 17 – Leases.
- Measurement that have some similarities to fair value but are not fair value, such as 'Net Realisable Value' as defined in Ind AS 2 – Inventories and value in use as defined in Ind AS 36- Impairment of Assets."

2.3 Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest million (up to two decimals).

2.4 Significant Accounting Policies

i. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets are reclassified from held-for-sale to held-for-use if they no longer meet the criteria to be classified as held-for-sale. On reclassification as held-for-use, a non-current asset is remeasured at the lower of its recoverable amount and the carrying amount that would have been recognised had the asset never been classified as held-for-sale or held-for-distribution.

ii. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns, rebates and other similar allowances.

a) Sale of goods

Revenue from sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- 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 can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

b) Services

Income from technical service and other management fees is recognised when the services are rendered as per the terms of the agreement and when no significant uncertainty as to its determination or realisation exists.

c) Export entitlements

Export entitlements from Government authorities are recognised in the statement of profit and loss when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Company, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

d) Interest and dividend income

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

Dividend income from investments is recognised when the Company's right to receive payment has been established.

iii. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As Lessee:

Rental expense from operating leases is recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

As Lessor:

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

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iv. Foreign currency transactions and translation

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss in the year in which it arises.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

v. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or erection of qualifying assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

vi Employee Benefits

a) Defined benefit plans

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's gratuity scheme is in the nature of defined benefit plans.

The gratuity scheme is funded by the Company with Life Insurance Corporation of India and SBI Life Insurance Company Limited.

For defined retirement benefit plans, the cost of providing benefit is determined using projected unit credit method, with actuarial valuation being carried out at the end of each financial year. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefit expenses. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

b) Short-term and other long-term employee benefits

A liability is recognised for short-term employee benefit in respect of wages and salaries, annual leave and sick leave, medical and leave travel in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by the employees up to the reporting date. Liability for un-availed leave considered to be long-term is carried based on an actuarial valuation carried out at the end of each financial year.

vii Share-based compensation

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 47.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

viii Taxation

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent it relates to items directly recognised in equity or in other comprehensive income.

a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Minimum alternative tax ('MAT') paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future tax liability. MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and asset can be measured reliably.

b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that

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taxable profits will be available against which those deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

ix Property, plant and equipment

a) Recognition and measurement

Items of property, plant and equipment, properties in the course of constructions are carried at cost, less any recognised impairment loss are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have significant cost in relation to total cost and different useful lives, they are recognised and depreciated separately.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values, using the straight-line method, over the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful life estimated on technical assessment, past trends and differ from those provided in Schedule II of the Companies Act, 2013.

Nature of the assets	Useful life in years
Building	10-28
Plant and machinery	5-12

The estimated useful lives, residual values and depreciation method are reviewed at financial year end, with the effect of any changes in estimate accounted for on a prospective basis.

b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

c) Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

x Intangible assets

a) Intangible assets acquired separately

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at each financial year end, with the effect of any changes in estimate being accounted for on a prospective basis. Cost includes any directly attributable incidental expenses necessary to make the assets ready for use.

b) Internally generated intangible asset - research and development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

c) Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follow:

Nature of the assets	Useful life in years
Product/process development	5
Acquired software	3

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d) **Subsequent costs**
Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally-generated intangibles, are recognised in the statement of profit and loss as incurred.

e) **Derecognition of intangible assets**
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit and loss.

xi Investment property
Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with Ind AS 16 - Property, plant and equipments requirements for cost model.

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

Company depreciates investment property as per the useful life prescribed in Schedule II of the Companies Act, 2013.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (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 in the period in which the property is derecognised.

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

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs are determined as follows:

(i) Raw materials, packing materials and consumables: At actual purchase cost including other cost incurred in bringing materials/consumables to their present location and condition.

(ii) Work-in-progress and intermediates: At material cost, conversion costs and appropriate share of production overheads.

(iii) Finished goods: At material cost, conversion costs and an appropriate share of production overheads and excise duty, wherever applicable.

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

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are not recognised but are disclosed in the notes to financial statements. Contingent assets are not recognised but are disclosed in the notes to financial statements when economic inflow is probable.

xiv Financial instruments
Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

All financial instruments are initially measured at fair value. Transaction costs that are attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets recorded at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate, on initial recognition. Transaction cost directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL), non-derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

a) **Non-derivative financial assets**

(i) **Financial assets at amortised cost**
A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ('SPPI').

Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest rate ('EIR') method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

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(ii) **Debt instruments at fair value through other comprehensive income (FVTOCI)**
A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) The objective of the business model is achieved by both collecting contractual cash flows and selling financial assets and

(b) The asset's contractual cash flow represent SPPI

Debt instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction costs. Fair value movements are recognised in other comprehensive income (OCI). However, the Company recognises interest income, impairment losses and reversals and foreign exchange gain/loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit and loss.

(iii) **Equity instruments at fair value through othe comprehensive income (FVTOCI)**
All equity instruments other than investment in subsidiaries are measured at fair value. Equity instruments held for trading is classified as fair value through profit or loss (FVTPL). For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividend are recognised in OCI. There is no recycling of the amount from OCI to the statement of profit and loss, even on sale of the instrument. However the Company may transfer the cumulative gain or loss within the equity.

(iv) **Financial assets at fair value through profit or loss (FVTPL)**
FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as FVTPL.

In addition, the Company may elect to designate the financial asset, which otherwise meets amortised cost or FVTOCI criteria, as FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency. The Company has not designated any financial asset as FVTPL.

Financial assets included within the FVTPL category are measured at fair values with all changes in the statement of profit and loss.

(v) **Derecognition of financial assets**
The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or the financial assets is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new assets obtained less any new liability assumed) shall be recognised in the statement of the profit and loss except for debt and equity instruments carried through FVTOCI which shall be recognised in OCI.

b) Non-derivative financial liabilities

(i) **Financial liabilities at amortised cost**
Financial liabilities at amortised cost represented by trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the EIR method.

(ii) **Financial liabilities at fair value through profit or loss (FVTPL)**
Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the statement of profit and loss.

c) Derivative financial instruments
The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in foreign exchange rates on foreign currency assets or liabilities. Derivatives are recognised and measured at fair value. Attributable transaction cost are recognised in the statement of profit and loss.

d) Financial guarantee contracts
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at fair value through profit or loss, are subsequently measured at higher of:

(i) The amount of loss allowance determined in accordance with impairment requirements of Ind AS 109 – Financial Instruments and

(ii) The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18 – Revenue.

e) Derecognition of financial liabilities
The Company derecognises financial liabilities only when, the obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

f) Foreign exchange gains and losses on financial assets and financial liabilities

(i) The fair value of financial assets/ liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

(ii) For foreign currency denominated financial assets/liabilities measured at amortised cost and fair value through profit or loss, the exchange differences are recognised in the statement of profit and loss except for those which are designated as hedging instruments in a hedging relationship.

(iii) Changes in carrying amount of investments in equity instruments at fair value though other comprehensive income relating to changes in foreign currency rates are recognised in other comprehensive income.

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

(v) For financial liabilities that are measured as at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognised in the statement of profit and loss.

xv Impairment

a) Financial assets
In accordance with Ind AS 109 - Financial Instruments, the

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Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

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

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

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;

(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the statement of profit and loss. This amount is reflected under the head other expenses in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

<u>Financial assets measured at amortised cost, contractual revenue receivables:</u>

ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

b) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

xvi Earnings per share

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

xvii Cash and cash equivalents

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

xviii Segment

Segments have been identified taking into account the nature of services, the differing risks and returns, the organisational structure and the internal reporting system.

xix Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the notes to accounts.

2A. Use of estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

1. Useful life of property, plant and equipment and intangible assets

The useful life of the assets are determined in accordance with Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that or is not prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance.

2. Impairment

An impairment loss is recognised for the amount by which an asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected discounted future cash flows from each asset or cash-generating unit.

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3. **Deferred tax**
Deferred income tax liabilities are recognised for all taxable temporary differences. Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

4. **Fair value**
Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5. **Post-retirement benefit plans**
The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions which include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at each financial year end on the government bonds.

6. **Provisions and contingencies**
The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.

2B. New standards and interpretations not yet adopted

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On 28 March 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 01 April 2018. The Company is evaluating the effect of this on the financial statements.

Ind AS 115 - Revenue from contract with customers:

On 28 March 2018, the Ministry of Corporate Affairs notified Ind AS 115 Revenue from contracts with customers. The standard replaces Ind AS 11 Construction contracts and Ind AS 18 Revenue. The new standard applies to contracts with customers. The core principle of the new standard is that an entity should recognise revenue to depict transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers.

The new standard permits two possible methods of transition:

- Retrospective approach - An entity can choose to apply the new standard to its historical transactions and retrospectively adjust each comparative period.
- Cumulative catch-up approach - An entity can recognise the cumulative effect of applying the new standard at the date of initial application and make no adjustments to its comparative information.

The Company is evaluting the effect of this new standard on revenue trends in the financial statements. The standard is effective for annual periods beginning on or after 01 April 2018.

All amounts are in ₹ million unless otherwise stated

	As at 31 March 2018	As at 31 March 2017
3 Property, plant and equipment and capital work-in-progress		
Carrying amounts of		
Freehold land	0.36	384.34
Buildings	136.66	584.91
Furniture and fixtures	2.41	12.39
Office equipments	3.43	5.87
Computers	2.75	4.45
Plant and machinery	42.99	746.23
Vehicles	0.47	1.97
	189.07	**1,740.16**
Capital work-in-progress	15.31	11.27
Total	**15.31**	**11.27**

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

All amounts are in ₹ million unless otherwise stated

Cost	Freehold land	Buildings	Furniture and fixtures	Office equipments	Computers	Plant and machinery	Vehicles	Total
Balance as on 01 April 2016	384.34	470.91	10.80	5.12	5.39	887.37	2.98	1,766.91
Additions	-	135.61	5.26	4.07	2.88	159.13	-	306.95
Borrowing cost capitalised	-	2.11	-	-	-	2.94	-	5.05
Reclassified from assets held for sale	-	28.26	-	-	-	-	-	28.26
Balance as on 31 March 2017	**384.34**	**636.89**	**16.06**	**9.19**	**8.27**	**1,049.44**	**2.98**	**2,107.17**
Additions	-	10.62	-	0.84	1.26	17.87	1.56	32.15
Borrowing cost capitalised	-	-	-	-	-	1.29	-	1.29
Transfer on account of demerger (Refer note 38.3)	383.98	501.42	12.05	3.47	1.66	928.76	2.94	1,834.28
Deletions	-	-	-	-	0.34	21.45	0.64	22.43
Balance as on 31 March 2018	**0.36**	**146.09**	**4.01**	**6.56**	**7.53**	**118.39**	**0.96**	**283.90**

Accumulated depreciation	Freehold land	Buildings	Furniture and fixtures	Office equipments	Computers	Plant and machinery	Vehicles	Total
Balance as on 01 April 2016	-	23.23	1.94	1.50	1.88	148.74	0.31	177.60
Depreciation expense for the year	-	28.75	1.73	1.82	1.94	154.47	0.70	189.41
Balance as on 31 March 2017	**-**	**51.98**	**3.67**	**3.32**	**3.82**	**303.21**	**1.01**	**367.01**
Depreciation expense for the year	-	13.63	0.73	1.78	1.88	84.49	0.26	102.77
Transfer on account of demerger (Refer note 38.3)	-	56.18	2.80	1.97	0.62	307.59	0.50	369.66
Deletions	-	-	-	-	0.30	4.71	0.28	5.29
Balance as on 31 March 2018	**-**	**9.43**	**1.60**	**3.13**	**4.78**	**75.40**	**0.49**	**94.83**

Carrying amount	Freehold land	Buildings	Furniture and fixtures	Office equipments	Computers	Plant and machinery	Vehicles	Total
Balance as on 31 March 2017	**384.34**	**584.91**	**12.39**	**5.87**	**4.45**	**746.23**	**1.97**	**1,740.16**
Balance as on 31 March 2018	**0.36**	**136.66**	**2.41**	**3.43**	**2.75**	**42.99**	**0.47**	**189.07**

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

All amounts are in ₹ million unless otherwise stated

	As at 31 March 2018	As at 31 March 2017
4 Investment property		
Carrying amounts of:		
Investment property	-	61.85
	-	**61.85**

Cost	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of year	63.93	63.93
Transfer on account of demerger (Refer note 38.3)	63.93	-
Balance at the end of year	-	**63.93**

Accumulated depreciation	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of year	2.08	1.04
Depreciation expense for the year	1.04	1.04
Transfer on account of demerger (Refer note 38.3)	3.12	-
Balance at the end of year	-	**2.08**

Carrying amount	Investment property
Balance as on 31 March 2017	61.85
Balance as on 31 March 2018	-

4.1 Fair value of the Company's investment properties
The fair value of the Company's investment properties as at 31 March 2018 is NIL (as at 31 March 2017 ₹84.69).

	As at 31 March 2018	As at 31 March 2017
5 Other intangible assets		
Carrying amounts of:		
Product / process development	12.61	69.00
Acquired software	35.15	7.51
	47.76	**76.51**
Intangible assets under development	**15.90**	**311.35**
	15.90	**311.35**

Cost	Product / process development	Acquired software	Total
Balance as on 01 April 2016	159.96	3.13	163.09
Additions	23.13	9.97	33.10
Balance as on 31 March 2017	**183.09**	**13.10**	**196.19**
Additions	41.18	67.54	108.72
Transfer on account of demerger (Refer note 38.3)	180.87	23.33	204.20
Deletions	-	8.47	8.47
Balance as on 31 March 2018	**43.40**	**48.84**	**92.24**

Accumulated amortisation	Product / process development	Acquired software	Total
Balance as on 01 April 2016	55.28	1.11	56.39
Amortisation expense for the year	58.81	4.48	63.29
Balance as on 31 March 2017	**114.09**	**5.59**	**119.68**
Amortisation expense for the year	29.76	11.47	41.23
Transfer on account of demerger (Refer note 38.3)	113.06	2.11	115.17
Deletions	-	1.26	1.26
Balance as on 31 March 2018	**30.79**	**13.69**	**44.48**

Carrying amount	Product / process development	Acquired software	Total
Balance as on 31 March 2017	69.00	7.51	76.51
Balance as on 31 March 2018	12.61	35.15	47.76

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

All amounts are in ₹ million unless otherwise stated

		Face value	No. of shares	As at 31 March 2018	No. of shares	As at 31 March 2017
6	**Non-current investments**					
A	**Investments in subsidiaries**					
	Unquoted equity instruments (fully paid-up) carried at cost less provision for other than temporary diminution in value					
i)	Alivira Animal Health Limited	₹10.00	41,406,274	4,367.75	41,406,274	4,345.12
ii)	SeQuent Research Limited	₹10.00	4,410,000	142.09	4,410,000	142.09
iii)	SeQuent Antibiotics Private Limited	₹10.00	10,000	0.10	10,000	0.10
iv)	SeQuent Pharmaceuticals Private Limited	₹10.00	9,999	0.10	9,999	0.10
v)	SeQuent Penems Private Limited (Refer note 38.3)	₹10.00		-	4,038,326	201.42
	Less: Provision for other than temporary diminution in value			-		43.43
				-		**157.99**
vi)	SeQuent Global Holdings Limited	$1.00		-	185,108	9.08
	Less: Provision for other than temporary diminution in value			-		9.08
				-		-
vii)	Galenica B.V.	€ 1.00	47,935	4.92	47,935	4.92
	Less: Provision for other than temporary diminution in value			4.92		4.92
				-		-
viii)	Elysian Life Sciences Private Limited	₹10.00	10,000	0.10	10,000	0.10
	Less: Provision for other than temporary diminution in value			0.10		0.10
				-		-
ix)	Elysian Life Sciences Mauritius Limited	$1.00	1,016,000	63.97	1,016,000	63.97
	Less: Provision for other than temporary diminution in value			63.97		63.97
				-		-
	Total (A)			**4,510.04**		**4,645.40**
B	**Other investments**					
a	**Quoted equity instruments carried at fair value through other comprehensive income**					
i)	Strides Shasun Limited	₹10.00	3,312,500	2,216.56	3,312,500	3,638.78
				2,216.56		**3,638.78**
b	**Unquoted equity instruments carried at cost**					
i)	Ambarnath Chemical Manufacturers	₹10.00	1,000	0.01	1,000	0.01
ii)	Tarapur Industrial Manufacturers	₹10.00	2,000	0.04	2,000	0.04
				0.05		**0.05**
c	**Investment in government securities carried at amortised cost**					
i)	National Saving Certificate		-	0.02	-	0.02
ii)	NSC VIII Issue - Tarapur		-	0.06	-	0.06
				0.08		**0.08**
	Total (B)			**2,216.69**		**3,638.91**
	Total (A + B)			**6,726.73**		**8,284.31**
	Aggregate carrying value of unquoted investments (gross)			4,579.16		4,767.03
	Aggregate market value of quoted investments			2,216.56		3,638.78
	Aggregate amount of impairment in value of investments			68.99		121.50

	As at 31 March 2018	As at 31 March 2017
7 Non-current loans		
Unsecured, considered good		
Loan to related parties (Refer note 45.3)	1,141.79	-
Total	**1,141.79**	**-**

	As at 31 March 2018	As at 31 March 2017
8 Other non-current financial assets		
Security deposits	6.06	20.26
Total	**6.06**	**20.26**

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

All amounts are in ₹ million unless otherwise stated

	As at 31 March 2018	As at 31 March 2017
9 Deferred tax assets (net) (Refer note 40)		
Deferred tax liability		
- Depreciation	35.58	97.90
Total deferred tax liability (B)	35.58	97.90
Deferred tax assets		
- Disallowances u/s 43B of the Income Tax Act, 1961	2.30	32.62
- Unabsorbed depreciation and carried forward of losses	33.28	65.28
MAT credit entitlement	53.74	45.75
Total deferred tax assets (A)	89.32	143.65
Total	**53.74**	**45.75**

The Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax.

	As at 31 March 2018	As at 31 March 2017
10 Income tax assets (net)		
Advance income tax (net of provisions ₹193.86) (As at 31 March 2017 ₹157.20)	13.46	55.62
Total	**13.46**	**55.62**

	As at 31 March 2018	As at 31 March 2017
11 Other non-current assets		
Capital advances	3.75	5.10
Security deposit with government authorities	0.64	1.40
Prepaid expenses	155.09	205.18
Total	**159.48**	**211.68**

	As at 31 March 2018	As at 31 March 2017
12 Inventories		
(At lower of cost and net realisable value)		
Raw materials and packing materials	71.65	212.96
Work-in-progress and intermediates (Refer note (i) below)	60.85	243.88
Finished goods	5.25	165.42
Fuel	0.58	3.08
Total	**138.33**	**625.34**

Note:

(i) Details of inventory of work-in-progress and intermediates:

Bulk drugs	60.85	243.88
Total	**60.85**	**243.88**

			As at 31 March 2018		As at 31 March 2017	
		Face value	No. of shares / units	As at 31 March 2018	No. of shares / units	As at 31 March 2017
13	**Current investments**					
A	**Quoted equity instruments (fully paid-up) carried at fair value through other comprehensive income**					
i)	Agrodutch Industries Limited	₹10.00	36,250	-*	36,250	0.04
ii)	Transchem Limited	₹10.00	32,500	1.06	32,500	0.73
iii)	Techindia Nirman Limited	₹10.00	18,270	0.14	18,270	0.09
iv)	Nath Bio Genes (I) Limited	₹10.00	6,930	2.86	6,930	1.03
v)	Agritech (India) Limited	₹10.00	6,300	0.75	6,300	0.24
	Total (A)			**4.81**		**2.13**
B	**Other unquoted equity instruments (fully paid-up) carried at amortised cost**					
i)	Aditya Investment & Communication Limited	₹10.00	58,800	-*	58,800	-*
	Total (B)			**-**		**-**
C	**Unquoted mutual funds carried at fair value through profit or loss**					
i)	Reliance Liquid Fund - Treasury Plan - Daily Dividend Option		-	-	88,319	135.02
ii)	Reliance Liquid Fund - Treasury Plan - Growth Plan - Growth Option		-	-	2,129	8.42
iii)	Birla Sun Life Savings Fund - Growth - Regular Plan		-	-	232,888	209.24
iv)	UTI Short-Term Income Fund - Institutional Option - Growth		6,391,607	135.01	11,224,894	223.81
v)	IDFC Corporate Bond Fund		-	-	13,656,142	44.16
	Total (C)			**135.01**		**620.65**
	Total (A + B + C)			**139.82**		**622.78**
	Aggregate market value of quoted investments			4.81		2.13
	Aggregate carrying value of unquoted investments			-*		-*
	Aggregate net asset value of investment in mutual funds			135.01		620.65

* Not reported due to roundoff.

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	As at 31 March 2018	As at 31 March 2017
14 Trade receivables		
Unsecured, considered good	784.66	1,130.30
Unsecured, considered doubtful	6.61	24.44
	791.27	**1,154.74**
Less: Allowance for doubtful trade receivables	6.61	24.44
Total	**784.66**	**1,130.30**

Note:
During the year, the Company discounted trade receivables with an aggregate carrying amount of ₹ NIL (As at 31 March 2017 ₹76.94) to a bank for cash proceeds of same value. If the trade receivables are not paid at maturity, the bank has the right to request the Company to pay the unsettled balance. As the Company has not transferred the significant risks and rewards relating to the trade receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a financial liability.

	As at 31 March 2018	As at 31 March 2017
15 Cash and cash equivalents		
Balances with banks		
- In current accounts	9.92	11.41
Cash on hand	0.04	0.45
Total	**9.96**	**11.86**
Cash and cash equivalents as defined in Ind AS 7 "Statements of Cash Flows"	**9.96**	**11.86**

	As at 31 March 2018	As at 31 March 2017
16 Bank balances other than (note 15) above		
In earmarked accounts		
- Unpaid dividend accounts	0.10	0.10
- Margin money deposits (Refer note (i) below)	20.39	18.61
Total	**20.49**	**18.71**

Note:
(i) Balances in margin money deposits are held as security against borrowings, guarantees and other commitments.

	As at 31 March 2018	As at 31 March 2017
17 Current loans		
Unsecured, considered good		
Loan to related parties (Refer note 45.3)	112.23	828.65
Loan to employees	-	0.25
	112.23	**828.90**
Unsecured, considered doubtful		
Loan to related parties (Refer note 45.3)	111.49	247.50
Loan to others	9.61	9.61
	121.10	**257.11**
Less: Allowance for doubtful advances	121.10	257.11
	-	-
Total	**112.23**	**828.90**

	As at 31 March 2018	As at 31 March 2017
18 Other current financial assets		
Claims receivable	4.21	39.23
Security deposit	-	5.12
Derivative instruments (fair value)	-	5.64
Interest accrued on fixed deposits	1.27	1.80
Total	**5.48**	**51.79**

	As at 31 March 2018	As at 31 March 2017
19 Other current assets		
Advance to suppliers	21.47	45.11
Balances with government authorities	167.15	267.67
Prepaid expenses	5.85	12.53
Total	**194.47**	**325.31**

	As at 31 March 2018	As at 31 March 2017
20 Assets classified as held for sale		
Investment in Naari Pharma Private Limited	-	69.61
Total	**-**	**69.61**

Note:
During the year, the Company has sold its investments in Naari Pharma Private Limited (an erstwhile subsidiary) and recognised a gain of ₹38.29 under 'Other Income' (Refer note 31).

	No. of Shares	As at 31 March 2018	No. of Shares	As at 31 March 2017
21 Share capital				
(a) Authorised				
Equity shares of ₹2 each	250,000,000	500.00	250,000,000	500.00
(b) Issued, subscribed and fully paid-up				
Equity shares of ₹2 each	243,736,195	487.47	243,736,195	487.47
Total		**487.47**		**487.47**

Notes:
(i) Reconciliation of the number of shares and amount outstanding:

	No. of Shares	Share capital
Fully paid equity shares		
Balance at 01 April 2016	**238,236,195**	**476.47**
Shares issued during the year	5,500,000	11.00
Balance at 31 March 2017	**243,736,195**	**487.47**
Shares issued during the year	-	-
Balance at 31 March 2018	**243,736,195**	**487.47**

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Note:
Conversion of warrants
Previous Year:
Conversion of 5,500,000 warrants issued during FY 2016-17 on preferential basis at a conversion price of ₹95 per equity share of the Company as approved in the Extra Ordinary General Meeting dated 31 March 2015.

(ii) Terms/rights attached to equity shares
The Company has only one class of equity shares having a par value of ₹2 per share. Each holder of equity shares is entitled to one vote per share. Each equity shareholder is entitled to dividend in the Company.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares

	As at 31 March 2018		As at 31 March 2017	
Name of the shareholder	**No. of shares held**	**% of holding**	**No. of shares held**	**% of holding**
K R Ravishankar	27,899,930	11.45%	27,899,930	11.45%
Chayadeep Ventures LLP	25,125,000	10.31%	25,125,000	10.31%
Agnus Capital LLP	21,157,560	8.68%	25,125,000	10.31%
Arun Kumar Pillai	23,499,965	9.64%	23,399,965	9.60%
Pronomz Ventures LLP	27,000,000	11.08%	23,032,560	9.45%
Unit Trust of India Investment Advisory Services Limited A/C Ascent India Fund III	14,138,395	5.80%	14,138,395	5.80%
TIMF Holdings	15,330,795	6.29%	13,347,370	5.48%

(iv) 1,445,200 shares of ₹2 each (As at 31 March 2017 1,790,000 shares) are reserved towards outstanding employee stock options granted / available for grant.

(v) Aggregate number of shares allotted as fully paid pursuant to contract without payment of cash for a period of 5 years immediately preceding the balance sheet date:

	As at 31 March 2018	As at 31 March 2017
Equity shares	17,927,065	17,927,065

	As at 31 March 2018	As at 31 March 2017
22 Other equity		
Capital reserve	10.65	10.65
Securities premium account	8,345.14	10,130.65
Share options outstanding account	175.76	155.50
General reserve	150.76	147.48
Retained earnings	(705.54)	(792.13)
Reserve for equity instruments through other comprehensive income	1,054.59	2,474.13
Treasury reserve	(32.66)	(40.45)
Total	**8,998.70**	**12,085.83**

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All amounts are in ₹ million unless otherwise stated

	As at 31 March 2018	As at 31 March 2017
(a) Capital reserve	10.65	10.65
(b) Securities premium account		
Balance at the beginning of the year	10,130.65	9,591.72
Add: Premium on shares issued during the year	-	511.50
Add: Premium on exercise of options - proceeds received	9.12	27.43
Less: Adjustment on account of demerger (Refer note 38.3)	(1,794.63)	-
Balance at the end of the year	**8,345.14**	**10,130.65**
(c) Share options outstanding account		
Balance at the beginning of the year	155.50	109.86
Add: Amounts recorded on grants during the year	3.71	35.62
Less: Deferred stock compensation expense	16.55	10.02
Balance at the end of the year	**175.76**	**155.50**
(d) General reserve		
Balance at the beginning of the year	147.48	144.44
Add: Vested employee stock options lapsed during the year	3.28	3.04
Balance at the end of the year	**150.76**	**147.48**
(e) Retained earnings		
Balance at the beginning of the year	(792.13)	(792.71)
Add: Profit / (loss) for the year	4,064.07	(0.12)
Add / (less): Other comprehensive income arising from remeasurement of defined benefit obligations, net of income tax	(3.73)	0.70
Less: Dividends distributed to equity shareholders (including tax on dividend)	(58.38)	-
Less: Adjustment on account of demerger (Refer note 38.2)	(3,915.37)	-
Balance at the end of the year	**(705.54)**	**(792.13)**

	As at 31 March 2018	As at 31 March 2017
(f) Reserve for equity instruments through other comprehensive income		
Balance at the beginning of the year	2,474.13	2,440.22
Net fair value gain / (loss) on investment in equity instrument FVTOCI	(1,419.54)	33.91
Balance at the end of the year	**1,054.59**	**2,474.13**
(g) Treasury reserve		
Balance at the beginning of the year	(40.45)	(52.43)
Employee stock options issued during the year	7.79	11.98
Balance at the end of the year	**(32.66)**	**(40.45)**

	As at 31 March 2018	As at 31 March 2017
23 Non-current borrowings		
Secured term loan - at amortised cost		
From bank	-	125.66
From other parties	-	14.10
Total	**-**	**139.76**

(i) Details of terms of repayment for the long-term borrowings and security provided in respect of the secured long-term borrowings:

Particulars	Terms of repayment	As at 31 March 2018	As at 31 March 2017
Term loans from banks:			
RBL Bank Limited : First pari-passu charge on fixed assets of the Company (except for corporate office at Thane (West), Mumbai and property at Baikampady Mangalore for 32,462 Sq fts under Plot No. 120A & B) and second pari passu charge on the entire current assets of the borrower both present and future.	Repayable in 15 quarterly instalments, commencing from December 2014.	-	43.57
RBL Bank Limited: First pari-passu charge on the entire movable & immovable fixed assets of the Company both present and future (except for Company's property at Thane (West), Mumbai and property at Baikampady Mangalore for 32,462 Sq fts under Plot No. 120A & B) and second pari-passu charge on current assets of the borrower both present and future.	Repayable in 20 quarterly instalments, commencing from June 2015.	-	82.09
Total		**-**	**125.66**
Term loans from other parties:			
Housing Development Finance Corporation Limited : Mortgage of Company's property at Thane (West), Mumbai	Repayable in 28 quarterly Instalments, commencing from July 2012.	-	14.10

The interest on above term loan from other parties are linked to the respective lender's base rates which are floating in nature.

(ii) Details of long-term borrowings guaranteed by some of the directors or others

	As at 31 March 2018	As at 31 March 2017
Term loan from other parties	-	14.10
Total	**-**	**14.10**

(iii) The Company has not defaulted in repayment of loans and interest.

(iv) For the current maturities of long-term borrowings, refer note 27 in other current financial liabilities.

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	As at 31 March 2018	As at 31 March 2017
24 Non-current provisions		
Provision for employee benefits		
Gratuity (Refer note 41)	0.94	58.86
Compensated absences	3.55	27.19
Others		
Provision for tax (net of advance tax- ₹28.32) (as at 31 March 2017 ₹28.32)	17.18	17.18
Total	**21.67**	**103.23**

	As at 31 March 2018	As at 31 March 2017
25 Current borrowings		
Loans repayable on demand		
Secured loan - at amortised cost		
From banks	-	632.24
Total	**-**	**632.24**

Notes:

(i) Working capital loan from banks are secured by a first pari-passu charge on current assets of the Company and a second pari-passu charge on fixed assets of the Company as a collateral.

(ii) The Company has not defaulted in repayment of loans and interest.

	As at 31 March 2018	As at 31 March 2017
26 Trade payables		
Micro, small and medium enterprises (Refer note 43)	7.32	-
Others	238.32	699.57
Total	**245.64**	**699.57**

(i) Trade payables are non-interest bearing and are normally settled in 90 - 120 days.

(ii) The Company's exposure to currency and liquidity risk related to trade payables is disclosed in note 50.

	As at 31 March 2018	As at 31 March 2017
27 Other current financial liabilities		
Current maturities of long-term debt*	-	99.86
Unclaimed dividends	0.10	0.10
Payables on purchase of fixed assets	12.72	26.17
Advance received against sale of investment	-	110.00
Other liabilities	-	76.94
Total	**12.82**	**313.07**

* The details of interest rates, repayment terms, securities, guarantees and other terms are disclosed under note 23. Details of current maturities of long-term debt are as below:

	As at 31 March 2018	As at 31 March 2017
Secured term loan from banks		
RBL Bank Limited	-	88.43
Secured loan from other parties		
Housing Development Finance Corporation Limited	-	11.43
Total	**-**	**99.86**

	As at 31 March 2018	As at 31 March 2017
28 Other current liabilities		
Statutory remittances	4.23	28.09
Advance from customers	2.09	11.72
Total	**6.32**	**39.81**

	As at 31 March 2018	As at 31 March 2017
29 Current provisions		
Provision for employee benefits		
Gratuity (Refer note 41)	1.81	-
Compensated absences	0.31	2.38
Total	**2.12**	**2.38**

	Year ended 31 March 2018	Year ended 31 March 2017
30 Revenue from operations		
Sale of products (including excise duty*) (Refer note below)	1,022.43	918.19
Other operating revenues		
Sale of scrap	0.93	3.15
Reimbursement of expenses	15.35	23.99
Duty drawback and other export incentives	26.96	-
Other operating revenues	6.69	-
Total	**1,072.36**	**945.33**

(*) Post implementation of Goods and Services Tax (GST) with effect from 01 July 2017, revenue from operations is disclosed net of GST. Revenue from operations for the earlier period included excise duty which is now subsumed in GST. Revenue from operation for the year ended 31 March 2018 included excise duty upto 30 June 2017.

Note:

	Year ended 31 March 2018	Year ended 31 March 2017
Sale of products comprises:		
(a) Manufactured goods		
Bulk drugs	463.44	577.80
Total-Sale of manufactured goods	**463.44**	**577.80**
(b) Traded goods		
Bulk drugs	529.08	292.81
Chemicals	29.91	47.58
Total-Sale of traded goods	**558.99**	**340.39**
Total-Sale of products	**1,022.43**	**918.19**

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	Year ended 31 March 2018	Year ended 31 March 2017
31 Other income		
Interest income (Refer note (i) below)	140.18	104.02
Net gain on sale of investment in a subsidiary	38.29	-
Profit on sale of fixed assets (net)	1.43	-
Other non-operating income (Refer note (ii) below)	29.81	31.09
Dividend income *	18.98	16.59
Fair value gain on financial instrument at fair value through profit or loss **	14.00	38.97
Total	**242.69**	**190.67**
(i) Interest income comprises:		
Interest on:		
Bank deposits	1.38	1.87
Loans and advances to related parties	134.12	99.94
Others	4.68	2.21
Total	**140.18**	**104.02**
(ii) Other non-operating income comprises:		
Insurance claim received	-	0.03
Liabilities / provisions no longer required written back	17.64	16.37
Rental income (Refer note 45)	0.40	0.40
Corporate guarantee commission (Refer note 45)	6.46	5.16
Miscellaneous income	5.31	9.13
Total	**29.81**	**31.09**

* Includes dividends from equity investments designated as at fair value through other comprehensive income (FVTOCI) ₹14.91 (31 March 2017 ₹13.25)

** Fair value gain on financial instruments at fair value through profit or loss relates to mutual funds which has been fair valued at the end of each reporting period.

	Year ended 31 March 2018	Year ended 31 March 2017
32.a Cost of materials consumed		
Opening stock (net of inventories relating to discontinued operations)	41.30	30.78
Add: Purchases	336.92	459.02
Less: Closing stock (net of inventories relating to discontinued operations)	71.65	41.30
Total	**306.57**	**448.50**
Materials consumed comprises:		
Solvents	69.55	72.17
Chemicals	237.02	376.33
Total	**306.57**	**448.50**

	Year ended 31 March 2018	Year ended 31 March 2017
32.b Purchases of stock-in-trade		
Purchases of stock-in-trade	491.43	281.19
Total	**491.43**	**281.19**
Purchases of stock-in-trade comprises:		
Bulk drugs	461.78	267.31
Chemicals	29.65	13.88
Total	**491.43**	**281.19**

	Year ended 31 March 2018	Year ended 31 March 2017
32.c Changes in inventories of finished goods and work-in-progress & intermediates		
Opening stock (net of inventories relating to discontinued operations)		
Work-in-progress and intermediates	59.33	33.55
Finished goods	2.55	23.89
	61.88	**57.44**
Closing stock (net of inventories relating to discontinued operations)		
Work-in-progress and intermediates	60.85	59.33
Finished goods	5.25	2.55
	66.10	**61.88**
Net (increase) / decrease	**(4.22)**	**(4.44)**

	Year ended 31 March 2018	Year ended 31 March 2017
33 Employee benefit expenses		
Salaries and wages	94.60	123.02
Contributions to provident fund and other funds	5.49	10.31
Share-based payments to employees	13.80	41.46
Staff welfare expenses	4.61	4.23
Total	**118.50**	**179.02**

	Year ended 31 March 2018	Year ended 31 March 2017
34 Finance costs		
Interest expense on borrowings	2.49	4.23
Other borrowing costs	1.43	-
Total	**3.92**	**4.23**

	Year ended 31 March 2018	Year ended 31 March 2017
35 Depreciation and amortisation expenses		
For continuing operations		
Depreciation on property, plant and equipment	14.51	17.71
Amortisation on intangible assets	22.16	14.81
	36.67	**32.52**
For discontinued operations (Refer note 38.2)		
Depreciation on property, plant and equipment	88.26	171.70
Depreciation on investment property	1.04	1.04
Amortisation on intangible assets	19.07	48.48
Less : Depreciation capitalised for intangible assets under development	(1.30)	(2.06)
	107.07	**219.16**
Total	**143.74**	**251.68**

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	Year ended 31 March 2018	Year ended 31 March 2017
36 Other expenses		
Power, water and fuel	23.21	21.39
Consumables	6.25	3.56
Conversion and processing charges	117.56	99.15
Contract labour charges	8.62	15.49
Freight and forwarding	6.81	4.37
Rent including lease rentals (Refer note 46)	5.91	9.51
Rates and taxes	32.93	7.52
Communication expenses	8.31	10.20
Repairs and maintenance		
Building	3.22	3.80
Machinery	8.44	9.16
Others	12.09	15.12
Insurance	5.04	1.93
Travelling and conveyance	12.57	18.07
Advertisement and selling expenses	0.12	-
Commission on sales	1.35	0.35
Legal and professional fees	39.98	45.71
Payments to auditors (Refer note (i) below)	5.77	6.22
Analytical charges	2.52	2.24
Bad trade receivables written off	10.38	0.19
Provision for doubtful trade receivables	3.77	0.74
Net loss on foreign currency transactions and translation	(0.28)	-
Increase/(decrease) of excise duty on inventory	(2.60)	(0.59)
Other expenses	19.68	34.33
Total	**331.65**	**308.46**

Note:

	Year ended 31 March 2018	Year ended 31 March 2017
(i) Payments to the auditors comprises (net of Goods and Services Tax):		
As auditors - statutory audit (including fees for undertaking limited reviews)	5.00	5.00
Fee for certification and other services	0.55	1.00
Reimbursement of expenses	0.22	0.22
Total	**5.77**	**6.22**

	Year ended 31 March 2018	Year ended 31 March 2017
37 Exceptional items		
Write-off of ineligible Goods and Services Tax credits	11.61	-
Total	**11.61**	**-**

38 Discontinued operations

38.1 Pursuant to the Scheme of Arrangement (the 'Scheme'), duly sanctioned by the National Company Law Tribunal (NCLT), Mumbai, vide Order dated 09 March 2018 ('Order'), with effect from the Appointment Date i.e. 01 October 2017, the Human API business of the Company was transferred to Solara Active Pharma Sciences Limited ('Solara').

In line with the accounting prescribed in the Scheme, the net assets of the Human API business transferred amounting to ₹1,794.63 have been debited to the securities premium account. The excess of fair value of the Human API business over the net assets transferred amounting to ₹3,915.37 has been debited to retained earnings with a corresponding credit to the statement of profit and loss as 'Gain on demerger of Human API business'. The Human API business for previous year has been presented as discontinued operations in financial statements.

Pursuant to the above, SeQuent Penems Private Limited has ceased to be the subsidiary of the Company.

38.2 Analysis of profit for the year from discontinued operations

The financial performance and cash flow information of the Human API business included in the statement of profit and loss is as below. The figure for the Human API business included under the current year figure are for the period of 6 months ended 30 September 2017 and are therefore not comparable with the prior year figures (ie year ended 31 March 2017).

		Current year ended 31 March 2018	Previous year ended 31 March 2017
I	Revenue from operations	1,675.84	2,976.80
II	Other income	3.72	10.27
III	**Total income (I+II)**	**1,679.56**	**2,987.07**
IV	**Expenses**		
	Cost of materials consumed	755.08	1,505.15
	Purchases of stock-in-trade	68.52	34.99
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	(1.06)	(86.79)
	Excise duty on sale of goods	23.88	100.00
	Employee benefit expenses	132.66	243.30
	Finance costs	41.51	79.37
	Depreciation and amortisation expenses (Refer note 35)	107.07	219.16
	Other expenses	381.16	740.35
	Total expenses (IV)	**1,508.82**	**2,835.53**
	Profit / (loss) from discontinued operations before tax (III-IV)	**170.74**	**151.54**
	Gain on demerger of Human API business	**3,915.37**	**-**
	Profit from discontinued operations before tax	**4,086.11**	**151.54**
	Tax expense attributable to discontinued operations		
	(a) Current tax	36.27	-
	(b) MAT credit entitlement	(36.27)	-
	Profit from discontinued operations after tax	**4,086.11**	**151.54**

	Current year ended 31 March 2018	Previous year ended 31 March 2017
Cash flows of discontinued operations		
Net cash inflows / (outflows) from operating activities	105.29	1.44
Net cash inflows / (outflows) from investing activities	(68.41)	(405.34)
Net cash inflows / (outflows) from financing activities	(36.88)	403.90
Net cash outflows	**-**	**-**

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38.3 The carrying amount of assets and liabilities as at appointed date (01 October 2017) are as follows:

		As at 01 October 2017
Assets		
Property plant and equipment		
Gross block	1834.28	
Less: Accumulated depreciation	(369.66)	
Net block		1,464.62
Capital work-in-progress		2.23
Investment property		
Gross block	63.93	
Less: Accumulated depreciation	(3.12)	
Net block		60.81
Intangible assets		
Gross block	204.20	
Less: Accumulated amortisation	(115.17)	
Net block		89.03
Intangible assets under development		240.05
Investments in subsidiaries		157.99
Other non-current financial assets		14.44
Other non-current assets		55.45
Inventories		650.70
Trade receivables		694.54
Other current financial assets		8.59
Other current assets		175.19
Total assets		**3,613.64**
Liabilities		
Non-current borrowings		80.64
Non-current provisions		65.45
Current borrowings		670.76
Trade payables		876.41
Other current financial liabilities		103.01
Other current liabilities		21.27
Current provisions		1.47
Total liabilities		**1,819.01**
Net assets directly associated with discontinued operations		**1,794.63**

	Year ended 31 March 2018	Year ended 31 March 2017
39 Earnings per share		
For continuing operations		
Basic earnings per share (in ₹)	(0.09)	(0.63)
Diluted earnings per share (in ₹)	(0.09)	(0.63)
For discontinued operations		
Basic earnings per share (in ₹)	16.86	0.63
Diluted earnings per share (in ₹)	16.75	0.63
For continuing and discontinued operations		
Basic earnings per share (in ₹)	16.77	(0.00)
Diluted earnings per share (in ₹)	16.66	(0.00)

	Year ended 31 March 2018	Year ended 31 March 2017
Profit attributable to equity shareholders		
For continuing operations		
Profit for the year attributable to equity holders of the Company	(22.04)	(151.66)
Profit attributable to equity shareholders for basic and diluted earnings	**(22.04)**	**(151.66)**
For discontinued operations		
Profit for the year attributable to equity holders of the Company	4,086.11	151.54
Profit attributable to equity shareholders for basic and diluted earnings	**4,086.11**	**151.54**

	Year ended 31 March 2018	Year ended 31 March 2017
Weighted average number of equity shares		
Issued equity shares at beginning of the year	243,736,195	238,236,195
Effect of shares issued against warrants	-	2,863,014
Effect of treasury shares	(1,445,200)	(1,790,000)
Weighted average number of equity shares at end of the year for basic EPS	**242,290,995**	**239,309,209**
Share options	1,650,343	1,687,780
Weighted average number of equity shares at end of the year for diluted EPS	**243,941,338**	**240,996,989**

	Year ended 31 March 2018	Year ended 31 March 2017
40 Reconciliations of tax expenses and details of deferred tax balances		
i) Income tax expenses relating to continuing operations		
Current tax		
In respect of current year	0.39	-
MAT credit entitlement recognised	(0.39)	-
MAT credit entitlement written off	28.67	-
Total	**28.67**	**-**

	Year ended 31 March 2018	Year ended 31 March 2017
ii) Income tax expenses relating to discontinued operations		
In respect of current year	36.27	-
MAT credit entitlement recognised	(36.27)	-
Total	**-**	**-**

	Year ended 31 March 2018	Year ended 31 March 2017
iii) Income tax expenses relating to continuing and discontinued operations		
In respect of current year	36.66	-
MAT credit entitlement recognised	(36.66)	-
MAT credit entitlement written off	28.67	-
Total	**28.67**	**-**

Tax expenses for the current year represent unutilised MAT credit recognised in earlier year now written off. Other than above the net tax expenses for the Company is Nil considering the unabsorbed tax losses and depreciation. During the year the Company recognised MAT credit entitlement which is expected to be available for set off in the future years.

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iv) Movement in deferred tax balances

	31 March 2018					
	Net balance 01 April 2017	Recognised in profit or loss	Recognised in other comprehensive income	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(97.90)	62.32	-	(35.58)	-	-
Employee benefits	32.62	(30.32)	-	2.30	-	-
Other items	-	-	-	-	-	-
Tax assets / (liabilities)	**(65.28)**	**32.00**	**-**	**(33.28)**	**-**	**-**
Set off tax	**65.28**	**(32.00)**	**-**	**33.28**	**-**	**-**
Net tax assets / (liabilities)	-	-	-	-	-	-
MAT credit entitlement	45.75	7.99	-	53.74	53.74	-
Total	**45.75**	**7.99**	**-**	**53.74**	**53.74**	**-**

	31 March 2017					
	Net balance 01 April 2016	Recognised in profit or loss	Recognised in other comprehensive income	Net	Deferred tax asset	Deferred tax liability
Deferred tax asset						
Property, plant and equipment	(185.94)	88.04	-	(97.90)	-	-
Employee benefits	55.75	(23.13)	-	32.62	-	-
Other items	16.46	(16.46)	-	-	-	-
Tax assets / (liabilities)	**(113.73)**	**48.45**	**-**	**(65.28)**	**-**	**-**
Set off tax	**113.73**	**(48.45)**	**-**	**65.28**	**-**	**-**
Net tax assets / (liabilities)	-	-	-	-	-	-
MAT credit entitlement	45.75	-	-	45.75	45.75	-
Total	**45.75**	**-**	**-**	**45.75**	**45.75**	**-**

(v) Unrecognised timing differences and tax losses and depreciation

	As at 31 March 2018	As at 31 March 2017
- Difference between book value and tax base of property, plant and equipment	(101.84)	(282.87)
- Disallowance relating to employee benefits	6.61	94.28
- Unabsorbed depreciation and tax losses	106.14	990.32
Net unrecognised timing differences	**10.91**	**801.73**
Tax impact of unrecognised tax losses and depreciation	**3.78**	**277.48**

(vi) No deferred tax adjustments were required in respect of amounts recognised in other comprehensive income in view of the nature of items included therein and the availability of unabsorbed tax losses(including tax depreciation).

(vii) No deferred tax adjustments were considered necessary to be recognised in respect of timing differences associated with investments in subsidiaries.

41 Employee benefit plans

(i) Defined contribution plans:

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹5.45 (year ended 31 March 2017 - ₹7.64) for Provident Fund contributions and ₹0.33 (year ended 31 March 2017 - ₹0.17) for Employee State Insurance Scheme contributions in the statement of profit and loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. As at 31 March 2018, contribution of ₹0.46 (as at 31 March 2017 - ₹5.80) is outstanding which is paid subsequent to the end of respective reporting periods.

(ii) Defined benefit plan:

The Company has a defined Gratuity benefit plan. The following table summarises the components of net employee benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

	31 March 2018	31 March 2017
Expense recognised in the statement of profit and loss:		
Current service cost	5.38	7.53
Net interest cost	2.64	3.86
Expected return on plan assets	(0.20)	(0.36)
Component of defined benefit costs recognised in the statement of profit and loss	**7.82**	**11.03**
Remeasurement on the defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expenses)	0.13	0.15
Actuarial (gains) / losses arising from change in financial assumptions	(1.70)	1.84
Actuarial (gains) / losses arising from experience adjustment	5.30	(2.69)
Components of defined benefit costs recognised in other comprehensive income	**3.73**	**(0.70)**
Total	**11.55**	**10.33**

The current service cost is included in the 'Employee benefit expenses' and the net interest cost is included in the 'Finance costs' line item in the statement of profit and loss.

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The remeasurement of the net defined benefit liability is included in other comprehensive income.

Net defined benefit obligation as reflected in balance sheet

	31 March 2018	31 March 2017
Present value of defined benefit obligation (DBO)	4.27	61.61
Fair value of plan assets	1.52	2.75
Funded status [surplus / (deficit)]	(2.75)	(58.86)
Net defined benefit obligation	**(2.75)**	**(58.86)**

A. Movements in the present value of the defined benefit obligation are as follows:

	31 March 2018	31 March 2017
Opening defined benefit obligation	61.61	53.20
Current service cost	5.38	7.53
Interest cost	2.64	3.86
Liability transferred out / divestment	(62.86)	-
Liabilities transferred in / acquisitions	-	2.46
Benefits paid	(6.10)	(4.59)
Actuarial (gains) / losses arising from changes in financial assumptions	(1.70)	1.84
Actuarial (gains) / losses arising from changes in experience adjustment	5.30	(2.69)
Closing defined benefit obligation	**4.27**	**61.61**

B. Movements in the fair value of plan assets are as follows:

	31 March 2018	31 March 2017
Opening fair value of plan assets	2.75	4.79
Expected return on plan assets	0.20	0.36
Actual contributions from the Company	6.45	2.34
Liability transferred out / divestment	(1.65)	-
Benefits paid	(6.10)	(4.59)
Remeasurement loss / (gain):		
Actuarial gain / (loss)	(0.13)	(0.15)
Closing fair value of plan assets	**1.52**	**2.75**

Actual return on plan assets is ₹(0.13) (31 March 2017 ₹0.21).

Actuarial assumptions

The principal assumptions used for the purpose of actuarial valuations are shown in the table below. The assumptions as at the balance sheet date are used to determine the present value of defined benefit obligation at that date.

	31 March 2018	31 March 2017
Financial assumption:		
Discount rate	7.56%	7.15%
Salary escalation rate	8.00%	12.00%
Demographic assumption:		
Withdrawal rate	8.00%	8.00%
Mortality rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate

As per para 83 of Ind AS 19 - Employee benefits, the rate used to discount post-employment benefit obligations (both funded and unfunded) shall be determined by reference to market yields at the end of each reporting period on government bonds.

Sensitivity analysis for significant actuarial assumptions for the determination of the defined benefit obligations is as follows:

	Impact on the defined benefit obligations	
	100 bps increase	100 bps decrease
31 March 2018		
Discounting rate	(0.28)	0.32
Salary escalation rate	0.31	(0.28)
Employee turnover	(0.04)	0.04

	Impact on the defined benefit obligations	
	100 bps increase	100 bps decrease
31 March 2017		
Discounting rate	56.58	67.43
Salary escalation rate	65.20	58.10

	31 March 2018	31 March 2017
42 Contingent liabilities and commitments (to the extent not provided for)		
Contingent liabilities		
Claims against the Company not acknowledged as debts *		
- Sales tax / value added tax	-	0.07
- Income tax	0.27	0.97
- Service tax	-	7.48
- Excise duty	-	0.29

* Outflow, if any, arising out of the said claim including interest, if any, would depend on the outcome of the decision of the Appellate Authority and the Company's right for future appeal before the judiciary.

	31 March 2018	31 March 2017
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances,		
Tangible assets	0.63	56.17

	31 March 2018	31 March 2017
43 Dues to micro, small and medium enterprises		
The amounts remaining unpaid to micro and small suppliers as at the end of the year	7.32	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year	-	-

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	31 March 2018	31 March 2017
43 Dues to micro, small and medium enterprises		
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management based on enquiries made by the Management with the creditors which have been relied upon by the auditors.

44 Segment reporting

I. Primary segment (Business segment):

The Company is mainly engaged in the business of pharmaceuticals. Considering the nature of business and financial reporting of the Company, the Company has only one business segment viz; pharmaceuticals as primary reportable segment.

II. Secondary segment (Geographical segment):

The Company operates in three principal geographic locations.

(i) Europe
(ii) Asia
(iii) Rest of the world

	Year ended 31 March 2018	Year ended 31 March 2017
I. Revenue from operations		
Continuing operations		
Europe	1.35	0.69
Asia	557.17	510.68
Rest of the world	513.84	433.96
Discontinued operations		
Europe	91.36	61.26
Asia	906.11	1,988.03
Rest of the world	678.37	927.51
Total	**2,748.20**	**3,922.13**
II. Total assets		
Europe	-	25.55
Asia	1,490.57	4,242.45
Rest of the world	96.40	398.00
Total segment assets	**1,586.97**	**4,666.00**
Unallocable	8,187.77	9,837.36
Total assets	**9,774.74**	**14,503.36**
III. Cost incurred during the year to acquire segment assets		
Continuing operations		
Asia	60.45	345.10
Discontinued operations		
Asia	81.71	-
Total	**142.16**	**345.10**

45 Related party transactions

45.1 List of related parties

(i) Subsidiaries

Wholly-owned subsidiaries:

Alivira Animal Health Limited, India
SeQuent Research Limited
Elysian Life Sciences Private Limited
SeQuent Antibiotics Private Limited
SeQuent Pharmaceuticals Private Limited
SeQuent Global Holdings Limited (Refer note 4)
SeQuent Scientific Pte Limited (Refer note 5)

Other subsidiaries:

Naari Pharma Private Limited (upto 26 July 2017)
SeQuent Penems Private Limited (upto 30 September 2017) (Refer note 2)

Step down subsidiaries:

Alivira Animal Health Limited, Ireland
Alivira Animal Health Australia Pty Limited
Provet Veteriner Ürünleri San. ve Tic. A.Ş.
Topkim İlaç Premiks San. ve Tic. A.Ş
Fendigo SA
Fendigo BV
N-Vet AB
Alivira Saude Animal Brasil Participacoes LTDA
Interchange Veterinária Indústria E Comércio S.A. Brasil
Vila Viña Participacions S.L.
Laboratorios Karizoo, S.A.
Laboratorios Karizoo, S.A. DE C.V. (Mexico)
Comercial Vila Veterinaria De Lleida S.L.
Phytotherapic Solutions S.L
Alivira UA Limited
Alivira France (Refer note 3)

(ii) Key management personnel

Mr. Manish Gupta, Chief Executive Officer & Managing Director
Dr. Gautam Kumar Das, Joint Managing Director (Upto 07 January 2017)
Mr. Sharat Narasapur, Joint Managing Director (From 08 January 2017)
Mr. Tushar Mistry, Chief Financial Officer (From 11 February 2017)
Mr. P R Kannan, Chief Financial Officer (Upto 10 February 2017)
Mr. Krupesh Mehta, Company Secretary (From 11 February 2017)
Mr. Preetham Hebbar, Company Secretary (Upto 10 February 2017)
Mr. K E C Rajakumar, Non-Executive Director
Dr. S Devendra, Non-Executive Director
Dr. Gopakumar G. Nair, Chairman & Independent Director
Dr Kausalya Santhanam, Independent Director
Mr. Narendra Mairpady, Independent Director

(iii) Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company

Strides Shasun Limited
Atma Projects
Agnus Holdings Private Limited
Chayadeep Properties Private Limited
Pronomz Ventures LLP
Naari Pharma Private Limited (From 27 July 2017)
Solara Active Pharma Sciences Limited (From 01 October 2017)

Notes:

1 Related parties are as identified by the Company and relied upon by the Auditors.
2 Pursuant to the scheme of demerger, SeQuent Penems Private Limited has ceased to be the subsidiary of the Company (Refer note 38).
3 Alivira France was incorporated on 02 February 2018.
4 SeQuent Global Holdings Limited ('SGHL'), was wound up vide order dated 06 April 2017.
5 SeQuent Scientific Pte Limited was wound up on 8 January 2018.

The above mentioned provides the information about the Company's structure including the details of the subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

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45.2 Transactions for the year

	Wholly owned subsidiaries		Other subsidiaries		Key management personnel		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company	
	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2018	Year ended 31 March 2017
Sale of materials/services								
Strides Shasun Limited							160.95	557.80
Alivira Animal Health Limited	701.68	935.07						
Sale of machinery/assets								
Alivira Animal Health Limited	20.13	1.28						
SeQuent Research Limited	13.80	-						
Interest and other income								
Alivira Animal Health Limited	100.09	76.14						
Naari Pharma Private Limited			11.73	23.80			20.57	-
SeQuent Research Limited	1.73	-						
Purchase of materials								
Alivira Animal Health Limited	582.73	463.58						
Purchase of scrips								
Alivira Animal Health Limited	2.13	11.97						
Purchase of machinery/assets								
SeQuent Penems Private Limited			-	1.30				
Alivira Animal Health Limited	1.24	3.96						
SeQuent Research Limited	-	9.50						
Naari Pharma Private Limited			-	0.20				
Managerial remuneration (excluding costs relating to post employment benefits)								
Mr. Manish Gupta								
Short-term benefits					10.89	9.22		
Dr. Gautam Kumar Das								
Short-term benefit					-	6.19		
Share-based payments					-	1.28		
Total					**-**	**7.47**		
Mr. Tushar Mistry								
Short-term benefits					6.27	0.78		
Mr. P R Kannan								
Short-term benefits					-	8.01		
Mr. Krupesh Mehta								
Short-term benefits					1.29	0.16		
Mr. Preetham Hebbar								
Short-term benefits					-	0.67		
Directors Sitting Fees					1.14	2.11		
Reimbursement of expenses from								
SeQuent Research Limited	15.35	21.19						
Naari Pharma Private Limited			1.11	5.45			2.15	-
Reimbursement of expenses to								
Strides Shasun Limited							6.30	2.12
SeQuent Penems Private Limited			0.82	1.31				
Analytical charges								
SeQuent Research Limited	23.00	161.74						
Rent expense								
Strides Shasun Limited							-	0.51
Chayadeep Properties Private Limited							-	0.90
Agnus Holdings Private Limited							-	0.08
Security deposit refund by								
Strides Shasun Limited							-	2.27
Chayadeep Properties Private Limited							5.12	-
Security deposit given to								
Chayadeep Properties Private Limited							-	5.12

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All amounts are in ₹ million unless otherwise stated

	Wholly owned subsidiaries		Other subsidiaries		Key management personnel		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company	
	Year ended 31 March 2018	Year ended 31 March 2017	**Year ended 31 March 2018**	Year ended 31 March 2017	**Year ended 31 March 2018**	Year ended 31 March 2017	**Year ended 31 March 2018**	Year ended 31 March 2017
Provision written back								
SeQuent Penems Private Limited			6.93	17.98				
Investment during the year								
Alivira Animal Health Limited	22.63	33.84						
Naari Pharma Private Limited			0.48	1.11				
Details of balance provided / written off during year								
(i) Loans								
SeQuent Global Holdings Limited	-	0.68						
(ii) Investments								
SeQuent Global Holdings Limited	-	9.08						
Rental income								
Alivira Animal Health Limited	0.40	0.39						
SeQuent Research Limited	2.81	10.29						
Loans given by Company								
Elysian Life Sciences Private Limited	-	0.25						
SeQuent Antibiotics Private Limited	0.02	-						
SeQuent Pharmaceuticals Private Limited	0.04	-						
SeQuent Penems Private Limited			-	0.20				
SeQuent Research Limited	69.50	13.38						
Alivira Animal Health Limited	820.26	583.96						
Naari Pharma Private Limited			-	238.40				
Loans repaid to the Company								
SeQuent Penems Private Limited			-	13.66				
SeQuent Research Limited	13.38	-						
Naari Pharma Private Limited			-	20.00			168.86	-
Alivira Animal Health Limited	372.51	685.11						
SeQuent Global Holdings Limited	-	0.17						
Shares issued on conversion of warrants								
Pronomz Ventures LLP							-	522.50
Money received against share warrants								
Pronomz Ventures LLP							-	391.88
Commission on Corporate Guarantee given to lender for loan facility								
Alivira Animal Health Limited	4.38	4.05						
Naari Pharma Private Limited			0.48	1.11			1.60	-
ESOP given to employees of Subsidiary company								
Alivira Animal Health Limited	18.25	29.79						
Amount collected by the Company on behalf of								
Alivira Animal Health Limited	-	6.59						
Transactions carried out by the Company on behalf of Alivira Animal Health Limited								
Sales	-	11.79						

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45.3 Balance as at Balance Sheet date

	Wholly owned subsidiaries		Other subsidiaries		Key management personnel		Enterprises owned or significantly influenced by individuals who have control / significant influence over the Company	
	As at 31 March 2018	As at 31 March 2017	**As at 31 March 2018**	As at 31 March 2017	**As at 31 March 2018**	As at 31 March 2017	**As at 31 March 2018**	As at 31 March 2017
Trade receivables /other current assets								
Strides Shasun Limited							-	104.97
SeQuent Research Limited	31.47	-						
Alivira Animal Health Limited	623.27	388.61						
Naari Pharma Private Limited			-	4.77			8.84	-
Loans receivable								
SeQuent Antibiotics Private Limited	0.51	0.50						
SeQuent Pharmaceuticals Private Limited	0.04	-						
SeQuent Penems Private Limited			-	135.08				
Elysian Life Sciences Private Limited	112.05	112.05						
SeQuent Global Holdings Limited	-	0.68						
Alivira Animal Health Limited	1,070.73	532.79						
SeQuent Research Limited	71.06	13.38						
Naari Pharma Private Limited			-	281.50			111.11	-
Provision made for loans given								
SeQuent Penems Private Limited			-	135.08				
Elysian Life Sciences Private Limited	111.56	111.56						
Security deposit receivable								
Chayadeep Properties Private Limited							-	5.12
Other payable								
Chayadeep Properties Private Limited							-	0.14
Trade payable balance								
Atma Projects							0.20	0.20
SeQuent Research Limited	-	8.39						
Solara Active Pharma Sciences Limited							10.85	-
Strides Shasun Limited							6.80	4.37
Agnus Holdings Private Limited							0.01	0.01
Corporate Guarantee given to lender for loan facility								
Alivira Animal Health Limited	1,666.62	1,761.95						
Naari Pharma Private Limited			-	929.66				

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46 Operating leases

i) Leases as lessee

a) The Company's significant leasing arrangements are in respect of factory building, land and guest houses. The Company has entered in to cancellable lease arrangement with 1 month notice period for its guest houses.

ii) Payments recognised as an expense (continuing operations)

	31 March 2018	31 March 2017
Lease payments	5.91	9.51
	5.91	**9.51**

There is no non-cancellable operating lease commitments as at 31 March 2018 and 31 March 2017.

47 Share-based payment arrangements

A. Description of share-based payment arrangements

i. Share option programmes (equity-settled)

The Company implemented "SeQuent Scientific Employees Stock Option Plan 2010" (SeQuent ESOP 2010), in the year 2008, as approved by the Shareholders of the Company and the Remuneration / Compensation / Nomination and Remuneration Committee of the Board of Directors.

Employees Stock Option Plan:

Grant Date	No. of Options	Vesting conditions	Contractual life of the options vesting period
30 May 2013	2,700,000	The options granted would normally vest over a maximum period of 4 years from the date of the grant in proportions specified in 'SeQuent ESOP 2010' Scheme.	5 years
12 February 2014	500,000		
28 May 2014	900,000		
12 November 2014	1,000,000		
11 January 2016	500,000		
14 May 2016	345,000		
23 May 2017	50,000		

B. Measurement of fair values

Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year is ₹74.17 (during the year ended 31 March 2017: ₹103.26). Options were priced using a black scholes model. The fair value of the employee share options has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

	31 March 2018	31 March 2017
Inputs into the model		
Grant date	23 May 2017	14 May 2016
Grant date share price	118.30	148.90
Exercise price	87.00	87.00
Expected volatility	54.61%	55.11%
Option life	5 years	5 years
Dividend yield	0.00	0.00
Risk-free interest rate	6.99%	7.64%

C. Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under the share option programmes were as follows:

	31 March 2018		31 March 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Employees stock option plan:				
Option outstanding at the beginning of the year	2,925,000	29.87	3,545,000	24.08
Granted during the year	50,000	87.00	345,000	87.00
Exercised during the year	344,800	20.69	530,000	33.03
Forfeited during the year	189,200	72.93	435,000	25.75
Options outstanding at the end of the year	2,441,000	29.00	2,925,000	29.87

D. Share options exercised during the year

The following share options were exercised during the year:

Option series	Number exercised	Exercise date	Share price at exercise date
1. Granted on 30 May 2013	270,000	30 May 2017	107.68
2. Granted on 28 May 2014	50,000	30 May 2017	107.68
3. Granted on 14 May 2016	2,500	15 May 2017	125.50
4. Granted on 14 May 2016	16,500	30 May 2017	107.68
5. Granted on 14 May 2016	4,300	23 May 2017	122.03
6. Granted on 14 May 2016	1,500	24 May 2017	116.45

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E. Share options outstanding at the end of the year

The share option outstanding at the end of the year had a weighted average exercise price of ₹29.00 (as at 31 March 2017: ₹29.87) and weighted average remaining contractual life of 1.68 years (as at 31 March 2017: 2.57 years).

48 Details of research and development expenditure

	31 March 2018	31 March 2017
Revenue expenditure		
Employee benefit expenses	16.65	34.79
Power, water and fuel	4.28	5.01
Legal and professional fees	0.69	0.08
Consumables	1.84	12.48
Travelling and conveyance	0.52	0.56
Analytical charges	31.52	71.34
Others	0.29	0.24
Total	**55.79**	**124.50**

49 Intangible assets / Intangible assets under development

During the year, the following development expenditure have been transferred to intangible assets / intangible assets under development from the statement of profit and loss:

	31 March 2018	31 March 2017
Employee benefit expenses	9.24	17.22
Power, water and fuel	2.37	2.94
Legal and professional fees	0.39	0.04
Raw material and consumables	1.02	15.95
Travelling and conveyance	0.29	0.28
Analytical charges	17.49	35.20
Depreciation	1.30	2.06
Others	0.16	0.62
Sale of validation batches	-	(6.23)
Total	**32.26**	**68.08**

Movement of Intangible assets under development:

	31 March 2018	31 March 2017
a. Movement in development expenses capitalised		
Opening balance	87.80	18.27
Add: Development expenses as per note 49 above	32.26	68.08
Add: Purchase of IP under development	-	1.45
Less: Transferred on account of demerger	110.80	-
Total	**9.26**	**87.80**

	31 March 2018	31 March 2017
b. Balance of other intangible assets under development:		
Other intangible assets (including SAP implementation)	6.64	223.55
	6.64	**223.55**
Total	**15.90**	**311.35**

50 Financial instruments

The carrying value and fair value of financial instruments by categories are as follows:

	Carrying value and fair value	
	31 March 2018	**31 March 2017**
Financial assets		
Measured at amortised cost		
Investment in subsidiaries	4,510.04	4,645.40
Other investments	0.08	0.08
Trade receivables	784.66	1,130.30
Cash and cash equivalents	9.96	11.86
Other bank balances	20.49	18.71
Loans	1,254.02	828.90
Other financial assets	11.54	66.41
Measured at fair value through other comprehensive income (FVTOCI)		
Investment in equity instruments (Quoted)	2,221.37	3,640.91
Investment in equity instruments (Unquoted)	0.05	0.05
Measured at fair value through profit or loss (FVTPL)		
Investments in mutual fund	135.01	620.65
Derivative assets	-	5.64
Total	**8,947.22**	**10,968.91**
Financial liabilities		
Measured at amortised cost		
Borrowings (including current maturity of long-term borrowings)	-	871.86
Trade payables	245.64	699.57
Other financial liabilities	12.82	213.21
Total	**258.46**	**1,784.64**

50.1 Fair value hierarchy

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

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

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at 31 March 2018 and 31 March 2017.

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Particulars	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:					
Derivative financial assets designated at fair value through profit and loss (note 18):					
Foreign currency forward contracts	31 March 2018	-	-	-	-
Foreign currency forward contracts	31 March 2017	5.64	-	5.64	-
Financial assets designated at fair value through other comprehensive income (note 6 and 13):					
Investment in equity instruments (Quoted)	31 March 2018	2,221.37	2,221.37	-	-
Investment in equity instruments (Quoted)	31 March 2017	3,640.91	3,640.91	-	-
Investment in equity instruments (Unquoted)	31 March 2018	0.05	-	0.05	-
Investment in equity instruments (Unquoted)	31 March 2017	0.05	-	0.05	-
Financial assets designated at fair value through profit and loss (note 13):					
Investment in mutual funds	31 March 2018	135.01	-	135.01	-
Investment in mutual funds	31 March 2017	620.65	-	620.65	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Note:

(i) Refer note 2 (xiv) under significant accounting policies for recognition and measurement of financial assets.

(ii) The fair value of the investments in equity is based on the quoted price. The fair value of investments in mutual fund is based on market observable inputs. Derivative financial instruments are valued based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

50.2 Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include investments, loans, trade and other receivables, cash and short-term deposits that derive directly from its operations.

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Company's activities makes it susceptible to various risks. The Company has taken adequate measures to address such concerns by developing adequate systems and practices. The Company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Company's financial performance.

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has established Audit Committee and its constitution, quorum and scope is in line with the Companies Act, 2013, provisions of Listing Agreement as entered with the Stock Exchange/Regulations. The Audit Committee comprises of three non executive independent directors nominated by the Board of Directors.

The Audit Committee oversees how management ensures compliance of Internal Control Systems, compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Audit Committee also reviews the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by experienced firms of Chartered Accountants.

50.3 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from the Company's trade receivables. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent

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losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

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

The Company's trade and other receivables are actively monitored to review credit worthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of trade receivable spread by period of six months:

	31 March 2018	31 March 2017
Outstanding for more than 6 months	13.59	589.59
Others	771.07	540.71
	784.66	**1,130.30**

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Group, and incorporates this information into its credit risk controls.

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counter parties that have a good credit rating. The Company does not expect any losses from non- performance by these counter parties, and does not have any significant concentration of exposures to specific industry sectors.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit guarantee insurance cover is purchased.

Information about major Customer

Revenue from single external customer is approximately ₹513.19 (31 March 2017 ₹1,210.77) representing 50% of Company's total revenue from continuing business for the year ended 31 March 2018. Apart from the aforesaid single customer, the Company does not have a significant credit risk exposure to any other single counterparty.

In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks provided by the company. The Company's maximum exposure in this respect is the maximum amount the Company may have to pay if the guarantee is called on. As at 31 March 2018, an amount of ₹1,666.62 (as at 31 March 2017 ₹2,691.61) is outstanding as financial guarantee. These financial guarantees have been issued to banks under the loan agreements entered into with the subsidiaries.

50.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's treasury department is responsible for managing the short-term and long term liquidity requirements of the Company. Short term liquidity situation is reviewed daily by treasury. Long-term liquidity position is reviewed on a regular basis by the Board of Directors and appropriate decisions are taken according to the situation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2018 and 31 March 2017:

Particulars	As at 31 March 2018			
	Less than 1 year	1-2 years	2 years and above	Total
Trade payables	245.64	-	-	245.64
Other financial liabilities	12.82	-	-	12.82
Financial guarantee	1,666.62			

Particulars	As at 31 March 2017			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings (including current maturity of long term borrowings)	732.10	99.86	39.90	871.86
Trade payables	699.57	-	-	699.57
Other financial liabilities	213.21	-	-	213.21
Financial guarantee	2,691.60			

50.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is exposed to interest rate risk arising mainly from debt. The Company is exposed to interest rate risk because the fair value of fixed rate borrowings and the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates.

The Company is also exposed to foreign currency risk on certain transactions that are denominated in a currency other than the Company's functional currency; hence exposures to exchange rate fluctuations arise. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates. The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rate foreign currency exposure.

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a) Foreign currency risk from financial instruments are given below:

Foreign currency	As at 31 March 2018		As at 31 March 2017	
	Receivables/ (payables)	Receivables/ (payables) in foreign currency	Receivables/ (payables)	Receivables/ (payables) in foreign currency
USD	94.73	1.47	437.81	6.75
Euro	(0.01)	(0.00)	(0.99)	(0.01)
USD	(11.49)	(0.18)	(635.00)	(9.79)
SGD	-	-	(0.48)	(0.01)

b) Derivatives instruments

Derivative transactions are undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments.

Outstanding forward exchange contracts entered into by the Company as on 31 March 2018 and 31 March 2017:

Currency	Amount in US $		Buy / Sell	Cross currency
	31 March 2018	31 March 2017		
USD	-	0.93	Buy	Rupee
USD	-	2.00	Sell	Rupee

c) Foreign currency sensitivity analysis

The Company is mainly exposed to currency fluctuation of USD and Euro. The following table details the Company's sensitivity to a 10% increase and decrease in the INR against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for 10% change in foreign currency rates. A positive numbers below indicates an increase in profit or equity where the INR strengthens 10% against the relevant currency. For a 10% weakening of the INR against the relevant currency, there would be a comparable impact on the profit or equity, and the balance below would be negative.

	Impact on profit or loss and total equity	
	31 March 2018	31 March 2017
Currency of U.S.A (USD)	(8.32)	19.72
Currency of Europe (Euro)	-	0.10
Others	-	0.05

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

50.6 Financial instrument-risk exposure and fair value

Interest rate risk

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments are as follows:

	31 March 2018	31 March 2017
Fixed-rate instruments		
Financial assets		
-Margin money deposit	20.39	18.61
Total	**20.39**	**18.61**
Variable-rate instruments		
Financial liabilities		
-Borrowings from bank	-	846.33
-Borrowings from others	-	25.53
Total	**-**	**871.86**

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2017.

Effect	Profit and loss	
	100 bps increase	100 bps decrease
31 March 2018		
Variable-rate instruments	-	-
	-	-
31 March 2017		
Variable-rate instruments	(8.72)	8.72
	(8.72)	**8.72**

51 Capital management

The Company manages its capital to ensure that Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 23, 25 & 27 and 15 & 16 offset by cash and bank balances) and total equity (as detailed in notes 21& 22) of the Company.

The Company's Gearing Ratio at end of the year is as follow:

Particulars	31 March 2018	31 March 2017
Debt (i)	-	871.86
Cash and cash equivalents (ii)	(9.96)	(11.86)
Other bank balance (iii)	(20.39)	(18.61)
Net debt [(i) - {(ii) + (iii)}]	**(30.35)**	**841.39**
Total equity	**9,486.17**	**12,573.30**
Gearing ratio	**Nil**	**6.69%**

Notes

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

All amounts are in ₹ million unless otherwise stated

(i) Debt is defined as long-term (including current maturity excluding financial guarantee contracts) and short-term borrowings.

(ii) Other bank balance exclude the bank balance towards unpaid dividend.

(iii) Gearing ratio: Net debt/ Equity. Since net debt is negative at 31 March 2018, gearing ratio is disclosed as Nil.

52 Corporate Social Responsibility Expenses (CSR)

As per Section 135 (1) of the Companies Act, 2013 read with guidelines issued by Department of Public Enterprises, the Company is required to spend, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years in accordance with its CSR Policy.

Details of CSR spent during the financial year:

The Company is in the process of identifying the right charitable institutes to be associated with which has vis-a-vis same purpose as that of Company CSR Policy and therefore, in the current financial year there was a short spent of ₹0.60 towards the CSR activities.

53 The financial statements were approved for issue by the board of directors on 24 May 2018.

For and on Behalf of the Board of Directors

Manish Gupta
Managing Director &
Chief Executive Officer

Sharat Narsapur
Joint Managing Director

Tushar Mistry
Chief Financial Officer

Krupesh Mehta
Company Secretary

Thane, 24 May 2018